

## **ABSTRACT**

During the process of forming a joint venture with a foreign partner, the president director of Inda Tamporok Life Limited and main share holder of the company sold 1.000 shares out of 9.600 to a Singaporean. And this violated the Company's Regulations that states that the company's shares can only be owned and by an Indonesian citizen or Indonesian corporation. Accordingly, the legitimacy of this share purchase transaction is questionable; whether or not it is valid under the law. Thus, there will be legal problems implementation of the share purchase transaction, especially concerning the legitimacy of the share devolution. In conclusion, in theory from the aspect of existing regulations, literature reviews, articles and research finding, this share purchase transaction did not violate existing regulations. However, it would have been better to have the purchase through the stock exchange. Also as apart from other matters, regulations state that only legally registered companies and not individuals, may own insurance company shares, the retore the foreign purchase obtains no share holder rights what so ever. On the other hands, as long as Inda Tamporok Life Ltd does not yet make joint venture with other foreign insurance companies, the share – though the share have been sold – cannot be possessed and their authorization cannot be used.