ABSTRACT

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LEGAL ASPECT OF THE MISAPPROPRIATION THEORY IN PRACTICE OF INSIDER TRADING ON INDONESIA'S CAPITAL MARKET

(xii + 80 pages)

Nowadays, a lot of people is presented by the idea that investing is a great way to gain profit. One form of investing is to buy shares of a certain company. By being a shareholder of a company, one can obtain profit from the company’s revenue. Capital market is where people can go to involve in such transaction. Companies are offering their shares in the capital market, and those who are interested are able to purchase it. In the capital market, companies are forced to give their material information to the public such as: company profile, business plan, and annual financial report. Such mandatory disclosure is meant as a base for the public’s consideration to purchase or sell shares. In short, this system is regulated in Regulation no. 8 of 1995 concerning Capital Market (Undang-Undang Nomor 8 Tahun 1995 tentang Pasar Modal) to give legal protection to the public, the company, and other interested parties. Despite the law, some people or parties are trying to gain more profit using their access to that material information and use it to purchase or sell the company’s shares (one which they have access to) before it was made public. That action is called “insider trading” and the nature of it causes discomfort amongst the investors. In the United States of America, misappropriation theory is used to determine insider trading. The scope of this theory can be beneficial if implemented in our law concerning capital market to catch the so called “insider”.

References : 24 (1979 – 2012)