

REGULATION OF THE MUNICIPALITY OF TANGERANG  
NUMBER 1 OF 2022  
ON  
CHANGE OF LEGAL ENTITY FORM OF TANGERANG CITY MARKET REGIONAL  
COMPANY INTO TANGERANG CITY MARKET REGIONAL PUBLIC  
CORPORATION

BY THE BLESSINGS OF ALMIGHTY GOD

MAYOR OF TANGERANG,

- Considering : a. that to be able to provide services in the structuring and management of the market that are effective, efficient, accountable, and professional to traders and the community to obtain basic necessities in daily life;
- b. that in fulfilling the basic needs of the community, a modern market and professional management are needed so that it can provide comfort to the community in obtaining basic needs;
- c. that there is a dynamic of changes in central government regulations on Regional- Owned Enterprises, the Tangerang Municipal Government needs to adjust the Regional Regulation on Tangerang City Market Regional Company into Tangerang City Market Regional Public Corporation;
- d. that based on the considerations as referred to in point a, point b, and point c, it is necessary to issue a Regional Regulation on Change of Legal Entity Form of Tangerang City Market Regional Company into Tangerang City Market Regional Public Corporation;
- Observing : 1. Article 18 section (6) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 2 of 1993 on Establishment of Level II Regional Municipality of Tangerang (State Gazette of the Republic of Indonesia Number 18 of 1993, Supplement to the State Gazette of the Republic of Indonesia Number 3518);
3. Law Number 23 of 2014 on Local Governments (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to the State Gazette of the Republic of Indonesia Number 5587), as amended several times last by Law Number 9 of 2015 on Second Amendment to Law Number 23 of 2014 on Local Governments (State Gazette

- of the Republic of Indonesia Number 58 of 2015, Supplement to the State Gazette of the Republic of Indonesia Number 5679);
4. Government Regulation Number 54 of 2017 on Regional-Owned Enterprises (State Gazette of the Republic of Indonesia Number 305 of 2017, Supplement to the State Gazette of the Republic of Indonesia Number 6173);
  5. Regulation of the Minister of Home Affairs Number 37 of 2018 on Appointment and Dismissal of Members of the Board of Supervisors or Members of Commissioners and Members of the Board of Directors of Regional-Owned Enterprises (State Bulletin of the Republic of Indonesia of 2018 Number 700);
  6. Regulation of the Minister of Home Affairs Number 118 of 2018 on Business Plan, Work Plan and Budget, Cooperation, Reporting and Evaluation of Regional-Owned Enterprises (State Bulletin of the Republic of Indonesia of 2018 Number 155);

With the Joint Approval of  
THE REGIONAL HOUSE OF REPRESENTATIVES OF THE MUNICIPALITY OF  
TANGERANG  
and  
THE MAYOR OF TANGERANG

HAS DECIDED:

To issue : REGIONAL REGULATION ON CHANGE OF THE LEGAL ENTITY FORM OF TANGERANG CITY MARKET REGIONAL COMPANY INTO TANGERANG CITY MARKET REGIONAL PUBLIC COMPANY

CHAPTER I  
GENERAL PROVISIONS

Article 1

In this Regional Regulation:

1. Region means the Municipality of Tangerang.
2. Local Government means the Mayor as an administering element of the Local Government who leads the implementation of government affairs that are the authority of the autonomous Region.
3. Mayor means the Mayor of Tangerang.
4. Regional Head Representing the Local Government in the Ownership of Restricted Regional Assets in a Regional public corporation, hereinafter abbreviated as KPM, means an organ of a Regional public corporation that holds the highest power in a Regional public corporation and holds all authority not delegated to the Board of Directors or Board of Supervisors.
5. Restricted Regional Asset means a Regional asset originating from the APBD to be used as Regional equity participation in ROE .
6. Regional Owned Enterprise, hereinafter abbreviated to as ROE, means an enterprise that its shares is wholly or predominantly owned by the Region.

7. Tangerang City Market Regional Public Corporation, hereinafter referred to as Market Perumda, means a Regional-Owned Enterprise engaged in the management of markets owned by the Local Government.
8. Board of Supervisors means the Board of Supervisors of Market Perumda.
9. Board of Directors means an organ of ROE that is responsible for the management of ROE for the interests and purposes of ROE and represents ROE both in and out of court in accordance with the provisions of the articles of association.
10. Employee means an employee of Market Perumda.
11. Business Plan means a breakdown of activities within a period of 5 (five) years.
12. Local Budget (*Anggaran Pendapatan dan Belanja Daerah*), hereinafter referred to as the APBD, means a regional annual financial plan determined based on the Regional Regulation on the Local Budget.
13. Regional Capital means the wealth of the Local Government that has not been restricted, both in the form of money and goods that can be valued with money such as lands, buildings, inventories, securities and other rights.
14. Authorized capital means the capital determined as the equity participation of the Local Government to the Regional-Owned Enterprises at the time this Regional Regulation is issued.
15. Paid-up Capital means a sum of money and/or the value of assets deposited by the Local Government.
16. Net Profit means the profit of the Market Authority after deducting taxes.
17. Market means an economic institution where the seller and buyers meet, either directly or indirectly, to make a Trade transaction.
18. Market management means the management and direct operation of the market owned and/or controlled by Market Perumda with the purpose of providing services and obtaining benefits from the services that have been provided as well as indirect management in the form of supervision, control and coaching of traders.
19. Trader means a person or business entity that uses a trading place that based on the permit to use the trading place has the right to use the trading place in the market area to trade goods and services and is registered in the Tangerang City Market Regional Public Corporation.
20. Restructuring means an effort made in the context of restructuring ROE as one of the strategic steps to improve the internal condition of ROE to improve performance and/or increase the value of ROE.
21. Privatization means the sale of shares of a Regional limited liability company to improve the performance and added value of the company, increase the benefits for the Region and the community, and expand share ownership by the community.
22. Good Corporate Governance means a management system that directs and controls the company to produce

sustainable economic benefits and a balance of relationships between stakeholders.

## CHAPTER II CHANGE OF LEGAL ENTITY FORM

### Article 2

- (1) This Regional Regulation determines that the Tangerang City Market Regional Company established with Regulation of the Municipality of Tangerang Number 3 of 2003 on Establishment of Tangerang City Market Company (Regional Gazette of the Municipality of Tangerang of 2003 Number 3 Series D) as amended by Regional Regulation of the Municipality of Tangerang Number 5 of 2005 on Amendment to Regulation of the Municipality of Tangerang Number 03 of 2003 on Establishment of Tangerang City Market Regional Company (Regional Gazette of the Municipality of Tangerang of 2005 Number 1 Series D) changes its legal entity form to Market Perumda.
- (2) The change of the form of the legal entity to Market Perumda as referred to in section (1) has legal consequences regarding the rights, obligations, wealth, business and licensing owned by Market Perumda.
- (3) The change of the form of the legal entity to Perumda as referred to in section (1) also includes ownership of assets and/or legal relationships that occur in the name of Market Perumda.

## CHAPTER III NAME AND DOMICILE

### Article 3

- (1) Tangerang City Market Regional Public Corporation is, hereinafter referred to Tangerang City Market Perumda.
- (2) Market Perumda has a domicile in Region.
- (3) The domicile as referred to in section (2) is also the headquarters of Market Perumda.

## CHAPTER IV OBJECTIVE AND PURPOSE

### Article 4

- (1) Change in the form of the legal entity of Market Perumda is made with the objective to:
  - a. provide legal basis and certainty;
  - b. participate in implementing regional development, support local government policies and programs in the economic and trade sectors and help create food security and consumer protection in the Region;
  - c. encourage the economy development of the Region; and
  - d. fulfill services and availability of Community food resilience.
- (2) The change in the form of the legal entity of Market Perumda has the purpose to:

- a. build and develop the market by applying the principles of good corporate governance;
- b. assist in the availability of supply, stability and affordability of the prices of basic necessities in the regions;
- c. coach and empower market traders;
- d. provide safe, comfortable, clean, and orderly market facilities and infrastructure;
- e. improve the professionalism and efficiency of market management; and
- f. increase Local Own-Source Revenue.

## CHAPTER V BUSINESS ACTIVITIES

### Article 5

- (1) Market Perumda organizes market management services, rental of market facilities and infrastructure and sale of rights to use trading places, as well as other businesses related to market administration.
- (2) Other types of business as referred to in section (1) include:
  - a. managing and/or developing market facilities and infrastructure;
  - b. managing and/or developing thematic markets and/or Environmental Markets; and
  - c. developing other businesses in support of the purpose of changing the company's legal entity.

### Article 6

- (1) Market Perumda sets a tariff for the operation of its business.
- (2) The tariff as referred to in section (1) is determined by the Board of Directors after obtaining the approval of the Board of Supervisors.
- (3) The tariff as referred to in section (1) is determined based on the principle of:
  - a. professionalism;
  - b. competitiveness; and
  - c. justice.

### Article 7

- (1) In carrying out its business, Market Perumda performs the functions of:
  - a. planning, development, maintenance, and supervision of market facilities and infrastructure;
  - b. arrangement and management of the market and its facilities;
  - c. the development of business actors in Market Perumda;
  - d. creation of smooth distribution of goods and services.
- (2) In addition to the functions as referred to in section (1), Market Perumda carries out social functions as a driver and creation of price stability and availability of staples.

Article 8

- (1) Market Perumda may form a subsidiary and/or own shares in other companies.
- (2) In forming a subsidiary as referred to in section (1), Market Perumda may partner with:
  - a. ROE, SOE; and/or
  - b. private business entities incorporated under Indonesian law.

CHAPTER VI  
CAPITAL

Article 9

- (1) Market Perumda's capital sourced from the participation of the Regional capital is the limit of the Region's liability for Market Perumda's losses.
- (2) The Capital of Market Perumda as referred to in section (1) is a Restricted Regional Asset consisting of:
  - a. authorized capital; and
  - b. paid-up capital.

Article 10

- (1) The authorized capital of Market Perumda is set at Rp39,230,154,678.00 (thirty-nine billion two hundred and thirty million one hundred fifty-four thousand six hundred and seventy-eight rupiah).
- (2) Paid-up capital in the form of money and goods is determined as follows:
  - a. money of Rp 415,000,000.00 (four hundred and fifteen million rupiah);
  - b. lands and buildings Rp.34,405,181,011.00 (thirty-four billion four hundred five million one hundred and eighty-one thousand eleven rupiah); and
  - c. Others Rp.4,409,973,667.00 (four billion four one hundred Nine million Nine hundred and seventy-three six hundred sixty-seven four rupiah)
- (3) The authorized capital of Market Perumda may be increased or decreased by Regional Regulation.

CHAPTER VIII  
ORGAN, ORGANIZATIONAL STRUCTURE AND EMPLOYEES

Part One  
Organ

Article 11

- (1) The management of Market Perumda is carried out by the organ of Market Perumda.
- (2) The organ of Market Perumda as referred to in section (1) consists of:
  - a. KPM;
  - b. Board of Supervisors; and
  - c. Board of Directors.
- (3) Any person in the management of Market Perumda is prohibited from having a family relationship up to the third

degree based on a straight line up, down, or sideways, including relationships arising from marriage.

Paragraph 1  
KPM

Article 12

- (1) KPM has the authority to:
  - a. submit proposals to amend Regional Regulations related to Market Perumda;
  - b. appoint and/or dismiss the Board of Supervisors and Board of Directors;
  - c. implement changes in the amount of authorized capital;
  - d. give approval in the transfer of Market Perumda's assets;
  - e. establish the use of profits;
  - f. endorse long-term investment and financing plans;
  - g. give approval to the cooperation;
  - h. give approval to the asset guarantee of Market Perumda;
  - i. give approval to the proposed liquidation of Market Perumda;
  - j. give approval to the formation of subsidiaries and/or own shares in other companies;
  - k. receive and endorse the Business Plan, annual Market Perumda RKA, performance reports and financial statements of Market Perumda periodically including balance sheet and profit/loss calculation; and
  - l. give approval in the plan of merger, consolidation, acquisition and dissolution of Market Perumda.
- (2) KPM is not responsible for Market Perumda's losses if it can prove that:
  - a. it does not have any direct or indirect personal interests;
  - b. it is not involved in illegal acts committed by Market Perumda; and/or
  - c. it is not involved either directly or indirectly in the unlawful use of Market Perumda's assets.

Paragraph 2  
Board of Supervisors

Article 13

- (1) The members of the Board of Supervisors are appointed by the KPM.
- (2) The members of the Board of Supervisors may consist of independent elements and other elements in accordance with the provisions of legislation.
- (3) Other elements as referred to in section (1) may consist of Local Government officials who are not in charge of carrying out public services.
- (4) The procedure for the appointment of the Board of Supervisors is further regulated in a Mayor Regulation.

Article 14

- (1) The number of members of the Board of Supervisors is determined by the KPM.
- (2) The number of members of the Board of Supervisors is the same as the number of Directors.
- (3) In the event that the members of the Board of Supervisors consist of more than 1 (one) member, 1 (one) member of the Board of Supervisors is appointed as the Chairperson of the Board of Supervisors.
- (4) The determination of the number of members of the Board of Supervisors as referred to in section (1) and section (2) is carried out based on the principles of efficiency and effectiveness of decisions, supervision, and financing for the benefit of Market Perumda.

Article 15

Members of the Board of Supervisors are appointed for a maximum term of office of 4 (four) years and can be reappointed for 1 (one) term.

Article 16

- (1) The Board of Supervisors has the following duties to:
  - a. supervise Market Perumda; and
  - b. supervise and advise the Board of Directors in carrying out the management of Market Perumda.
- (2) The Board of Supervisors has the following authority to:
  - a. warn the Board of Directors who do not carry out their duties in accordance with the approved work program;
  - b. examine the Board of Directors who are suspected of harming Perumda Market;
  - c. approve Market Perumda's work plan and budget; and
  - d. accept or reject the financial responsibility and work program of the Board of Directors for the current year.
- (3) The Board of Supervisors is obligated to:
  - a. report the results of supervision to the KPM; and
  - b. make and save minutes of meeting.
- (4) The costs required in the context of carrying out the duties of the members of the Board of Supervisors are charged to Market Perumda and included in the work plan and budget of Market Perumda.

Article 17

- (1) Members of the Board of Supervisors are obligated in good faith and responsibility to carry out their duties for the benefit of Market Perumda.
- (2) Each member of the Board of Supervisors is fully personally responsible if the person concerned is guilty or negligent in carrying out their duties.
- (3) KPM may file a lawsuit in court against a member of the Board of Supervisors who, due to his/her mistake or negligence, causes losses to Market Perumda unless the member of the Board of Supervisors concerned compensates for the losses incurred and is deposited into the regional public cash account.

Article 18

- (1) Members of the Board of Supervisors are prohibited from holding more than 2 (two) positions of Members of the Board of Supervisors.
- (2) Violation against the provisions as referred to in section (1) is subject to administrative sanctions in the form of dismissal at any time from his/her position as a member of the Board of Supervisors.
- (3) In the event that the provisions as referred to in section (2) are not implemented by the KPM not later than 20 (twenty) workdays since the person concerned is appointed to a new position as a member of the Board of Supervisors, all relevant positions as members of the Board of Supervisors are deemed terminated.

Article 19

- (1) Members of the Board of Supervisors are prohibited from holding concurrent positions as:
  - a. members of the Board of Directors in ROEs, state-owned enterprises, and/or privately-owned enterprises;
  - b. other officials in accordance with the provisions of legislation; and/or
  - c. other officials who may cause conflicts of interest.
- (2) Violation against the provisions as referred to in section (1) is subject to administrative sanctions in the form of dismissal at any time from his position as a member of the Board of Supervisors .
- (3) In the event that the provisions as referred to in section (2) are not implemented by the Mayor not later than 20 (twenty) workdays since the person concerned is appointed to a new position as a member of the Board of Supervisors, the position concerned as a member of the Board of Supervisors is deemed terminated.

Article 20

- (1) The income of the members of the Board of Supervisors is determined by KPM.
- (2) The income of the members of the Board of Supervisors as referred to in section (1) consists at most of:
  - a. honorarium;
  - b. allowances;
  - c. facilities; and/or
  - d. tantem or performance incentives.
- (3) Provisions regarding the income of members of the Board of Supervisors are further regulated in a Mayor Regulation.

Article 21

- The term of office of a member of the Board of Supervisors ends if:
- a. he/she passed away;
  - b. his term of office ends; and/or
  - c. he/she is dismissed at any time.

Article 22

- (1) In the event that the term of office of a member of the Board of Supervisors ends because his term of office has expired as referred to in Article 21 point b, the member of the Board of Supervisors submits a supervisory report on the final assignment of the term of office not later than 3 (three) months before the end of his/her term of office.
- (2) Members of the Board of Supervisors as referred to in section (1) are obligated to report the remaining implementation of unreported supervisory duties not later than 1 (one) month after the end of their term of office.
- (3) The report on the management of the final term of office as referred to in section (1) as a basis for consideration by the Mayor to extend or dismiss the members of the Board of Supervisors.
- (4) The report on the management of the final term of office of the members of the Board of Supervisors whose term of office has expired is carried out after the results of an audit with a specific purpose or an annual audit from a public accounting firm to the Mayor.

Article 23

- (1) In the event that the position of a member of the Board of Supervisors ends because he or she is dismissed at any time as referred to in Article 21 point c, the dismissal is required to be accompanied by a reason for dismissal.
- (2) The dismissal of the members of the Board of Supervisors as referred to in section (1) is carried out if, based on data and information that can be legally proven, the members of the Board of Supervisors concerned:
  - a. cannot perform duties;
  - b. do not implement the provisions of legislation and/or the provisions of the Articles of Association;
  - c. engage in fraudulent acts that result in losses to Market Perumda, the country, and/or the Region;
  - d. are found guilty by a final and binding court decision;
  - e. resign;
  - f. no longer meet the requirements as a member of the Board of Supervisors in accordance with the provisions of legislation; and/or
  - g. are not re-elected in the event of a change in Local Government policies such as Restructuring, liquidation, acquisition, and dissolution of Market Perumda.

Article 24

Members of the Board of Supervisors are dismissed by the KPM.

Paragraph 3  
Management

Article 25

- (1) The Board of Directors is appointed by the KPM.
- (2) Members of the Board of Directors are appointed for a maximum term of 5 (five) years and may be reappointed for 1 (one) term of office unless:

- a. other determined in accordance with the provisions of legislation; and
  - b. in the event that the members of the Board of Directors have special expertise and/or excellent achievements, they may be appointed for the third term.
- (3) The procedure for the appointment of the Board of Directors is further regulated in a Mayor Regulation.

#### Article 26

- (1) The number of members of the Board of Directors for Market Perumda is determined by the KPM.
- (2) The number of members of the Board of Directors for Market Perumda as referred to in section (1) is at least 1 (one) person and at most 5 (five) persons.
- (3) The determination of the number of members of the board of directors as referred to in section (2) is carried out based on the principle of efficiency and effectiveness of the management of Market Perumda.
- (4) The president Director is appointed from one of the members of the Board of Directors as referred to in section (2).

#### Article 27

- (1) The Board of Directors in managing Market Perumda has the following duties to:
  - a. prepare planning, lead and control activities, and coordinate and supervise all activities of Market Perumda;
  - b. manage and administer the wealth of Market Perumda;
  - c. organize general administration and finance;
  - d. prepare a 5 (five) annual Business Strategy Plan (business plan/corporate plan) approved by KPM on the proposal of the Board of Supervisors;
  - e. prepare and submit the Business Plan and Annual Budget of Market Perumda which is the annual elaboration of the Business Strategic Plan to KPM through the Board of Supervisors
  - f. foster officers;
  - g. compile and submit periodic reports on all activities including balance sheets and calculation of profit/loss to the Board of Supervisors.
- (2) The Board of Directors in managing Market Perumda has the following authority to:
  - a. appoint, dismiss, and transfer employees under the Board of Directors;
  - b. represent Market Perumda both in and out of the court;
  - c. appoint the power to perform legal acts on behalf of Market Perumda;
  - d. sign reports, balance sheets, and profit/loss calculations;
  - e. sell, guarantee, or release assets belonging to Market Perumda based on the approval of the Mayor on the consideration of the Board of Supervisors;

- f. make loans, bind themselves in agreements, and cooperate with other parties in accordance with the provisions of legislation.

Article 28

- (1) Members of the Board of Directors are obligated to in good faith and responsibility carry out their duties for the interests and business of Market Perumda.
- (2) Each member of the Board of Directors is fully personally responsible if the person concerned is guilty or negligent in carrying out their duties in accordance with the provisions as referred to in section (1).
- (3) KPM may file a lawsuit in court against a member of the Board of Directors who, due to his/her mistake or negligence, causes losses to Market Perumda unless the member of the Board of Directors concerned compensates for the losses incurred and deposited into the regional general cash account.

Article 29

- (1) The income of the Board of Directors in Market Perumda is determined by KPM.
- (2) The income of the members of the Board of Directors as referred to in section (1) consists at most of:
  - a. salary;
  - b. allowances;
  - c. facilities; and/or
  - d. tantiem or employment incentives.
- (3) Provisions regarding the income of members of the Board of Directors are further regulated in a Mayor Regulation.

Article 30

- (1) Members of the Board of Directors are prohibited from holding dual positions as:
  - a. Members of the Board of Directors in other ROEs, state-owned enterprises, and private-owned enterprises;
  - b. other positions in accordance with the provisions of legislation; and/or
  - c. other positions that may cause conflicts of interest.
- (2) Violation against the provisions as referred to in section (1) is subject to administrative sanctions in the form of dismissal at any time from his/her position as a member of the Board of Directors.
- (3) In the event that the provisions as referred to in section (2) are not implemented by KPM not later than 20 (twenty) workdays since the person concerned is appointed to a new position as a member of the Board of Directors, the position concerned as a member of the Board of Directors is deemed terminated.

Article 31

- The term of office of a member of the Board of Directors ends if the members of the Board of Directors:
- a. passed away;
  - b. their terms of office ends; or

- c. are dismissed at any time.

Article 32

- (1) In the event that the terms of office of the members of the Board of Directors end because their terms of office has expired as referred to in Article 31 point b, members of the Board of Directors are obligated to submit a report on the management of the final project of the term of office not later than 3 (three) months before the end of their terms of office.
- (2) The members of the Board of Directors as referred to in section (1) are obligated to report the remaining implementation of management duties that have not been reported not later than 1 (one) month after the end of their terms of office.
- (3) Based on the report on the management of the final term of office as referred to in section (2), the Board of Supervisors is obligated to submit an assessment and recommendation on the performance of the Board of Directors to KPM
- (4) The report as referred to in section (2) as well as the assessment and recommendation as referred to in section (3) as the basis for the Mayor's consideration to extend or dismiss the members of the Board of Directors.
- (5) The report on the management of the final term of office of the members of the Board of Directors whose terms of office have expired is carried out after the results of an audit with a specific purpose or an annual audit from a public accounting firm and submitted to the Mayor.

Article 33

- (1) In the event that the position of a member of the Board of Directors ends because he/she is terminated at any time as referred to in Article 31 point c, the termination is accompanied by a reason for termination.
- (2) The dismissal of a member of the Board of Directors as referred to in section (1) is carried out if, based on data and information that can be legally proven, the members of the Board of Directors concerned:
  - a. cannot perform duties;
  - b. do not implement the provisions of legislation and/or the provisions of the Articles of Association;
  - c. engage in fraudulent acts that result in losses to the Market Perumda, the country, and/or the Region;
  - d. are found guilty by a final and binding court decision;
  - e. resign;
  - f. no longer meet the requirements as a member of the Board of Supervisors in accordance with the provisions of legislation; and/or
  - g. are not re-elected in the event of a change in Local Government policies such as Restructuring, liquidation, acquisition, and dissolution of Market Perumda.

Article 34

- (1) The Board of Directors of Market Perumda is dismissed by KPM
- (2) In the event of a vacancy in the position of all members of the Board of Directors, the implementation of the duties of managing Market Perumda is carried out by the Board of Supervisors.
- (3) The Board of Supervisors may appoint officials from internal Market Perumda to assist in the implementation of the duties of the Board of Directors until the appointment of the definitive Board of Directors for a maximum of 6 (six) months.
- (4) In the event of a vacancy in the position of all members of the Board of Directors and all members of the Board of Supervisors, the management of Market Perumda is carried out by KPM.
- (5) KPM may appoint officials from internal ROE to assist in the implementation of the ROE management duties until the appointment of members of the Board of Supervisors and members of the definitive Board of Directors for a maximum of 6 (six) months.

Part Two  
Employees

Article 35

- (1) Employees of Market Perumda are employees of Market Perumda whose appointments, dismissals, positions, rights, and obligations are determined based on employment agreements in accordance with the provisions of legislation governing employment.
- (2) Further provisions regarding employees of Market Perumda as referred to in section (1) are regulated by a Regulation of the Board of Directors.

CHAPTER IX  
GOOD CORPORATE GOVERNANCE

Article 36

- (1) The management of Market Perumda is carried out in accordance with good corporate governance.
- (2) Good corporate governance as referred to in section (1) consists of the following principles:
  - a. transparency;
  - b. accountability;
  - c. liability;
  - d. independence; and
  - e. fairness.
- (3) The implementation of good corporate governance as referred to in section (2) aims to:
  - a. achieve the objectives of Market Perumda;
  - b. optimize the value of Market Perumda so that the company has strong competitiveness, both nationally and internationally;
  - c. encourage the management of Market Perumda in a professional, efficient, and effective manner, as well as

- empower the functions and increase the independence of the organ of Market Perumda;
- d. encourage the organ of Market Perumda in making decisions and carrying out actions based on high moral values and compliance with legislation, as well as awareness of Market Perumda's social responsibility towards stakeholders and environmental sustainability around Market Perumda;
  - e. increase the contribution of Market Perumda in the regional economy; and
  - f. improve the business climate that is conducive to the development of regional investment.
- (4) Good corporate governance as referred to in section (2) and section (3) is determined by the Board of Directors.

## CHAPTER X USE OF PROFITS

### Article 37

- (1) The use of Market Perumda's profits is regulated in the articles of association.
- (2) Market Perumda's profits as referred to in section (1) is used for:
  - a. fulfillment of reserve funds;
  - b. increasing the quantity, quality, and continuity of public services, basic services, and pioneering businesses of Market Perumda;
  - c. dividends that are the right of the Region;
  - d. tantiem for members of the Board of Directors and the Board of Supervisors;
  - e. bonuses and others for employees; and/or
  - f. use of other profits in accordance with the provisions of legislation.
- (3) KPM prioritizes the use of Market Perumda's profits to increase the quantity, quality, and continuity of public services, basic services, and Market Perumda's pioneering business after the reserve funds are fulfilled.
- (4) The amount of use of Market Perumda's profits is determined annually by the KPM.

### Article 38

- (1) Market Perumda is obligated to set aside a certain amount of net profit each financial year for reserve funds.
- (2) The allowance of net profit as referred to in section (1) is carried out until the reserve fund reaches at least 20% (twenty percent) of the capital of Market Perumda.
- (3) The obligation to set aside reserve funds as referred to in section (2) applies if Market Perumda has a positive profit balance.
- (4) Reserve funds up to 20% (twenty percent) of Market Perumda's capital can only be used to cover Market Perumda's losses.
- (5) If the reserve fund exceeds 20% (twenty percent), the KPM may decide that the excess of the reserve fund is used for the purposes of the Market Perumda.

- (6) The Board of Directors must manage the reserve fund so that the reserve fund obtains profits in a good manner by taking into account the provisions of legislation.
- (7) Profits obtained from the management of reserve funds are included in the calculation of profit and loss.

Article 39

Market Perumda's dividends which are the right of the Regions are Regional revenues after being endorsed by the KPM.

Article 40

- (1) Tantiem for the Board of Directors and the Board of Supervisors as well as bonuses for employees up to 5% (five percent) of the net profit after being deducted for reserve funds.
- (2) The provision of tantiem and bonuses associated with the performance of Market Perumda is budgeted and calculated as costs.

Article 41

If the calculation of profit and loss in a financial year shows that there is a loss that cannot be closed with reserve funds, the loss is still recorded in the books of Market Perumda and is considered not to have a profit as long as the recorded loss has not been fully closed in accordance with the provisions of legislation.

CHAPTER XI  
GUIDANCE AND SUPERVISION

Article 42

- (1) The Local Government provides guidance to the management of Market Perumda.
- (2) Supervision of Market Perumda is carried out to enforce good corporate governance.
- (3) Supervision as referred to in section (1) is carried out by internal supervision and external supervision.
- (4) Further provisions regarding guidance and supervision as referred to in section (1) are further regulated in a Mayor Regulation.

CHAPTER XII  
TRANSITIONAL PROVISIONS

Article 43

The Board of Directors, Supervisory Bodies, and Employees of Market Perumda that have been determined before the issuance of this Regional Regulation, remain valid until the periodization of the term of office ends.

Article 44

Agreements and cooperation with third parties that have been agreed upon before this Regional Regulation is promulgated, are declared to remain valid until the period of such agreement and cooperation ends.

CHAPTER XIII  
CLOSING PROVISIONS

Article 45

At the time this regional regulation comes into force, then:

- a. the rights, obligations, responsibilities, assets and licenses owned by the Market Regional Company are transferred to Market Perumda; and
- b. the transition of the Market Regional Company into Market Perumda is recorded at the local Notary Office.

Article 46

At the time this Regional Regulation comes into force, Regulation of the Municipality of Tangerang Number 3 of 2003 on Establishment of Tangerang City Market Regional Company (Regional Gazette of the Municipality of Tangerang of 2003 Number 3 Series D) as amended by Regulation of the Municipality of Tangerang Number 5 of 2005 on Amendment to Regulation of the Municipality of Tangerang Number 03 of 2003 on Establishment of Tangerang City Market Regional Company (Regional Gazette of the Municipality of Tangerang of 2005 Number 1 Series D) is repealed and declared ineffective.

Article 47

This Regional Regulation comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Regional Regulation by its placement in the Regional Gazette of the Municipality of Tangerang.

Issued in Tangerang  
on 21 January 2022

MAYOR OF TANGERANG,

signed

ARIEF R. WISMANSYAH

Promulgated in Tangerang  
on 21 January 2022

REGIONAL SECRETARY OF  
THE MUNICIPALITY OF TANGERANG,

signed

HERMAN SUWARMAN

REGIONAL GAZETTE OF THE MUNICIPALITY OF TANGERANG 2022 NUMBER  
1

Jakarta, 26 January 2026  
Has been translated as an Official Translation  
on behalf of Minister of Law  
of the Republic of Indonesia  
DIRECTOR GENERAL OF LEGISLATION,



DHAHANA PUTRA

ELUCIDATION OF  
REGULATION OF THE MUNICIPALITY OF TANGERANG  
NUMBER 1 OF 2022  
ON  
TANGERANG CITY MARKET AREA PUBLIC CORPORATION

I. GENERAL

In order to improve services to the community in the field of trade, especially market management, the effective, efficient, accountable and professional real business is needed, the Tangerang Municipal Government has established a Regional-Owned Enterprise in the form of a Regional Company, namely a Market Regional Company based on Regulation of the Municipality of Tangerang Number 3 of 2003 on Establishment of Tangerang City Market Regional Company (Regional Gazette of the Municipality of Tangerang of 2003 Number 3 Series D) as amended by Regulation of the Municipality of Tangerang Number 5 of 2005 on Amendment to Regulation of the Municipality of Tangerang Number 03 of 2003 on Establishment of Tangerang City Market Regional Company (Regional Gazette of the Municipality of Tangerang of 2005 Number 1 Series D).

Under the provisions of Article 331 section (2) of Law Number 23 of 2004 on Local Governments as amended several times last by Law Number 9 of 2015 on Second Amendment to Law Number 23 of 2014 on Local Governments, the establishment of ROE consists of Regional Public Corporation and Regional Limited Liability Companies determined by the Regional Regulation, and the Establishment of ROE aims to:

- a. provide benefits for the development of the regional economy in general;
- b. organize general benefits in the form of providing quality goods and/or services for the fulfillment of people's livelihoods according to the conditions, characteristics and potential of the region concerned;
- c. be based on good corporate governance; and
- d. earn profits and/or earnings;

then it is necessary to change the Market Regional Company into a Tangerang City Market Area Regional Public Corporation.

This Regional Regulation regulates the name and domicile, objective and purpose, business activities, period of establishment, the amount of authorized capital and paid-up capital, duties and authority of the Board of Supervisors and Board of Directors, and the use of profits.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Sufficiently clear.

Article 4

Sufficiently clear.

Article 5

Section (1)

The term of rental of market facilities and infrastructure includes:  
rental of shops and stalls

Section (2)

Point a

Sufficiently clear

Point b

Such thematic market is a market based on the specialty of a particular commodity; for example, ornamental fish markets or other types of specialties.

Point c

The business in the property sector includes markets, food stations, people's markets, offices, hotels, apartments, flats, sports facilities, multipurpose buildings, and other supporting facilities owned and managed by Tangerang City Market Perumda.

Article 6

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear

Article 12

Sufficiently clear

Article 13

Section (1)

Sufficiently clear

Section (2)

The term "independent elements" means a member of the Board of Supervisors or a member of the commissioner who has no family relationship or business relationship with the board of directors or shareholders.

Section (3)

Local Government officials are prioritized in the context of evaluation, guidance, and supervising ROE.

Article 14  
Sufficiently clear.

Article 15  
Sufficiently clear.

Article 16  
Sufficiently clear.

Article 17  
Sufficiently clear.

Article 18  
Sufficiently clear.

Article 19  
Section (1)  
Point a  
Sufficiently clear.  
Point b  
Sufficiently clear  
Point c

The term "may cause conflicts of interest" means the condition of members of the Board of Directors who have personal interests to benefit themselves and/or others in the exercise of authority so that it can affect the neutrality and quality of decisions and/or actions made and/or carried out.

Section (3)  
Sufficiently clear

Section (4)  
Sufficiently clear

Article 20  
Sufficiently clear.

Article 21  
Sufficiently clear.

Article 22  
Sufficiently clear.

Article 23  
Sufficiently clear.

Article 24  
Sufficiently clear.

Article 25  
Sufficiently clear.

Article 26  
Sufficiently clear.

Article 27  
Sufficiently clear.

Article 28  
Sufficiently clear.

Article 29  
Sufficiently clear.

Article 30  
Sufficiently clear.

Article 31  
Sufficiently clear.

Article 32  
Sufficiently clear.

Article 33  
Sufficiently clear.

Article 34  
Sufficiently clear.

Article 35  
Sufficiently clear.

Article 36  
Section (1)  
Sufficiently clear.  
Section (2)  
Point a

The term of the principle of transparency means that Companies applying GCG principles must disclose various information in a timely and accurate manner. The company's financial condition, financial performance, ownership, and management are some of the information that must be disclosed to the public. Not only that, the company must also undergo an independent audit. Disclosure is needed by shareholders and other stakeholders. Therefore, this information disclosure should be carried out on their own initiative, not because of the encouragement of certain conditions. The rapid development of technology has made it easier for companies to carry out this principle to a wide audience.

Point b

The term of the principle of accountability means that the various authority and obligations of the board of commissioners and directors to shareholders and other stakeholders are actualizations of this principle. The board of directors, for example, is responsible for the management of the company in order to achieve the goals set by the shareholders. Meanwhile, the commissioner is responsible for the supervision of the company's management carried out by the board of directors. In addition, the commissioner is also obligated to provide advice to the board of directors in managing the company so that the company's goals can be achieved. It is different with shareholders who are responsible for the success of guidance in the context of company management. Accountability on good corporate governance principles are needed to see the extent of a company's performance.

Point c

The term of the principle of responsibility means that in carrying out various programs to achieve goals, the company must comply with legislation and other regulations so that business continuity can be maintained in the long term. One of the principles of good corporate governance reflects the compliance of each individual and company in carrying out all tasks in the work, rules and government policies related to the business activities of a company. In this context, there is no limit to compliance between superiors and subordinates, but also compliance with stakeholders to the community around the company. In addition to compliance, this principle also includes the aspect of prudence in carrying out all programs that target the company's goals.

Point d

The term of the principle of independence means that company managers must be able to act independently according to their respective roles and functions. This means that the company's manager should as much as possible escape from pressures from any party that is not in accordance with the applicable company policy. Independence from the internal side of the company can be judged from the lack of dominance of certain sections or figures or free from conflicts of interest. Here, sectoral egos must be marginalized. If independence has been properly actualized, then decision-making can be done objectively. Independently managed companies are unlikely to be intervened by other parties for the benefit of certain groups or parties. Furthermore, the company's independence can support the company's competitiveness with its business environment.

Point e

The term of the principle of fairness means that the GCG Principle is necessary to maintain the stability of the company by maintaining fairness and equality for each stakeholder in a company according to their respective portions. At the core of this principle is the opportunity for all stakeholders to get fair treatment from the company. Fairness also includes clarity on the rights of investors, legal systems and regulatory enforcement to protect investors' rights. Fairness requires conditions so that it can be effectively enforced. Regulations and legislation that are clear, firm, consistent, and can be enforced properly and effectively are the requirements. This is considered important because it will guarantee the protection of the rights of any shareholder, without any exceptions.

Article 37

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41  
Sufficiently clear.

Article 42  
Sufficiently clear.

Article 43  
Sufficiently clear.

Article 44  
Sufficiently clear.

Article 45  
Sufficiently clear.

Article 46  
Sufficiently clear.

Article 47  
Sufficiently clear.

SUPPLEMENT TO THE REGIONAL GAZETTE OF THE MUNICIPALITY OF  
TANGERANG NUMBER 1