

Execution of Foreign Arbitration Award

Procedures for Asset Auction and Disbursement of Proceeds in Practice

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For execution purpose in Indonesia, a Foreign Arbitration Award ("**Award**") shall firstly go through series of court stipulation process at the Central Jakarta District Court (Pengadilan Negeri Jakarta Pusat). These include issuance of:

- a. Deed of Registration;
- b. Execution Stipulation (Penetapan Eksekutor);
- c. Warning Stipulation (Penetapan Aanmaning);
- d. Asset Seizure Stipulation (Penetapan Sita) or Bank Account Block Stipulation (Penetapan Pemblokiran Rekening); and
- e. Asset Auction (Penetapan Lelang) or Bank Account Disbursement Stipulation (Penetapan Pencairan Rekening)

In this article we will elaborate the procedures for Asset Auction Stipulation (Penetapan Lelang) and disbursement of proceeds based on practices (step by step). Please note that characteristic of this auction is the auction through court execution.

General Requirements

Auction Stipulation shall only be requested after obtaining the Deed of Registration and stipulations as referred to in point a to d above.

Applicant

Asset auction can be requested by the principal or its attorney ("**Applicant**")

Request to the Central Jakarta District Court in Writing

The Applicant submits a request in writing to the Central Jakarta District Court ("**Court**").

Distribution to Court relevant staffs

The general section of the Court shall distribute the application to the Head of the Court who will thereafter forward such to the relevant Bailiff;

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Case Background preparation

The Bailiff will prepare a case background ("**Resume**"). This document contains information such as the content of the Award, the series of court stipulation issued to date, asset requested for auction etc.

Case Background Approval

The Resume shall be distributed to the Registrar and the Head of the Court for review. If approved, than the Resume shall be returned to the Bailiff in order to proceed further with the application.

There might be situations where the Registrar or the Head of the Court request additional information or clarification to the Bailiff prior approval. These conditions shall require the Bailiff to revise the present Resume and re-distribute its revised version to the Registrar and Head of the Court for review and approval.

Court Fee payment

Once the Resume has been approved, the Bailiff shall inform the Applicant to pay for the Court Fee (Surat Kuasa Untuk Membayar/"**SKUM**"). SKUM shall be paid by the Applicant through the court designated bank.

The SKUM includes costs for newspaper announcement, auction process until obtaining of the proceeds.

Court Stipulation preparation

Upon payment of the SKUM, the Bailiff shall proceed to prepare the Auction Stipulation ("**Auction Stipulation**"). This document generally contains information similar to the Resume with request to the Court Registrar to carryout auction of the asset in request.

Court Stipulation Approval

The Auction Stipulation shall be distributed to the Registrar and the Head of the Court for signing and thereafter re-distributed to the Bailiff.

Obtaining of the Court Stipulation

Upon receiving the duly executed Auction Stipulation by the Bailiff, the Applicant may approach the Bailiff to obtain copy of such document.

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Asset Appraisal

Upon issuance of the Auction Stipulation, the Bailiff shall request the Applicant to provide an asset appraisal report from an independent appraiser. For this purpose the Applicant shall firstly request the Head of the Court to appoint an independent Appraiser.

At the same the Court shall also proceed to request for asset value information from the relevant Sub-District and Tax offices.

Asset Value appraised

Upon issuance of the Asset Appraisal Report, the Applicant is required to forward such document to the Court.

Auction Limit Price

Once the Asset Appraisal Report and the Asset Valued Information from the Sub-District and Tax Office have been received, the Head of the District Court shall proceed to determine the Auction Limit Price.

The noted formulae to determine such is:

Asset Appraisal Value + Asset Value (Sub-District Office) + Asset Value (Tax Office) / 3

Asset Registration Information

Thereafter the Court shall also request the Land Office to provide legal information regarding the asset requested for auction (Surat Keterangan Pendaftaran Tanah/SKPT). This document provides information on the current legal status of the land such as the rights holder of the land and building, the validity period of the land title, mortgage information etc.

Request for Auction Schedule

Upon fully receiving of the above documents and the price limit having determined the Court will forward such to the Auction Office (Kantor Pelayanan Kekayaan Negara dan Lelang/"KPKNL") and request for auction schedule.

Court Auction

Upon receiving the auction schedule from the KPKNL, the Court shall twice publicize the

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Schedule and potential buyers

auction schedule in newspaper.

No later than 1 day prior to the auction schedule, bidders shall pay auction guarantee (jaminan uang lelang) to the KPKNL.

Auction Buyer

During the auction date, the auction buyer shall pay the purchase price through KPKNL's virtual auction. KPKNL shall then deduct such amount for auction relevant taxes.

Obtaining of Auction Proceeds

The KPKNL shall forward the auction proceeds to the Court which shall thereafter disburse such amount to the Applicant upon request in writing. Upon such request in writing, the Court shall issue a bank cheque to Applicant.

Please note that at this stage there might be conditions where the proceeds shall be divided to mortgage holders, co-seizure holders etc (as the case may be).

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[How Central Jakarta Delegates The Court Stipulation To Other Courts?](#)

[How Do Applicants Request For An Asset Appraisal Report For Auction?](#)

[How Do Appraiser Staffs Carry Out Investigation at Opponent's Asset?](#)

[Auction of Expired Land Title](#)

[KPKNL: Mortgage Holder vs. Applicant](#)

[What If There Is No Auction Buyer On The Auction Date?](#)

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