

## **Juridical Study of Trading Halt at IDX During Significant Decline of the Composite Stock Price Index (IHSG)**

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### **Abstract**

*The Composite Stock Price Index (IHSG) declining sharply in early 2025 shows the importance of having a lower point in Indonesia's capital market which affects a lot of factors including investors, issuers, regulators, and even the national economy. This journal has analyzed calamity for the capital market alongside the reason why the capital markets face a downturn. The capital markets which are under the jurisdiction of Law No.8/1995 and No.40/2007 are tasked with fostering deep financial intermediation for business and government activities, and public investment. The head of the OJK with the stock exchange industry setting the rules in the governance of IDX, places strong edges around, within, and in the capital market giving a protection to the investment climate. The safeguard guarantees that events in March and April 2025 show how far compliance with regulation goes but stretches beyond that to issues of market confidence and trust. Response from both the government and relevant authorities included extreme steps, such as instating trading suspensions, to stem panic selling and create some level of time out. These measures, while on some level unavoidable, highlighted the need for communication and harmonization among the regulators, market agents, and the public.*

**Keywords:** *Investment climate; trading halt; market confidence*

### **A. Introduction**

Capital market is not an uncommon concept, usually news circulating on the media of the capital market due to the decline or incline of a stock. To describe briefly what a capital market is, it is a market that facilitates trading instruments in the form of stocks, bonds, mutual funds, and other financial instruments. Just like the name, it acts as a market with businesses or government offering investors to give them capital and long term financing.<sup>1</sup> In the capital market industry, there are two main parties namely the issuer, the party who needed the fund and investor, as the party who has the extra fund. These parties are then in relation because they benefit each other, the

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<sup>1</sup> "Pengertian dan Fungsi Pasar Modal." *Ekonomi UMA*, 8 Jan. 2024, <https://ekonomi.uma.ac.id/2024/01/08/pengertian-dan-fungsi-pasar-modal/>

investor will earn return from the funds while the issuer can utilize the funds.<sup>2</sup>

This capital market impact is not limited to the business but also the national economy. It is one of the income of the country because every dividend received by the shareholders will be charged with tax, hence why it can improve the economy. Aside from that with high activity in the capital market it shows that businesses are thriving indicating a strong economical situation for a nation.<sup>3</sup>

As the capital market has a high impact on the country, the government should protect the economy and the investor to ensure certainty and legality. The activity of all that is regarding the capital market is regulated under law No. 8/1995. There the law stated that;

*“Pasar Modal adalah kegiatan yang bersangkutan dengan Penawaran Umum dan perdagangan Efek, Perusahaan Publik yang berkaitan dengan Efek yang diterbitkannya, serta lembaga dan profesi yang berkaitan dengan Efek.”*<sup>4</sup>

In accordance with article 1(13). It shows the relation between capital market and public offering as those two go hand in hand in the process. The law also regulated public offering and describe it as such in article 1(15);

*“Penawaran Umum adalah kegiatan penawaran Efek yang dilakukan oleh Emiten untuk menjual Efek kepada masyarakat berdasarkan tata cara yang diatur dalam Undang-undang ini dan peraturan pelaksanaannya.”*<sup>5</sup>

The public offering of securities are offered to the public as stated in the law, hence why the issuer should ensure the fulfillment of issuer and investor agreement and the legitimate of the offering. As this concerns many of the citizen's interests, the government should prevent the unwanted events by creating protection. The government's effort to protect the consumer's interest by creating an independent institution that functions as a supervising, managing, controlling, and investigating parties for issuers of capital markets. The act of supervision of the capital market is conducted by OJK (*Otoritas Jasa Keuangan*).<sup>6</sup>

Public offering as stated above offered securities to the public, one of these securities are commonly known as stocks. When the process of public offering is in motion, the company is no longer a private company rather a public company.<sup>7</sup> With changes of status of company, the company are now bound under law to obey regulations of capital market, as they are responsible for the funds of investor and with that, the company should now adhere to the principle of disclosure in all aspect

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<sup>2</sup> Pakpahan, Kadiman. “STRATEGI INVESTASI DI PASAR MODAL”

<sup>3</sup> “Ulasan Pasar Modal: Pengertian, Sejarah, dan Manfaatnya.” *CIMB Niaga*, 3 Okt. 2023, <https://www.cimbniaga.co.id/id/inspirasi/perencanaan/ulasan-pasar-modal>.

<sup>4</sup> Law No. 8 of 1995 on the Capital Market

<sup>5</sup> Law No. 8 of 1995 on the Capital Market

<sup>6</sup> *Fungsi Dan Tugas Pokok*. [ojk.go.id/id/kanal/pasar-modal/tentang-pasar-modal/Pages/Tugas.aspx#](http://ojk.go.id/id/kanal/pasar-modal/tentang-pasar-modal/Pages/Tugas.aspx#).

<sup>7</sup> “Panduan Go Public.” *IDX*, 20 Dec. 2015, [www.idx.co.id/Portals/0/StaticData/Information/ForCompany/Panduan-Go-Public%20Dec-2015.pdf](http://www.idx.co.id/Portals/0/StaticData/Information/ForCompany/Panduan-Go-Public%20Dec-2015.pdf).

of actions taken in the interest of the company, e.g preparation of administrations of statements documents, prospectuses, etc. The transparency aims to provide protection for the investor.<sup>8</sup>

Investor who are interested in purchasing securities of a public offering can do so with Bursa Efek as the medium of its transaction as stated in article 1(4);

*“Bursa Efek adalah Pihak yang menyelenggarakan dan menyediakan sistem dan atau sarana untuk mempertemukan penawaran jual dan beli Efek Pihak-Pihak lain dengan tujuan memperdagangkan Efek di antara mereka.”*<sup>9</sup>

The regulation then further implicitly stated that securities, namely stocks, can only be purchased through *Bursa Efek Indonesia (BEI)* or Indonesia Stock Exchange (IDX). This process is to ensure the securities to be in accordance, proper and efficient.<sup>10</sup> This doesn't limit IDX to only operate as a facilitator of transaction of securities, IDX is also authorized to create regulations regarding stock exchange activities, record all securities instruments, ensure liquidity of securities investment instruments, and disseminate stock exchange information.<sup>11</sup>

This is all to ensure that the activities of purchasing and selling of stocks are functioning properly, healthy and transparently without unfair activities such as insider trading.<sup>12</sup> Especially in the stock sector, as it has caught the most interest of Indonesian making it the highest invested securities instrument. IDX released a statement in their book closing in 2024, by the end of 2024 it is over 14,84 million investors in securities such as stocks, bonds, and mutual funds. 42,91% of the total investors are investors of the stocks with 6,37 million investors.<sup>13</sup> This high number shows that the government should ensure the protection of investors' rights of their funds, as it involves various crucial aspects.

Stock itself is regulated under law number 40/2007 regarding company law.<sup>14</sup> The law itself stated that stock can defined as such in accordance to article 60(1); *“Saham merupakan benda bergerak dan memberikan hak sebagaimana dimaksud dalam Pasal 52 kepada pemiliknya.”*

The nature of stock itself isn't public, however as stated before, public offering

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<sup>8</sup> Sihombing, Putrida. “Perbedaan PT Terbuka Dan PT Tertutup.” *Klinik Hukumonline*, 25 Jan. 2025, [www.hukumonline.com/klinik/a/perbedaan-pt-terbuka-dan-pt-tertutup-cl66](http://www.hukumonline.com/klinik/a/perbedaan-pt-terbuka-dan-pt-tertutup-cl66).

<sup>9</sup> Law No. 8 of 1995 on the Capital Market

<sup>10</sup> Hartarto, Gilber. “STATUS YURIDIS BURSA EFEK SEBAGAI PENGATUR KEGIATAN PERDAGANGAN PASAR MODAL”, April 2021

<sup>11</sup> Pakpahan, Kadiman. “PERAN BEI DALAM MELINDUNGI INVESTOR PASAR MODAL TERHADAP KEPAILITAN PERUSAHAAN TERBUKA”.

<sup>12</sup> Shintaro Tokuyama Fajar Sugianto, “Efficient Punishment for Insider Trader In Merger : Interjected Values of Economic Analysis of Law” 3, no. December 2023 (2024): 327–355.

<sup>13</sup> “Sukses Tutup Tahun 2024, Pertumbuhan Positif Mendorong Kepercayaan Pasar Modal Indonesia.” *IDX*, 30 Dec. 2024, [www.idx.co.id/id/berita/siaran-pers/2288](http://www.idx.co.id/id/berita/siaran-pers/2288).

<sup>14</sup> “Yuk, Mengenal Apa itu Saham menurut Undang-Undang!”. *KAI*, 31 Jan. 2021, [www.kai.or.id/berita/18557/yuk-mengenal-apa-itu-saham-menurut-undang-undang.html](http://www.kai.or.id/berita/18557/yuk-mengenal-apa-itu-saham-menurut-undang-undang.html).

gives companies a chance to market their stocks to the public to fund the company.<sup>15</sup> From the perspective of an investor, funding a company by buying stocks is a form of investment that will benefit them long term. Buying stock will benefit them in two ways, namely, dividend and capital gain. Dividend briefly explained as a right to a portion of profit from the funding of investor managed by the company that is shared between investor and issuer of stock, it is a right given to shareholder as stated in law number 40/2007 article 52(1);

*"Saham memberikan hak kepada pemiliknya untuk:*

- B. menghadiri dan mengeluarkan suara dalam RUPS;*
- C. menerima pembayaran dividen dan sisa kekayaan hasil likuidasi;*
- D. menjalankan hak lainnya berdasarkan undang-undang ini."*

However, this dividend can only be given after approval of shareholders in the GMS and timewise it may take a relatively long time for the dividend to be shared. This dividend is available in two forms, cash dividend and stock dividend.<sup>16</sup> Secondly, the profit of stocks can be in the form of capital gain. Capital gain here refers to the difference between buying and selling price, this forms due to activity of trading in the secondary market.<sup>17</sup>

Although stock is a form of investment to investors, in some cases it may not be so, as stock investment is able to create loss. There are a few risks that investors faced in purchasing a stock. Liquidation is not an uncommon word for Indonesian, as there are a lot of liquidations happening to companies in the country. Liquidation happens when a company is declared as bankrupt by the court or dismissed as a company. Shareholders of company, get the last priority after fulfilling all the obligations of company from the funds of liquidation as stated in law number 40/2007 article 150;

- "(3) Tagihan yang diajukan kreditor sebagaimana dimaksud pada ayat (2) dapat dilakukan dalam hal terdapat sisa kekayaan hasil likuidasi yang diperuntukkan bagi pemegang saham.*
- (4) Dalam hal sisa kekayaan hasil likuidasi telah dibagikan kepada pemegang saham dan terdapat tagihan kreditor sebagaimana dimaksud pada ayat (2), pengadilan negeri memerintahkan likuidator untuk menarik kembali sisa kekayaan hasil likuidasi yang telah dibagikan kepada pemegang saham.*
- (5) Pemegang saham wajib mengembalikan sisa kekayaan hasil likuidasi sebagaimana dimaksud pada ayat (4) secara proporsional dengan jumlah yang diterima terhadap jumlah tagihan."*

This can be seen as a risk because in certain cases after liquidation the company may

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<sup>15</sup>Sihombing, Putrida. "Perbedaan PT Terbuka Dan PT Tertutup." *Klinik Hukumonline*, 25 Jan. 2025, [www.hukumonline.com/klinik/a/perbedaan-pt-terbuka-dan-pt-tertutup-cl66](http://www.hukumonline.com/klinik/a/perbedaan-pt-terbuka-dan-pt-tertutup-cl66).

<sup>16</sup> Saham. [www.idx.co.id/id/produk/saham](http://www.idx.co.id/id/produk/saham).

<sup>17</sup> Saham. [www.idx.co.id/id/produk/saham](http://www.idx.co.id/id/produk/saham).

not have any funds left which is clearly a risk for investors.

Aside from that, there is also the opposite of capital gain there is also capital loss. Capital loss is the term that is used to describe the condition of investors that sell stock at a lower price than their buying price. The difference in buying price is the loss that they have to bear, this is caused by the unstable price of stocks that are constantly changing especially in the secondary market as there is a shift from demand of supply regarding the offering and interest of the securities offered by the issuer. In cases where the demand is high, the price will increase and vice versa.<sup>18</sup>

The stock rise and fall is common, it happens daily as mentioned before as it changes constantly however in early 2025 to be more precise late March to April, the Indonesian stock market's stock has declined massively in a short period of time. The events of declining numbers peaked on April 8th with IHSG declining at over 9%.<sup>19</sup> IHSG is the index to measure the price performance of all stocks listed in the main board and development board of IDX, it can be seen as a reflection of how the price behavior of a group of stocks<sup>20</sup>, so in the case where IHSG declines it is not particularly a good thing.

As the decline was at a high percentage, IDX took action over the events. IDX enforced a trading halt twice on the 18th of March, when the decline was at 6.12% and 8th of April as it was declining at over 9%. The halt was taken into action in accordance to Letter of Decision Director of IDX (*Surat Keputusan Direksi BEI*) NO: Kep-00024/BEI/03-2020 on 10th of March 2020 regarding changes of guidance in for handling continuity of trading on the IDX in emergency conditions. While the second trading halt happened for 30 minutes as issued by IDX to ensure that there was no panic selling from investors that may worsen the IHSG, it is described as a cooling period for investors.<sup>21</sup>

*Ketua Badan Anggaran (Banggar) DPR*, Said Abdullah, stated that according to him there should be a better version of communication between government institutions and the public. He believed that OJK and IDX shouldn't let out an over reaction to the public because it may create panic and worsen the stock market.<sup>22</sup>

UGM FEB lecturer who is also an expert in Investment, Finance, and Banking at UGM, I Wayan Nuka Lantara, Ph.D., said that the current condition is an unusual

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<sup>18</sup> Saham. [www.idx.co.id/id/produk/saham](http://www.idx.co.id/id/produk/saham).

<sup>19</sup> Aprilia, Zefanya. "Asing Terciduk Borong Saham Ini Saat IHSG Anjlok 7,9%." *CNBC Indonesia*, 1 Jan. 1970, [www.cnbcindonesia.com/market/20250409064524-17-624432/asing-terciduk-borong-saham-ini-saat-ihsg-anjlok-79](http://www.cnbcindonesia.com/market/20250409064524-17-624432/asing-terciduk-borong-saham-ini-saat-ihsg-anjlok-79).

<sup>20</sup> Indeks Saham. [www.idx.co.id/id/produk/indeks](http://www.idx.co.id/id/produk/indeks).

<sup>21</sup> Shofihawa. "IHSG Anjlok, Pakar FEB UGM Minta Masyarakat Untuk Hati-Hati Mengambil Keputusan Investasi." *Universitas Gadjah Mada*, 11 Apr. 2025, [feb.ugm.ac.id/id/berita/13133-ihsg-anjlok-pakar-feb-ugm-minta-masyarakat-untuk-hati-hati-mengambil-keputusan-investasi](http://feb.ugm.ac.id/id/berita/13133-ihsg-anjlok-pakar-feb-ugm-minta-masyarakat-untuk-hati-hati-mengambil-keputusan-investasi).

<sup>22</sup> BEI Terapkan Trading Halt, DPR Yakinkan Pasar untuk Tetap Tenang." *Hukum Online*, 18 Mar. 2025, [www.hukumonline.com/berita/a/bei-terapkan-trading-halt--dpr-yakinkan-pasar-untuk-tetap-tenang-lt67d94992e1ce7/?page=2](http://www.hukumonline.com/berita/a/bei-terapkan-trading-halt--dpr-yakinkan-pasar-untuk-tetap-tenang-lt67d94992e1ce7/?page=2).



situation. He believed that the extreme fall of IHSG is reflection of investor's perspective, he stated that;

*"Itu berarti ada indikasi bahwa entah itu investor asing, entah itu investor domestik, atau duanya itu merasa bahwa sudah tidak prospektif lagi memegang saham dan memilih untuk menjual secepat-cepatnya"*<sup>23</sup>

As during the events of declining IHSG, Indonesia is the only one with red numbers in Asia while the others are growing in greener numbers. He believed that investor's funds that are leaving Indonesia, enter other countries in the region. He also further stated that this doesn't happen immediately, this was caused by a few factors that accumulated due to corruption on state-owned enterprises and uncertainty in political aspects.<sup>24</sup>

Wayan further stated that this issues is no longer on the surface as it touches a deeper principle regarding trust;

*"ini kan masalah kepercayaan, satu-satunya cara adalah menunjukkan kepada dunia bahwa pemerintah punya itikad baik dan memberi sinyal positif" and "Kita tidak bisa hanya memburu investor, sementara negara lain justru menunjukkan perbaikan,"*<sup>25</sup>

In the daily market report or *Laporan Pasar Harian* issued by the Ministry of Coordinator of Economical Sector in Republic Indonesia edition: 51/03/2025. The movements of IHSG and IDR are influenced by domestic and external "sentiment". The external factors are issued to be because of the trade war and high potential of recession faced by the United States and high trade tariffs stated by the US. Domestically, IHSG has been declining for quite some time. Domestic issues and conflicts can give uncertainty and absence of trust from the investor.<sup>26</sup>

## **B. Research Methodology**

The research methodology employed in this study is normative judicial approach, utilizing qualitative analysis of various legal sources to examine the legal basis and implementation of trading halt mechanisms at the Indonesia Stock Exchange (BEI). The data used in this research comprises primary and secondary legal materials, collected through an in-depth literature review. The primary data includes statutory regulations, such as Law No. 8 of 1995 on Capital Markets, OJK Regulations, and BEI

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<sup>23</sup> Shofihawa. "IHSG Anjlok, Pakar FEB UGM Minta Masyarakat Untuk Hati-Hati Mengambil Keputusan Investasi." *Universitas Gadjah Mada*, 11 Apr. 2025, [feb.ugm.ac.id/id/berita/13133-ihsg-anjlok-pakar-feb-ugm-minta-masyarakat-untuk-hati-hati-mengambil-keputusan-investasi](https://feb.ugm.ac.id/id/berita/13133-ihsg-anjlok-pakar-feb-ugm-minta-masyarakat-untuk-hati-hati-mengambil-keputusan-investasi).

<sup>24</sup> Gusti.Grehenson. "IHSG Anjlok, Ekonom UGM Sebut Sinyal Krisis Kepercayaan Pasar." *Universitas Gadjah Mada*, 24 Mar. 2025, [ugm.ac.id/id/berita/ihsg-anjlok-ekonom-ugm-sebut-sinyal-krisis-kepercayaan-pasar](https://ugm.ac.id/id/berita/ihsg-anjlok-ekonom-ugm-sebut-sinyal-krisis-kepercayaan-pasar).

<sup>25</sup> Gusti.Grehenson. "IHSG Anjlok, Ekonom UGM Sebut Sinyal Krisis Kepercayaan Pasar." *Universitas Gadjah Mada*, 24 Mar. 2025, [ugm.ac.id/id/berita/ihsg-anjlok-ekonom-ugm-sebut-sinyal-krisis-kepercayaan-pasar](https://ugm.ac.id/id/berita/ihsg-anjlok-ekonom-ugm-sebut-sinyal-krisis-kepercayaan-pasar).

<sup>26</sup> Kementerian Koordinator Bidang Perekonomian Republik Indonesia. "IHSG Mampu Rebound Setelah Mengalami Trading Halt di Sesi Perdagangan Pertama." *Ekon*, 18 Mar. 2025, [ekon.go.id/source/publikasi/18\\_MARET\\_2025](https://ekon.go.id/source/publikasi/18_MARET_2025)) - LAPORAN\_PASAR\_HARIAN.pdf.

Rules, while the secondary data consists of scholarly articles, legal commentaries, and related capital market studies.

This study applies a statutory approach to identify and analyze the legal norms that govern trading suspensions, particularly focusing on the legal framework for responding to sharp declines in the Jakarta Composite Index (IHSG). The research also employs a case study approach by examining selected instances of trading halts during periods of significant market volatility, such as during the COVID-19 pandemic and other major economic events.

Data analysis is carried out qualitatively by interpreting applicable legal provisions, regulatory guidelines, and their application in practice. This includes assessing the legal rationale and policy considerations behind the implementation of trading halts, as well as evaluating the effectiveness of these mechanisms in maintaining market stability and investor protection. The research further incorporates an analysis of the legal reasoning applied by regulators and market authorities in determining the timing and scope of trading suspensions.

## **C. Results and Discussion**

### **C.1 Legal Basis and Legal Reasoning**

#### **C.1.1 Legal Basis of Trading Suspension**

The trading suspension mechanism at the Indonesian Stock Exchange (IDX) is part of the regulation with the purpose to maintain the stability of the capital market and protect the investors' interest. Based on the Regulation II-A on Equity Securities Trading, a trading suspension is defined as a temporary halt of securities trading conducted by Indonesian Stock Exchange (IDX) based on certain criteria, such as significant price drop or the emergence of information that could affect stock prices.<sup>27</sup> This suspension is implemented in response to sharp declines in the Jakarta Composite Index (IHSG), which can be triggered by various factors:<sup>28</sup>

- a. **Worrisome State Budget (APBN) Deficit**  
The State Budget (APBN) deficit, recorded at Rp 31.2 trillion as of February 2025, shows the weak state revenue. Tax revenue dropped by 30% compared to the previous year, raising investor concerns.
- b. **Uncertainty in Fiscal Policy**  
The unclear direction of government fiscal policy, including plans to increase state spending without a solid funding sources, has added pressure on the market.
- c. **Massive Sell-Offs**  
This is particularly true for major state-owned (BUMN) bank stocks, worsening

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<sup>27</sup> Regulation II-A on Equity Securities Trading Section X.1.1.3

<sup>28</sup> "IHSG Longsor 5%: Apa Penyebabnya Dan Dampaknya Bagi Ekonomi?" *feb.unesa*, 4 Apr. 2025.

the situation. As a result, investors began reducing their exposure to the financial sector due to regulatory uncertainty.

The Indonesian Stock Exchange (IDX) has a trading halt mechanisms as the trading suspension mechanism to responds the sharp decline of Jakarta Composite Index (IHSG). For example, in 18 March 2025, the Indonesian Stock Exchange (IDX) temporarily halted stock trading after the Jakarta Composite Index (IHSG) plunged by 5.02% to 6.146,91 from its opening position of 6,458.66 shortly before the end of the first trading session that day.<sup>29</sup> This mechanism provides market actors with time to digest information and helps calm the market conditions before trading resumes.

#### **C.1.1.A Regulation II-A on Equity Securities Trading Section X.1.1.3**

*“Dalam rangka menjaga terlaksananya perdagangan Efek yang teratur, wajar, dan efisien, Bursa dapat melakukan penghentian perdagangan apabila terjadi kepanikan pasar dalam melakukan transaksi jual beli yang mengakibatkan Indeks Harga Saham Gabungan (IHSG) mengalami penurunan yang sangat tajam.”*<sup>30</sup>

Trading securities in the Indonesian Stock Exchange (IDX) must proceed in an orderly, fair, and efficient manner. When the Jakarta Composite Index (IHSG)—which reflects the average movement of stock prices—experiences a very sharp decrease, it usually indicates that:<sup>31</sup>

- a. There is a mass panic (panic selling)
- b. Investors are selling their shares irrationally
- c. Stock prices are falling rapidly without consideration of the companies' fundamental values.

In such a situation, the market is no longer healthy or under control, but instead moves out of fear rather than rational analysis. Thus, based on Regulation II-A on Equity Securities Trading Section X.1.1.3, the exchange has the authority to temporarily suspend trading to maintain market stability.

#### **C.1.1.B Article 5 letter k of Law No. 8 of 1995 on the Capital Markets**

*“Dalam melaksanakan ketentuan sebagaimana dimaksud dalam Pasal 3 dan Pasal 4, Bapepam (kini OJK) berwenang untuk:*

*k. Menghentikan kegiatan perdagangan Bursa Efek untuk jangka waktu tertentu dalam hal keadaan darurat.”*<sup>32</sup>

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<sup>29</sup> Rizki, Mochamad Januar. “IHSG Anjlok, BEI Lakukan Trading Halt: Ekonom Waspada Kondisi Pasar Modal Indonesia.” *hukumonline.com*, 18 Mar. 2025.

<sup>30</sup> Regulation II-A on Equity Securities Trading Section X.1.1.3

<sup>31</sup> Wasista, Reyhan. “IHSG Anjlok: Alarm Bahaya Ekonomi Indonesia (Mengetahui Dampak dan Penyebab).” *ESGI*, 2025.

<sup>32</sup> Article 5 letter b of Law No. 8 of 1995 on the Capital Market



This provision grants full authority to Bapepam (now OJK) to suspend all trading on the stock exchange during an emergency situation, which refers to the situation where:

- a. There is a major disruption in the market;
- b. There is a serious threat to the stability of the financial system;
- c. Market conditions are no longer orderly, fair, and efficient;
- d. There is a potential of widespread investor losses.

Therefore, this is an extreme protective measure that can be conducted for the overall safety of the capital market.

#### **C.1.1.C Article 5 & Article 6 letter b of Law No. 21 of 2011 on the Financial Services Authority (OJK)**

**Article 5** states: "*Otoritas Jasa Keuangan (OJK) berfungsi menyelenggarakan sistem pengaturan dan pengawasan yang terintegrasi terhadap keseluruhan kegiatan di dalam sektor jasa keuangan.*" <sup>33</sup>

As the institution that has the main authority over regulation and supervision in Indonesia's financial services sector, Otoritas Jasa Keuangan (OJK) also plays the central role of implementing trading suspension policies in the capital market. This role is reinforced in Article 5 of Law No. 21 of 2011 on the Financial Services Authority (OJK).

Furthermore, **Article 6 letter b** reads: "*Otoritas Jasa Keuangan (OJK) melaksanakan tugas pengaturan dan pengawasan terhadap:*

*b. Kegiatan jasa keuangan di sektor Pasar Modal.*" <sup>34</sup>

Thus, a trading suspension mechanism that is carried out by the Indonesian Stock Exchange (IDX) implemented under the condition and supervision of the Financial Services Authority (OJK), to ensure that every step is conducted in line with the principle of market orderliness, fairness, and efficiency. This matter provides strong legal legitimacy, showing that the temporary halt of trading is not a unilateral act, but part of an integrated national capital market regulatory system.

#### **C.1.2 Legal Principles of Trading Suspension**

In implementing the trading suspension mechanism, the Indonesian Stock Exchange (IDX) is guided not only by technical regulations, but also by legal principles that underpin the orderly, fair, and efficient functioning of the capital market. These principles provide normative legitimacy for the Indonesian Stock Exchange (IDX) decision to halt trading, especially in emergency situations such as a step decline in the Jakarta Composite Index (IHSG).

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<sup>33</sup> Article 5 of Law No. 21 of 2011 on the Financial Services Authority (OJK)

<sup>34</sup> Article 6 letter b of Law No. 21 of 2011 on the Financial Services Authority (OJK)

Some of the relevant legal principles include:

#### **C.1.2.A Principle of Disclosure**

The principle of disclosure requires every issuer and public company to submit material information in a timely, complete, and accurate manner to the public.<sup>35</sup> This is in accordance with **Article 86 and Article 87 of Law No. 8 of 1995 on the Capital Markets**. In the context of trading suspension, a temporary halt gives a fair time window for issuers to issue clarifications or material information that can influence the investment decisions.<sup>36</sup> This helps to prevent any information asymmetry between the investor that has the early access to critical information and retail investors.

#### **C.1.2.B Principle of investor Protection**

As discussed in the thesis of R.A. Granita Ramadhani (2009), the Indonesian Stock Exchange (IDX) decision to suspend trading is often a response to irrational market conditions and indication of illegal short-selling that worsen panic selling. In unstable market conditions, investors—particularly retail investors—tend to make emotional decisions without fundamental analysis considerations. Therefore, by implementing a trading suspension, investors are given a cooling-off period to think more rationally. This aligns with the core objective of capital market regulation, which is to provide legal protection for all market participants.

#### **C.1.2.C Principle of Fairness**

The trading suspension mechanism also implements the principle of fairness in securities trading. By temporarily suspending trading, all market participants—both institutional and individual—are given equal opportunity to access the latest information before making investment decisions. Trading suspensions help prevent certain parties from exploiting non-public information (insider trading) and ensure that the trading is conducted on a level playing field.

#### **C.1.2.D Principle of Legal Certainty**

Trading suspensions conducted by the Indonesian Stock Exchange (IDX) are not arbitrary actions; they are carried out based on clearly defined legal framework under the capital market regulations. Article 5 letter k of Law No. 8 of 1995 on the Capital Markets gives the full authority to the Bapepam (Now the Financial Services Authority (OJK)) to suspend the trading in emergency situations. The principle of legal certainty ensures that such measures are legally accountable and are not forms of unjustified intervention that harm investors.

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<sup>35</sup> Wahyuni, Willa. “Kewajiban Keterbukaan Informasi Bagi Emiten.” *hukumonline.com*, 1 Aug. 2023.

<sup>36</sup> Fitriya. “The Indonesia Stock Market’s Trading Halt.” *Finance.binus*, 2025.

### **C.1.3 Legal reasoning of Trading Suspension**

Trading suspension mechanism is a form of legal protection for both investors and the capital market, based on the following reasons:<sup>37</sup>

#### **C.1.3.A To anticipate market instability that is caused by sharp index declines within a short period.**

Such a decline can be triggered by fundamental issues, global uncertainty, or disproportionate market sentiment. In this situation, the trading suspension mechanism provides a pause to prevent further panic and allows the market to respond more rationally. This is in accordance with **the Regulation II-A on Equity Securities Trading Section X.1.1.3**, which cites “market panic” as a legitimate basis for suspending trading.

#### **C.1.3.B To allow issuers time to disclose material information.**

In many cases, extreme price movements occur before any official clarification from the company. By temporarily suspending the trading, the exchanges give issuers time to release relevant information, ensuring that all market participants have equal access to information once trading resumes. This is very important in order to protect the fairness and transparency principle within securities trading.

All of these are regulated in **Article 86 and Article 97 of Law No. 8 of 1995 on the Capital Market**, which stipulates that the trading suspension mechanism in the Indonesian Stock Exchange (IDX) is not solely based on the market conditions, but also closely tied to the enforcement of information disclosure principle.<sup>38</sup> The suspension serves to:

- a. Ensure all of the investors have equal access to the information before trading resumes;<sup>39</sup>
- b. Prevent manipulation or wild speculation that can harm the retail investors.<sup>40</sup>

#### **C.1.3.C To protect investors from making hasty decisions.**

In a high-pressure market environment, investors tend to act emotionally – especially out of fear – which can trigger panic selling. One of the trading mechanism suspension which is Trading Halt functions as a “cooling-off period” that helps calm the situation and gives investors time to think more clearly.<sup>41</sup> Beyond that, this measure also reflects the efforts to uphold the reputation of Indonesia’s capital market internationally. Markets with built-in protective mechanisms are generally more

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<sup>37</sup> “Trading Halt Di Bursa Efek Indonesia: Mekanisme, Alasan, Dan Tantangan.” *Maksi.binus*, 2025.

<sup>38</sup> Article 5 letter b of Law No. 8 of 1995 on the Capital Market

<sup>39</sup> Fajar Sugianto and Tomy Saragih, “Intercalating Law As a Tool To Promote Economic Efficiency in Indonesia,” *Arena Hukum* 6, no. 2 (2013): 152–167.

<sup>40</sup> Laurenzia Luna Fajar Sugianto, Yuber Lago, “STATE LAW, INTEGRAL ECONOMIC JUSTICE, AND BETTER REGULATORY PRACTICES: PROMOTING ECONOMIC EFFICIENCY IN INDONESIA,” *Global Legal Review* 3, no. 2 (2023): 91–108.

<sup>41</sup> Gratton, Peter. “What Is a Circuit Breaker in Trading? How Is It Triggered?” *Investopedia*, 14 Apr. 2025.

trusted by both domestic and foreign investors.

**C.1.3.D To serve as a preventive tool against market manipulation practices.**

If price movements are influenced by fraudulent activities such as insider trading or excessive speculation, a temporary suspension can help to limit the damage before it spreads. Indirectly, this policy also serves as an educational tool for investors. Through this policy, regulators send a message that stock prices should reflect a company's fundamentals and valid public information, not merely short-term trends or emotional market pressure.<sup>42</sup>

To conclude, from a legal perspective, the trading suspension mechanism at the Indonesian Stock Exchange (IDX) is a legitimate regulatory intervention, justified by several legal principles and provisions. Firstly, the principle of legal certainty provides a legitimacy to the Indonesian Stock Exchange (IDX) and the Financial Services Authority (OJK) to temporarily suspend trading in emergency situations. This is explicitly stated in **Article 5 letter k of Law No. 8 of 1995 on the Capital Markets**, that gives an authority to the Financial Services Authority (OJK) to suspend trading activities on the stock exchange for a certain period in emergency situations. This authority is preventive and protective, intended to prevent market destabilization that could harm investors and disrupt the national financial system. Secondly, the principle of investor protection is the philosophical basis of trading suspension policy. **Article 6 letter b of Law No. 21 of 2011 on the Financial Services Authority (OJK)** confirms that the Financial Service Authority (OJK) is responsible for regulating and supervising capital market activities, including taking necessary measures to protect investor interests. The trading suspension mechanism functions as a "circuit breaker" that allows investors to assess new information, avoid emotional decision-making (panic selling), and ensure the transactions are conducted on a fair and level playing field. Without this intervention, the market would be at risk of a crash due to information asymmetry or manipulation by certain actors. Normatively, this intervention is also aligned with the principle of proportionality, in which any temporary trading restriction must:

- a. Be based on a clear legal foundation (in accordance with **the Regulation II-A on Equity Securities Trading Section X.1.1.3 and Law No. 8 of 1995 on the Capital Markets**);
- b. Be conducted objectively, not based on political considerations or unilateral interference;
- c. Be temporary, only in place until market conditions stabilize or material information has been adequately disclosed.

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<sup>42</sup> Shintaro Tokuyama Fajar Sugianto, "False Transaction vs Wash Trading: Addressing the Gap to Rebuild Market Confidence (Legal Implication in Indonesia and United States Capital Market Law)," *Journal of Law and Legal Reform* 5, no. 1 (2024): 1–14.

## C.2 Consumer Protection

The capital market plays an important role in a country's economic development by providing a space where companies can raise funds and investors can take part in economic growth. In this context, the idea of consumer protection has a particular meaning. In the capital market, consumers are generally investors, whether individuals or institutions, who invest their money with the goal of earning a return. These investments can be made through instruments like stocks, bonds, or mutual funds. Investors typically seek to grow their wealth while managing risk. The benefits they gain include potential capital gains, dividend income for those holding equities, and portfolio diversification, which helps build long-term financial stability. On a larger scale, the funds provided by these investors are essential for supporting business expansion and encouraging innovation across the economy.<sup>43</sup>

Indonesia's legal framework for consumer protection in the capital market is complex and involves multiple layers of regulation. At its core is Law Number 8 of 1995 on Capital Markets, which provides the foundation for regulating market activities and ensuring investor protection. This law also gives authority to the Financial Services Authority (*Otoritas Jasa Keuangan* or OJK) to supervise and regulate the capital market, aiming to ensure that all transactions are fair and transparent. OJK Regulation Number 6/POJK.07/2022<sup>44</sup> further reinforces consumer protection across the financial services industry, including the capital market, by specifying the obligations of financial service providers and outlining the rights of consumers. In addition, Law Number 8 of 1999 on Consumer Protection offers a broader legal basis for upholding consumer rights in Indonesia. Although not specific to capital markets, it complements existing sector-specific rules by reinforcing basic protections. Together, these laws uphold investor rights such as access to accurate information, fair treatment, and legal recourse in case of disputes.<sup>45</sup> At the same time, investors are expected to act responsibly by conducting proper due diligence and complying with relevant regulations.

One specific mechanism designed to safeguard investors and stabilize the market during periods of extreme volatility is the trading halt. A trading halt refers to

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<sup>43</sup> Fajar Sugianto, Stevinell Mildova, and Felicia Christina Simeon, "Increasing Economic Performance Through the Rule of Law in Indonesia: Law and Economics Perspective," *Advances in Economics, Business and Management Research* 140, no. International Conference on Law, Economics and Health (ICLEH 2020) (2020): 92–99.

<sup>44</sup> Peraturan Otoritas Jasa Keuangan Nomor 6/POJK.07/2022 tentang Perlindungan Konsumen dan Masyarakat di Sektor Jasa Keuangan [Financial Services Authority Regulation Number 6/POJK.07/2022 concerning Consumer and Public Protection in the Financial Services Sector]. OJK, <https://ojk.go.id/en/regulasi/otoritas-jasa-keuangan/peraturan-ojk/Documents/958.pdf>.

<sup>45</sup> Dea Prasetyawati Wibowo Fajar Sugianto, Felicia Christina Simeon, "IDEALISASI SIFAT ALTERNATIF DALAM PENYELESAIAN SENGKETA MELALUI MEDIASI," *Jurnal Hukum Bisnis Bonum Commune* 3, no. 2 (2020): 253–265.

the temporary suspension of stock market activity, either for a particular security or the market as a whole.<sup>46</sup> The Indonesia Stock Exchange (IDX) may impose a halt when the Composite Stock Price Index (IHSG) experiences a sharp drop within a single trading session. The goal is to create a pause that allows investors and other market participants to reassess their positions, helping to reduce panic and maintain orderly trading. Trading halt is essentially a “cooling-off” strategy used to manage excessive price swings.<sup>47</sup>

These halts are typically triggered by significant and rapid declines in market value. The IDX has set specific thresholds, if the IHSG falls beyond a certain point during one trading day, a halt is automatically activated. This mechanism is designed to prevent a chain reaction of panic-driven selling that could escalate into a market crash. Media reports, such as those from Tempo.co, have documented real instances where trading halts were implemented in response to major IHSG declines, often triggered by external economic shocks or domestic crises.<sup>48</sup> While a trading halt may create temporary uncertainty and disrupt transactions in the short term, its broader purpose is to restore market confidence and prevent larger-scale disruptions.<sup>49</sup>

Although publicly available data on how individual investors are financially impacted by trading halts is limited, these interventions are widely recognized as part of the regulatory toolkit for managing systemic risks. Reports and official publications from the OJK provide insight into how these halts are applied and their intended function in preserving market stability.

The enforcement of capital market regulations in Indonesia is primarily carried out by the Financial Services Authority (OJK), which succeeded Bapepam-LK. OJK holds the authority to oversee and take action against capital market participants who breach regulations related to transparency, insider trading, fraud, and investor protection. In its operations, OJK is responsible for licensing and auditing various actors such as issuers, brokerage firms, and mutual funds.<sup>50</sup> It also has the power to levy fines, revoke operational licenses, or escalate matters for criminal prosecution. OJK's oversight is complemented by self-regulatory organizations: the Indonesia Stock Exchange (IDX) enforces trading and listing regulations, the Capital Market and Financial Institution Supervisory Agency (DKO) deals with disciplinary issues involving brokers, and the Capital Market Arbitration Board provides dispute resolution services.

Additionally, OJK promotes investor protection through programs like the Investor Alert Line and fraud reporting hotlines, aiming to both educate the public

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<sup>46</sup> BIONS. "Trading Halt: Mengapa Perdagangan Saham Bisa Dihentikan Sementara." *BIONS*, <https://www.bions.id/edukasi/saham/trading-halt-mengapa-perdagangan-saham-bisa-dihentikan-sementara>.

<sup>47</sup> Investasiku.id. "Trading Halt Indonesia." *Investasiku.id*, <https://www.investasiku.id/eduvest/investasi/trading-halt-indonesia>.

<sup>48</sup> Tempo.co. "Belum Genap Sebulan, Trading Halt IHSG Terjadi Dua Kali di Awal 2025." *Tempo*, <https://www.tempo.co/ekonomi/belum-genap-sebulan-trading-halt-ihsg-terjadi-dua-kali-di-awal-2025--1228960>.

<sup>49</sup> Fajar Sugianto, "The Nature of Hedging Risk in Derivative Contract : Modeling an Enforceable Risk-Shifting Contract in Indonesia," *Journal of Law, Policy and Globalization* 72 (2018): 97–106.

<sup>50</sup> Herlina Waluyo, Irene Putri A.S.Sinaga, and Fajar Sugianto, "Perlindungan Hukum Otoritas Jasa Keuangan Terhadap Penyelenggara Layanan Urun Dana Berbasis Efek Berdasarkan POJK Nomor 16/POJK.04/2021," *DiH: Jurnal Ilmu Hukum* 18, no. 2 (2022): 131–146.



and address complaints. Highlighting its commitment to investor security, a 2022 OJK press release reiterated its mission to “strengthen regulation and supervision to realize a capital market that is orderly, fair, efficient and protects the interests of investors and the public.” To support this, OJK has introduced updated prudential standards and reporting obligations, such as POJK 8/2022 on simplified reporting and POJK 14/2022 on regular financial disclosures, to enhance transparency in the market.<sup>51</sup>

Consumer-protection law also provides avenues: injured investors may theoretically sue under Law 8/1999 for loss due to misrepresentation or defects, and OJK can apply this law against financial companies. However, in practice such lawsuits are rare; enforcement is primarily administrative. A recent legal update notes that under POJK 6/2022 firms must forbid employees or directors from abusing authority to harm consumers<sup>52</sup>. This reflects a stricter approach: not only market-specific rules but broad consumer standards now bind capital market firms. Moreover, OJK actively monitors technology-driven misconduct. For example, it prohibits abusive online debt-collection techniques (as per POJK 6/2022) and demands robust data protection, aligning with the new Personal Data Protection Law. In sum, oversight is layered: capital market law and consumer law apply simultaneously,<sup>53</sup> with OJK as the chief enforcer coordinating policies, issuing guidelines, and taking corrective action when investor interests are at risk.

A prominent recent mechanism in investor protection has been circuit-breakers, notably trading halts. These are automatic pauses in trading triggered by sharp index declines, intended to give investors time to process information and prevent panic selling. Prior to 2025, IDX rules (per SK Direksi) required a 30-minute halt if the Composite Index (IHSG) fell 5% or 10%, and a suspension if it fell 15%<sup>54</sup>. In the spring of 2025, faced with extreme volatility (linked to U.S. trade uncertainties and other shocks), regulators adjusted these thresholds. On 7 April 2025, OJK announced that IHSG declines of more than 8% (first level) or 15% (second level) would trigger 30-minute halts, up from the previous 5% and 10% levels<sup>55</sup>. A fall beyond 20% would

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<sup>51</sup> Fabian Jonathan, Fajar Sugianto, and Tomy Michael, “Comparative Legal Analysis on the Competence of the Indonesia’s Financial Services Authority and Monetary Authority of Singapore on the Enforcement of Insider Trading Laws,” *Journal of Central Banking Law and Institutions* 2, no. 2 (2023): 283–300.

<sup>52</sup> “ARMA Law.” *ARMA Law*, [arma-law.com](http://arma-law.com).

<sup>53</sup> Astrid Athina Indradewi and Fajar Sugianto, “Peran Dan Manfaat Arbitrase Sebagai Alternatif Penyelesaian Sengketa Ditinjau Dari Perspektif Pelaku Usaha,” *Jurnal Hukum dan Sosial Politik* 2, no. 2 SE-Articles (February 13, 2024): 85–95, <https://ifrelresearch.org/index.php/jhsp-widyakarya/article/view/2798>.

<sup>54</sup> Melani, Agustina. “IHSG Anjlok 5 Persen, Begini Pengertian Dan Cara Kerja Trading Halt.” *liputan6.com*, 18 Mar. 2025,

<sup>55</sup> OJK, “Press Release: Financial Services Sector Remains Resilient, Supported by Solid Economic Fundamentals Amid Rising Uncertainty Risks” [ojk.go.id/en/berita-dan-kegiatan/siaran-pers/Pages/Financial-Services-Sector-Remains-Resilient-Supported-by-Solid-Economic-Fundamentals-Amid-Rising-Uncertainty-Risks.aspx#:~:text=The%20share%20buyback%20policy%20without,the%20national%20financial%20services%20sector.](https://ojk.go.id/en/berita-dan-kegiatan/siaran-pers/Pages/Financial-Services-Sector-Remains-Resilient-Supported-by-Solid-Economic-Fundamentals-Amid-Rising-Uncertainty-Risks.aspx#:~:text=The%20share%20buyback%20policy%20without,the%20national%20financial%20services%20sector.)

now suspend trading for the day. These changes, codified in IDX Directors' decisions, aimed "to mitigate the impact of rising global uncertainty" by allowing calmer market adjustment<sup>56</sup>.

The new halting rules were swiftly tested. When markets reopened after the Eid holiday on 8 April 2025, the IHSG plunged 9.19% at open<sup>57</sup>. Under the revised rule, IDX immediately halted trading (at a little past 09:00 WIB) as the 8% threshold was breached<sup>58</sup>. The index recovered partially after the 30-minute pause; at midday it was down about 8.2%. Observers note that this interruption functioned as intended. A market analyst summarized that during such a halt, "investors cannot trade, which creates a pause to calm panic and analyze the situation rationally"<sup>59</sup>. Indeed, reports credit the halt with stabilizing the rout: after resumption, "*IHSG menunjukkan tanda-tanda pemulihan meskipun masih berada dalam zona koreksi*," indicating that the index began recovering during the halt. In effect, the halt "provided a temporary stabilization effect" and time "to respond without extreme pressure"<sup>60</sup>. Similarly, on 18 March 2025, when IHSG fell over 5% intraday, IDX triggered a trading halt at 11:19 JATS. That intervention (driven by the old 5% rule) also paused the sell-off and allowed trading to resume orderly<sup>61</sup>.

These events illustrate how trading halts operate in practice. The mechanism is a form of market conduct regulation: it is enabled by IDX rules and OJK's guidance. Indonesia's experience in March–April 2025 parallels global practice: regulators "pulled the emergency brake" when markets crashed.

The coordinated use of halts and other measures appears to have shored up investor confidence in the short term. Public statements from regulators emphasize transparency and calm: OJK and IDX held joint press conferences to explain the new rules and reassure investors. OJK's April press release explicitly tied these interventions to preserving "*integritas pasar*" and protecting the financial system<sup>62</sup>. By

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<sup>56</sup> OJK, "Press Release: Financial Services Sector Remains Resilient, Supported by Solid Economic Fundamentals Amid Rising Uncertainty Risks" [ojs.go.id/en/berita-dan-kegiatan/siaran-pers/Pages/Financial-Services-Sector-Remains-Resilient-Supported-by-Solid-Economic-Fundamentals-Amid-Rising-Uncertainty-Risks.aspx#:~:text=The%20share%20buyback%20policy%20without,the%20national%20financial%20services%20sector.](https://ojs.go.id/en/berita-dan-kegiatan/siaran-pers/Pages/Financial-Services-Sector-Remains-Resilient-Supported-by-Solid-Economic-Fundamentals-Amid-Rising-Uncertainty-Risks.aspx#:~:text=The%20share%20buyback%20policy%20without,the%20national%20financial%20services%20sector.)

<sup>57</sup> Indonesia Investments. "Stock Trading Halted After Indonesia's Key Stock Index Falls 9.2%." *Indonesia Investments*, 8 Apr. 2025,

<sup>58</sup> "Stock Trading Halted After Indonesia's Key Stock Index Falls 9.2%." *Indonesia Investments*, 8 Apr. 2025,

<sup>59</sup> Tv, Metro. "Dampak Trading Halt Untuk 'Menyehatkan' IHSG." <https://www.metrotvnews.com>, 8 Apr. 2025,

<sup>60</sup> "Dampak Trading Halt Untuk 'Menyehatkan' IHSG." <https://www.metrotvnews.com>, 8 Apr. 2025,

<sup>61</sup> "IHSG Anjlok 5 Persen, Begini Pengertian Dan Cara Kerja Trading Halt." *liputan6.com*, 18 Mar. 2025,

<sup>62</sup> OJK, "Press Release: Financial Services Sector Remains Resilient, Supported by Solid Economic Fundamentals Amid Rising Uncertainty Risks" [ojs.go.id/en/berita-dan-kegiatan/siaran-pers/Pages/Financial-Services-Sector-Remains-Resilient-Supported-by-Solid-Economic-Fundamentals-Amid-Rising-Uncertainty-Risks.aspx#:~:text=The%20share%20buyback%20policy%20without,the%20national%20financial%20services%20sector.](https://ojs.go.id/en/berita-dan-kegiatan/siaran-pers/Pages/Financial-Services-Sector-Remains-Resilient-Supported-by-Solid-Economic-Fundamentals-Amid-Rising-Uncertainty-Risks.aspx#:~:text=The%20share%20buyback%20policy%20without,the%20national%20financial%20services%20sector.)

visibly adapting rules (raising halt thresholds, tightening auto-rejection bands, postponing short-selling) within days of the crisis, regulators signaled responsiveness. This likely helped dampen anxiety. Market commentators observed that although the IHSG briefly tumbled, the halts and subsequent guidance prevented a deeper slide, maintaining overall stability.

In terms of consumer (investor) confidence, the measures had mixed effects. On one hand, investors saw that the system's brakes were engaging and that misbehaving activities (e.g. reckless sell-offs) were limited. The pause gave retail investors time to re-evaluate, which arguably avoided panicked losses. On the other hand, frequent halts can disrupt liquidity and strategy, potentially frustrating high-frequency traders and institutional players. By preventing cascade selling, the halts arguably protected smaller investors from exacerbated losses. This protective role is consistent with the objectives of both market law and consumer law, even if those laws do not explicitly mention circuit breakers.

For market integrity, the halts and related actions underscore a principle of orderly markets. By adjusting the circuit breaker thresholds on April 7, authorities also reduced the chance of markets overshooting due to technical rules. These steps reassure international investors of a resilient framework. However, regulators also faced scrutiny: some policymakers (e.g. the Finance Minister) questioned whether the trading halt rules should be reevaluated, reflecting a broader debate about free markets versus managed markets. Such tensions highlight the challenge of interventionist measures: they protect consumers but may be seen as market distortion by others.

Financial service providers have likewise responded. Securities companies and portfolio managers must update their internal policies to comply with new OJK guidelines (for example, implementing the mandated consumer-protection policies per POJK 6/2022). Brokers must adapt trading systems to new IDX thresholds. Anecdotally, some firms increased their risk controls after the volatility, and industry forums began discussing best practices for client communication during halts. Overall, compliance pressure has risen: regulators announced increased monitoring and even disciplinary actions against firms that did not properly inform clients about the halts.<sup>63</sup> These measures – both regulatory and self-imposed – serve to reinforce market integrity by holding intermediaries to high standards in times of stress.

Despite these tools, several challenges persist in investor protection. Enforcement remains uneven across the market. For instance, while circuit breakers

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<sup>63</sup> Fajar Sugianto, "ECONOMIC ANALYSIS OF CONTRACT LAW : HOW THE EYES OF ECONOMICS WORK WHILE DELIVERING JUSTICE WITH UNPREJUDICED HANDS OF EXISTING INDONESIAN CONTRACT LAW Fajar SUGIANTO Keywords : 3 . Common Dimensions of Law and Economics in Contract Law," *Journal of International T* 11, no. 1 (2025): 51–60, [https://www.jital.org/index.php/jital/article/view/555/pdf\\_295](https://www.jital.org/index.php/jital/article/view/555/pdf_295).

work for mass sell-offs, individual malpractices (like insider trading or pump-and-dump schemes) are harder to detect and prosecute. OJK can fine or revoke licenses, but court processes under the Capital Market Law or Consumer Protection Law are slow and seldom result in restitution for aggrieved investors. The reliance on administrative sanctions means victims may find limited remedies.<sup>64</sup> Critics also point out that consumer law (UU 8/1999) is underutilized in capital markets, partly because specialized regulators prefer to handle issues themselves.<sup>65</sup>

Another issue is regulatory overlap. The push to apply consumer-protection principles to securities (via POJK 6/2022) creates a more robust framework, but it can be confusing. For example, an investor might wonder whether to file a complaint under the Capital Market Law, consumer law, or both. In practice, OJK tends to be the focal point, which can be efficient but also burdens OJK with cases that could be handled elsewhere. There is also the gap between regulation and investor literacy: many retail investors still lack understanding of their rights.<sup>66</sup> Although OJK has launched educational portals and anti-scam centers, awareness is uneven.

Looking ahead, regulators recognize the need to strengthen enforcement capacity. OJK has announced plans to expand the scope of Investor Protection Funds and use big data analytics to spot irregularities (as per its recent press releases). It has also begun revising rules to align with the new Law No. 4/2023 on Financial Sector Development, which further embeds consumer-protection mandates. Indeed, OJK's own analysis concluded that the consumer-protection rule (POJK 6/2022) should be updated to cover emerging risks and empower consumers, which led to the new POJK 22/2023<sup>67</sup>.

In summary, Indonesia's capital market operates under a comprehensive legal regime that combines dedicated securities law with general consumer-protection norms. In practice, OJK enforces these through licensing, supervision, and adaptive measures like trading halts. The 2025 volatility tests show that these tools can effectively interrupt market meltdowns and restore order. Nevertheless, maintaining investor trust will require ongoing vigilance: closing enforcement gaps, improving public outreach, and ensuring that protective interventions do not undermine the market's efficiency.<sup>68</sup> As regulators themselves emphasize, continuous refinement of

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<sup>64</sup> Fajar Sugianto, "Efisiensi Ekonomi Sebagai Remedy Hukum," *Refleksi Hukum: Jurnal Ilmu Hukum* 8, no. 1 (2014): 61–72.

<sup>65</sup> Evi Kongres et al., "Protecting Consumers Against Defamation Claims: The Role of Common Interest in Product Reviews," *Khazanah Hukum* 6, no. 3 (2024): 294–310.

<sup>66</sup> Shintaro Tokuyama Fajar Sugianto, "The Extended Nature of Trading Norms Between Cryptocurrency and Crypto-Asset: Evidence from Indonesia and Japan," *Lex Scientia Law Review* 8, no. 1 SE-Research Articles (September 22, 2024): 193–222, <https://doi.org/10.15294/lslr.v8i1.14063>.

<sup>67</sup> *Pelindungan Konsumen Dan Masyarakat Di Sektor Jasa Keuangan*. [ojk.go.id/id/regulasi/Pages/Pelindungan-Konsumen-dan-Masyarakat-di-Sektor-Jasa-Keluangan.aspx#:~:text=,Undang.](https://ojk.go.id/id/regulasi/Pages/Pelindungan-Konsumen-dan-Masyarakat-di-Sektor-Jasa-Keluangan.aspx#:~:text=,Undang.)

<sup>68</sup> Fajar Sugianto et al., "A Scoping Review of Contract of Sale: The Case of Indonesia and Japan," *Petita: Jurnal Kajian Ilmu Hukum dan Syariah* 10, no. 1 (2025): 243–261.

rules and cross-stakeholder cooperation are key to a resilient, transparent capital market.

#### **D. Conclusion**

The Composite Stock Price Index (IHSG) declining sharply in early 2025 shows the importance of having a lower point in Indonesia's capital market which affects a lot of factors including investors, issuers, regulators, and even the national economy. This journal has analyzed calamity for the capital market alongside the reason why the capital markets face a downturn. The capital markets which are under the jurisdiction of Law No.8/1995 and No.40/2007 are tasked with fostering deep financial intermediation for business and government activities, and public investment. The head of the OJK with the stock exchange industry setting the rules in the governance of IDX, places strong edges around, within, and in the capital market giving a protection to the investment climate. The safeguard guarantees that events in March and April 2025 show how far compliance with regulation goes but stretches beyond that to issues of market confidence and trust.

Response from both the government and relevant authorities included extreme steps, such as instating trading suspensions, to stem panic selling and create some level of time out. These measures, while on some level unavoidable, highlighted the need for communication and harmonization among the regulators, market agents, and the public. As policymakers pointed out, overreaction often leads to increased market tension emanating from miscommunication alongside the absence of clear, timely, and succinct information that erodes confidence, while restoring balance. This particular incident offers in-depth analysis along key pointers to improve on for the future:

1. Improving Investor Relations: Investors' and other capital market participants' confidence can only be restored by active efforts to streamline governance policies in order to use more effective authority.
2. Sharpening Crisis Communication: Strictly regulatory bodies and market operators must build and put into effect detailed communication strategies to facilitate expectation management devoid of public misinformation funneling during calamitic volatility periods. Alleviation of panic amid volatility coupled with rational thinking amid apathy can be greatly assisted with accurate messages that are offered in a friendly, calm, and reassuring tone. Increasing the
3. Responsiveness of Regulations: The adoption and use of emergency trade halts bears witness to and encompasses the need and rationale for responsiveness of the regulation. To ensure that the capital market of Indonesia withstands prospective shocks, the best practices from elsewhere should be reviewed and adopted alongside regular reviews of crisis protocols.

4. Addressing Structural Challenges: Beyond immediate crisis management, it is essential to address the underlying structural issues-such as corporate governance, political stability, and legal certainty-that influence investor perceptions and market dynamics. Long-term reforms aimed at strengthening these foundations will contribute to a more robust and attractive investment environment.

In conclusion, the recent decline of the IHSG serves as a stark reminder of the interconnectedness of legal, economic, and psychological factors in the functioning of the capital market. While regulations and institutions provide a necessary framework, the ultimate determinant of market stability is the collective confidence of its participants. By learning from this episode and implementing thoughtful reforms, Indonesia can not only recover from the current downturn but also build a more resilient, transparent, and inclusive capital market for the future.

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