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Proving Securities Trading Fraud in Capital Market Crimes

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ABSTRACT

The criminal offense of securities trading fraud seriously threatens the integrity of the Indonesian capital market. Nevertheless, its proof within the realm of criminal law faces significant constraints. This research aims to analyze the normative evidentiary model for securities trading fraud, identify the fundamental challenges in its implementation in Indonesia, and examine strategies to overcome these obstacles. This study utilizes a normative legal research method with statutory and conceptual approaches to scrutinize the legal framework and evidentiary practices. The analysis reveals that proof formally adheres to the theory of negative statutory proof (negatief wettelijke bewijstheorie) based on the Criminal Procedure Code, requiring a minimum of two valid pieces of evidence and an evidence-based judge's conviction. Nevertheless, the implementation of this model is confronted by multidimensional challenges, encompassing the complexity of criminal schemes, information asymmetry, difficulties in proving criminal intent (mens rea), limitations in the regulatory framework and oversight effectiveness, and constraints in accessing crucial data. This study finds that effective strategies to address these barriers necessitate a combination of interventions in two domains: strengthening substantive regulations, particularly enforcing information disclosure obligations discipline by the FSA, and enhancing transparency and accountability at the corporate level through GCG implementation and shareholder rights protection. It is concluded that a significant gap exists between the normative evidentiary model and the reality of its practical enforcement, and the effectiveness of proving securities trading fraud heavily relies on the synergy between strengthening the formal legal framework and improving the corporate governance ecosystem.

Keywords: *Capital Market Crimes; Evidentiary Challenges; Fraud; Securities Trading.*

INTRODUCTION

Capital markets constitute a fundamental pillar within the modern economic architecture of a nation, serving as a vital mechanism for the mobilization of long-term capital, the allocation of investment resources, and as an indicator of overall economic health (Rahmawati et al., 2022). The dynamic development of Indonesia's capital market, characterized by increased investor participation and a diversification of investment instruments, yields positive implications for national economic growth (Hasyim et al., 2023). Nevertheless, this dynamism is not devoid of potential risks and inherent vulnerabilities to illicit practices, particularly criminal acts that can erode market integrity and undermine public trust. Recognizing this urgency, the state has established a regulatory framework through Law Number 8 of 1995, which has undergone significant updates via Article 22 of Law Number 4 of 2023 (hereinafter referred to as the Capital Market Law), aimed at fostering an orderly, fair, and efficient capital market environment, as well as providing legal protection for stakeholders.

Within this capital market regulatory framework, various forms of conduct are regulated and classified as criminal offenses, reflecting the peculiarities and complexities of crimes within this financial sector. Some examples include market manipulation practices, as stipulated in Articles 91 through 93 of the Capital Market Law (Panjaitan & Apriani, 2021), and insider trading, regulated under Articles 95

through 98 (Junaedi, 2020). However, the primary focus of the analysis within this academic article is the criminal offense of fraud within the context of securities trading, regulated explicitly under Article 90 of the Capital Market Law. Article 90 point (a) of the Capital Market Law expressly prohibits any party, whether directly or indirectly, from engaging in deception through any means. Furthermore, Article 90 point (b) of the Capital Market Law explicitly forbids any party from making untrue statements regarding material facts or failing to disclose material facts. This prohibition applies when such actions are undertaken to unlawfully benefit oneself or other parties or influence the investment decisions of other parties.

This crime of securities trading fraud exhibits unique characteristics compared to conventional criminal offenses, often categorized as white-collar crime perpetrated by individuals possessing high intellect and market understanding (Afjal et al., 2023). The object of the crime is not physical property but rather information or representations of fact that are manipulated or concealed. The *modus operandi* employed tends to be complex and sophisticated, frequently leveraging information technology such as virtual private networks (VPNs) or the creation of anonymous identities to obscure the perpetrators' tracks, as observed in various schemes like pump-and-dump, Ponzi schemes, or other presentations of misleading information (Dupuis et al., 2023). The consequences of this criminal act extend beyond individual investor financial losses, potentially leading to broader systemic impacts, including the distortion of fair market mechanisms, a drastic decline in public confidence in the capital market, and disruption to national economic stability. Although Article 378 of the Penal Code also addresses the offense of fraud, the Capital Market Law applies as *lex specialis*, imposing significantly heavier criminal sanctions that reflect this crime's seriousness and destructive potential. Specifically, Article 104 of the Capital Market Law mandates a penalty of imprisonment for a minimum of 5 (five) years and a maximum of 15 (fifteen) years, and a fine of at least IDR 5,000,000,000 (five billion rupiah) and at most IDR 150,000,000,000 (one hundred fifty billion rupiah).

Although a normative legal framework exists and the definitions of criminal acts are formulated, a crucial problem lies in the evidentiary aspect (proving) of securities trading fraud in court proceedings. Law enforcement faces a series of fundamental challenges inherent in this crime (Gani & Dragono, 2024). The complexity of multi-layered fraud schemes, the difficulty in identifying and collecting valid evidence (particularly digital evidence susceptible to manipulation), the challenge of proving the perpetrator's intent (*mens rea*), the intricate task of tracing fund flows, and limited access to comprehensive transaction data constitute major obstacles. Furthermore, the anonymity facilitated by technology and potential inconsistencies in trading surveillance compound the difficulties of proof. Consequently, many cases strongly

suspected to involve securities trading fraud either fail to be brought before the criminal courts or the requisite criminal elements cannot be successfully proven.

Normatively, the Indonesian criminal procedure system adheres to the theory of negative statutory proof (*negatief wettelijke bewijstheorie*), as implied in Article 183 of the Criminal Procedure Code. It requires judges to base their verdicts on at least two valid pieces of evidence, supplemented by the judge's conviction derived therefrom. This theory establishes a high standard of proof to safeguard the rights of suspects and defendants. However, applying this standard in the criminal prosecution of securities trading fraud cases encounters significant practical difficulties due to the aforementioned challenges. Frequently, the evidence gathered, while potentially indicative of irregularities, falls short of meeting the minimum proof threshold (*minimum bewijs*) and establishing the judge's conviction beyond a reasonable doubt. This significant discrepancy between the requirements of formal legal proof standards and the practical realities of factual evidentiary challenges constitutes the core problem.

Stemming from this background and identifying these crucial problems, this academic article is specifically designed to conduct an in-depth analysis of the issue of proving securities trading fraud within the context of Indonesian capital market criminal law. This research pursues three primary objectives: *first*, to analyze and map the evidentiary models for the crime of securities trading fraud based on the prevailing positive legal framework and relevant criminal evidence theories. *Second*, to comprehensively identify and critically examine the principal challenges and factual impediments law enforcement officials face while proving such cases. *Third*, to examine and formulate strategic solutions or recommendations, encompassing both normative and practical aspects, that could be considered to enhance the effectiveness and optimization of proving securities trading fraud, ultimately aiming to realize credible law enforcement and a safer, more trustworthy capital market in Indonesia.

METHOD

Methodologically, this research is categorized as normative legal research, also called doctrinal legal research (Qamar & Rezah, 2020). This methodological choice is predicated upon the study's focus, which fundamentally rests on analyzing positive legal norms, legal principles, legal theories, and juridical concepts directly about proving the criminal offense of securities trading fraud within the Indonesian legal system. Consequently, the epistemological foundation of this research views law as a coherent system of norms, directing the analysis toward the discovery, interpretation, and systematization of written legal rules and associated scholarly discourse to address the research questions (Benuf & Azhar, 2020).

This study adopts a combination of complementary approaches to dissect the research problem comprehensively and in-depth. The primary approach employed is the statute approach, utilized to meticulously examine the hierarchical structure, substantive content, and consistency among relevant laws and regulations, particularly the Capital Market Law, the Penal Code, and the Criminal Procedure Code, concerning the offense of fraud and the system of proof. Subsequently, the conceptual approach is applied to conduct an in-depth analysis of the meaning and scope of essential legal concepts such as 'material fraud,' 'proof,' 'valid evidence,' 'judge's conviction,' and 'capital market crimes', in order to construct a precise understanding. Furthermore, the comparative approach is selectively utilized to broaden the analytical horizon by reviewing the regulation or evidentiary practices related to similar crimes in other jurisdictions, which may offer insights into alternative solutions or underscore the unique challenges within the Indonesian context.

The data sources that form the primary foundation for the analysis in this normative research consist of primary and secondary legal materials ([Sampara & Husen, 2016](#)). Primary legal materials, as the legal sources possessing the highest authority and binding force, encompass all laws and regulations that directly govern capital market crimes and their proof. Secondary legal materials include all scholarly publications and literature that provide explanations, interpretations, or critical analyses of the primary legal materials, such as textbooks on criminal law and capital markets, articles in reputable legal journals, findings from previous research, legal doctrines, or the opinions of prominent legal scholars, as well as academic manuscripts or historical documents related to legislative drafting.

The collection process for these primary and secondary legal materials was conducted using library research or document study techniques and performed meticulously and systematically ([Irwansyah, 2020](#)). It involved identifying, inventorying, selecting based on relevance, and citing sources by scholarly conventions. Subsequently, all gathered legal materials were analyzed qualitatively without employing quantification or statistical analysis. The qualitative data analysis techniques applied included legal interpretation, particularly grammatical and systematic interpretation, to ascertain the authentic meaning of written legal norms; content analysis to dissect and organize substantive information from various sources; and the application of legal logic through legal argumentation and deductive syllogism to construct a logical, coherent, and valid line of reasoning in addressing each research question, encompassing the exposition of the evidentiary model, the identification of challenges, and the formulation of conclusions and recommended solutions.

RESULTS AND DISCUSSION

A. Analysis of the Evidentiary Model for the Criminal Offense of Securities Trading Fraud

The formal foundation of the evidentiary system adopted within the framework of Indonesian criminal procedure law, which applies *mutatis mutandis* to handling criminal offenses in the capital market sector, including securities trading fraud, is explicitly codified in Article 183 of the Criminal Procedure Code. This provision constitutes the juridical manifestation of the theory of negative statutory proof (*negatief wettelijke bewijstheorie*) (Syauket & Eleanora, 2023). The fundamental essence of this theory lies in the establishment of a dual, cumulative standard of proof, whereby a judge may only impose a penalty upon a defendant if the decision is based on at least two valid pieces of evidence from which the judge derives the conviction that a criminal offense has indeed occurred and that the defendant is guilty of committing it (Nababan et al., 2020). This model inherently rejects systems based solely on the judge's conviction (*conviction intime*) and the system of positive statutory proof (*positief wettelijke bewijstheorie*), disregarding the role of judicial conviction.

The first pillar within the structure of the *negatief wettelijke bewijstheorie* is the existence of legally valid evidence as stipulated by law. Article 184 section (1) of the Criminal Procedure Code limitatively enumerates the five types of evidence recognized in Indonesian criminal proceedings: witness testimony, expert testimony, documentary evidence, indications, and the defendant's statement. Through systematic interpretation of the Criminal Procedure Code, it is understood that only evidence falling within these categories possesses formal juridical validity to serve as the basis for proving the defendant's guilt. In the context of securities trading fraud cases, the manifestation of this evidence can vary; documentary evidence, for instance, often manifests as electronic documents such as digital transaction records, securities trading data, electronic correspondence, or relevant corporate financial reports, the authenticity and integrity of which must be verifiable. Meanwhile, expert testimony frequently proves crucial, originating from capital market experts, forensic accountants, or information technology specialists, who provide analyses and opinions based on their expertise to interpret complex transaction data or elucidate the technical *modus operandi* of the fraud.

The second pillar, proceeding concurrently and inseparably from valid evidence, is the judge's conviction (*rechterlijke overtuiging*). Article 183 of the Criminal Procedure Code expressly mandates that this conviction be derived from valid evidence. It implies, through legal argumentation, that the judge's conviction

is not mere intuition, subjective feeling, or prejudice but rather a rational and intellectual conclusion logically drawn from the totality of legal facts revealed during the trial through an assessment of the evidence presented. This conviction must surpass reasonable doubt (beyond reasonable doubt), whereby, based on the weight of the evidence presented, the judge arrives at a firm conclusion regarding the fulfillment of all elements of the criminal offense by the defendant. Thus, the judge's conviction serves as a qualitative filter for the formal evidence, ensuring that the quantity (a minimum of two pieces of evidence) is accompanied by adequate probative quality to uphold material justice.

In its implementation regarding the proof of the criminal offense of securities trading fraud, there is a vital interaction between substantive law (the Capital Market Law) and procedural law (the Criminal Procedure Code). Each essential element of the securities trading fraud offense, as formulated, for instance, in Article 90 of the Capital Market Law (such as the elements of 'deceiving,' 'making untrue statements,' 'regarding material facts,' 'with the intent to unlawfully benefit oneself or other parties,' 'influencing other parties'), must be proven individually by the public prosecutor concerning the *negatief wettelijke bewijstheorie* standard of proof. It means the public prosecutor must not only present a minimum of two types of valid evidence according to Article 184 of the Criminal Procedure Code but must also be able to demonstrate how this evidence, cumulatively and coherently, proves the fulfillment of every element of the indicted offense. Conceptual analysis of the elements within Article 90 of the Capital Market Law is crucial for determining the relevant facts that need to be substantiated through the available evidence.

Applying the negative statutory proof model within the Indonesian criminal justice system, including for securities trading fraud cases, holds fundamental significance. This model is designed to balance pursuing material truth with protecting the fundamental rights of suspects and defendants (the principle of due process of law). The rigidity of the standard of proof, requiring the combination of formal evidence and an evidence-based judicial conviction, is essential to prevent arbitrary convictions and uphold legal certainty. In the context of capital markets, which are highly sensitive to public trust, law enforcement grounded in an accountable and objective evidentiary process conforming to this model is an absolute prerequisite for maintaining market integrity, protecting investor interests, and ensuring the overall stability of the financial system ([Riyaadhotunnisa et al., 2022](#)).

B. Challenges in Proving Securities Trading Fraud in Indonesia

As previously elaborated, the *negatief wettelijke bewijstheorie* evidentiary model adopted by Indonesian criminal procedure law establishes rigid standards to achieve material truth and legal protection. However, applying this model within the context of proving a series of complex and multidimensional practical impediments confront the criminal offense of securities trading fraud. The initial challenge stems from the inherent characteristics of the crime itself, namely the complexity of the fraudulent schemes employed (Oktana et al., 2023). Perpetrators of securities trading fraud, often categorized as white-collar criminals, frequently devise multi-layered *modi operandi*, utilize intricate derivative financial instruments, or disguise their illicit actions behind seemingly legitimate corporate activities or market transactions. It makes it difficult for law enforcement officials to perform early detection and investigation and to collect initial evidence as required by the Criminal Procedure Code. Conceptual analysis of the offense elements in Article 90 of the Capital Market Law, such as ‘deceiving’ or ‘making untrue statements regarding material facts,’ indicates that factually proving these elements demands a profound understanding of capital market practices and the capacity to unravel complex transactions.

A second crucial challenge, and perhaps the most fundamental, lies in the problematics of information concerning the asymmetry of information control and the difficulty of proving the perpetrator’s criminal intent (*mens rea*). The principle of information disclosure, the very spirit of the capital market, is often distorted by significant information asymmetry between corporate management or professional market players and public investors (Hasni et al., 2025). This condition factually hinders victims or reporters from accessing sufficient initial data or knowledge to identify suspected fraud, let alone gather adequate preliminary evidence compliant with the standards of the Criminal Procedure Code. Furthermore, proving the element of intent or ‘maksud’ as stipulated in Article 90 of the Capital Market Law represents one of the most arduous aspects of criminal justice: proving that a perpetrator knew certain information was material and consciously and deliberately misused, concealed, or misrepresented it for illegal gain often necessitates reliance on indirect proof (circumstantial evidence), the inferences drawn from which must convince the judge beyond a reasonable doubt. This task is increasingly difficult if perpetrators employ sophisticated technology for anonymity or the erasure of digital footprints.

Challenges also arise from the regulatory framework aspect and the effectiveness of securities trading surveillance. Although Indonesia possesses the Capital Market Law and a series of continually updated Financial Services Authority (FSA) Regulations, the potential for legal loopholes, normative ambiguities, or even

inconsistencies in the implementation of supervisory standards by authorities can act as inhibiting factors. The effectiveness of the FSA's early detection and investigation functions, as the vanguard of capital market oversight, heavily depends on the adequacy of resources, technical expertise, and robust investigative powers to penetrate transactional complexities. Moreover, in the era of financial market globalization, the cross-border dimension of securities trading fraud is increasingly prominent; differences in substantive law and procedures between countries, as well as impediments within international cooperation mechanisms like Mutual Legal Assistance (MLA), often pose severe constraints in pursuing perpetrators or collecting evidence located in foreign jurisdictions, thereby adding layers of complexity to law enforcement efforts ([Simbolon, 2023](#)).

Other significant impediments relate to limited data access and the issue of the burden of proof. In many cases, detailed transaction data, electronic communication logs, internal corporate records, or other relevant information crucial for proof reside under the control of the reported party or third parties who may be bound by confidentiality obligations (e.g., banking secrecy or personal data protection) ([Prayuda et al., 2022](#)). Despite possessing statutory authority, law enforcement officials often face procedural or technical challenges in accessing such data promptly and entirely to be used as documentary evidence or indications under Article 184 of the Criminal Procedure Code. This situation is compounded by the reality that while the burden of proof (burden of proof) in the Indonesian criminal procedure system formally rests with the public prosecutor, in the initial stages of reporting or related civil claims, it is often the victims (investors) who are effectively required to present strong initial evidence, despite being in the weakest position regarding access to information and evidentiary resources ([Oktaviany & Reskino, 2023](#)).

In synthesis, the convergence of these various challenges—ranging from the complexity of schemes and *modi operandi*, the problematics of information asymmetry and proving *mens rea*, constraints within the regulatory and supervisory framework including cross-border issues, to fundamental barriers in data access and meeting the burden of proof—creates an ecosystem that significantly complicates the practical application of the *negatief wettelijke bewijstheorie* evidentiary model in securities trading fraud cases in Indonesia. While possessing the noble aim of protecting fundamental rights, the proof standard's rigidity simultaneously poses a formidable challenge for law enforcement when confronted with the reality of increasingly sophisticated and structured financial crimes. This condition implies a potential for low prosecution rates (impunity) and can erode confidence in the rule of law within the capital market sector, which, in turn, necessitates consideration of strategies to strengthen the evidentiary process.

C. Strategies to Overcome Evidentiary Obstacles in Proving the Criminal Offense of Securities Trading Fraud

Addressing the complexity and significance of the obstacles in proving the criminal offense of securities trading fraud, as analyzed in the preceding section, necessitates that effective criminal law enforcement in the capital market implements intervention strategies that are proactive, adaptive, and multi-dimensional. These strategies cannot rely on a single solution. However, they must combine enhancements in substantive regulation and its enforcement with fundamental improvements in governance and accountability practices at the corporate level. The primary focus of this overall strategy is to mitigate the inherent constraints that weaken the evidentiary process and to ensure that the *negatief wettelijke bewijstheorie* standard of proof can be applied more optimally within the realities of judicial practice.

Strengthening the substantive regulatory framework, particularly concerning the principle of information disclosure, constitutes the first crucial strategic pillar. Legal instruments such as FSA Regulation Number 31/POJK.04/2015 provide a normative foundation. Analysis of Articles 1, 2, and 3 of this FSA Regulation reveals clear and detailed legal obligations for issuers to disclose accurately, thoroughly, and promptly any material information or facts that could affect investor decisions, including information potentially indicative of fraudulent practices. More than mere administrative obligations, violations of these disclosure provisions—subject to strict sanctions as regulated in Articles 9 through 11 of said FSA Regulation, as well as criminal provisions in the Capital Market Law—can arguably be construed as ‘indications’ or other significant supporting evidence recognized by the Criminal Procedure Code to corroborate suspicions of *mens rea* (criminal intent) in the form of deliberate concealment of facts or misleading the market. Therefore, consistent enforcement against violations of these information disclosure obligations becomes a key strategy to indirectly strengthen the evidentiary basis for the fraud offense while simultaneously addressing information asymmetry constraints.

However, robust substantive regulations like FSA Regulation Number 31/POJK.04/2015 will only be effective if supported by the FSA's optimization of oversight and enforcement functions, as the Capital Market Law authorizes the institution. Continuous capacity building within the FSA is necessary for human resources, which possess specialized expertise in forensic auditing and complex financial data analysis, and utilizing cutting-edge technology for market surveillance to detect anomalous transaction patterns indicative of potential manipulation or fraud (Suryani et al., 2021). Investigations conducted by the FSA must be thorough and capable of yielding evidence that is not only factually robust but also meets the criteria for juridical validity according to the evidence standards in the Criminal

Procedure Code. Furthermore, applying firm and proportionate administrative sanctions, coupled with the resolve to recommend criminal proceedings when sufficient initial evidence is found, will create a significant deterrent effect and signal that violations in the capital market will not be tolerated.

Concurrently, strategies for strengthening proof must address the corporate-level root causes by fostering a more robust culture of transparency and accountability ([Rosidah et al., 2023](#)). Implementing the Principle of Disclosure under Article 1 point 24 of the Capital Market Law must transcend formal compliance, becoming an integral part of business ethics. The substantive, not merely formalistic, application of the Good Corporate Governance (GCG) framework is paramount; the existence of independent and effective boards of commissioners and audit committees, the implementation of strong internal control systems, secure whistleblowing mechanisms, and improvements in the quality and readability of financial reports are GCG elements that can collectively serve to prevent fraud or at least facilitate early detection and the collection of internal evidence should fraud occur ([Herlina, 2018](#); [Ariyanti & Ramadhan, 2023](#)).

Furthermore, strengthening corporate accountability also necessitates shareholder empowerment, particularly protecting minority shareholder rights, as they are often the most vulnerable parties harmed in fraud schemes orchestrated by insiders or controlling parties ([Sinaga & Maulisa, 2022](#)). Legal instruments within Law Number 40 of 2007 (hereinafter referred to as the Limited Liability Company Law), such as the shareholders' right to obtain information and conduct inspections (Articles 54 and 55 of the Limited Liability Company Law), the right to file lawsuits against the company or its directors/commissioners for losses resulting from unlawful acts (Article 61 of the Limited Liability Company Law), and the right to demand their shares be purchased at a fair price (Article 62 of the Limited Liability Company Law), represent important accountability mechanisms. The practical exercise of these rights, perhaps through simplified procedures or facilitation of class actions, can serve as a means for shareholders to demand transparency, gain access to information, and even uncover initial evidence of fraud, which can subsequently be pursued by criminal law enforcement officials under the framework of the Criminal Procedure Code.

In conclusion, overcoming the evidentiary obstacles in proving the criminal offense of securities trading fraud in Indonesia demands a strategic approach that is synergistic and sustainable. Strengthening substantive regulations focused on the strict enforcement of information disclosure discipline by the FSA, coupled with enhanced supervisory capacity and sanction enforcement, must proceed hand-in-hand with fundamental improvements at the corporate level through the internalization of transparency principles, effective GCG implementation, and the

empowerment of shareholder accountability mechanisms (Mutuari et al., 2018). Although each strategic element presents its challenges, it is the combination of efforts at the regulatory and corporate practice levels that offers the most realistic prospect for gradually mitigating the complexities of proof, strengthening the position of law enforcement in meeting the *negatief wettelijke bewijstheorie* standard, and ultimately realizing an Indonesian capital market that is fairer, more trustworthy, and possesses greater resilience against financial crime practices.

CONCLUSIONS AND SUGGESTIONS

Based on the results and discussion, it can be concluded that the evidentiary model for the criminal offense of securities trading fraud within the Indonesian criminal justice system normatively rests upon the theory of negative statutory proof (*negatief wettelijke bewijstheorie*). This procedural framework, as fundamentally regulated in the Criminal Procedure Code, imperatively requires the fulfillment of a dual, cumulative standard: namely, the existence of a minimum of two legally valid pieces of evidence and the formation of the judge's conviction regarding the defendant's guilt, derived logically and justifiably from said evidence. This model represents a legislative effort to balance the pursuit of material truth with protecting the rights of suspects/defendants in the criminal justice process.

Although the normative framework for proof is clearly defined, an in-depth analysis of law enforcement practices reveals that implementing the *negatief wettelijke bewijstheorie* model in securities trading fraud cases in Indonesia faces a series of significant and multidimensional challenges. These challenges include the inherent complexity of the *modus operandi* of this white-collar crime, substantial information asymmetry between perpetrators and victims or law enforcement, the intrinsic difficulty in convincingly proving the element of criminal intent (*mens rea*), limitations in regulatory aspects and market surveillance effectiveness, and tangible factual obstacles in accessing crucial data and information required as evidence. The convergence of these challenging factors collectively creates serious impediments to meeting the minimum standard of proof stipulated in the Criminal Procedure Code.

Furthermore, the analysis identifies that the potential for enhancing the effectiveness of proving securities trading fraud is strongly linked to interventions in two complementary strategic domains. Strengthening the substantive, legal, and regulatory aspects, particularly through enforcing the discipline of accurate and timely information disclosure obligations for issuers as regulated in capital market-related laws and regulations, correlates with mitigating information asymmetry and creating potential legal evidence. Concurrently, improving the quality of transparency and accountability at the corporate level, driven by the practical application of Good Corporate Governance (GCG) principles and strengthening mechanisms for protecting

shareholder rights, is also identified as a conducive factor that can indirectly minimize evidentiary obstacles.

Overall, this research affirms that the effectiveness of proving the criminal offense of securities trading fraud in Indonesia results from the complex interaction between the rigidity of normative proof standards and various practical and systemic challenges in their application. The success of criminal law enforcement against these sophisticated financial crimes, therefore, depends not only on the clarity of the evidentiary model itself but is also significantly influenced by the quality of the regulatory framework, the effectiveness of oversight, and the level of transparency and accountability established within the capital market ecosystem as a whole.

Based on the Conclusions above, it is recommended that Law Enforcement Agencies (Police, Prosecution Service, and Judiciary) continuously enhance the capacity and specialization of their human resources in handling capital market crimes, particularly securities trading fraud, which possesses characteristics of high complexity. Strengthening inter-agency coordination, including effective mechanisms for information exchange and technical investigative assistance with the FSA, is a crucial prerequisite for overcoming procedural and factual barriers. There is also a need to develop guidelines or best practices for investigation techniques and prosecution strategies that are more adaptive to proving modern financial crimes, including optimizing the collection and analysis of digital evidence and formulating robust legal arguments to prove the element of intent (*mens rea*) through series of indirect evidence (circumstantial evidence), accompanied by efforts to increase the judiciary's understanding of the intricacies and systemic impacts of capital market crimes.

Furthermore, it is recommended that the Financial Services Authority (FSA), as the primary regulator and supervisor of the capital market industry, proactively and continually evaluate and refine the existing regulatory framework, especially by sharpening norms and overseeing the implementation of information disclosure obligations for issuers (as stipulated in FSA Regulation Number 31/POJK.04/2015 and other related regulations) to anticipate evolving fraud *modi operandi*. Enhancing market surveillance system capabilities through the adoption of advanced technology is essential for the early detection of suspicious trading activities, which must be followed up with swift, in-depth examination and investigation actions oriented towards collecting quality evidence compliant with Criminal Procedure Code standards. Consistency and firmness in applying administrative sanctions for any violation of capital market regulations, particularly concerning information disclosure, are also essential to build supervisory credibility and provide a significant deterrent effect for market participants.

Meanwhile, for Investors and Shareholders, as parties often harmed by securities trading fraud practices, it is recommended that they continually increase their financial literacy and understanding of capital market mechanisms and their potential risks, including the ability to identify early warning signs (red flags) of fraudulent practices. It is crucial for shareholders to actively and intelligently exercise the corporate rights vested in them under laws and regulations, such as the right to obtain information, voting rights in General Meetings of Shareholders (GMS/RUPS), and other specific legal rights regulated in the Limited Liability Company Law if they feel aggrieved by the actions of the company or its management. Shareholder involvement in encouraging and overseeing the substantive implementation of GCG principles by the investee issuers and exploring the possibility of utilizing collective legal mechanisms such as class actions, if necessary, can be effective means to strengthen their bargaining position and corporate accountability.

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