ABSTRACT

THE IMPLICATION OF SHARES WITH DIFFERENT PAR VALUE ACCORDING TO LIMITED LIABILITY LAW AND CAPITAL MARKET LAW

Rosmaria Parlindungan
NIM : 59000003

The monetary crisis in Indonesia has affected the stability of both our capital market and investment. The impact of this crisis was felt in a lowering of stock-price on the Jakarta and Surabaya Stock Exchanges, a weakening in the exchange rate between the rupiah and the United States dollar and a lessening of the capability of Indonesian companies whether listed or foreign investment.

To boost performance, most companies in Indonesia have decided to increase their capital. The problem is that a company cannot issue shares at the same par value as stated in the company's articles of association. The reasons are as follows :

1. the stock-price of many listed companies are below the par value. If a listed company issues new shares at par value, then such new shares in the capital market will not attract buyers.
2. the exchange rate of the rupiah currency to the United States dollar currency has tended to fluctuate. When a foreign investment company needs to increase capital, the exchange rate fluctuations will make things difficult.

Therefore, neither listed companies nor foreign investment companies have to issue new shares at values different from those stated in the articles of association.

The new shares with the different par value from those stated in the company's articles of association confer the same rights to the holder as enjoyed by the previous shareholders in all respects including vote casting at a general shareholders' meeting (one share one vote), dividend pay out and pay out of the remaining assets from the proceeds of a liquidation.