



New BAPEPAM-LK Affiliated Transaction and Conflict of Interest of Certain Transaction Rule: More Flexibility For Arm's Length Affiliated Transactions (2)

In the previous Bapepam-LK Rule, affiliated transactions between Issuer and subsidiaries which are (i) 90% of the shares owned by the Issuer and/or (ii) consolidated with the Issuer, are exempted from disclosure requirements.

With the new Rule, all transactions between Issuer and Controlled Company must be appraised by an independent valuer to determine whether the transaction is done at arm's length or whether there is a conflict of interest. The outcome of the appraisal shall determine whether the transaction will be subject to independent shareholders approval or notification to Bapepam-LK within 2 days. In any case the transaction must be announced to the public.

Since all transactions between affiliates must be appraised, this creates a more lengthy and cumbersome process that Issuers must go through in doing business.

We understand that currently legal practitioners are discussing this issue with Bapepam-LK with expectation that Bapepam-LK will amend this rule to allow transaction between public company and its subsidiary which is related to the public company's controlling shareholders, directors or commissioners without the obligation to appraise and announce.



***AHP Client Alert** is a publication of **Assegaf Hamzah & Partners**. It brings an overview of selected Indonesian laws and regulations to the attention of clients but is not intended to be viewed or relied upon as legal advice. Clients should seek advice of qualified Indonesian legal practitioners with respect to the precise effect of the laws and regulations referred to in **AHP Client Alert**. Whilst care has been taken in the preparation of **AHP Client Alert**, no warranty is given as to the accuracy of the information it contains and no liability is accepted for any statement, opinion, error or omission.*



Menara Rajawali 16th Floor
Jalan Mega Kuningan Lot #5.1
Kawasan Mega Kuningan
Jakarta 12950 – INDONESIA

Telephone : (62-21) 25557800
Fax : (62-21) 25557899
E-mail : info@ahp.co.id
Web Site : www.ahp.co.id