

GOVERNMENT REGULATION NO. 15/1999
CONCERNING ON
CERTAIN FORMS OF CLAIMS WHICH CAN BE COMPENSATED FOR AS
SHARE PAYMENT

Considering :

that in the framework of implementing the provision in Article 28 Paragraph (2) of Law No. 1 Year 1995 on Limited Liability Companies, it is necessary to stipulate a Government Regulation on Forms of certain claims which can be compensated for as share payment.

Bear in mind :

Article 5 paragraph (2) of the Constitution of 1945.

Law No. 1 Year 1995 on Limited Liability Companies (Statute Book of 1995 No. 14, Supplement to Statute Book No. 3587).

HAS DECIDED

To Stipulate :

THE GOVERNMENT REGULATION ON CERTAIN FORMS OF CLAIMS WHICH CAN BE
COMPENSATED FOR AS SHARE PAYMENT

Article 1

Certain forms of claims shall be forms of claims on companies which arises because :

- a. the companies have already received money or the delivery of tangible or intangible goods which can be valued by money.
- b. The companies become the underwriter or guarantor of debts of a certain party, in which the companies have already received benefit which can be valued by money.
- c. Parties acting as the underwriter or guarantor of debts of the companies have already realized their liabilities by settling the debts of the companies.

Article 2

1. Certain forms of claims can be compensated for by companies with payment liabilities for share prices of the companies taken by parties which have claims on the companies.
2. The compensation for the certain forms of claims as meant in paragraph (1) can only be made on the basis of compensation already agreed previously with the approval of the shareholder general meeting or the compensation is made on the basis of the approval of the shareholder general meeting.

Article 3

The decision of the shareholder general meeting as meant in Article 2 paragraph (2) shall be valid, if the decision is made in accordance with the provision in Article 75 of Law No. 1 Year 1995 on Limited Companies.

Article 4

In the case of the companies being in the form of public listed companies, acts on the capital market shall come into force.

Article 5

It can be determined in the memorandum of association that the release of shares made by companies as a result of compensation for certain forms of claims must not necessary be offered first to shareholders of the companies.

Article 6

The payment for shares made as a result of compensation for the forms of claims as meant in this government regulation, must be announced in 2 (two) daily newspapers.

Article 7

This government regulation shall come into force as from the date of promulgation.

For the public cognizance, this government regulation shall be published by placing it in State Gazette of the Republic of Indonesia.

Stipulated at Jakarta.

On February 25, 1999

The President of The Republic of Indonesia

sgd

Bacharuddin Jusuf Habibie

Promulgated at Jakarta

On February 25, 1999

The Minister of State/Secretary

sgd

Akbar Tanjung

ELUCIDATION
ON
GOVERNMENT REGULATION NO. 15 YEAR 1999 CONCERNING
CERTAIN FORMS OF CLAIMS WHICH CAN BE COMPENSATED FOR AS
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General

An objective of the introduction of Act. No. 1 Year 1995 in Limited Liability Companies is to serve as the legal means of boosting, mobilizing and controlling development activities in the economic sector, both today and in the future, especially in the framework of facing globalization in the economic sector, which heavily influences business entities in Indonesia.

The act on limited liability companies already stipulates principally the procedural provisions on the establishment of companies, the executive board of companies, business activities of companies and etc. However, several provisions need to be further regulated by a government regulation. A provision which needs to be specifically regulated by a government regulation is the provision in Article 28 paragraph (1) on certain forms of claims which can be compensated for as share payment.

The regulation of the provision is intended to provide legal foundation and certainty about certain forms of claims which can be compensated for as share payment.

In principle, all forms of claims on companies can be compensated for as share payment as far the compensation is made by or approved by companies after securing prior approval from the shareholder general meeting of the relevant companies.

The provision in Article 28 paragraph (1) determining that "shareholder having claims on companies can not use their claim rights as a compensation for payment liabilities for their share price" is intended to prevent shareholders who are creditors of companies from unilaterally without approval of the companies using compensation rights and therefore, placing themselves in a favorable position connected with their payment liabilities, which become the guarantee of all creditors of the companies.

Nonetheless, since the intention contained in Article 28 paragraph (2) of Act on limited liability companies is to avoid the occurrence of fictitious capital payment by companies, the procedures to compensate certain forms of claims as share payment need clear regulation.

This government regulation stipulates provisions on the requirements and procedures which must be fulfilled by companies so that certain forms of claims can be compensated for as share payment fulfilling the requirements.

ARTICLE BY ARTICLE

Article 1

The definition of "certain forms of claims" includes payment liabilities on the basis of underwriting and provision of services already performed.

Letter a

Self Explanatory

Letter b

The meaning of companies already receiving benefits which can be valued by money is that debt payment liabilities of companies are written off and the companies secure claims on the party.

Letter c

The underwriter of guarantor settling the debts of companies becomes the creditor of the companies on the basis of the subrogation right.

Article 2

Paragraph (1)

The meaning of "parties which have claims" is certain parties having claims on companies, both shareholders and non shareholders of the companies.

Paragraph (2)

Self Explanatory

Article 3

Self Explanatory

Article 4

Self Explanatory

Article 5

Self Explanatory

Article 6

Self Explanatory

Article 7

"Daily newspapers" mean the daily newspapers published and circulated in the domiciles of companies and newspapers with nation-wide circulation.

Article 8

Self Explanatory

SUPPLEMENT TO STATE GAZETTE NO. 3812