



CONSULTATION PAPER:

**INVESTOR PROTECTION
INSTITUTION UNDER THE DRAFT
LAW ON THE AMENDMENT TO THE
LAW NUMBER 4 OF 2023
CONCERNING THE DEVELOPMENT
AND STRENGTHENING OF THE
FINANCIAL SECTOR**

APRIL 2026

ANNOUNCEMENT

PT Indonesian Securities Investor Protection Fund ("**P3IEI/Indonesia SIPF**") is committed to continuously strengthening investor¹ protection in accordance with the needs of the national capital market industry and international best practices. As part of this commitment, Indonesia SIPF issues this Consultation Paper: Investor Protection Institution under the Draft Law on the Amendment to the Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector (hereinafter referred to as the "**Consultation Paper**") to seek feedback on the proposed strengthening of the institutional structure of the national capital market with respect to investor protection, or an institution that provides compensation for investor losses in the event that investor assets entrusted to a Custodian are lost.

Indonesia SIPF invites OJK as the capital market authority, capital market self-regulatory organizations (SROs), members of the Indonesia SIPF investor protection fund, namely securities companies (SC) and custodian banks (CB) ("**IPF Members**"), industry stakeholders including the Indonesian Securities Companies Association (APEI), the Indonesian Custodian Banks Association (ABKI), the Indonesian Issuers Association (AEI), the Indonesian Crowdfunding Services Association (ALUDI), the Indonesian Investment Managers Association (AMII), as well as institutions, entities, and the general public to provide feedback on the proposal.

Written responses may be submitted no later than **May 14, 2026**, through one of the following methods:

Online submission form:

<https://bit.ly/tanggapan-consultationpaper>

or

An email addressed to the **Corporate Secretary, Investor Protection & Legal Unit** at: legal@indonesiasipf.co.id

If responses are submitted on behalf of an organization, please clearly state the name, position, and details of the organization represented.

Please note that the names of respondents and the contents of their responses may be published on the official Indonesia SIPF's website or in other official documents issued by Indonesia SIPF. In connection therewith, please review the Privacy Notice attached hereto.

All responses received prior to the closing of the consultation period will be carefully reviewed. After the consultation period ends, Indonesia SIPF will issue a Policy Statement summarizing the feedback received and the final position adopted.

¹ The terms "**funder**" and "**investor**" in this Consultation Paper have the same meaning.

PRIVACY NOTICE

This privacy notice ("**Privacy Notice**") explains how Indonesia SIPF conducts the Personal Data Processing², the consent you provide regarding the use of your Personal Data³ by Indonesia SIPF, and your rights as the owner of the Personal Data under Applicable Laws⁴.

1. Legal Basis for Processing Information

The Personal Data you submit to Indonesia SIPF in response to this Consultation Paper is processed based on your consent, the fulfillment of Indonesia SIPF's legal obligations under applicable laws and regulations, the performance of Indonesia SIPF's duties in the public interest or public service pursuant to laws and regulations, and/or legitimate interests.

2. Purpose of Data Collection

The Personal Data you submit to Indonesia SIPF in response to this Consultation Paper may be used by Indonesia SIPF for the following purposes:

- a. to implement relevant provisions and guidelines issued in accordance with Indonesia SIPF's role;
- b. to carry out the functions and authorities of Indonesia SIPF under applicable laws;
- c. for the purposes of research, scientific publications, preparation of papers, statements, reports, and statistical analyses related to investor protection and capital market development;
- d. for the purposes of publishing responses or summaries of feedback as part of the public consultation process and policy transparency;
- e. for other purposes consistent with the roles, functions, and authorities of Indonesia SIPF under applicable laws.

3. Disclosure of Information

Personal Data may be disclosed by Indonesia SIPF to the public as part of the public consultation process for this Consultation Paper. The names of individuals and/or organizations (if representing an organization), together with all or part of their responses, may be disclosed to the public. The disclosure may be made through Indonesia SIPF's official website or in other official documents issued by Indonesia SIPF.

4. Data Retention

Personal Data submitted to Indonesia SIPF in response to this Consultation Paper will be retained for a retention period in accordance with applicable laws and regulations and Indonesia SIPF's internal policies. The retention shall be carried out to ensure compliance with legal obligations and to support the implementation of Indonesia SIPF's roles, functions, and authorities.

² Article 16 of Law Number 27 of 2022 on Personal Data Protection ("**PDP Law**") stipulates that the Processing of Personal Data includes (a) obtaining and collecting; (b) processing and analyzing; (c) storing; (d) correcting and updating; (e) displaying, announcing, transferring, disseminating, or disclosing; and/or (f) deleting or destroying data.

³ Article 1 of the PDP Law stipulates Personal Data means any data concerning an identified or identifiable individual, whether on its own or in combination with other information, either directly or indirectly, through electronic or non-electronic systems. Furthermore, in relation to Article 4 of the PDP Law, the personal data referred to in the context of this Consultation Paper constitutes general personal data.

⁴ Applicable Laws referred to herein mean the PDP Law and other related regulations in the field of personal data protection in Indonesia.

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As the owner of Personal Data submitted to Indonesia SIPF in response to this Consultation Paper, you have the following rights:

- a. to request access to your Personal Data; and
- b. to request correction/update of your Personal Data.

Indonesia SIPF reserves the right to reject the requests if they are irrelevant or fall outside the scope of the Personal Data previously submitted to Indonesia SIPF in the context of this Consultation Paper.

6. Inquiries and Requests

Any inquiries regarding the Personal Data you submit to Indonesia SIPF in response to this Consultation Paper, or requests to access or correct/update your Personal Data, may be submitted in writing to:

Legal Department

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I. INTRODUCTION

Background

1.1. The institutional structure of the Indonesian capital market has undergone two fundamental changes since its reactivation on August 10, 1977.

- (a) The first change was marked by the enactment of Law Number 8 of 1995 on Capital Market ("**CM Law**"), which revoked and replaced the Law Number 15 of 1952 on the Enactment of Emergency Law on Stock Exchanges. The CM Law significantly expanded the institutional structure of the capital market; however, **it did not yet regulate an investor protection institution.**

Prior to the CM Law, the institutional structure of the capital market was very limited, consisting of:

- the Ministry of Finance; and
- the stock exchange.

Following the CM Law, the institutional structure of the Indonesian capital market developed to consist of:

- the Ministry of Finance;
- the Capital Market and Financial Institutions Supervisory Agency ("**Bapepam-LK**");
- the stock exchange;
- the clearing and guarantee institution;
- the depository and settlement institution;
- securities companies, representatives of securities companies, and investment advisers;
- supporting institutions;
- supporting professions;
- investors; and
- issuers and public companies.

- (b) The second change was marked by the enactment of Law Number 21 of 2011 on the Financial Services Authority ("**FSA Law**"). Through the FSA Law, the functions, duties, and authorities for guidance, regulation, and supervision of financial services activities in the financial services sector, in this context the capital market sector, were transferred from the Ministry of Finance and Bapepam-LK to the Financial Services Authority/ *Otoritas Jasa Keuangan* ("**FSA**"), which became effective on December 31, 2012. This transition marked an important milestone whereby Indonesia chose to integrate the supervision of all financial industries and to separate the

authority responsible for macroprudential aspects (under Bank Indonesia) from microprudential aspects (under FSA) in order to maintain the stability of the national financial system.

1.2. Over the past 30 years under the CM Law regime, the Indonesian capital market has experienced substantial development.

- (a) Capital market development: The Indonesian capital market has grown exponentially, not only in terms of market capitalization⁵, but also in terms of the number of listed companies/issuers⁶, and the number of investors⁷. In terms of the ratio of market capitalization to gross domestic product (“**GDP**”), it shows a fairly consistent increase.⁸
- (b) National financial and global economic crises: Indonesia has experienced several major crises that prompted a comprehensive restructuring of the financial regulatory and supervisory system. Following the 1998–1999 crisis, the government undertook curative measures to strengthen the financial stability framework in the banking sector, including the establishment of the Indonesia Deposit Insurance Corporation (“**IDIC**”) as an institution providing guarantees (customer deposit protection) and acting as a resolution authority for failed banks. In anticipation of the 2008–2009 global crisis, the government adopted preventive measures by formulating a number of regulatory instruments that were subsequently enacted to strengthen crisis mitigation functions and policy responses in the financial sector. However, the preventive measures established do not yet encompass the strengthening of the sustainable stability of the Indonesian capital market in the event of market failure, failure of securities companies, or custodian banks (investor protection).
- (c) Indonesia’s Economic Status and Ambition: As of July 1, 2023, Indonesia’s economic status has returned to that of an upper-middle-income country (UMIC)⁹ which indicates the prospect of achieving economic prosperity as a

⁵ As of December 2025, the market capitalization of the Indonesian capital market had reached more than Rp 15,848.6 trillion (PT Bursa Efek Indonesia (BEI), “IDX Bell January 2026,” idx.co.id), available at <https://www.idx.co.id/Media/we4lg0hg/idxbell-edisi-38-januari-2026-1.pdf>. This market capitalization has surpassed the total banking (commercial banks) assets during the same period, which amounted to more than Rp 13,646 trillion. (Financial Services Authority (FSA), “Commercial Bank Asset Dataset December 2025,” data.ojk.go.id, available at <https://data.ojk.go.id/SJKPublic/Dataset/Dataset/Dataset/339>).

⁶ As of December 2025, the number of listed companies/issuers in the Indonesian capital market has reached 956 companies (IDX, “IDX Bell January 2026,” idx.co.id, available at <https://www.idx.co.id/Media/we4lg0hg/idxbell-edisi-38-januari-2026-1.pdf>).

⁷ As of December 2025, the number of investors through the Single Investor Identification (SID) has reached more than 20.3 million investors (PT Kustodian Sentral Efek Indonesia (KSEI), “Indonesian Capital Market Statistics December 2025,” web.ksei.co.id, available at https://web.ksei.co.id/files/Statistik_Publik_Desember_2025.pdf).

⁸ A comparison of the ratio of market capitalization to Gross Domestic Product (GDP) for the period 2022 to 2025 shows a consistently increasing trend, with respective percentages of 46%, 55%, 56%, and 71%.

⁹ World Bank, “Indonesia Economy Profile,” *worldbank.org*, available at <https://www.worldbank.org/en/businessready/economy/indonesia?topic=IT>.

developed country, Golden Indonesia 2045, through industrialization driven by the capital market.¹⁰

- 1.3. Entering the period under the regime of Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector ("**DSFS Law**"), which was enacted on January 12, 2023, several provisions of the CM Law have been amended. The amendments, particularly relate to the introduction of the investor protection function as stipulated in Point 22 of Part Two on Capital Market of DSFS Law under Article 69B¹¹. As a follow-up to the DSFS Law, the FSA issued the Indonesian Capital Market Roadmap (2023–2027), which establishes investor protection as one of the key pillars of national capital market development.
- 1.4. Along with the continued growth and expansion of the Indonesian capital market in the digital era, various cases have also emerged, including the misuse and misappropriation of investor assets by certain parties, as well as other cases in the capital market which, if they occur on a massive scale, may give rise to public concern regarding potential systemic risks that are more complex and less straightforward than those in the banking sector, and which may affect the stability of the financial industry and market confidence in the national capital market system. Such risks are not only related to prudential aspects, but also to the activities of intermediaries within the market ecosystem, the development of market innovations, and the interconnection of financial services¹² ("**Threats**"). In this context, risks become more complex and dispersed.
- 1.5. Furthermore, as part of efforts to realize Golden Indonesia 2045, capital market transformation is being carried out through various strategies, including a policy to increase the free float from 7.5% to 15%. This policy presents the potential to expand the participation of local retail/individual investors in the national capital market ("**Opportunities**"). Consequently, **the need for a stronger investor protection mechanism that provides legal certainty in the event of loss of investor assets in the national capital market is also increasing**, including in anticipation of future investor expansion. In this context, the investor asset protection function carried out by Indonesia SIPF becomes increasingly crucial.

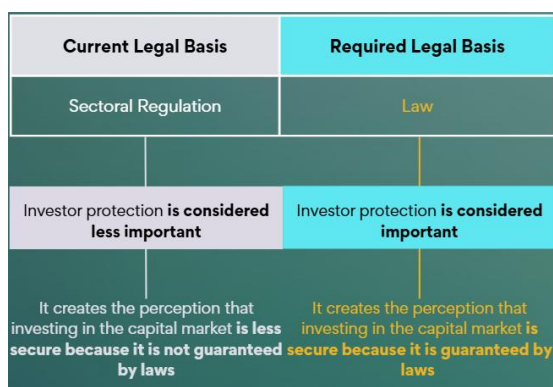
¹⁰ Bappenas, "Bappenas Encourages the Strengthening of the Capital Market to Achieve Golden Indonesia 2045," [bappenas.go.id](https://www.bappenas.go.id/id/berita/bappenas-dorong-penguatan-pasar-modal-untuk-capai-indonesia-emas-2045-50A5q), available at <https://www.bappenas.go.id/id/berita/bappenas-dorong-penguatan-pasar-modal-untuk-capai-indonesia-emas-2045-50A5q> and IDXChannel, "Airlangga States That Capital Market Transformation Is Key to Realizing Golden Indonesia 2045," [idxchannel.com](https://www.idxchannel.com), available at <https://www.idxchannel.com/market-news/airlangga-sebut-transformasi-pasar-modal-kunci-wujudkan-indonesia-emas-2045>.

¹¹ Article 69B of the DSFS Law: In order to provide **protection to investors** who utilize the services of electronic system providers facilitating the raising of public funds through securities offerings, the **investor protection fund administrator** may provide protection for investor funds in accordance with provisions stipulated by the Financial Services Authority.

¹² Roberta S. Karmel, "IOSCO's Response to the Financial Crisis," *The Journal of Corporation Law*, Vol. 37:4 (2012). See also Acharya Viral, et al., *Dealing with the Challenges of Macro Financial Linkages in Emerging Markets, Chapter 2 Adapting Micro Prudential Regulation for Emerging Markets*, (The World Bank, 2013). See also <https://www.congress.gov/crs-product/R48512>.

- 1.6. From a legal basis perspective, the mechanism for protection against the loss of investor assets in Indonesia was only established in 2012 through the establishment of Indonesia SIPF, whereas the capital market had been reactivated since 1977.
- (a) The establishment of Indonesia SIPF was driven by the need to restore public confidence in the national capital market following cases such as Antaboga Delta Sekuritas, Sarijaya Sekuritas, Signature Capital, and Optima Kharya Capital Management during the 2008–2010 period.
 - (b) Legally, the establishment was based on Bapepam-LK Regulation No. VI.A.4 on the Investor Protection Fund and Bapepam-LK Regulation No. VI.A.5 on the Administrator of the Investor Protection Fund, both enacted on December 28, 2012.
 - (c) Furthermore, during the same period, FSA started operating effectively, resulting in the transition of regulatory authority over investor protection from Bapepam-LK to FSA. This transition was subsequently reinforced through the issuance of FSA Regulation No. 49/POJK.04/2016 on the Investor Protection Fund and FSA Regulation No. 50/POJK.04/2016 on the Administrator of the Investor Protection Fund on December 21, 2016.
 - (d) Accordingly, the legal framework for the investor protection mechanism was established as an anticipatory measure in response to capital market developments at a time when the market was still relatively small, and therefore was designed in accordance with the needs of that period and does not yet fully reflect the complexity of current capital market conditions.
- 1.7. In relation to current capital market conditions and ongoing transformation efforts, the provisions of the DSFS Law referring to the investor protection function do not yet clearly and explicitly regulate the existence of Indonesia SIPF as an independent institution, including its position, role, and authority within the institutional structure of the national capital market. In other words, the regulation of the current investor asset protection mechanism remains at the level of sectoral FSA regulations. Viewed from the hierarchy of laws and regulations in Indonesia as illustrated in Chart 1, **this absence of regulation at the statutory level gives rise to institutional challenges and legal uncertainty (“Issues”)**, which constitute the main concern in efforts to strengthen investor protection in Indonesia.

Chart 1. Legal Strength of Investor Protection Regulation Based on Its Hierarchy



1.8. A comparative study of institutions with similar functions across various international jurisdictions, viewed from the parameters of economic growth and sustainable development, such as investor protection in OECD member and non-OECD member countries, indicates that the recognition of investor protection entities in national legislation significantly strengthens their roles, functions, and scope of protection, operations, coordination mechanisms, and the stability of the availability of investor protection funds.

Table 1. Legal Basis for the Regulation of Investor Protection in OECD Member and Non-OECD Member Countries

No.	Country	Investor Protection Scheme Is Implemented by	Legal Basis	
			Law	Other Regulations
OECD Member				
1	USA	Securities Investor Protection Corporation (SIPC)	✓	
2	Japan	Japan Investor Protection Fund (JIPF)	✓	
3	Spain	Fondo General de Garantía de Inversiones (FOGAIN)	✓	
Non-OECD Member				
1	Malaysia	Capital Market Compensation Fund Corporation (CMCFC)	✓	
2	China	China Securities Investor Protection Fund (SIPF)	✓	
3	Taiwan	Securities and Futures Investor Protection Center (SFIPC)	✓	

1.9. Practices in those international jurisdictions are also aligned with one of the core objectives, namely investor protection under the IOSCO Principles and Objectives of Securities Regulation, whereby investor protection requires strong enforcement at the statutory level. Accordingly, institutions performing such functions need to be regulated and recognized at the statutory level.

1.10. The latest draft amendment to the DSFS Law of October 2025 version (“**Draft Amendment to the DSFS Law**”), in the Capital Market section, has also not yet provided a solution to the Issues nor anticipated the Opportunities, thereby potentially creating Threats to the national capital market industry that has been collectively developed.

Objectives (Urgency of an Investor Protection Institution Under the Law)

- 1.11. In connection therewith, taking into account countries with strong and well-developed capital markets, it is time for Indonesia to adopt a *forward-thinking policy* by strengthening the institutional structure of the national capital market. Furthermore, the institutional strengthening also has **strategic objectives in supporting the realization of the Golden Indonesia 2045 vision, with the capital market serving as one of the main foundations for financing national development in the real sector, increasing public participation, and strengthening long-term economic capacity.**

Legal Basis and Harmonization of Laws and Regulations

- 1.12. We acknowledge that the authority to amend or enact laws and regulations lies within the legislative branch. Accordingly, if our proposal is accepted, the first step in strengthening the institutional structure of the national capital market that can be undertaken is through **strengthening the legal basis for investor protection institution within the Draft Amendment to the DSFS Law in the capital market section.**

II. PROPOSED TRANSFORMATION OF INDONESIA SIPF INTO AN INVESTOR PROTECTION INSTITUTION UNDER THE LAWS BASED ON COST AND BENEFIT ANALYSIS

Benefit Analysis

- 2.1. The current conditions are as follows:
- a) **Absence of an Independent Institution Supported by the State Providing an Investor Asset Protection Mechanism within the Institutional Structure of the National Capital Market**
- Although the Indonesian capital market has developed rapidly, as indicated by market capitalization that has exceeded total banking (commercial bank) assets and a market capitalization in 2025 -to-gross domestic product (GDP) ratio in 2024 of approximately 71%¹³, there is currently no statutory legal framework regulating the existence of an independent institution that functions to protect investor assets within the institutional structure of the Indonesian capital market. As a financial safety net in the capital market,

¹³ FSA, "Press Release: The Indonesian Capital Market Strengthens and Maintains Integrity Throughout 2025," [ojk.go.id](https://ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/Penutupan-Perdagangan-Bursa-Efek-Indonesia-Tahun-2025.aspx), available at <https://ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/Perdagangan-Bursa-Efek-Indonesia-Tahun-2025.aspx>.

the institution needs to operate independently to avoid potential conflicts of interest with supervisory mandates and misconceptions regarding the functions of other institutions within the capital market.

From the perspective of forward-thinking policy/foresight¹⁴, both from the literature aspect (which shows that changes in the institutional structure of the capital market are not new in Indonesia) and from the horizon scanning¹⁵ aspect, particularly in economic and legal contexts, it is evident that strengthening the investor protection institution for a more effective and comprehensive investor protection mechanism is an important global practice that needs to be implemented promptly to maintain investor confidence and ensure readiness for the implementation of national capital market transformation.

b) Low Coverage Limit of the Investor Protection Fund and Limited Scope of Protected Capital Market Products

Investor Assets

Along with the rapid increase in the number of investors, the value of investor assets in the capital market has also increased significantly. The current profile of Indonesian capital market investors shows a fairly extreme disparity among investor categories at the Custodian¹⁶ level. Therefore, the median value is used as a realistic benchmark reflecting the condition of investors in the national capital market. This condition directly affects the relevance of the currently applicable coverage limit provisions.

Chart 2. Total Assets of Retail/Individual Investors (SC)

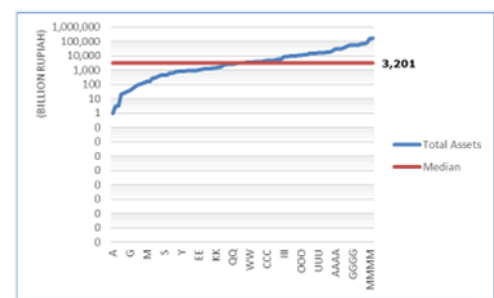


Chart 3. Median of the Average Asset Holdings of Retail/Individual Investors (SC)

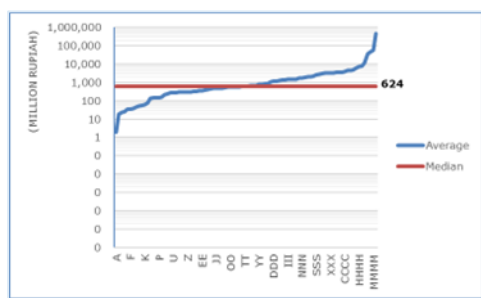


Table 2. Percentage of Total Assets and Number of Retail/Individual Investors by Asset Value Range (SC)

Group	Asset Value Range	Total Assets (%)	Total Investors (%)
I	0 to 100 million Rupiah	2.7023%	90.22%
II	Above 100 up to 200 million Rupiah	1.8188%	3.19%

¹⁴ Hugh Bochel et al., *Making Policy in Theory and Practice* (Policy Press, University of Bristol, 2007), page. 34.

¹⁵ Horizon scanning is part of a set of strategic foresight methods and aims to enhance future preparedness.

¹⁶ Article 1 paragraph (8) of the CM Law, as last amended by the DSFS Law, stipulates that a Custodian is a Party that provides safekeeping services for Securities and other assets related to Securities, as well as other services, including receiving dividends, interest, and other rights, settling Securities transactions, and representing account holders who are its clients. In other words, Custodians consist of securities companies and custodian banks.

III	Above 200 up to 300 million Rupiah	1.4456%	1.46%
IV	Above 300 up to 500 million Rupiah	2.2294%	1.42%
V	Above 500 million Rupiah	91.80%	3.71%

Source: processed from KSEI data as of December 31, 2025

Notes:

- Calculations using descriptive statistics are limited to assets in the form of securities and funds held in securities accounts
- Assets with zero value are excluded from the calculation
- Alphabetical initials of securities companies (SC) and custodian banks (CB) are used for data masking

Chart 4. Total Assets of Retail/Individual Investors (CB)

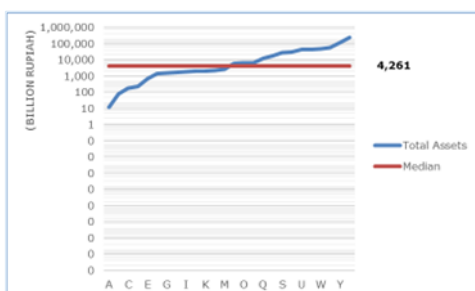


Chart 5. Median of the Average Asset Holdings of Retail/Individual Investors (CB)



Table 3. Percentage of Total Assets and Number of Retail/Individual Investors by Asset Value Range (CB)

Group	Asset Value Range	Total Assets (%)	Total Investors (%)
I	0 up to 100 million Rupiah	0.0001%	4.59%
II	Above 100 up to 200 million Rupiah	0.0002%	0.90%
III	Above 200 up to 300 million Rupiah	0.0004%	0.98%
IV	Above 300 up to 500 million Rupiah	0.0008%	1.32%
V	Above 500 million Rupiah	99.999%	92.22%

Source: processed from KSEI data as of December 31, 2025

Notes:

- Calculations using descriptive statistics are limited to assets in the form of securities and funds held in securities accounts
- Assets with zero value are excluded from the calculation
- Alphabetical initials of securities companies (SC) and custodian banks (CB) are used for data masking

Based on data as of December 31, 2025, as illustrated in Chart 2 through Chart 5 and Table 2 and Table 3, the median of total assets of retail/individual investors at 94 securities companies (SC) amounted to more than Rp 3,201 billion, with the median of the average asset holdings of retail/individual investors identified through Single Investor Identification (“SID”) reached approximately Rp 624 million, and the majority of retail/individual investors were in Group I. In comparison, at 28 custodian banks (CB), the median of total assets of retail/individual investors were 33% higher than those at securities companies (SC), amounting to more than Rp 4,261 billion, while the median of the average asset holdings of retail/individual investors identified through SID was 131% higher, reached

approximately Rp 1,440 million. Conversely, for securities companies (SC), the majority of retail/individual investors were in Group V.

Chart 6. Total Assets of Institutional Investors (SC)

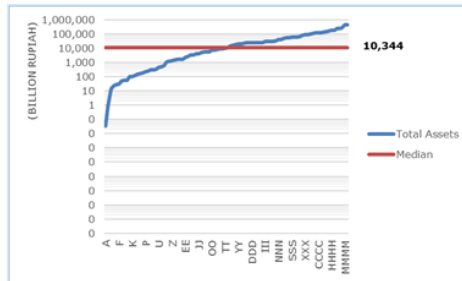


Chart 7. Median of the Average Asset Holdings of Institutional Investors (SC)

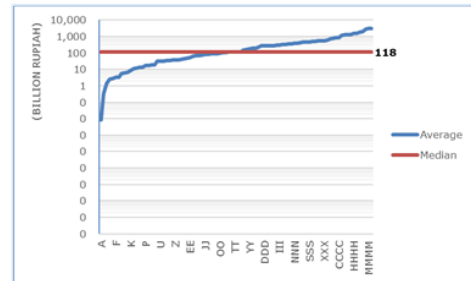


Table 4. Percentage of Total Assets and Total Institutional Investors by Asset Value Range (SC)

Group	Asset Value Range	Total Assets (%)	Total Investors (%)
I	0 up to 100 million Rupiah	0.0009%	25.41%
II	Above 100 up to 200 million Rupiah	0.0014%	4.00%
III	Above 200 up to 300 million Rupiah	0.0015%	2.65%
IV	Above 300 up to 500 million Rupiah	0.0030%	3.37%
V	Above 500 million Rupiah	99.99%	64.57%

Source: processed from KSEI data as of December 31, 2025

Notes:

- Calculations using descriptive statistics are limited to assets in the form of securities and funds held in securities accounts
- Assets with zero value are excluded from the calculation
- Alphabetical initials of securities companies (SC) and custodian banks (CB) are used for data masking

Chart 8. Total Assets of Institutional Investors (CB)

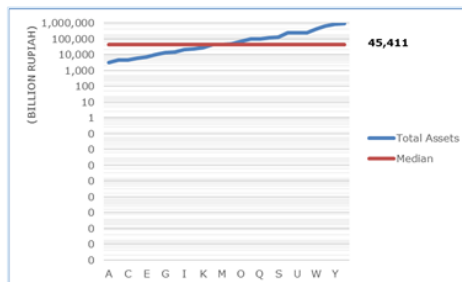


Chart 9. Median of the Average Asset Holdings of Institutional Investors (CB)

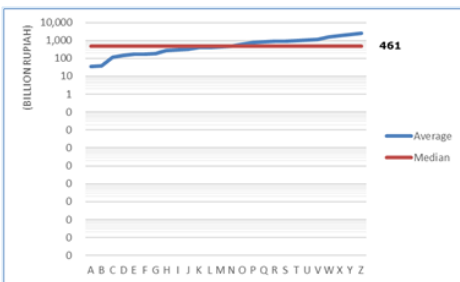


Table 5. Percentage of Total Assets and Total Institutional Investors by Asset Value Range (CB)

Group	Asset Value Range	Total Assets (%)	Total Investors (%)
I	0 up to 100 million Rupiah	0.0001%	4.59%
II	Above 100 up to 200 million Rupiah	0.0002%	0.90%
III	Above 200 up to 300 million Rupiah	0.0004%	0.98%
IV	Above 300 up to 500 million Rupiah	0.0008%	1.32%
V	Above 500 million Rupiah	99.999%	92.22%

Source: processed from KSEI data as of December 31, 2025

Notes:

- *Calculations using descriptive statistics are limited to assets in the form of securities and funds held in securities accounts*
- *Assets with zero value are excluded from the calculation*
- *Alphabetical initials of securities companies (SC) and custodian banks (CB) are used for data masking*

On the other hand, still referring to the same data illustrated in Chart 6 through Chart 9 and Table 4 and Table 5, the median of total assets of institutional investors at 94 securities companies (SC) were recorded at more than Rp 10,344 billion, with the median of the average asset holdings of institutional investors identified through SID reached approximately Rp 118 billion, and the majority of institutional investors were in Group V and Group I. Meanwhile, the median of total assets of institutional investors at 28 custodian banks (CB) were 339% higher than those of the securities companies (SC), amounting to more than Rp 45,411 billion. Likewise, the median of the average asset holdings of institutional investors identified through SID was 290% higher, reached approximately Rp 461 billion. Similar to the securities companies (SC), the majority of institutional investors at custodian banks (CB) were in Group V.

The Coverage Limit and the Amount of the Investor Protection Fund

In the event that the investor assets deposited with members of the Indonesia SIPF, namely securities companies (SC) and custodian banks (CB) ("**IPF Members**"), are lost and the IPF Members become insolvent or are unable to return the lost investor assets, based on the provisions regarding the maximum investor protection limit most recently updated in December 2020 and effective from January 2021, it is stipulated that the compensation per investor is Rp 200 million, with a maximum limit per incident at the Custodian of Rp 100 billion.¹⁷ With the total value of the investor protection fund ("**IPF**") which as of December 2025, amounted to more than Rp 403 billion, the Indonesia SIPF is still unable to provide coverage equivalent to the median total assets of institutional investors held at the Custodian.

Considering that the median of the average asset holdings has already reached approximately Rp 600 million to Rp 1.4 billion for retail/individual investors alone, the current maximum protection limit per investor (which applies to both retail/individual and institutional investors) of around Rp 200 million is **increasingly irrelevant** to the current national capital market situation, particularly in supporting the capital market's transformation

¹⁷ See a copy of the Resolution of the Board of Commissioners of the Financial Services Authority Number Kep-69/D.04/2020 regarding the Determination of the Maximum Compensation Payment for Each Investor and Each Custodian Using the Investor Protection Fund.

toward Golden Indonesia 2045. Therefore, **the maximum protection limit per investor and per incident needs to be increased immediately.** In order to maintain public trust, **the Indonesia SIPF also needs to be granted access to other sources of funds supported by the state in the event that the available IPF is insufficient to provide compensation to investors, which would only be possible if Indonesia SIPF is transformed from a limited liability company into an independent institution supported by the state at the statutory level.**

Limited Scope of Protected Capital Market Products

Investor protection coverage in the capital market remains fragmented and not yet comprehensive. The capital market products currently covered under Indonesia SIPF protection are limited to certain types of securities recorded in the securities sub-account and funds held in the investor fund account (RDN). Various other capital market products, such as corporate bonds (non-government), mutual funds, and securities crowdfunding services, are not yet covered by Indonesia SIPF protection. Similarly, various other capital market products, as well as rapidly evolving digital assets, are not yet included within the scope of protection administered by Indonesia SIPF. Consequently, if investor assets (outside of certain types of securities recorded in the securities sub-account and funds held in the investor fund account (RDN)) are lost, such assets are not protected and cannot access investor protection mechanisms from Indonesia SIPF.

2.2. If the Indonesian government transforms Indonesia SIPF into an independent Investor Protection Institution supported by the state, by strengthening its legal foundation under the laws, the expected benefits are as follows:

a) Increase in the Coverage Limit and the Coverage Capacity of the Investor Protection Fund

Principally, this change would lead to an increase in the IPF coverage limit to a level that supports capital market transformation (foresight) and aligns with the maximum limits applied in global practice, as outlined in Table 6 below with an estimated projection as follows.

Table 6

Before Change		After Change	
Per Retail/Individual	Per Incident at Custodian	Per Retail/Individual	Per Incident at Custodian
Rp 200 million	Rp 100 billion	Rp 1 billion	Rp 1 trillion

This change will also significantly enhance the protection coverage capacity, from previously being unable to provide adequate protection to being able to cover up to the median investor asset amount below Rp 3.2 trillion held at licensed Custodians.

b) Potential Reduction of IPF Member Contribution of Indonesia SIPF

With the IPF reaching a certain sufficiency level, the contribution amount currently imposed is, in fact, relatively lower compared to the contributions applied in various other jurisdictions, namely 0.001% for IPF Members of Indonesia SIPF, can be periodically evaluated and potentially adjusted, including the possibility of reduction. Conversely, if the IPF position falls below the established sufficiency threshold, the adjustment mechanism can be reinstated by applying the previous contribution rate to ensure the sustainability and stability of the protection fund.

c) Restoring and Maintaining Public Confidence in the Capital Market as a Key Driver of National Economic Growth

By establishing Indonesia SIPF as the Investor Protection Institution under the laws, the Indonesian government can provide legal certainty regarding investor protection in the capital market. Investors will have greater confidence that their assets placed in the capital market are guaranteed/protected by the state through an investor protection institution with a clear statutory mandate. This increased confidence will encourage the expansion of the local investor base and the development of market-based financing in Indonesia. This step is expected to create a capital market more integrated with a balanced business financing structure between the banking sector and the capital market, which to date has been dominated by bank-based financing.¹⁸ Ultimately, a well-functioning and balanced financial system will positively influence long-term economic growth and national financial stability.

d) Increasing Public Participation in the Capital Market

Legal certainty provides greater security regarding the national capital market, which can drive increased public participation and enable investors to invest and build diversified asset portfolios while supporting the fulfillment of the 15% free float policy for capital market investment which is currently part of the Indonesian capital market reform being undertaken by OJK and the SROs.

¹⁸ The Ministry of Finance, "Strengthening Investment and the Financial Sector to Support National Economic Growth" <https://djspsk.kemenkeu.go.id>, available at <https://djspsk.kemenkeu.go.id/in/post/penguatan-investasi-dan-sektor-keuangan-untuk-mendukung-pertumbuhan-ekonomi-nasional>. See also, OECD, "10 things to know about Asian capital markets," *oecd.org*, available at <https://www.oecd.org/en/blogs/2025/07/10-things-to-know-about-asian-capital-markets.html>.

- e) **Enhancing Financial Stability in Line with the Spirit of the DSFS Law**
- Legal certainty and increased public participation in capital market investment mean that the government can more effectively optimize the function of the capital market by increasing real-sector financing sourced from the capital market.

Cost Analysis

- 2.4. The Indonesian government previously implemented a blanket guarantee policy¹⁹, a reactive guarantee program designed to stop massive bank withdrawals and restore public confidence in the national banking sector, which formed the basis for rebuilding the banking sector during the 1998 crisis. After several years, the government replaced the blanket guarantee with a deposit protection scheme mandated to IDIC under the laws. Experience in the banking sector shows that **reactive policies implemented after a crisis always incur high social and fiscal costs and require a long time to restore public trust.**

Studies in various countries also show that the costs arising from similar crises can reduce more than 50% of gross domestic product (GDP) and even lead to “lost decades,”²⁰ in other words, hinder economic growth and result in prolonged periods of economic stagnation, accompanied by deflation and low growth.

The Indonesian capital market has taken 48 years since its reactivation in 1977 to reach its current level of achievement. However, the presence of threats and challenges not only contradicts the goal of promoting investor confidence and fails to anticipate opportunities but also risks creating the need for intervention in the form of a blanket guarantee or an unlimited state guarantee by the government, which are reactive and costly if not promptly addressed by the government. The banking sector’s experience in anticipating the 2008–2009 crisis, as described in Section 1.2 above, demonstrates that **proactive and preventive policy measures are far more cost-effective than reactive and curative steps, especially in maintaining financial system stability and public confidence in national financial institutions.**

¹⁹ The implementation of a blanket guarantee policy means that the government commits to guaranteeing all obligations of banks (blanket guarantee). The application of this policy indicates that a country is experiencing a systemic crisis. (See General Explanation of Government Regulation Number 32 of 2005 concerning the Initial Capital of the Deposit Insurance Corporation).

Empirical research by the International Monetary Fund (IMF) shows that countries that delay or only partially address banking system failures are inevitably faced with the need to implement a blanket guarantee. Conversely, if proactive efforts are undertaken using a comprehensive strategic approach, the imposition of a blanket guarantee can usually be avoided. (See Garcia, Gilian (1997) in “A Framework for Analysis and Assessment,” collection of essays “Systemic Bank Restructuring and Macroeconomic Policy” (IMF), pages 69–70).

²⁰ Carmen M.Reinhart and Kenneth S. Rogoff, *This Time Is Different: Eight Centuries of Financial Folly* (Princeton University Press, Princeton, NJ, 2009a). See also Acharya Viral, et al., *Dealing with the Challenges of Macro Financial Linkages in Emerging Markets: Chapter 2 Adapting Micro Prudential Regulation for Emerging Markets*, (The World Bank, 2013).

2.5. Based on the descriptive statistical calculation model, to increase the maximum protection limit to Rp 1 billion per investor and Rp 1 trillion per Custodian, the estimated IPF requirement in line with national needs and comparable to the global market is projected to be **at least Rp 3.2 trillion** (“**Minimum IPF Requirement**”). This value is derived from the median investor asset amount as outlined in Table 7, serving as the minimum basis for increasing the IPF. Taking into account the current IPF level, **achieving the Minimum IPF Requirement would require an additional fund contribution from the Indonesian government of approximately Rp 2.7 trillion.**

Table 7

Comparison of Median of Total Investor Assets at Custodians			
Retail/Individual		Institution	
Securities Companies (SC)	Custodian Banks (CB)	Securities Companies (SC)	Custodian Banks (CB)
Rp 3,201 billion	Rp 4,261 billion	Rp 10,344 billion	Rp 45,411 billion

Source: processed from KSEI data as of December 31, 2025

Note:

- Calculations using descriptive statistics are limited to assets in the form of securities and funds held in securities accounts
- Calculations do not yet include the expanded scope of Indonesia SIPF to crowdfunding and mutual fund services

Conclusion

Taking all of the foregoing matters into consideration, we are of the view that if the current situation is left unaddressed (do nothing), particularly **the transformation of Indonesia SIPF into the Investor Protection Institution under the laws (“Proposed Solution”)** accompanied by the increase of the IPF, coverage limit and comprehensive coverage of capital market products for investor protection aforesaid, it would mean that the Indonesian government is delaying the resolution of the Problem by failing to take proactive measures or prepare anticipatory policies aligned with the national economic development goals. Consequently, Indonesia risks losing the momentum to strengthen the resilience and acceleration of its capital market at the same time. Ultimately, a Threat that was initially potential could materialize, with significant implications for financial stability, investor confidence, and the sustainability of the national capital market.

[Consultation Question is on the next page >>]

Consultation Question

Please provide your response and perspective on this matter:

1. Do you agree with the proposed transformation of Indonesia SIPF into an independent Investor Protection Institution established under statutory law, supported by the state, and functioning to protect lost investor assets, thereby ensuring that investor protection in the capital market is guaranteed by the law? If yes, please explain your reasons. If not, please explain your reasons and also provide your suggestions.

I, **FIKRI SAID OBED, S.S.**, a Sworn Translator in the Republic of Indonesia by virtue of the Decree of the Minister of Law and Human Rights of the Republic of Indonesia No. AHU-16.AH.03.07. of 2024 and based on prevailing laws and regulations in the Republic of Indonesia, hereby declare and certify, in accordance with my oath of office, that the document is a true, faithful, and complete translation of the source document presented to me.

Jakarta, March 28, 2026

FIKRI SAID OBED, S.S.