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Transformation of the Ministry of State-Owned Enterprises into the State-Owned Enterprises Regulatory Agency – Latest Amendments to the State-Owned Enterprises Law

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On 6 October 2025, Law No. 16 of 2025 on the Fourth Amendment to Law No. 19 of 2003 regarding State-Owned Enterprises ("**Law 16/2025**") was officially enacted and came into effect.

Among the salient points of changes noted from Law 16/2025 are the following:

Law 16/2025 introduces the State-Owned Enterprises Regulatory Agency or Badan Pengaturan BUMN ("**BP BUMN**") as a government agency replacing the Minister of SOEs in holding the one percent golden shares (Dwiwarna Series A shares) in every SOE on behalf of the Republic of Indonesia, which grants BP BUMN certain veto rights at the General Meeting of Shareholders level in each SOE. BP BUMN is established by changing the name and function of the former Ministry of State-Owned Enterprises.

BP BUMN will function primarily as a regulatory body responsible for formulating policies and overseeing the implementation of policies related to the management of SOEs; while Danantara will assume the role of managing of all operation and investment aspects of SOEs.

Law 16/2025 brings new clarity to the provisions governing members of the Board of Directors and Board of Commissioners of SOEs. The key changes include:

- Conflicts of interest prohibited: State officials, including Ministers and deputy ministers, are prohibited from serving as SOE directors or commissioners. Hence, any state official appointed to such a board must resign from their government position.
- Foreign directors allowed: The appointment of foreign directors to an SOE's Board of Directors is now possible, subject to the discretion of BP BUMN.
- Designation as state officials: The law resolves prior legal inconsistency by removing the provision that specified directors and commissioners are not state officials, effectively clarifying that they are considered state officials under anti-corruption laws.

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