



IMPLEMENTATION OF CAPITAL MARKET SUPERVISION BY OTORITAS JASA KEUANGAN (OJK) TO ENHANCE INVESTOR PROTECTION AND PRINCIPLES OF JUSTICE

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ABSTRACT

The occurrence of economic crises in the past shows how essential the role of supervisory institutions in the independent financial services sector is. The establishment of supervisory and regulatory institutions financial service institutions in Indonesia were launched based on the mandate of Law Number 21 of 2011 concerning the Financial Services Authority, or Otoritas Jasa Keuangan (OJK). OJK is an independent entity with the responsibility, duties, and authority to regulate and supervise financial service institutions in an integrated manner. However, after more than ten years of operation, various cases still occur in financial services, especially in the capital market, which harm investors. This research aims first to evaluate the implementation of supervision of capital market financial services by the OJK and second to find out how to improve legal protection for investors. The research methods used are descriptive analysis with a normative juridical approach and qualitative analysis focuses on legislation, principles, and legal theories. This research found that the supervision carried out by the OJK in the capital market was inadequate, resulting in less protection for investors. To increase investor protection, preventive and repressive supervision, as well as paying attention to investor justice, must be implemented by the OJK.

Keywords: Supervision; Independent; Integration; Capital Market

1. Introduction

In November 2011 the Financial Service Authority (FSA), also known as Otoritas Jasa Keuangan (OJK), was launched by Law Number 21 of 2011 (OJK Law) to regulate and supervise all financial sectors in Indonesia (Mario, 2009). OJK plays a significant role in assisting overall policies to maintain the national economic system. Zainal Arifin Mochtar as a government expert in the trial review of OJK Law emphasized that OJK's function is to support the government's responsibility in safeguarding the national economy (Mahkamah Konstitusi RI, 2014). The role of the financial services authority is essential in regulating and supervising financial institutions. The government set an independent and integrated authority to solve financial institutions' previous supervision weaknesses (Djiwandono, 2007, p. 39).

Based on history, weaknesses of supervision due to inadequate financial institution oversight by financial authorities as a result of interference from numerous parties (Nasution, 2015) (Balleisen, 2011) (Sikorski, 2011). OJK has several goals, including ensuring financial stability, the correct operation of securities markets, and investor protection. These objectives are linked to specific functions such as overseeing the solvency and liquidity of banks, the capital market industry, insurance companies, and other leveraged institutions whose activity involves risk transformation; and monitoring the conduct of institutions, intermediaries, and other market participants for financial products and services (Restroy, 2016).

In the capital market sector, the role of investors is crucial. Investor trust in the capital markets industry will strengthen as a result of legal protection, which will have an impact on economic growth. According to Sudikno Mertokusumo, the purpose of the law is to protect human interests. Laws must be enforced to defend human interests (Mertokusumo, 2003). In this case, it is related to investor protection in the capital markets sector. By doing so, several rules have been introduced to ensure legal certainty in the capital markets sector. However, there are still many situations in the capital markets sector that disrupt and undermine the interests of investors, resulting in investors being less protected and in an unfulfilled sense of justice for investors. Therefore, OJK oversight in the financial markets sector must be examined.

2. Literature Review

2.1 *Financial Services Authority (OJK) as an Independent Institution*

Several parties provide independent definitions as follows. According to Kamus Besar Bahasa Indonesia (KBBI), the definition of independent is that which stands alone; the free-spirited; and is not tied to other parties. Meanwhile, the Cambridge Dictionary defines it as "independent as not influenced or controlled in any way by other people, events, or things." More specifically, the OECD states: "Independence is a tool for more effective results (OECD, 2016). Additionally, in theory, Jon Stern said there were two political reasons for the emergence of independent regulators: First, to attract investment efficiently, and protect consumers. Second, it helps to reduce the political risk perceived by private investors (Stern, 1997).

Based on OJK Law Article 1, Paragraph 1, and Article 2 Paragraph 1 the OJK is independent in carrying out its duties and is outside the government. The general explanation of the OJK Law states that the OJK operates independently of the government in the performance of its mandate. OJK is also free from intervention by other entities with the powers, responsibilities, and jurisdiction assigned to oversight, inspection, regulation, and investigation as specified by OJK Law.

Even though the OJK is an independent institution, its independence does not apply absolutely (Rahyani, 2012, p. 361). OJK's independence in regulating and supervising activities in the financial services sector is approached through good coordination in terms of issuing regulations and carrying out supervision inherent in an independent institution. For instance, in carrying out its duties as a supervisory board, the institution coordinates and collaborates with Bank Indonesia as the Central Bank (Indaryanto, 2012, p. 334). Besides, this institution is obliged to submit reports to the Financial Audit Agency (BPK) and the House of Representatives (DPR).

Currently, the OJK is led by a Board of Commissioners. Based on the OJK Law Article 10 number 3, the Board of Commissioners consists of 9 (nine) members determined by Presidential Decree. However, these provisions have been changed by Law No. 4 of 2023 concerning the Development and Strengthening of Financial Institutions (P2SK Law). Now, OJK has added two new functions. This is in line with the addition of two members to the board of commissioners or Anggota Dewan Komisioner (ADK) as mandated in P2SK) Law.

The addition of two new non-ex-officio OJK ADKs, as regulated in Article 10 paragraph (4) in Article 8 point 7 of the P2SK Law, namely the Chief Executive Supervisor of Financing Institutions, Venture Capital Companies, Microfinance Institutions and Other Financial Services Institutions. Chief Executive Supervisor of Financial Sector Technology Innovation, Digital Financial Assets and Crypto Assets. The addition of two ADKs for the 2023-2028 period completes the composition of the OJK Board of Commissioners from 9 people to 11 people (Aprilia, 2023).

Furthermore, the Legal Theory put forward by Satjipto Rahardjo is a progressive legal theory. It is said that the theory of Progressive Law was born from a long reflection on the

failure of legal reform in Indonesia. Progressive Law departs from the main paradigm of "Law for humans", and the basic assumption, that law is an institution that aims to lead humans to a just, prosperous, and happy life (Rahardjo, 2009).

Carrying out the law is not just according to the black and white words of the regulations (according to the letter), but according to the spirit and deeper meaning (to the very meaning) of the statute or law. The law is not only carried out with intellectual intelligence but also with spiritual intelligence. Carrying out the law must be done with determination, empathy, dedication, commitment to the nation's suffering, and the courage to look for other ways to improve the welfare of the people (Rahardjo, 2009).

While Roscoe Pound's legal theory states that law can function as social engineering (law as a tool of social engineering). The legal sector needs to be more empowered so that community and national development can be implemented or even accelerated (Rifai, 2010).

In addition, Mochtar Kusumaatmadja's legal theory states that law is a means of development (law as a tool of development) which is known as development legal theory. To guarantee the achievement of the function of law as a means of engineering society towards a better life, law is needed not only in the sense of rules or provisions, but must also guarantee the realization of legal rules in legal practice, namely a guarantee of good law enforcement (Rifai, 2010).

2.2 *The Task of Regulating and Supervising the Otoritas Jasa Keuangan (OJK)*

Referring to George R. Terry, quoted by Muchsan, supervision is; “Control is to determine what is accomplished evaluating it, and apply corrective measure if needed to result in keeping with the plan.” Supervision focuses on evaluating and correcting the results achieved, with the aim that these results are by the plan. Meanwhile, Bagir Manan views supervision or control as a function as well as a right, so it is commonly called the control function or control right. Control contains dimensions of supervision and control (Manan, 2001). An effective supervisor requires these three things, namely independence, adequate resources, and an appropriate mandate (Cools & Winter, 2013). In addition, quoting Cappeletti, the supervision system that is commonly carried out is divided into two supervision systems, namely judicial supervision (judicial review) and political supervision (Nasir, 2017).

The OJK is a state organization that was founded under Law Number 21 of 2011 and whose purpose is to oversee and regulate all operations within the financial services industry through an integrated system (Anwar & Siswanto, 2015, p. 92). Article 4 OJK Law states that the OJK is established for the overall activities within the financial services sector that are: (1) well organized, transparent, fair, and accountable; (2) capable of realizing a stable and sustainable economic system; and (3) capable of protecting the interests of consumers and the community. The functions of FSA in Article 5 and Article 6 are to integrate the implementation of the regulatory and supervisory system toward activities of the overall financial service sector, such as a) activity of financial service in the sector of Banking; b) financial service activity in the Capital Market sector; and c) financial report activity in the industry of Insurance, Pension Fund, Finance Institution, and other Financial Services.

The main operational distinction between regulation and supervision is that rules are more well-defined and codified, whereas supervision addresses less well-defined risks and emergent and/or idiosyncratic vulnerabilities. Therefore, regardless of how much regulatory legislation occurs, supervision will always be required to manage evolving risks as well as dangers that are more difficult to codify in regulatory standards (Mason, 2015, p. 16).

Concerning the functions, objectives, and supervisory authority of the OJK, it has been regulated in the OJK Law. The provisions in Article 4 of the OJK Law stipulate that: "OJK was established to ensure that all activities in the financial services sector: a). Held regularly, fairly, transparently, and accountably; b). Able to realize a financial system that grows sustainably

and stably; and c). Able to protect the interests of consumers and society." In addition, regarding the functions of the OJK, Article 5 of the OJK Law states in full: "The OJK functions to organize an integrated regulatory and supervisory system for all activities in the financial services sector." Then Article 6 of the OJK Law explains "the main task of the OJK is to regulate and supervise: a). Financial services activities in the banking sector; b). Financial services activities in the capital markets sector; and c). Financial service activities in the insurance sector, pension funds, financial institutions, and other financial service institutions"(Zuhriyah et al., 2021, p. 346).

2.3 The Capital Market Sector is One of the Financial Service Institutions

The legal basis for capital market activities is Law No. 8 of 1995 concerning Capital Markets (Capital market Law). The capital market plays a crucial strategic role in promoting economic growth, equality, and stability at the national level to increase equality, growth, and stability of the economy improving people's welfare. Capital Market Law Article 1 number 13 states that Capital markets encompass public offerings of stock exchange trading, the securities issued by publicly traded corporations, as well as the institutions and professions involved in the securities industry.

The Capital Market Law states, as a financial services institution, the capital market has a significant role because 1) The Capital Market aims to support the implementation of national development to increase equality, growth, and stability of the national economy towards improving people's welfare; 2) The capital market has a strategic role as a source of financing for the business world; 3) The capital market is an investment vehicle for investors and manages very significant amounts of public funds.

On the other side, according to Law No. 4 of 2023, Article 1 Number 12, concerning the Development and Strengthening of Financial Institutions (P2SK Law), states that the Capital Market is part of the Financial System related to activities: a) public offering and securities transactions; b) investment management; c) issuer and related public companies with the securities issued; d) institutions and professions related to securities.

In a capital markets context, the adoption of a supervision framework has become an important aspect of any risk management structure. Supervision (Swamy & McMaster, 2018, p. 89).

Furthermore, the International Organization of Securities Commissions (IOSCO), of which OJK is one of its members, stated that the independent size of capital market supervisory institutions is based on the following principles (IOSCO, 2017).

1. The responsibilities of the Regulator should be clear and objectively stated.
2. The Regulator should be operationally independent and accountable in the exercise of its functions and powers.
3. The Regulator should have adequate powers, proper resources, and the capacity to perform its functions and exercise its powers.
4. The Regulator should adopt clear and consistent regulatory processes.
5. The staff of the Regulator should observe the highest professional standards, including appropriate standards of confidentiality.
6. The Regulator should have or contribute to a process to identify, monitor, mitigate, and manage systemic risk, appropriate to its mandate.
7. The Regulator should have or contribute to a process to review the perimeter of regulation regularly.
8. The Regulator should seek to ensure that conflicts of interest and misalignment of incentives are avoided, eliminated, disclosed, or otherwise managed.

2.4 Principles of Justice

The main elements of law, as stated by Soediman Kartohadiprodjo, include:

1. Law is everything that concerns humans, namely humans in social life;
2. Law functions to obtain order in human life;
3. A significant factor in law is justice.

From these elements, in his opinion, the law is something that concerns human life in relationships between humans to achieve order within them based on justice. This opinion can be linked to Aristotle's view which, states that humans are *Zoon Politicon*, namely, humans are social and political beings. Therefore, humans look for each other to live together (Imaniyati & Wiyanti, 2005).

In addition, M.H. Tirtaamidjaja explains, that the law definition is "all the rules or norms that must be followed in the conduct of actions in social life with the threat of having to compensate for losses if breaking these rules will endanger oneself or one's property." Marhaenis Abdul Hay stated that: "law is all the provisions that regulate people's behavior in society" (Imaniyati & Wiyanti, 2005).

According to Radbruch, law, as the bearer of the value of justice, is a measure of whether a legal system is fair or unfair. Not only that, the value of justice is also the basis of law as a legal material. Thus, justice has both normative and constitutive characteristics for law. It is normative because it functions as a transcendental prerequisite that underlies every dignified positive law. It is the moral foundation of law and at the same time the benchmark for the positive legal system. It is from justice that positive law originates. Meanwhile, it is constitutive, because justice must be an absolute element for law as law. Without justice, a rule does not deserve to become law (Fadlia & ., 2015, p. 209).

Realizing justice is the goal of law according to legal philosophy. When justice is applied, order and peace will prevail. Therefore, the implementation of justice is essential for the implementation of the law. Justice generally means the continuous and consistent desire to give everyone their rights (*Justitia constante et perpetua voluntas ius suum cuique tribuere*).

Aristotle's theory of justice is that justice is interpreted as balance. The measures of balance regarding Aristotle are numerical equality and proportional equality. In other words, justice is a proper distribution with proportion or balance (Munawaroh, 2022).

The meaning of justice can be differentiated into several aspects, namely:

1. Distributive Justice (*Justitia Distributive*), namely justice in the form of the obligation of community leaders to provide community members with social burdens, functions, remuneration, and honor in proportion to their respective skills and services.
2. Commutative Justice (*Justitia Commutativa*) is justice in the form of art between achievements and counter-achievements, between services and remuneration in relations between citizens or seen from the point of view of government giving to its citizens equally without paying attention to personal differences or services.
3. Vindicative Justice (*Justitia Vindikativa*) is justice in the form of providing rewards or punishments according to the error in question.
4. Protective Justice (*Justitia Protectiva*), namely justice in the form of protection given to every human being so that no one will receive arbitrary treatment (Rasjidi & Rasjidi, 2016).

Cited by Shidarta from Magnis-Suseno in his book "Political Ethics" (1994: 331), it states that individual justice is a justice whose implementation depends on the good or bad intentions of each person. According to Lon L. Fuller (1964), individual justice exists, but it resides in the morality of aspiration, not the morality of duty. The morality of aspiration challenges humans to give birth to intelligent ideas to pursue their dreams.

Social justice is a condition whose implementation depends on the social structures that exist in society, both in the economic, political, cultural, and even ideological fields.

3. Research Methods

The research method used is a normative juridical approach, the nature of the research is descriptive analysis, the type of data used is secondary data obtained through literature review, and primary data obtained is then analyzed using qualitative juridical.

4. Research Findings and Discussion

4.1 *The Implementation of Supervision of Capital Market Financial Services by the OJK*

OJK supervises all financial institutions, both bank financial institutions (LKB) and non-bank financial institutions (LKBB), such as capital markets and insurance, which is known as an integrated supervision model. Indonesia implemented an integrated supervision model in 2011 following the 2008 global economic crisis in the United States. Meanwhile, the UK is one of the developed countries that implemented an integrated supervision model starting in 1998, after the 1998 monetary crisis (Murdadi, 2012).

The explanation of the OJK Law states that the reason for choosing an integrated supervision model is so that a more effective coordination mechanism can be achieved in dealing with problems that arise in the financial system so that it can better guarantee the achievement of financial system stability. This was because, at that time, there were many cross-sectoral problems in the financial services sector, which included moral hazard actions, not yet optimal protection for financial services consumers, and disruption of financial system stability, which increasingly prompted the need for the establishment of an integrated supervisory institution in the financial services sector.

Before the launch of the OJK Law, capital market supervision was carried out by Bapepam-LK (Capital Market Supervisory Agency-Financial Institutions). Meanwhile, the monitoring of the bank's financial institutions is supervised by Bank Indonesia as a central bank. On the other hand, the supervision of insurance financial institutions is supervised by the Minister of Finance. After the launch of the OJK Law, the supervision model carried out by the OJK was integrated by supervising the entire financial services sector.

OJK was established to replace Bapepam-LK's role in regulating and supervising capital markets (Anwar & Siswanto, 2015, p. 92). As of 31 December 2012, the functions, duties, and authority to regulate the supervision of financial services activities in the capital markets, were transferred from the Ministry of Finance and Bapepam LK to the OJK. With the transfer of functions, duties, and regulatory and supervisory authority over the capital markets sector from Bapepam to the OJK, all authority possessed by Bapepam based on the capital markets law will become the authority of the OJK (Wowor, 2016).

Bapepam regulations can still be enforced by the OJK as long as they are still relevant to the OJK. Shares, bonds, and mutual funds are examples of capital market products. These three goods have distinct personalities. Most people opt to invest in the stock market because they perceive the potential for large rewards (Maulida, 2011).

Throughout 2022, total funds raised through public offerings on the Capital Market were recorded at IDR. 267.73 trillion. Based on Single Investor Identification data compiled by PT. Custodian Sentral Efek Indonesia (KSEI), the number of Capital Market investors by the end of 2022 has reached 10.31 million consumers, or an increase of 37.68% compared to the previous year, which was 7.49 million investors (Otoritas Jasa Keuangan, 2023).

Apart from that, the capital market capitalization value of the Republic of Indonesia increased by more than 15% compared to 2021 to IDR 9,495 trillion as of 29 December 2022. This is certainly quite an encouraging achievement amidst the conditions of economic recovery following the COVID-19 pandemic (Otoritas Jasa Keuangan, 2023).

The large amount of funds collected and managed in the capital markets sector shows the large role of the capital markets sector in increasing economic activity because it is alternative funding for companies as capital to be able to operate on a wider scale. Apart from that, the capital market is a means for people to invest, supported by easy access supported by technological developments.

Moreover, investors have a significant role in developing the capital market industry. Maintaining investor and public trust in the Indonesian capital market is very important. For this reason, the Chief Executive of Capital Market Supervision of the Financial Services Authority (OJK), Inarno Djajadi, said OJK continues to improve its supervisory and law enforcement functions (Rahayu, 2023).

However, behind the essential role of the Capital Markets sector, some various dynamics and challenges occur in the Capital Markets sector, including the emergence of a variety of increasingly complex financial products and that protection for investors is not yet optimal (Otoritas Jasa Keuangan, 2023).

Concerning OJK Law, OJK carries out capital market financial services supervision in a preventive and repressive manner. Preventive supervision is carried out by making various regulations in the capital market sector. Meanwhile, repressive supervision is carried out by implementing sanctions. Meanwhile, La Porta states a country's legal protection has two characteristics: it is prohibited and sanctioned (Porta et al., 2000).

Bearing in mind that capital market activities are related to investor protection, preventive and repressive supervision must be implemented by the OJK. This is in line with the legal theory of Sudikno Mertokusumo that the law functions as a protector of human interests. For the sake of human interests, legal protection must be implemented. The application of the law can take place normally and peacefully, but it can also occur due to violations of the law. In this case, the law that is violated must be enforced. It is through law enforcement that the law becomes a reality (Mertokusumo, 2003, p. 160).

If there is a violation, the law is enforced. To repressive supervision, law enforcement efforts in the context of legal protection for investors continue to be carried out. In implementing law enforcement in protecting investors in the capital markets sector, as of October 11, 2022, OJK has issued 901 sanctions letters consisting of:

1	Professional STTD cancellation sanction	1
2	License revocation sanctions	2
3	License suspension sanctions	11
4	Written warning sanctions	85
5	Administrative sanctions in the form of fines with a total fine of IDR 115 billion	794
6	Written orders to take certain actions	10

Furthermore, until August 8, 2023, OJK has also issued 193 sanctions letters. The details of the sanctions are as follows (Rahayu, 2023):

1	Written warning sanctions	19
2	Permit revocation sanction	1
3	Administrative sanctions in the form of fines with a total fine of Rp. 26.13 billion	173
4	Written orders to enforce the law against violations of laws and regulations in the capital markets sector	5

In addition, as of August 9, 2023, OJK has carried out compliance checks on:

1	Investment managers	17
2	Supervised securities transactions	94
3	Securities companies	32
4	Securities institutions	14
5	Capital market-supporting professions	23
6	Given specific action orders	16

In addition, according to Chairman of the OJK Board of Commissioners Mahendra Siregar, OJK will increase efforts to protect investors and the public. This is done through cooperation and collaboration with other institutions and parties. "Such as integrated socialization, optimizing supervision of market conduct or the behavior of financial services business actors, and strengthening regulations regarding authority to carry out supervision. (Rahayu, 2023).

4.2 Increasing Legal Protection for Capital Market Investors and Principles of Justice

Legal protection for the investors is crucial because in the capital markets business is dependent on investor trust. This trust will be more secure if it is protected by clear and binding regulations, sometimes known as legal certainty. Investors are unmotivated to enter the Indonesian capital market if the relevant market has rules that ensure legal protection, legal certainty, and justice (Pradipto et al., 2019, 777).

Legal protection is carried out by enforcing the law. Cited from Muladi that law enforcement is an effort to uphold legal norms and at the same time, the values behind these norms. Thus, law enforcers must truly understand the legal spirit that underlies the legal regulations that must be enforced, and in this case, it will be related to the various dynamics that occur in the law-making process (Ansori, 2017).

The establishment of law enforcement organizations such as courts, prosecutors, police, and other non-litigation dispute resolution institutions, according to Wahyu Sasongko is the most concrete kind of legal protection (Armeilia, 2021).

As explained in the previous discussion, supervision in the capital market related to legal protection is carried out in a preventive and repressive manner. In the following description, preventive legal protection for investors is carried out by the OJK by launching various regulations related to the capital market (Fadlia & ., 2015).

In legal theory, the nature of enforcing the law, three elements must be considered, namely legal certainty, expediency, and justice. The law must be implemented and enforced. Everyone expects the establishment of laws in the event of concrete events. How the law should apply; it must not deviate: fiat Justitia et pereat mundus (although this world is collapsing laws must be enforced). It is the plague desired by legal certainty. Legal certainty is a justiciable protection against arbitrary action, which means that a person will get something that is expected under certain circumstances the law is in charge of creating Legal certainty because it aims at public order (Mertokusumo, 2003).

In the context of preventive supervision, the OJK will continue to strengthen regulation and supervision to create an orderly, fair, and efficient Capital Market and protect the interests of investors and the public. In the future regarding Capital Market regulation and supervision policies, the OJK will continue to issue and implement policies aimed at deepening the market while at the same time striving to increase investor confidence. To support this, OJK has established five pillars for future Capital Market development which include (Darmansyah, 2022):

1. Accelerate market deepening through the existence of a variety of efficient financial sector products and services.
2. Accelerate programs related to sustainable finance.
3. Strengthening the role of industry players in developing the financial sector in line with best practices and market conduct.
4. Increasing a series of efforts in the context of consumer protection.
5. Strengthen digital financial services to strengthen the credibility of the financial sector and increase public trust.

In implementing this program, throughout 2022, OJK has issued several policies that focus on efforts to strengthen supervision and industry to increase investor confidence, including:

- a. Issuing OJK Circular Letter Number 6 of 2022 concerning the Reassessment of Main Parties of Securities Companies Carrying Out Business Activities as Underwriters and/or Securities Brokers.
- b. Issuing OJK Circular Letter Number 7 of 2022 concerning Examination Procedures in the Capital Markets Sector.
- c. Issue POJK Number 8 of 2022 concerning Reporting on Securities Companies Carrying Out Business Activities as Securities Underwriters and Securities Brokers, which aims to simplify and reduce duplication regarding the types and number of reports that must be submitted to the OJK.
- d. Issue POJK Number 14 of 2022 concerning the Submission of Periodic Financial Reports for Issuers or Public Companies.
- e. Issue POJK Number 15 of 2022 concerning Share Splits and Share Mergers by Public Companies (Darmansyah, 2022).

After the launch of various regulations by the OJK, the community expects benefits in the implementation or enforcement of the law. Law is for humans, so the implementation of the law or law enforcement must provide benefits or benefits for the community. Do not let precisely because the law is implemented or enforced arise unrest in society. In line with the theory from Soediman Kartohadiprodo, the law is something that concerns human life in relationships between humans to achieve order within them based on justice.

Concerning justice, the community is very interested that in the implementation or enforcement of the law, justice must be considered. The implementation or enforcement of the law must be fair. Law is not synonymous with justice. Law is general and binding, and everyone is equalizing. In contrast, justice is subjective, individualistic, and does not generalize. Fair to investors is not necessarily perceived to be fair to other parties (Mertokusumo, 2003).

Regarding investor protection, the theory of justice used is protective justice. Protective Justice (*Justitia Protectiva*), namely justice in the form of protection given to every human being so that no one receives arbitrary treatment. In this case, it is protection for investors who have invested their funds in the capital market sector, but cases that occur because capital market players cheat are very detrimental to investors in the capital market.

Also related to Satjipto Rahardjo's progressive legal theory, that law is determined by its ability to serve human welfare. This is the basis that progressive law adheres to a legal ideology that is pro-justice and pro-people law, in this case, investors.

Moreover, to enhance investor protection, another thing that needs to be pursued is strengthening the integrity of capital market players, which is the key to protecting investors and developing the Indonesian Capital Market so that it contributes more to the national economy. Increasing the integrity of capital market players must also be the essence of the synergy that must continue to be strengthened by the Exchange members, namely PT Bursa

Efek Indonesia (BEI), PT Kliring Penjaminan Efek Indonesia (KPEI), and PT Custodian Sentral Efek Indonesia (KSEI) together with Capital Market industry players (Rahayu, 2023).

On the other hand, the launch of the Financial Services Sector Development and Strengthening Law (P2SK Law) strengthens legal protection for investors. Through the issuance of the P2SK Law, it is hoped that the Capital Markets sector will increasingly contribute as a space to increase company capital, become a safe and reliable investment space for the public, and be able to provide increasingly varied financial instruments. In line with current developments while still optimizing investor protection.

5. Conclusion

As an independent institution carrying out integrated supervision, according to the findings of this research, the implementation of OJK supervision in the capital market has not met expectations. There are still many cases occurring in the capital market which have an impact on the lack of protection of investors' interests. To increase investor protection, OJK carries out preventive capital market supervision by establishing various capital market regulations and repressive supervision by enforcing the law by implementing sanctions. On the other hand, paying attention to investors' sense of justice. Justice applied is based on the principle of protective justice. In addition, the integrity of capital market players is essential to investor protection.

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