



ROUSE

E-commerce Regulations
Guide

Indonesia

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E-COMMERCE REGULATIONS: INDONESIA

The myriad of laws and regulations (at the Government and Ministerial level) on electronic transactions makes it difficult to navigate the regulatory framework. This note attempts to lay out the applicable regulations as at the date of publication. There are several regulations and circulars omitted in this note although it can be implied that they are no longer applicable.

This note should not be regarded as legal advice and consultation with qualified adviser is necessary.

Regulatory regime of ESOs

As at the time of writing, the main legislation/regulations relevant to Electronic System Operators (“**ESO**”) are:

- Law No. 19 of 2016 on Amendment to Law No. 11 of 2008 on Electronic Information and Transaction Law (“**EIT Law**”)
- Government Regulation No. 71 of 2019 on Organization of Electronic system and Transactions (“**GR 71**”)
- Government Regulation No. 80 of 2019 on Trade Through Electronic Systems (“**GR 80**”)
- Ministry of Communication and Informatics Regulation No. 5 of 2020 on Electronic System Operator Private Scope (“**MOCI 5/2020**”)
- Ministry of Communication and Informatics Regulation No. 20 of 2016 on the Protection of Personal Data Protection in Electronic Systems (“**MOCI 20/2016**”)
- Ministry of Trade Regulation No. 50 of 2020 on Provisions of Business Licensing, Advertising, Counting, and Supervision of Business Acceptors in Trade Through Electronic Systems (“**MOT 50/2020**”)
- Law No. 8 of 1999 on Consumer Protection (“**Consumer Protection Law**”)

This note is applicable to ESOs in the private sector which is defined in Article 1(6) of GR 71 and Article 1(6) of MOCI 5/2020. Reference to ESOs includes web services, electronic commerce provider and OTT (i.e., over-the-top media) services.

The key requirements are:

- Registration as ESO under Article 2 of MOCI 5/2020;
- Setting up of representative office in Indonesia where the transactions exceed 1000 a year or has delivered 1000 packages to consumers a year under Article 15 of MOT 50/2020;
- Terms of use and privacy policy to be in Indonesian language under Article 47(1) of GR 71;
- Provide contact information for addressing complaints in the case where trade is being provided by the ESO under Article 26 (3)(f) of MOT 50/2020; and
- Collection and use of personal information should be based on consent - elaboration on extent of consent and conditions discussed below under section - Personal Data Protection under Article 14 GR 71

Registration of ESO with Ministry of Communication and Informatics (“**MOCI**”)

ESOs, including foreign based ones, that provides web services in Indonesia are required to register with the MOCI. (Article 4(1) of MOCI 5/2020)

This Ministerial Regulation is meant to implement GR71.

Sanctions for failing to register is provided in Article 7(2) of MOCI 5/2020 which includes access blocking:

“In the event that PSE in the Private Sector do not register as referred to in paragraph (1)(a), the Minister shall impose an administrative sanction in the form of Electronic System Access Blocking.”

Setting up a local representative office

Where the number of trade transactions exceed 1000 per year or more than 1000 deliveries have been made per year, the Foreign Trade Operators through Electronic Systems (“PPMSE”) must set up a local representative office.

This is based on Article 15 (1) and (2) of MOT 50/2020 which states:

- (1) The foreign PPMSEs (as referred to in Article 2(1)(b) that meets certain criteria are required to appoint a representative domiciled within the jurisdiction of the Unified State of the Republic of Indonesia which may act as and on behalf of the PPMSE concerned.
- (2) The ‘certain criteria’ for foreign PPMSEs as referred to in (1) consists of:
 - a. already made transactions with more than 1.000 (one thousand) Consumers within a one-year period; and/or
 - b. already deliver more than 1.000 (one thousand) packages to Consumers within a one-year period.

Other pertinent regulatory requirements to meet consumer protection laws under MOT 50/2020:

Article 26 (3)(f) on provisions to forward contact details to representatives of foreign Trade Operators:

- (1) The representative of foreign Trade Operators through electronic systems/PPMSE should make available contact numbers and/or email addresses of the consumer complaint services provided by the represented foreign PPMSE; and
- (2) The representative office is to fulfill consumer protection obligation on behalf of the foreign PPMSE.

Article 26 (5) on foreign PPMSE in authorising foreign Trade Operators to meet the following requirements:

- fulfilling its consumer protection obligation;
- performing guidance to increase competitiveness; and
- settling disputes.

In the event of termination of an existing representative office, a replacement should be appointed within 14 days. Article 30 of MOT 50/2020 stipulates:

“In the event of a unilateral termination of representation, foreign PPMSEs are required to appoint a new representative within a maximum period of 14 (fourteen) calendar days after one of the parties declared the termination concerned in writing”

Sanction for failing to appoint representative office

Article 46 of MOT 50/2020 stipulates on sanction that shall be imposed to foreign PPMSE which fulfill the criteria stipulated in Article 15 but does not appoint its representative in Indonesia. The sanction will be in the form of written warnings that will be given up to 3 (three) times with a maximum of 14 (fourteen) calendar days grace period between each warning. Failure to comply within the period will result to the foreign PPMSE to be put in a blacklist and temporary suspension of the foreign PPMSE’s services by the authorized relevant agency.

Data Protection

The current regime on data protection applies where personal data is collected in an electronic system. There is no general data protection regime. The following discusses protection of personal data which is collected in an electronic system.

Definition of “Personal Data”

Article 1(29) of GR 71 defines ‘Personal Data’ as:

“All data related to a person, whether identified or capable of being identified using that data or in combination with other information, whether directly or indirectly, through the use of an electronic system and/or non-electronic means.”

The local data protection regime in the context of electronic system include collecting, processing, analysing, retaining, displaying, announcing, sending and publishing personal data of its users. In this context, ESOs must obtain the consent of the personal data owner in respect of the aforesaid activities including the purpose for which the data is collected, processed and stored (Article 14(3) GR 71). For example, if the personal data is analysed, and used for marketing purposes, such purposes must be informed to the users.

Retention of data

PMSE data and information relating to financial transactions for a minimum period of 10 (ten) years from when data and information were obtained, while PMSE data and information not relating to financial transactions for a minimum period of 5 (five) years from when data and information were obtained (Article 25(1) GR 80).

Personal data must be stored in encrypted form (Article 15(2) MOCI 20/2016). Even though not provided in the regulation, encrypted data generally means data that is encoded in such a way that only authorized parties in possession of the encryption key can access it.

ESO must provide access for lawful interceptions and permit the gathering of evidence for criminal investigations if requested by law enforcement agencies under the following provisions:

Article 32 of MOCI 5/2020:

- (1) PSE in the Private Sector shall grant access to Electronic Data to Law Enforcement Apparatus for investigation, prosecution, or trial of criminal acts within the jurisdiction of the Republic of Indonesia.
- (2) Criminal acts as referred to in paragraph (1) are criminal acts in which the criminal punishment is in the form of imprisonment for a minimum of 2 (two) years.

Article 33 of MOCI 5/2020:

- (1) PSE in the Private Sector shall grant access to Electronic System to Law Enforcement Apparatus for investigation, prosecution, or trial of criminal acts within the jurisdiction of the Republic of Indonesia.
- (2) Criminal acts as referred to in paragraph (1) are criminal acts in which the criminal punishment is in the form of imprisonment:
 - a. for a minimum of 5 (five) years;
 - b. below 5 (five) years but must not be below 2 (two) years as long as it has obtained a ruling from the district court within the jurisdiction where the Law Enforcement Apparatus has jurisdiction.

Cross border transfer of data

In addition to securing consent from the users, when a cross-border transfer of the customers' personal data from Indonesia occurs, ESOs must submit to MOCI pre and post notification of such transfer (Article 22 of MOCI 20/2016).

Deleting or erasing data

One may delete data on request pursuant to Article 16(1) of GR 71/2019.

Irrelevant Electronic Information and/or Electronic Document which is conducted by erasing (right to erasure) as referred to in Article 15 paragraph (2) letter a shall consist of Personal Data which:

- are acquired and processed without the consent of the Personal Data owner;
- its consent has been withdrawn by the Personal Data owner;
- are acquired and processed illegally;
- no longer in accordance with the acquisition purpose based on an agreement and/or laws and regulations;
- its utilization has exceeded the period in accordance with an agreement and/or laws and regulations; and/or
- are displayed by the Electronic System Provider which caused a loss for the Personal Data owner.

Data breach

In the event of personal data leak, ESO is obliged to issue notification to the relevant personal data owner within 14 days from the leak occurrence in accordance with Article 28(4)(c) of MOCI 20/2016. The source of law/regulations on protection of personal data is found in the following:

- EIT Law, in particular Article 26;
- GR 71 Articles 14, 15, 16, 17, and 18; and
- MOT 50/2020.

Location of Data

ESOs in the private sector may locate their data outside Indonesia (Article 21 of GR 71). However, this allowance might be impinged upon by regulations applicable to specific sectors such as Ministry of Finance.

Further, additional measures are required to protect data of a strategic nature. Although ESOs may locate their data outside Indonesia, they must ensure that their electronic systems and data are accessible to the Indonesian authority for supervision and law enforcement.

Content related obligations of ESOs

PSE in the Private Sector are to provide user guidelines in Indonesian language in accordance with the provisions of laws and regulations (Article 9(2) MOCI 5/2020).

ESOs are required to ensure that their electronic system does not (Article 5 of GR 71):

- contains the electronic information and/or electronic documents that contravenes existing law/regulation; and
- facilitates the distribution of the prohibited electronic information and/or electronic documents.

Under Article 9(2) and (3) of MOCI 5/2020, Private ESPs are required to comply with several content moderation obligations, particularly to:

- provide guidelines for the electronic system in the Indonesian language;
- ensure that no prohibited information or documents exist within the electronic system; and
- ensure that the electronic system does not facilitate the spread of prohibited information or documents.

Article 9(4) of MOCI 5/2020 has expanded the scope of prohibited electronic information and documents to now cover any electronic information/document (Prohibited Content) that:

- violates the prevailing laws and regulations;
- causes disturbances to society and public order; and/or
- provides methods or access to prohibited information or documents.

User Generated Content (“UGC”)

User Generated Content ESO is defined under Article 1(7) of MOCI 5/2020 as:

“ESO in the Private Sector of which the provision, presentation, uploading, and/or exchange of Electronic Information and/or Electronic Document is conducted by Users.”

ESO offering platforms for UGC should stipulate governance terms and conditions in respect of obligations for posting UGCs (Article 10(1)(a) and (2) of MOCI 5/2020). In particular, ESOs are to provide procedure for dealing with complaints against legality of UGC and facility for settlement of complaints (Article 10 (1)(b), (3) and (4) of MOCI 5/2020).

Article 11 of MOCI 5/2020 exempts online intermediaries that provide UGC from being liable for hosting prohibited content if they maintain the above-mentioned facility for complaint reporting and settlement.

UGCs are additionally defined under MOCI 5/2020 as Electronic Information provided, presented, uploaded by subscribers.

Private ESPs where subscribers can provide, present, upload and/or exchange electronic information and/or documents.

UGCs are required to exercise governance on the use of their information technology by establishing procedures (Procedural Governance) and reporting tools for the public to report or submit complaints about any Prohibited Content (Reporting Tools).

UGCs will be exempt from Prohibited Content violations under MOCI 5/2020 if the UGC:

- complies with the obligation to ensure that the electronic system neither contains nor facilitates the spread of Prohibited Content;
- complies with the obligation to provide Procedural Governance and Reporting Tools;
- provides the relevant subscriber information of the user that has uploaded Prohibited;
- content in the context of law enforcement/supervision; and
- takes down the Prohibited Content.

Marketing activities/advertisements

Consent is required in the use of personal contact information for marketing activities. In the case of financial service provider, OJK prohibits any financial service provider from making direct marketing communications without prior customers' consent (Article 19 of OJK Regulation 1/POJK.07/2013).

In particular, the sender of electronic information (which includes marketing material) should ensure that this does not cause disturbance to the recipient (Article 44 GR 71)

Furthermore, Article 19(2) of MOT Reg 50/2020 requires all electronic advertisement to fulfil the following:

- not deceive consumers on quality, quantity material, utility and price of goods and/or fee of services, as well as the expected time of arrival;
- not mislead in respect of warranty of goods and/or services;
- not contain untrue, false, or inaccurate information; and
- provide clear exit function (e.g., terminate or skip button) on the displayed electronic advertisement.

Note also the requirement under Article 17 of Consumer Protection Law, which requires all advertisers to comply with the advertisement code of ethics (ACE) as issued by the Indonesian Advertising Council.

Sanctions

Article 95 of GR 71 provides that the Government is authorized to prevent the dissemination and use of electronic information and/or an electronic document by means of: blocking of access; and/or an instruction to an ESO to block access.

Under Article 96 of GR 71, these measures may be taken in respect of electronic information and/or an electronic document that:

- violates the provisions of the laws and regulations;
- causes public disquiet and disturbs public order; or
- provides know-how to access, or provides access to, electronic information and/or an electronic document that contains content that is prohibited by law.

The Elucidation of Article 96 of GR 71 explains that prohibited content includes electronic information and/or an electronic document that contains or promotes any of the following elements:

“Pornography, slander, fraud, hatred against a particular ethnic group, religion, race or group, violence/violence against children; infringement of intellectual property rights; trading of prohibited goods/services; terrorism and/or radicalism; separatism and/or dangerous prohibited organizations; violations of data security; violations of consumer protection; violations in the health field; and violations related to food and drug supervision.”

Validity of Click Wrap Agreement

The validity of click wrap agreement is unclear. Although the current legislation recognises electronic contract and electronic signature¹, it is unclear how the court will accept as proof of execution. This is because the same

¹ Article 1 (17) of EIT Law defines electronic contract as agreement that is made via electronic system. Also refer to Article 1 (3) of EIT Law: “An electronic transaction is a legal action that is performed using the Computer, network Computer, and/or other electronic media.”

legislation also provides for the use of electronic signature (which can be certified or uncertified - Article 60(2) of GR 71).

In the event of dispute, the court might expect to see contract in the traditional form with signatures in order for the contract existence to be proved. But this problem might be ameliorated by providing governing Law with a stronger framework supporting electronic transaction and also providing for arbitration as means of dispute resolution.

Language of Terms of Use and Privacy Policy

English language is to be used for contractual terms, terms of use and privacy policies. This is based on the following legislations/regulations:

Article 31 of Law No. 24 of 2009 on Official Flag, Language and Emblem, and Official Anthem (“**Law 24/2009**”):

“Indonesian Language must be used in a memorandum of understanding or agreement involving state institutions, government agencies of the Republic of Indonesia, Indonesian private entities or Indonesian citizens.

The memorandum of understanding or agreement as referred to in paragraph (1) which involves a foreign party shall also be written in the national language of the foreign party and/or in English.”

Article 47(1) of GR 71:

“The Electronic Contract and other contractual forms as referred to in Article 46(1) which is addressed to Indonesian citizens shall be drafted in Bahasa Indonesia.”

English language version can be agreed to be the prevailing version as stipulated in Article 26 (3) and (4) of President Regulation No. 63 of 2019 on Usage of Indonesian Language (“**PR 63/2019**”):

“The national language of the foreign party and/or English as referred to in paragraph (2) shall be used as the equivalent or translation of the Indonesian Language to unify the understandings upon the memorandum of understanding or agreements with foreign parties.

In the event that there is a difference in interpretation toward the equivalent or translation as referred to in paragraph (3), then the language to be used shall be the language agreed upon in the memorandum of understanding or agreements.”

Content Management

In GR 71/2019, more flexible provision on data management is directed to both ESO for Public Scope and ESO for Private Scope.

Public Scope

Unless the technology needed is unavailable in Indonesia, an ESO for Public Scope must store its electronic system

in Indonesia. Meanwhile companies that fall under the criteria of ESO for Private Scope are allowed to do management, processing, and/or storage of electronic systems outside of Indonesia while ensuring effective supervision by the relevant Ministry and certain regulatory bodies.

Private Scope

However, while the ESO for Private Scope may enjoy the flexibility of data centres being located outside Indonesia, the companies must ensure that their electronic systems and data are accessible to the Indonesian authority for supervision and law enforcement. Furthermore, for the financial sector, GR 71/2019 states that the relevant authorities governing this sector may regulate separate provisions on data management.

In addition, while GR 71/2019 provides flexibility on data centres for ESO, it also provides flexibility for the Government to further determine whether State Agencies and institutions possessing data viewed as strategic which need to be protected and must be made into Electronic Documents and backups should be connected to certain data centres.

MOT Reg 50/2020 does not differentiate between domestic and foreign PSPs and both must secure a SIUPMSE license from the OSS Agency.

Online Advertisements

E-commerce businesses are permitted to distribute online advertisements provided they comply to applicable laws and regulations in Indonesia.

The regulation does state several requirements online advertisements should satisfy. These include:

- Must not deceive consumers on the quality, prices, materials, and quantity, or other false and incorrect information for the goods/service being provided;
- Must not provide false claims with regards to warranties or guarantees;
- The company must provide the usage risks for the said goods/services being advertised
- All electronic advertisements should have an exit function, such as through a 'skip' or 'close' button to close the advertisement; and
- Consumers can make complaints for ads that are not in compliance with the relevant laws and regulations through the Director-General of Consumer Protection and Trade Compliance.

Cloud Computing Private ESP

Cloud ESPs are defined under MOCI 5/2020 as Private ESPs that provide, organise, manage and/or operate cloud computing services. To comply with the requirement for an electronic system to neither store nor spread Prohibited Content, Cloud ESPs must also exercise Procedural Governance, which must include at least having in place guidance on:

- users' rights and obligations to use the relevant cloud computing services;
- the cloud computing provider's rights and obligations; and
- users' accountability, if the user stores Prohibited Content.

The requirements for transferring personal data out of Indonesia is not being enforced for now. The requirements under MOCI 20/2016 (Article 22) on delivery of personal data managed by ESO's domiciled in Indonesia to outside of Indonesia are as follows:

- Coordinate with the Minister or officials/institutions given the authority to do so; and

- Apply the provisions of laws and regulations regarding the exchange of Personal Data across national borders

However, the MOCI has not begun to enforce this and businesses file volunteer reporting of such transfer as attempts to comply with the above.

Case Study: Setting up base in Indonesia for ESP providers (DAZN as example)

Part 1: Operating in Indonesia

Age Restrictions

The age of majority to enter contracts is 21 years pursuant to the Indonesian civil code. Other legislations may differ (such as Indonesia's child protection law, juvenile law, and marital law), but the Indonesian civil code is most relevant with respect to legal capacity to enter contracts.²

Local Presence within Indonesia

DAZN is not required to establish a legal entity. Local Presence is also not required. The service may be provided offshore through the UK entity and the UK entity can directly contract with, and invoice, Indonesian customers.

Proposed Draft OTT Regulation may require overseas OTT, such as DAZN, to have a more permanent local presence in the form of an Indonesian legal entity.

It is required for a foreign OTT service provider to establish a permanent establishment³ in Indonesia pursuant to Indonesia's tax statutory laws and regulations. Under Indonesia's income tax law, a permanent establishment is defined as a form of business used by a foreign tax individual or corporation to carry out businesses or activities in Indonesia, which can be in the form of computers, electronic agents, and automated equipment location in Indonesia, whether owned, leased, or used by a foreign tax individual or corporation to carry out electronic transactions or business activities in Indonesia through the Internet.

Please note there are tax obligations for having a permanent establishment.

T&C's in Local Language

T&Cs, Privacy Policy and sign-up pages to be translated into local language (i.e., Bahasa). Failure to provide translations to T&Cs and PP would render the agreement null and void.⁴

² See Civil Code at Section 1: "The minority age limit has been changed from 23 years to 21 years on December 1, 1905".

³ Pursuant to the Income Tax Law, a permanent establishment is a tax subject that is treated in a similar manner to an Indonesian corporate taxpayer. The requirements for a public establishment are satisfied by such circumstances as the existence or location in Indonesia of a company's (i) management domicile, (ii) branch office, (iii) representative office, (iv) office building, (v) factory, (vi) workshop, (vii) warehouse, or (viii) computer, electronic agent, or automatic equipment that is owned, leased, or used by an individual or entity in conducting electronic transactions for the purpose of commercial activities using the internet. Such circumstances are permanent in nature and are used to conduct business or activities by a person or entity that is not domiciled in Indonesia.

⁴ See Law No. 24 of 2009 (On National flag, Language and emblems) at Article 31 (1).

DAZN Competitors: Localisation

F1 TV does not localise the product or provide T&Cs or PP in Bahasa. Service is provided by a UK entity and all T&Cs are governed by English law. WWE does not localise the product or provide T&Cs or PP in Bahasa language. UFC Fight Pass do not localise the product or provide T&Cs in Indonesian language.

Most OTT service providers currently take the view that it is low risk to proceed on an offshore basis. Netflix and Showmax currently operate without any broadcasting licence as the CA is yet to come up with regulations governing such OTT technologies.⁵

Competitor research revealed that Netflix, HOOQ, Prime Videos⁶ and MAXstream all offer the service and sign-up flow in Bahasa Indonesian language. Most other OTT service providers currently take the view that it is low risk to proceed on an offshore basis.

Regulatory Concerns: Competition Law

In general, there is no specific rule in Law Number 5 of 1999 and its implementing regulations (“**Indonesia Competition Law**” or “**ICL**”) that prohibits joint bidding by international companies. The ICL does prohibit collusive tendering or bid rigging as well as agreement or conspiracy between competing firms to fix price, allocate market or restrict output and based on precedent, prohibits the acquisition of exclusive sport rights, particularly for premium content, without going through a competitive and transparent process.

Based on case law or precedent (Decision 09/KPPU-L/2013), KPPU (Indonesian Competition Agency) seems to take the view that firms belonging to the same group or under a Single Economic Entity (“**SEE**”) shall not compete in the same bidding, as it is considered as a form of sham competition. Thus, only one firm (of the same group / SEE) may participate in the same bidding process.

It is advisable for the DAZN and its current partner(s) in the respective jurisdiction to further assess whether there is any company/business representative affiliated with or under the same SEE with DAZN and its current partner(s) that will be competing in the same bidding.

Please note that there may be regulations requiring content providers to be established as Indonesian company and have a cooperation agreement with Indonesian network companies.

Recently in 2020 & 2021 the Competition Commission has been levying heavy penalties on companies engaged in bid/joint rigging activities, ranging from IDR 1,723,500,000/- (\$120,420)⁷ to IDR 4,030,000,000/- (approx. USD 281,000)⁸.

Case examples:

There were several cases back in 2001 (Telkom case) and 2016 (Decision Number 08/KPPU-L/2015) where KPPU appeared to accept joint bidding under the form of a joint venture or consortium (by or with foreign companies)

⁵ Note F1 TV - T&C, PP are all in the English language & are governed by English Law. With WWE, its website is available in the English language but there is a local blog-spot which streams WWE content in Indonesian language (no local content is shown). With UFC Fight Pass, there is no localisation, and its T&C are all in the English language. With Netflix, HOOQ, MAXstream, all of its services are provided in the Bahasa language.

⁶ Note Prime Video also provides services in the Bahasa language.

⁷ Note this sum is taken from a competition commission decision in 2020 (04/KPPU-L/2020).

⁸ Note this sum is taken by a case decided by the KPPU in 2021, a news article on the case can be found here <<https://www.ashurst.com/en/news-and-insights/legal-updates/competition-law-newsletter-october-2021/cn10---indonesian-competition-authority-imposes-fines-for-bid-rigging-conduct/>>

so long as it meets criteria (as stipulated under applicable regulations or tender documents) and these firms do not engage in collusive tendering with other (unaffiliated) bidders or organizing party (user).

KPPU once investigated a case on broadcasting right of sport content (EPL/BPL) and its exclusivity in 2008 where it emphasized that premium content (e.g., sport) acquisition shall be made through a competitive and transparent process, so that Indonesian customers have equal opportunity to acquire the right.

Export/import rules for OTT service providers⁹

In essence, any goods coming from overseas into the Indonesian customs territory are considered as an “import” and are generally subject to import duty.

Notwithstanding Indonesia is currently bound by a World Trade Organization (WTO) moratorium that bans Indonesia from charging import duty on intangible goods traded electronically or through electronic transmissions, the moratorium will end in 2017 and the Ministry of Finance is looking to impose import duties on intangible goods, such as software, apps, electronic books, audio-visual content transmitted electronically into Indonesian customs territory starting from January 2018. However, up to date we have not been aware of regulations imposing import/export duty on intangible goods.

Consumer Protection Law

Another legal concern that may also relate to the DAZN’s proposed activity is the general consumer protection issue. Note the Consumer Protection Law is the primary source of legislation on consumer protection in Indonesia. The law specifies a set of general rules applicable when companies or undertakings offering goods or services to Indonesian end consumers. Some of them are rules requiring companies to provide clear and correct information on the goods or services and serve consumers in a proper and fair manner.

Consumer Protection Law: Prohibited Terms

There are certain prohibited provisions under the Indonesian consumer protection law, that cannot be included in a subscriber contract, these include:

- (i) Transfer of responsibility from the OTT service provider to another party;
- (ii) Any reservation of right by the OTT service provider to refuse the return of goods purchased by users or refuse refund requests;
- (iii) Any provision of authority to the OTT service provider to conduct unilateral acts over goods purchased by users in instalments;
- (iv) Any provision requiring the user to prove defects in the goods or services provided;
- (v) Reservation of right by the OTT service provider to reduce services rendered or to deduct the user’s assets that is the object of the services provided by the OTT service provider;
- (vi) Stating that users shall comply with any new, additional, follow-up, or subsequent changes to the rules of the OTT service provider which are made unilaterally; and
- (vii) Stating that the user provides a power of attorney to the OTT service provider to encumber mortgage, lien, or any other form of security to goods purchased by users in instalments.

Any above clause in any contract, agreement, or terms of use will be considered void by law.¹⁰

⁹ VAT issue is tax-related and therefore outside scope of advice.

¹⁰ See Consumer Protection Law at Article 18 (1).

Consumer Protection Law: Free Trials, auto-renews and change of terms

Free trials are permitted (and actually *required* in some cases). Auto-renewal is also permitted with prior notification to the user.

Under Indonesia's consumer protection law, providing free trials or samples is compulsory to the extent it is not detrimental to its business's operation. The relevant provision states:

"Businesses are required to provide the opportunity for consumers to test and/or try certain goods and/or services, and provide warranty and/or guarantee on the produced and/or traded goods"¹¹

Auto-renewal is allowed provided that notification is provided for every auto-renewal period (for example, if the auto-renewal is monthly, the user should be notified every month before his/her subscription is auto-renewed).

Change of terms must be notified to users prior to becoming effective (allow to state that if a user continues usage, such will be an indication of consent to the change of terms).

Consumer Protection Law: Civil remedies

Article 7 of the Consumer Protection Law states:

"The obligations of the business actors - to provide compensation, redress and/or substitution for the damages caused by the use, consumption and application of the goods and/ or services; (g.) to provide compensation, redress and/or substitution if the goods and or services received or used do not accord with the agreement."

Payment Regulations: Rupiah Usage

With regard to online payments, Indonesian law requires electronic transactions in Indonesia to be placed with due consideration to aspects of security, reliability, and efficiency.¹²

Every payment transaction taken place in Indonesia must use Rupiah.¹³ If the payment transaction is cross-border in nature, a foreign currency such as United States Dollar may be used.¹⁴ Provided that payments are processed by the UK entity, DAZN is not required to use national payment gateways to process payments from Indonesian customers

Failure to use Rupiah if payment taken in Indonesia, may expose the wrongdoer to a maximum of 1-year imprisonment and a fine of IDR 200 million.¹⁵ If the offender is a corporate entity, the fine is added by one-third.¹⁶

Refund right is provided under Indonesia's consumer protection law, which states that a standard clause (provisions in a terms of use) cannot state that the OTT service provider has the right to refuse refund requests. Such a clause will be deemed void by law.¹⁷

¹¹ See Consumer Protection Law at Article 7.

¹² See GR 71 at Article 43.

¹³ See Regulation of Bank Indonesia No. 17/3 / PBI / 2015, Obligation to use Rupiah at Article 2.

¹⁴ See Regulation of Bank Indonesia No. 17/3 / PBI / 2015, Exemption to Obligation to use Rupiah at Article 4.

¹⁵ See Law No. 7 of 2011 on The Currencies at Article 33 (1) & (2).

¹⁶ See Law No. 7 of 2011 on The Currencies at Article 39.

¹⁷ See Consumer Protection Law at Article 18.

Consumer-related disputes

Note that in view of article 18 and 19 of Government Regulation No. 80 of 2019, DAZN should attempt to resolve any dispute with the customer as soon as possible to avoid escalation to the Minister who may include the provider into a priority list.

In the worst-case scenario, the access to the provider might be blocked if the investigator finds that there is any breach of applicable law or regulation.¹⁸

Part 2: Data usage and content regulations under Indonesian law

Consent Requirements for using Personal Data

Prior to processing, using, or transferring personal data of the users, including for marketing purposes, an ESO such as DAZN must obtain the consent of the personal data owner. If the personal data will be analysed, and used for marketing purposes, such purposes must be informed to the users.

In addition to securing consent from the users, when a cross-border transfer of the customers' personal data from Indonesia occurs, DAZN must submit pre and post notification of such transfer to MOCI. There has been no such notification regarding requirement for offshore OTTs to locate a data centre in Indonesia.

In the event of personal data leak, DAZN is obliged to submit a written notification to the relevant personal data owner within 14 days from the leak occurrence. The notification in the event of personal data leak as mentioned above may be delivered electronically to the users provided that DAZN has obtained written consent from the users for such electronic delivery. Failure to obtain this consent will require DAZN to secure an additional consent. Additional consent will also be required for any additional specific purposes of the personal data.

Data Access & Management

DAZN must ensure that electronic system and data is accessible to the relevant ministries, authorities and/or law enforcement agencies for regulatory, monitoring and law enforcement purposes. Data can be stored outside of Indonesia provided that this is complied with.

The local data regime includes:

- When collecting, processing, analysing, retaining, displaying, announcing, sending and publishing personal data of its users, ESOs such as DAZN must obtain the consent of the personal data owner.
- The consent of the personal data owner must be preceded by an exhaustive explanation of the process and specific purposes for which the personal data is required. For example, if the personal data will be analysed, and used for marketing purposes, such purposes must be informed to the users.

Retention of Information

Note also that Article 25 of Government Regulation No. 80 of 2019 requires retention of information as follows:

- PMSE data and information relating to financial transactions for a minimum period of 10 years from when data and information were obtained;
- PMSE data and information not relating to financial transactions for a minimum period of 5 years from when data and information were obtained; and
- DAZN's customers' personal data must be stored in encrypted form. Even though not provided in the regulation, encrypted data generally means data that is encoded in such a way that only authorized

¹⁸ See Consumer Protection Law at Article 18, Article 19 and Article 27.

parties in possession of the encryption key can access it. The personal data must be retained for at least 5 years after the relevant DAZN's customer ceases to use DAZN Service.

Access to Information to Authorities

OTT service providers must provide access for lawful interceptions and permit the gathering of evidence for criminal investigations if requested by law enforcement agencies. MOCI 5/2020 at Article 32 & 33 stipulates Private ESO's must provide access of data to the Electronic System to Law Enforcement Apparatus for the purposes of investigation, prosecution or trial of criminal offense carrying a penalty of at least two years in prison.

Regulations on Data Transfer

The requirements for transferring personal data out of Indonesia is not being enforced for now. The requirements under MOCI 5/2020 at Article 22 (delivery of personal data) managed by ESO's domiciled in Indonesia to outside of Indonesia are required to do the following:

- coordinate with the Minister or officials/institutions given the authority to do so; and
- apply the provisions of laws and regulations regarding the exchange of Personal Data across national borders.¹⁹

However, the MOCI has not begun to enforce this and businesses file volunteer reporting of such transfer as attempts to comply with the above.

DAZN must ensure that electronic system and data is accessible to the relevant ministries, authorities and/or law enforcement agencies for regulatory, monitoring and law enforcement purposes. Data can be stored outside of Indonesia provided that this is complied with.

The local data regime includes:

- When collecting, processing, analysing, retaining, displaying, announcing, sending and publishing personal data²⁰ of its users, ESOs such as DAZN must obtain the consent of the personal data owner.²¹
- The consent of the personal data owner must be preceded by an exhaustive explanation of the process and specific purposes for which the personal data is required. For example, if the personal data will be analysed, and used for marketing purposes, such purposes must be informed to the users.²²
- Note also that Article 25 of Government Regulation No. 80 of 2019 requires retention of information as follows:
 - PMSE data and information relating to financial transactions for a minimum period of 10 (ten) years from when data and information were obtained; and
 - PMSE data and information not relating to financial transactions for a minimum period of 5 (five) years from when data and information were obtained.
- DAZN's customers' personal data must be stored in **encrypted** form. Even though not provided in the regulation, encrypted data generally means data that is encoded in such a way that only authorized parties in possession of the encryption key can access it. The personal data must be retained for **at least 5 years** after the relevant DAZN's customer ceases to use DAZN Service.²³
- OTT service providers must provide access for lawful interceptions and permit the gathering of evidence

¹⁹ See MOCI 20/2016 at Article 22.

²⁰ "all information that is correct and real, and personally identifiable, whether directly or indirectly, with an individual in accordance with the provisions of the laws and regulations in effect, of which the (a) accuracy and (b) confidentiality is (i) kept, (ii) maintained and (iii) protected"

²¹ See GR 71 at Article 14 (1).

²² See GR 71 at Article 13.

²³ See MOCIT 20/2016 at Article 15.

for criminal investigations if requested by law enforcement agencies. MOCI 5/2020 at Article 32 & 33 states Private ESO's must provide access of data to the Electronic System to Law Enforcement Apparatus for the purposes of investigation, prosecution or trial of criminal offense carrying a penalty of at least two years in prison.

- In addition to securing consent from the users, when a cross-border transfer of the customers' personal data from Indonesia occurs, DAZN must submit pre and post notification of such transfer to MOCI.²⁴
- There has been no such notification regarding requirement for offshore OTTs to locate a data center in Indonesia.
- In the event of personal data leak, DAZN is obliged to submit a written notification to the relevant personal data owner within 14 days from the leak occurrence.²⁵
- The notification in the event of personal data leak as mentioned above may be delivered electronically to the users provided that DAZN has obtained written consent from the users for such electronic delivery. Failure to obtain this consent will require DAZN to secure an additional consent. Additional consent will also be required for any additional specific purposes of the personal data.²⁶

Consent Requirements for using Personal Data for marketing: Prior to processing, using, or transferring personal data of the users, including for marketing purposes, an ESO such as DAZN must obtain the consent of the personal data owner. If the personal data will be analysed, and used for marketing purposes, such purposes must be informed to the users.²⁷

Close Captioning (Subtitling)

Closed captioning is not an absolute requirement in any of the Target Territories, however, anticipated changes in Indonesia may require this. Close captioning and dubbing obligations are only applicable to terrestrial and subscription-based broadcasters who are subject to the broadcasting law regime.

Content Regulation

The "taste and decency" requirements are more onerous than the requirements in most European countries but relatively low risk for sports content.

Regarding offensive language and watershed, as an OTT service provider, DAZN is subject to content restriction and prohibition requirements relating to prohibited electronic information/document under Article 9 of MOCI 5/2020 on ESO Private Scope²⁸ and shall conduct filtering and moderation²⁹ on its content.

Content regulations (sports-related)

There are provisions within the content and advertisements regulations that may deem certain sports-related content and advertisements to be unlawful by MOCI. The relevant provisions are:

²⁴ See MOCIT 20/2016 at Article 22. In addition, note the report to MOCI shall contain: (i) country of destination; (ii) recipient of the personal data; (iii) transfer date; and (iv) reason and purpose of transfer. Please note that this reporting obligation is not yet implemented in practice, pursuant to the 2-year transition period of the PDP Regulation for electronic system providers to prepare and adjust with the PDP Regulation. This transition period ends on 1 December 2018. The Government official also indicated that a further implementing directive might be issued to regulate this reporting obligation further, considering that what is currently stipulated in the PDP Regulation is unclear regarding the technical details on how to carry out this reporting obligation.

²⁵ See MOCIT 20/2016 at Article 28.

²⁶ See MOCIT 20/2016 at Article 28(c).

²⁷ See GR 71 at Article 13.

²⁸ See MOCI 5/2020 at Article 9.

²⁹ See MOCI 5/2020 at Chapter 3's header: "Electronic Information Governance and Moderation and/or Electronic Documents".

i. Violence

Boxing, fight sports in general may be deemed “acts of violence”. Mainstream sports that involve physical contact and the display of blood are also likely to be at risk of being deemed “violent” but not in the current climate since boxing and MMA events are broadcast during prime-time TV although this tolerance may change over time. i) display violence that may stimulate, encourage or justify acts of violence; (ii) endorse or condone, or encourage dangerous or violent acts, including even if packaged in the form of children’s games; (iii) display violence and/or domination by men over women (or vice-versa); and (iv) display children in harmful scenes.³⁰

ii. Violation of decency

Boxing and fighting sports may be deemed as indecent or explicit, especially in relation to females given the nature of many of the outfits worn by females in these sports. For example, beach sports may be classified as a type of pornography under Law No. 44 of 2008 on Pornography, such that it may only be transmitted in certain places and in a certain way.³¹ EIT Law prohibits any electronic information and/or document (including online content and ads) that contain violations of decency.³² However, local laws and regulations do not provide a threshold for content and/or ads to be deemed as “violating decency”. MOCI officials have explained that indecency has a broader interpretation than simply pornography.

Negative content

Article 22 of Government Regulation No. 80 of 2019 provides safe harbour to the provider where the offending content is not initiated by the provider and the provider 'quickly acts to remove the electronic link and or illegal electronic information contents after gaining knowledge or awareness."

Advertising Regulations

Advertising on digital platforms is regulated in the same way as digital content—Under Article 14 of MOCI 5/2020 on ESO Private Scope, content which is prohibited include, among other things, any ads or content related to child pornography, terrorism, content that may cause public disturbance, access of which can be disabled at the request, amongst others, from the public, governmental departments, judiciary and enforcement agencies.³³

DAZN will also need to comply with the Indonesian Advertising Code of Ethics, which requires, among other things, that:

- the message and format of the ad must be made in a way that the audience can easily distinguish between the ad and elements of satire, parody, news, caricatures or fiction;
- the ad must not be displayed in a way that may interfere with the public’s flexibility or technical ability to explore and interact with the relevant website, unless previously notified; and
- any claims of effectiveness in the ad must be quantifiably measurable, using tools and platforms that are independent, transparent and accurate. Such reports must not be manipulated or modified.³⁴

With regard to ad serving:

- DAZN is responsible for all advertising material displayed, regardless of whether the ads are displayed on ad servers that are self-owned, or owned by ad networks or ad exchanges (e.g., Google Ads),³⁵

³⁰ See Indonesian Advertising Ethic (2020) at 1.9, 1.29.4, 3.3.4, 3.1.2.

³¹ See Law No. 44 of 2008 Pornography at Article 13. The phrase "other than as referred to in Article 4(1)" in this provision is for example a magazine that contains models in bikinis, swimsuits, and beach sports clothes, which are used according to the context.

³² See Law No. 19 of 2016 Law on Electronic Information and Transactions (EIT) at Article 45.

³³ See MOCI 5/2020 at Article 14(1)

³⁴ See Indonesian Advertising Ethics (2020) at para. 4.6.

³⁵ See Indonesian Advertising Code at para. 4.6.7(a).

- ads that are served from the mechanism of ad networks or ad exchanges must display the identity of the ad network or ad exchange;³⁶
- ads cannot be processed or manipulated in such a way, so that its appearance can mislead the audience.³⁷

DAZN must ensure that all advertisements are free from viruses, spyware, malware, bugs, phishing, and/or scripts that are harmful to the public.³⁸

Depending on the type of product being advertised on the DAZN platform, different restrictions and/or requirements under the Indonesian Advertising Code of Ethics and the applicable sector-specific laws and regulations. For example, ads on tobacco and food and/or beverages have different restrictions under the Code of Ethics. Tobacco products may be advertised but such advertisements may not depict the act of smoking.³⁹

Sanctions

Non-compliance may result in up to 2 years' imprisonment, a fine of up to IDR 500 million (approx. USD 36,000), and/or the following administrative sanctions:⁴⁰

- a written warning;
- the website being included in the supervision priority list;
- the website being blacklisted;
- the website being temporarily blocked by MOCI; and/or
- the revocation of a business license.⁴¹

In addition to the above sanctions, MOCI may also order DAZN to take down prohibited content from its platform based on reports from governmental institutions, law enforcement agencies, judicial authorities or the general public. Failure to respond within an adequate time period may risk DAZN being temporarily or permanently blocked by MOCI.⁴²

GR 71 (Article 100) – Administrative Sanctions include

- written warning;
- administrative fines;
- temporary suspension;
- termination of access; and/or
- removed from the list.

MOCI 5/2020 on ESO Private Scope (Article 16) Administrative fines as per law & (Article 45) - Administrative sanctions can be in the form of:

- written warning;
- temporary suspension.
- Termination of Access; and/or
- revocation of an ESO's Registration Certificate.

³⁶ See Advertising Ethic 2020 at para. 4.6.7 (b).

³⁷ See Advertising Ethic 2020 at para 4.15.1.

³⁸ See Advertising Ethic 2020 at para. 4.6.8.

³⁹ See Government Regulation 109 of 2012 at Article 39.

⁴⁰ See Consumer Protection Law at Article 62.

⁴¹ See MOT 50/2020 at Article 40 and 45: Administrative Sanctions.

⁴² See MOCI 5/2020 at Article 15.

MOT 50/2020 provisions of business licensing, advertising, counting, and supervision of business acceptors in trade through electronic system Article 40 & 45 of the Administrative Sanctions include

- written warning;
- blacklisting;
- the website being included in the supervision priority list; and/or
- termination of business activities; and
- removed from the list

The proposed Personal Data Protection Law (PDP) proposes both administrative and criminal sanctions for data breaches under the code. It may involve heavy monetary compensations ranging from 20 Billion Rp to 70 billion and/or imprisonment ranging from 2 to 7 years.

Other Risks

i. Blocking Service

The Ministry of Communications and Information Technologies may block access⁴³ if DAZN found to violate any requirements under local law, for instance in relation to prohibited content, and regardless of whether that platform is actually based in Indonesia. Recent examples of foreign service platforms whose services have been blocked include Tumblr, Telegram Tik Tok and Snack Video (Kuaishou).

ii. Questioning Employees

It is likely local employees could be summoned for questioning by Indonesian authorities in the case of non-compliance with local laws.

iii. Local Entity & Employee Liability

If the local entity is not involved in any violation or non-compliance by the entity providing the DAZN service (i.e., PIL), the risk of the government issuing fines and/or sanctions against the local entity or its employees is very low. The only practical risk is the Indonesian authorities summoning employees of the local entity to obtain information relating to any violation or non-compliance by PIL.

If the employee is authorized by PIL's constitution to manage and make decisions for the DAZN entity, there is a risk of this employee being arrested in relation to any violations or non-compliance by PIL on arrival in Indonesia.

iv. Risk of Arrest for DAZN Employees

If the employee is authorized by DAZN/PIL's constitution to manage and make decisions for the DAZN entity, there is a risk of this employee being arrested in relation to any violations or non-compliance by PIL on arrival in Indonesia.

There is no precedent where an officer or employee of a foreign corporation is arrested on arrival without first receiving a formal summon. While there is no history of enforcement against a local entity or its employees for any violations or non-compliance by its foreign affiliate, there have been cases where the employees of an Indonesian subsidiary of a foreign OTT service provider have been summoned to appear before the Indonesian authorities in relation to violations by the parent company. This is the only practical risk.

⁴³ MOCI 5/2020 at Article 9(4).

v. *Failure to use local currency*⁴⁴

Counsel stated that failure to "use Rupiah if payment taken in Indonesia, may expose the wrongdoer a maximum of 1-year imprisonment and a fine of IDR 200 million.⁴⁵ If the offender is a corporate entity, the fine is added by one-third"⁴⁶ and "If the payment transaction is cross-border in nature, a foreign currency such as United States Dollar may be used." If subscription payments for Indonesian users taken by PIL (a foreign entity), assume this can be done in foreign currency but please confirm. Yes, this is correct. Subscription payments received by a foreign entity would be deemed as a cross-border transaction and payment can be made in foreign currency.⁴⁷

vi. *Breach of content requirements*

Enforcement steps will depend on the breach. For the display of 'violent' content the penalties could include:

- blacklisting and blocking,⁴⁸ or
- imprisonment for a maximum of two years; or (ii) a fine up to IDR500 million (c. £28k). The penalty for continuing to provide infringing ads is: (i) imprisonment for a maximum of five years; or (ii) a fine for a maximum of IDR2 billion (c. £112k)⁴⁹.

vii. *Violation of decency*

For violation of decency, the penalties could include:

- imprisonment for a maximum of six years; and/or (ii) a fine for a maximum of IDR1 billion (c. £56k)⁵⁰. However, DAZN may submit a normalisation application to MOCI after removing the infringing content from its platform⁵¹.

Local counsel advice is that the risk of DAZN being sanctioned with imprisonment or fines is low.

Key recommendations:

- Launch & continue to monitor the relevant regulatory changes.
- Recommend entity name is amended given "Perform" is mentioned in the title.
- Flag to DAZN employees authorized by PIL's constitution to manage and make decisions for the DAZN entity of additional risk travelling to Indonesia (in the case that we are not compliant with any local laws). This is low risk.

⁴⁴ See Law No.11 of 2007 on The Currencies.

⁴⁵ See Law No.7 of 2011 on The Currencies at Article 33(1) and (2).

⁴⁶ See Law No.7 of 2011 on The Currencies at Article 39.

⁴⁷ See Regulation of Bank Indonesia No. 17/3 / PBI / 2015 at Article 4 (Exemption to obligation to use rupiah).

⁴⁸ See MOT 50/2020 at Article 40 and 45.

⁴⁹ See Consumer Protection Law at Article 62 (2) and (3) – refer to appendix for details.

⁵⁰ See EIT Law at Article 45.

⁵¹ See MOCI 5/2020 at Article 20.

Appendix

Criminal Penalties Under Art. 62 of Consumer Protection Law

Criminal Penalties	Restrictions
<p>Para. (1) of Art. 62: imprisonment of up to 5 years or up to IDR 2,000,000,000 (two billion Rupiah)</p>	<p>Art. 8</p> <p>(1) Business actors must not produce and/or trade goods and/or services that:</p> <ol style="list-style-type: none"> a. do not meet or not in accordance with the standards required and the provisions of laws and regulations; b. not in accordance with the net content or net weight, and the amount in the calculation as stated in the label or tag of said goods; c. not in accordance with the measurement, dosage, weight and amount in the calculation based on the actual measurement; d. not in accordance with the condition, guarantee, specialty or efficacy as stated in the label, tag or information of said goods and/or services; e. not in accordance with a certain quality, level, composition, processing process, style, model, or usage as stated in the label or information of said goods and/or services; f. not in accordance with the promise stated in the label, tag, information, advertisement or sales promotion of said goods and/or services; g. do not state an expiration date or best recommended usage/utilization period for certain goods; h. do not follow halal production provisions, as stated in the "halal" statement included on the label; i. do not attach a label or provide goods explanation which contains goods' name, size, net content or net weight, composition, usage instruction, manufacture date, side effect, name and address of business actor as well as other information for the usage which according to the provisions should be attached/provided; j. do not provide information and/or direction for the use of goods in the Indonesian language in accordance with the provisions of prevailing laws and regulations. <p>(2) Business actors are prohibited from trading damaged, defective or used, and contaminated goods without providing complete and correct information regarding said goods.</p> <p>(3) Business actors are prohibited from trading damaged, defective or used, and contaminated pharmaceutical substances and foods without providing complete and correct information.</p> <p>(4) Business actors who committed violations as referred to in paragraph (1) and paragraph (2) are prohibited from trading said goods and/or services as well as must recall them from circulation.</p> <p>Art. 9</p> <p>(1) Business actors are prohibited from offering, promoting, advertising goods and/or services incorrectly, and/or as if:</p>

Criminal Penalties	Restrictions
	<p>a. said goods have met and/or have discount, special price, certain quality standard, certain style or mode, certain characteristic, certain history or use;</p> <p>b. said goods are in a good and/or new condition;</p> <p>c. said goods and/or services have obtained and/or have sponsor, approval, certain equipment, certain benefit, certain work characteristic or accessories;</p> <p>d. said goods and/or services are produced by companies with sponsor, approval or affiliation;</p> <p>e. said goods and/or services are available;</p> <p>f. said goods do not have a hidden defect;</p> <p>g. said goods are a complement to certain goods</p> <p>h. said goods originated from a certain region;</p> <p>i. directly or indirectly degrading other goods and/or services;</p> <p>j. using excessive words, such as safe, not dangerous, do not have risk or side effect without complete information;</p> <p>k. offering something that contains uncertain promises.</p> <p>(2) Goods and/or services as referred to in paragraph (1) shall be prohibited to be traded.</p> <p>(3) Business actors who committed violations as referred to in paragraph (1) shall be prohibited from continuing to offer, promote, and advertise said goods and/or services.</p> <p>Art. 10 Business actor in offering goods and/or services aimed to be traded is prohibited from offering, promoting, advertising or making an incorrect or misleading statement regarding:</p> <p>a. the price or tariff of goods and/or services;</p> <p>b. the usability of goods and/or services;</p> <p>c. the condition, dependent, guarantee, right or indemnity of goods and/or services;</p> <p>d. the offer of a discount or attractive prize that is offered;</p> <p>e. the danger of using goods and/or services.</p> <p>Art. 13 (2) Business actors are prohibited from offering, promoting or advertising medicine, traditional medicine, food supplement, medical device, and health service by promising a prize in the form of other goods and/or services.</p> <p>Art. 15 Business actors in offering goods and/or services are prohibited from coercing or conducting other methods that may cause both physical and psychological harms toward consumers.</p> <p>Art. 17 (1) Advertising business actors are prohibited from producing an advertisement that:</p> <p>a. deceives consumer regarding the quality, quantity, material, usage and price of the goods and/or tariff of the services as well as the accuracy of goods and/or services' receiving time;</p> <p>b. deceives guarantee/warranty on goods and/or services;</p>

Criminal Penalties	Restrictions
	<p>c. contains false, incorrect, or inaccurate information on the goods and/or services;</p> <p>e. exploits an event and/or someone without the permission of the authorized party or the approval of the concerned party;</p> <p>(2) Advertising business actors are prohibited from continuing the circulation of advertisements that has violated the provisions as referred to in paragraph (1).</p> <p>Art 18</p> <p>(1) Business actors in offering goods and/or services for trading purposes are prohibited from making or including standard clauses in every document and/or agreement if:</p> <p>a. it stated the transfer of business actor's responsibility;</p> <p>b. it stated that the business actor has the right to reject the return of goods purchased by the consumer;</p> <p>c. it stated that the business actor has the right to reject the return of money paid for goods and/or services purchased by the consumer;</p> <p>d. it stated the granting of power from the consumer to business actor both directly and indirectly to carry out any unilateral action in relation to the goods purchased by a consumer in installment;</p> <p>e. it regulates the proving of the loss of usage of the goods or utilization of services purchased by a consumer;</p> <p>f. it grants the right to the business actor to reduce the benefit of the services or deduct the wealth of the consumer that become the object of services' sale and purchase;</p> <p>g. it stated the compliance of the consumer to regulations in the form of regulations that are new, additional, follow-up and/or follow-up change stipulated unilaterally by a business actor during the period that the consumer is utilizing the services they purchased;</p> <p>h. it stated that the consumer grants the power to the business actor to impose mortgage, lien, or security rights on goods purchased by the consumer in installment.</p> <p>(2) Business actors are prohibited from including a standard clause in which the placement or form is hard to see or hard to be read clearly, or hard to understand.</p> <p>(3) Every standard clause stipulated by business actors in the document or agreement that fulfilled the provisions as referred to in paragraph (1) and paragraph (2) shall be declared null and void.</p> <p>(4) Business actors must adjust the standard clause that is not in compliance with this Law.</p>
<p>Para. (2) of Art. 62: imprisonment of up to 2 years or up to IDR 500,000,000 (five hundred million Rupiah)</p>	<p>Art. 11</p> <p>Business actors, in the event that the sales are carried out through a sale or auction, are prohibited from deceiving/misleading consumers by:</p> <p>a. making a statement as if said goods and/or services have met certain quality standards;</p> <p>b. making a statement as if said goods and/or services do not have a hidden defect;</p>

Criminal Penalties	Restrictions
	<p>c. not intending to sell the goods being offered, but with the intention of selling other goods instead;</p> <p>d. not providing goods in a certain amount and/or sufficient amount with the intention of selling other goods;</p> <p>e. not providing services in a certain capacity or sufficient amount with the intention of selling other services;</p> <p>f. rising the price or tariff of goods and/or services before conducting a sale.</p> <p>Art. 12 Business actors are prohibited from offering, promoting or advertising goods and/or services with special price or tariff within certain times and amount, if said business actors does not intend to carry it out in accordance with the offered, promoted, or advertised time and amount.</p> <p>Art. 13 (1) Business actors are prohibited from offering, promoting or advertising goods and/or services by promising a prize in the form of other goods and/or services free of charge with the intention to not give it or to give it but not in accordance with what is promised.</p> <p>Art 14 Business actors, in offering goods and/or services intended to be traded by way of giving prize through lottery, are prohibited from:</p> <p>a. not conducting the prize drawing after the promised period;</p> <p>b. announcing the results not from mass media;</p> <p>c. giving the prize that is not in accordance with what is promised;</p> <p>d. replacing the prize with a prize that is not equal to what is promised.</p> <p>Art. 16 Business actors in offering goods and/or services are prohibited from:</p> <p>a. not fulfilling the order and/or agreement of the completion time in accordance with what is promised;</p> <p>b. not fulfilling the promise over a service and/or performance.</p> <p>Art 17 (1) Advertising business actors are prohibited from producing an advertisement that:</p> <p>d. do not contain information regarding the risk of using the goods and/or services;</p> <p>f. violate the ethics and/or provisions of the laws and regulations on advertising.</p>

Administrative Sanction under Art. 60 of Consumer Protection Law

Administrative Sanction	Duties
<p>Article 60 (1) Consumer dispute settlement agency is authorized to impose an administrative sanction toward business actors who violated Article 19 paragraph (2) and paragraph (3), Article 20, Article 25 and Article 26. (2) Administrative sanction is in the form of compensation amounting to IDR 200,000,000.00 (two hundred million rupiahs) maximum.</p>	<p>Art 19</p> <p>(1) Business actors are responsible for providing indemnity on the damage, contamination, and/or loss of the consumer due to consuming the goods and/or services produced or traded.</p> <p>(2) Indemnity as referred to in paragraph (1) may be in the form of return of money or replacement of goods and/or services or that are the same or equal in value, or healthcare and/or compensation in accordance with the provisions of prevailing laws and regulations.</p> <p>(3) The provision of indemnity shall be carried out within 7 (seven) days after the date of transaction.</p>
	<p>Art. 20 Advertising business actors are responsible for the advertisement produced and all the consequences from said advertisement.</p>
	<p>Art. 25</p> <p>(1) Business actors that produce goods in which the utilization is continuous for a period of at least 1 (one) year must provide spare parts and/or after-sales facility and must fulfil the guarantee or warranty in accordance with what is promised.</p> <p>(2) Business actors as referred to in paragraph (1) shall be responsible for the claims for indemnity and/or lawsuit from consumers if said business actor:</p> <ol style="list-style-type: none"> a. do not provide or negligent in providing spare parts and/or repair facilities; b. do not fulfil or failed to fulfil the guarantee or warranty that is promised.
	<p>Art. 26 Business actors that trades services must fulfil the guarantee and/or warranty as agreed and/or as promised.</p>

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