

Legal Protection for Investors against Fraud by Market Manipulation in the Indonesian Capital Market

Yogi Muhammad Rahman¹, Lalu Saipudin², AH. Asari Taufiqur-rohman³, Anik Kunantiyorini⁴, Taufiq⁵,

¹Galuh Ciamis University, Indonesia, Email: yogimr41.lawoffice@gmail.com

²University of Mataram, Indonesia, Email : gayeplaw@gmail.com

³Pekalongan University, Indonesia, Email : arry.ahatr@gmail.com

⁴Pekalongan University, Indonesia, Email : akunantiyorini@gmail.com

⁵Pekalongan University, Indonesia, Email : taufiqunikal@gmail.com

Abstract

Fraudulent acts through market manipulation in the capital market can lead to investors receiving false information in their investment decisions, resulting in unprotected investor funds and unsustainable capital market industry operations. This article employs a normative legal method. Market price manipulation in the capital market falls under the category of fraud in the capital market as it is done with the intention of self-gain and deception, creating a semblance not based on actual material facts to influence others to buy, sell, or hold securities. Protection for investors can be achieved through two approaches: preventive measures by mandating all issuers to adhere to the principle of full disclosure supervised by the Financial Services Authority, and criminal measures where perpetrators of fraud in the capital market can face sanctions of up to 10 years imprisonment or fines of Rp 15 billion following Article 104 of the Capital Market Law. However, existing regulations are still insufficient in protecting the legal interests of investors from fraudulent activities in the capital market due to several factors including the ineffectiveness of the Capital Market Law, weak law enforcement, lack of legal protection mechanisms for investors who suffer losses due to market manipulation, and sanctions deemed ineffective.

Keywords: Capital Market, Legal Protection, Fraud by Market Manipulation, Investors

1. INTRODUCTION

The current economic activities in Indonesia have experienced strengthening, with resilient permanent economic growth amidst the global economic slowdown. This phenomenon is closely related to both domestic financing originating from the government/society and foreign investments. Currently, the public can invest capital through banking institutions, financing forums, and capital markets. The capital market serves as a platform to connect Investors and issuers. Investors comprise both individual and institutional investors, while the recipients

of funds from investors are issuers or companies or enterprises in need of funds for working capital or investment purposes.¹

The capital market, or stock exchange/stock market as classically understood, is defined as a field of business involving the trading of securities such as stocks, stock certificates, bonds, or the like in general.² A more specific definition of the capital market is provided in Article 1 Number 13 of Law Number 08 of 1995 concerning the Capital Market, which encompasses activities related to the public offering and trading of securities, public companies related to the securities they issue, as well as institutions and professions associated with securities. These activities are protected by a legal framework that highly upholds the principle of transparency.

The principle of transparency in the capital market pertains to material information or facts, as such information or facts can determine prices in the capital market.³ Article 1, paragraph 7 of Law Number 8 of 1995 concerning the Capital Market defines material information or facts as information that is important and relevant regarding incidents, events, or information that can affect prices on the Exchange and/or the decisions of investors, prospective investors, or other interested parties regarding the issue or information. Information that must be disclosed to the public is careful and complete according to the company's circumstances⁴ The principle of transparency serves as a foundation for consideration by market participants in conducting capital market activities rationally.

The principle of transparency in the capital market, in practice, still encounters several companies that fail to adhere to it. This is attributed to the fact that the sustainability of capital market transactions, which are inherently complex, inevitably gives rise to crimes committed by the market participants themselves. The occurrence of crimes and violations in the capital market is generally caused by several factors, including the errors of the participants, weaknesses in the authorities, encompassing integrity and professionalism, and deficiencies in regulations.

One of the crimes occurring in the operation of the capital market is the offence of fraud. Fraud offences in the capital market are sometimes imperceptible to investors because they are carried out in various ways. Fraud through market manipulation in the capital market can lead to investors receiving false information for investment, consequently resulting in the unprotected funds of investors and the unsustainable operation of the capital market industry. Hence, it is imperative for the public to thoroughly understand the capital market and its fraudulent offences.

Based on the aforementioned reasons, the purpose of this research is to describe and elaborate how fraudulent activities manipulate the Market on the Capital Market

1 Puspita Citra Permata and Muhammad Abdul Ghoni, "Peranan Pasar Modal Dalam Perekonomian Negara Indonesia," *Jurnal Akuntansi (JAS)* 5, no. 2 (2019): 50–61, <https://doi.org/DOI: https://jurnal.univbinainsan.ac.id/index.php/jas/article/view/680>.

2 I. Suardana, Nengah Mahendrawati Ni Luh, and Ni Gusti Ketut Sri Astiti, "Perlindungan Hukum Terhadap Investor Berdasarkan Prinsip Keterbukaan Oleh Emiten Di Pasar Modal," *Jurnal Analogi Hukum* 2, no. 2 (2020): 182–86, https://doi.org/DOI: https://www.ejournal.warmadewa.ac.id/index.php/analogi_hukum/article/view/1918.

3 Desyanti Suka Asih K. Tus, "Karakteristik Prinsip Keterbukaan Dalam Hukum Pasar Modal Di Indonesia," *Jurnal Advokasi*, 6(1), 2016, 9–22, <https://doi.org/DOI: https://web.archive.org/web/20180413024640id/http://ojs.unmas.ac.id/index.php/advokasi/article/viewFile/470/430>.

4 Rahma Putri Prana, "Peran Notaris Sebagai Profesi Penunjang Pasar Modal Dalam Upaya Perlindungan Hukum Terhadap Investor Untuk Menghindari Kerugian Akibat Praktik Manipulasi Pasar Di Pasar Modal," *Repertorium: Jurnal Ilmiah Hukum Kenotariatan* 7, no. 1 (2019): 43–55, <https://doi.org/10.28946/rpt.v7i1.267>.

and what legal protections exist for Investors against fraudulent market manipulation practices on the Capital Market.

This study employs normative legal research methodology or legal research utilizing a literature review.⁵ Normative legal research seeks to uncover the philosophical underpinnings, official standards, and structures that govern specific issues.⁶ The main characteristics of normative legal research in conducting legal studies lie in the data source, namely secondary data sources. It consisted of primary legal materials, secondary legal materials, and tertiary legal materials.⁷ Primary legal materials are various international provisions or regulations, and statutory regulations. Normative legal research focuses on legal norms within international and national laws, employing a statutory approach.⁸ Secondary legal materials include literature in the form of books, articles, journals, papers, and related data, while tertiary legal materials involve online resources pertinent to the research.⁹

2. ANALYSIS AND DISCUSSION

2.1. Fraud Offense through Market Manipulation in the Capital Market

Offences in the field of the capital market have their characteristics, namely, among others, the “goods” that are the object of the offence are information, besides that the perpetrator of the offence does not rely on physical abilities, but more relies on the ability to read market situations and exploit them for personal gain.¹⁰ Fraud offence with market manipulation that occurs in the capital market is a crime listed in Law Number 8 of 1995 concerning the Capital Market.¹¹ In Article 90 and Article 90 c of Law number 8 of 1995 concerning the Capital Market, fraud is defined as making untrue statements about material facts or not disclosing material facts so that the statements made are not misleading about the circumstances that occur at the time the statement is made to benefit or avoid losses for oneself or others or to influence others to buy or sell securities. Fraud offences in the capital market can only occur in the secondary market, namely in the stock exchange, and are different from ordinary fraud offences.¹²

5 Kornelius Benuf, Siti Mahmudah, and Ery Agus Priyono, “Perlindungan Hukum Terhadap Keamanan Data Konsumen Financial Technology Di Indonesia,” *Refleksi Hukum: Jurnal Ilmu Hukum* 3, no. 2 (2019): 145–60, <https://doi.org/10.24246/jrh.2019.v3.i2.p145-160>.

6 Ridwan, Belardo Prasetya Mega Jaya, and Sarah Haderizqi Imani, “The Implementation of General Principles of Convention on The Rights of The Child During Covid-19 Pandemic in The City of Serang,” *Law Reform: Jurnal Pembaharuan Hukum* 18, no. 1 (2022): 16–27, <https://doi.org/10.14710/lr.v18i1.44643>.

7 Belardo Prasetya Mega Jaya et al., “Republic of Indonesia Sovereign Right in North Natuna Sea According to United Nations Convention on the Law of the Sea 1982,” *Australian Journal of Maritime and Ocean Affairs* 16, no. 1 (2024): 127–40, <https://doi.org/10.1080/18366503.2023.2206261>.

8 Belardo Prasetya Mega Jaya et al., “Criticising the Implementation of the ACTIP in Southeast Asia,” *Sriwijaya Law Review* 7, no. 2 (2023): 350–67, <https://doi.org/10.28946/slrev.Vol7.Iss2.2542.pp350-367>, particularly women and children, led to the establishment of the ASEAN Convention Against Trafficking in Persons, Especially Women and Children (ACTIP).

9 Benny Irawan et al., “State Responsibility and Strategy in Preventing and Protecting Indonesian Fisheries Crews Working on Foreign Fishing Vessels from Modern Slavery,” *Australian Journal of Maritime and Ocean Affairs*, no. March (2024), <https://doi.org/10.1080/18366503.2024.2333107>.

10 Defrando Sambuaga, “Kejahatan Dan Pelanggaran Di Bidang Pasar Modal” 4, no. 5 (2016): 156–63, <https://doi.org/DOI: https://ejournal.unsrat.ac.id/index.php/lexprivatum/article/view/12653>.

11 Meiske T. Sondakh Septian William Jusuf, Max Sepang, “Tinjauan Yuridis Tindak Pidana Penipuan Dalam Bidang Pasar Modal Menurut Undang-Undang Nomor 8 Tahun 1995,” *Lex Crimen* 10, no. 1 (2021): 22–29, <https://ejournal.unsrat.ac.id/index.php/lexcrimen/article/view/32021%0Ahttps://ejournal.unsrat.ac.id/index.php/lexcrimen/article/download/32021/30406>.

12 M Lumowa, Karel Yossi Umboh, and Muhammad Hero Soepeno, “Aspek Hukum Peran Lembaga Arbitrase Dalam Penyelesaian Sengketa Pasar Modal Menurut Undang-Undang Nomor 8 Tahun 1995

Furthermore, fraud through market manipulation as stipulated in Article 91 of Law Number 8 of 1995 concerning Capital Markets constitutes both direct and indirect actions, to create false perceptions or misleading information regarding trading activities, market conditions, or securities prices on the Stock Exchange.¹³ Article 92 of Law Number 8 of 1995 concerning Capital Markets prohibits price manipulation. According to the author, this price manipulation falls within the category of fraud in the capital market as it is intended to cause the price impact to remain fixed, rise, or fall to influence others to buy, sell, or withhold the impact. This can be done if there are two or more impact transactions, either directly or indirectly.

Fraud and market manipulation in the capital market are further regulated in Article 92 of Law Number 8 of 1995 concerning Capital Markets, which states that any action, whether individually or jointly with others, is prohibited from conducting 2 (two) or more securities transactions, both directly and indirectly, resulting in securities prices in the Capital Market remaining, rising, or falling to influence others to buy, sell, or withhold securities.¹⁴

Following the provision of the aforementioned article, the prohibited actions consist of:

- a. Conducting two or more transactions, whether directly or indirectly.
- b. Causing the price impact on the capital market to remain, rise, or fall to influence other parties to buy, sell, or delay transactions.

As stipulated in Article 104 of the Capital Market Law, any party who violates the provisions of Article 92 above shall be liable to imprisonment for a maximum of 10 years and a fine of up to 15 billion Indonesian Rupiah.

Fraud in the capital market can occur in various ways and styles.

Ways and Styles of Fraud in the Capital Market	Explanation
The enticing prospect of gain	Fraudulence frequently employs enticing prospects of gain to solicit investments. Avoid investing in enticing offers that are unrealistic or lack clarity.
Trust investment services	Fraud often utilizes trust investment services to challenge investments. Do not invest in trust investment services that are unregistered or unclear.
Requesting cryptocurrency funds/balances	Fraudsters often request money or cryptocurrency balances from investors for any reason. Do not provide money or cryptocurrency balances to anyone.
Requesting OTP codes/account passwords	Fraudsters often request OTP codes or account passwords from investors. Do not provide OTP codes or account passwords to anyone.

Tentang Pasar Modal,” *Lex Administratum* 5, no. 10 (2022): 343–56, <https://doi.org/DOI>: <https://ejournal.unsrat.ac.id/index.php/administratum/article/view/42447>.

¹³ Juli Asril, “Penyelesaian Dan Pencegahan Manipulasi Pasar Dalam Pelaksanaan Pasar Modal,” *Jurnal Ilmiah MEA* 3, no. 1 (2019): 274–88, <https://doi.org/10.31955/mea.vol3.iss1.pp274-288>.

¹⁴ Hasna Kharimah Septiana, “Analisis Tanggung Jawab Hukum Terhadap Tindak Pidana Manipulasi Pasar Dan Perlindungan Hukum Bagi Investor Minoritas Studi Kasus: Posa,” *JISIP (Jurnal Ilmu Sosial Dan Pendidikan)* 5, no. 2 (2021): 87–103, <https://doi.org/10.58258/jisip.v5i2.1814>.

Market manipulation	Fraud in the capital market can be carried out through market manipulation, which is a criminal act or illegal action, which is or becomes one of the chapters regulated in Law Number 8 of 1995 concerning the Capital Market.
Human trafficking	Fraud in the capital market can also take the form of insider trading, which is an act carried out by any party directly or indirectly to create a false impression or misleading information about trading, market conditions, or the prices of securities in the capital market.
Forgery of business permits	Fraud often uses the mode of falsifying business permits, such as falsifying business permits in the name of the Financial Services Authority. Do not invest in companies or representatives that do not have permission from the Financial Services Authority.
Collecting funds from the public/investors	Fraud often collects funds from the public/investors to be invested in any type of investment. Do not invest in companies or representatives unauthorized to manage investments.

There have been several cases of fraud in the Indonesian capital market that occurred between 2019 and 2023. Here are some examples of capital market fraud cases

Case	Year
Indosurya Case: Alleged fraud and embezzlement of funds from the Indosurya Savings and Loan Cooperative (KSP), involving 23,000 customers with a total loss reaching Rp106 trillion.	2022
Asabri Case: Several suspects in the Asabri capital market fraud case, involving Benny Tjokrosaputro (BT) or Bentjok as Commissioner of PT Hanson International Tbk (MYRX), Heru Hidayat as President Commissioner of PT Trada Alam Minera Tbk (TRAM), Major General (Ret.) Adam Rachmat Damiri (ARD) as President Director of Asabri for the period 2011-2016, Lieutenant General (Ret.) Sonny Widjaja (SW) as President Director of Asabri for the period 2016-2020, and Bachtiar Effendi (BE) as Head of Asabri's Finance and Investment Division for the period 2012-2015.	2021

Indofarma-Hanson: Suffered losses of Rp24 billion due to a decrease in the value of spare parts and equipment inventory, claiming that the loss was due to management.	2022
PT. Envy Technologies Indonesia Tbk (ENVY): Allegations of manipulation of the financial statements of PT Envy Technologies Indonesia Tbk (ENVY) issuers	2019-2021
First Quarter of 2023: The Ministry of Communication and Information found 425 hoax issues during the first quarter of 2023.	2023

All cases above reveal that within the past five years, fraudulent activities have persisted within the Indonesian capital market, thus cautioning investors to be vigilant and ensure that their investments are made with a high level of certainty. To prevent falling victim to fraud in the capital market, prospective investors may adhere to the following steps:

- 1) Verify licensing: Before making investments, ensure that the company or its representatives hold valid and authorized permits to engage in investment activities.
- 2) Inquire about the company's operations: Research the company you intend to invest in. Ensure that the company possesses a realistic business plan and refrains from employing fraudulent tactics.
- 3) Consider realistic offers: Do not be enticed by investment offers that are coercive or persuasive. Investments should be based on realistic analysis rather than unrealistic profit expectations.
- 4) Remain wary of opaque investment schemes: Avoid investing in opaque areas, such as MLM-based investments or fund-locking schemes.
- 5) Pay attention to the actions of the Financial Services Authority: The Financial Services Authority serves as the regulator of the capital market. Refrain from investing in companies or representatives lacking authorization from the Financial Services Authority.
- 6) Educate yourself on investments: Continuously educate yourself on investments to understand realistic investment opportunities and identify fraudulent schemes.
- 7) Avoid rushing: Refrain from investing in companies or representatives promising quick returns.
- 8) Pay attention to investment disclosures: Avoid investing in companies or representatives lacking transparent and clear investment disclosures.
- 9) Consider risk disclosures: Avoid investing in companies or representatives lacking clear risk disclosures.
- 10) Consider expenditure disclosures: Avoid investing in companies or representatives lacking clear expenditure disclosures.
- 11) Consider shareholder disclosures: Avoid investing in companies or representatives lacking clear shareholder disclosures.

In the capital market, investors must be cautious and ensure that their investments are made with a high level of certainty. However, it cannot be denied that prudence, as a precautionary measure, can guarantee that an individual/investor will not fall victim to

fraud in the capital market. Therefore, there is also a need for the presence of repressive legal certainty to ensnare perpetrators of criminal fraud in the capital market.

2.2. The Legal Protection for Investors from Fraudulent Market Manipulation Practices in the Capital Market

Various preventive measures have been taken by the government to protect the interests of investors in the capital market.¹⁵ However, it cannot be denied that criminal acts of fraud through market manipulation in the capital market continue to occur. Therefore, in addition to preventive measures, criminal legal efforts are also needed to create a deterrent effect for perpetrators of fraudulent acts through market manipulation in the capital market. The Capital Market Law Number 8 of 1995 explicitly prohibits trading activities involving elements of fraud and manipulation.¹⁶

The legal protection for investors is conducted through two main aspects: preventive and punitive. Legal protection in the form of prevention for investors in the capital market from fraudulent practices by manipulating the market is stipulated in Law Number 8 of 1995 concerning Capital Markets and Law Number 21 of 2011 concerning the Financial Services Authority.¹⁷ Legal protection as a preventive measure for investors in these regulations is implemented by applying the principle of “full disclosure.” The principle of full disclosure, or complete disclosure, is defined as a crucial requirement for companies where they are obliged to disclose all relevant information related to their financial reports. This includes information about their assets, liabilities, income, and expenses.

Full disclosure can be interpreted as the requirement to disclose all material-related information, including litigation settlements, account arrangements, administrative matters, and transactions with related parties.¹⁸ The principle of full disclosure is aimed at ensuring that investors and other users of financial statements have all the necessary information they require. By adhering to this principle, it is expected to mitigate investor risks, as informed investors are better equipped to make sound decisions regarding companies in the capital market.¹⁹

In addition to the obligation of implementing the principle of full disclosure for companies, in securities transactions in the capital market, Law Number 8 of 1995 concerning the Capital Market regulates the existence of supervisory institutions in capital market activities, namely the Financial Services Authority.²⁰ Since the enactment of Law No. 21 of 2011 concerning the Financial Services Authority, effective from December 31, 2012, the functions, duties, and authorities of regulating and supervising financial services activities in the Capital Market, Insurance, Pension Funds, Financing

15 Tandi Pada Palayukan, “Analisis Terhadap Larangan Praktik Insider Trading Di Pasar Modal,” *USU Law Journal* 1, no. 2 (2013): 92–111, https://doi.org/DOI: https://scholar.googleu sercontent.com/scholar?q=cache:L8fcT8wZxRMJ:scholar.google.com/+ Analisis + Terhadap + Larangan + Praktik + Insider + Trading + Di + Pasar + Modal&hl=id&as_sdt=0,5.

16 Neni Sri Imantiati and Diana Wiyanti, “PERlindungan Hukum Terhadap Investor Dan Upaya Bapepam Dalam Mengatasi Pelanggaran Dan Kejahatan Pasar,” *MIMBAR: Jurnal Sosial Dan Pembangunan* 16, no. 4 (2000): 334–69, <https://ejournal.unisba.ac.id/index.php/mimbar/article/view/26>.

17 Nefi Arman, *Insider Trading: Indikasi, Pembuktian, Dan Penegakan Hukum* (Sinar Grafika (Bumi Aksara), 2020).

18 Mustofa Syahrul, *Hukum Keterbukaan Informasi Publik Di Indonesia* (Spasi Media, 2020).

19 Aldira Maradita, “Karakteristik Good Corporate Governance Pada Bank Syariah Dan Bank Konvensional,” *Yuridika* 29, no. 2 (2014): 191–204, <https://doi.org/10.20473/ydk.v29i2.366>.

20 Yusrizal Adi Putralie, Eddy Martino Syahputra and Muaz Zul, “Perlindungan Hukum Investor Di Pasar Modal,” *Jurnal Mercatoria* 4, no. 1 (2011): 26–36, <https://doi.org/DOI: http://ojs.uma.ac.id/index.php/mercatoria/article/view/604>.

Institutions, and Financial Services Institutions sectors are stipulated in Article 55 paragraph (1). Furthermore, the Financial Services Authority also has the task of protecting consumer interests in the financial services industry in Indonesia, particularly in the capital market.²¹ Consumer protection in the capital market can be interpreted as investor protection because investors in the capital market are consumers as well. Therefore, the legal protection aspect for investors falls under the jurisdiction of the Financial Services Authority.²²

Article 28 of Law No. 21 of 2011 concerning the Financial Services Authority also regulates preventive legal protection. In that article, it stipulates that:²³

For the protection of consumers and the public, the Financial Services Authority is authorized to take preventive measures against consumer and public losses, including:

- providing information and education to the public regarding the characteristics of the financial services sector, its services, and products;²⁴
- requesting Financial Services Institutions to cease their activities if such activities have the potential to harm the public; and
- other actions deemed necessary following the provisions of legislation in the financial services sector.

Subsequently, in Article 29 of Law Number 21 of 2011 concerning the Financial Services Authority, further provisions are made regarding the protection of investors. This article states that the Financial Services Authority is obliged to establish a Consumer Complaint Service, which includes:²⁵

- The Financial Services Authority must prepare adequate mechanisms to facilitate services so that consumer complaints can be accommodated.
- The Financial Services Authority must devise mechanisms for complaints from consumers harmed by actors within Financial Services Institutions.
- The Financial Services Authority must facilitate the resolution of consumer complaints incurred by actors within Financial Services Institutions following the laws and regulations in the financial services sector.

The regulation explicitly stipulates that the Financial Services Authority must provide service facilities capable of accommodating any complaints received from investors when facing issues or feeling aggrieved by parties involved in transactions within the capital market.²⁶ In addition to the complaint service and its mechanisms, the

21 Glenn Divy Parrangan, "Fungsi Otoritas Jasa Keuangan Dalam melindungi Kepentingan Konsumen Dalam Perjanjian Pembiayaan" 6, no. 4 (2018): 131-39, <https://doi.org/DOI:https://ejournal.unsrat.ac.id/index.php/administratum/article/view/24532>.

22 Asriati Asriati and Sumiyati Baddu, "Investasi Online Reksadana: Aspek Hukum Dan Perlindungan Bagi Investor Selaku Konsumen," *Pleno Jure* 10, no. 1 (2021): 38-53, <https://doi.org/10.37541/plenojure.v10i1.561>.

23 Inosentius Samsul, "Perlindungan Konsumen Jasa Keuangan Pasca Pembentukan Otoritas Jasa Keuangan (Ojk)," *Negara Hukum* 4, no. 2 (2013): 153-66, file:///C:/Users/Hp/Downloads/ERLINDUNGAN KONSUMEN JASA KEUANGAN PASCA PEMBENTUKAN OTORITAS JASA KEUANGAN (OJK).pdf.

24 Putra, M. Irwansyah, Bismar Nasution, and Ramli Siregar, "Peranan Otoritas Jasa Keuangan dalam Melakukan Pengaturan dan Pengawasan Terhadap Bank." *Transparency Journal of Economic Law* 2 no. 1 (2013): 14659, https://scholar.googleusercontent.com/scholar?q=cache:aQUjcKurlfMJ:scholar.google.com/+Peranan+Otoritas+Jasa+Keuangan+dalam+Melakukan+Pengaturan+dan+Pengawasan+Terhadap+Bank&hl=id&as_sdt=0,5.

25 D. S. Habibah, P. N. ., & Hamzah, "Upaya Penanganan Lembaga Alternatif Penyelesaian Sengketa Terhadap Otoritas Jasa Keuanga," *Jurnal Panorama Hukum* 6, no. 1 (2021): 49-61, <https://doi.org/https://doi.org/10.21067/jph.v6i1.5658>.

26 Efendi Tambunan et al., "Analisis Hukum Terhadap Investor Institusional Sebagai Salah Satu Penentu Fakta Materil Dalam Prinsip Keterbukaan Di Pasar Modal," *USU Law Journal* 2, no. 2 (2014): 201-15, <https://jurnal.usu.ac.id/index.php/law/article/view/7948>.

Financial Services Authority is also obligated to facilitate the resolution of complaints from investors who feel disadvantaged by other parties within the capital market.²⁷

The action undertaken by the Financial Services Authority to accommodate and facilitate every complaint received from investors, particularly when investors encounter issues or perceive themselves as aggrieved by other parties within the capital market, constitutes a repressive measure carried out by the Financial Services Authority to safeguard the interests of investors in the capital market.

Through its mandates, the Financial Services Authority is empowered to conduct investigations into alleged violations of statutory regulations occurring within the field of the capital market. The authority of the Financial Services Authority to conduct examinations into alleged violations is stipulated in Article 100 paragraph (2) of Law Number 8 of 1995 concerning the Capital Market, which states that:

- a. The Financial Services Authority may request clarification of funds deemed suspicious or confirmation from parties suspected of committing or being involved in violations of the Capital Market Law and/or its implementing regulations.
- b. The Financial Services Authority may impose obligations to perform or refrain from certain activities against suspected perpetrators or parties involved in violations of the Capital Market Law.
- c. The Financial Services Authority may conduct examinations of records, accounting, and/or other documents from parties suspected of committing or being involved in violations of the Capital Market Law and/or its implementing regulations, and examine what is deemed necessary.
- d. The Financial Services Authority may establish conditions and/or allow parties suspected of committing or being involved in violations of the capital market law to take certain actions necessary to remedy the losses incurred as a result of their actions.

After examination, should it be found that there is involvement or participation of parties in the commission of such violation to impart deterrence effect upon the perpetrators within the financial services industry, the Financial Services Authority may impose administrative sanctions upon the suspected perpetrators who have been proven to have committed the violation. These administrative sanctions may be imposed on corporations as legal entities or on individual officials involved therein. The sanctions that the Financial Services Authority may apply to protect investor interests are regulated under Article 102 paragraph (2) of Law number 8 of 1995, namely:

- a. Written Warning to Individuals or companies committing violations,
- b. Imposition of fines to fulfil a specific obligation,
- c. Restriction of Business Activities,
- d. Suspension of business license;
- e. Revocation of business licenses for individuals or companies.²⁸

Besides administrative sanctions aimed at safeguarding the legal interests of investors in the capital market, perpetrators of fraudulent activities involving market manipulation in the capital market may be prosecuted under criminal law. As stipulated

27 E J Z Mangindaan and D Rombot, "Perlindungan Hukum Bagi Investor Dalam Transaksi Jual Beli Efek Di Pasar Modal," *Lex Administratum* 10, no. 4 (2022): 343–56, <https://doi.org/DOI: https://ejournal.unsrat.ac.id/index.php/administratum/article/view/42447>.

28 Dedek Wira Priatna, Hamdani H, and Tri Widya Kurniasari, "Analisis Perlindungan Hukum Pemegang Saham Minoritas Oleh Emiten Berdasarkan Undang-Undang Nomor 8 Tahun 1995 Tentang Pasar Modal," *Jurnal Ilmiah Mahasiswa Fakultas Hukum Universitas Malikussaleh* 4, no. 2 (2019): 30–39, <https://doi.org/10.29103/jimfh.v4i2.4059>.

in Article 104 of Law Number 8 of 1995 concerning the Capital Market, any perpetrator proven to have committed fraud in securities trading may be sentenced to a maximum of 10 years in prison and fined up to Rp 15 billion.

3. CONCLUSION

Criminal acts in the field of the capital market possess distinct characteristics, including, among others, the commodity which becomes the object of the criminal act being information. Furthermore, the perpetrators of such criminal acts do not rely on physical abilities but rather depend on the ability to read market situations and exploit them for personal gain. Fraudulent activities involving market manipulation in the capital market constitute offences stipulated in Law Number 8 of 1995 concerning the Capital Market. Market price manipulation in the capital market falls under the category of fraud within the capital market as it is intended to benefit oneself and is carried out through deception by creating artificially induced circumstances not based on actual material facts, to cause securities prices to remain steady, rise, or fall, to influence others to buy, sell, or hold securities.

The legal protection for investors in the capital market from criminal acts of fraud with market manipulation can be conducted in two ways, namely through preventive measures and criminal law measures as a deterrent effect for perpetrators. Preventive measures are carried out by applying the principle of full disclosure or full disclosure intended to provide relevant information to investors such as their financial reports, including information on their assets, liabilities, income, and expenses. Additionally, to provide legal protection for investors in the capital market through Law No. 21 of 2011 concerning the Financial Services Authority, the Financial Services Authority has the authority to supervise. The Financial Services Authority can also open complaint services and is obliged to facilitate the settlement of complaints from investors who have suffered losses by other parties in the capital market. In addition to preventive measures, if proven to have committed criminal acts of fraud by market manipulation in the capital market, perpetrators can also be subject to criminal sanctions of up to 10 years imprisonment and fines of up to 15 billion following Article 104 of Law Number 8 of 1995 concerning the Capital Market.

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