July 2013





The Firm

Leks&Co is a multi services law firm, filled by young, energetic, creative lawyers, providing premium legal services, quality management and delivering our services based on definite core values.

Our Uniqueness

1. We are young, energetic, and creative lawyers, so that we can provide and deliver a fast



Dear {FIRST_NAME},

This is the Leks Newsletter of July 2013. On this issue, you will see legal update and our blogs update. We hope that our newsletter is useful for you.

Leks News

A legal view publication in Forbes Indonesia, July edition, titled "Boosting Micro Enterprises"

- and reliable legal service:
- 2. We emphasize the use of technology in delivering our service;
- 3. We are internationally certified of ISO 9001:2008 on Quality Management;
- 4. We emphasize our core values in providing and delivering our service;
- 5. Our office is strategically located at CBD area;
- 6. We have received numerous award from Global Law Expert, Corporate **INTL** and Finance Monthly;
- 7. We provide services to store client's legal document in the online server. accessible by our client password protected;
- 8. We provide useful legal update knowledge through Blogs, Twitter, Facebook and other resources;
- 9. We provide pro bono service for churches and social

LEGAL VIEW

Boosting Micro Enterprises

BY EDDY LEKS



I tis common knowledge that the banking system was designed for bankable people or businessentities. But in fact, not all people or entities can obtain loans. This surely hinders the economic development of a country, particularly Indonesia, which is essentially supported by micro, small, and medium enterprises (SMEs). In principle, SMEs have to be empowered and given incentives to grow and become large enterprises that can significantly contribute to the state's economy.

Grameen Bank gave loans to non-bankable people and named itself the bank for the poor. Interestingly, the unsecured loans to the poor were duly repaid. Grameen Bank, as of October 2011, has 8,349 borrow ers, 97% of whom are women. At present, Grameen Bank has 2,565 branches, providing services to 81,379 villages or 97% of all villages in Bangladesh. This fact opens up a new perspective to the microfinancing world: a borrower who is not bank-able does not automatically mean a defaulter.

The Indonesian law on microfinancing institu-tions was promulgated on January 8 this year but will

only become effective on January 8, 2015. In its elu-cidation, it is stated that a financing institution that provides fund or capital for micro and small enter-rises is very important. prises is very important and that the poor or low income communities need better access to loans or microfinancing. The goals are noble to empower the economy, to raise the pro ductivity of the poor, and to increase the income and welfare of the poor and this law should have existed a long time ago. However, it is better late than never The law on microfi-

nancing is intended to establish microfinancing institutions (LKM), which essentially is a special in-stitution that enhances businesses and comm development through non profit loans or fina microbusinesses, LKM has microbusinesses. LKM has to be a legal entity, whether it's a cooperative or a limited liability company. If it is a limited liability company, at least 60% of its shares have to be owned by the regency or local government or village/subdistrict-owned enterprises with the rest owned by an Indonesian and/or a cooperative. An Indonesian may only hold a maximum 20% shares in a limited liability LKM, which cannot be owned, directly or indirectly, by a foreigner and/or business entity that is partly or wholly owned by a foreigner or of foreign entities. LKM must have a business license issued by the Financial Serto be a legal entity, whether

vices Authority (OJK) and covers villages, subdistricts

and municipalities.
As the law on micro financing institution says LKM has to be majority owned by a regency/local government or village/subdistrict-owned enterpri the management of a LKM is held by regency/local gov cal government has to deal with many issues and man of them are not efficient and effective, the LKM risks having suboptimal perfe mance. As a conse the noble goals of this law

may not be achieved. Under the limited liability company law, the 609 ownership clause means ity company law, the 60% ownership clause means that management and supervision will be controlled by a regency/local government. Even though LKM is not merely for profit, it means the LKM risks being unprofitable. If an LKM does not make profit, the microfinancing channeled to the poor may not run smoothly since the source of funds is limited. If an LKM is regulated to the poor may not run smoothly since the source of funds is limited. If an LKM is regulated effectively according to its objectives and purposes, it may be formed and managed by private parties are usually more capable in managing a company. Most importantly, the OJK can prepare a set of regulations to supervise the management of LKMs on that they remain on track. Notwithstanding its limitations, the law on microfinancing institution is laudable, as it offers new opportunities to the unbankable poor. Hopefully, LKM can be of help to the

Eddy Leks on a legal view publication in Forbes Indonesia, July edition, titled "Boosting Micro Enterprises" at page 75.

Click here to read more

Our Managing Partner Eddy Leks speaks on Bankruptcy and PKPU Law and Compliance on Money Laundering Law, two sessions in one, for Istana Group, a leading developer in Bandung at Setra Duta, Bandung, Indonesia.



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Our Managing Partner Eddy Leks speaks about Land Law on Property Wealth Management series, "Strategi Sukses dan Jitu Investor Properti" at Wisma Bisnis Indonesia.



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Eddy Leks, founder of Leks&Co, gives lectures on "Land and Property Law" to participants of real estate developers in Indonesia at Chase Plaza.





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Leks Blog Update

The Cancelation of Conditional Sale and Purchase Agreement of Apartement According to Minister of Public Housing's Decision

The stipulation about Apartement is regulated under Law Number 20 of 2011 concerning Condominium ("Condominium Law"). Under Article 1 of



Condominium Law, Condominium is a highrise building which is built in an environment divided into parts and being structured functionally, either horizontally or vertically and its units can be owned and used separately, especially for residence including with common facility, common equipments, and common land.

The ownership of apartement unit is proven by the Certificate of Ownership over the Condominium Unit ("SHM Sarusun") if the condominium is built above the land with right of ownership, right to build or right to use. However, if the apartment is built above the state owned object which is in the form of land or waqf land by lease, it can be proven with Certificate of Buliding Ownership over









the Building ("SKBG").

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The Differences of Concept Between Public Condominium and Commercial Condominium Based on Law No. 20 of 2011 on Condominium

Definition



Under Article 1 of Law No. 20 of 2011 on Condominium ("Condominium Law"), a public condominium is defined as a condominium which is

built to fulfill the needs of home for people with low income. Whereas, a commercial condominium is defined as a condominium which is built to obtain profits.

Development of Condominium

development of public condominium the responsibility of the government, which can be conducted by everyone with the facility and/or assistance from the government and also by non-profit organization and business entity. The development of commercial condominium can be conducted by everyone, provided that the commercial condominium developer shall provide the public condominium at least 20% from the total floor area of the commercial condominium being developed. The obligation to build public condominium as mentioned above the developer can be conducted outside of the area of commercial condominium as long its still in the same regency/city with the related commercial condominium.

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