

ABSTRACT

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PROTECTION FOR INVESTORS IN THE PRACTICE OF INSIDER TRADING THROUGH EXECUTION OF STOCK BUYBACK IN INDONESIA

(ix + 104 pages = 113)

Stock buyback or share repurchase is one of the corporate actions that allow an issuer company to buy shares of their own company, either from certain investors or the open market, for a certain period of time, with a maximum duration of 3 years that can be extended. Stock buyback or share repurchase aims at providing protection for the company's stock value, with consideration when it is too low or undervalued. Despite its benefits, the implementation of stock buybacks or share repurchases potentially leads to insider trading practices, which is one of the three crimes in the capital market, as regulated in Articles 95 to 99 of Law Number 8 of 1995 on the Capital Market. According to the regulation, insiders of the company are prohibited from buying or selling the company's stock using material nonpublic information. If we compare the permission for stock buybacks or share repurchases with the prohibition of insider trading, we will find an overlap between the regulations that can be detrimental to investors, which is the issue that will be addressed in this study. The legal method used in this study is qualitative normative legal research, conducted through library research using a statute approach that relates to stock buybacks or share repurchases and the prohibition of insider trading, as well as a legal synchronization approach between the regulations. Indonesian laws have regulated stock buybacks or share repurchases through UU 40/2007, POJK 30/2017 and POJK 2/2013. However, the corporate issuer is a party that possesses material nonpublic information. If the corporate issuer is allowed to trade their own stock, it creates a legal loophole that can be abused and will be detrimental to investors. Therefore, it is necessary to amend the regulations on stock buybacks or share repurchases to prevent the practice of insider trading by the corporate issuer and provide legal protection for investors.

References: 58 (1990-2023)

Keywords : Buyback; Corporate Issuer; Insider Trading