

Key Highlights of OJK Regulation No. 40 of 2025

On 19 December 2025, the Indonesian Financial Services Authority (*Otoritas Jasa Keuangan* – “**OJK**”) issued OJK Regulation Number 40 of 2025 on the Use of Proceeds from Public Offering (“**POJK No. 40/2025**”). POJK No. 40/2025 was promulgated on 22 December 2025 and will come into force on 22 June 2026. Upon its effectivity, POJK No. 40/2025 will revoke and replace OJK Regulation Number 30/POJK.04/2015 on the Report on the Realization of the Use of Proceeds from Public Offering (“**POJK No. 30/2015**”).

POJK No. 40/2025 was issued to address practical shortcomings that had emerged under POJK No. 30/2015, including inconsistencies between the Fund Utilization Realization Report (*Laporan Realisasi Penggunaan Dana* – “**Realization Report**”) and the intended use of proceeds stated in the prospectus, cases where issuers had yet to realize proceeds after more than three years, and limited flexibility in modifying the allocation of proceeds. The new regulation aims to raise the standard of disclosure, reinforce investor protection, and keep pace with technological developments in capital market reporting. The key highlights of POJK No. 40/2025 are set out below.

1. New Requirements on Realization Report Obligations: Submission and Public Announcement

Under POJK No. 30/2015, two distinct submission obligations applied: (i) in the case public offering of equity securities, issuers were only required to submit the Realization Report to the **OJK**. and (ii) in the case public offering of debt securities or *sukuk*, issuers were additionally required to submit it to the **Trustee** with a copy to the **OJK**. POJK No. 40/2025 streamline and enhances these requirements. Based on Article 2 paragraph 2 of POJK No. 40/2025, all issuers, regardless of the type of securities they have issued, are now **uniformly required to submit the Realization Report to the OJK** and the separate obligation to submit the report to the Trustee no longer exists.

In addition to the submission obligation, POJK 40/2025 introduces a uniform requirement for **public announcement** of the Realization Report. Based on Article 25 of POJK No. 40/2025, such public announcement must be made through at least the issuer’s website and, where the issuer’s securities are listed on a stock exchange, the stock exchange’s website as well. All announcements must be prepared in both Indonesian and at least one foreign language, with English being the minimum

Based on Article 3 paragraph 1 and Article 5 paragraph 1 of POJK No. 40/2025, the submission and announcement of the Realization Report must be completed no later than the 15th day of the month following each semi-annual reporting date (30 June and 31 December).

Article 5 paragraph 5 of POJK No. 40/2025 further requires that the submission to the OJK be made **electronically** through the OJK’s designated electronic reporting system for issuers and public companies. This aligns the Realization Report framework with the OJK’s broader move toward digital capital market reporting. POJK No. 30/2015 was silent on the mode of submission.

2. Regulation of the Levels of Use of Proceeds

A notable addition under POJK No. 40/2025 is the introduction of a **levelled framework** that limits the use of proceeds to a maximum of 4 (four) levels. Based on Article 9 paragraph 2 of POJK No. 40/2025, the levels are defined as follows:

Level	Description
Level 1	Use of proceeds directly by the issuer itself
Level 2	Use of proceeds by subsidiaries or other entities that receive proceeds from the issuer
Level 3	Use of proceeds by indirect subsidiaries or other entities receiving proceeds from Level 2 entities
Level 4	Use of proceeds by indirect subsidiaries or other entities receiving proceeds from Level 3 entities

This framework compels issuers to map and disclose how proceeds move across their corporate group, a requirement that had no equivalent under POJK No. 30/2015.

POJK No. 40/2025 also introduces two related restrictions set forth in Article 10 and 11: (i) proceeds (including any changes in their planned use) may **not** be used specifically as down payments at any level; and (ii) where proceeds are used to extend loans to third parties, the issuer must clearly set out in the Prospectus what those proceeds will be used for after the loan is repaid.

3. Mandatory Disclosure of Target Realization Timeline

Pursuant to Article 12 paragraph 1 of POJK No. 40/2025, it requires every issuer conducting a public offering to disclose a **target timeline** for the full realization of proceeds in its Prospectus. Further, should that timeline change, the issuer must publicly disclose the revision and notify the OJK within **2 (two) business days** of the decision (Article 12 paragraph 2 of POJK No. 40/2025). This is a new obligation where POJK No. 30/2015 contained no comparable requirement.

In addition, each Realization Report must state the target time for full realization, and where actual realization has gone past the disclosed target, the issuer must explain the delay in that report (Article 6 paragraph 3 of POJK No. 40/2025). This disclosure /explanation must also appear in the accountability report presented at the annual General Meeting of Shareholders ("**GMS**") (Article 13 paragraph 5 of POJK No. 40/2025).

4. Restrictions on Subsequent Public Offerings

POJK No. 40/2025 imposes new conditions on issuers that wish to launch a subsequent public offering while proceeds from an earlier offering have not yet been fully utilized. Two obligations apply:

- The issuer must provide the OJK with a written explanation of the reasons for the new offering, together with supporting documents. These documents form part of the registration statement for that offering (Article 4 paragraph 1 and 2 of POJK No. 40/2025).
- Where the new offering has the **same planned use of proceeds** as the prior offering and proceeds from that prior offering still remain, the issuer must fully realize those remaining proceeds **no later than 12 (twelve) months** from the effective date of the registration statement for the new offering (Article 4 paragraph 3 of POJK No. 40/2025).

Neither of the above obligations existed under POJK No. 30/2015.

5. Accountability Mechanism

Under Article 13 of POJK No. 40/2025 preserves the core accountability obligation from the previous Article 6 of POJK No. 30/2015, under which public companies must account for the realization of proceeds at every annual GMS until all proceeds have been fully utilized.

The POJK No. 40/2025 then goes further, issuers that have conducted a public offering of debt securities or *sukuk* must now account for the realization of those proceeds in their **annual report** until all proceeds have been utilized (Article 13 paragraph 2 of POJK No. 40/2025. Note that this obligation is not limited to unlisted issuers; it applies to all issuers that have made a public offering of debt securities or *sukuk*).

POJK No. 40/2025 also significantly expands the information that must be disclosed in the accountability report. Under POJK No. 30/2015, the accountability report had to cover 4 items and now POJK No. 40/2025 raises this to 10 items, with detail as follows:

POJK No. 30/2015 (Article 6 paragraph 3)	POJK No. 40/2025 (Article 13 paragraph 4)
<ol style="list-style-type: none"> 1. Total proceeds obtained 2. Costs of the public offering 3. Proceeds realized and their allocation 4. Remaining proceeds and reasons for non-realization 	<ol style="list-style-type: none"> 1. Total proceeds obtained 2. Costs of the public offering 3. Proceeds plan as per the Prospectus 4. Changes in use of proceeds and reasons, if any 5. Proceeds realized and their allocation 6. Remaining proceeds and reasons for non-realization 7. Details of the escrow account and latest balance 8. Details of unrealized fund placements (type, institution, balance, return) 9. Affiliation between the issuer and the party holding unrealized funds, and the reasons 10. Target time for full realization of proceeds

6. Revised Framework for Changes in the Use of Proceeds

Under POJK No. 30/2015, different approval requirements applied to changes in the use of proceeds depending on the type of public offering: (i) in the case of a public offering of equity securities, the issuers were required to obtain GMS approval, and (ii) in the case of public offering of debt securities of *sukuk*, the issuers were required to obtain the approval of a general meeting of bondholders or *sukuk* holders (Article 9 paragraph 1 and Article 10 paragraph 1 of POJK No. 30/2015). This approval requirement was triggered by “material changes”, which covered: (i) any change of 20% or more in any element of the use of proceeds; and/or (ii) any change in the use of proceeds that differs from the Prospectus plan, regardless of amount (Article 11 POJK No. 30/2015).

POJK No. 40/2025 further replaces such regime with a **two-tier framework** that distinguishes between changes that require approval (including GMS or bondholders/*sukuk* holders approval, as applicable) and those that only require public disclosure:

Requires GMS / Bondholder Approval + Public Disclosure (Article 16 paragraph 1 letter a)	Requires Public Disclosure Only (Article 16 paragraph 1 letter b)
Change of $\geq 20\%$ in any element of the use of proceeds	Change of $< 20\%$ in any element of the use of proceeds
Location change resulting in a change in use of proceeds that does not have a positive impact, based on an appraiser's feasibility study	Location change resulting in a change in use of proceeds that has a positive impact, based on an appraiser's feasibility study
Change in use of proceeds that differs from the Prospectus plan (or from a prior GMS / bondholder resolution) by more than 10% of total proceeds	Change in use of proceeds that differs from the Prospectus plan (or from a prior GMS / bondholder resolution) by 10% or less of total proceeds

For changes that only require public disclosure, the issuer must make that disclosure within **2 (two) business days** of the Board of Directors' decision (Article 17 Paragraph 2 of POJK No. 40/2025). For changes requiring GMS or meeting approval, the information disclosure and supporting documents must be submitted simultaneously with the GMS announcement, or at least 14 (fourteen) days before the bondholder or *sukuk* holder meeting (Article 17 Paragraph 1 of POJK No. 40/2025).

The required content of the information disclosure itself is also more detailed under POJK No. 40/2025 than under POJK No. 30/2015 and must include, among others: the reasons for the change; a full description of both the unchanged and changed plans; the object, value, and affiliated parties of any transaction; the estimated implementation timeline; and relevant agreements and regulatory approvals (Article 18 of POJK No. 40/2025).

Under Article 19 of POJK No. 40/2025 also introduces a practical carve-out: where the use of proceeds constitutes a material transaction and/or an affiliate transaction that has been disclosed in the Prospectus and has complied with the relevant OJK regulation on material and affiliate transactions, a public company is not obligated to comply with those OJK material/affiliate transaction rules again after its registration becomes effective.

7. Introduction of Escrow Account Requirement

One of the more operationally significant changes introduced by POJK No. 40/2025 specifically in Article 20 is the requirement that all proceeds from a public offering be placed in a **dedicated escrow account** (*rekening penampungan dana hasil Penawaran Umum*). This account must: (i) be a special account held in the issuer's name at a commercial bank or sharia commercial bank supervised by the OJK; and (ii) be maintained separately from the issuer's operational accounts (Article 21 paragraph 1 of POJK No. 40/2025).

Each time the Realization Report is submitted to the OJK, the issuer must attach a bank statement of the escrow account (Article 21 paragraph 2 of POJK No. 40/2025). Where proceeds have not yet been realized, they may only be placed in **safe, liquid financial instruments that do not experience price fluctuations**

(such as current accounts, savings accounts, or time deposits) and any interest or returns generated must be placed back into the escrow account (Article 22 of POJK No. 40/2025).

POJK No. 30/2015 had no equivalent requirement. Under the old regime, unrealized proceeds simply had to be held in “safe and liquid financial instruments” in the issuer’s name, with no obligation to segregate them from operational funds.

8. Expanded Prohibitions on Unrealized Proceeds

POJK No. 30/2015 prohibited unrealized proceeds from being used as **collateral for debt**. POJK No. 40/2025 retains this prohibition and extends it, pursuant to Article 23 of POJK No. 40/2025, unrealized proceeds may also **not** be used as a **source of funds for share buyback transactions**. Proceeds raised from the investing public through a public offering should not be redeployed in ways that primarily benefit existing shareholders rather than the company’s stated business purposes.

9. Expanded Administrative Sanctions

POJK No. 30/2015 provided for 7 types of administrative sanctions. POJK No. 40/2025 expands this to **9 types** by adding two new sanctions: (i) **revocation of the effectiveness of the registration statement**; and (ii) **revocation of an individual’s license** (Article 8 paragraph 3 of POJK No. 40/2025).

It is worth noting that POJK No. 40/2025 maintains two separate sets of sanction provisions that cover different groups of violations. The first set (Article 8 of POJK No. 40/2025) applies to failures in Realization Report submission and announcement obligations and carries all 9 sanction types. The second set (Article 24 of POJK No. 40/2025) applies to violations of the use of proceeds provisions, including the escrow, change-of-use, and accountability obligations, and equally carries all 9 sanction types.

10. Transitional Provision

Pursuant to Article 30 of POJK No. 40/2025, issuers that have already obtained an OJK statement allowing them to commence their initial offering **before** POJK No. 40/2025 comes into force are exempt from the new Prospectus disclosure requirements on the levels of use of proceeds and the target realization timeline.

It should be noted, however, that this transitional exemption is **limited in scope**: it covers only Articles 9 to 12 of POJK No. 40/2025. All other provisions of POJK No. 40/2025, including the new escrow, announcement, and change-of-use obligations, will apply to these issuers upon the regulation coming into force.

Overall, POJK No. 40/2025 marks a meaningful shift in how the OJK expects issuers to manage and account for realization of public offering proceeds, moving from a largely periodic reporting regime to one that demands real-time disclosure, structural traceability, and physical segregation of funds. With the 22 June 2026 effective date approaching, issuers and their advisors would do well to begin that review sooner rather than later, particularly given that some of the new requirements, such as the escrow account setup and the prospectus disclosures on target realization timelines and levels of use, will need to be in place before an offering even started.

Further information

For any inquiries, please contact:



Agniya Anggraeni

Partner

agniya.anggraeni@imcolaw.com



Muhammad Akmal Condro Rahmahadi

Associate

akmal.condro@imcolaw.com



Office 8 Building, 35th Floor, Zone G
Sudirman Central Business District Lot. 28
Jl. Jend. Sudirman Kav. 52-53,
Jakarta 12190, Indonesia

Tel : +62 21 2933 3800
Fax : +62 21 2933 3801
Email: info@imcolaw.com

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