

LEGAL PROTECTION FOR INVESTORS IN CROWDFUNDING SERVICES THROUGH INFORMATION TECHNOLOGY OFFERS (EQUITY CROWDFUNDING)

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Abstract

The readiness of the community in the era of information technology has opened up opportunities in online businesses such as equity crowdfunding, equity crowdfunding as an alternative capital is increasingly in demand, especially by novice businesses. The Financial Services Authority issues regulations regarding the Equity Crowdfunding transaction model by issuing the Financial Services Authority Regulation Number 37 / POJK.04 / 2018. This provides questions for the regulation of Equity Crowdfunding in Indonesian Capital Market Law. The writer in this study would like to examine and analyze the Equity Crowdfunding activities and legal protection for investors, because legal protection is a form of legal certainty. The research method used is a normative juridical types, the problem approach uses the legislation approach and the conceptual approach. The results show that equity crowd funding is a form of new innovation in funding sources. The service mechanism has many similarities with public offering activities in the capital market, only the implementation is simpler. Equity Crowdfunding legal protection for investors who have been registered in the provisions of Chapter 54 paragraph (2) POJK Number 37 / POJK.04 / 2018, providing the latest information is only placed on the organizer's website or website.

Keywords

Equity crowdfunding, investors, legal protection

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Introduction

Along with the development of the period are many new things that have shifted. This new thing can be a new habit or even appear a new way. This is done by human beings in order to adapt in order to survive along with the development of even the changing times. One of the instruments that shifts and develops with the changing times is investment activities. Investment is not new in human civilization, because since many years ago people have made various forms of investment. It's only in ancient time people made investments in the form of investments made directly such as: investment in the purchase of livestock, purchase of agricultural land, or investment in making plantations and etc.

With the times and advances in science and technology, investment styles and manner also began to experience developments, from material investments and made directly to investments in capital or new forms of investment such as securities, such as stocks, bonds and others. The world began to become crowded when European colony at the time of looking for the colony is done by European countries. The news about the discovery of the new world and the birth of various new sciences made investment begin to develop rapidly. The desire to become entrepreneurs in the new discovery land has made various parties in Europe competing to invest in the land. In investing certainly can not be separated from risk, because in every investment there is a risk that depends on the type of investment and the knowledge of the parties involved in the investment.

If pulled in its history, as for one form of investment is direct investment in livestock for example, this investment has a greater risk, because if there is a mass death of livestock it will cause huge losses directly. But there are also investments that are sufficient or safer when compared to the investments above, such as investments in securities where investors will only be charged to the obligation accordance with the funds invested. In addition to the above, direct investment requires large capital and a place that must be adequate as well, making it difficult for those who have capital and a small place to invest as well.

Overcoming this, in the midst of an increasingly rapid investment development, it began to be known as the capital market, which is place to unite capital owners with business that lack of capital. Along with the times, the invested capital is done by looking at how the business is progressing and whether the business is successful or not, then a new investor invests his capital in the business.

Put simply, the capital market can be defined as a market that trades a variety of financial instruments (securities) long-term, both in the form of debt and equity issued by private companies. In general, the reason for the formation of the capital market is because it is able to carry out economic and financial functions. In carrying out its economic functions, the capital market provides facilities to move funds from lenders (fund owners) to borrowers (fund recipients) by investing excess funds owned by lenders (funders) by hoping to get a reward from the investment of the funds.

Meanwhile, in terms of the interests of the borrower, the availability of funds from outside parties enables the company to develop business activities without having to wait.

Because of the involvement of various parties in its implementation in order to comply with OJK regulations, fundraising activities through the Capital Market are actually an alternative to capital financing that is not simple either in terms of costs or procedures. However, when compared to the long-term benefits of conventional capital financing sources such as bank loans, companies can take into account efficiency rather than public offerings to reduce bank loan interest costs that are quite high. In addition, public offerings provide opportunities for companies that were originally limited / closed companies to become public companies. This can also be used to increase company reliability.

One type of Crowdfunding that is very attractive to the public is Equity-based Crowdfunding. This type is very effectively used to help prospective new entrepreneurs in pioneering projects or businesses. Which prospective entrepreneurs have difficulty finding donors or investors to provide initial capital for their business, so that the Equity Crowdfunding type is very helpful and develops quickly among the community, Therefore, as the highest regulation in managing finance, the Financial Services Authority (OJK) issued very detailed and explicit regulations regarding procedures and technicalities in the Equity Crowdfunding transaction model by issuing the Republic of Indonesia Financial Services Authority Regulation No.37 / POJK.04 / 2018 Concerning crowdfunding Services through Equity Crowdfunding (next is called as POJK No. 37 / POJK.04 / 2018).

There are four types of crowdfunding, one of which is equity crowdfunding. Pursuant to chapter 1 number 1 POJK No.37 / POJK.04 / 2018, which reads "Crowdfunding Services Through Information Technology Based Shares (Equity Crowdfunding), next is called as Funding Services, is a stock offering service conducted by issuers to sell shares directly to investors through an open electronic system network ". So seeing the rapid growth of startups in Indonesia, equity crowdfunding is very suitable to be used by startups to obtain capital in the Capital Market.

That is explained in Article 45 paragraph (3) and chapter 54 paragraph (2) POJK No. 37 / POJK.04 / 2018 there is a legal vacuum. Wherein in chapter 45 paragraph (3) POJK No. 37 / POJK.04 / 2018 do not regulate matters that must be contained in the minimum contents of the agreement between the Provider and the Investor. The incomplete provisions stipulated in chapter 45 paragraph (3) may result in a weak investor position as a user and do not provide legal certainty, also in article 54 paragraph (2) Number 37 / POJK.04 / 2018 do not regulate the provision of the latest information in a manner directly through telephone contact or e-mail to registered investors, the existence of this uncertainty has the potential to cause losses that can be experienced by investors in Equity Crowdfunding which in this case is a user. Weak user positions must get legal protection.

So from the background explanation above regarding financial innovations in the field of Equity Crowdfunding in the development of Capital Market Law, it can be drawn the formulation of the problems that will be discussed in this paper, namely regarding equity crowdfunding instruments in capital market activities as well as legal protection forms for investors in Equity Crowdfunding.

Research Method

The type of research used to discuss this problem is juridical normative, i.e. research based on laws and regulations relating to the capital market and all forms of activities in the capital market, Equity Crowdfunding transactions, and all forms of authority of the Financial Services Authority (OJK) to provide legal protection for investors in Equity Crowdfunding transactions.

This research for the first approach is the statute approach or the statutory approach. Statute approach is a legal research that puts the statutory approach as one of the approaches. The statutory approach is done by reviewing all the laws and regulations that relate to the issues at hand (Peter Mahmud Marzuki, 2005). In this writing what is needed is a statutory regulation.

The second approach is a conceptual approach carried out by looking for theories and doctrines that already exist to be used as a reference in order to understand a viewpoints and doctrines in building a legal argument in solving the issues being faced (Peter Mahmud Marzuki, 2005). This approach will link existing concepts with the legal issues of Equity Crowdfunding transaction activities.

Discussion

1. Arrangement of Equity Crowdfunding in Indonesian Capital Market Law

a. Definition and History of Equity Crowdfunding

Understanding Equity Crowdfunding this matter is regulated in the Financial Services Authority Regulation Number 37 / POJK.04 / 2018 Regarding Funding Services through Equity Crowdfunding where the definition of Equity Crowdfunding itself is regulated in chapter 1 Number 1, Urun Services Funds through Equity Crowdfunding, hereinafter referred to as the fundrising Service, is a stock offering service carried out by the issuer to sell shares directly to investors through an open electronic system network.

The other explanation given for the definition of Equity Crowdfunding is as follows:

“Equity crowdfunding is a combination of crowd-funding and crowdlending. Backers spend money in equity crowdfunding campaigns to support a founder, who is working to develop a sustainable product or service, and expect a monetary return after the investment contract expires or the start-up company is bought by a venture capitalist. In the majority of the equity crowdfunding campaigns, however, back-ers do not pre-purchase the product or service to be developed. In the USA, equity

crowdfunding was restricted for a long time to accredited investors and did not take place in any significant manner” (Lars Hornuf and Matthias Neuenkirch, 2016).

From the explanation above it can be seen that one form of crowdfunding is Equity crowdfunding which is a mechanism for funds to be collected from several people, these activities can be carried out for various purposes, both to support a business or for other activities.

“Crowdfunding generally means “an act of disclosing and advertising one’s own project or venture through the internet by a person who needs funds for such a project or venture in order to raise many small amounts of money from a large and unspecified number of the general crowd” (Min Seop Yun, 2012).

“Precisely saying, it can also mean “an act of ‘many a little makes a mickle’ to raise a small amount of money from the general public for a certain project of a startup enterprise, micro business, artists or social activists who have difficulty borrowing money from financial institutions” (Seong, Hye Hwal, 2013).

Completing the previous definition that can be said briefly that a crowdfunding is a form of action that starts from a small thing to something big where it is realized by an effort to raise a number of funds from the general public for a particular project from parties who have difficulty in get funds.

The crowdfunding concept was first coined in the United States in 2003 with the launch of a site called Artistshare. On the site, musicians try to raise funds from their fans to produce a work. This initiated the emergence of other crowdfunding sites such as kickstarter which was involved in funding creative industries in 2009 and Gofundme which managed funding of various events and businesses in 2010. Crowdfunding itself is already quite well known internationally and is estimated to have managed to raise \$ 16.2 billion dollars in 2014 (Dhoni Siamasyah Fadillah Akbar, 2015).

The pattern of crowdfunding from the explanation above can be seen that there is a platform space which provides a forum for collecting funds and the participation of contributors. In the event that a contributor agrees to participate in the container offered, it may shift at the stage of the purchase agreement. Under the purchase agreement, the contributor is obliged to contribute a certain amount of money and the fundraiser is obliged to deliver certain goods or services to the fundraiser when the agreed project has been successful.

“Understanding the large-scale patterns in crowdfunding is important for several reasons. First, we know almost nothing about crowdfunding in the aggregate. The general academic impression is that crowdfunding is a relatively niche area of financing” (P. Raghavendra Rau, 2019).

From the existence of several explanations regarding the definition of Equity Crowdfunding above, it can be concluded that the definition of Equity Crowdfunding is an alternative method of business funding that is growing rapidly and is increasingly popular with both developed and developing countries. Equity Crowdfunding can also be used as a method of raising funds from the community to finance a project, loans to individuals / businesses or other needs through an internet-based platform.

The concept of crowdfunding is actually a derivative of the concept of crowdsourcing. According to Jeff Howe, crowdsourcing is an activity or action carried out by an institution that takes one of the jobs that should be done by the employees of the company itself, to be distributed openly and freely so that it can be done by many people / the crowd announced through the internet network (Paul Whitla, 2009).

So from the explanation above it can be concluded that Crowdsourcing is a concept of contribution or mutual cooperation as a form of fund collection in various goals added by information technology elements as a basis for disseminating news about the need for such cooperation and how interested communities can participate to the goals that have been notified through the information technology platform. In the beginning, the concept of crowdsourcing was used by information technology companies like Linux in organizing 'common-based peer production', which is a production activity that involves the general public and even across countries; that is, individuals who can complete a task required by an internet-based company by providing compensation to those who have accepted the company's offer and who have done and collected the assignment in accordance with the provisions of the company (Cindy Indudewi Hutomo, 2019).

"To the best of my knowledge, there is no accepted framework for modeling crowdfunding. It is unclear, however, that economic motivations form the sole motivators for individuals to participate on reward or donation-based platforms. I, therefore, develop a conceptual framework that models crowdfunding as a function of both economic and social factors. The three major economic factors I use are barriers to entry, financial profitability of industry incumbents, and financial potential. Barriers to entry are largely enforced by regulation, and I measure barriers to entry on both indirect (such as the type of legal regime and the quality of legal enforcement), and direct dimensions (such as the ease of starting a business). Financial profitability of incumbents is largely measured by market rents earned by banks and other traditional financial intermediaries. I measure financial potential on two dimensions – the current financial depth of the market (based on existing markets, investor protection) and the potential financial depth of the market (including factors such as user sophistication or the ease of access to the Internet). If crowdfunding substitutes for existing types of financing, I expect a positive relation between current financial depth and platform volume. If crowdfunding offers new financing opportunities, I expect a positive relation between potential financial depth and crowdfunding volume. Finally, I

measure social characteristics at the country level using a host of value related survey measures (such as trust or adventure seeking).” (P. Raghavendra Rau, 2019).

In fact, based on Raghavendra's opinion, none of the definitions of the framework can be accepted for the crowdfunding financing model. The existence of crowdfunding is as a function of economic and social factors. From the opinion expressed by Raghavendra if crowdfunding replaces the existing types of financing, it is expected that there will be a harmonization in the form of a positive relationship between the current form of finance and the volume of the platform. That way the presence of crowdfunding will be able to measure social characteristics at the country level using a number of survey measures related to the effectiveness of crowdfunding itself.

From the explanation of de crowdfunding as crowdsourcing development that results in donations or investments, the people involved as funders in crowdfunding are not solely oriented towards earning interest for their personal interests, but their main goal is to and realize a positive goal for the other party.

b. The Characterisric of Equity Crowdfunding

Basically crowdfunding is packaged in a web platform where the project owner meets with the public who will provide funds. The three main components of crowdfunding are:

- 1) Initiator is an Investee or side that needs funds;
- 2) Crowdfunding Platform Website or also called the Organizer;
- 3) Investors or fund owners who channel funds to the Investee.

Structurally, the process of a crowdfunding activity has the following stages:

- 1) the initiator or investee submits an idea, the amount of the fundraising target needed and / or a business plan proposal with details of the plan to use the funds to the crowdfunding platform owner;
- 2) submissions are made in person and electronically through a crowdfunding website platform;
- 3) the owner of crowdfunding platform conducts an assessment of the initiator / investee, both personal performance assessment, personal financial assessment, corporate financial assessment, including default risk assessment of the project / planning for the use of the proposed funds;
- 4) owner of crowdfunding platform in this case attracts administration fees and financial service fees;
- 5) if an agreement has been agreed between the crowdfunding platform owner and the investee, the crowdfunding platform owner or organizer displays the

initiator / investee investment ideas, plans, or proposals on the crowdfunding platform website;

- 6) ideas can be supported by donating, or investment proposals can be in the form of loans (peer to peer lending) or stock purchases (equity funding);
- 7) the general public accessing the crowdfunding platform website gets information about donation project offers and / or investment proposals;
- 8) when interested, the general public can support by donating if the offer is a donation project, or channeling money for investment purposes;
- 9) The collected money is forwarded by the organizer to the initiator / investee.

c. Types of Crowdfunding

Investment crowdfunding or financial return crowdfunding aims to raise funds for profit. One of the main elements of investment crowdfunding is internet-based therefore investment crowdfunding is part of fintech or the implementation of a technology-based financial system. The implementation of financial technology is regulated in Indonesia Bank Regulation Number 19/12 / PBI / 2017 concerning Implementation of Financial Technology (next is called as PBI No. 19/12 / PBI / 2017).

OJK as an institution that has functions, duties and authority as regulated in Act Number 21 of 2011 concerning the Financial Services Authority to implement a system of regulation and supervision that is integrated to all activities in the financial services sector, including the Capital Market sector, is institutions that have the authority to regulate and oversee investment crowd funding activities. Provisions related to investment crowdfunding are regulated further in:

- 1) OJK Regulation No. 77 / POJK.01 / 2016 concerning Information Technology-Based Lending and Borrowing Services;
- 2) OJK Regulation No. 13 / POJK.02 / 2018 concerning Digital Financial Innovations in the Financial Services Sector;
- 3) OJK Regulation No. 37 / POJK.04 / 2018 concerning Funding Services through Equity Crowdfunding.

Investment crowdfunding development is constantly undergoing renewal, but currently in the community as set up by OJK the following types of funding:

- 1) Peer to peer lending (also known as P2P Lending), an information technology-based money lending and borrowing service, regulated in POJK No. 77 / POJK.01 / 2016.
- 2) Equity crowdfunding, a fund-raising service through an information technology-based stock offering, regulated in POJK No. 37 / POJK.04 / 2018.

The regulation of Equity Crowdfunding in Capital Market Law is often considered to be the same as an IPO. According to the Black Law Dictionary, the Initial Public Offering (IPO) is a company's first public sale of stock; a first offering of an issuer equity securities to the public through a registration statement. According to chapter 1 Number 15 UUPM, a public offering is a security offering activity carried out by an issuer to sell securities to the public based on procedures set out in capital market regulations. According to the explanation of chapter 70 paragraph (1) of the Capital Market Law, public offering activities are one way to raise public funds. For this reason, the interests of the people who will invest their funds in securities need protection. Therefore, each party who intends to raise funds through a public offering is required to submit a registration statement to the FSA first and a public offering can only be made after the registration statement is effective (Mas Rahmah, 2019).

But apparently between the two there are some substantial differences between the initial public offering (IPO) with equity crowdfunding is as follows:

- 1) The term a company that sells its shares through an IPO is called an Issuer, while a company that sells its shares through equity crowdfunding is called an Issuer;
- 2) Capital costs as a condition that must be met by the Issuer or Issuer, the Issuer has at least 300 (three hundred) shareholders and has paid up capital of at least Rp. 3,000,000,000.00 (three billion rupiah) or a number of shareholders and paid up capital determined by Government Regulation. While the Issuer is not a company with a complex structure, and is not a public company. The issuer has no more than Rp. 10,000,000,000.00 (ten billion rupiah) the calculation of which does not include land and buildings or the amount of paid up capital of not more than Rp. 18,000,000,000 (eighteen billion rupiah), this is in accordance with Article 32 paragraph (1) letter c jo. C hapter 4 letter b POJK No. 37 / POJK.04 / 2018.
- 3) Different types of companies and therefore subject to different statutory provisions;
- 4) Issuers are public limited liability companies, not only subject to the provisions of Law Number 40 of 2007 concerning Limited Liability Companies (hereinafter referred to as UUPT) but also subject to the Capital Market Law (UUPM). While the Issuer is not a public company, so it is only subject to the Company Law.
- 5) The stock offer is different;
- 6) Initial Public Offering (IPO) is a public offering as referred to in the Capital Market Law. While the stock offering through equity crowd funding is not a public offering as referred to in the Capital Market Law.
- 7) Amount of offer of share value and offer period;

- 8) The offering value of shares is not limited in the IPO.
- 9) The process and involvement of the institutions supporting the Public Offering (IPO) is a process that requires a grace period because it must fulfill both legal, financial and administrative requirements, also involving at least 6 (six) capital market supporting institutions, namely (i) issuers, (ii) legal consultants, (iii) notaries, (iv) accountants, (v) appraisers, (vi) custodians, and the number of these supporting institutions increased at least to 11 (eleven) when the stock offering was listed on the stock exchange. The supporting institutions include (vii) clearing and guarantee institutions, (viii) depository and settlement institutions, (ix) securities administration bodies, (x) insurers, (xi) investment advisors.
- 10) Disclosure, the principle of information disclosure must be equally applied to both the IPO and Equity Crowdfunding. The difference is that the requirements for the presentation of information, namely in the IPO, the disclosure of information is carried out in a format regulated by law, in this case the provision of Article 71 of the Capital Market Law that public offerings must be accompanied by a prospectus as a basis for knowledge of potential investors to obtain information about legality, financial conditions, potential and risks associated with the company. Meanwhile, the provisions on presenting information for Issuers at the time of a public offering are not specifically specified. However, in general the Organizer will introduce the Publisher by explaining both the background of the capacity, achievements and the purpose of offering shares through equity crowdfunding to attract investors. Furthermore, the principle of disclosure is applied more simply to the Issuer in the form of an annual report. The annual report is indeed the company's obligation as stipulated in the Company Law that the company is obliged to make financial reports and the directors' accountability reports to shareholders at the end of each financial year period.

Besides the differences between IPO and Equity Crowdfunding, there are also Equity Crowdfunding similarities with Initial Public Offering (IPO), in principle both of them have an equation that is, that both of them are sources of financing by selling company shares (equity), then between Equity Crowdfunding and IPOs together the same as obeying the principle of information disclosure about the financial situation in the form of financial reports (financial reports) and reports on the use of funds resulting from the stock offering, while the last similarity is between the IPO and Equity Crowdfunding both of them recording the information of shareholders (Investors / Investors) in the custodian.

2. LEGAL PROTECTION FOR INVESTORS IN EQUITY CROWDFUNDING ACTIVITIES

The functions of law are to protect the public and individuals against actions that disturb the public order carried out by other individuals or the government itself (abuse of authority by state officials) and foreign governments (aggression or subversion by foreign governments) (E. Utrecht dan Moh. Saleh Djindang, 1989). This is reinforced by the opinion of Roscoe Pound which states that the law to protect human interests is a demand that is protected and fulfilled by humans in the field of law (Salim HS, 2010). M.H. Tirtaatmidjaja argues that the law is all the rules (norms) that must be prosecuted in the conduct of actions in the association of life with threats in the form of compensation if breaking those rules will endanger oneself or property, for example people will lose their independence, be fined and so on (C.S.T Kansil, 1989). According to Satjipto Rahardjo, legal protection is to provide protection for human rights harmed by others and that protection is given to the community so that they can enjoy all the rights provided by law (Satjipto Rahardjo, 2000).

Equity crowdfunding activities are business activities on the internet, where investors as stakeholders must be considered by the Organizer and Publisher who sell their shares through online sites. In relation to legal protection for internet consumers, according to Philipus M. Hadjon, that can be broken down according to the type of legal protection there are 2 forms, namely preventive and repressive legal protection. Preventive protection in terms of inclusion of this disclaimer serves to prevent consumers from being on the weak side and not merely harmed. Repressive legal protection in terms of resolution when a dispute occurs, divided again into two, namely through litigation and non-litigation (Philipus M. Hadjon, 2007).

Issuers (shareholders through an IPO) are public limited companies, not only subject to the provisions of the Limited Liability Company Law (UUPT) but also subject to the Capital Market Law (UUPM). While the Issuer (share seller through equity crowdfunding) is not a public company, so it is only subject to the Company Law. In terms of the Company Law, the form and mechanism of legal protection can be given based on the principle of compensation stipulated in chapter 62 of the Company Law or based on the filing of a lawsuit through a direct suit or a deviative lawsuit and the right to sell shares.

However, legal protection for investors in Equity Crowdfunding activities has been regulated in POJK No. 37 / POJK.04 / 2018 Concerning Funding Services through Equity Crowdfunding, is governed by the education and protection of users of fund-raising services. Such education and protection, among others:

- 1) Legal protection for investors is currently determined in chapter 42 POJK No. 37 / POJK.04 / 2018, that investors may cancel the plan to buy shares through the equity crowdfunding platform within 48 hours after making a share purchase and before the settlement of the transaction is made through the Operator.

- 2) Operator Applying 5 basic principles as explained in chapter 53 POJK No. 37 / POJK.04 / 2018:
 - a) Fair treatment;
 - b) Transparency;
 - c) Data security and confidentiality;
 - d) Reliability;
 - e) Dispute resolution quickly, affordable and simple.
- 3) Based on chapter 54 paragraph (1) POJK No. 37 / POJK.04 / 2018, Providers are required to provide and / or submit up-to-date information on Funding Services that is accurate, honest, clear, and not misleading. Article 54 paragraph (2) POJK No. 37 / POJK.04 / 2018, the information referred to in paragraph (1) is placed on the Provider's website.
- 4) Based on chapter 55 POJK No. 37 / POJK.04 / 2018, notifying the user of acceptance, delay or rejection.
- 5) Based on chapter 56 POJK No. 37 / POJK.04 / 2018, using phrases, terms, or sentences that are easy to read and understand.
- 6) Based on chapter 57 POJK No. 37 / POJK.04 / 2018, supporting efforts to increase literacy and financial inclusion.
- 7) Based on chapter 58 POJK No. 37 / POJK.04 / 2018, must include the name and logo along with a statement that OJK has supervised and registered in each service offer.
- 8) Based on chapter 59 POJK No. 37 / POJK.04 / 2018, when using standard agreements, are prepared in accordance with applicable regulations.
- 9) Based on chapter 60 POJK No. 37 / POJK.04 / 2018, is responsible for user losses due to errors caused by the organizer.
- 10) Based on chapter 61 POJK No. 37 / POJK.04 / 2018, is obliged to post on the website the standard operating procedures.
- 11) Based on chapter 62 POJK No. 37 / POJK.04 / 2018, Organizer is prohibited from providing user data or information to third parties.
- 12) Based on chapter 63 POJK No. 37 / POJK.04 / 2018, the Operator is obliged to report every user complaint received to the Financial Services Authority.

Then the legal protection as a form of legal certainty provided by the government to the community in equity crowdfunding activities has been regulated by several chapter in POJK No. 37 / POJK.04 / 2018. However, the lack of a more complete regulation in Article 54 paragraph (2) POJK No. 37 / POJK.04 / 2018 that is, the Provider in providing up-to-date information on the Fund Urgency Service only regulates the provision of up-to-date information about the funds collection service

placed on the Operator's website or website. However, the registered Investor is not regulated in more detail regarding providing the latest information directly via telephone contact or email.

Conclusion

Equity crowdfunding is a form of new innovation funding sources outperforming the initial public offering of shares (IPO), basically because it is practical and simple, so it does not require large costs and without the involvement of a number of professions and supporting institutions such as professions and institutions capital market supporting institutions. Regarding crowdfunding equity is specifically regulated in POJK No. 37 / POJK.04 / 2018 Concerning Funding Services through Equity Crowdfunding, where equity crowd funding is the result of innovation as well as breakthroughs in the development of capital markets that adapt to current patterns of market and economic development. Equity crowdfunding is increasingly in demand as an alternative source of financing that is practical, simple and fast.

Legal protection of Equity Crowdfunding for registered Investors in providing up-to-date information on the Fund's collection service does not regulate the provision of up-to-date information on the Funding service to Investors that have been registered directly via telephone contact or email, only in the provisions of chapter 54 paragraph (2) POJK No. 37 / POJK.04 / 2018, the provision of up-to-date information on fund collection services is only placed on the organizer's website or website.

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