

## **ABSTRACT**

### **THE ABSENCE OF PROVISION IN LIMITED LIABILITY COMPANY ACT CONCERNING THE DEMISSION STATUS OF BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS**

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*Corporate governance of limited liability companies in Indonesia is mainly governed by Law Number 40 of 2007 on Limited Liability Company (Indonesian Company Act). Indonesian Companies Act regulates all aspects of limited liability companies from the formation of company until the dissolution of company along with the legal consequences. In forming a limited liability company, a company must be formed by 2 (two) or more people. This mandatory provision creates the practice of a limited liability company with 50-50 shareholder composition, especially for private company. Structurally, a limited liability company consists of General Meeting of Shareholders (GMS), the Board of Directors (BOD), and the Board of Commissioners (BOC). Both members of BOD and BOC serve the company with limited terms of office and shall be re-appointed by the GMS. In practice, there is a condition where the GMS fails to re-appoint or replace the BOD and BOC even when all the members of BOD and BOC's terms of office have been expired. This situation leads to a condition called the BOD and BOC are in status of demission. It means, those members of BOD and BOC can no longer act on behalf the limited liability company including to call for a GMS in order to re-appoint or replace them to fill the vacancy. This condition may endanger the activities and even the existence of the company. This research is a normative legal research supported by empirical research. In addition, it employs descriptive analysis, statutory approach, case approach, and comparative approach. Primary data is gathered by interviews while the secondary data is obtained by literature study which further analyzed using qualitative and comparative method. The resume of research shows that the demission status of BOD and BOC may happen when the GMS fails to re-appoint or replace the members of BOD and BOC whose terms offices have expired. In this case, the Indonesian Companies Act has yet regulated such condition. Alternatively, the demission status of BOD and BOC can be solved through utilizing the role of judge and notary. The judge and notary shall conduct a legal finding to solve the demission status of BOD and BOC issues. Considering that the Indonesian Company Act has yet accommodated the demission status of the BOD and BOC, therefore, it is advisable that the Act should be amended in order to deal with similar issues in the future. The amendment covers provisions concerning Demission Status of the Boards, Hold-Over Director, and the Electronic GMS.*

*Key Words: demission, limited liability companies, legal vacuum.*