

THE REGULATION OF DISCLOSURE PRINCIPLE IN EQUITY CROWDFUNDING (A COMPARISON BETWEEN INDONESIA AND UNITED STATES OF AMERICA)

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Abstract

Technological developments greatly make it easy for users, including in matters of financial technology (FinTech), which has also led to the innovation of Equity Crowdfunding (ECF). ECF is a new financing method seeking funding for Small Medium Enterprises (SMEs/UMKM) business development. In some developed countries such as the United States of America (US), the ECF has a systematic regulation of the disclosure principle. These rules are intended to protect the process of organising the ECF legally and professionally. In Indonesia, the ECF has just developed and has undergone two regulatory changes, from Financial Services Authority Regulations (POJK) No. 37 2018 to POJK No. 57 of 2020. The regulation of the disclosure principle in Indonesia is still not clear enough compared to the US based on Title III The Jumpstart Our Business Startups (JOBS) Acts 2012. Thus, this study will explain the comparison between the two countries which is Indonesia and the US, regarding the regulation of the disclosure principle in ECF on the basis law, supervisory institutions, prospectus/Bidding Documents, the minimum amount of fundraising bid, financial reports, supporting professions, and investor protection.

Keywords: *Regulation, Disclosure Principle, Equity Crowdfunding, Comparison, Indonesia-The United States of America.*

Intisari

Perkembangan teknologi sangat memberikan kemudahan bagi penggunanya tidak terkecuali dalam urusan financial technology (FinTech) yang memunculkan pula inovasi Equity Crowdfunding (ECF). ECF yaitu suatu metode pembiayaan baru mencari pendanaan untuk pengembangan Usaha Mikro Kecil Menengah (UMKM). Di beberapa negara maju seperti Amerika Serikat, ECF memiliki pengaturan prinsip keterbukaan secara sistematis. Aturan ini dimaksudkan untuk melindungi proses penyelenggaraan ECF secara legal dan profesional. Di Indonesia sendiri ECF baru saja berkembang dan sudah mengalami dua kali pergantian regulasi yaitu Peraturan Otoritas Jasa Keuangan (POJK) No. 37 2018 menjadi POJK No. 57 tahun 2020. Pengaturan prinsip keterbukaan di Indonesia masih belum cukup jelas dibandingkan dengan Amerika Serikat yang berdasarkan Title III The Jumpstart Our Business Startups (JOBS) Acts 2012. Dengan demikian, penelitian ini akan menjelaskan perbandingan kedua negara antara Indonesia dan Amerika

Serikat terkait pengaturan prinsip keterbukaan pada penyelenggaraan Equity Crowdfunding terkait dasar hukum, lembaga pengawas, prospektus/Dokumen Penawaran, batas minimum jumlah penawaran penghimpunan dana, laporan keuangan penerbit, profesi penunjang, dan perlindungan investor.

Kata Kunci: *Pengaturan, Prinsip Keterbukaan, Equity Crowdfunding, Perbandingan, Indonesia-Amerika Serikat.*

A. Introduction

Equity crowdfunding is a new financing method that is different from conventional financial systems because it considers a crowdfunding model in the form of equity.¹ Equity crowdfunding is considered an innovative new financial model that explains the transparency of fundraising and has adjustments for minimum capital and profits directed at various groups of society.² The term “equity crowdfunding” (ECF) emphasises “tapping the crowd.”³ a crowdfunding engagement that involves many parties as professional investors and as a promising financing tool for new innovative businesses.⁴ The ECF ecosystem works not only for business actors seeking fund but also through the organisers or platform owner as an intermediary that functions to connect potential investors and companies.⁵

ECF itself has the same concept as a share/equity offering, which the investor will buy the issuer’s share via an ECF platform and the money deposited will become equity or a share of ownership in the company in exchange for dividends.⁶ The ideal ECF should place potential investment objects open to crowdfunding investors, meaning that each platform must have the courage to evaluate their business first, primarily based on the business plan, short presentations, videos, and project descriptions provided including providing

1 Arash Gholamzadeh Nasrabadi, “Equity Crowdfunding: Beyond Financial Innovation,” in *Crowdfunding in Europe* (Wuppertal: Springer, 2016), 201–208.

2 Kazem Mochkabad Khoramchahi, *Equity Crowdfunding Essays about the Scientific Development and the Investor Perspective* (Wuppertal: Springer, 2020).

3 Paul Belleflamme, Thomas Lambert, and Armin Schwienbacher, “Crowdfunding: Tapping the Right Crowd,” *Journal of Business Venturing* 29, no. 5 (2014): 585–609.

4 Jörn Block, Lars Hornuf, and Alexandra Moritz, “Which Updates during an Equity Crowdfunding Campaign Increase Crowd Participation?,” *Small Business Economics* 50, no. 1 (2018): 3–27.

5 Jonas Löher, “The Interaction of Equity Crowdfunding Platforms and Ventures: An Analysis of the Preselection Process,” *Venture Capital* 19, no. 1–2 (2017): 51–74.

6 OJK, “Equity Crowdfunding Jadi Alternatif Permodalan,” <https://sikapiuangmu.ojk.go.id/FrontEnd/CMS/Article/20569> (accessed on 15 Oktober 2020).

information boards on investment decisions and transparency.⁷ The disclosure principle becomes the conditions that must be met in terms of holding an ECF including guaranteeing the right of investors to obtain information and the obligation of organisers to provide and serve information requests openly.⁸ The ECF opens up new ways of interacting between the financial and social spaces involving a new technological environment with a new socio-economic value system.⁹ Besides, the problem of financing sources is a classic problem that inhibits the growth of Micro, Small, and Medium Enterprises (*Usaha Mikro, Kecil, dan Menengah/UMKM*) or start-up companies that do not receive financing facilities from the banking sector, apart from difficult conditions for UMKM, which are also hindered by loan interest.¹⁰

The different orientation of Community Crowdfunding in Indonesia emphasises organising fundraising based on donations (donation-based crowdfunding) and reward-based crowdfunding to achieve positive humanitarian goals with conditions that are legal entities such as foundations and/or associations under the authority of the Ministry of Social Affairs.¹¹ Meanwhile, in developed countries such as the United States of America (US) and the United Kingdom, crowdfunding is more developed through equity-based and debt-based types.¹² Investors prefer this business to get a return on a project in the form of dividends or interest with the guarantee of the principle of transparency and regulatory certainty. The disclosure principle is one of the guarantees of trust related to legal protection for investors regarding collections from the public.¹³

7 Simon Kleinert, Christine Volkmann, and Marc Grünhagen, “Third-Party Signals in Equity Crowdfunding: The Role of Prior Financing,” *Small Business Economics* 54, no. 1 (2020): 341–365.

8 Benjamin E. Hermalin and Michael S. Weisbach, “Information disclosure and corporate governance,” *Journal of Finance* 67, no. 1 (2012): 195–233.

9 Dennis Brüntje and Oliver Gajda, *Crowdfunding in Europe: State of the Art in Theory and Practice* (Berlin: Springer Link, 2016).

10 BRI, “Kredit Usaha Mikro,” <https://bri.co.id/kur> (accessed on 15 Oktober 2020).

11 Maulana Irfan, “Crowdfunding Sebagai Pemaknaan Energi Gotong Royong Terbarukan,” *Share: Social Work Journal* 6, no. 1 (2016).

12 Dhoni Siamyah Fadillah Akbar, “Konsep Crowdfunding Pendanaan Infrastruktur di Indonesia,” <https://www.kemenkeu.go.id/media/4402/konsep-crowdfunding-untuk-pendanaan-infrastruktur-di-indonesia.pdf> (accessed on 15 Oktober 2020).

13 Bismar Nasution, *Keterbukaan Dalam Pasar Modal* (Jakarta: Perpustakaan Nasional, 2001), 13.

Explicitly, ECF regulation in Indonesia does not regulate how to implement the disclosure principle itself, even in the new Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) regulations regarding the new ECF/Crowdfunding Service, it no longer mentions the review obligation for ECF organisers to issuers. However, in the new regulation, issuers are only required to provide Annual Reports which are based on Article 51 (5) of OJK Regulations No. 57 of 2020. It states the issuer, in their Annual Report, contains information regarding at least: a) realisation of the use of funds from stock offering in debt securities or *Sukuk* through Crowdfunding; and b) Project development including obstacles, if there are obstacles. This regulation explains that ECF activities are providing stock offering by issuers to sell stocks directly to investors through an open electronic system network.¹⁴ It is further stipulated that ECF is a financial service activity in the capital market sector.¹⁵

Based on Securities Act of 1933, securities offering, and sale must be registered including additional regulations through the Title III of Jumpstart Our Business Startups (JOBS) Act of 2012 by adding Securities Act Section 4a (6) which provides exemptions from registration for certain crowdfunding transactions. Meanwhile, in 2015, this rule began to be adopted as the Crowdfunding Regulation, requiring each company to meet the requirements and permits to raise capital through the Crowdfunding Regulation officially since 16 May 2016.¹⁶ The regulations govern the existence of a licensed broker-dealer or through a registered online funding portal.

The publication of all these rules is briefly regulated in Point 3 Regulation Crowdfunding: A Small Entity Compliance Guide for Issuer in regarding disclosure by issuer who must apply the disclosure principle to protect investors.¹⁷ In addition, these points are made to verify the existence

14 OJK Regulation No. 57 of 2020, Article 1 Section 1.

15 *Ibid.*

16 United States Crowd funding Regulation (2015) based on <http://www.sec.gov/rules/final/2015/33-9974.pdf>. Updated March 31, 2017 <https://www.sec.gov/rules/final/2017/33-10332.pdf> Also in the detailed section of service provider registration regulations [http://www.sec.gov/divisions/marketreg/tmcompliance/fpreigationguide.htm](http://www.sec.gov/divisions/marketreg/tmcompliance/fpreistrationguide.htm) (accessed on 12 October 2020).

17 U.S. Securities and Exchange Commission, "Regulation Crowdfunding: A Small

of a project with a risk of failure on a platform used for it. The existence of financial reporting requirements based on the number of shares that are offered and sold based on the Crowdfunding Regulation through periodic reporting for 12 months and must involve a public accountant. Thus, this study will explain the comparison of the principles of disclosure in ECF between Indonesia and the US.

This scientific research is based on a research method model through normative legal research or library research. This research uses data collection techniques that are selected based on primary and secondary data through library research and document studies and archives taken from primary, secondary, and tertiary legal materials. Data analysis is based on the Author's qualitative analysis, including data classification, editing, presenting the results of the analysis in the form of a narrative, and drawing conclusions. This research type is divided into three types which are empirical research, normative research, and joint research. The researcher emphasised normative research that focuses more on literature review on primary and secondary material sources.¹⁸

The research approach is based on the discipline of law that emphasises the analysis and explanation of law in a normative manner.¹⁹ Based on some of the approaches above, the Author's research position emphasises the statue approach, concept approach, and a comparative approach regarding regulation of disclosure principle in ECF in Indonesia and the US and the implications of regulation of the disclosure principle in ECF on investor protection. Also, the data is based on statutory regulations relevant to the topic of this research study. Regulations in Indonesia are based on OJK Regulation No. 57/POJK.04.2020 regarding Funding Services through Information Technology-Based Stock Offerings, Law No. 8 of 1995 regarding Capital Market (Capital Market Law), and Law No. 40 of 2007 regarding Limited Liability Companies. Meanwhile, in the US based on the Securities Act of 1933, Title III of JOBS Act in 2012,

Entity Compliance Guide for Issuers," <https://www.sec.gov/info/smallbus/secg/rccomplianceguide-051316.htm#3> (accessed on 12 Oktober 2020).

18 Johnny Ibrahim, *Teori Dan Metodologi Penelitian Hukum Normatif* (Malang: Bayumedia Publishing, 2006), 46.

19 *Ibid*, 300.

and Regulation Crowdfunding: A Small Entity Compliance Guide for Issuer.

B. The Disclosure Principle in Capital Market

The disclosure principle describes a report on the balance sheet condition or audited financial statements based on financial information both numerically and qualitatively.²⁰ All capital markets are required to have a full disclosure principle. The disclosure principle emphasises that there is an obligation for public companies, issuers, or related parties to provide accurate, clear, and complete information regarding the results of material facts and company actions strongly correlated with shareholders' decisions.²¹ This means that disclosure is a major component in the cycle of the capital market industry in any country, at least it requires clear regulation in the process of its implementation. As with International Organization of Securities Commissions (IOSCO) which has published three main objectives of capital market regulation, among others: i) protection of investors; ii) ensuring that markets are fair, efficient, and transparent; and iii) the reduction of systemic risk.²²

The principles of transparency or disclosure include: i) maintaining public trust in the market; ii) creating an efficient market mechanism; and iii) providing protection to investors.²³ Maintaining public trust is the most essential thing considering that investor confidence is very relevant to market strengthening and preventing mass capital flights. An efficient market must provide adequate technical information for exchange members and capital market professionals. Therefore, this disclosure will indirectly guarantee a sense of security and protection for investors as well as anticipate capital

20 Omneya Hassan Abd-Elsalam, "The Introduction and Application of International Accounting Standards to Accounting Disclosure Regulations of a Capital Market in a Developing Country" (PhD Diss., Heriot-Watt University, 1999), 5.

21 Raffles, Analysis of the Application of the disclosure principle in the Capital Market in Relation to Good Corporate Management, <https://media.neliti.com/media/publications/43194-ID-analysis-application-transparency-principles-in-capital-market-relation-to-pen.pdf>, p. 28. Accessed on 31 December 2020, 20.00 WIB.

22 International Organization Of Securities Commissions, *Methodology for Assessing Implementation of the IOSCO Objectives and Principles of Securities Regulation*, 2017, p. 10 <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD562.pdf>

23 Inda Rahadian, *Pokok-Pokok Hukum Pasar Modal Indonesia* (Yogyakarta: UII Press, 2017), 11.

market violations or crimes.²⁴

The disclosure obligation involves legal aspects to align the interests of investors and the market²⁵ so it can guarantee the principles of legal doctrine regarding the obligation of disclosure for public companies, including: i) the principle of information accuracy; ii) the principle of full information; and iii) The principle of equilibrium (balance).²⁶ On the other hand, the closure of capital market information is often encountered if the information presented is not complete in relation to the relevant material facts or information. The closure of information can create misleading or deviation from the disclosure principle, which affects investors' decision to buy or not to buy securities. Therefore, it is necessary to have full and fair disclosure to overcome the obscurity of information and investors' doubts in investing their capital while maintaining the adequacy of information provided by industry players in the capital market.²⁷

1. The Regulation of Disclosure Principle in Capital Market Law in Indonesia

In order to increase transparency of corporate governance practices, every public company is required to conduct disclosure as a guideline for governance practices.²⁸ Referring to one of the universal applicable principles regarding the disclosure principle, at least it has been accommodated through the provisions of Indonesian capital market law.²⁹ Transparency or the disclosure principle as stated in Article 1 (25) of the Capital Market Law provides a definition of the disclosure principle and Article 1 (7) of Capital

24 Bruce Ian Carlin, Florin Dorobantu, and Sean Viswanathan, "Public Trust, the Law, and Financial Investment," *Journal of Financial Economics* 92, no. 3 (2009): 321–341.

25 Adrian Sutedi, *Segi-Segi Hukum Pasar Modal* (Bogor: Ghalia Indonesia, 2009), 104.

26 Munir Fuady, *Hukum Bisnis Dalam Teori dan Praktek* (Bandung: Citra Aditya Bakti, 1996), 79.

27 Agus Riyanto, "Full & Fair Disclosure di Pasar Modal," <https://business-law.binus.ac.id/2017/07/29/full-fair-disclosure-di-pasar-modal/> (accessed on 25 December 2020).

28 Consideration OJK Regulation Nomor 21 /POJK.04/2015; Linton Hans Pratama Purba, "Kewenangan Otoritas Jasa Keuangan Dalam Penerapan Keterbukaan Informasi Oleh Perusahaan Publik Menurut POJK NOMOR 31/POJK.04/2015" (Undergraduate Thesis, Fakultas Hukum, Universitas Sumatera Utara, 2014).

29 OJK Regulation No. 37 /POJK.04/2020, Tata Cara Pengecualian Pemenuhan Prinsip Keterbukaan Bagi Emiten Atau Perusahaan Publik Yang Merupakan Lembaga Jasa Keuangan Dalam Rangka Pencegahan Dan Penanganan Krisis Sistem Keuangan, <https://www.ojk.go.id/id/regulasi/Documents/Pages/Tata-Cara-Pengecualian-Pemenuhan-Prinsip-Keterbukaan-bagi-Emiten-pojk%2037-2020.pdf>, accessed on 30 December 2020, 18.00 WIB.

Market Law defines information or material facts as follows.³⁰

The correct form of transparency is through reports to Capital Market and Financial Supervisory Agency (*Badan Pengawas Keuangan dan Lembaga Keuangan/Bapepam-LK* (former term)) now the OJK in the Capital Market as regulated in Article 85 of Capital Market Law. The principle of transparency or the disclosure principle is also an obligation for issuers or public companies. This is as specifically regulated in Article 2 (1): “Issuers or Public Companies are required to submit Material Information or Facts to the Financial Services Authority and announce Material Information or Facts to the public.” The disclosure principle is carried out in at least three stages, including during public offerings (primary market level), securities trading on the secondary market (secondary market level), and disclosure of reports that must be submitted on time (timely disclosure).³¹

The *first* stage of disclosure refers to being open during a public offering or primary market. This disclosure principle occurs when a company or potential issuer enters the go public or pre-issuance process. At the pre-issuance stage, prospective issuers are required to submit a registration statement to the OJK.³² The public offering process cannot be separated from an important document that becomes a reference for investors, which is called a prospectus. The prospectus itself becomes the material for investors in the investment decision-making process. This disclosure principle will have a positive impact on investors to be able to find out all information on material facts that are known to be true and not misleading.³³

The documents that must be submitted in order to submit a registration statement as stated in Article 3 of OJK Regulation No. 7/POJK.04/2017 regarding Registration Statement Documents for Public Offering of Equity Securities, Debt Securities, and/or *Sukuk* include: i) Cover letter

30 Indonesia, Law No. 8 year 1995 regarding Capital Market, <https://jdih.kemenkeu.go.id/fulltext/1995/8TAHUN~1995UU.HTM>, accessed on 30 December 2020, 18.00 WIB.

31 M. Irsan Nasarudin, “Keterbukaan Informasi Oleh Perusahaan Publik,” *Jurnal Hukum & Pembangunan* 18, no. 3 (2017): 248–253.

32 Rahadian, *Pokok-Pokok Hukum Pasar Modal Indonesia*, 120.

33 Nabil Abduh Hilabi, “Keterbukaan Informasi sebagai Perlindungan Hukum terhadap Investor dalam Transaksi Penawaran Umum di Pasar Modal” (Undergraduate Thesis, Fakultas Hukum Universitas Indonesia, 2012), 76.

for Registration Statement in accordance with the format of Cover Letter for Registration Statement; ii) Prospectus; iii) Brief Prospectus; iv) Initial Prospectus (if any); and v) other documents that must be submitted as part of the Registration Statement.³⁴ Meanwhile, the definition of Prospectus, Brief Prospectus and Initial Prospectus are regulated in the general provisions of the OJK Regulation, which are: i) Prospectus is any written information relating to a Public Offering with the aim of getting other Parties to buy Securities; ii) The Brief Prospectus is a summary of the contents of the Initial Prospectus; and iii) Initial Prospectus is a written document containing all information in the Prospectus submitted to the OJK as part of the Registration Statement, except for information regarding the nominal value, amount, and price of securities offering, underwriting of securities, bond interest rates, or other matters related to the terms of the offer that have not been determined.³⁵

The *second* stage of disclosure after emissions is disclosure in secondary market. At this stage, the public company or Issuer is obliged to convey company information by making, among others: i) Periodic Reports; ii) Annual Reports; iii) Mid-Year Reports; and iv) Event Reports.³⁶

The *third* stage is related to disclosure, which refers to reports on important events in a timely disclosure. Article 2 of OJK Regulation No. 60/POJK.04/2015 regulates the disclosure obligation for each Director or Board of Commissioners to report to the OJK on company shares no later than 10 (ten) days from the transaction. In the event of failure or bankruptcy as stipulated in Article 2 OJK Regulation No. 26/POJK.04/2017 regarding the disclosure principle for issuers or public companies are requested for bankruptcy declaration, they must submit a report as soon as possible no later than 2 (two) working days after the issuer or public company experiences

34 No. 7 /POJK.04/2017, *Dokumen Pernyataan Pendaftaran Dalam Rangka Penawaran Umum Efek Bersifat Ekuitas, Efek Bersifat Utang, Dan/Atau Sukuk*, <https://www.ojk.go.id/id/kanal/pasar-modal/regulasi/peraturan-ojk/Documents/Pages/POJK-Dokumen-Pernyataan-Pendaftaran-Dalam-Rangka-Penawaran-Umum-Efek-Bersifat-Ekuitas,-Efek-Bersifat-Utang,-dan-atau-Sukuk/SAL%20POJK%207%20Dokumen%20Penawaran%20Umum%20final.pdf>, accessed on 29 December 2020, 18.00 WIB.

35 *Ibid.*

36 Anthon Nainggolan, "Prinsip Keterbukaan Informasi (Disclosure) Dalam Kegiatan Pasar Modal Menurut UU RI No. 8 Tahun 1995 Tentang Pasar Modal: Suatu Tinjauan Yuridis," *To-Ra* 2, no. 1 (2016): 267–278.

failure or knowing the inability to avoid failure. The obligation to implement the principle of transparency becomes an administrative obligation and if there is a violation in the implementation process, OJK has the authority to impose administrative sanctions in the form of: written warnings, fines, restrictions on business activities, freezing of business activities, revocation of business licenses, cancellation of approval and cancellation of registration.

2. Investor Protection

The term investor protection is a general term that refers to legal protection provided by a state whose function is to prevent prohibited and sanctions.³⁷ The form of legal protection in business economic activities, especially the capital market, involves many parties, especially issuers, investors, organisers and institutions that support capital market activities. Another definition is also contained in each securities regulation as a policy tool that ensures strong investor protection and is in line with stock market developments.³⁸ Initially, investor protection was inspired by the existence of securities regulations in response to financial crises, accounting scandals, corporate governance issues, and financial innovations.³⁹ For example, the US the Securities Act of 1933 and the Exchange Act of 1934 were in response to the stock market crash of 1929 and the effects of The Great Depression. The regulation was intended to reduce the imbalance of information between securities issuers and investors, complementing the state-level laws and regulations in effect at that time. Similar actions were taken in other developed countries, particularly during the 2008 financial crisis.

Securities regulations, especially investor protection, are response to the issue of guaranteeing investment security, even more so when the ECF emerges which represents financial innovation for small entrepreneurs and the public.⁴⁰ Internet provides an opportunity to link relatively low supply

37 Rafael La Porta *et al.*, "Investor Protection and Corporate Governance," *Journal of Financial Economics* 58, no. 1–2 (2000): 3–27.

38 La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2006). What works in securities Laws? *Journal of Finance*, 61,1–32.

39 Lars Hornuf and Armin Schwienbacher, "Should Securities Regulation Promote Equity Crowdfunding?," *Small Business Economics* 49, no. 3 (2017): 579–593.

40 Gerrit K. C. Ahlers, Douglas Cumming, Christina Günther, and Denis Schweizer, "Signaling on Equity Crowdfunding," *Entrepreneurship Theory and Practice* 39, no. 4 (2015).

and become a viable alternative to external finance for startups in countries that permit public demand without issuing expensive prospectuses.⁴¹ In some countries the ECF rules vary depending on the minimum issue size requiring compliance with the prospectus where the registration requirements define the responsibilities and obligations of management regarding the disclosure principle.

The explanation regarding investor protection focuses more on the rules used to protect investors from fraud by fictitious companies. The explanation of investor protection needs to be approached with an argumentative approach about “buyer beware,” meaning that investors do not just rely on the existing rules on ECF in a country but also have sensitivity and knowledge of ECF.⁴² *First*, buyers should not assume and make risky or unrealistic bets when investing in a particular company. *Second*, investor protection is guaranteed in accordance with the clarity and principle of transparency from the company to investors regarding the description and value of investments in ongoing projects. In addition, periodic disclosure of financial reports will determine the extent to which legal protection guarantees can run. The importance of investor protection is also contained in the Securities Exchange Commission (SEC’s) rules (US) or OJK (Indonesia) as a financial supervisory institution that seeks to promote market stability and minimise systemic risk. This supervisory agency oversees ensuring capital adequacy, monitoring security assurance, risk management practices, and company’s financial health.

41 Lars Hornuf and Matthias Schmitt, “Success and Failure in Equity Crowdfunding,” *CESifo DICE Report* 14, no. 2 (2016): 16–22.

42 Thomas Martin, *The JOBS act of 2012: Balancing fundamental securities law principles with the demands of the crowd*. 2012, p. 12. Available at SSRN 2040953.

3. The Similarities in the Implementation of ECF between Indonesia and the US

Consider the following table:

Table 1.
The ECF Similarities points between The US and Indonesia

Points of Similarities	The US and Indonesia
Purpose	They have the same aim which is to provide alternative funding for small, medium, and start-up business actors to obtain funds by simplifying the procedure for offering securities from the capital market.
Investor requirements	The US and Indonesian Investor requirements both provide certain conditions for investors who want to buy shares on the ECF Platform, for the US itself is regulated in JOBS Act Title III § 4 (6) which states if the investor's net worth or annual income is less than \$ 100,000 , the investor may not invest an amount which is greater than \$ 2,000 or 5% of his annual income. If the investor's net worth or annual income is equal to or more than \$ 100,000, the investor may invest no more than \$ 100,000 or 10% of his or her annual income or net worth. For Indonesia itself, it is explained in POJK No. 57/POJK.04/2020 Article 56 (3) an investor as a party who purchases Issuer shares through an <i>equity crowdfunding platform</i> must be a legal subject who has the ability and income of up to 500 million Rupiah per year Thus, it is able to buy ECF shares at most 5% of the total income per year and investors who earn more than 500 million Rupiah per year can buy shares at most 10% of their total income per year.

Source: Author

The emergence of a rule is inseparable from the factors that require the regulation of such a rule, including the regulation of the disclosure principle in the implementation of ECF. Hornuf and Schwienbacher's research on investor protection and ECF regulation shows that the differences in securities laws in different countries vary depending on the minimum issuance size that requires

compliance with the prospectus where registration requirements define the responsibilities and obligations of management in relation to disclosure principles. The US has paid great attention to regulating the disclosure principle in investment management because it has historical reasons, namely the fall of the stock market in 1929 and the impact of the Great Depression. The disclosure principle regulation was intended to reduce the imbalance of information between securities issuers and investors complementing the state-level laws and regulations in effect at that time. Similar actions were taken in other developed countries, especially during the emergence of the financial crisis in 2008.⁴³

Securities regulations, especially protection of investors, became a response to the problem of investment security guarantees, especially when the emergence of the ECF depicts financial innovation for small entrepreneurs and the general public. The internet opens up opportunities to link relatively low supply and become a financial alternative. External finance that is feasible for startup companies in countries that permit public demand without issuing expensive prospectuses is why the US applies certain conditions that are adjusted to the amount of supply.⁴⁴

Meanwhile, in Indonesia itself, ECF is relatively new, even when there is an ECF platform, Santara. Santara itself has only been running for two months, around September 2018, having to deal with the OJK regarding its business practices. The site must be closed and banned until it has a registered certificate.⁴⁵ Therefore, OJK Regulation No. 37/POJK.04/2018 regarding Crowdfunding Services through Information Technology-Based Stock Offerings was issued. Further, a new regulation has been issued, namely OJK Regulation No. 57/POJK.04/2020. However, it is unfortunate that there are no significant changes in the new rules regarding the disclosure principle, the urgency of issuing new regulations is only due to the lack of enthusiasts to use ECF itself and the new rules are expected to involve users, including

43 Ahlers, Cumming, Günther, and Schweizer, "Signaling on Equity Crowdfunding."

44 Hornuf and Schmitt, "Success and Failure in Equity Crowdfunding," 16–22.

45 Marsya Nabila, "Mengenal Santara, Platform 'Equity Crowdfunding' untuk UKM," <https://dailysocial.id/post/platform-equity-crowdfunding-santara> (accessed on 18 January 2021).

investors. This is very unfortunate when the principles of transparency and investor protection are not given more attention.

4. The Regulation of Disclosure Principle in Equity Crowdfunding in Indonesia

In general, related to crowdfunding investment or ECF in Indonesia, it has been regulated in various predetermined laws and regulations. *First*, based on OJK Regulation No. 77/POJK.01/2016 regarding Information Technology-Based Loan Services; OJK Regulation No. 13/POJK.02/2018 regarding Digital Financial Innovation in the Financial Services Sector, and OJK Regulation No. 37/POJK.04/2018 regarding Crowdfunding Services through Information Technology-Based Stock Offerings (Equity Crowdfunding). During the development of ECF in Indonesia, various rules regarding crowdfunding services through technology-based share offerings have been regulated in OJK regulations regarding types of crowdfunding, including: i) peer to peer lending (P2P Lending) as an information technology-based loan service based on OJK Regulation No. 77/POJK.01/2016; and ii) equity crowdfunding as a crowdfunding service through an information technology-based stock offering based on OJK Regulation No. 37/POJK.04/2018 and updated to come up as OJK Regulation No. 57/POJK.04/2020.

According to the Indonesian Joint Funding Fintech Association (*Asosiasi Fintech Pendanaan Bersama Indonesia/AFPI*), as an organisation and association of P2P Lending or Technology Financial Online Funding in Indonesia which is officially licensed at the OJK, many platforms have been used as a place for the funding and loan process. P2P Lending rules based on Article 6 (2) OJK Regulation No. 77/POJK.01/2016, regarding the maximum limit of total loan disbursement of not more than 2 billion Rupiah and must meet these regulations' specific requirements. In contrast to P2P Leading, EC-based crowdfunding services are new to both the implementation and issuance of regulations from the OJK. OJK has made regulations similar to the capital market, but the implementation process is simpler, supporting institutions, capital orientation, objectives, and scope of investors. The subject receiving capital is referred as the Issuer. This is as stipulated in Article 1 (5) OJK

Regulation No. 57/POJK.04/2020 regulation Crowdfunding Services for Crowdfunding Service Providers, hereinafter referred as the organisers, is an Indonesian legal entity that provides, manages, and operates crowdfunding services.

In accordance with Article 33 of OJK Regulation No. 57/POJK.04/2020 that the issuer is in ECF with the condition that the maximum share value offered by the Issuer via ECF is 10 billion Rupiah and Article 33 (1) of the OJK Regulation also states that this value can be offered in 1 (one) bid or more.

Certainty regarding the performance of the provider is determined during the share offering period as stated in Article 35 of OJK Regulation No. 57/POJK.04/2020, which is a maximum of 45 (forty) days and according to Article 36 OJK Regulation No. 57/POJK.04/2020 during the offering period. Issuers are prohibited from cancelling their share offerings until the end of the share offering period. In addition, based on Article 56 (3), an investor as a party who purchases issuer's shares through an equity crowdfunding platform must be a legal subject who has the ability and income up to 500 million Rupiah per year, to be able to buy ECF shares at most 5% of total income per years and investors earning more than 500 million Rupiah per year can buy shares of at most 10% of their total income per year.

Article 58 OJK Regulation No. 57/POJK.04/2020 regulates legal protection for investors whereby they can cancel their share purchase plan through the equity crowdfunding site within 48 hours after purchasing shares and prior to settlement of the transaction through the organisers. In addition, the regulatory updates in Article 72 and Article 73 (1) OJK Regulation No. 57/POJK.04/2020 as explained:⁴⁶

Article 72

“Providers are required to apply the basic principles of User protection in the form of: a. transparency; b. fair treatment; c. reliability; d. data confidentiality and security; and e. User dispute resolution is simple, fast, and affordable.”

46 OJK Regulation No. 57/POJK.04/2020, Article 72 and Article 73 (1).

Article 73

“Providers are required to provide and/or convey the latest information regarding Crowdfunding Services that is accurate, honest, clear and not misleading.”

Article 5 and Article 6 of OJK Regulation No. 57/OJK.04/2020 explains that ECF licensing and offers are different from public offerings as stipulated in the Capital Market Law and the organisers must be registered as an Electronic System Organisers of the ministry that organises government affairs in the field of communication and informatics. The list of ECF platforms that have received permission from the OJK in Indonesia includes: 1) Santara/PT Santara Daya Inspiratama (KEP- 6 September 59/D.04/2019 2019); 2) Bizhare/PT Investasi Digital Nusantara (KEP- 6 November 71/D.04/2019 2019); and 3) Crowddana/PT Crowddana Teknologi Indonusa (KEP-31 December 93/D.04/2019 2019). In general, the three ECF platforms were established and formally endorsed at the end of the 2019 quarter and in 2020, PT Numex Teknologi Indonesia was added in the decision of the OJK Board of Commissioners Member No. KEP-68/D.04/2020⁴⁷ regarding Granting Service Provider Business Permits for Equity Crowdfunding.⁴⁸

The latest OJK Regulation No. 57/POJK.04/2020, which regulates the principle of transparency, only refers to the issuer’s reports with a few additional details. Article 50 (1) annual report to the organisers no later than six months after the issuer’s financial year ends. Article 50 (2) requires the organisers to load the issuer’s annual report on the provider’s website. Meanwhile, the submission of periodic reports every 3 (three) months, in March, June, September, and December to the organisers. Changes to the regulations for the previous report were only 1 (one) time report, now it is 3 (three) times the annual report as well as the mid-year, annual and incentive reports. Article

47 OJK, Pengumuman, NOMOR PENG-/PM.2/2020 <https://www.ojk.go.id/id/berita-dan-kegiatan/pengumuman/Documents/PENG%20-%20PEMBERIAN%20IZIN%20USAHA%20EQUITY%20CROWDFUNDING%20PT%20NUMEX%20TEKNOLOGI%20INDONESIA.pdf> Accessed on 1 January 2021, 20.10 WIB.

48 OJK, *Daftar Platfrom Equity Crowdfunding Yang Telah Mendapatkan Ijin dari OJK*, 2019 loc. cit., OJK, in <https://ojk.go.id/id/berita-dan-kegiatan/publikasi/Documents/Pages/Daftar-Platform-Equity-Crowdfunding-yang-Telah-Mendapatkan-Izin-dari-OJK-Per-31-Desember-2019/Daftar%20Platfrom%20ECF%20yang%20telah%20berizin%20per%2031%20Desember%202019.pdf> accessed on October 2020, 20.10 WIB.

53 explains that the financial statements contained in the annual report as referred to in Article 50 (1) must use the lowest financial accounting standard for entities without public accountability.

5. The Regulation of Disclosure Principle in ECF in the US

In the US, this business is more popular and is chosen by most investors to get a profit or return on a project in the form of dividends or interest with certainty guaranteed by the principle of transparency and regulatory clarity. One of the guarantees that the public chooses ECF business model is because it is related to the disclosure principle so that there is a guarantee of legal protection for investors regarding unity from the community.⁴⁹

ECF regulations in the US are governed by the JOBS Act of 2012 which aims to balance the fundamental legal principles of securities with open crowdfund requests. Another acronym for the JOBS act, Title III is Crowdfund Act or Capital Raising Online While Deterring Fraud and Unethical Non-Disclosure Act of 2012. Title III defines how the ECF is a platform for raising capital online while preventing fraud and unethical disclosure. The JOBS Act itself addresses the definitions of a) crowdfunding including issuers, intermediaries or providers, and investors; b) UMKM or developing companies; c) Bid regulations; and d) Limitation of company's report.

Under Section 302 of the JOBS Act adds a crowdfunding transactional exemption as § 4 (6) of the 1933 Act with the aggregate amount sold to all investors not to exceed \$ 1,000,000 over the 12-month period. Most crowdfunding projects have small target numbers, for example the popular Kickstarter site only had an average project during 2011 of around \$ 8,390.30. As for the things that must be provided by commission issuers, intermediaries, and potential investors.⁵⁰

Regarding the disclosure principle, the issuer is obliged to follow the rules according to paragraph (D) (i) by means of a sliding scale approach, meaning that if there is a larger number of offers, it is mandatory to provide information, whereas when looking for small capital, the reporting is not necessary in its entirety. As an issuer currently attracting \$ 100,000 or less

49 Nasution, *Keterbukaan Dalam Pasar Modal*, 13.

50 Jumpstart Our Business Startups Act, § 4A(b)(1).

in capital it is only sufficient to disclose its final completed year income tax return, if any, and the financial statements certified by the chief executive officer. Rule (D) (ii) states that if the target bid amount is between \$ 100,000 and \$ 500,000, the issuer must disclose financial statements reviewed by an independent public accountant in accordance with the standards and procedures established by the SEC. In addition, the elucidation in paragraph § 4A(b)(4) strongly requires issuers seeking capital of more than \$ 500,000 to engage a public accountant and the ‘audited financial statement’ disclosure principle and report it annually.

According to § 4 (6) (B), the organisers as a transaction intermediary or intermediaries must be registered with an independent regulatory organisation to “reduce the risk of fraud.” Meanwhile most of the requirements for crowdfunding intermediaries are in line with the role of broker-dealers elsewhere who are also tasked with educating investors to better understand the role of crowdfund investment. The intermediaries that are allowed to host EFCs under Congress are known as ‘funding portals.’⁵¹ Based on the rules in the JOBS Act, § 304 (a) (1) there are restrictions on the funding portal which serves to protect investors. Fund portals are prohibited from offering investment advice in subsection (A), which corresponds to similar prohibitions on securities brokers, and (B) prohibits funding portals from actively promoting more profitable securities to investors, for example, by using aggressive solicitation tactics. In addition, the prohibition on providing compensation to “commission” employees for selling securities in subsection (C) destroys the incentive for portal employees to sell junk securities. Meanwhile, the prohibition on handling funds in paragraph (D) reduces the chance of fraud. Accordingly, the funding portal must be a member of a national securities association registered under section 15A, but also have limited exemptions from registration under section 15 (A) (1) of the 1934 Act and SEC has authority on this exception.

The rules against investor protection are also contained in investment restrictions set by Congress under exception § 4 (6). If the investor’s net

51 Jumpstart Our Business Startups Act, § 304(a)(1).

worth or annual income is less than \$ 100,000, the investor should not invest an amount greater than \$ 2,000 or 5% of their annual income. If the investor's net worth or annual income is equal to or more than \$ 100,000, the investor may invest no more than \$ 100,000 or 10% of their annual income or net worth. Section 4A (e) limits the resale of securities sold under a crowdfunding exemption, albeit narrowly, to a period of one year, during which the investor can sell the securities back to the issuer, accredited investor, family member, or as part of a registered offering. The SEC may further limit the resale of these securities, although statutory restrictions that are limited to resale allow a secondary market to emerge for crowdfunding securities that are more than one year old.

The most essential part of the JOBS Acts provisions relates to investor protection (§ 302) ranging from crowdfunding platform providers, SEC provisions as either a broker or a 'funding portal' and guarantees for potential investors to understand the risks and benefits of investing. Price disclosure is another important component of investor protection that should be considered during the regulatory process. This rule was created because in anticipation of novice investors who tend not to pay attention to the share offering price when accessing crowdfunding portals, especially the general limit for each project is effectively \$ 500,000.

The publication of the explanation regarding the bid documents provided to investors is very clear that the instructions are also contained in the Crowdfunding Regulation: A Small Entity Compliance Guide for Issuers states that the Instruction for Form C shows the information that must be disclosed by the issuer, including: information about officers, directors and owners 20 percent or more of issuers; a description of the issuer's business and use of the proceeds from the offer; the price of the security to the public or the method for determining the price, the target bid amount and the deadline for reaching the target bid amount, whether the issuer will accept the investment in excess of the target bid amount; certain related party transactions; and discussion of the issuer's financial condition and reports.

Protection of investors is generally guaranteed directly by the state through

the SEC to protect investors and the ECF cycle. SEC adopted Regulation Crowdfunding in 2015, which allows individuals to invest in securities-based transactions subject to certain investment restrictions. Issuers are limited in the amount of money they can raise and must meet certain disclosure requirements about their business and securities offerings. Therefore, the disclosure principle follows the Form C rules regarding Disclosure by Issuers which divides several reporting rules in detail.⁵²

6. The Comparison of Disclosure Principle Regulation in UCF between Indonesia and the US

The orientation of the principle of transparency in the implementation of ECF between Indonesia and the US. The comparison is presented in the form of a table that aims to confirm the achievement of transparency and avoid the risk of loss of information and fraud due to the minimum information. The table below explains several points, including the legal basis, supervisory institutions, prospectuses, minimum limits on the number of offers to raise funds, issuer financial reports, supporting professions, and investor protection.

Table 2.
Comparison of ECF Disclosure Principle Regulation in the US and Indonesia

Points of Comparison	The US	Indonesia
Legal Basis	The JOBS Title III Act of 2012, described in detail in the publication of Regulation Crowdfunding: A Small Entity Compliance Guide for Issuers	OJK Regulation No. 57/POJK.04/2020
Supervisory Agency	SEC	OJK

52 U.S. Securities and Exchange Commission, "Regulation Crowdfunding: A Small Entity Compliance Guide for Issuers 2020," <https://www.sec.gov/info/smallbus/sec/rccomplianceguide-051316.htm#3> (accessed on 3 January 2021).

Prospectus/Bid Documents	<p>Instructions for Form C indicate the information that must be disclosed by issuers, including:</p> <ul style="list-style-type: none"> • information about officers, directors and owners of 20 percent or more of the issuer; • a description of the issuer's business and use of the proceeds from the offer; • the price of the security to the public or the method for determine the price, the amount target bid and the deadline for reaching the target bid amount, an explanation of whether the issuer will accept an investment exceeding the target bid amount; • certain related party transactions; and • Discussion on the financial condition and financial statements of the issuer.⁵³ <p>The prospectus/bid document is made in very strict manner because it must be reported continuously and openly by applying the real disclosure principle⁵⁴</p>	<p>It does not specifically explain the contents of the prospectus itself. However, it only explains the documents/information that must be submitted by the issuer to the organisers. It does not explain that the prospectus itself must be updated according to the actual condition of the issuer.⁵⁵</p>
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53 U.S. Securities and Exchange Commission, "Regulation Crowdfunding: A Small Entity Compliance Guide for Issuers 2020."

54 Elif Härkönen, "Crowdfunding and the Small Offering Exemption in European and US Prospectus Regulation: Striking a Balance Between Investor Protection and Access to Capital?," *European Company and Financial Law Review* 14, no. 1 (2017): 137.

55 OJK Regulation No. 57/POJK.04/2020, Article 16 (1).

Minimum limit of Fundraising Offer Amount	In the US, the minimum amount of the Fund Offer is divided into 3 (three): First, less than \$ 107,000 Second, more than \$ 107,000 but not more than \$ 535.00 Third, more than \$ 535,000	IDR 10,000,000,000.00 (Ten Billion Rupiah) ⁵⁶
Financial Report Issuer Financial	Report is reported annually and if there is a change, it is obliged to notify the organisers and the agency that supervises	There are Annual Reports ⁵⁷ and Incidental Report. Incidental Report must be submitted if the issuer has events or information material that may affect the issuer's business continuity or the issuer's ability to make a refund. ⁵⁸ And if the issuer no longer meets the criteria for net assets as the issuer, it is allowed to make reports on the lowest financial accounting standards for entities without public accountability.
Supporting Independent Third Party	The affirmation regarding the involvement of the supporting profession, namely the independent public accountant, is clearly stated in the regulations, which are under the following conditions: for an issuer with an offer of \$ 107,000 or less, the issuer's financial statements and certain information from the issuer's federal income tax return are both certified by the chief	

56 OJK Regulation No. 57/POJK.04/2020, Article 33 (1).

57 OJK Regulation No. 57/POJK.04/2020, Article 50 (1).

58 OJK Regulation No. 57/POJK.04/2020, Article 52 (1).

	<p>executive.⁵⁹ However, if the issuer's financial statements are available, which have been reviewed or audited by an independent public accountant of the issuer, then the issuer must provide such financial statements and do not need to enter the reported information. The issuer offers more than \$ 107,000 but not more than \$ 535.00 then financial reports are reviewed by a public accountant who is independent from the issuer. However, if the issuer's financial reports are available and have been audited by an independent public accountant of the issuer, the issuer must provide such financial reports and does not need to include reviewed financial reports. And finally, for issuers that offer more than \$ 535,000, their reporting regulations are reviewed by an independent public accountant of the issuer, unless a financial report from the issuer has been audited by an independent auditor is available.</p>	<p>In the new OJK Regulation, there is absolutely no mention of an independent supporting profession to audit the documents/information provided both for documents before and after the offer, the OJK Regulation only states that the report must be made by an accountant, it becomes a question whether the accountant is an internal accountant or an independent public accountant.</p>
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⁵⁹ U.S. Securities and Exchange Commission, "Regulation Crowdfunding: A Small Entity Compliance Guide for Issuers 2020."

Investor Protection	<p>The most essential aspect of the provisions of the JOBS Act Title III regulation relates to investor protection (§ 302) starting from crowdfunding platform providers, SEC provisions as either a broker or ‘funding portal’ and guarantees to potential investors to understand the risks and benefits of investment. Price disclosure is another important component of investor protection that should be considered during the regulatory process. This rule was made because in anticipation of novice investors who tend to not pay attention to the share offering price when accessing portals, <i>crowdfunding</i> especially the general limit for each project is effectively \$ 500,000. and of course, in a direct audit by an independent public accountant so that accuracy, correctness, and transparency have been achieved coupled with direct supervision by the SEC so that they do not leave the matter directly to the organisers.</p>	<p>Rules regarding investor protection are regulated in Article 72 OJK Regulation on ECF which reads: Organisers are required to apply the Basic principle of User protection in the form of:</p> <ul style="list-style-type: none"> • transparency; • fair treatment; • reliability; • data confidentiality and security; • and user dispute resolution in a simple, fast, and affordable cost. <p>Article 73 (1) of OJK Regulation on ECF states that providers are required to provide and/or convey the latest information regarding Crowdfunding Services that is accurate, honest, clear, and not misleading. Of course, this will not be achieved if either the financial statements or documents prior to bidding are not made properly or the accountability, correctness of data, and risk that is caused by the issuer cannot be clearly reviewed.</p>
Legal consequences	<p>or subject to court or administrative sanctions for, securities fraud or other violations of specified law.</p>	

	<p>Disqualifying Events such as: certain criminal convictions; certain court injunctions and restraining orders; certain final orders of certain state and federal regulators; Certain SEC disciplinary orders; Suspension or expulsion from membership in a self-regulatory organisation (SRO). For example, a court injunction that was issued within the last five years or a regulatory order that was issued within the last ten years. (503 Regulation of Crowdfunding).</p>	<p>The sanctions given to the party causing the violation will be imposed by the OJK. Administrative sanctions are in the form of: a) written warnings; b) fines, namely the obligation to pay a certain amount of money; c) restrictions on business activities; d) suspension of business activities; e) revocation of business licenses; f) cancellation of approval; and/or g) cancellation of registration. (OJK Regulation 57/2020 Article 85 (2), (3), (4))</p>
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Source: Author

Based on the above comparisons, the ECF in Indonesia is still very weak in terms of regulating the principle of specific disclosure, both in terms of the preparation of documents or information as well as financial reports. However, in the US, ECF is very developed in the formulation of regulations, especially in terms of the distribution of specifications for the number of issuers and protection of investors in terms of the principle of specific and periodic disclosure.

7. Implication of Disclosure Principle Regulation in Equity Crowdfunding for Organisers and Investor

The implications of the ECF's disclosure regulation for organisers and investors in general in both Indonesia and the US, are:

- a. The disclosure principle regulates as a medium that connects issuers, Organisers, investors, and supervisory agencies;
- b. The disclosure principle guarantees against fraud and misinformation in the ECF cycle;
- c. Provide clear information for investors and educate the general public as potential investors about the advantages and risks of ECF;

- d. The disclosure principle can cause an inclusive, transparent economy; and
- e. The disclosure principle can ensure transparency of both parties, fairness in investing and test reliability/professionalism.

Thus, the principle of disclosure is an essential part of the development of ECF financial system. This is because the development of the digital era requires fintech to be more open and transparent, so that the purpose of ECF is to act as a liaison between startups and the public as potential investors. This means that ECF does not only talk about capital capitalisation but also considers social aspects.

C. Conclusion

In conclusion, the lack of regulations related to the disclosure principle in Indonesia is certainly not enough to guarantee legal certainty and investor protection unlike the disclosure principle regulated in the capital market in accordance with government regulations. It is different from regulations in the US that regulate the minimum limit for crowdfunding offers and the obligation to use independent third parties such as public accountants in making financial statements or documents audits that have a direct relationship with investors so that the information obtained is truthful and can be accounted for in transparency.

The researcher realises that in Indonesia, the development of ECF requires further studies on aspects of the disclosure principles which must state an independent supporting profession and provide a minimum limit for crowdfunding offers with certain requirements based on the amount of offers as in the US which is Indonesia can harmonise these rules. In addition, the ECF study also needs to be viewed from a non-legal scientific point of view such as from an economic, social, community, and cultural perspective. For example, when ECF Indonesia uses the classification of offering minimum limit, the regulation should be reviewed by non-legal experts, such as social and economic experts to overview the classification of offering minimum limit based on standard economic development in Indonesia.

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