REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
NUMBER 35 OF 2024
ON
FRANCHISES

BY THE GRACE OF ALMIGHTY GOD

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Having considered :

a. that the activity of distributing goods traded domestically indirectly to consumers may be carried out by distribution business actors in the form of franchise business activities;
b. that in light of the dynamic development of franchise business activities in Indonesia, regulations are required to realize fairness in business, legal certainty, and business partnerships between franchisors and micro, small, and medium enterprises;
c. that based on the provisions of Article 11 of Law Number 7 of 2014 on Trade, as amended by Law Number 6 of 2023 on the Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation to Become Law, it is necessary to regulate the distribution of goods, including in the form of franchising, in a Government Regulation;
d. that the regulation on franchises under Government Regulation Number 42 of 2007 on Franchises is no longer able to accommodate the development of legal needs and the dynamics of franchise business activities, and therefore needs to be replaced;
e. that based on the considerations as referred to in paragraphs a, b, c, and d, it is necessary to issue a Government Regulation on Franchise;

Having regard to :

1. Article 5, paragraph (2) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 7 of 2014 on Trade (State Gazette of the Republic of Indonesia Year 2014 Number 45, Supplement to the State Gazette of the Republic of Indonesia Number 5512), as amended by Law Number 6 of 2023 on the Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation to Become Law (State Gazette of the Republic of Indonesia Year 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856;

DECIDES:

To issue : GOVERNMENT REGULATION ONFRANCHISES.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Government Regulation:

1. Franchise means a special right owned by an individual or business entity over a business system with established criteria for marketing goods and/or services that has been proven successful and may be utilized and/or used by another party based on a Franchise Agreement.
2. Franchisor means an individual or business entity that grants the right to utilize and/or use its Franchise to a Franchisee.
3. Franchisee means an individual or business entity granted the right by the Franchisor to utilize and/or use the Franchise owned by the Franchisor.
4. Sub-Franchisor means a Franchisee granted the right by the Franchisor to appoint an individual or business entity as a Sub-Franchisee.
5. Sub-Franchisee means an individual or business entity that receives rights from the Sub-Franchisor to utilize and/or use the Franchise.
6. Franchise Offering Prospectus means a written statement from the Franchisor or Sub-Franchisor to prospective Franchisees or prospective Sub-Franchisees containing information regarding the business to be franchised.
7. Franchise Agreement means a written agreement between the Franchisor and the Franchisee or between the Sub-Franchisor and the Sub-Franchisee containing the granting of rights to enjoy the economic benefits of a Franchise for a certain period and under certain conditions.
8. Franchise Registration Certificate (*Surat Tanda Pendaftaran Waralaba*), hereinafter abbreviated as the STPW, means a Business License supporting business activities which serves as proof that an individual or business entity has been registered as a Franchise Operator
9. Franchise Logo means an identifying mark in the form of a symbol or letters used as the identity of the head office or business premises of the Franchisor, Sub-Franchisor, Franchisee, and Sub-Franchisee.
10. Business Licensing means a legality granted to business actors to commence and conduct their business and/or activities.
11. OSS Management and Organizing Institution, hereinafter referred to as the OSS Institution, means a government institution administering governmental affairs in the field of investment coordination.
12. Electronically Integrated Business Licensing System (Online Single Submission), hereinafter referred to as the OSS System, means an integrated electronic system

managed and organized by the OSS Institution for the administration of risk-based Business Licensing

13. Micro, Small, and Medium Enterprise means micro, small, and medium enterprises as referred to in laws and regulations on micro, small, and medium enterprises.
14. Central Government means the President of the Republic of Indonesia who holds the government power of the Republic of Indonesia assisted by the Vice President and ministers as referred to in the 1945 Constitution of the Republic of Indonesia.
15. Local Government means the regional head as an element of local administration who leads the implementation of government affairs under the authority of the autonomous region.
16. Minister means the minister administering government affairs in the field of trade.

Article 2

Franchises may be operated throughout the territory of Indonesia.

CHAPTER II
FRANCHISE OPERATORS

Article 3

Franchise Operators consist of:

a. Foreign Franchisors;
b. Domestic Franchisors;
c. Sub-Franchisors originating from foreign Franchises;
d. Sub-Franchisors originating from domestic Franchises;
e. Franchisees originating from foreign Franchises;
f. Franchisees originating from domestic Franchises;
g. Sub-Franchisees originating from foreign Franchises; and
h. Sub-Franchisees originating from domestic Franchises.

CHAPTER III
FRANCHISE CRITERIA

Article 4

(1) Franchisors and Sub-Franchisors in conducting franchise activities must fulfil the franchise criteria.
(2) The Franchise criteria as referred to in paragraph (1) include:
    a. having a business system;
    b. the business has generated profits;
    c. having recorded or registered intellectual property; and
    d. continuous support from the Franchisors and/or Sub-Franchisors to the Franchisees and/or Sub-Franchisees.
(3) The business system as referred to in paragraph (2) subparagraph a consists of operational standards and procedures at a minimum covering:
    a. human resource management;
    b. administration;

c. operational management;
d. standard operating methods;
e. business location selection;
f. business premises design;
g. employee requirements; and
h. marketing strategies.

(4) The business system as referred to in paragraph (3) must fulfil the following requirements:
a. prepared in writing and offered by the Franchisors or Sub-Franchisors to the Franchisees or Sub-Franchisees;
b. easy to teach and implement; and
c. having a clear and consistent framework between the Franchisors or Sub-Franchisors and the Franchisees or Sub-Franchisees.

(5) The criterion that the business has generated profits as referred to in paragraph (2) subparagraph b is evidenced by:
a. the franchise business activities have operated for at least three (3) consecutive years; and
b. financial statements for the last two (2) years showing profits and audited by a public accountant with an unqualified opinion.

(6) The requirement for financial statements audited by a public accountant as referred to in paragraph (5) subparagraph b is exempted for Franchisors or Sub-Franchisors classified as Micro and Small Enterprises.

(7) The recorded or registered intellectual property as referred to in paragraph (2) subparagraph c includes intellectual property related to the business in the form of trademarks, copyrights, patents, trade secrets, industrial designs, and/or integrated circuit layout designs.

(8) Continuous support from the Franchisors and/or Sub-Franchisors to the Franchisees and/or Sub-Franchisees as referred to in paragraph (2) subparagraph d includes:
a. training;
b. operational management;
c. promotion;
d. research;
e. market development; and
f. other forms of guidance.

CHAPTER IV
FRANCHISE OFFERING PROSPECTUS

Article 5

(1) A Franchisor or Sub-Franchisors must submit the Franchise Offering Prospectus to a prospective Franchisees or prospective Sub-Franchisees no later than fourteen (14) calendar days prior to the signing of the Franchise Agreement.

(2) The Franchise Offering Prospectus as referred to in paragraph (1) at least contains:
a. identity details of the Franchisor or Sub-Franchisor;
b. business legality of the Franchisor or Sub-Franchisor;

c. history of business activities;
d. organizational structure of the Franchisor or Sub-Franchisor;
e. business system;
f. financial statements for the last two (2) years;
g. number of franchise outlets/business premises;
h. list of Franchisees or Sub-Franchisees;
i. rights and obligations of the Franchisor or Sub-Franchisor and the Franchisee or Sub-Franchisee; and
j. intellectual property certificates or intellectual property registration letters.

(3) The list of Franchisees or Sub-Franchisees as referred to in paragraph (2) subparagraph h is exempted for Franchisors or Sub-Franchisors newly franchising their business.

(4) The Franchise Offering Prospectus as referred to in paragraph (1) must be written in Bahasa Indonesia.

CHAPTER 5
FRANCHISE AGREEMENT

Article 6

(1) Franchise Activities are based on Franchise Agreements made between:
a. the Franchisors and the Franchisees; or
b. the Sub-Franchisors and the Sub-Franchisees,
who have equal legal standing and are subject to Indonesian law.

(2) The Franchise Agreement as referred to in paragraph (1) contains at least the following matters or clauses:
a. names and address of the Franchisor or Sub-Franchisor and the Franchisee or Sub-Franchisee;
b. intellectual property that remains under protection;
c. business activities;
d. business system;
e. rights and obligations of the Franchisor or Sub-Franchisor and the Franchisee or Sub-Franchisee;
f. assistance, facilities, operational guidance, training, and marketing provided by the Franchisor or Sub-Franchisor to the Franchisee or Sub-Franchisee;
g. business area;
h. guarantees from the Franchisor or Sub-Franchisors to the Franchisee or Sub-Franchisee to obtain compensation and/or rights over the Franchise in the event the Franchisor or Sub-Franchisor ceases its business activities;
i. term of the Franchise Agreement;
j. procedures for payment of fees/royalties;
k. ownership and transfer of franchise ownership;
l. dispute resolution;
m. procedures for extension and termination of the Franchise Agreement;

n. guarantees from the Franchisor or Sub-Franchisor to continue fulfilling its obligations to the Franchisee or Sub-Franchisee; and
o. the number of outlets/business premises to be managed by the Franchisee or Sub-Franchisee.

(3) In addition to the matters or clauses as referred to in paragraph (2), the Franchise Agreement may contain provisions granting rights to the Franchisee to appoint a Sub-Franchisee.

CHAPTER VI
RIGHTS AND OBLIGATIONS OF FRANCHISORS OR SUB-FRANCHISORS AND FRANCHISEES OR SUB-FRANCHISEES

Article 7

(1) The rights and obligations of the Franchisor or Sub-Franchisor consist of:
a. the right to receive fees/royalties from the Franchisee or Sub-Franchisee; and
b. the obligation to provide continuous support to the Franchisee and Sub-Franchisee.

(2) The rights and obligations of the Franchisee or Sub-Franchisee consist of:
a. the right to use the intellectual property owned by the Franchisor; and
b. the obligation to maintain the code of ethics/confidentiality of the intellectual property owned by the Franchisor.

Article 8

The continuous support as referred to in Article 7 paragraph (1) subparagraph b includes:
a. providing training regarding the franchise management system, so that the Franchisee and Sub-Franchisee may properly and profitably conduct franchise business activities;
b. operational management guidance;
c. promotional activities through advertisements, leaflets/catalogues/brochures, or exhibitions;
d. research on marketed products so that they meet market needs and are well accepted by the market;
e. market development; and
f. other forms of guidance.

Article 9

(1) A Franchisor or Sub-Franchisor may appoint more than one (1) Franchisees or Sub-Franchisees.

(2) Where more than one (1) Franchisee or Sub-Franchisee is appointed, the Franchisor or Sub-Franchisor must clearly determine the division of business territories.

Article 10

(1) Any Franchisor or Sub-Franchisor that violates the obligation as referred to in Article 7 paragraph (1) subparagraph b is subject to administrative sanctions.

(2) The administrative sanctions as referred to in paragraph (1) takes the form of:
   a. written warning;
   b. temporary suspension of business activities; and/or
   c. revocation of the STPW.

(3) The imposition of administrative sanctions as referred to in paragraph (2) is carried out by the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority in accordance with their respective authorities.

Article 11

(1) Administrative sanctions in the form of written warnings as referred to in Article 10 paragraph (2) subparagraph a are issued twice, with a maximum period of fourteen (14)) working days for each of the first written warning and the second written warning

(2) If within a maximum period of fourteen (14) work days after the issuance of the second written warning as referred to in paragraph (1), the Franchisor or Sub-Franchisor still fails to fulfill its obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority imposes a sanction in the form of temporary suspension of business activities for a maximum period of fourteen (14)work days.

(3) If within the period of temporary suspension of business activities as referred to in paragraph (2), the Franchisor or Sub-Franchisor has fulfilled its obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority issues a decision revoking the sanction of temporary suspension of business activities.

(4) If after the lapse of the temporary suspension period of business activities as referred to in paragraph (2), the Franchisor or Sub-Franchisor still fails to fulfill its obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority revokes the STPW through the OSS System.

(5) The Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority provides notification to the OSS Institution through the OSS System regarding the temporary suspension of business activities and the revocation of the sanction of temporary suspension of business activities as referred to in paragraphs (2) and (3).

(6) A Franchisor or Sub-Franchisor whose STPW has been revoked as referred to in paragraph (4) may reapply for an STPW after a period of five 5 years from the date of the revocation decision of the STPW.

CHAPTER VII
FRANCHISE REGISTRATION CERTIFICATE

Article 12

Franchisors, Sub-Franchisors, Franchisees, and Sub-Franchisees shall own an STPW as a Business License to support business activities.

Article 13

(1) The Franchisor or Sub-Franchisor shall own an STPW prior to entering into a Franchise Agreement.
(2) An application for an STPW by a Franchisor or Sub-Franchisor is submitted by attaching proof of the Franchise Offering Prospectus.
(3) Where the STPW application is submitted by a Franchisor originating from abroad, the Franchise Offering Prospectus as referred to in paragraph (2) must also be accompanied by:
    a. a business license document issued by the competent authority in the country of origin and legalized by:
        1. the competent authority, for countries that are parties to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents; or
        2. an Official Representative of the Republic of Indonesia in the country of origin, for countries that are not parties to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents; and
    b. a letter confirming the continuity of franchise business activities from the Trade Attaché of the Republic of Indonesia or an Official Representative of the Republic of Indonesia in the country where the foreign Franchisor originates.

Article 14

(1) The Franchisee or Sub-Franchisee shall own an STPW prior to commencing its business activities.
(2) The Franchisee and Sub-Franchisee submits an application for the STPW as referred to in paragraph (1) by completing the registration form as a Franchisee or Sub-Franchisee and attaching the Franchise Agreement.
(3) A Franchisee originating from a foreign franchise, in submitting the STPW application as referred to in paragraph (2), also attaches the STPW of the foreign Franchisor.

Article 15

(1) Franchisors, Sub-Franchisors, Franchisees, and Sub-Franchisees submit applications for the STPW through the OSS System.
(2) The STPW is issued by the OSS Institution for and on behalf of the Minister for:
    a. STPW for foreign Franchisors;
    b. STPW for domestic Franchisors;

d. STPW for Sub-Franchisors originating from foreign franchises;
e. STPW for Sub-Franchisors originating from domestic franchises; and
f. STPW for Franchisees originating from foreign franchises.

(3) The STPW is issued by the OSS Institution for and on behalf of the Governor of the Special Capital Region of Jakarta/ the regents/mayors, or the Head of the Nusantara Capital Authority for:
a. STPW for Franchisees originating from domestic Franchises;
b. STPW for Sub-Franchisees originating from foreign Franchises; and
c. STPW for Sub-Franchisees originating from domestic Franchises.

(4) Where the submission of the STPW application as referred to in paragraph (1) is represented by another party, the application submission is accompanied by a power of attorney authorizing the submission of the application.

(5) The requirements and services for the issuance of the STPW are implemented in accordance with the provisions of laws and regulations.

Article 16

(1) The STPW of the Franchisor becomes invalid if:
a. the Franchisor ceases its business activities; and/or
b. the period of intellectual property protection expires in accordance with the provisions of laws and regulations

(2) The STPW of the Sub-Franchisor becomes invalid if:
a. the Franchisor and/or the Sub-Franchisor cease their business activities; and/or
b. the period of intellectual property protection expires in accordance with the provisions of laws and regulations.

(3) The STPW of the Franchisee becomes invalid if:
a. the Franchise Agreement expires;
b. the Franchisor and/or the Franchisee cease their business activities; and/or
c. the period of intellectual property protection expires in accordance with the provisions of laws and regulations.

(4) The STPW of the Sub-Franchisee becomes invalid if:
a. the Franchise Agreement expires;
b. the Franchisor, the Sub-Franchisor, and/or the Sub-Franchisee cease their business activities; and/or
c. the period of intellectual property protection expires in accordance with the provisions of laws and regulations.

Article 17

Any Franchisors, Sub-Franchisors, Franchisees, and Sub-Franchisees who violate the provisions as referred to in Article 12, Article 13 paragraph (1), and Article 14 paragraph (1) are

subject to administrative sanctions in accordance with the provisions of laws and regulations in the field of risk-based Business Licensing.

Article 18

Where amendments to the data contained in:

a. the Franchise Offering Prospectus, except for the provisions as referred to in Article 5 paragraph (2) subparagraphs f, g, and h; and/or
b. b. the Franchise Agreement,

Franchisors, Sub-Franchisors, and Franchisees originating from foreign franchises shall amend their STPW through the OSS System.

Article 19

(1) Franchisors, Sub-Franchisors, and Franchisees originating from foreign franchises who violate the provisions as referred to in Article 18 are subject to administrative sanctions.
(2) The administrative sanctions as referred to in paragraph (1) take the form of:
    a. written warning;
    c. temporary suspension of business activities; and/or
    d. revocation of the STPW.
(3) The imposition of administrative sanctions as referred to in paragraph (2) is carried out by the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority in accordance with their respective authorities.

Article 20

(1) The administrative sanctions in the form of written warnings as referred to in Article 19 paragraph (2) subparagraph a are issued twice, with a maximum period of fourteen (14) work days for each of the first written warning and the second written warning.
(2) If within a maximum period of fourteen (14) work days after the issuance of the second written warning as referred to in paragraph (1), the Franchisor, Sub-Franchisor, and Franchisee originating from foreign franchises still fail to fulfill their obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority imposes a sanction in the form of temporary suspension of business activities for a maximum period of fourteen (14) work days.
(3) If within the period of temporary suspension of business activities as referred to in paragraph (2), the Franchisor, Sub-Franchisor, and Franchisee originating from foreign franchises have fulfilled their obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority issues a decision revoking the sanction of temporary suspension of business activities.

(4) If after the lapse of the temporary suspension period of business activities as referred to in paragraph (2), the Franchisor, Sub-Franchisor, and Franchisee originating from foreign franchises still fail to fulfill their obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority revokes the STPW through the OSS System.

(5) The Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority provides notification to the OSS Institution through the OSS System regarding the temporary suspension of business activities and the revocation of the sanction of temporary suspension of business activities as referred to in paragraphs (2) and (3).

(6) The Franchisors, Sub-Franchisors, and Franchisees originating from foreign franchises whose STPW has been revoked as referred to in paragraph (4) may reapply for an STPW after a period of five (5) years from the date of the revocation decision of the STPW.

CHAPTER VII
FRANCHISE LOGO

Article 21

(1) Franchise Operators as referred to in Article 3 subparagraphs b to h shall use the Franchise Logo.

(2) The Franchise Logo as referred to in paragraph (1) is set out in Annex I, which constitutes an integral part of this Government Regulation.

Article 22

The Franchise Logo is granted by the Minister to Franchise Operators as referred to in Article 3 subparagraphs b to h who already own an STPW.

Article 23

(1) The use of the Franchise Logo as referred to in Article 21 paragraph (1) is placed or installed in an open and clearly visible location at every franchise outlet.

(2) Where the Franchise Operator has a head office, the Franchise Logo is placed or installed in an open and clearly visible location at the head office.

Article 24

(1) Any Franchise Operators who violate the provisions as referred to in Article 21 paragraph (1) are subject to administrative sanctions.

(2) The administrative sanctions as referred to in paragraph (1) take the form of:
   a. written warning;
   b. temporary suspension of business activities; and/or
   c. revocation of the STPW.

(3) The imposition of administrative sanctions as referred to in paragraph (2) is carried out by the Minister, the

Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority in accordance with their respective authorities.

Article 25

(1) The administrative sanctions in the form of written warnings as referred to in Article 24 paragraph (2) subparagraph a are issued twice, with a maximum period of fourteen (14) work days for each of the first written warning and the second written warning.
(2) If within a maximum period of fourteen (14) work days after the issuance of the second written warning as referred to in paragraph (1), the Franchise Operator still fails to fulfill its obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority imposes a sanction in the form of temporary suspension of business activities for a maximum period of fourteen (14) work days.
(3) If within the period of temporary suspension of business activities as referred to in paragraph (2), the Franchise Operator has fulfilled its obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority issues a decision revoking the sanction of temporary suspension of business activities.
(4) If after the lapse of the temporary suspension period of business activities as referred to in paragraph (2), the Franchise Operator still fails to fulfill its obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority revokes the STPW through the OSS System.
(5) The Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority provides notification to the OSS Institution through the OSS System regarding the temporary suspension of business activities and the revocation of the sanction of temporary suspension of business activities as referred to in paragraphs (2) and (3).
(6) The Franchise operators whose STPW has been revoked as referred to in paragraph (4) may reapply for an STPW after a period of five (5) years from the date of the revocation decision of the STPW.

CHAPTER IX
DOMESTIC PRODUCT USE

Article 26

(1) The Franchisors and Sub-Franchisors as referred to in Article 3 subparagraphs b to d prioritize the use of domestically produced goods and/or services.
(2) Franchisees and Sub-Franchisees as referred to in Article 3 subparagraphs e to h prioritize the use of domestically produced goods and/or services, provided that such goods

and/or services meet the quality standards established in writing by the Franchisor and the Sub-Franchisor.

(3) The Franchisors and Sub-Franchisor as referred to in Article 3 subparagraphs b to d must cooperate with Micro, Small, and Medium Enterprises in the local area as suppliers of goods and/or services.

(4) The Franchisees and Sub-Franchisees as referred to in Article 3 subparagraphs e to h must cooperate with Micro, Small, and Medium Enterprises in the local area as suppliers of goods and/or services, provided that they meet the requirements established by the Franchisor and the Sub-Franchisor.

(5) The Franchisors and Sub-Franchisors as referred to in Article 3 subparagraphs b to d must provide opportunities for Micro, Small, and Medium Enterprises in the local area to become Franchisees, provided that they meet the requirements established by the Franchisor and the Sub-Franchisor.

(6) The prioritization of the use of domestically produced goods and/or services as referred to in paragraph (1) is carried out in accordance with the provisions of laws and regulations.

Article 27

In the operation of a franchise business, Franchise Operators prioritize the processing of raw materials within Indonesia.

CHAPTER X
REPORTING

Article 28

(1) Domestic Franchisors, Sub-Franchisors originating from foreign franchises, Sub-Franchisors originating from domestic franchises, and Franchisees originating from foreign franchises shall submit franchise business activity reports to the Minister through the OSS System.

(2) Franchisees originating from domestic franchises, Sub-Franchisees originating from foreign franchises, and Sub-Franchisees originating from domestic franchises shall submit franchise business activity reports to the head of the agency responsible for trade affairs in the Province of the Special Capital Region of Jakarta or the relevant regencies/municipalities, or to the Head of the Nusantara Capital Authority through the OSS System.

(3) The reports as referred to in paragraphs (1) and (2) include:
   a. the number of Franchisees or Sub-Franchisees;
   b. the number of outlets;
   d. financial statements containing balance sheets and profit/loss statements;
   e. turnover;
   f. the amount of fees/royalties;
   g. information regarding the processing of raw materials in Indonesia;
   h. information regarding the management of raw materials in Indonesia;

i. the number of employees;
j. the status of intellectual property protection; and
k. forms of continuous support provided to Franchisees or Sub-Franchisees.

(4) The reports as referred to in paragraphs (1) and (2) are submitted annually no later than 30 June of the following year, using the form as set out in Annex II, which constitutes an integral part of this Government Regulation.

Article 29

(1) Domestic Franchisors, Sub-Franchisors originating from foreign franchises, Sub-Franchisors originating from domestic franchises, and Franchisees originating from foreign franchises shall submit a written report to the Minister through the OSS System if they no longer conduct franchise business activities.
(2) Franchisees originating from domestic franchises, Sub-Franchisees originating from foreign franchises, and Sub-Franchisees originating from domestic franchises shall submit a written report to the head of the agency responsible for trade affairs in the Province of the Special Capital Region of Jakarta or the relevant regencies/municipalities, or to the Head of the Nusantara Capital Authority through the OSS System if they no longer conduct franchise business activities.

Article 30

(1) Any Franchise operators who violate the provisions as referred to in Articles 28 and 29 are subject to administrative sanctions.
(2) The administrative sanctions as referred to in paragraph (1) take the form of:
a. written warning;
b. temporary suspension of business activities; and/or
c. revocation of the STPW
(3) The imposition of administrative sanctions as referred to in paragraph (2) is carried out by the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority in accordance with their respective authorities.

Article 31

(1) Administrative sanctions in the form of written warnings as referred to in Article 30 paragraph (2) subparagraph a are issued twice, with a maximum period of fourteen (14) work days for each of the first written warning and the second written warning.
(2) If within a maximum period of fourteen (14) work days after the issuance of the second written warning as referred to in paragraph (1), the Franchise Operator still fails to fulfill its obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority imposes a

sanction in the form of temporary suspension of business activities for a maximum period of fourteen (14) work days.

(3) If within the period of temporary suspension of business activities as referred to in paragraph (2), the Franchise Operator has fulfilled its obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority issues a decision revoking the sanction of temporary suspension of business activities.

(4) If after the lapse of the temporary suspension period of business activities as referred to in paragraph (2), the Franchise Operator still fails to fulfill its obligations, the Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority revokes the STPW through the OSS System.

(5) The Minister, the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority provides notification to the OSS Institution through the OSS System regarding the temporary suspension of business activities and the revocation of the sanction of temporary suspension of business activities as referred to in paragraphs (2) and (3).

(6) Franchise Operators whose STPW has been revoked as referred to in paragraph (4) may reapply for an STPW after a period of five (5) years from the date of the revocation decision of the STPW.

CHAPTER XI
GUIDANCE AND SUPERVISION OF FRANCHISE IMPLEMENTATION

Article 32

The guidance and supervision of franchise operations are carried out by the Central Government and Local Governments.

Article 33

(1) The guidance of Franchise operations by the Central Government as referred to in Article 32 is conducted for:
   a. Domestic Franchisors;
   b. Sub-Franchisors originating from foreign Franchises;
   d. Sub-Franchisors originating from domestic Franchises; and
   e. Franchisees originating from foreign Franchises.

(2) The guidance of Franchise operations by the Local Governments as referred to in Article 32 is conducted for:
   a. Franchisees originating from domestic franchises;
   b. Sub-Franchisees originating from foreign Franchises; and
   c. Sub-Franchisees originating from domestic Franchises.

(3) The guidance of Franchise operations as referred to in paragraphs (1) and (2) may be carried out by:
   a. organizing education and training regarding the franchise system;

b. recommending Franchisees and Sub-Franchisees to receive facilities for utilizing marketing facilities owned by the Central Government, Local Governments, and/or private parties;
c. facilitating and/or recommending the participation of Domestic Franchisors with potential products in Franchise exhibitions, both domestically and internationally;
d. facilitating business clinic facilities related to Franchise business activities;
e. granting awards to Domestic Franchisors that have successfully developed their Franchises; and/or
f. facilitating Franchise Operators in obtaining capital strengthening assistance.

Article 34

(1) The guidance of Franchise operations by the Central Government as referred to in Article 33 paragraph (1) is carried out by the Minister.
(2) The guidance of Franchise operations by the Local Governments as referred to in Article 33 paragraph (2) is carried out by the Governor of the Special Capital Region of Jakarta/the regents/mayors, or the Head of the Nusantara Capital Authority.
(3) The Governor of the Special Capital Region of Jakarta/regents/mayors delegate the authority for implementing the guidance of franchise operations as referred to in paragraph (2) to the head of the agency responsible for trade affairs in the Province of the Special Capital Region of Jakarta or the relevant regencies/municipalities.

Article 35

(1) The supervision of franchise operations as referred to in Article 32 is carried out by the Central Government and Local Governments in a coordinated and integrated manner based on:
a. business activity reports submitted by the Franchise operators as referred to in Article 28; and/or
b. the results of verification visits to company locations.
(2) The supervision of Franchise operations by the Central Government as referred to in paragraph (1) is carried out by the Minister.
(3) The supervision of Franchise operations by the Local Governments as referred to in paragraph (1) is carried out by the Governor of the Special Capital Region of Jakarta/ regents/mayors, or the Head of the Nusantara Capital Authority.
(4) The Governor of the Special Capital Region of Jakarta/regents/mayors delegate the authority for implementing the supervision of franchise operations as referred to in paragraph (3) to the head of the agency responsible for trade affairs in the Province of the Special Capital Region of Jakarta or the relevant regencies/municipalities.

Article 36

The supervision of Franchise operations as referred to in Article 35 is conducted in accordance with the provisions of laws and regulations governing the supervision of trade activities.

CHAPTER XII
PROHIBITIONS

Article 37

Individuals or business entities are prohibited from using the term and/or name “Franchise” for their business name and/or business activities if they do not own an STPW.

Article 38

Other than Franchise Operators as referred to in Article 21 paragraph (1), individuals or business entities are prohibited from using and/or misusing the Franchise Logo without authorization.

Article 39

(1) Individuals or business entities who violate the provisions as referred to in Articles 37 and 38 are subject to administrative sanctions in accordance with the provisions of laws and regulations in the field of risk-based Business Licensing.
(2) The imposition of administrative sanctions as referred to in paragraph (1) does not eliminate criminal liability in accordance with the provisions of laws and regulations.

CHAPTER XIII
TRANSITIONAL PROVISIONS

Article 40

All STPWs issued prior to the promulgation of this Government Regulation remain valid until the expiration of their validity period.

CHAPTER XIV
CLOSING PROVISIONS

Article 41

Upon the entry into force of this Government Regulation, Government Regulation Number 43 of 2007 on Franchise (State Gazette of the Republic of Indonesia Year 2007 Number 90, Supplement to the State Gazette of the Republic of Indonesia Number 4742) is hereby repealed and declared to be no longer in force.

Article 42

This Government Regulation shall enter into force on the date of its promulgation.

In order to make this Government Regulation known to the public, it is hereby ordered that it be promulgated by its publication in the Official Gazette of the Republic of Indonesia.

Issued in Jakarta
on 2 September 2024

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

JOKO WIDODO

Promulgated in Jakarta
on 2 September 2024

MINISTER OF STATE SECRETARY
OF THE REPUBLIC OF INDONESIA,

signed

PRATIKNO

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2024 NUMBER I88

Prepared and issued as an official translation

Jakarta, 11 August 2026
DIRECTOR GENERAL OF LEGISLATION
FOR THE MINISTER OF LAW OF THE REPUBLIC OF INDONESIA,

DIREKTUR JENDERAL PERATURAN PERUNDANG-UNDANGAN KEMENTERIAN HUKUM PENGAYOMAN

DHAHANA PUTRA

Official Translation Notice:
This English translation is provided for information and reference purposes only. In the event of any discrepancy, inconsistency, or ambiguity between the English version and the Indonesian version, the Indonesian version shall prevail.

ELUCIDATION OF
REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
NUMBER 35 OF 2O24
ON
FRANCHISES

I. GENERAL

The distribution of goods that are traded in the country indirectly to consumers can be carried out by distribution business actors in the form of Franchise business activities.

The development of Franchise business activities in Indonesia is dynamic, so there is a need for regulations that can realize equity and increase legal certainty and business partnerships between Franchisors and Micro, Small, and Medium Enterprises.

Under the provisions of Article 11 of Law Number 7 of 2014 on Trade as amended by Law Number 6 of 2023 on Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation to Become Law, it is necessary to have a regulation regarding the distribution of goods, one of which is in the form of a Franchise, in a Government Regulation. Therefore, and in the framework of guidance and supervision as well as the implementation of Franchise business activities in Indonesia, Government Regulation Number 42 of 2007 on Franchise needs to be adjusted in its implementation, because the regulations in the Government Regulation can no longer accommodate the development of legal needs and the dynamics of the implementation of Franchise business activities.

Other things that underlie and encourage the need for clearer regulations related to Franchises, including that the regulations on the Franchise partnerships are spread in various laws and regulations such as laws and regulations on the micro, small, and medium enterprises, laws and regulations on the creative economy, and regulations on the licenses.

Based on these considerations, it is necessary to improve the provisions regarding the implementation of Franchise so that it can be arranged systematically, not conflicting or overlapping, and in harmony with other laws and regulations according to the current development of Franchise implementation.

The main regulations in this Government Regulation contain:

a. Franchise operators;
b. Franchise criteria;
c. Franchise Offering Prospectus;
d. Franchise Agreement;
e. rights and obligations of the Franchisors or Sub-Franchisors and the Franchisees or Sub-Franchisees;
f. Franchise Registration Certificate;
g. Franchise logo;
h. domestic product use;

i. reporting;
j. guidance and supervision of Franchise implementation;
k. prohibition; and
l. sanctions.

II. ARTICLE BY ARTICLE

Article 1
Self-explanatory.

Article 2
Self-explanatory.

Article 3
Self-explanatory.

Article 4
Self-explanatory.

Article 5
Paragraph (1)
Self-explanatory.
Paragraph (2)
Subparagraph a
The term "identity details of the Franchisor or Sub-Franchisor" is in the form of a photocopy of the resident identification card or passport of the business owner if it is an individual and a photocopy of the resident identification card or passport of the shareholders, commissioners, and board of directors, or what is called by another name, if it is a business entity.
Subparagraph b
The term "business legality of the Franchisor or Sub-Franchisor" means a Business License that has been effective or a business license that is valid in the Franchisor's country from abroad.
Subparagraph c
The term "history of business activities" means a description that contains, among others, business establishment, business activities, and business development.
Subparagraph d
The term " organizational structure of the Franchisor or Sub-Franchisor" means the structure of the Franchisor's business organization or the Sub-Franchisor starting from the commissioner and the board of directors, or called by another name, to the operational level.
Subparagraph e
Self-explanatory.
Subparagraph f
Self-explanatory.
Subparagraph g
The term "number of franchise outlets/business premises" means the number of franchise outlets/business premises in accordance with:

a. regency/city domicile for the Franchisee from within the country or the continued Franchisee from the domestic Franchisee; or
b. the country of the domicile of the outlet/business premises for the Foreign Franchisor or the Sub-Franchisor from the foreign Franchisor.

Subparagraph h

The term “list of Franchisees or Sub-Franchisees” means a list of names and addresses of Franchisees or Sub-Franchisees, whether domiciled in Indonesia or abroad.

Subparagraph i

Self-explanatory.

Subparagraph j

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 6

Paragraph (1)

Self-explanatory.

Paragraph (2)

Subparagraph a

The term " names and address of the Franchisor or Sub-Franchisor and the Franchisee or Sub-Franchisee” means the clear name and address of the individual owner or the person in charge of the business entity that holds the Franchise Agreement.

Subparagraph b

Self-explanatory.

Subparagraph c

The term "business activities" is in accordance with the standard classification of the Indonesian business field from Franchisor or Sub-Franchisor.

Subparagraph d

Self-explanatory.

Subparagraph e

Self-explanatory.

Subparagraph f

The term "assistance, facilities, operational guidance, training, and marketing provided by the Franchisor or Sub-Franchisor to the Franchisee or Sub-Franchisee” includes facility assistance in the form of provision and maintenance of computers and communication technology programs and information management of business activities.

Subparagraph g

The term "business area" means the area limit given by the Franchisor or the Sub-Franchisor to the Franchisee or the Sub-Franchisee to develop the Franchise business such as the Sumatra, Java, and Bali regions throughout Indonesia.

Subparagraph h

Self-explanatory.

Subparagraph i

The term "term of the Franchise Agreement" means the limit on the start and end of the Franchise Agreement counted from the time the Franchise Agreement letter is signed by the Franchisee with the Franchisee with the Franchisor or the Sub-Franchisor with the Franchisee with the Sub-Franchisee.

Subparagraph j

The term "procedures for payment of fees/royalties" means the procedure or provision, including the time and method of calculating the amount of the reward, such as fee or royalty if agreed in the Franchise Agreement which is the responsibility of the Franchisee or the Sub-Franchisee.

Subparagraph k

The term "ownership and transfer of Franchise ownership" is in the event of a change in ownership due to the transfer of ownership of the Franchise or the death of the Franchise owner.

Subparagraph l

The term "dispute resolution" means the establishment of a dispute resolution forum, using the choice of Indonesian law.

Subparagraph m

The term "procedures for extension and termination of the Franchise Agreement" includes the provision that the termination of the Franchise Agreement may not be done unilaterally or the Franchise Agreement ends by itself if the period of time set in the Franchise Agreement expires. The Franchise Agreement may be extended again if desired by both parties with the terms set together.

Subparagraph n

The term "guarantees from the Franchisor or Sub-Franchisor to continue fulfilling its obligations to the Franchisee or Sub-Franchisee" means the fulfilment of rights and obligations in accordance with the contents of the Franchise Agreement until the term of the Franchise Agreement expires.

Subparagraph o

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 7

Self-explanatory.

Article 8

Self-explanatory.

Article 9

Self-explanatory.

Article 10

Self-explanatory.

Article 11

Self-explanatory.

Article 12
Self-explanatory.

Article 13
Self-explanatory.

Article 14
Self-explanatory.

Article 15
Self-explanatory.

Article 16
Self-explanatory.

Article 17
Self-explanatory.

Article 18
Self-explanatory.

Article 19
Self-explanatory.

Article 20
Self-explanatory.

Article 21
Self-explanatory.

Article 22
Self-explanatory.

Article 23
Self-explanatory.

Article 24
Self-explanatory.

Article 25
Self-explanatory.

Article 26
Self-explanatory.

Article 27
Self-explanatory.

Article 28
Paragraph (1)
Self-explanatory.
Paragraph (2)
Self-explanatory.
Paragraph (3)
Subparagraph a
Self-explanatory.

Subparagraph b
Self-explanatory.
Subparagraph c
Self-explanatory.
Subparagraph d
Self-explanatory.
Subparagraph e
Self-explanatory.
Subparagraph f
Self-explanatory.
Subparagraph g
Self-explanatory.
Subparagraph h
Self-explanatory.
Subparagraph i
The term "the status of intellectual property protection" includes the protection period, court decisions in court proceedings, and the transfer of intellectual property ownership.
Subparagraph j
Self-explanatory.
Paragraph (4)
Self-explanatory.

Article 29
Self-explanatory.

Article 30
Self-explanatory.

Article 31
Self-explanatory.

Article 32
Self-explanatory.

Article 33
Self-explanatory.

Article 34
Self-explanatory.

Article 35
Self-explanatory.

Article 36
Self-explanatory.

Article 37
Self-explanatory.

Article 38
Self-explanatory.

Article 39
Self-explanatory.

Article 40
Self-explanatory.

Article 41
Self-explanatory.

Article 42
Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 6986

ANNEX I TO
REGULATION OF THE GOVERNMNET OF THE REPUBLIC OF INDONESIA NUMBER 35 OF 2024
ON
FRANCHISES

FRANCHISE LOGO



Franchise Logo

LOGOTYPE ELEMENTS

1. Standard size with the main graphic element in the form of a box measuring 15,5x15,5 cm outer beveled box, ll,2xl2,2 cm rectangular box, and 5,7x9,8 cm inner rectangular box.
2. Color guide with *Blackmetallic* and *Siluermetallic*.
3. The word “WARALABA INDONESIA” (INDONESIAN FRANCHISE) with Bangla MN type and font size 27.5pt, letter 'W' with Cambria type and size 200pt, and the word "TERDAFTAR" (REGISTERED) with Gill Sans Light font.

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

JOKO WIDODO

ANNEX II TO
REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA NUMBER 35 OF 2024
ON
FRANCHISES

ANNUAL ACTIVITY REPORT OF FRANCHISOR / FRANCHISEE / SUB-FRANCHISOR / SUB-FRANCHISEE

(LETTER OF BUSINESS OF INDIVIDUAL OR BUSINESS ENTITY)

Number : .....,(date),(month),(year)
Annex :
About : Report of Annual Activities

Dear. Minister of Trade
Jl. M.l. Ridwan Rais No. 5, Building II 5th floor,
in
Jakarta.
[Head of the Nusantara Capital City Authority/Governor of the Special Capital Region of Jakarta Regent/Mayor...
up. Head of Service ... DKI Jakarta Province Regency/City ...
in ...]

1. The Name of the Company/ Business Entity :
2. Types of Business and Intellectual Property Franchised :
3. Franchisee
   a. Number of Franchisees/ Advanced Franchisees :
   b. Franchisee/ Advanced Franchisee who has STPW :
4. Outlet/Place of Business
   a. Number of self-managed outlets :
   b. The number of franchised outlets is :
5. Financial Statements that contain at least the Balance Sheet and Profit (Year of Individual Business Report/ Business Entity) :
6. Turnover (Reporting Year) :
7. Amount of Reward Paid (filled in by the Franchisee/Continued Franchisee)
   a. Franchise Fee :
   b. Royalty Fee :
8. Amount of Rewards Received (filled by the Franchisee Continued Franchisee)
   a. Franchise Fee :
   b. Royalty Fee :
9. Raw Material Processing in Indonesia :
   a. There is (mention)
   b. There Is No
10. Raw Material Management in Indonesia
    a. There is (mention) :
    b. There is no :
11. Number of Labour
    a. National :
    b. Foreign :
12. Status of Intellectual Property Protection :
13. Forms of Continuous Support that have been Given by the Franchisee/ Advanced Franchisee
    a. training on the system Franchise management :
    b. operation management guidance :

c. Promotional activities :
d. product research that are marketed :
e. market development :
f. other forms of development (mention if any) :

Thus, we actually made this report.

(place), (date) (Month) (year)
(signature and stamp)
(Director's Name or what is called by another name)

Note: If it is not enough, it can be made in the attachment.

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

JOKO WIDODO