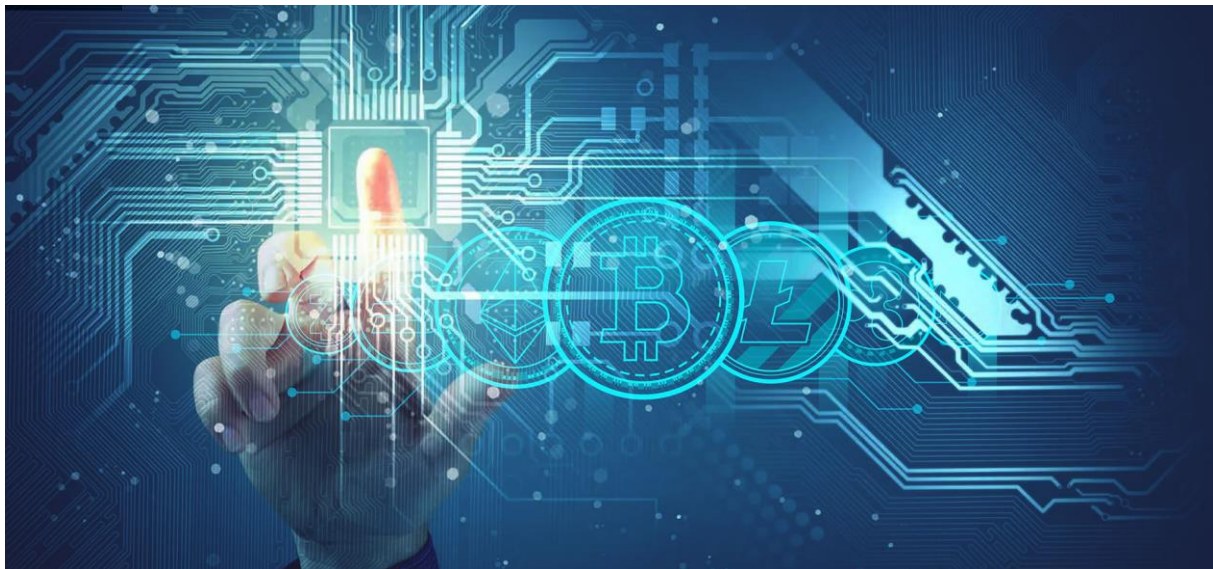


Indonesian Crypto Regulator Hits the Brake on the Issuance of Crypto Exchanger Permits



It is no longer a secret that the global crypto industry is experiencing what some commentators have dubbed a “Crypto Winter”, a phenomenon where crypto asset prices drop and stay low for a prolonged period. Indonesia is not an exception. Recently, we heard of one registered Indonesian crypto exchanger (referred to as a physical crypto asset broker (*pedagang fisik aset kripto*) under Indonesian law) that was experiencing a shortage of liquidity when the crypto market started to turn, which led to such crypto exchanger temporarily freezing its users’ wallet.

In light of this recent situation, the Indonesian crypto regulator (the Commodity Futures Trading Regulatory Agency or “**Bappebti**”) has introduced a moratorium on the registration of new crypto exchanger candidates¹ under Circular Letter No. 208/BAPPEBTI/SE/08/2022 (“**Circular**”), issued by the Head of Bappebti on 15 August 2022.

This meant that Bappebti is suspending the registration of companies intending to be a crypto exchanger candidates. The Circular regulates that Bappebti will not accept any new request for registration starting from 15 August 2022, and for now, the moratorium will apply indefinitely. Based on the Circular, the rationale behind this decision is at least two-fold:

¹ Crypto exchangers are referred to as “crypto exchanger candidates” until the key institutions (i.e., the crypto futures exchange and crypto futures clearing house) are duly established.

1. to improve the governance of existing crypto exchanger candidates that have been registered with Bappebti; and
2. to prioritise the establishment of the key institutions in the Indonesian crypto market (i.e., the crypto futures exchange, crypto futures clearing house, and crypto futures depository).

Conclusion

From an industry perspective, this moratorium may disappoint some, especially companies currently undergoing the registration process.

On the other hand, this unpopular and difficult decision by Bappebti may, to some extent, be seen as a prudent step, given that regulators worldwide have also begun considering significant changes to the rules governing the crypto industry.

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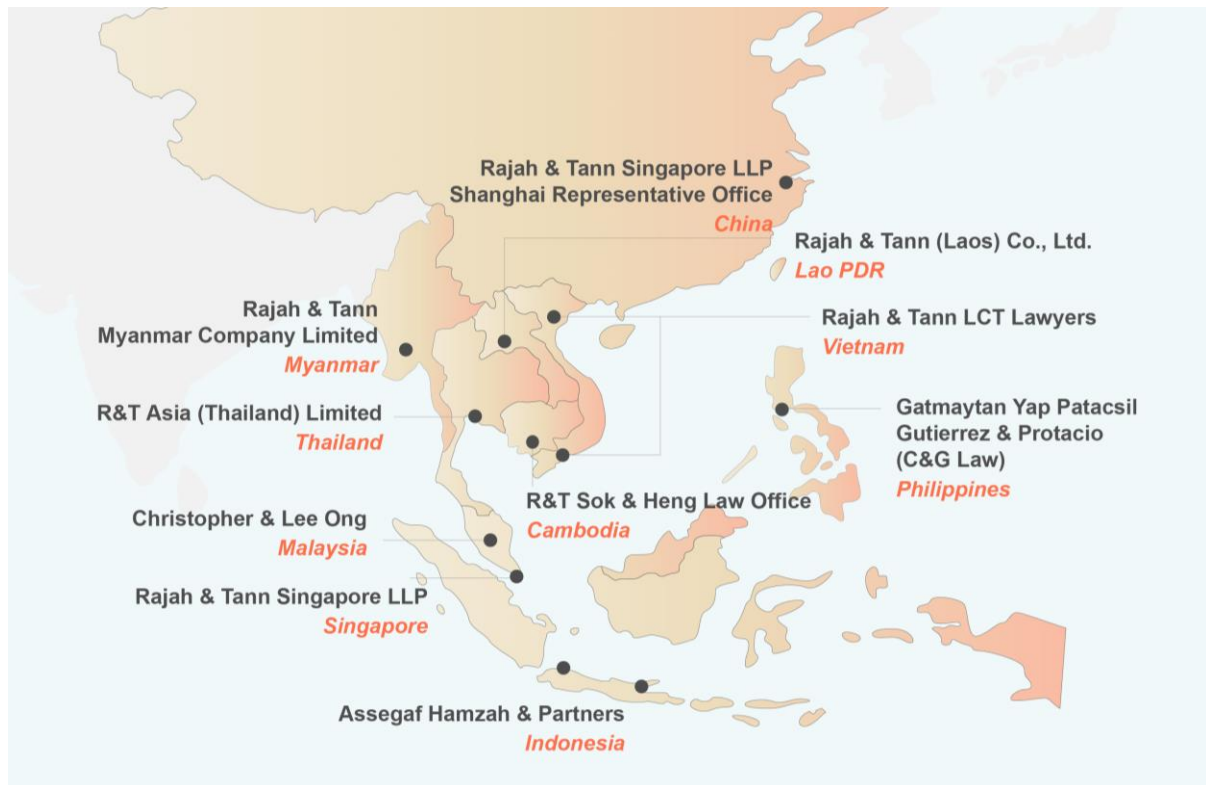
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