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I. India – Digital Personal Data Protection Rules Notified

インド電子情報技術省は 2025 年 11 月 13 日、デジタル個人データ保護規則を制定し、これにより 2023 年制定のデジタル個人データ保護法の実質的な運用が開始されることとなった。同規則では施行時期を即時から 18 ヶ月後までの 3 段階に設定し、データ保護委員会の設置は直ちに発効するが、プライバシー通知やデータ侵害報告などの企業が負う主要な義務は 2027 年 5 月以降の適用となる。本稿では、この段階的施行の詳細及び企業目線での必要な対応について解説する。

Introduction

Following the enactment of the Digital Personal Data Protection Act, 2023 (“**DPDPA**”) in August 2023, on 3 January 2025, the Ministry of Electronics and Information Technology (“**MEITY**”) had released a draft of the Digital Personal Data Protection Rules, 2025 for public consultation. After a comprehensive public consultation process and further iterations, on 13 November 2025, MEITY has notified the Digital Personal Data Protection Rules, 2025 (“**DPDP Rules**”), along with a three-phased implementation schedule (ranging from effective immediately to 18 months following the date of notification) for both the DPDPA and the DPDP Rules. The notification of the DPDP Rules is a key step in operationalizing a new era of data protection in India.

Key Provisions of the DPDP Rules**Phased Implementation of the DPDPA and DPDP Rules:**

(i) First Phase – Effective Immediately

As was expected, the first phase that becomes effective immediately relates to the constitution, functioning and staffing of the Data Protection Board of India, the authority that will oversee the implementation and enforcement of the DPDPA. Together with the notification of the DPDP Rules,

MEITY has also issued a notification establishing the Data Protection Board of India and setting out details regarding its composition, meeting procedures, timelines and digital functioning. Interestingly, the DPDP Rules provide that the Data Protection Board will function as a digital office and may conduct proceedings without requiring any physical presence of individuals but will have the powers akin to civil courts to summon and examine persons under oath.

(ii) Second Phase – Effective 12 months from the date of the DPDP Rules

The relevant provisions of the DPDPA and DPDP Rules regarding the registration and obligations of Consent Managers will come into effect from 13 November 2026. The DPDP Rules set out detailed conditions and requirements for registration as Consent Manager and also set out provisions regarding the removal or suspension of a Consent Manager in certain circumstances.

(iii) Third and Final Phase – Effective 18 months from the date of the DPDP Rules

All other provisions of the DPDPA and DPDP Rules including obligations of data fiduciaries, issuance of privacy notices, rights of data principals, breach reporting, handling of children's data, cross-border transfers, grievance redressal, appeals, government information requests will come into effect from 13 May 2027 marking the day on which the DPDPA will become fully operational.

Notice Requirements

As required under the DPDPA, privacy notices must be in clear and plain language and must contain information pertaining to the data being collected, purpose for collection, processing of data etc. In addition to this, the DPDP Rules provide that notices must also include communication links for accessing the website or application of the data fiduciary and mechanisms to allow the data principal to (a) withdraw consent; (b) exercise its rights; and (c) make a complaint with the Data Protection Board.

Data Storage Obligations

The DPDP Rules set out the requirement for data fiduciaries to retain personal data, associated traffic data and processing logs for a period of at least one year from the date of processing for the following purposes: (i) to facilitate the State or any of its instrumentalities to act in the interest of sovereignty, integrity, security of the country, performance of any function under any law, or disclosure of information to fulfil any legal obligation; and (ii) for assessing whether a data fiduciary should be notified as a significant data fiduciary. In addition, for data fiduciaries such as social media intermediaries, gaming intermediaries and e-commerce intermediaries meeting certain thresholds, the DPDP Rules prescribe the maximum timeline for retention of personal data by such intermediaries.

Grievance redressal

The DPDP Rules specify that any grievances raised by data principals must be redressed within a maximum of ninety days by data fiduciaries and consent managers.

Processing of Children's Personal Data

For data fiduciaries offering services or products to children, the DPDP Rules prescribe detailed requirements for obtaining verifiable consent from parents as well as to conduct due diligence of the person identifying themselves as the parent. Due diligence may be carried out through means such as information regarding identity and age voluntarily provided by the parent/guardian or through a virtual token mapped to such details issued by an authorised entity such as a Digital Locker services provider. The DPDP Rules also set out a list of data fiduciaries such as health care providers, educational institutions, day care centres that would be exempted from the requirements to obtain verifiable consent.

Reasonable Security Safeguards

The DPDPA and DPDP Rules require data fiduciaries to implement reasonable security safeguards to protect the personal data under their control and possession (including where processing has been outsourced to data processors). The DPDP Rules allow businesses flexibility to determine the nature of such security safeguards but at the minimum require that measures such as encryption, masking or use of virtual tokens, access controls to computer resources, monitoring to prevent or detect unauthorised access and backups and other organizational and technical measures are implemented to ensure adequate protection. The DPDP Rules also require that appropriate provisions for implementation of reasonable security measures must also be included in contracts executed between data fiduciaries and data processors.

Data Breach Notification

In case of a data breach, the DPDP Rules require that (i) a notification without delay is issued to affected data principals with a description of the breach, timing, consequences, mitigation steps, safety measures that the data principal may undertake and contact details of a responsible officer; and (ii) a notification to the Data Protection Board is issued without delay containing the description, timing and nature of breach followed by a detailed report within 72 hours, including broad facts of the incident, findings regarding identity of the person who caused the breach, remedial measures, report regarding notifications sent to affected data principals.

Cross-Border Transfer of Data

The provisions regarding cross-border transfer of personal data have not been amended from those contained in the draft rules. The DPDP Rules continue to provide that cross-border transfers to any foreign government, person or entity would be subject to the data fiduciary meeting such requirements as the Central Government may, by general or special order, specify. It is expected that such orders may be issued during the course of the 18 months in which the DPDPA will be operationalized.

Other Provisions

The notified DPDP Rules also include other provisions regarding detailed information to be set out in privacy notices, requirement to obtain verifiable consent for processing data of persons with disability, contact information of relevant person for grievance redressal, additional obligations for significant data fiduciaries etc. These provisions are in line with the draft rules issued in January with minor revisions.

Next Steps

In terms of next steps, given the timeline of 18 months for the DPDPA to become fully effective, data fiduciaries should utilize the time to lay down the groundwork for implementation. Amongst others, data fiduciaries must (i) review and update existing data privacy policies to ensure compliance with the DPDPA, (ii) prepare or update the privacy notices in plain and clear language containing the information as required under the DPDPA and the DPDP Rules and have versions ready in the multiple Indian languages, (iii) take steps to implement security measures to protect personal data in data fiduciaries custody (including data processing that is or will be outsourced), (iv) execute new contracts with data processors in line with the requirements under the DPDPA, and (v) establish proper governance and structures for responding to data principal requests, notifying data breaches and addressing grievances.

[Author]



Rashmi Grover (Nagashima Ohno & Tsunematsu Singapore LLP Partner)
rashmi.grover@nagashima.com

Rashmi Grover is an attorney in the Singapore Office. She is qualified in India and the UK. Her areas of practice include mergers and acquisitions, private equity and general corporate. She has extensive experience working in the Indian market and advising clients on corporate commercial and finance transactions including transactions involving mergers, acquisitions, formation of joint ventures, private equity investments, business/asset acquisition transactions, regulatory filings and debt issuances.

II. Key Takeaways and Implications of New BKPM Regulation for Indonesia's Risk-Based Business Licensing Framework and Investment

2025 年 10 月 2 日、インドネシアの投資・下流化省／投資調整庁の新たな規則（2025 年 BKPM 規則第 5 号）が施行された。新規則による主要な改正点としては、外資企業設立時の最低払込資本金要件が従来の 100 億ルピアから 25 億ルピアへと実質的に引き下げられた一方、資本金の 12 ヶ月間の保持が新たに義務化された点が挙げられる。さらに、投資活動報告に基づくコンプライアンス監督機能も強化された。本稿では新規則の要点と投資家への実務的影響について解説する。

Background

As mandated by Government Regulation No. 28 of 2025 on Risk-Based Business Licensing Implementation (“**GR 28/2025**”), the Minister of Investment and Downstream Industry/Head of the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or “**BKPM**”) has officially issued Regulation No. 5 of 2025 on Guidelines and Procedures for the Implementation of Risk-Based Business Licensing and Investment Facilities Through the Electronically Integrated Business Licensing System (Online Single Submission or “**OSS**”) on 1 October 2025 (“**BKPM Regulation 5/2025**”).

Effective as of 2 October 2025, BKPM Regulation 5/2025 revokes and consolidates all provisions that were introduced under BKPM regulations Nos. 3, 4, and 5 of 2021 into a single unified regulation, marking a significant step in Indonesia's efforts to modernize and streamline investment procedures.

Key Takeaways and Implications

Below are some of the notable updates and implications of BKPM Regulation 5/2025 on the risk-based business licensing framework and foreign investment in Indonesia:

Minimum Paid-Up Capital Requirements and Mandatory Retention Period

The IDR 2.5 billion paid-up capital requirement for a foreign direct investment company (“**PMA Company**”) was first introduced under a 2013 BKPM regulation and has since been reiterated several times. This rule was later changed by BKPM Regulation No. 4 of 2021 which required foreign investors to inject at least IDR 10 billion in paid-up capital before incorporation of a PMA Company.

Committing the full amount of IDR 10 billion could have possibly discouraged many businesses and service-sector entrants, thereby reducing Indonesia's competitiveness in foreign investment amongst ASEAN countries. In light of this, after more than a decade, Indonesia has finally lowered the minimum paid-up capital requirement back to IDR 2.5 billion through BKPM Regulation 5/2025, allowing the PMA Company to commit funds progressively through project realization rather than a single upfront injection. In other words, only IDR 2.5 billion in cash needs to be deposited into the company's bank account. The remaining IDR 7.5 billion may consist of assets and expenditure such as machinery, equipment, vehicles, and other expenses.

The reduced minimum paid-up capital, however, does not apply to highly regulated industries, such as companies in the financial sectors that are under the supervision of Indonesian Financial Services Authority (*Otoritas Jasa Keuangan* or OJK). Existing PMA Companies that previously injected IDR 10 billion remain fully compliant, as BKPM Regulation 5/2025 does not apply retroactively.

In order to reinforce capital commitment, the minimum issued and paid-up capital must remain in the company's bank account for at least 12 months from the date of placement unless it is used for legitimate activities related to asset purchases, building construction, or business operations. This restriction must be declared through a self-declaration (commitment statement) by the business actor when applying for a business license through the OSS system.

Changes to Minimum Investment Threshold in Certain Sectors

PMA Company is classified as a large-scale enterprise under Indonesia's investment rules. Accordingly, BKPM Regulation 5/2025 continues to retain the general requirement of a minimum total investment value of more than IDR 10 billion (excluding land and building) per 5-digit of Indonesian Standard Industrial Classification ("KBLI") per project location for PMA Company, except for the following sectors where the investment threshold applies differently:

Sectors	Minimum Investment Value
Wholesale Trade	more than IDR 10 billion (excluding land and buildings) applies for each initial 4-digits of KBLI
Food and Beverage Services	more than IDR 10 billion (excluding land and buildings) applies for each initial 2-digits of KBLI per one location point. BKPM Regulation 5/2025 further clarifies that "one location point" for food and beverage services shall be construed as per district (kabupaten) or city (kota).
Construction Services	more than IDR 10 billion (excluding land and buildings) applies for each initial 4-digits of KBLI
Manufacturing Services for multiple products produced in one production line	more than IDR 10 billion (excluding land and buildings) for each initial 4-digits of KBLI
Property Development:	
a. Individual property units outside integrated projects	more than IDR 10 billion (excluding land and buildings)
b. Integrated projects (entire buildings or housing complexes)	more than IDR 10 billion (including land and buildings)
Electronic Vehicle Charging Station	more than IDR 10 billion (excluding land and buildings) within one province

In addition, those engaged in property, accommodation, agriculture, plantation, livestock, and aquaculture may include land and buildings to fulfil the minimum foreign investment value requirement.

Timeline for the Commencement of Commercial and/or Operational Activities

BKPM Regulation 5/2025 now provides for the estimation of commencement of operations and/or

commercial activities for various business activities. The estimated timeline is stipulated under Annex II of BKPM Regulation 5/2025.

Article 38(1) of BKPM Regulation 5/2025 defines the estimated period for the commencement of operational and/or commercial activities as the time required by the business actor to carry out preparations, construction/development, up to operations and/or commercialization. It will be used by the OSS body and other authorized institutions in Indonesia to monitor the investment realization. This would mean that PMA Company is expected to realize the investment value prior to the commencement of operation and/or commercial activities.

For instance, food and beverage service shall commence its operational and/or commercial activities after one year if infrastructure development is not needed, and a maximum of three years if infrastructure development is needed. Even though the estimated timeline in this instance states after one year, the commencement of operational and/or commercial activities can begin earlier. However, we need to wait and see how this provision will be implemented.

Strengthened Investment Supervision Measures

In terms of Investment Activity Report (*Laporan Kegiatan Penanaman Modal* or “**LKPM**”) obligations, business actors are required to submit reports on the realization of their investment and fulfillment of investment obligations for each business activity and location, which now includes both primary business and supporting business activities. Under BKPM Regulation 5/2025, BKPM strengthens its investment supervision measures by conducting business actor profiling through LKPM. Business actors will have a profile consisting of data sourced from LKPM that is verified and evaluated against specific compliance parameters. It allows BKPM to monitor business operations, identify potential non-compliance, and categorize business actors according to their compliance behavior.

LKPM is processed and evaluated automatically through the OSS system, based on which each business actor is assigned to a compliance score and category (i.e., either very good (81-100), good (60-80), fair (40-59), or poor (0-39)). It becomes a basis for determining the compliance profile of the business actors and follow-up actions, which may include:

1. Coaching/mentoring that is carried out to improve the quality of compliance with the applicable requirements and business licensing;
2. Imposition of administrative sanctions which shall be imposed for business actors with a compliance level of “fair” or “poor”; and/or
3. Field inspections that are conducted through regular and incidental supervision.

BKPM also extends the LKPM submission period by five days, from the 10th to the 15th of each reporting month. Moreover, BKPM Regulation 5/2025 exempts several categories from submitting the LKPM. Previously, micro-scale enterprises, the upstream oil and gas sector, banking and non-banking financial institutions and insurance companies were not mandatorily required to submit LKPM. Now, only micro-scale enterprises and businesses whose financing is sourced from the state revenue and expenditure budget (APBN) or regional revenue and expenditure budget (APBD) are excluded from the reporting obligation.

In terms of the imposition of various administrative sanctions for violations of LKPM submission obligations,

BKPM Regulation 5/2025 introduces a new criterion for business actors who specifically fail to submit the LKPM upon investment realization and related obligations. The company would be imposed with structured and tiered administrative sanctions for non-compliance with LKPM reporting requirements if it fails to submit the LKPM for the first time or during the preparation stage, without any additional value of investment realization, for four quarters in a row.

Additional Requirements for Revenue-Generating Supporting Business Activities

Under GR 28/2025, supporting business activities are permitted to generate revenue and are exempt from several administrative requirements, including minimum capital and investment value. However, BKPM Regulation 5/2025 overturns the initial provisions of GR 28/2025 as it stipulates additional requirements for revenue-generating supporting activities, whereby a PMA Company needs to include supporting business activities in its articles of association and needs to meet the minimum investment value and capital requirement if the supporting business activities are considered as a source of funding and generating profit for the company.

Ease of Business Licensing Application without Basic Requirements

GR 28/2025 requires all business actors to fulfil basic requirements (see our previous [newsletter](#) for a summary of this government regulation). BKPM Regulation 5/2025 further added the facilitation of the licensing process for businesses operating in shared commercial or service buildings. Now, it allows business actors to utilize the existing spatial and building permits (e.g., PL, PBG, SLF) held by the building owner or manager for obtaining business licenses through the OSS system. This facilitation is provided for business activities in trade or services that do not require the construction of buildings.

Business actors are only required to submit supporting documents, such as a valid lease agreement, the Business Identification Number (“**NIB**”) of both parties, and copies of the owner’s or manager’s licenses. If the building or complex is managed by the central or regional government, business actors may be exempted from the obligation to attach a NIB and other basic documents during the licensing process.

Accelerated Licensing of High-Risk Business Activities

Business actors engaged in high-risk business activities that are located in Special Economic Zones (KEK), Free Trade Zones (KBE), or Industrial Estates and/or are part of National Strategic Projects are entitled to accelerated business licensing. In general, business actors can obtain a permit marked as issued under the accelerated scheme, allowing them to undertake business preparation activities even if all requirements have not yet been fully met. Subject to subsequent audit or supervision by the relevant authorities, the business actor is still required to fulfill the necessary licensing requirements thereafter.

Transitional Provision

Business actors who have obtained their valid and verified business and supporting licenses prior to the enactment of BKPM Regulation 5/2025 are not required to adjust to the new licensing provisions and may continue to operate based on the provisions of their current licenses. They are exempt from compliance with the new regulation unless the BKPM Regulation 5/2025 offers more favorable conditions.

PMA companies that (i) relocate their business or renew a risk-based business license prior to 2 October 2025 and (ii) expand their business activities under the same approved business license will continue to follow and comply with the capital and minimum investment requirements outlined in the licenses that were issued, verified, and are still valid.

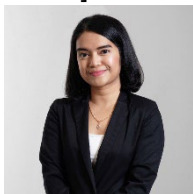
Furthermore, applications for basic requirements, business or supporting licenses, and/or investment facilities that are still being processed in the OSS system before the enactment of BKPM Regulation 5/2025 will continue to be processed in accordance with the previous BKPM regulations.

Conclusion

BKPM Regulation 5/2025 marks the full implementation of Indonesia's risk-based business licensing reform. Compared to the previous BKPM regulations framework, the BKPM 5/2025 Regulation introduces several enhancements, most notably, it integrates licensing procedures and investment supervision into a single regulation, imposes stricter capital rules through capital retention requirement, introduces greater clarity of investment realization, calibrates LKPM reporting obligations according to business scale and embeds enforcement provisions directly into the licensing framework.

Business actors are advised to pay close attention to the implementation of new investment requirements and ensure compliance with active business licenses as BKPM strengthens its compliance monitoring and supervision framework.

[Author]

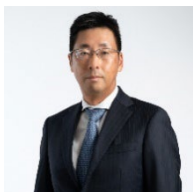


Luciana Fransiska (Nagashima Ohno & Tsunematsu Singapore LLP)
luciana.fransiska@nagashima.com

Luciana is an Indonesian qualified attorney in the Singapore Office. She graduated from the Faculty of Law University of Indonesia with Cum Laude predicate in early 2014 and obtained her LL.M. degree in 2020 with distinction from Tilburg University, the Netherlands.

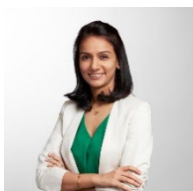
Prior to joining NO&T, Luciana worked at one of the most prominent law firms in Indonesia. She has extensive experiences in representing both private and public companies on mergers & acquisitions transactions, foreign direct investment and other general corporate matters. Her clients include companies from various industries, including consumer goods, mining, real estate and TMT.

[EDITORS' PROFILES]



Nobuo Fukui (Nagashima Ohno & Tsunematsu Singapore LLP Partner)
nobuo.fukui@nagashima.com

Nobuo Fukui is a partner at Nagashima Ohno & Tsunematsu and a representative of its Singapore Office (Nagashima Ohno & Tsunematsu Singapore LLP). He has been stationed in Singapore since 2013 and providing legal services mainly to Japanese companies and its affiliates to expand their business into south-east Asian countries. He is a graduate of the University of Tokyo (LL.B., 2001) and Duke Law School (LL.M., 2009). He was admitted to the Japan Bar in 2003 and New York State Bar in 2010. He worked as a foreign lawyer at Widyawan & Partners (Jakarta) from 2010 to 2013, focusing on Indonesian legal practice, and he has extensive legal experience in the Indonesia related transactions.



Rashmi Grover (Nagashima Ohno & Tsunematsu Singapore LLP Partner)
rashmi.grover@nagashima.com

Rashmi Grover is an attorney in the Singapore Office. She is qualified in India and the UK. Her areas of practice include mergers and acquisitions, private equity and general corporate. She has extensive experience working in the Indian market and advising clients on corporate commercial and finance transactions including transactions involving mergers, acquisitions, formation of joint ventures, private equity investments, business/asset acquisition transactions, regulatory filings and debt issuances.

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