ABSTRACT

A JURIDICAL STUDY
THE DEBT CONVERSION OF STATE-OWNED ENTERPRISES BASED ON SUBSIDIARY LOAN AGREEMENT (SLA) AND INVESTMENT LOAN AGREEMENT (ILA) AS DEBT TO EQUITY SWAP

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The present research aims to answer two problems on the debt restructurization of BUMN Persero (State-owned Enterprises/SOEs) based on the Subsidiary Loan Agreement (SLA) and Investment Loan Agreement (ILA) using debt to equity swap (DES) conversion pattern of. The problems involve first, what the SOE debt conversion mechanism based on the SLA to be DES, and second how the the debt conversion of SOEs to be DES viewed from legal regulation on perseroan (public enterprises).

This research uses empirical normative approach, i.e. involving literature studies ad field studies. It focuses on literature reviews through documentary studies on the materials of primary laws and secondary legal materials. To support this research, field studies were conducted at the Ministry of Finance and the Ministry of Stated-Owned Enterprises in Jakarta.

It is concluded that first the mechanism of SOE debt conversion based on the SLA and ILA is conducted through mechanism regulated by the Ministry of Finance Regulations No. 17/PMK.05/2007 and the Regulation of Director General of Treasury No. Per-31/PB/2007. However, after the effectiveness of two regulations, presently the debts converted into DES has merely involved those with legal problems in related to DES. Second, the OES debt conversion is realized on debt principle only. The unsettled interest, fine, and other cost cannot be converted to be swap. The consideration involves that based on the article 33 paragraph 3 of UUPT and its explanations it is stated that further swap issues of any time to increase the capital should be fully provided. Basically, it means that every time the capital is increased, there should be a certain amount of cash inflow into the company. Related to the explanation of article 35 paragraph 2, interest and fine cannot be converted into equity swap since no real cash is deposited into the company.

Key words: debt conversion–subsidiary loan agreement- Investment Account- state swap

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