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Principles of Good Corporate Governance in Conflict of Interest Transactions between Public PT and Minority Shareholders

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ABSTRACT: The research entitled Good Corporate Governance Principles in Conflict of Interest Transactions between Public Limited Companies and Minority Shareholders aims first to know and understand and analyze the arrangements related to the implementation of good corporate governance principles towards minority shareholders. Second, to know, understand and analyze conflict of interest transactions that occur between publicly listed public limited companies and minority shareholders. The research method used in this thesis uses Normative research methods which are library research, namely research on laws and regulations and literature related to the material discussed. Based on the research results, it can be concluded First: the principles of good corporate governance in conflict of interest transactions between publicly listed public limited companies and minority shareholders. Decisions in the GMS made by the majority are not entirely fair to minority shareholders. Conflicts of interest that occur in the Company are often detrimental to the interests of minority shareholders. Second: shareholder protection is still not properly implemented by the board of directors because it violates the principles of fiduciary duty and statutory duty. This can be seen from the violation of the rights of minority shareholders, namely the failure to conduct an assessment, the failure to disclose information and the failure to hold an Independent GMS. On the other hand, OJK through its authority has protected the interests of minority shareholders by imposing administrative fines.

KEYWORDS: minority shareholders, principles of good corporate governance, protection and conflict if interest transaction.

INTRODUCTION

The financial crisis in Asia and of course also in Indonesia in 1997 clearly showed that companies had to take a different strategy. In practice, awareness of the importance of Corporate Governance is starting to appear. The application of the principles of Good Corporate Governance or commonly referred to as Good Corporate Governance (GCG) in company activities is very necessary because taking appropriate and responsible decisions and enabling safer company management can increase the value of the company and the trust of business partners. This principle is needed to provide clear and direct guidance to companies.

The problem of company bankruptcy is closely related to the decline in business enthusiasm, the weakness of a good management system and the poor quality of published financial reports. Good Corporate Governance (GCG) mechanisms that are not implemented properly in a company can result in the company or management providing information that has a negative impact on share prices and can encourage companies to manipulate accounting records by providing certain information to prevent a decline in share prices.[1]

Companies in Indonesia are still unable to implement Corporate Governance seriously, this is because many companies in Indonesia still do not have a Corporate Culture. Weak Corporate Governance in Indonesia makes companies face several obstacles such as a lack of legal standards, minimal supervision from commissioners and the rights of minority shareholders are neglected so that companies cannot implement the principles of Good Corporate Governance (GCG) properly. These obstacles in understanding open the view that companies in Indonesia cannot be managed well.

A Limited Liability Company can be defined as a legal entity which is a capital partnership and is established based on an agreement, which carries out its business only with share capital and meets the requirements determined by the law and its implementing regulations. Limited Liability Companies cannot act alone, therefore they need other people to manage the Limited Liability Company. In this case, a Limited Liability Company has organs, namely the General Meeting of Shareholders (GMS), directors and commissioners. The principles of Good Corporate Governance (CGC) are known in the management of limited

[1] Imam Suwandi, Ria Arifianti dan Muhamad Rizal, 2018, *Pelaksanaan Prinsip-Prinsip Good Corporate Governance (CGC) Pada PT. Asuransi Jasa Indonesia (Jasindo)*, Departement Adpub Fisip Unpad, Bandung, p. 45.

liability companies. The principles of Good Corporate Governance (CGC) were created to meet business development needs. The principles of Good Corporate Governance (CGC) consist of the principles of Openness, Fairness and Equality, Independence, Responsibility, Accountability.

Transactions involving conflicts of interest are transactions where the company's financial interests conflict with the personal financial interests of directors, commissioners or major shareholders in a company. When running a business, companies often carry out various business activities to achieve profits. Sometimes a transaction is carried out with parties who have an interest in the company. A conflict of interest is a difference between the company's financial interests and the personal financial interests of the parties. Directors can influence or encourage such transactions based on their power. The Board of Directors has the authority to make decisions regarding transactions according to their own interests or those of other parties, not only in the interests of the company. This violates a principle called the principle of fiduciary duty which is the responsibility of company management. Transparency is needed for transactions that are at risk of a conflict of interest. Therefore, the Capital Markets Law requires the approval of a majority of independent shareholders. The actions of directors and commissioners are actions that deviate from the principle of fiduciary duty, if the transaction is carried out without fulfilling the requirements. Violations of transaction provisions that contain conflicts of interest not only damage the principle of openness that is upheld in the capital market, but also hinder the emergence of an efficient capital market. In addition, the obligation to disclose and the obligation to obtain approval from the majority of minority shareholders for every transaction containing a conflict of interest is a matter of respecting and implementing the principle of transparency regarding shareholder rights based on the principle of equality.

In principle, the law does not prohibit transactions that give rise to a conflict of interest. However, the law regulates this matter in such a way that with this arrangement it is hoped that if a conflict of interest transaction occurs, the possibility of loss to several parties can be reduced which could lead to unfair actions. The large number of violations that occur and the discriminatory actions carried out by the Company's management against the rights of minority shareholders, this shows that the current regulations cannot fully protect and treat all shareholders equally, whether they are majority shareholders or minority shareholders.

One of the reasons why the rights of minority shareholders need to be protected is because the majority decision of the GMS is not always fair to minority shareholders, even though the method of decision making is considered the most democratic. This is due to the majority voting system. It could be that someone who finances a company with up to 49% shares is almost in the same position as a 3% shareholder and will be far from the same as a 52% shareholder. This causes injustice among shareholders. To ensure that each shareholder has rights, a principle emerged called "majority rule with minority protection" (majority rule minority protection).[2]

In order to realize good economic growth, companies must follow the principles of Good Corporate Governance (CGC) in transactions. The implementation of Good Corporate Governance (CGC) is likely to build trust between management, investors and their creditors, so that capital flows can contribute to economic recovery in Indonesia. The principles of Good Corporate Governance (CGC) are definitively a system of company regulation and control that creates added value for all stakeholders. There are two things emphasized in this concept, first, the Company is obliged to disclose performance information from the Company, ownership and stakeholders in a transparent, timely and accurate manner and second, shareholders are obliged to obtain correct and timely information. all information on company performance, ownership and stakeholders.

In general, violations of conflict of interest provisions in certain transactions are actions outside the authority of the board of directors. Directors who give authority to carry out conflict of interest transactions and do not obtain shareholder approval through the GMS constitute an act that violates the law and is considered to have exceeded their authority as directors. So it can be seen that directors are not implementing their obligations in running the company with responsibility and good faith.

Based on the background that has been described, the importance of legal protection for minority shareholders in a conflict of interest transaction, the problem formulation in this research is:

1. What is the role of the Financial Services Authority (OJK) in providing legal protection for minority shareholders.
2. What are the principles of Good Corporate Governance in conflict of interest transactions between public PTs and minority shareholders based on applicable laws and regulations.

[2] Munir Fuadi, 2008, *Perseroan Terbatas Paradigma Baru*, Citra Aditya Bakti, Bandung, p. 172.

CONCEPTUAL FRAMEWORK

1. Good Corporate Governance (CGC)

Good Corporate Governance (CGC) is a system that regulates and creates good relationships in a company in a way that does not harm its stakeholders and achieves the best possible company performance.[3] This principle is also defined as the efforts made to run a business well in accordance with their respective rights and obligations by all parties with an interest in the company. The essence of corporate governance is to improve company performance by monitoring management performance and holding management accountable to other stakeholders within the framework of applicable rules and regulations, so good corporate governance has the aim of creating prosperity for all involved. These parties are internal parties which include the board of commissioners, directors, employees, and external parties which include investors, creditors, government, community and other related parties (stakeholders). There are 5 principles of Good Corporate Governance based on the General Guidelines for Indonesian Good Governance published by the National Government Policy Commission. The five principles are transparency, accountability, responsibility, independence and fairness and equality.

1. Conflict of interest

   A conflict of interest is a situation where a conflict of interest arises for someone who uses his position and power (intentionally or unintentionally) for personal, family or group interests so that the tasks assigned to him cannot be fulfilled objectively and can be detrimental to other parties. Securities transactions in The capital market is often carried out by companies that apparently have related relationships. In the company transaction process, conflicts of interest sometimes occur, namely differences between the company's financial interests and the personal financial interests of directors, commissioners and major shareholders in transactions that can harm the company through unfair price setting. Even though a transaction can be detrimental to the Company due to a conflict of interest, the transaction is not a prohibited transaction but rather a transaction whose implementation must be regulated.

2. Limited Liability Company

   Limited Liability Company is a form of business activity with limited liability and has an independent legal entity so as to provide convenience for shareholders (owners).[4] Limited Liability Companies can attract the attention of investors to invest in a Limited Liability Company, therefore, Limited Liability Companies can support national economic development. Limited Liability Companies were originally mentioned in the Commercial Code (hereinafter referred to as the KUHD) consisting of only 20 articles, namely Articles 36 to Article 56, until finally the Government issued Law Number 1 of 1995 concerning Limited Liability Companies, as time went by public interest and Information technology is increasingly advanced so that Law Number 1 of 1995 is considered less appropriate to existing developments in law and the interests and interests of a more modern society. Then it was replaced by a new Law and adapted to modern times, namely Law Number 40 of 2007 concerning Limited Liability Companies (hereinafter referred to as UUPT).

3. Minority Shareholders

   Indonesian laws and regulations do not provide clarity regarding minority shareholders. However, it is explained that minority shareholders are one or more shareholders who proportionally only control a certain number of shares, the number of which is much smaller than one or another group of shareholders. However, there is also the term "independent shareholder", which is a shareholder who does not have a conflict of interest in connection with a particular transaction and is not an affiliate of a member of the board of directors, member of the board of commissioners or major shareholder. If you look at it, there are differences in the definition between minority shareholders and independent. However, if we look at the nature of decision making at the GMS based on the principle of one share, one vote and majority rule, sometimes minority shareholders are not involved in a conflict of interest transaction. So it can be said that minority shareholders are referred to as independent shareholders with the same legal standing.

4. Financial Services Authority (OJK)

   In accordance with the provisions of article 2 paragraph (2) of Law Number 21 of 2011 concerning the Financial Services Authority, it is stated that "OJK is an independent institution in carrying out its duties, free from interference from other

[3] Hendrik Manossoh, 2016, *Good Corporate Governance Untuk Meningkatkan Kualitas Laporan Keuangan*, Norlive Kharisma Indonesia, Bandung, p. 16.

[4] Abdulkadir Muhammad, 2010, *Hukum Perusahaan Indonesia*,Citra Aditya Bakti, Bandung, p. 105.

parties, except for matters that are expressly regulated in the law. invite this." It was further stated that the OJK in carrying out its duties and positions is outside the government and therefore is not influenced by the government.

The Financial Services Authority or what can also be called OJK is an independent institution and is not tied to any party. In carrying out its duties, the Financial Services Authority (OJK) must not interfere with any party. The Financial Services Authority (OJK) was established with the aim of becoming a body that can guarantee that all financial service activities in the financial services sector are managed in an orderly, fair, transparent and responsible manner. And it is hoped that it will be able to create a financial system that grows sustainably and advances.

RESEARCH METHODS

1. Research Typology and Approach Methods

The research typology used is normative legal research, which uses normative case studies in the form of legal behavioral products. The subject of the study is law which is conceptualized as a norm that applies in society and guides everyone's behavior. In this case, statutory regulations are often considered as written laws that are used as a reference for humans to behave appropriately.

The approach method used in this research is a statutory approach and a conceptual approach. First, the statutory approach. Which means analyzing the hierarchy of statutory regulations and the principles contained in the regulations as a whole regarding the legal issue being studied. Second, the conceptual approach. This concept approach is carried out to analyze legal materials in order to find out the meaning contained in legal terms.

2. Legal Materials

The legal materials used in this research include legal materials:

a. Primary Legal Materials
   1) The 1945 Constitution of the Republic of Indonesia
   2) Law Number 40 of 2007 concerning Limited Liability Companies
   3) Law Number 8 of 1995 concerning Capital Markets
   4) Financial Services Authority Regulation Number 42/POJK.04/2020 concerning Affiliate Transactions and Conflict of Interest Transactions

b. Secondary Legal Materials
   1) Scientific books in the field of law
   2) Collection of Papers
   3) Journal
   4) Scientific articles

3. Methods for Collecting Legal Materials

The technique for collecting legal materials used in this research is literature study. The literature study was carried out by reviewing, reading, taking notes on library materials, and conducting searches on internet media related to conflicts of interest in limited liability companies.

4. Analysis of Legal Materials

Legal materials that have been collected next The questions will be analyzed using a systematic interpretation approach. Examining existing legal texts is interpreting them systematically. In this method, an interpretation is carried out that connects one article with another article in the relevant legislation.

DISCUSSION

1. The Role of The Financial Services Authority (OJK) in Providing Legal Protection to Minority Shareholders

a. Authority of the Financial Services Authority in the Capital Market in Indonesia

The capital market is a business sector that focuses on trading securities. According to Muhamed Jalloh, financial markets play an important role in driving economic development by managing financial resources and capital flows. The

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presence of the capital market provides benefits that can be felt by companies and the government. Various capital market financial instruments can be used to support long-term project financing.

Currently, the Indonesian Capital Market is supervised by the OJK (Financial Services Authority), previously known as the Capital Market Supervisory Agency (BAPEPAM). In December 2012, the Capital Markets and Financial Institutions Supervisory Agency (Bapepam-LK) ended its duties, and in January 2013, the OJK took over its roles and responsibilities. Investment security is a major concern for potential investors, considering a number of speculations regarding the authority and responsibility of the OJK in supervising capital markets. Various crimes that have occurred in capital market activities, both in the past and currently, have raised questions about the government's role in dealing with crime and ensuring the security of transactions in the Indonesian capital market.

The capital market is a very important element for companies (issuers) in order to obtain long-term capital, expand their business, or increase working capital. According to Tjiptono[5],The capital market has the main benefit of being an investment vehicle for society, allowing for diversification. Apart from that, the capital market can also function as a main indicator of a country's economic condition, optimize the allocation of funding sources, and become an investment alternative with potential profits and risks that can be understood through transparency, investment diversification, and the liquidity of the capital market itself.

The main task of the Financial Services Authority is to create methods for regulating and supervising activities in the banking, capital market, insurance and other financial services institutions. Previously, this responsibility was handled by several different Institutions. By carrying out this task by an independent institution that is separate from the government, it is hoped that a healthy trading environment can be created both in the capital market and in other financial activities.

The Financial Services Authority has the main authority in establishing laws, regulations and decisions in the financial services sector. Apart from that, OJK also has important authority in determining policies related to the implementation of its duties. Another authority that is no less significant is to establish regulations regarding procedures for implementing written governance for Financial Services Institutions and certain parties, as well as procedures for determining statutory management at Financial Services Institutions. OJK also has the right to determine organizational structure and infrastructure, manage, maintain and administer assets and liabilities, as well as establish regulations regarding procedures for imposing sanctions in accordance with the provisions of laws and regulations in the financial services sector. In carrying out its duties and authority, OJK refers to a number of principles which form the basis for carrying out these duties:[6]

1) Principle of Legal Certainty
   The principle of legal certainty in a country places the main emphasis on the basics of regulations and justice in formulating every policy related to the management of the Financial Services Authority.
2) Principle of Public Interest
   The principle of public interest gives priority to general welfare through an accommodative, aspirational and selective approach.
3) Principle of Openness
   The principle of openness is a principle that recognizes the public's right to obtain accurate, honest and non-discriminatory information regarding the activities of the Financial Services Authority. This principle continues to pay attention to the protection of personal, group and state confidentiality human rights.
4) Principle of Professionalism
   In the principle of professionalism, excellence in carrying out the duties, functions and authority of the Financial Services Authority is a priority, by complying with the code of ethics and applicable laws and regulations.
5) Principle of Accountability
   The Principle of Accountability stipulates that all activities and final results originating from every implementation of the Financial Services Authority must be able to be explained and accounted for to the public.

[5] Darmadji, Tjiptono dan Hendy M. Fakhruddin, 2011, *Pasar Modal di Indonesia*, Salemba Empat, Jakarta.
[6] Andrian Sutedi, 2014, *Aspek Hukum Otoritas Jasa Keuangan*, Raih Asa Sukses, Jakarta, p. 97.

Education organized by the Financial Services Authority (OJK) regarding securities trading has great significance, especially for potential investors who have just entered the capital market. Through this educational effort, it is hoped that prospective investors can feel calmer and more confident, because they have the knowledge and a platform to submit complaints regarding the trade transaction problems they face. OJK plays an important role in supporting the Indonesian Stock Exchange (BEI) in organizing educational activities and increasing awareness about how to invest safely in the capital market. Apart from that, OJK can also provide examples to potential investors regarding issuers that comply with IDX regulations, as well as issuers that have never been involved in cases of rule violations.

The Financial Services Authority (OJK) plays an important role in increasing the number of investors in the capital market. Its function is realized through efforts to provide education to the public regarding the safety of investing in the capital market. In accordance with Law Number 8 of 1995, OJK also has responsibility for handling various types of criminal acts in the capital markets sector, such as fraud, market manipulation and insider trading. Crime in the capital market has a distinctive characteristic, where information is the main focus of criminals. They do not rely solely on physical strength for personal gain, but instead use a deep understanding of market conditions to achieve their goals.

b. Responsibility of the Financial Services Authority as a Form of Legal Protection for Minority Shareholders

In Indonesia, the Financial Services Authority (OJK) has the main authority to regulate and supervise all activities in the capital markets sector. This authority was established based on Law Number 21 of 2011 concerning the Financial Services Authority, which was then reaffirmed through Law Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (UUP2SK), according to the P2SK Law, OJK is responsible for implementing the regulatory system and integrated supervision of all activities in the financial services sector. OJK's main function includes regulating and supervising financial services activities in the capital markets sector. In the structure of the Indonesian capital market, OJK occupies the highest position and is an independent state institution with responsibility for regulation, supervision, inspection and investigation in the capital market sector.[7]

The Financial Services Authority, also known as OJK, is an independent institution that is not tied to any party. In carrying out its duties, OJK adheres to the principle of not interfering with any party. The establishment of the OJK aims to become a body that can guarantee that all financial services activities in the sector are managed in an orderly, fair, transparent and responsible manner. Apart from that, OJK has the ambition to create a financial system that grows in an advanced and sustainable manner.

The supervisory authority of financial services institutions needs to maintain its independence, regardless of the influence of government or the industry it supervises. This is done so that the Financial Services Authority can achieve its goal of regulating activities in the financial services sector in an orderly, fair, transparent and accountable manner.[8] In addition, it is hoped that the Financial Services Authority will develop sustainably and stably, while protecting the needs of consumers and society. Therefore, article 2 of the Financial Services Authority Law emphasizes that the institution must be independent in carrying out its duties and authority, and free from intervention from other parties.

Legal protection is an effort to protect legal subjects in accordance with applicable statutory regulations and provisions, whether coercive, preventive, written or unwritten. Minority shareholders really need legal protection, especially when they feel that their rights and interests can be ignored by majority shareholders. Therefore, legal regulations have been introduced to ensure that both minority and majority shareholders are treated fairly and equally.

The role of the Financial Services Authority (OJK) in protecting consumers and the public involves the authority to carry out legal defense. OJK has the authority to order or carry out actions given by the relevant financial services institution. Apart from that, OJK can also request the return of goods belonging to the person who was injured, whether the goods are controlled by another party or not. Apart from that, the OJK can enforce compensation in good faith from the party who caused the loss, whether it is a consumer or a financial services institution. All of these efforts were carried out in response to violations of laws and regulations in the financial services sector.

Become a guardian of public security against all forms of violations and crimes regulated by law, both in the form of laws and judge's decisions as jurisprudence. The large and significant role of the capital market is greatly influenced by

[7] Otoritas Jasa Keuangan, 2023, *Buku Saku Pasar Modal*, p. 7.

[8] Andrian Sutedi, 2014, *Aspek Hukum Otoritas Jasa Keuangan*, Cet. I, Raih Asa Sukses, Jakarta, p. 77.

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the value of transactions and market capital, as well as its ability to protect the interests of various parties, especially investors. Investors have the hope of gaining profits through investors in the capital market, but keep in mind that every investment carries risks, and there is no guarantee that the investment will provide profitable results.

Law no. 8 of 1995 concerning Capital Markets is a legal basis that confirms the existence of capital markets in Indonesia. This law not only provides legal certainty to all capital market players, but also protects investors. The principle of full disclosure is implemented as a consequence of legal protection for investors, requiring issuers and supporting professionals in the capital market to ensure the accuracy and completeness of information related to every investment decision, bearing in mind that every investment decision carries risks. The government is advised to pay attention to issues relating to investors' interests, including improving the management of companies that have gone public. In line with the aim of carrying out orderly, fair and efficient securities trading, stock exchanges are required to provide supporting facilities and supervise the activities of stock exchange members, in accordance with provisions article 7 paragraph (1) in conjunction with paragraph (2) Law Number 8 of 1995 concerning Capital Markets.

One of the responsibilities of the Financial Services Authority (OJK) is to protect consumers of financial services in Indonesia, especially in the capital markets sector. This protection is referred to as investor protection in the capital market, considering that consumers in this seltor act as sponsors and investors. Therefore, OJK has the authority to handle aspects of investor protection in the capital market. Regarding consumer protection, Law Number 21 of 2011 concerning the Financial Services Authority contains clear provisions in article 28, article 29 and article 30. These provisions regulate in detail the protection of consumers and the public in the financial services sector. OJK provides legal protection to consumers through preventative, containment and repressive measures. This is in line with OJK's mandate in carrying out the regulatory and supervisory functions of the financial services sector. OJK also takes preventive action with the aim of enabling the public to make appropriate financial decisions and better understand the financial products they own or will own. This effort is implemented through activities such as financial education, Training of Trainers, outreach, and publishing materials as well as various other initiatives,

Basically, the Law concerning the Financial Services Authority only regulates the organization and implementation of financial activities of institutions that have regulatory and supervisory authority over the financial services sector.[9] With the establishment of the Financial Services Authority, it is hoped that a more effective coordination mechanism can be created in dealing with problems that arise in the financial system. This aims to ensure the stability of the financial system and create more integrated regulation and supervision.

2. **Principles of Good Corporate Governance in Conflict of Interest Transactions Between Public PT and Minority Shareholders Based on Legislation**

Continuous growth in the economic system encourages entrepreneurs to develop businesses and start companies. The entrepreneurs decide to set up a business and start a company. Business actors decide to establish a company as an effort to more efficiently manage various business transactions. Purwosutjipto explained that a company can be defined as a series of activities carried out continuously with certain transparency, which aims to obtain profits for itself.[10] Legally, the definition of a company can be stated in article 1 letter b of Law Number 3 of 1982 concerning mandatory company registration. According to this definition, a company is a form of business that has operational continuity, is established and has permanent activities in Indonesia, with the main aim of achieving profits.

There are 5 (five) important elements that determine the definition of a company, namely organization, needs, economic resources, production, and the purpose of being founded to make a profit. Companies must follow legal regulations in Indonesia, in accordance with Law number 40 of 2007 concerning Limited Liability Companies. Company structures in Indonesia are divided based on their legal status into two, namely legal entity companies and non-legal entity companies. The basic differences between the two forms of company are:[11]

a. Separating company assets and the founder's personal assets is an important step. The assets of unincorporated companies tend not to be differentiated from personal ownership, while incorporated companies usually establish a strict

[9] Marfuatun Uliya, 2017, *Mengenal OJK dan Lembaga Keuangan*, Cet. VIII, Relasi Inti Media, Yogyakarta, p. 4.
[10] A.R. Saliman, 2005, *Hukum Bisnis untuk Perusahaan Teori dan Contoh Kasus*, Cet. VII, Kencana-Prenada Media Group, Jakarta, p. 82.
[11] Shidarta, Abdul Rasyid dan Ahmad Sofian, 2019, *Aspek hukum Ekonomi dan Bisnis*, Kencana-Prenada Media Group, Jakarta, p. 63.

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separation between company assets and those of the founders. Thus, the assets of a legal entity are considered as separate entities that have independent ownership.

b. The responsibility of a company that does not have a legal entity rests with its owner. On the other hand, a company that has been formed with a legal entity has certain limitations regarding its responsibilities. As a legal entity, a company is considered a legal subject that has the ability to hold rights and obligations.

c. The non-legal status of a company has the consequence that the company owner must bear all losses that may occur. The situation is different with legal entity companies, where the losses experienced are limited to the assets and wealth owned by the company itself.

Several advantages of the legal entity form of company encourage many business owners to establish companies with this legal status. According to data from the Statistics Agency from 2020 to 2022, there are 649 companies registered in Indonesia as legal entities. For example, a Limited Liability Company (PT) is a legal subject that has rights and obligations to property, which originates from individual assets that are considered worthy of being maintained.[12] This existence allows the PT to act like an individual entity, allowing it to take legal action, file lawsuits, and face lawsuits in court in its own name. In addition, PT has assets that are separate from those of its shareholders, resulting in a separation between company assets and the assets of individual shareholders.

Since a Limited Liability Company is considered a legal entity, the legal relationship between voters or shareholders as well as management or directors and the company becomes separate. Article 1 paragraph (2) ji. Article 1 paragraph (5) of the Limited Liability Company Law states that in a Limited Liability Company there are three organs, namely the General Meeting of Shareholders (GMS), Directors and Board of Commissioners. Ownership of a limited liability company is confirmed through share ownership, which is regulated by articles 48 to 53 of the Limited Liability Company Law. The share ownership structure is regulated in the articles of association of each limited liability company, while complying with the provisions of applicable laws and regulations. Shareholders have the right to participate and vote at the GMS, receive dividends, pay remaining assets resulting from liquidation, and exercise other rights regulated by the Limited Liability Company Law as proof of share ownership.[13] The GMS has the authority to make decisions that are not within the authority of the Board of Directors and Board of Commissioners.

With rapid growth in the business world and increasingly fierce competition between companies, business sustainability has become crucial. To ensure continuity, companies must be proactive in developing their business, for example by expanding and taking certain steps. One form of action a company can take is through corporate action such as merger, consolidation, takeover or changing its status from a closed company to a public company. The definition of a public company is found in article 1 number 7 of the Limited Liability Company Law, which refers to the section on companies conducting a public offering of shares in accordance with capital market regulations. Thus, a public company can form a public company or a limited company which goes public by offering its shares through a public offering.

Companies that carry out public offerings of shares to the public, or what are known as companies that go public, carry out these steps in accordance with the provisions that have been regulated in statutory regulations. This decision was taken with the aim of obtaining a number of benefits, such as opening the company's access to long-term sources of financing, increasing corporate value, improving the company's image, and also increasing the company's ability to overcome challenges by obtaining tax incentives. Companies carrying out the process of going public are generally referred to as issuers, and issuer shares that have met the requirements to go public will then be listed on the stock exchange board regulated by the Indonesian Stock Exchange (BEI).

Companies conducting a public offering of shares must comply with various applicable laws and regulations. One of them is Law Number 8 of 1995 concerning Capital Markets (UUPM). Apart from that, the company is also obliged to comply with regulations issued by the Financial Services Authority, which acts as a financial sector supervisor, in accordance with Law Number 21 of 2011 concerning the Financial Services Authority (UU OJK). Apart from that, companies are also required to follow the regulations issued by the Self-Regulation Organization (SRO) in the capital market, one of which is the Indonesian Stock Exchange (BEI).

[12] Frans Satrio Wicaksono, 2009, *Tanggung Jawab Pemegang Saham, Direksi dan Komisaris Perseroan Terbatas (PT)*, Visimedia, Jakarta, p. 2.
[13] Toman Sony Tambunan dan Wilson R.G. Tambunan, 2019, *Hukum Bisnis*, Kencana-Prenada Media Group, Jakarta, p. 24.

A limited liability company as a legal entity where capital ownership is realized in the form of shares, makes the General Meeting of Shareholders (GMS) the highest decision making forum regarding its legal structure. Shareholders who have voting rights to participate in the Company's decision-making process become rights holders in this context. Although the Limited Liability Company Law (UUPT) does not provide clarity regarding the division of shareholders and only provides limited indications regarding minority shareholders, it can be summarized that shareholders can be grouped into two categories, namely majority and minority shareholders.

Voting by shareholders is based on Article 84 paragraph (1) of the Limited Liability Company Law. This article confirms that every share owned has voting rights. Therefore, at the General Meeting of Shareholders (GMS), the decisions taken by the company are largely determined by the majority vote of the shareholders. In this context, it is important for majority shareholders to consider the interests of minority shareholders in the company

Nevertheless, statements emerged regarding the flexibility of decisions taken by a majority vote at the GMS, especially whether these decisions can be changed by considering the interests of minority shareholders. For example, could voluntary delisting occur as a result of a reassessment? Apart from that, do minority shareholders, especially investors in the capital market, have a mechanism to respond to errors in corporate governance that could cause losses, such as suspension of shares or forced delisting? All of these questions open up space for further thinking about the role, rights and responsibilities of shareholders in corporate decision making and how protection of minority interests can be guaranteed, especially in the context of the potential for significant corporate governance errors.

a. Minority Shareholders in Public Limited Liability Companies

Shareholders are individuals who are involved in the capital of a company by purchasing one or more shares. Obtaining shareholder status can be done through establishing a company, purchasing shares from existing shareholders, or inheriting shares. A Limited Liability Company (PT) is a business entity whose capital is structured in the form of shares, and the owners have a proportion according to the number of shares they own. Because the Company's capital consists of s tradable shares, share ownership can be changed without resulting in the dissolution of the Company. In addition, the legal status of a PT reflects that the owners or shareholders and management or directors are considered legally separate entities from the Company. The concept of "separate legal personality" emphasizes that shareholders do not have a direct interest in the PT's assets, so they are not responsible for the Company's debts or obligations. This principle is the basis for ensuring that shareholders are not involved in responsibility for the debts of limited liability companies, unless regulated by the Limited Liability Company Law.

Buying shares to obtain ownership rights in a Limited Liability Company can be done through the primary and secondary markets, namely the capital market. Investors who purchase Company shares in the capital market are classified as minority shareholders based on the size of their share ownership. Although the law does not explicitly define minority shareholders, in the capital market context, minority shareholders are considered equivalent to independent shareholders. Independent shareholders, in accordance with Financial Services Authority Regulation Number 15/POJK.04/2020 concerning planning and holding General Meetings of Shareholders of Public Companies (POJK RUPS), are generally defined as shareholders who do not have personal economic interests in transactions carried out by the Company. Economic interests here do not include control over the company's activities and transactions.

Although there is no official term for minority shareholders, Black's Law Dictionary defines them as individuals or entities who do not have management control in a company or are not controlling. Controlling shareholders on the other hand refer to parties who own more than 50% of the total shares of a public company with full voting rights or have the ability to directly or indirectly determine the management and policies of the company. The main shareholder, who holds at least 20% of the voting rights of the total shares issued by the company, is also included in the category of shareholders who have significant influence in the company.

The aim of purchasing shares through the secondary market (capital market) is different from the aim of shareholders who act as founders or purchasers of shares in large quantities. Investors in the capital market have the main aim of obtaining profits through company dividends or capital gains. The majority of share buyers in the capital market come from the general public who buy shares in small amounts, are not included in the category of major shareholders who own more than 50% of the shares and have the main goal of controlling the company.

Minority shareholders have equal rights to majority shareholders in accordance with the provisions of the Limited Liability Company Law. This law provides equal rights to each shareholder, without limiting the number of shares that must be owned to obtain the regulated rights. However, in the voting process in companies, the principle of "one share one vote" applies, which means that each share has one vote, and no separate voting is possible. Therefore, even though the minority shareholder's choice may be defeated in a majority situation, their vote must still be taken into account to ensure the decisions taken are in line with the principles of good corporate governance.

The concept of balance in the Company is reflected in the principle of "majority rule and minority protection". This means that majority shareholders have power, but the interests of minority shareholders must be considered.[14] In particular, the possibility of injustice due to a voting system that is detrimental to minority shareholders can trigger simple, fast and economical legal measures in order to maintain justice in the Company.[15]

b. Principles of Good Corporate Governance in the Company

The capital market industry has an important role as the main indicator in a country's economy. Through this industry, open companies are formed, known as public listed companies, which are allowed to offer their shares to the public after going through the Initial Public Offering (IPO) process. This system allows financiers or small investors to own shares in the public company. Even though it provides benefits, the capital markets industry also raises a number of fundamental problems. In line with its function, the capital market converts the value of a company into financial value which is reflected in the capital market (the company's capital market value). For various reasons, the financial value of a publicly traded company can differ significantly from its economic value, influenced by various factors. Therefore, effective management is very necessary to protect the interests of stakeholders, especially minority shareholders

The application of Good Corporate Governance (GCG) principles supported by adequate regulations is considered capable of preventing various forms of overstating and dishonesty in financial disclosures which can harm stakeholders. For example, there is the potential for exploitation that can depict company performance beyond reality. According to the Cadbury Committee, corporate governance is defined as a system that directs and controls a company with the aim of achieving a balance between the power of authority required by the company, to maintain its continued existence, and to be accountable to stakeholders. This concept is related to regulations that regulate the authority of owners, directors, managers, shareholders and other entities.

Many companies in Indonesia have implemented the principles of Good Corporate Governance (GCG) which originate from the Organization for Economic Cooperation and Development (OECD). These principles were later adopted by many countries, and consist of five main pillars in corporate governance, namely:

1) Protection of shareholder rights (The Rights of Shareholders);
2) Equal treatment of all shareholders (The Equitable Treatment of Shareholders);
3) The role of stakeholders related to the company in corporate governance (The Role of Stakeholders in CG)
4) Openness and transparency (Disclosure and Transparency); And
5) Responsibilities of the board of directors and board of commissioners (The Responsibilities of the Board).

The Corporate Governance Principles compiled by the OECD have undergone evolution and eventually become universal guidelines, providing the basis for developments in various countries. The five well-known basic principles of Good Corporate Governance involve (Tranparency), accountability (Accountability), responsibility (Responsibility), independence (Independency), and fairness and equality (Fairness). These principles are the main basis adopted in many countries to achieve good corporate governance.

1) Principle of Transparency

The principle of transparency emphasizes that openness must be integrated into every aspect of the company that is related to the interests of the public or shareholders. In Good Corporate Governance (GCG), transparency is reflected in open company management and accurate and timely disclosure of information to stakeholders. The principle of transparency recognizes the need of investors and shareholders for information regarding a company's performance,

[14] Munir Fuady, 2001, *Hukum tentang Akuisisi, Take Over, dan LBO*, Citra Aditya Bakti, Bandung, p. 123.
[15] Rahmat Setiawan dan Risno Mina, 2019, "Perlindungan Hukum Terhadap Pemegang Saham Minoritas Dikaitkan dengan Penerapan Good Corporate Governance (GCG)", *Jurnal Yustisiabel*, Vol. 3 Nomor 2, p. 138.

financial results and operations. The purpose of transparency is to reveal the state of the company, both internally and externally. However, keep in mind that transparency of external information must be limited to maintain company confidentiality and prevent potential losses. Transparency of company financial information can build trust and harmonious relationships with shareholders, avoiding suspicion that could harm or damage the company's reputation.

There are several steps that need to be taken to ensure transparency in companies, such as provisions that require companies to disclose important transactions, including share ownership by directors or commissioners. In addition, provisions are needed that prohibit companies from carrying out transactions that could give rise to a conflict of interest. Companies also need to have provisions regarding approval for cancellation of sales or purchase contracts above a certain limit, the obligation to sign contracts for debt guarantors above a certain amount, and credit approval that exceeds a certain limit of asset value in the last financial year. These steps aim to create a transparent business environment and build trust among all company stakeholders.

2) Principle of Accountability

The principle of accountability embodies responsibility in being responsible for the success or failure of implementing the company's vision and mission to achieve the goals and objectives that have been set. This is an ongoing obligation for company management, which includes presenting and reporting all company activities to interested parties. Media accountability is not only limited to reports, but also includes practices that make it easier for mandate givers to obtain information. Accountability involves protecting and guaranteeing voting rights for each shareholder, allowing them to participate in the annual General Meeting of Shareholders (GMS) and others. The presence of independent directors and commissioners is important in creating objective and responsible company management. The accountability principle of Good Corporate Governance (GCG) helps clarify and strengthen the concept of separation between shareholders and management for transparent and responsible company management.

3) Principle of Responsibility

The principle of responsibility covers aspects related to fulfilling the company's social obligations as members of society. In carrying out its responsibilities towards shareholders and related parties, companies must comply with applicable laws and regulations. In short, companies must prioritize the supremacy of law or the Rule of Law, including complying with tax regulations, employment and work safety regulations, health regulations, environmental regulations, consumer protection regulations, and prohibiting monopolistic practices and unfair business competition. This responsibility must include principles that reflect good company management performance. Companies must also recognize the role of stakeholders and encourage active collaboration with them to improve company performance, so that company actions can be socially responsible.

4) Principle of Independence

The principle of independence is a must for companies so that they can be managed independently by maintaining a balance of power. With this balance, no one company organ can dominate another, and the company must not be intervened by external parties so that its internal strength remains balanced. In addition, each company organ is required to carry out its duties in accordance with the articles of association and applicable regulations, and must not avoid the responsibilities inherent in its duties.[16]

5) Principles of Equality and Fairness

The principle of equality and fairness, often referred to as the principle of justice, refers to the concept of fair treatment for all shareholders. In the context of Corporate Governance, this principle aims to ensure that all shareholders are treated equally and fairly, including legal protection for minority shareholders. The implementation of justice, especially in protecting the rights of minority shareholders, is considered very important. Currently, the concept of justice is a serious concern for company administrators, especially because the condition of the Rule of Law and law enforcement in Indonesia is considered inadequate, which also has an impact on security uncertainty in investing.

[16] Novieka Kuswandi dan Ratih Indriyani, 2014, *Penerapan Prinsip-Prinsip Good Corporate Governance Pada Perusahaan Keluarga X*, Universitas Kristen Petra, Surabaya, p. 4.

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3. **Conflict of Interest Transactions and Legal Protection for Minority Shareholders**

Often, directors or commissioners are involved in transaction practices that involve selling personal assets to the company where they work. This practice is often carried out by setting prices that far exceed market value or fair prices.[17] The main goal is to achieve maximum profits. Such transactions are carried out with parties who have conflicts of interest within the company. Even though these parties are involved in transactions with the company, they also have a personal interest in the continuity of the transaction. For example, transactions between the company and the company's commissioners, directors or major shareholders. In this context, such transactions are considered a conflict of interest because they involve parties who have dual roles, both as stakeholders in the company and as having a personal interest in the transaction.

The Capital Markets Law regulates transactions involving conflicts of interest in article 82 paragraph (2). By including related provisions, this law shows that such practices have been going on for a long period of time and have the potential to harm one of the parties, because they involve violations of the principle of information traceability.[18] In accordance with applicable legal regulations, transactions involving conflicts of interest must obtain prior approval from independent shareholders or representatives mandated by the General Meeting of Shareholders (GMS). Apart from that, the agreement that occurs must be confirmed in the form of a notarial deed. Financial Services Authority Regulation Number 42/POJK.04/2020 concerning Affiliate Transactions and Conflict of Interest Transactions clearly explains that conflict of interest transactions are transactions carried out by Public Companies or Closed Companies that involve affiliated parties or other parties who are not affiliated and contain a conflict of interest. .

Transactions involving conflicts of interest are not absolutely prohibited transactions. The reason is that, although transactions that can be considered profitable or detrimental seem clearly differentiated, in practice it is often difficult to assess whether a transaction is profitable or detrimental. There are situations where companies face conditions where transactions that initially appear to be detrimental turn out to be profitable. For example, a transaction that appears to be detrimental may actually provide significant benefits to the company. Therefore, such activities should not be prohibited because they in fact provide benefits to the company. Rules relating to transactions involving conflicts of interest emphasize that regulations in the capital market emphasize the rights and protection of shareholders based on the principle of equality (fairness). There are four types of transactions that can contain a conflict of interest, namely:

a. Self Dealing Transactions

   Self Dealing Transactions, which are also known as self-dealing transactions, are a manifestation of transactions involving the personal interests of the directors of a company. This refers to situations where directors are directly or indirectly involved in transactions with the company in which they hold office.

b. Corporate Opportunity Transactions

   The term "corporate opportunity" has the meaning of rights, ownership, interests or hopes which, according to the principles of justice, should belong to the company. If a member of the board of directors carries out a transaction for his personal interest even though the transaction should have been carried out for the benefit of the company, based on information obtained in his position as a member of the board of directors, then this is a violation of the principle of conflict of interest. As a member of the board of directors, he should prioritize the interests of the company above his personal interests, and not instead take the benefits or profits from the company for himself.

c. Executive Compensation Transactions

   Executive compensation transactions are activities that determine salaries for company executives, including president directors, directors, managers and other executives. In determining the amount of compensation, the director has enormous authority to determine the amount received by company executives, including himself. In this transaction process, there is an element of self-dealing because the director is effectively involved in making decisions related to his own salary, and his interests will clearly receive better treatment.

d. Transactions with controlling stockholders

   Controlling shareholders, also known as controlling stockholders, are major shareholders who have great power, including the ability to elect the majority of members of the board of directors. This power arises when shareholders own

[17] Mohamad Samsul, 2006, *Pasar Modal dan Manajemen Portofolio*, Erlangga, Jakarta, p. 135.
[18] M. Irsan, Nasarudin dan Indra Surya, 2007, *Aspek Hukum Pasar Modal di Indoneisa*, Kencana Prenada Media Group, Jakarta, p. 125.

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the majority of shares with voting rights. In large publicly traded companies, shareholders can hold this power even if their share ownership is less than half of the total shares.

The limited liability company form of business entity attracts the attention of many parties because it has unique characteristics. This company is a capital association in the form of an independent legal entity and provides limited liability to its shareholders. With this form, the company has the ability to develop itself, capitalize capital, and become a potential vehicle for gaining profits, both for the company itself and for its shareholders. Implementation of limited liability company activities can be carried out with or without approval from the General Meeting of Shareholders (GMS), depending on the type of decision taken by the company management and in accordance with the provisions contained in the Articles of Association or applicable laws and regulations.

As a legal entity, a Limited Liability Company is obliged to support the rights and obligations of both the management and shareholders. Shareholders in a Limited Liability Company have rights and obligations arising from share ownership in the Limited Liability Company, which is the value of the shares of each holder g shares, influence in adopting a policy at the GMS, giving rise to majority and minority share ownership. However, in principle, the interests of shareholders should be the same, namely to obtain profits and benefits from share ownership.

Legal protection for minority shareholders is an aspect that must receive attention and implementation. Article 28D of the 1945 Constitution of the Republic of Indonesia, as the highest law in Indonesia, guarantees the right of every individual to obtain recognition, guarantees, protection and fair legal certainty, including equal treatment before the law. Companies as legal entities in Indonesia are required to provide guarantees for these human rights, especially protection, legal certainty and equal treatment. This principle is particularly relevant in the context of minority shareholders, where their rights cannot be overridden by the interests of the majority. Although Article 53 paragraph (2) of the Limited Liability Company Law stipulates the granting of the same rights for the same qualifications, this principle cannot override the basic legal protection for minority shareholders, which should be based on the principles and provisions contained in statutory regulations. .

The amount of share ownership does not reduce the rights owned by shareholders. The main difference lies in the type or qualification of shares. Therefore, minority shareholders still maintain equal rights at the General Meeting of Shareholders (GMS) as members of the GMS. These rights include the ability to request explanations from the company's Directors and Commissioners.[19] The importance of protecting minority shareholders is manifested in the need for guarantees ensuring that their rights are secured and efforts are made to protect their interests. Both the Board of Directors and majority shareholders must be aware that protecting the interests of minority shareholders is a logical consequence of the legal relations arising from share ownership and is an obligation that must be carried out.

To avoid minority tyranny, it is important to strike a balance through implementing the principles of majority rule and minority protection. This principle involves restrictions on the rights of majority shareholders, such as, First, it is prohibited to sell majority shares to one party without making a tender offer. Second, you cannot sell controlling/majority shares without transferring the rights attached to those shares. Third, majority shareholders are prohibited from controlling important information about the company without minority shareholders knowing, which is closely related to disclosure obligations. Fourth, there is a prohibition on doing other things that could harm the interests of minority shareholders

Next, based on the Civil Code (KUHPer), shares are considered goods or movable objects. Article 499 of the Civil Code provides a definition of goods as every object and right that can become an object of property rights. On this basis, shareholders have material rights to their shares, which means that shareholders can defend their rights against other parties.[20]

Protection for minority shareholders in maintaining their rights is generally regulated in the Limited Liability Company Law. The rights of minority shareholders in the Limited Liability Company Law include:[21]

1. Personal Rights (Individual Rights)

   Overall, the principle of equality before the law applies to all individuals, providing the right to work and a decent life as part of human rights. Individual rights are relative and receive protection from legal regulations. Minority shareholders,

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[19] Pita Permatasari, 2014, "Perlindungan Hukum Pemegang Saham Minoritas Perusahaan Terbuka Akibat Putusan Pailit", *Jurnal Filsafat dan Budaya Hukum*, p. 306.

[20] Zainal Asikin dan L. Wira Pria Suhartana, 2016, *Pengantar Hukum Perusahaan*, Kencana, Jakarta, p. 65.

[21] Maya Sari, dkk., 2017, "Analisa Perlindungan Hukum bagi Pemegang Saham Minoritas dalam Proses Akuisisi berdasarkan pasal 126 Undang-Undang Nomor 40 Tahun 2017", *JIPPK*, Vol. 2 Nomor 2, p. 118-119.

as legal entities, have the right to file a lawsuit against the Directors or Commissioners in court if an error or negligence occurs that is detrimental to them. The personal rights of minority shareholders are regulated by Article 61 paragraph (1) of the Limited Liability Company Law. These detrimental actions can be categorized as unlawful acts committed by Directors or Commissioners, or ultra vires in nature. This is related to the responsibility of Directors or Commissioners to carry out their duties in good faith and with full responsibility, so that detrimental actions can be considered a violation of the law. Some actions that can cause personal liability to Directors or Commissioners include not complying with fiduciary duties, presenting inaccurate financial reports, causing bankruptcy due to errors, and not reporting personal or family member share ownership..[22]

2. Appraisal Right
   Appraisal Right is the right owned by minority shareholders to defend their interests by assessing the share price. This right can be used when shareholders ask the company to have their shares valued and purchased at a fair price. This situation occurs when shareholders do not approve of company actions that could harm them or harm the company itself. In the context of the Limited Liability Company Law, Appraisal Rights for minority shareholders are regulated in accordance with Article 62 Paragraph (1) of the Limited Liability Company Law.
3. Pre-Emptive Right
   Pre-Emptive Right is the right to request precedence or the right to own the shares offered first. In the company's Articles of Association, restrictions can be regulated regarding the obligation to offer shares to both internal and external shareholders, or the implementation must obtain prior approval from the company's organs. Therefore, in the company's Articles of Association it can be stipulated that minority shareholders have the right to buy shares before other shareholders. The price offered to minority shareholders must be equivalent to the price offered to other shareholders. Pre-Emptive Rights for minority shareholders are regulated in Article 43 paragraphs (1) and (2) of the Limited Liability Company Law
4. Derivative Rights
   Derivative rights are basically rights that allow a person or group of minority shareholders to represent the company. Usually, this right is vested in the Board of Directors, who have the authority to represent the company in accordance with applicable regulations. However, it should be noted that Article 79 Paragraph (2) and Article 144 Paragraph (1) of the Limited Liability Company Law provide opportunities for minority shareholders to act as derivative rights holders, which allows them to represent the company's interests. This right includes the ability to demand that a General Meeting of Shareholders (GMS) be held on behalf of the company as well as the ability to request the dissolution of the company.
5. Enquete Recht (Right of inquiry)
   The Right to Inquiry, also known as Enquete Recht, is the right to submit a request for examination of a company through the courts. The purpose of this right is to carry out investigations regarding suspected fraud or information hidden by Directors, Commissioners or majority shareholders. Although in principle, supervision of the Directors is carried out by the Commissioners in managing the company, in practice it often happens that errors or negligence on the part of the Directors or Commissioners can cause losses to the company, shareholders or third parties. Therefore, this right gives minority shareholders the authority to carry out inspections of the company's operational activities. Enquete Recht regulations for minority shareholders are regulated in Article 97 Paragraph (6), Article 114 Paragraph (6), and Article 138 Paragraph (3) of the Limited Liability Company Law.

Apart from that, Article 126 of the Limited Liability Company Law also clearly regulates the company's responsibilities in carrying out the acquisition process, which must take into account the interests of minority shareholders. This provision reflects the understanding of the Limited Liability Company Law regarding decisions within the company, including corporate actions. Even though deliberation to reach consensus is prioritized as a decision-making mechanism, the majority vote still has a determining influence, especially through the voting mechanism. Therefore, protecting minority interests is

[22] Dwi Tatak Subagyo, 2015, "Perlindungan Hukum Pemegang Saham Minoritas Akibat Perbuatan Melawan Hukum Direksi Menurut Undang-Undang Perseroan Terbatas", *Perspektif*, Vol. XX Nomor 1, FH UWKS, Surabaya, h. 53-54.

very important. In the context of a public company, it is important to understand the obligations it has. Companies that go public or conduct a public offering have a number of obligations, including:[23]

1. Obligation to carry out openness (full disclosure).
2. The obligation to follow capital market regulations, and
3. Respect and fulfill shareholder rights.

The obligations referred to refer to the consequences of changing the company's status from closed to open. This change requires strict regulations because it involves public funds in the company. Apart from that, the obligation to disclose is also an integral part of implementing good corporate governance[24] and aims to protect the interests of minority shareholders. This gives minority shareholders the right to take certain actions to protect their interests

On the other hand, when discussing public companies listed on the Indonesia Stock Exchange (BEI), there is the concept of suspension or temporary suspension for a certain period of time, and delisting or delisting of shares from the stock exchange board. Rules related to delisting are regulated in the Capital Market Law, Financial Services Authority Regulation Number 3/POJK.04/2021 concerning the Implementation of Activities in the Capital Market Sector (POJK Organizing Capital Market Activities), Decree of the Directors of the Jakarta Stock Exchange Number KEP-308/BEJ -/07-2004 concerning Regulation I-I Concerning Delisting and Relisting of Shares on the Exchange (Delisting and Relisting Regulations), as well as Decision of the Directors of PT Bursa Efek Surabaya Number SK-023/LGL/BES/XI/2004 concerning Second Amendment to Securities Listing Cancellation (Delisting) Regulations (Delisting Regulations). According to these regulations, delisting can be carried out at the request of the company or due to a decision by an authority such as the OJK or BEI. Forced delisting generally occurs when a company violates certain rules or no longer meets the requirements, so it is forcibly removed from the exchange board.

If we look at the requirements that must be fulfilled in submitting a delisting application by a listed company, both based on OJK Regulations and BEI Regulations, then the requirement to obtain approval from the General Meeting of Shareholders (GMS) can be considered as a form of legal protection provided by the authorities before a delisting decision can be made. accepted. Currently, based on a normative review, there are no new regulations from the IDX regarding the delisting process. In accordance with the provisions in the delisting regulations, the GMS decision regarding the change of company status from open to closed must be decided at a GMS attended by more than half of all shareholders who are not Controlling Shareholders. Therefore, the GMS is required to be attended by independent shareholders.

To protect investors or minority shareholders, listed companies are required to buy back all shares owned by public shareholders. In the process of submitting a voluntary delisting, the company must include a statement that the number of shareholders has become less than 50 parties and a statement letter from the Indonesian Stock Exchange (BEI) stating that the company has fulfilled all its obligations to the stock exchange. Applications for share delisting to the IDX must also be accompanied by a share purchase implementation report and an opinion from an independent legal consultant stating that the share purchase process has been completed and is in accordance with applicable regulations. Therefore, if the share purchase is not carried out or does not comply with applicable regulations, the delisting request will not be accepted by the Financial Services Authority (OJK).

Share buybacks are a form of legal protection for shareholders, especially investors, to safeguard their financial interests. Prior to the enactment of the Financial Services Authority Regulation (POJK) concerning the Implementation of Capital Markets, there were no provisions that explicitly required majority shareholders to purchase shares that were already circulating in the public when a forced delisting occurred. The company's obligation to buy back shares only occurs if there is a request for voluntary delisting. However, after the POJK for the Implementation of Capital Markets was implemented, companies were required to buy back shares that had been purchased by the public until the number of share owners reached the regulated maximum limit. This is a real step in providing legal protection to minority shareholders in Public Limited Liability Companies.

Protection for minority shareholders is a necessity that must be upheld and implemented as a form of legal guarantee for them. This is very important because with strong legal protection, every individual feels confident to participate in the

[23] Arus Akbar Silondae dan Wirawan B. Ilyas, 2011, *Pokok-Pokok Hukum Bisnis*, Salemba Empat, Jakarta, p. 118.
[24] Rahmat Setiawan dan Risno Mina, *Op.Cit.*, p. 137.

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economic development process by investing their funds in companies and contributing to economic development. The provisions contained in statutory regulations are actually a way to limit the power of majority shareholders and demonstrate the state's involvement in protecting the rights of its citizens, especially minority shareholders. However, it is important to note that this protection is not an attempt to protect the company from possible business losses, because risks and profits in doing business are always interrelated.

CLOSING

1. Conclusion

Based on the description from Chapter 1 to Chapter 3 in this thesis, the following can be concluded:

1. Legal protection for investments tor includes preventive and repressive aspects. Preventive actions aim to provide understanding to the public so they can make appropriate financial decisions and better understand the financial products they own or will own. The Financial Services Organization (OJK) implements preventive measures through various activities such as financial education, Training of Trainers, outreach, and publishing materials. On the other hand, the repressive actions taken by the OJK focus on legal processing of investment companies as an effort to resolve disputes. This repressive legal protection is designed to provide sanctions to violators. These two approaches to legal protection are closely related to provisions that require guidance, education and supervision from the stock exchange supervisory authority. Sanctions given to violators have also been clearly regulated, providing guarantees for capital market players. The Financial Services Authority has the authority to determine organizational structure and infrastructure, as well as formulate regulations regarding procedures for imposing sanctions in accordance with laws and regulations in the financial services sector. Provisions regarding conflict of interest transactions are designed to protect the interests of independent shareholders, especially minority shareholders, from actions that exceed authority and abuse of power by directors, commissioners and major shareholders. OJK, in accordance with its authority as regulated in Article 3 UUPM, plays a role in providing protection to minority shareholders through guidance, regulation and supervision of daily capital market activities.
2. GCG principles are a framework that regulates a balanced relationship between the board of commissioners, directors, GMS and other stakeholders. This creates a system of checks and balances that involves granting authority in corporate control and transparent processes in setting corporate goals, achievements, and performance measurements. CGC principles include transparency, accountability, responsibility, independence and fairness. In transactions involving conflicts of interest, there is an obligation to maintain transparency, report company activities, and give shareholders the right to approve through the GMS. In cases of transactions with potential conflicts of interest, the responsibilities of directors, board of commissioners and other shareholders must always be monitored. Although minority shareholders generally have a financial interest and not control or management of the company, their interests must still be protected. In situations of voluntary or forced delisting, the obligation to buy back shares, as regulated in the Financial Services Authority Regulation on the Implementation of Capital Markets, is a form of legal protection for minority shareholders.

2. Suggestions

Some suggestions that the author can give regarding what has been discussed in this thesis are:

1. To strengthen and implement Good Corporate Governance (GCG) in companies in the capital market, it is important to regulate the obligation to have general GCG guidelines comprehensively. This obligation especially applies to companies listed on the stock exchange. The aim is for companies in the capital market to adopt good governance practices, so that they can protect and provide benefits to the company's stakeholders. This guideline was designed based on standards set by the National Governance Policy Committee (KNKG). Companies that violate the obligation to implement general GCG guidelines may be subject to sanctions in accordance with applicable regulations
2. For minority shareholders, it is recommended to utilize the Securities Ownership Reference (AKSes) facility of the Indonesian Securities Depository (KSEI) which was recently introduced. This step was taken as an effort to reduce openness in the capital market. Through AKSes, investors can monitor their investment portfolio online, which consists of securities or securities held in securities sub-accounts at KSEI. Apart from that, the existence of members of the directors and commissioners of a Limited Liability Company is also very important. They should consist of individuals

who have high morality, especially honesty. This is necessary so that the company can be run according to the principle of fiduciary duties and avoid actions that are contrary to the law, which could harm minority shareholders.

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