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CAPITAL MARKET

OJK Regulation 9/2025: Transitioning to Scripless Shares and Managing Forgotten Investments

Indonesia's Financial Services Authority (*Otoritas Jasa Keuangan* or "**OJK**") has issued OJK Regulation No. 9 of 2025 on the Dematerialisation of Equity Securities and Management of Unclaimed Assets in the Capital Market ("**Regulation**"), which became effective on 6 May 2025. The Regulation is issued to mitigate any discrepancies in shares administration between those conducted by share registrars versus those conducted by the Indonesian Depository and Settlement Institution (*Lembaga Penyimpanan dan Penyelesaian*, as represented by *Kustodian Sentral Efek Indonesia* ("**KSEI**")). Additionally, the Regulation introduces a new system for identifying and managing unclaimed assets in the capital market.

With its enactment, the Regulation also repeals several existing rules related to the ownership and recording of physical equity securities, under the following regulations:

1. Indonesia Stock Exchange Rule No. IX.J.1, Appendix to Decree No. KEP-179/BL/2008 on the articles of association of public companies;
2. OJK Regulation No. 22/POJK.04/2019 on securities transactions;
3. OJK Regulation No. 3/POJK.04/2021 on capital market activities; and
4. OJK Regulation No. 22/POJK.04/2021 on share classifications with multiple voting rights for high-growth public companies.

This client update provides a summary of the key provisions, obligations, and implications under the Regulation.

Dematerialisation of Equity Securities

Under the Regulation, all public companies and holders of equity securities must complete the dematerialisation process, which is the conversion of scrip shares into scripless form, by 6 May 2030 ("**Dematerialisation Period**").

This process begins with the return of physical share certificates by their holders to either the company's share registrar or the public company itself (if it manages its own securities) ("**Administrator**"). Only shares that are not part of any ongoing legal proceedings can be returned and the Administrator must verify the certificates within two business days of receipt.

If the name of the holder who submitted the certificates does not match the name as recorded in the certificates and the company's shareholder register, or if the holder cannot provide supporting documents (such as transaction records), the Administrator must reject the request on behalf of the registered shareholder. However, the Administrator is still required to record the shares electronically under the name of the registered shareholder, even if the person submitting the certificate is not the registered shareholder.

To support the transition, the Administrator must:

1. Announce the dematerialisation process at least twice a year until the Dematerialisation Period ends. Each announcement must include:

    - The timeframe for dematerialisation;
    - The procedures involved; and
    - The required documents.

    These announcements must be made in both Indonesian and English language, and published on the IDX's website, the public company's website, and sent by mail to shareholders. Additionally, the announcements can also be made on the website prepared by OJK.

2. Report progress to OJK every six months, with cut-off dates on 30 June and 31 December, and submission deadlines on 15 July and 15 January, respectively.

Once shares are converted to electronic form, they must be stored in a custodian account or collective custody system. These shares cannot be reconverted to physical form, except in limited cases—such as when a securities company is being dissolved or its licence is revoked. In all other cases, the physical certificates must be destroyed and annulled by the Administrator.

To ensure accuracy, KSEI is authorised to inspect and verify that the Administrator's records match those held by KSEI. If discrepancies arise, KSEI's records will take precedence.

After the Dematerialisation Period ends, all transactions involving physical shares will be prohibited, whether conducted on or off the stock exchange. Administrators will also be barred from processing such transactions, unless the physical certificate has already been converted. Exceptions apply only for transfers due to:

1. Grants;
2. Gifts;
3. Inheritance;
4. Law enforcement actions; or
5. Court decisions.

Lastly, to prevent future issuance of physical certificates, the Regulation also requires public companies to issue all new equity and debt securities (including sukuk) in scripless or electronic form only. This includes multiple voting shares, which must be deposited in a custodian account managed by KSEI.

As governed under the Regulation, KSEI is set to issue a separate regulation on electronic securities recording. This regulation will govern how securities, whether inside or outside collective custody, are recorded. Moreover, that record will serve as valid proof of ownership.

Management of Unclaimed Assets in the Capital Market

In addition to the dematerialisation of equity securities, the Regulation introduces a clear framework for managing unclaimed capital market assets. These provisions apply in three main scenarios:

1. **Physical shares that are not converted by the deadline**

   If any physical (scrip-form) equity securities remain unconverted after the 6 May 2030 deadline, their owners, heirs, or legal proxies may still claim them through the relevant Administrator during a five-year grace period ending 6 May 2035 ("**Claim Period**").

   Once claimed, the Administrator must record and manage the securities accordingly. After the Claim Period ends:

   - The Administrator must transfer the remaining unclaimed physical shares to a custodian account managed by a party appointed by OJK.
   - The physical certificates must be destroyed and annulled.
   - The Administrator must request OJK to officially designate these assets as unclaimed capital market assets.

2. **Dormant electronic accounts and unclaimed investment products**

   Custodians must identify inactive securities accounts, which are those with no transactions for five years, and attempt to confirm ownership with the registered holders. This also applies to unclaimed assets left after corporate actions such as buybacks, settlements, dissolutions, or liquidations over investment products.

   Confirmation efforts must be made twice a year until 6 May 2030, unless the inactivity is due to ongoing legal proceedings.

   If the account holder:

   - Explicitly rejects ownership; or
   - Fails to respond to confirmation letters,

   the custodians must request OJK to designate the assets as unclaimed capital market assets. Once approved, the assets must be transferred to a custodian account managed by the party appointed by OJK to administer and manage such unclaimed assets ("**Unclaimed Assets Manager**").

3. **Other capital market assets**

   The Regulation also covers other types of assets in the capital market, such as collateral held by clearing and guarantee institutions for members who are inactive or whose whereabouts are unknown.

   Any party operating in the capital market may request OJK to designate such assets as unclaimed, provided they have:

   - Verified that the legal entity is dissolved or no longer active in the capital market; and/or
   - Sent confirmation letters that go unanswered for 180 days, or received a formal denial of ownership.

Role of the Unclaimed Assets Manager

As mentioned above, OJK may appoint a party to act as the Unclaimed Assets Manager, responsible for administering and/or managing unclaimed assets for 30 years (since the relevant assets are determined as unclaimed assets). These assets cannot be traded by the Unclaimed Assets Manager during this period.

The owner, heir, or proxy of the unclaimed assets may reclaim the assets by submitting:

1. Proof of ownership; and
2. Legal documents supporting the transfer of rights.

The Unclaimed Assets Manager must verify the claim. If valid, the assets must be returned to the claimant's securities account, either in their original form or as a cash equivalent based on fair market value. Claims with incomplete or questionable documentation may be rejected. With respect to this, the Unclaimed Assets Manager must establish internal procedures for handling claims, including how assets or cash are returned.

If no valid claim is made within the 30-year period, OJK may seek a court order to transfer the unclaimed assets to a capital market development fund. The transfer of these assets will be stipulated further under a separate OJK regulation.

Compliance and Enforcement

Failure to meet the obligations under the Regulation may result in administrative sanctions, including:

1. Written warnings;
2. Administrative fines;
3. Restrictions of business activities;
4. Suspension of business activities; and/or
5. Revocation of business licences.

Key Takeaways and Next Steps

As part of the implementing regulations under Law No. 4 of 2023 on Development and Strengthening of the Financial Sector, this Regulation represents a major step in the ongoing modernisation of Indonesia’s capital markets. By requiring the full conversion of physical share certificates into secure electronic form and introducing a structured approach to managing unclaimed assets, the Regulation is designed to improve market liquidity, enhance transparency, and strengthen investor protection—while reducing the risks associated with physical securities.

To comply with these changes, Administrators, custodians, and other market participants should begin reviewing their internal procedures and upgrading their systems. Early action will help ensure compliance and avoid potential administrative sanctions, which may include written warnings, fines, or even licence revocation. More importantly, proactive preparation will improve data accuracy, reduce operational inefficiencies, and support the development of a more resilient and investor-friendly capital market.

While the Regulation introduces key measures for dematerialising equity securities and managing unclaimed assets, several elements are subject to further regulatory developments. These include:

1. The criteria and identity of the party to be appointed as the Unclaimed Assets Manager;
2. The shares recording mechanism (to be regulated by KSEI); and
3. The structure and management of the capital market development fund (to be regulated by OJK).

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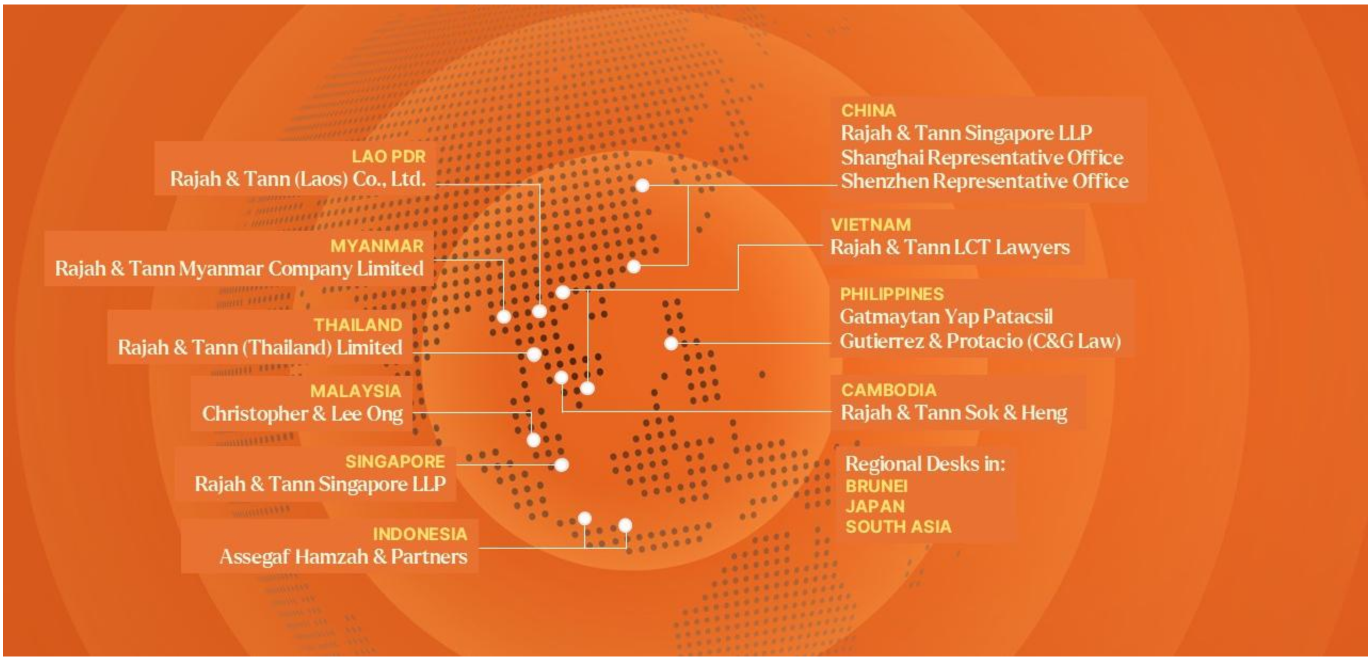

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