

ABSTRACT

**LEGAL PROTECTION FOR INVESTORS ON CAPITAL MARKET
IN INDONESIA**

BAGIO ATMADJA

Investors who buy stock issued by company through public offering is positioned as out-of company parties in the sense that they do not directly involve and completely or correctly know any events and situation as well as business performance of issuer. In addition, the stocks could hardly be identified as qualified one by investors on capital market. Therefore, Laws Number 8 of 1995 is adapted to regulate protections for investors on capital market by applying the principles of disclosure, principles of good corporate governance, adaptation of institutional protection and supporting profesional for capital market and the establishment of various procedures that should be met by company that conduct public offering or public company and other practitioners in capital market by establishment the requirement referring to the disclosure of information concerning with business performance of issuer.

Furthermore, Laws Number 8 of 1995 which regulates the prohibition of stock trading including the prohibition of fraud, market manipulation, insider trading and law enforcement in capital market. For the reason that capital market is as a subject that needs special knowledge, Laws Number 8 of 1995 give authority for Bapepam to conduct verification and investigation as ruled by Criminal procedural code, the sanction against violation of Laws Number 8 of 1995 could be :

- administrative sanction in the form of written notice, penalty, restriction of business activity, termination of business activity, business permit withdrawal, agreement cancellation and registration cancellation;
- criminal sanction;
- damages.

Keywords: legal protection, stock, disclosure, good corporate governance, law enforcement.