

# Legal Protection of Investors in Initial Public Offering Against Liquidity Exit Practices

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## Abstract

This study aims to analyze the legal protection for retail investors against the practice of liquidity exit carried out by controlling shareholders in the Initial Public Offering mechanism in Indonesia. The phenomenon of exit liquidity shows a shift in the function of IPO from business expansion to a means of transferring business risk from the old owner to the public, which often causes significant losses for retail investors due to information asymmetry and massive stock sales after the IPO. This study uses a normative juridical research method, although the current capital market regulations have provided procedural certainty, there is still a legal vacuum in limiting the volume of divestment of controlling shares after the IPO. This condition is exacerbated by the exchange's technical policies such as the closing of the broker's code on the JATS system in real time which hinders trading transparency. This study recommends the need for regulatory reform through the adoption of quantitative restrictions on the volume of stock sales as per the standard of SEC Rule 144 in the United States or UAE Federal Decree Law no. 32 of 2021 on Commercial Companies as well as the



acceleration of the demutualization of the Indonesia Stock Exchange to ensure the integrity of the capital market.

## KEYWORDS

Initial Public Offering, Exit Liquidity, Investor Protection

## Introduction

Capital market law is a set of legal rules that govern public offering activities, securities trading, public companies, and capital market supporting institutions and professions. The main legal basis is Law Number 8 of 1995 concerning the Capital Market which is designed to realize orderly, reasonable, and efficient capital market activities, while providing legal protection to the investor community. Capital market law functions to maintain a balance between the interests of issuers, investors, and the stability of the financial system as a whole.<sup>1</sup> Initial *Public Offering* (IPO) is a process when a company for the first time offers and sells its shares to the public through the stock exchange, so that its status changes from a closed company to a public company. The main purpose of an IPO is to raise a large amount of funds to support business expansion, strengthen capital structure, or finance liabilities, while increasing transparency, governance, and corporate credibility.<sup>2</sup>

The capital market is a fundamental pillar in the modern economy because it plays a strategic role, as a long-term source of funding for corporations and as an investment instrument for society. The IPO mechanism has become a vital instrument in the national economy and can encourage the transformation of small and medium-sized enterprises into large corporate entities, as well as allow for diversification of investment for

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<sup>1</sup> Yudi Yansah Wigi Ardiansah, "The Scope of Law in the Capital Market," *Justice Aswaja Journal* 2, no. 1 (2023): 10–17, <https://doi.org/https://doi.org/10.52188/jja.v2i1.836>.

<sup>2</sup> Puteri Rayhan Natasha Siregar, "Legal Analysis of Stock Offerings in Initial Public Offering (IPO)," *Respository of the University of North Sumatra*, 2012, <https://repositori.usu.ac.id/handle/123456789/6551>.

investors. The capital market functions as an indicator for a country's economy as well as a tool to drive national productivity growth.<sup>3</sup>

The existence of the Financial Services Authority as the main regulator and supervisor since 2011 has strengthened governance, transparency, and investor protection through regulatory reforms and improved issuer reporting standards.<sup>4</sup> Domestic investor participation shows a significant surge, reaching more than 21 million SIDs by 2026, with the dominance of the younger generation under the age of 30.<sup>5</sup> This phenomenon reflects the changing demographic structure of investors as well as increasing access to digital infrastructure that makes it easier to invest in the capital market. However, the growth in the quantity of investors has not been balanced with the quality of financial literacy, in 2022 the literacy level of the Indonesian people will only reach 49.68%. This gap creates a risk gap for retail investors against market volatility, *overtrading*, and manipulative practices that can result in significant losses.<sup>6</sup>

IPOs don't always go as ideally as expected. One of the phenomena that raises concerns is the practice of *exit liquidity*, which is a condition when early investors use post-IPO momentum to release their share ownership with the main goal of obtaining personal profits, without regard for the interests of public investors. This practice has the potential to incur losses

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<sup>3</sup> Anas Malik Alvindo Harianto, Suci Aulia Putri SHT, M. Hidayat Al Fauzan, "The Role of Capital Markets in Improving the Economy in Indonesia," *Journal of Intellectuals and Scholars* 1, no. 10 (2024): 7237–47, <https://jicnusantara.com/index.php/jiic>.

<sup>4</sup> Stephanie O'Neill; Delvina Riska Siregar; Elvin Susanti Ndruru; Erika Amelia; Febrina Zega; Ira Inggwi Wibowo; Nancy O'Neill; Riska Ananda Putri; Risma Br Barus; Rizki Ananda; Tengku Dewi Rahmadani; Emily O'Sullivan; Vivi Nadila; Zihan Ovami; *History and Development of the Capital Market in Indonesia* (Banten: CV. AA. RIZKY 2022, 2022), [https://repository.umnaw.ac.id/jspui/bitstream/123456789/4041/1/Pasar FULL.pdf](https://repository.umnaw.ac.id/jspui/bitstream/123456789/4041/1/Pasar%20FULL.pdf) Book Capital.

<sup>5</sup> Kunthi Fahmar Sandy, "The Number of Capital Market Investors Reaches 21 Million as of January 2026," *IDX Channel*, 2026, <https://www.idxchannel.com/market-news/jumlah-investor-pasar-modal-capai-21-juta-per-januari-2026>.

<sup>6</sup> Prisma Ardianto, "SNLIK 2022 Results: Financial Literacy 49.68%, Financial Inclusion 85.10%," *Investor.Id*, October 29, 2022, [https://investor.id/finance/311328/hasil-snlik-2022-literasi-keuangan-4968-inklusi-keuangan-8510#goog\\_rewarded](https://investor.id/finance/311328/hasil-snlik-2022-literasi-keuangan-4968-inklusi-keuangan-8510#goog_rewarded).

for investors who buy shares at the time of the initial public offering of shares, although fundamentally the company does not necessarily reflect the value offered. This phenomenon shows that there is a gap between expectations and reality for investors regarding the perspective on the Indonesia Stock Exchange. IPO should be a means to strengthen the company's capital structure while providing healthy investment opportunities for the community.<sup>7</sup> However, IPOs are actually used as an instrument to transfer risks from old shareholders to new investors. This raises investor concerns regarding the effectiveness of legal protection and investor confidence in the Indonesian capital market.

The fundamental problem in this phenomenon is rooted in the behavior of issuers who see legal loopholes in the IPO mechanism which are not as a means of business expansion, but as an *exit strategy* for shareholders who precede the IPO rather than public investors. Massive stock releases in the secondary market without long-term commitments reflect poor corporate *governance and* lack of good faith. This creates where the capital market is used deliberately to shift investment risk from the initial investor to the wider public, ultimately hurting investor confidence. The lack of legal protection for investors stems from the lack of supervision and lack of depth of *due diligence* carried out by the Indonesia Stock Exchange and the Financial Services Authority.

The problem related to *the Initial Public Offering* (IPO) is when a limited liability company conducts an IPO and then after the IPO, it is used as an *exit strategy* carried out by the previous controller. *This exit strategy* is carried out by the issuer controller after the IPO directly or carried out within a certain period of time. According to IDX Director of Corporate Valuation, I Gede Nyoman Yetna, the IDX emphasized that it does not limit the issuer's move to change controlling shareholders through IPOs. This

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<sup>7</sup> Hendrasyah, "Legal Protection for Investors in Initial Public Offering (IPO): Perspectives on Capital Market Legal Rules in Indonesia" (Universitas Kristen Indonesia, 2025), <http://repository.uki.ac.id/id/eprint/18338>.

option is usually referred to as the *exit strategy* of the issuer's controller. There are no rules that set the restrictions on taking such a step. The stock exchange does not regulate the IPO to be an *exit strategy* for any party. This of course makes the Indonesian Capital Market less trusted by investors because IPOs are used as an *Exit Strategy*, not as a step to raise capital for the company's expansion.<sup>8</sup>

This IPO problem has occurred in the Indonesian Capital Market in recent years. The problems that occurred have not found a legal solution, both from the IDX and from the OJK. The problems that have occurred have caused a lot of material harm to the community. This problem occurs because there is a gap in legal regulations and there are no adequate regulations to prevent the practice of *Exit Liquidity* in the Capital Market. The practice of *exit liquidity* raises questions about the principles of *good corporate governance*, transparency of information disclosure, and the effectiveness of investor protection mechanisms that should encourage a healthy and responsible ownership arrangement after the IPO. This phenomenon highlights the importance of *stricter due diligence*, especially in conducting management analysis, the commitment of controlling shareholders to long-term growth, and effective stock *lock-up* policies to minimize the risk of capital outflows after listing on the stock exchange.<sup>9</sup>

Based on the view of legal philosopher Gustav Radbruch on the three basic values of law, namely legal certainty (*Rechtssicherheit*), utility (*Zweckmassigkeit*) and justice (*Gerechtigkeit*).<sup>10</sup> The ideal goal that must be realized when examining the phenomenon of *exit liquidity* practices in

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<sup>8</sup> Dinar Fitra Maghiszha, "IDX Says It Doesn't Limit Issuer Exit Strategy Controllers Through IPO," *IDX Channel*, 2024, <https://www.idxchannel.com/market-news/bei-sebut-tak-batasi-pengendali-emiten-exit-strategy-lewat-ipo>.

<sup>9</sup> Sudaryat, Alif Binal Munthaha, Elisatris Gultom, "Legal Protection of Minority Shareholders for Violations of Share Lock-Up Obligations in the IPO Process in the Indonesian Capital Market," *INNOVATIVE: Journal Of Social Science Research* 4, no. 3 (2023), <https://j-innovative.org/index.php/Innovative>.

<sup>10</sup> M.M. Dr. H. Margono, S.H., M. Hum., *The Principles of Justice, Usefulness and Legal Certainty in Judge's Decisions* (Sinar Grafika, 2019), <https://bintangpusnas.perpusnas.go.id/konten/BK21924/asas-keadilan-kemanfaatan-dan-kepastian-hukum-dalam-putusan-hakim>.

initial public offerings, we will find that there is tension between the three basic values. Legally, the practice of selling shares by shareholders long after the IPO is not infringing. However, this is where the problem lies. Law does not stop at textual certainty. If a legal norm is tested with the value of justice and utility, its effectiveness can be questioned. The practice of *exit liquidity*, where IPOs are used more as *exit liquidity* for existing shareholders to realize large profits in a short period of time in the form of cash, clearly hurts the sense of justice for investors due to material losses. Investors who are hoping for the company's growth prospects have to bear the risk of financial losses due to the collapse of stock prices after the controllers sold their holdings massively.

The research entitled "*Juridical Review in the Capital Market: Analysis of the Stages of Initial Public Offering (IPO)*" focuses on the study of IPO procedures and requirements based on the provisions of laws and regulations, so that the focus is still on the normative aspects of the initial public offering stage without critically examining the post-IPO dynamics.<sup>11</sup> The research "*Juridical Analysis of the Abuse of Initial Public Offering as a Startup Exit Strategy Mechanism in Indonesian Capital Market Law*" discusses the IPO phenomenon as a means of *exit strategy* for existing shareholders, especially in the context of startup companies with high valuations, but the analysis is more focused on startup characteristics and valuation issues so that it has not yet reviewed in depth the structural aspects of the capital market that allow the occurrence of *liquidity exit practices* in the secondary market.<sup>12</sup>

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<sup>11</sup> Reynara Shafira Putri Indrayana Hilda Amadea Sobandi, Muhammad Farel Andaresta, "Juridical Review in the Capital Market Analysis of the Stages of Initial Public Offering (IPO)," *Syntax Admiration* 5, no. 7 (2024), <https://doi.org/https://doi.org/10.46799/jsa.v5i7.1290>.

<sup>12</sup> Alicia Arletta, Gabriela Christine, and Arief Alfred Pranoto, "Juridical Analysis of the Abuse of Initial Public Offering as a Startup Exit Strategy Mechanism in Indonesian Capital Market Law," *Syntax Admiration*, 2025, 468–80, <https://doi.org/https://doi.org/10.46799/jsa.v5i7.1290>.

The "*Legal Protection for Capital Market Investors*" study examines legal protection for investors in general through the application of the principle of openness, but has not specifically examined the phenomenon of *exit liquidity* as a potential threat to retail investors after the IPO. Meanwhile, this study offers *novelty* through an analysis of the weaknesses of the post-IPO arrangements, especially related to the lack of transparency regarding the plan to divest shares by the controlling shareholders in the prospectus and the policy of closing the broker code in real *time* on the JATS system which has the potential to exacerbate information asymmetry for retail investors, which is further strengthened through a comparative approach with capital market regulations in the UAE and US as well as proposed solutions in the form of quantitative restrictions on the volume of divestment of controlling shares and IDX ideas to increase transparency and investor protection.<sup>13</sup>

The research "*Law and Investment: Aspects of Legal Protection by the Financial Services Authority for Capital Market Investors*" focuses on the role of the OJK in providing legal protection to investors, so that it focuses more on the aspect of supervision and implementation of investor protection principles.<sup>14</sup> The study "*Initial Public Offering of Go To (Gojek Tokopedia) Shares in the Condition of Loss-Giving Company Performance*" examines aspects of prospectus legal certainty and information disclosure in companies conducting IPOs even in the condition of financial performance loss, so that the focus of the analysis lies in compliance with the principle of information disclosure in the prospectus document.<sup>15</sup> My research is new by examining the legal void of IPO,

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<sup>13</sup> Geovani Brilliant and Universitas Pasundan, "Legal Protection for Investors in the Capital Market," no. 2023 (2024): 1–23, <https://journal.forikami.com/index.php/dassollen/article/view/762>.

<sup>14</sup> Hasbuddin Khalid, "Law and Investment: Legal Protection Aspects by the Financial Services Authority for Capital Market Investors" 6, no. 1 (2023): 737–45, <https://doi.org/https://doi.org/10.31933/unnesrev.v6i1.880>.

<sup>15</sup> Fridayani Wongsowinoto, "Initial Public Offering of Go To (Gojek Toko) Pedia Shares in Condition of Company Performance Loss," *Surya Kencana Dua Journal: The*

especially the practice of *exit liquidity* after IPO, especially related to the absence of restrictions on stock divestment that is carried out massively. This study also analyzes market policies such as the closing of broker codes in *real time* on the JATS system and is strengthened by a comparative study of capital market regulations in the UAE and US.

This research is important because there are legal gaps in IPOs, especially in formal and material requirements. Adjustments to IPO arrangements and adjustments to the IPO process that are pro-public investors are very necessary so that investor confidence can increase and the wider public wants to invest in the Indonesian stock market. The information gap between institutional investors and retail investors is an important reason for this study. Institutional investors have access to information and resources that are more inclusive of capital and information. Retail investors only rely on information disclosure that is late because stock prices have fallen and news or information disclosure has just come out.

The inequality between institutional investors and retail investors creates an unfair situation, where retail investors are the most disadvantaged party in the practice of *exit liquidity*. This research also aims to provide recommendations that can be used as a reference for regulators such as the OJK in developing policies that are more responsive to the development of capital market dynamics. Existing regulations are expected to be able to anticipate various forms of manipulation that harm investors and the Indonesian capital market can become more competitive and increase public trust. This reason emphasizes the urgency of research related to legal protection for investors in initial public offerings of shares against *post-IPO* liquidity exit practices.

Through this research, it is hoped that a more comprehensive legal solution and legal provisions can be found that can provide optimal protection for investors, so as to increase public trust in the capital market in Indonesia and maintain capital market stability. The solution includes a juridical design that not only focuses on improving information disclosure, but also strengthens the responsibility of issuer owners and other market participants in maintaining the company's performance and reputation after the IPO. So that the rights of investors in the GMS or Quorum of the GMS cannot be fulfilled, the right to distribute dividends and other rights. Capital market regulations in the future must be able to provide optimal protection for investors by reducing the potential risk of losses due to *exit liquidity* practices by shareholders before the IPO. This research is urgent given the importance of investor protection in supporting sustainable economic growth through a healthy and transparent capital market.

## Methods

This research uses a normative juridical research approach, a study of the legal literature is used to examine the principles of written and unwritten law.<sup>16</sup> This study uses legal and conceptual methodologies equipped with data collection techniques inherent in literature research, this study uses primary and secondary data sources, including laws and regulations, books, literature, journals, and official reports from the Financial Services Authority, the Indonesia Stock Exchange, and Securities.

A quantitative research approach is used for data analysis, this approach allows for the systematic processing of collected data. This quantitative method can take comprehensive data from the Indonesia Stock Exchange, the Financial Services Authority, and Securities. This data allows for the formulation of general conclusions based on facts, data, and figures. The combined use of normative juridical research and quantitative analysis

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<sup>16</sup> Peter Mahmud Marzuki, *Legal Research Methods* (Jakarta: Kencana Prenadamedia Group, 2005).

increases the completeness of the research. This can increase a deeper understanding of the data available on the Capital Market. The Indonesia Stock Exchange emphasizes the principle of openness so that information can be easily known to the public even though there are differences in information compared to institutional investors.

## Result and Discussion

### 1. Legal Provisions Regarding Initial Public Offerings in Indonesia

Legal provisions regarding initial public offerings in Indonesia are regulated in various laws and regulations. These provisions can be seen from three aspects, first constitutionally, then juridically, and regulatively. Constitutionally, the provisions regarding the initial public offering of shares are based on Article 33 of the 1945 Constitution of the Republic of Indonesia. The article explains that economic activities, including raising funds through the capital market and IPO mechanisms, must be held within the framework of economic democracy that upholds the principles of justice, togetherness, and people's prosperity.<sup>17</sup>

The principles in the Capital Market Law such as the principles of prudence, transparency, accountability, and openness are the main principles.<sup>18</sup> IPO is a corporate action, a corporate action is a strategic corporate action that has an impact on shareholders, so it must be carried out based on this principle. The trust of Capital Market players such as *domestic investors*, *foreign investors* and other parties who have interests is very necessary in the capital market. Public trust in the

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<sup>17</sup> Secretariat General of the House of Representatives of the Republic of Indonesia, "The Constitution of 1945 and Amendment No. - Concerning the 1945 Constitution and Amendments" (1945), <https://peraturan.bpk.go.id/Details/101646/uud-no-->.

<sup>18</sup> Devindya Citra et al., "The Role of Law in Ensuring Transparency and Accountability in Corporate Governance" 2, no. 4 (2024): 202–8, <https://ojs.daarulhuda.or.id/index.php/MHI/article/view/849/902>.

Indonesia Stock Exchange can provide *liquidity inflows* so that it can increase the valuation of the JCI. If the JCI valuation increases, public trust will also increase, this will be a *good domino effect* for the national economy.

Juridically, the provisions regarding the initial public offering of shares are regulated in Law of the Republic of Indonesia Number 8 of 1995 concerning the Capital Market, Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies, Law of the Republic of Indonesia Number 21 of 2011 concerning the Financial Services Authority, and Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector. Public Offerings are regulated in Articles 1, 70-83 of the UUPM. The article stipulates that a Public Offering is a Securities offering activity carried out by the Issuer to sell Securities to the public based on applicable rules. An example of the effects referred to in this study is stocks.<sup>19</sup>

The principle of full *disclosure as* mandated in Article 1 number 25 of Law Number 8 of 1995 concerning the Capital Market is a preventive legal protection instrument to prevent information asymmetry between issuers and investors. This principle requires issuers to disclose all material information accurately and in a timely manner, so that the market can efficiently and objectively evaluate the price of securities based on the company's real fundamental conditions.<sup>20</sup> This transparency is not just an administrative obligation, but a condition to ensure the creation of fair trade and mitigate market manipulation, especially against practices that can harm retail investors through exit liquidity practices. This principle is essential to ensure the creation of a fair, orderly, and efficient market. This

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<sup>19</sup> "Law No. 8 of 1995 concerning the Capital Market" (1995), <https://peraturan.bpk.go.id/Details/46197/uu-no-8-tahun-1995>.

<sup>20</sup> Zaenah, "Legal Aspects in the Application of the Full Disclosure Principle in the Capital Market," *Lex Jurnal: A Study of Law and Justice*, no. 8 (2017), <https://doi.org/https://doi.org/10.25139/lex.v1i2.560>.

principle protects investors through accurate material information, prevents manipulation, and builds public trust.

Misleading information or misleading information in the capital market is the spread of false, inaccurate, or deliberate concealment of material facts, aiming to give a pseudonym of the effect. This action violates the Capital Market Law because it can manipulate stock prices, deceive investors, and undermine the integrity of the market. This is regulated in Article 93 of Law Number 8 of 1995 concerning the Capital Market expressly prohibits each party from providing false or misleading information that can affect the price of securities, as a form of preventive legal protection to maintain public trust.<sup>21</sup> Repressive legal protection for investors who suffer losses due to this information is accommodated through Article 80 of the UUPM which gives the right to claim civil damages to the party responsible for the contents of the prospectus, and is strengthened by the authority of the OJK in imposing administrative sanctions and conducting criminal investigations.

Prospectus means any written information in connection with a Public Offering with the purpose of getting another Party to purchase Securities. Based on Article 80 of Law Number 8 of 1995 concerning the Capital Market, the parties responsible for the existence of facts in the prospectus are jointly and severally liable which includes the Issuer, the Board of Directors and the Board of Commissioners who signed the registration statement, the Securities Underwriter, and the Capital Market Support Profession. These parties are responsible if there is material information that is incorrect and can harm investors, where any negligence in the due diligence process gives investors the right to demand civil damages as well as criminal sanctions if elements of fraud are found. This

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<sup>21</sup> Nouzula Amouriza Goufe, Paramita Prananingtyas, and Siti Mahmudah, "Legal Protection for Investors Due to Misleading Information in Prospectus on Securities Transactions in the Capital Market," *Diponegoro Law Journal* 5 (2016): 1–13, <https://doi.org/https://doi.org/10.14710/dlj.2016.12344>.

legal construction is an instrument of repressive legal protection to maintain market integrity.

Article 1 of the Limited Liability Company Law explains that a Company that conducts a public offering of shares is in accordance with the provisions in the capital market. IPO is the process from a Closed Company to a Public Company. Article 25 of the Constitution requires amendments to the articles of association if the company conducts an IPO. The shareholders of an issuer are generally individuals or a company. If the company transfers or guarantees the rights to the company's shares publicly, based on Article 102 of the Constitution, the board of directors is obliged through the GMS if it represents more than 50% of the company's assets. But if it is less than 50% of the company's wealth, the board of directors does not need a GMS mechanism. This is important so that the board of directors does not violate *the Piercing The Corporate Veil Principle*. This is important to discuss because the acquisition of shares by the company is one of the practices *of the Exit Strategy* if it is not possible to transfer its shares.

Article 6 of the OJK Law emphasizes that the OJK carries out the task of regulating and supervising financial services activities in the Capital Market sector. Currently, based on Article 55 of the OJK Law, the functions, duties, regulatory authority, and supervision of financial services activities in the Capital Market sector are OJK. All other provisions such as securities offering procedures and everything related to the capital market are regulated in the Financial Services Authority Regulation (POJK). The Financial Services Authority carries out its duties and authorities based on seven main principles, namely independence, legal certainty, public interest, openness, professionalism, integrity, and accountability.

The basic principles that are the foundation of the OJK require the OJK to be independent in decision-making, adhere to the law and a sense

of justice, and prioritize the protection of the interests of the wider community. OJK is required to be transparent in the delivery of information, run by professional and ethical human resources, uphold moral values, and ensure that all the implementation of its duties can be accounted for to the public. In line with the implementation of good governance, the institutional structure of the OJK is also prepared with a *checks and balances mechanism*. This can be seen from the clear separation between the regulatory function and the supervisory function, which is carried out through the division of the role of the Board of Commissioners, so that the supervision of the financial services sector can take place effectively, objectively, and with integrity.<sup>22</sup>

The Financial Services Authority has the authority to implement an integrated regulatory and supervisory system in the capital market sector, which includes legislation functions through the establishment of implementing regulations, supervisory, audit, and investigation functions, as well as full authority in granting business licenses and effective statements for issuer registration.<sup>23</sup> This authority is limited by the mandatory coordination mechanism in the Financial System Stability Coordination Forum with the Ministry of Finance, Bank Indonesia, and LPS. OJK is obliged to obtain the approval of the House of Representatives for policies that have implications for the state budget. This restriction is emphasized through the principle of public accountability which requires the OJK to submit periodic reports to the President and the House of Representatives. This is so that the implementation of these authorities remains in the *corridor of checks and balances*.

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<sup>22</sup> President of the Republic of Indonesia, "Law Number 21 of 2011 concerning the Financial Services Authority" (2011), <https://peraturan.bpk.go.id/Details/39257/uu-no-21-tahun-2011>.

<sup>23</sup> Annisa Arifka Sari, "The Role of Financial Services Authorities in the Supervision of Financial Institutions in Indonesia," *Journal of Legal Ideas* 01, no. 02 (2019): 177–88, <https://doi.org/https://doi.org/10.31849/jgh.v1i02.7698>.

The Financial Services Authority plays a role in law enforcement in the capital market sector through its authority, ranging from the supervisory function to enforcement. The OJK is authorized to impose administrative sanctions, including written warnings, fines, restrictions on business activities, and revocation of business licenses for market participants who are proven to violate the principle of openness or manipulation. The OJK is given the authority based on Article 9 of the OJK Law to conduct an investigation. The OJK plays a role through the investigation function mandated in Article 49 of the OJK Law, which allows OJK Civil Servant Investigators to handle capital market crimes such as market manipulation and insider trading, thereby creating a fair, transparent, and accountable investment ecosystem in accordance with the principles of openness.

Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector or P2SK is a legal provision in which there are changes to many regulations, including regarding the Capital Market, the Financial Services Authority. The PPSK Law brings important reforms in the capital market and the OJK. The capital market sector, regulations are expanded with the update of the definition of public offerings and financial instruments, as well as the inclusion of supervisory authority over digital financial assets and carbon trading. Investor protection is strengthened through the emphasis on prospectus transparency and the prevention of practices that are detrimental to the community and the affirmation of supervision of compliance with sharia principles in products and market participants.

OJK's authority is expanded to include *fintech*, digital assets, and innovative financing, along with strengthening its role in consumer protection and financial system stability. UUP2SK affirms the OJK as an independent integrated supervisory authority across the financial services sector, and makes certain adjustments to the term of office. This change to the OJK is directed to build a supervisory system that is more

adaptive to the development of the modern financial industry. It is hoped that UUP2SK can increase public trust through more transparent and accountable governance.<sup>24</sup>

Regulatively, the provisions regarding initial public offerings of shares in Indonesia are regulated in various regulations, in this case the Financial Services Authority Regulation. Legal protection for investors in the Indonesian capital market is based on the principle of full *disclosure* as stipulated in the Financial Services Authority Regulation Number 7/POJK.04/2017 of 2017 concerning Registration Statement Documents in the Context of Public Offerings of Equity Securities, Debt Securities, and/or Sukuk and Financial Services Authority Regulation Number 8/POJK.04/2017 of 2017 concerning the Form and Content of Prospectus and Short Prospectus in the Context of Offering General Securities are equities. This principle requires issuers to present all material information accurately to minimize information asymmetry between controllers and retail investors. This is crucial so that the public can objectively assess the fair value and risk of securities before making transactions in the capital market.

Based on Article 4 of POJK No. 7/2017, issuers are required to submit a comprehensive registration statement to ensure transparency of financial conditions and operational risks to the authorities. This is strengthened by Article 2 of POJK No. 8/2017 which requires the preparation of prospectuses in such a way that material facts that can affect the decision of the financier are not hidden or misinterpreted. Doctrinally, the integration of these two regulations serves as legal protection in preventing practices that are detrimental to investors. This

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<sup>24</sup> President of the Republic of Indonesia, "Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector," (2023), <https://peraturan.bpk.go.id/Details/240203/uu-no-4-tahun-2023>.

regulation also aims to mitigate information asymmetry between issuers and public investors in initial public offerings of shares.

The Financial Services Authority in controlling the phenomenon of *exit liquidity*, through the Financial Services Authority Regulation Number 25/POJK.04/2017 of 2017 concerning Restrictions on Shares Issued Before the Public Offering has emphasized that the mechanism of restrictions on shares issued before the public offering. Article 2 of POJK No. 25/2017 regulates the *lock-up period* of 8 months for existing shareholders. This provision is designed to prevent sudden risk shifts from initial investors to retail investors post-IPO. In addition, POJK No. 76/POJK.04/2017 affirms strict laws in public offerings by existing shareholders, in order to ensure that the practice of *exit liquidity* maintains the stability of the stock price after the IPO and the rights of public investors.<sup>25</sup>

Investor protection through the implementation of E-IPO as regulated in the Financial Services Authority Regulation Number 41/POJK.04/2020 of 2020 concerning the Implementation of Public Offering Activities of Equity Securities, Debt Securities, and/or Sukuk Electronically. This regulation reforms the securities ordering procedures as stated in Article 7, which emphasizes the principle of fairness in the allocation of shares in order to expand the participation of retail investors and narrow the dominance of certain parties in the distribution of shares during IPOs. This set of regulations forms an integrated legal ecosystem to ensure that the E-IPO process runs transparently, accountably, and free from manipulative practices that are often hidden behind persuasive prospectus narratives.<sup>26</sup>

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<sup>25</sup> Inda Rahadiyan, "The Urgency of Regulating the Principle of Openness in Equity Crowdfunding and Its Implications for Investor Protection," *IUS QUIA IUSTUM Legal Journal*, 2021, 261–82, <https://doi.org/10.20885/iustum.vol29.iss2.art2>.

<sup>26</sup> Hendrasyah, "Legal Protection for Investors in Initial Public Offering (IPO): Perspectives on Capital Market Legal Rules in Indonesia."

Financial Services Authority Regulation Number 13 of 2025 concerning Internal Control and Behavior of Securities Companies Conducting Business Activities as Securities Underwriters and Securities Dealer Intermediaries. The regulation is the answer to the dynamics of an all-digital capital market by regulating digital promotion ethics, including the use of social media influencers by securities companies, in order to maintain the integrity of information received by the public. The main focus of this POJK is to strengthen investor protection through minimizing the risk of losses and preventing unhealthy market practices that can undermine capital market confidence. This POJK covers a wide scope including Regional Securities Companies to marketing partners, this POJK is expected to be able to create a resilient and competitive capital market ecosystem, as well as being a pillar of safety in supporting the sustainability of Securities Companies' business in the midst of the current complexity of global financial transactions.

## **2. Legal Protection for Investors Against Liquidity Exit Practices in Initial Public Offerings**

According to Phillipus M. Hadjon, legal protection for citizens is manifested in two forms of government actions, namely preventive and repressive. Preventive legal protection is designed to prevent disputes from occurring. The mechanism is to provide an opportunity for the public to submit opinions or objections before a government decision becomes final. This approach has become vital for overseeing the actions of certain parties because it encourages the state to be more careful in decision-making.<sup>27</sup> These preventive protections against capital market investors may include efforts to provide investors with clear information prior to the IPO, while repressive protections are necessary to resolve

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<sup>27</sup> J H Sinaulan, "Legal Protection of Citizens" 04 (2018), <https://www.jurnal.ideaspublishing.co.id/index.php/ideas/article/view/67>.

disputes that may arise as a result of *liquidity exit practices* that are detrimental to minority shareholders.

The Indonesia Stock Exchange in carrying out its role as a *Self Regulatory Organization*, tends to prioritize quantitative aspects in securities listing without being accompanied by strict fundamental quality aspects, while the OJK has a lack of legal regulation in IPO supervision and the principle of full *disclosure* after IPO which often fails if the issuer has indications of bad faith behind the *exit strategy* the controlling shareholder. The absence of preventive and strict evaluation standards from the OJK and IDX creates a legal vacuum in the company's IPO procedure with a high risk profile to the stock exchange, so that the capital market actually becomes an *exit strategy instrument* for issuers or controllers through the sale of shares continuously, resulting in stock prices falling to the extreme after the IPO which can result in lowering the integrity of the capital market and investor confidence.

The Indonesia Stock Exchange as a capital market operator and the Financial Services Authority as a supervisor and regulator of the capital market certainly have advantages and disadvantages. However, investors need to know the risks and be prepared for these risks when investing in the Indonesian capital market, including participating in the Initial Public Offering. This is a form of self-preventive protection, considering that capital market legal instruments only guarantee procedural transparency through the principle of full *disclosure*. Investors must be aware that their positions are vulnerable to information asymmetry, where the IPO mechanism has the potential to be misused as a means of transferring risk from existing shareholders to the public through massive valuations and divestment strategies. Therefore, intellectual and financial readiness is needed in dealing with post-IPO price volatility, because material losses from the market if no fraudulent elements are found are the personal responsibility of the investor.

The problem of *exit liquidity* regarding the IPO procedure occurs because it is not in accordance with Gustav Radbruch's basic values, namely legal certainty (*Rechtssicherheit*), utility (*Zweckmässigkeit*), and justice (*Gerechtigkeit*).<sup>28</sup> The implementation of IPOs in Indonesia has met the aspect of legal certainty. However, this arrangement is contrary to the value of fairness for retail investors. When regulations give the right for controlling shareholders to make massive divestments after the IPO. So this is not in accordance with the principles of utility (*Zweckmässigkeit*) and justice (*Gerechtigkeit*). Therefore, the company's risk is completely transferred to the public after the IPO without balanced legal protection.

The integrity of the capital market depends on the principle of full *disclosure* and legal protection for retail investors as public shareholders. However, the practice of post-IPO liquidity exit often puts public investors at a disadvantage, where investors become liquidity to the initial shareholders for profit. This condition shows that there is an imbalance in position between controllers and public investors, especially from access to information. The controller owns a large number of shares, when a large number of shares are released, selling pressure can significantly lower the share price, so that the losses are more borne by the public investors who enter at the offer price or in the regular market.<sup>29</sup>

Public companies are generally controlled by a majority shareholder. This ownership often gives veto power to the majority shareholder, allowing for significant strategic decision-making. However, if a public company has more than 50% shareholding owned by the public, potential *exit liquidity* often arises. This happens when the initial owners use an IPO as a means to divest their holdings, leading to a decline in the valuation of the company's

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<sup>28</sup> Dr. H. Margono, S.H., M. Hum., *The Principles of Justice, Usefulness and Legal Certainty in Judge's Decisions*.

<sup>29</sup> Dewa Ayu Dian Sawitri I Gede Donny Setiawan, "Legal Protection of Minority Shareholders in Conflict of Interest Transactions in the Capital Market Based on the Principle of Openness," *Journal of Academic Media* 4, no. 1 (2026), <https://doi.org/https://doi.org/10.62281/kyjsnh56>.

shares. This creates losses for public investors who have purchased shares as part of the *liquidity exit*, while the original owners no longer have a direct interest in the company's sustainability. Here is some data from the IDX that shows public companies with more than 50% public ownership:

Number	Stock Ticker Codes	Public Ownership (%)
1	HKMU	99
2	POOL	61
3	ELTY	84
4	GOTO	77
5	ENVY	86
6	HOME	65
7	MYRX	66
8	SBAT	51

*Source: Indonesia Stock Exchange (data taken on September 24, 2025)*

The above data is only part of the list of public companies with more than 50% public ownership. This phenomenon shows that exit liquidity is one of the problems in the Indonesian capital market. Therefore, it is necessary to improve the investor protection system so that practices like this can be minimized. It is important for regulators, such as the Financial Services Authority, to strengthen oversight of these *liquidity exit* practices. One step that can be taken is to require higher transparency in prospectus documents during IPOs, including the disclosure of the strategic plans of the majority owners post-IPO. In addition, stricter rules are needed to prevent misuse of IPO proceeds by the initial owners, so as to ensure that the funds are actually used for the company's growth, not solely for the personal interests of the majority shareholders. This effort not only protects investors, but also supports the creation of a healthier and more sustainable capital market in Indonesia.

Massive sale of controlling shares through the regular market can drastically reduce stock prices. This is because since May 22, 1995, the

Indonesia Stock Exchange has used an electronic trading system or *Jakarta Automatic Trading System (JATS)*.<sup>30</sup> This system operates on a *supply and demand* basis, so if the controller sells shares massively, the stock price will fall. This system replaces manual methods in stock transactions, making the trading process faster, more efficient, and more transparent. This mechanism makes trading activities more practical, accurate, and can be carried out flexibly by market participants. The digitization of the trading system is present as a solution to improve efficiency, security and recording of securities ownership which is now referred to as non-lettered or *scriptless*.

JATS is a stock trading system on the IDX that works by collecting all buy (*bid*) and sell (*offer/ask*) orders from exchange members, in this case securities into *the order book*. The buy queue is sorted from the highest to the lowest price, while the sell queue is from the lowest to the highest. Transactions occur by applying prices and times, where orders that come in first will be executed first if they are at the same price. JATS is forwarded by securities to the IDX system, then matched automatically, if appropriate, transactions are *matched*, and if not, the order remains in an open queue in the *order book*.<sup>31</sup> The order book mechanism is often a "liquidity trap" for retail investors. The market depth indicated by massive buy (*bid*) queues is often triggered by post-IPO euphoria and an optimistic prospectus narrative provides an opportunity for long-time shareholders to execute sales in large volumes and can trigger drastic price declines instantly.

The effectiveness of retail investor protection is reduced due to the policy of the Indonesia Stock Exchange regarding the closing of broker codes in real time. Before this policy is enforced, investors can monitor the

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<sup>30</sup> Bunga Wahyuni, "Juridical Review of the Implementation of Remote Trading System at the Jakarta Stock Exchange Based on Law Number 8 of 1995 concerning the Capital Market" (Sebelas March University, 2008), <https://digilib.uns.ac.id/dokumen/detail/8200>.

<sup>31</sup> Mohammad Yan Yusuf, "Getting to Know JATS, the IDX's Mainstay Securities Trading System," *IDX Channel* (Jakarta, 2023), <https://www.idxchannel.com/market-news/mengenal-jats-sistem-perdagangan-efek-andalan-bei>.

movement of buying and selling through a *summary broker* in *real time* to detect whether there is a massive sale or accumulation by the controlling party. However, with the current system, information about who made the transaction is only available after the market closes. This lack of disclosure prevents retail investors from conducting time risk assessments. The practice of *exit liquidity* becomes easier to do because the distribution footprint of controlling shareholders or pre-IPO investors is disguised behind the speed of JATS transactions, so that the principle of full *disclosure* in the capital market is questioned by investors.

The integration of the *Jakarta Automatic Trading System (JATS)* system whose execution efficiency is based on *price time priority* which has turned into a stock sale instrument for controlling investors to distribute shares covertly due to the broker code closure policy that is not in real time. The speed and unimpeded authorization of the JATS system allows for massive selling pressure, while retail investors lose important information in the form of *broker summaries* that are not in real time to detect the movements of the company's controllers in the secondary market. As a result of the efficiency of this trading system, it actually creates market opacity that widens the asymmetry of information where one party can exploit public liquidity quickly. Meanwhile, retail investors are trapped in a buying queue without the ability to identify their counterparts, which ultimately puts retail as a victim of the *controllers' exit strategy* without adequate early detection mechanisms.<sup>32</sup>

The most popular *exit liquidity* phenomenon in Indonesia is PT GoTo Gojek Tokopedia Tbk (GOTO) shares. Since the IPO, GOTO's share price has decreased by more than 85% at its lowest point of IDR 50 from the IPO. The decline resulted in a loss of market capitalization of 400-500

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<sup>32</sup> Annisa Saumi Kurniasari, "The broker code will be opened on the IDX, but not in real time as before," *Bisnis.Com*, 2024, [https://market.bisnis.com/read/20240102/7/1728667/kode-broker-bakal-dibuka-bei-tapi-tidak-real-time-seperti-dulu#goog\\_rewarded](https://market.bisnis.com/read/20240102/7/1728667/kode-broker-bakal-dibuka-bei-tapi-tidak-real-time-seperti-dulu#goog_rewarded).

Trillion in a span of 5 years and an increase in selling in the secondary market.<sup>33</sup> GOTO shares are stocks with multiple voting rights. Based on the Financial Services Authority Regulation Number 22/POJK.04/2021 of 2021 concerning the Implementation of the Classification of Shares with Multiple Voting Rights by Issuers with Innovation and High Growth Rates That Conduct Public Offerings of Equity Securities in the Form of Shares, Shares with Multiple Voting Rights is a classification of shares in which one share grants more than one voting rights to shareholders who meet the requirements.<sup>34</sup>

Non-public ownership in PT GoTo Gojek Tokopedia Tbk increased from 4% of the total issued and paid-up capital to the public to 77%. This suggests that retail investors take over most of the risk from the controller when the stock price falls and GOTO becomes the issuer with the application of multiple voting shares. Although the initial purpose of the IPO was to raise capital for business expansion, the declining price conditions and the dominance of public ownership in the secondary market can be seen as an indicator that the IPO has been used as an *exit strategy* by the controller, not solely for the company's long-term growth.

The Indonesia Stock Exchange is one of the three *Self Regulatory Organizations* (SROs) that have the authority by law to make their own regulations to regulate and supervise their members. SRO institutions in Indonesia consist of three main agencies that manage capital market infrastructure under the supervision of the Financial Services Authority. The institutions are IDX, KPEI, and KSEI. Transparency of the shareholding structure is an important component of investor protection and capital

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<sup>33</sup> Whery Enggo Prayogi, "Waiting for GOTO's Performance, an Issuer with a Burnt Market Capitalization of 85%," *Bloomberg Technoz*, 2023, <https://www.bloombergtechnoz.com/detail-news/19375/menanti-kinerja-goto-emiten-dengan-kapitalisasi-pasar-hangus-85>.

<sup>34</sup> Andy Rahmad Wijaya, "Legal Analysis of the Application of Stock Classification with Multiple Voting Rights in the Indonesian Capital Market," *Al Adl*, 2022, 367–81, <https://doi.org/http://dx.doi.org/10.31602/al-adl.v14i2.6935>.

market integrity. Securities ownership data is managed by KSEI and its trading activities are facilitated and supervised by the IDX as *an SRO*.<sup>35</sup>

Based on the Financial Services Authority Regulation No. 4 of 2024 concerning Ownership Reports or Any Change in Shareholding of Public Companies and Activities of Pledging Shares of Public Companies, public access to detailed list of shareholders is still limited, particularly for holdings below the reporting threshold above 5% now updated to above 1% as it is considered less objective by MSCI. This limitation has the potential to cause information asymmetry, because the disclosure of issuer information is inadequate against the gradual movement of divestments by large shareholders that cumulatively can affect market prices.<sup>36</sup>

The dynamics of the Indonesian stock market in recent years, *the Exit Strategy* is not always carried out through direct releases to retail investors. It is necessary to distinguish between *retail dumping*, namely the gradual or massive sale of shares to the secondary market dominated by individual investors and *an exit strategy* through the momentum of rebalancing global indices such as MSCI. MSCI rebalancing is when a stock is included in the MSCI index, passive *funds* automatically make purchases to adjust their portfolios. This situation creates an *inflow* of money from *international institutions* that is *quantitative trading*, not solely based on long-term fundamental assessments. The impact of *retail dumping* tends to harm individual investors directly through price pressures that occur gradually and are less detected. *The Exit Strategy* through the MSCI Index has a much larger liquidity scale because it involves a significant amount of global fund flows.

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<sup>35</sup> Riyanto Riyanto Rizka Yusrina, Muhammad Daffa, Salma Salsabila, "Structure and Capital Market Players," *Journal of Islamic Economic and Business Studies* 4, no. 4 (2023): 1171–80, <https://doi.org/https://doi.org/10.47467/elmal.v4i4.2944>.

<sup>36</sup> Romys Binekasri, "Following MSCI's direction, stock ownership above 1% is open to the public," *CNBC Indonesia*, 2026, <https://www.cnbcindonesia.com/market/20260202173306-17-707515/ikut-arahan-msci-kepemilikan-saham-di-atas-1-dibuka-ke-publik>.

Existing shareholders can take advantage of the increased liquidity phase due to MSCI's rebalancing as a moment to divest ownership, further business expansion by acquiring strategic companies. For example, PT Chandra Asri Pacific Tbk carried out a corporate action in the form of an acquisition of Shell's refinery facility in Singapore. This information was conveyed through an information disclosure on the Indonesia Stock Exchange, which stated that the transaction involved cooperation between TPIA and Glencore in completing the acquisition of Shell Singapore Pte Ltd, which operates in the Shell Energy and Chemicals Park area, Singapore.<sup>37</sup>

Efforts to mitigate *market flooding* in post-IPO stocks in several other countries that can be a reference to strengthen regulations in Indonesia. For example, in the United Arab Emirates (UAE) which implements *UAE Federal Decree Law no. 32 of 2021 on Commercial Companies* which sets quantitative restrictions on the sale of shares by initial shareholders, where secondary sales after IPO are limited to a maximum of 30% of the capital, so that controlling shareholders are required to maintain a minimum of 70% ownership. This arrangement is intended to maintain the attachment of the controlling interests to the sustainability of the company as well as prevent aggressive stock divestitures that can be detrimental to public investors.<sup>38</sup>

The United States through *the Securities and Exchange Commission (SEC) Rule 144 on Selling, Restricted and Control Securities*, regulates the restriction of the sale of shares by affiliates or controllers through a volume and time period limitation mechanism. This provision limits the sale of no more than 1% of outstanding shares within a three-month period, thus effectively preventing sudden selling pressure that could potentially affect a

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<sup>37</sup> Zetta Hannany, "Acquisition Completed, TPIA Officially Controls Esso's Petrol Station Network in Singapore," *IDN Financials*, 2026, <https://www.idnfinancials.com/id/news/60058/akuisisi-rampung-tpia-resmi-kuasai-jaringan-spbu-esso-di-singapura>.

<sup>38</sup> Yusuf Arifin, "Weaknesses of Share Repurchase Arrangements by Issuers in Indonesia and Its Implications for Investor Protection" (Islamic University of Indonesia, 2025), <https://dspace.uii.ac.id/bitstream/handle/123456789/58926/23912045.pdf>.

decline in market prices.<sup>39</sup> Both arrangements show that structural restrictions on post-IPO stock issuances are an important legal instrument to maintain market stability and strengthen investor protection, going beyond a mere information disclosure approach. Indonesia can emulate the legal arrangements in the United Arab Emirates and the United States by adjusting to Indonesian stock market conditions so as to increase investor confidence and increase money *inflows* from *foreign* investors.

The ownership structure of the Indonesia Stock Exchange is currently in the hands of Exchange Members, who are also in practice direct actors in trading activities. This ownership structure raises governance issues, especially the potential conflict of interest between the IDX's role as an organizer and trade supervisor and the commercial interests of its shareholders. These conditions are relevant to be analyzed because they can affect the policy orientation of the stock exchange, both in enforcing market discipline and in the formulation of rules that have a direct impact on investor protection. The IDX should become a public company so that the IDX becomes a company with *stricter Good Corporate Governance*, including information disclosure obligations, accountability, and supervision.

The strengthening of public supervision of the IDX can increase the independence and objectivity of the stock exchange in carrying out its regulatory and supervisory functions. Greater transparency and external oversight mechanisms inherent in public companies can be a driving factor for the creation of a more balanced exchange policy, not only oriented to the interests of specific market participants, but also aligned with the objectives of investor protection and the integrity of the capital market as a whole. This strengthening of supervision can be stronger if *Sovereign Wealth Funds* such

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<sup>39</sup> United States Securities and Exchange Commission, "Rule 144: Selling Restricted and Control Securities" (2013), <https://www.sec.gov/reports/rule-144-selling-restricted-control-securities#:~:text=Rule 144 allows public resale of restricted and,describes how to have a restrictive legend removed.>

as Danantara Indonesia are also part of the shareholders of the IDX. This encourages the state's participation in supervising the IDX in the long term.

While Antara plans to become a shareholder of the IDX, they are still waiting for the demutualization process to be completed and will consider the best ownership structure. Danantara has two options to enter the IDX, namely a state-owned IPO or directly without going through a securities company. This is expected to improve the integrity of the IDX. The demutualization of the stock exchange has the potential to expand investment opportunities, both domestically and abroad. The process already has a legal basis in the P2SK Law, thus allowing exchanges to IPO. The government emphasized the IDX's commitment to strengthen governance and information disclosure in the capital market as investor protection. The goal is to build public trust and create a capital market with integrity.<sup>40</sup>

## Conclusion

Capital market law regarding initial public offerings of shares is prepared through constitutional, juridical, and regulatory foundations. Constitutionally, Article 33 of the 1945 Constitution affirms the orientation of economic democracy for the prosperity of the people. Normatively regulated in Law Number 8 of 1995 concerning the Capital Market, Law Number 40 of 2007 concerning Limited Liability Companies, Law Number 21 of 2011 concerning the Financial Services Authority, and UUP2SK. Regulatorily regulated in various POJKs that prioritize the principles of openness, lock-up period, and the implementation of E-IPO. This forms a legal ecosystem that maintains stability, integrity, mitigates information asymmetry, and strengthens investor protection and public trust.

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<sup>40</sup> Herdi Alif Al Hikam, "The Role of Danantara After Becoming a Shareholder of the Indonesia Stock Exchange," *Detik Finance*, 2026, <https://finance.detik.com/bursa-dan-valas/d-8334832/peran-danantara-usai-jadi-pemegang-saham-bursa-efek-indonesia>.

The practice of exit liquidity in IPOs reflects an imbalance between certainty and legal protection, as regulations on the principle of openness have not been effective in preventing massive divestment of controlling shareholders that have the potential to cause significant price pressures in the secondary market. The JATS system operated by the IDX increases trading efficiency and liquidity, limited access to information in real time and information asymmetry. However, it can strengthen the dominant position of the controller in distributing shares, as in the case of GOTO shares. This condition is not in line with the value of justice and utility, so it is necessary to strengthen the capital market legal framework, transparency of the ownership and divestment structure, and reform of the IDX's transparency governance to ensure IPO as a capital gathering with integrity and sustainability.

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