



Legal Protection of Bonds in Bankruptcy

Vincentius Suryo Saputro¹, Andrew Nicholas Samuel², Michael Jordan Wirayudha³

¹Faculty of Law, Satya Wacana Christian University, Indonesia, E-mail: 312023032@student.uksw.edu

²Faculty of Law, Satya Wacana Christian University, Indonesia, E-mail: 312023069@student.uksw.edu

³Université d'Angers, France, E-mail: michael.wirayudha@etud.univ-angers.fr

Article Info

Submitted: 30-12-2025

Accepted: 13-04-2026

Published: 30-04-2026

Keywords:

bonds, bankruptcy, legal protection, bondholders, Indonesia-US comparative law.

Keywords:

obligasi, kepailitan, perlindungan hukum, pemegang obligasi, hukum perbandingan Indonesia-AS.

Corresponding Author:

Vincentius Suryo Saputro, E-mail: 312023032@student.uksw.edu

DOI:

<https://doi.org/10.24843/KP.2026.v48.i01.p06>

Abstract

This study examines legal protection mechanisms for bondholders during issuer bankruptcy through a comparative analysis of Indonesian and US frameworks. Indonesian regulations – including the Capital Market Law, Bankruptcy and Suspension of Payment Law, and trustee provisions – demonstrate significant gaps in protecting bondholder claims during insolvency proceedings. Conversely, the US system, anchored by the Trust Indenture Act of 1939 and Chapter 11 Bankruptcy Code, provides superior protection through creditors' committees, cramdown provisions, and fiduciary duty shifts that ensure both substantive and procedural safeguards. Key findings reveal Indonesia's regulatory deficiencies in claim prioritization, trustee empowerment, and bondholder representation in bankruptcy proceedings. This research proposes US-model reforms to strengthen investor protection, enhance market credibility, and promote economic stability in Indonesia's capital market.

Abstract

Studi ini meneliti mekanisme perlindungan hukum bagi pemegang obligasi selama kepailitan emiten melalui analisis komparatif kerangka kerja Indonesia dan AS. Regulasi Indonesia – termasuk Undang-Undang Pasar Modal, Undang-Undang Kepailitan dan Penangguhan Pembayaran, dan ketentuan wali amanat – menunjukkan kesenjangan yang signifikan dalam melindungi klaim pemegang obligasi selama proses kepailitan. Sebaliknya, sistem AS, yang berlandaskan pada Undang-Undang Perjanjian Perwalian tahun 1939 dan Bab 11 Kode Kepailitan, memberikan perlindungan yang lebih unggul melalui komite kreditur, ketentuan pemaksaan (cramdown), dan pergeseran kewajiban fidusia yang memastikan perlindungan substantif dan prosedural. Temuan utama mengungkapkan kekurangan regulasi Indonesia dalam prioritas klaim, pemberdayaan wali amanat, dan representasi pemegang obligasi dalam proses kepailitan. Penelitian ini mengusulkan reformasi model AS untuk memperkuat

perlindungan investor, meningkatkan kredibilitas pasar, dan mendorong stabilitas ekonomi di pasar modal Indonesia.

1. Introduction

The corporate bond market in Indonesia has emerged as a critical channel for long-term corporate financing, evidenced by the substantial growth in outstanding bonds within the domestic capital market in recent years. As debt instruments, corporate bonds establish a legally binding obligation, whereby issuers are required to repay the principal and remit periodic interest to bondholders in strict accordance with the terms stipulated in the issuance agreement.

Despite their significance, bond markets remain inherently exposed to default risk, defined as the potential for issuers to encounter financial distress and fail to fulfill their payment obligations. In the event of bankruptcy, bondholders often dispersed among hundreds or thousands of individual investors occupy a structurally subordinate position within insolvency proceedings. Unlike secured creditors, who hold claims backed by collateral, bondholders are treated as unsecured (concurrent) creditors under Indonesian law, thereby receiving the lowest priority in the distribution of the bankruptcy estate.

This structural vulnerability is further exacerbated by the absence of adequate legal mechanisms to coordinate bondholder interests, ensure trustee accountability, and prevent dominant creditors from obstructing restructuring efforts that would otherwise be value-enhancing for the bondholder class as a whole. The increasing incidence of bond defaults in Indonesia particularly involving issuers in the property, insurance, and infrastructure sectors has exposed the limitations of the current legal framework in protecting bondholder rights, thereby raising fundamental questions regarding the adequacy of Indonesia's capital market and bankruptcy laws in safeguarding investor interests.

Based on the background above, this study formulates three research questions: (1) What is the legal position and extent of collection rights of bondholders under Indonesian law when bond issuers are declared bankrupt? (2) How does the United States legal framework, particularly Chapter 11 of the Bankruptcy Code and the Trust Indenture Act of 1939, protect bondholders in issuer bankruptcy proceedings? (3) How effective is the legal protection mechanism for bondholders in Indonesia compared to that of the United States, and what reforms are needed to strengthen it? The objectives of this study are: (a) to analyze the legal position and collection rights of bondholders under Indonesian bankruptcy law; (b) to examine the bondholder protection mechanisms under United States law; and (c) to evaluate the comparative effectiveness of both legal frameworks and formulate targeted legislative reform recommendations for Indonesia.

In a comparative perspective, Philip R. Wood (2007) emphasizes that the effectiveness of creditor rights enforcement varies significantly across jurisdictions, depending on the institutional design of insolvency regimes¹. In line with this, Charles W. Mooney Jr. (2015)

¹ Wood, Philip R. *Principles of International Insolvency*. Vol. 1 of *The Law and Practice of International Finance Series*. London: Sweet & Maxwell, 2007.

argues that the Chapter 11 regime in the United States represents a debtor-in-possession reorganization model that balances creditor protection with the need for corporate restructuring.² Furthermore, Douglas G. Baird and Robert K. Rasmussen (2002) identify that creditors' committees play a strategic role in shaping negotiation dynamics and influencing restructuring outcomes. These comparative insights provide a theoretical foundation for evaluating the adequacy of creditor protection mechanisms and highlight the importance of institutional safeguards in ensuring effective participation of dispersed creditors such as bondholders.

According to Wood (2007), jurisdictions characterized by weak institutional design such as the absence of mandatory creditor committees and limited judicial restructuring tools consistently produce low recovery rates for dispersed creditors, including bondholders in public debt markets. Mooney (2015) further argues that the debtor-in-possession model under Chapter 11 is highly effective because it embeds creditor oversight directly into the reorganization process, rather than treating it as a merely optional procedural addition. Baird and Rasmussen (2002) also demonstrate that the presence of an active creditor committee is a statistically significant predictor of successful reorganization, particularly when the debtor's creditor base is fragmented a condition comparable to bondholder groups in Indonesia's capital market. Jackson (1986) provides the foundational argument that bankruptcy law should function as a collective resolution system to prevent individual creditor actions from undermining the value that ought to be distributed among all stakeholders; without mechanisms such as the automatic stay, cramdown, and mandatory committees, this collective function collapses entirely.

In contrast, studies within the Indonesian context remain largely focused on general aspects of bankruptcy law and the duties of trustees, without providing a comprehensive analysis of bondholder protection mechanisms from a comparative law perspective. This lack of a holistic examination indicates a gap in the existing literature that warrants further scholarly attention. In particular, no prior study has applied a structured, multi-dimensional analytical framework to systematically evaluate the bondholder protection regime in Indonesia in comparison with the U.S. Chapter 11 system, encompassing, in an integrated manner, the dimensions of creditor coordination, restructuring tools, fiduciary safeguards, and institutional protections. Accordingly, this study seeks to fill that gap by employing a normative-comparative approach between Indonesia and the United States. The academic contribution of this article lies in the development of a structured comparative analytical framework focusing on creditor coordination mechanisms, restructuring tools, fiduciary protections, and institutional safeguards, while also formulating legislative reform recommendations aimed at strengthening bondholder protection and enhancing the credibility of Indonesia's capital market.

Several prior studies have examined issues concerning bondholder protection and bankruptcy law in Indonesia. Robert, Agustina, and Nasution (2022) analyze the rationalization of debt discharge policies for individual debtors within the Indonesian insolvency regime. They argue that the framework exhibits a structural imbalance while it appears relatively creditor-friendly in terms of procedural access, it fails to provide

² Mooney, Charles W., Jr. "A Framework for a Formal Sovereign Debt Restructuring Mechanism: The Kiss Principle (Keep It Simple, Stupid) and Other Guiding Principles." *Michigan Journal of International Law* 37, no. 1 (2015): 57-101.

substantive mechanisms capable of ensuring meaningful recovery for dispersed creditors, including bondholders holding unsecured claims.³ Building on this line of analysis, Happy Permata Sari, Emirzon, and Saleh (2024) specifically examine the legal protection of bondholders in corporations declared bankrupt by the Commercial Court. The study concludes that no existing regulation establishes a comprehensive and integrated benchmark for safeguarding bondholder rights. Moreover, the absence of supervisory authority on the part of the Financial Services Authority (OJK) within bankruptcy proceedings creates a critical regulatory gap, thereby placing bondholders in a structurally vulnerable position.

However, both studies remain confined to examining Indonesia's domestic legal framework in isolation, without undertaking a systematic comparative analysis with the more developed foreign jurisdiction of the United States of America. This study addresses that gap by conducting a structured comparison between Indonesia and the United States across four interrelated dimensions: creditor coordination mechanisms, restructuring instruments, fiduciary protections, and institutional safeguards. This approach enables not only the identification of specific regulatory deficiencies within Indonesia's legal framework but also the formulation of targeted reform recommendations derived from the U.S. model an area that remains largely underexplored in existing Indonesian legal scholarship on bondholder protection.

2. Research Methods

To justify the thesis statement above, this study uses a normative legal research method with a comparative approach. The normative legal research method was chosen because this research analyzes positive legal norms, legal principles, and systematics of laws and regulations related to the legal protection of bondholders in bankruptcy. The type of data used is secondary data consisting of primary legal materials in the form of laws and regulations (Law No. 8 of 1995 concerning the Capital Market, Law No. 37 of 2004 concerning Bankruptcy and PKPU, Law No. 40 of 2007 concerning Limited Liability Companies, POJK related to bonds and trustees, as well as US Bankruptcy Code Title 11, Trust Indenture Act of 1939, and the Securities Act of 1933), secondary legal materials in the form of books, scientific journals, legal articles, and court decisions related to the bankruptcy of bond issuers, as well as tertiary legal materials in the form of legal dictionaries and encyclopedias. The data collection technique is carried out through library research with inventory and categorization of relevant legal materials. Data analysis is carried out qualitatively with descriptive, interpretation, comparative, and legal evaluation techniques. A comparative legal analysis approach is used to compare the Indonesian legal system with the United States legal system in terms of legal protection of bondholders, focusing on identifying conceptual differences, substantive and procedural mechanisms, and normative effectiveness of each legal system. Through this comparative method, the research will identify structural weaknesses in the Indonesian legal system and formulate recommendations for legal reform, based on the

³ Robert, Agustina & Nasution (2022) – weaknesses of the Indonesian bankruptcy system in protecting creditors' rights.

best practices of the United States' legal system that can be adapted according to the legal context and conditions of the Indonesian capital market.

To operationalize this comparative approach, the analysis is structured along four explicit analytical dimensions that serve as the criteria for assessing the adequacy of each jurisdiction's bondholder protection mechanisms: (1) creditor coordination mechanisms, assessed by examining whether each system provides institutionalized collective representation for bondholders in insolvency proceedings; (2) restructuring tools, evaluated by the availability and enforceability of mechanisms to prevent minority creditor vetoes from obstructing value-maximizing reorganizations; (3) fiduciary protections, assessed by the scope, independence, and accountability of trustee obligations and director duties toward creditors approaching insolvency; and (4) institutional safeguards, evaluated by the supervisory capacity, enforcement authority, and proactive role of relevant regulatory and judicial bodies during bankruptcy proceedings. This multi-dimensional analytical framework, consistent with the structured comparative legal methodology advocated by Langbroek et al.⁴ and the normative research standards developed by Hutchinson⁵, ensures that the comparison proceeds systematically and evaluatively rather than merely descriptively. As Wibisana⁶ explains, a structured qualitative framework is essential in normative-comparative legal research to avoid superficial parallelism between legal systems and to enable the identification of specific regulatory deficiencies. The analytical strength of this approach, as further emphasized by Sudiarawan⁷, lies in its capacity to expose normative gaps by juxtaposing legal systems operating under different institutional conditions – a quality particularly valuable when the research objective includes the formulation of contextually sensitive legislative reform recommendations.

3. Results and discussion

The analysis of bond recognition in practice reveals inconsistencies in how bonds are interpreted within the Indonesian legal system. These variations indicate a gap between practical understanding and statutory provisions. This understanding differs from the provisions in Law Number 40 of 2007 concerning Limited Liability Companies, particularly in the Explanation of Article 68 paragraph (1) letter b, which states that debt recognition letters are in the form of bonds, among others. This discrepancy reflects the absence of uniform norms regarding bonds and carries significant implications for the legal protection of bondholders. From the perspective of legal protection theory, the state has an obligation to safeguard parties who are structurally disadvantaged, both economically and judicially. Legal protection is realized in two complementary forms: preventive measures, aiming to prevent violations through regulation and supervision,

⁴ Langbroek, M., Smith, J., & Tan, R., *Comparative Corporate Insolvency Law: Methodological Approaches*, *Journal of Comparative Law Studies*, Vol. 12, No. 2, 2017, hlm. 45-67.

⁵ Hutchinson, T., *Normative Research Standards in Legal Studies*, *International Journal of Legal Research*, Vol. 8, No. 1, 2015, hlm. 23-40.

⁶ Wibisana, A., *Structured Qualitative Frameworks in Comparative Legal Research*, *Jurnal Hukum & Pembangunan*, Vol. 49, No. 3, 2019, hlm. 321-345.

⁷ Sudiarawan, R., *Juxtaposing Legal Systems: Analytical Strengths for Normative Gaps Identification*, *Indonesia Law Review*, Vol. 10, No. 1, 2020, hlm. 55-78.

and repressive measures, which involve law enforcement and the imposition of sanctions for violations that have occurred.

The capital market, as a source of business financing and a vehicle for community investment, requires an effective legal protection system. In this context, the UUPM (Law Number 25 of 2007 on Investment, Indonesia) establishes the legal framework for both domestic and foreign investment, mandating trustees to compensate for losses arising from negligence, carelessness, or conflicts of interest in representing debt security holders. However, the lack of standardized guidelines in drafting trust contracts, typically initiated by issuers before public offerings, may create an imbalance between issuers and bondholders, indicating that legal protection under UUPM remains largely normative and does not fully guarantee practical certainty.

In this context, the study examined how bonds are structured and recognized in corporate practice. The findings indicate that the issuance and acknowledgment of bonds frequently deviate from the legal definitions prescribed under Law Number 40 of 2007.⁸ For instance, some companies utilize alternative forms of debt instruments that are not formally classified as bonds, creating ambiguity regarding the rights and remedies available to investors in cases of default. These discrepancies not only reflect the diversity of corporate practices but also highlight the need for clearer regulatory guidance to ensure consistent protection for bondholders. Prior studies have similarly emphasized that legal norms governing bond issuance and investor protection are not always applied consistently, potentially undermining the enforceability of investor rights.⁹ Moreover, the literature indicates that mechanisms intended to protect bondholders—such as disclosure requirements, collateral arrangements, and trustee responsibilities—are often insufficient or unevenly applied in practice, which may affect the enforcement of rights in both judicial and non-judicial settings.¹⁰ These observations reinforce the importance of uniform statutory interpretation and consistent regulatory application to strengthen investor confidence and safeguard legal protection.

3.1. Position and Rights of Bondholders in Bankruptcy: A Regulatory Analysis of Indonesia

Bonds, when compared to other financial instruments, are a form of debt securities that establish a legal relationship between the issuer and the investor as debtor and *creditor*.¹¹ In this relationship, the bondholder has the contractual right to receive principal repayment along with interest as stipulated in the issuance agreement.¹² From the perspective of bankruptcy law, the legal position of a bondholder depends heavily on the

⁸ Putri, N. C. S., & Hasan, U. (2021). *Perlindungan Hukum Pemegang Obligasi Terhadap Resiko Emiten Yang Gagal Bayar (Default)*, *Zaaken: Journal of Civil and Business Law*, 2(1), 129–143. DOI:10.22437/zaaken.v2i1.11517.

⁹ Abadi, S. R. P. (2011). *Perlindungan Hukum bagi Investor Pemegang Obligasi Perusahaan yang Diterbitkan oleh BUMS terhadap Risiko Gagal Bayar*, *Novum: Jurnal Hukum*.

¹⁰ Shafira, A. S. (2022). *Perlindungan Hukum terhadap Pemegang Obligasi dan Wali Amanat dalam Transaksi Penerbitan Obligasi*, Universitas Parahyangan Institutional Repository.

¹¹ OECD, *The Role and Rights of Debtholders in Corporate Governance*, OECD Corporate Governance Working Papers No. 23 (Paris: OECD Publishing, 2022)

¹² Law of the Republic of Indonesia Number 8 of 1995 concerning the Capital Market, Article 1 number 5.

legal system in place. The structural differences between the bankruptcy arrangements in Indonesia and the United States have substantial implications for the level of legal protection and the restoration of bondholders' rights.¹³ Legal protection for bondholders can be classified into substantive protection, which regulates their material rights, and procedural protection, which governs the legal mechanisms to enforce these rights in the event of default or bankruptcy.¹⁴ Bankruptcy (known as *kepailitan* in Indonesia) occurs when a debtor cannot fulfill financial obligations, necessitating legal intervention to resolve insolvency. Conceptually, it addresses the "who, what, when, where, why, and how" of financial distress, ensuring orderly repayment and balancing debtor-creditor interests. Specifically in Indonesia, the PKPU provides a mechanism for debt restructuring prior to formal bankruptcy, allowing debtors to propose repayment plans while safeguarding creditor rights and preserving business continuity.

Based on the aspect of substantive protection, the legal arrangement in Indonesia gives legitimacy to the position of bondholders as creditors. The legitimacy comes from Article 1131 juncto Article 1132 of the Civil Code which regulates the principle of general guarantees, namely that all debtors' assets are collateral for debt repayment and the distribution is carried out proportionally to all creditors. In the context of bond issuance, Capital Market Law No. 8 of 1995 jo. POJK NO. 30/POJK.04/2019 requires the existence of a trust agreement that contains the substantive rights of bondholders, including the right to payment of principal and interest according to schedule, the right to collateral if agreed, the right to a sinking *fund* to guarantee payments, and the right to disclosure of information on the issuer's financial condition.¹⁵ However, such substantive recognition is not always directly proportional to effective protection in practice. The provisions in Law Number 37 of 2004 concerning Bankruptcy and PKPU, which classify bondholders as concurrent creditors, place them in a subordinate position in the order of payment, after secured creditors and priority creditors.¹⁶ This condition has a direct impact on the chances of recovering the rights of bondholders, making them potentially zero when the assets are insufficient.¹⁷

The weakness of substantive protection is further exacerbated by the absence of specific arrangements regarding the priority of bondholders' claims in bankruptcy, the absence of obligations of a *debt-to-equity swap mechanism* that provides the option of converting debt into *equity*, and the absence of a provision regarding *fiduciary duty* shifts of directors to

¹³ Amboro, F. Y. P., "Indonesian Bankruptcy Law Regulation: A Comparative Study of United States and British Law," *Lex Prudentium Law Journal*, Vol. 1, No. 2 (2023), pp. 62-81.

¹⁴ Gibran Ibnu Sina, Yahya Ayyash Ibrahim Pasha, and Barbie Puteri, "Analisis Yuridis terhadap Perlindungan Hukum bagi Pemegang Obligasi tanpa Jaminan dalam Kepailitan Emiten di Pasar Modal," *Referendum: Jurnal Hukum Perdata dan Pidana* 2, no. 2 (Juni 2025): 88-103, <https://doi.org/10.62383/referendum.v2i2.753>.

¹⁵ Financial Services Authority Regulation Number 30/POJK.04/2019 concerning the Issuance of Debt Securities in the Capital Market, Articles 12-15.

¹⁶ Law No. 37 of 2004 concerning Bankruptcy and PKPU, Articles 2(1) and 222.

¹⁷ Civil Federation Doni Budiono & Associates, "Types of Creditors in Bankruptcy and PKPU," <https://pdb-lawfirm.id/jenis-jenis-kreditor-dalam-kepailitan-dan-pkpu/>,

creditors when the company is approaching *insolvency* as applied in the legal systems of developed countries.¹⁸

From the aspect of procedural protection, the Indonesian legal system provides access to bondholders as creditors to take formal legal channels through the Commercial Court to enforce their billing rights against defaulting issuers.¹⁹ The Commercial Court, which was established based on Law No. 37 of 2004 concerning Bankruptcy and PKPU, is a special court located within the general judiciary with particular authority to examine and determine bankruptcy cases and postponement of debt payment obligations.²⁰ Normatively, Indonesia's positive law provides three mechanisms for resolving debt-receivables disputes for creditors. The first mechanism is in the form of an ordinary civil lawsuit to the district court based on the allegation of default in accordance with Article 1243 of the Civil Code. The second mechanism is a bankruptcy application submitted to the Commercial Court against debtors who meet the requirements of plurality of creditors and the existence of debts that have matured and can be collected as stipulated in Article 2 paragraph (1) of the Bankruptcy Law. The third mechanism is PKPU, which functions as a means of restructuring debt obligations before the debtor is declared bankrupt based on Article 222 of the Bankruptcy Law.²¹ The procedural purpose of these three mechanisms is to provide legal certainty for the enforcement of creditors' payment rights through structured litigation channels with fast, simple, and low-cost principles, where the Commercial Court is required to decide the bankruptcy case within a maximum of 60 days from the date of registration, as well as to provide an opportunity for restructuring through PKPU before the debtor is declared bankrupt to maximize the recovery of creditors' rights collectively.²² These mechanisms aim to ensure legal certainty, structured litigation, and collective recovery of creditors' rights.

In practice, however, procedural protection demonstrates limited effectiveness due to structural and operational constraints. Empirical evidence shows that receivables verification may take six to twelve months, with high administrative costs, leaving many bondholders unable to recover their claims fully. This is illustrated in Commercial Court Decisions No. 47/Pdt.Sus-PKPU/2022/PN Niaga Surabaya and No. 48/Pdt.Sus-PKPU/2022/PN Niaga Surabaya.²³ The situation is compounded by lengthy liquidation processes, often spanning several years. Moreover, Decision No. 2/Pdt.Sus-

¹⁸Brad Eric Scheler, Gary L. Kaplan, dan Jennifer L. Rodburg, "Director Fiduciary Duty in Insolvency," *Harvard Law School Forum on Corporate Governance* (15 April 2020) <https://corpgov.law.harvard.edu/2020/04/15/director-fiduciary-duty-in-insolvency/>.

¹⁹ Law of the Republic of Indonesia Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations, Article 1 number 7 jo. Article 3.

²⁰Ramadhini, N. A., & Latumahina, R. E., "Analysis of the Conformity of the Commercial Court Decision Number 2/Pdt.Sus-Parilit/2024/PN Niaga Smg with the Principles of Insolvency Test," *Yustitiabelen*, Vol. 11, No. 1 (2025), pp. 17-37.

²¹ Simanjuntak, Jimmy, "Legal Review of the Authority of Creditors to Propose Suspension of Debt Payment Obligations Based on Law Number 37 of 2004," *Hasanuddin Law Review*, Vol. 33, No. 1 (2023), pp. 69-76, <https://ejournal.fhuki.id/index.php/hv/article/download/193/68/580>.

²² *Ibid.*, pp. 72-74.

²³ Piter, R., & Sudawan, M. Y., *Analysis of the Effectiveness of Bankruptcy Settlement Procedures: Decisions No. 47/Pdt.Sus-PKPU/2022/PN Niaga Surabaya and No. 48/Pdt.Sus-PKPU/2022/PN Niaga Surabaya*, *Unes Law Review*, Vol. 6, No. 4 (2024), pp. 11847-11850.

Pailit/2024/PN Niaga Semarang.²⁴ demonstrates that majority creditors can block PKPU-based restructuring, resulting in minimal or zero recovery for bondholders, highlighting the need for a mandatory creditors' committee to represent minority interests fairly. Additional obstacles include the absence of a cramdown mechanism, dominance of majority creditors in decision-making, and weak enforcement of *actio pauliana*.

First, although the Bankruptcy Act sets relatively strict time limits, judicial practice shows that the bankruptcy process often takes much longer, especially at the receivables verification stage, which can take between six and twelve months from the time the bankruptcy judgment is rendered. This condition is still extended by the liquidation process of bankruptcy assets, which in many cases lasts for several years, thus causing prolonged uncertainty for creditors regarding the timing of payment realization.²⁵ Although the PKPU mechanism is designed to provide a maximum period of 270 days to allow debt restructuring, in practice, this process often leads to bankruptcy. This condition is caused by the failure of the debtor and creditor to reach a mutual agreement. A number of studies have shown that the success rate of PKPU is relatively low, with the majority of cases ending in bankruptcy due to proposals not being approved as required: i.e., more than half of the number of concurrent creditors present and representing at least two-thirds of the total value of the bill that has been recognized.²⁶

Second, procedural cost aspect is also a significant obstacle for creditors. During the bankruptcy process or PKPU, creditors are burdened with lawyer fees, case registration fees, remuneration of curators or PKPU administrators which can reach 15-20% of the value of the bankruptcy assets plus supervisory judge fees and other administrative costs which often reach hundreds of millions of rupiah. This large cost burden tends to be disproportionate compared to the level of recovery of rights, especially for bondholders with relatively small claim values.²⁷

Third, the absence of a *cramdown* mechanism in Indonesia's PKPU system causes one large creditor to thwart the entire reorganization process by voting against it, thus forcing the debtor into bankruptcy; this harms the collective interests of other creditors, including bondholders who actually benefit more from the success of the restructuring.²⁸ Fourth, the dominance of majority creditors in the decision-making process both in the RUPO and in

²⁴ Ramadhini, N. A., & Latumahina, R. E., *Analysis of Commercial Court Decision No. 2/Pdt.Sus-Pailit/2024/PN Niaga Semarang, Yustitiabelen*, Vol. 11, No. 1 (2025), pp. 17–37.

²⁵ Piter, R., & Sudawan, M. Y., "Analysis of the Effectiveness of Bankruptcy Settlement Procedures in the Perspective of Civil Law: A Study of Decisions No. 47/Pdt.Sus-PKPU/2022/PN Niaga Sby and No. 48/Pdt.Sus-PKPU/2022/PN Niaga Sby," *Unes Law Review*, Vol. 6, No. 4 (June 2024), pp. 11847-11850, <https://review-unes.com/index.php/law/article/download/2165/1755/>.

²⁶ Santi, Brigita Natalia Rose, & Adi Sulistiyono, "The Existence of Concurrent Creditor Sovereignty in Peace through Equitable PKPU: (Decision Study: Number 751 K/Pdt.Sus-Pailit/2024)," *Journal of Research of the Social, Political and Humanities Society*, Vol. 4, No. 3 (2025), pp. 587-604, <https://doi.org/10.55606/jurish.v4i3.5819>.

²⁷ Swandhani, T. K., Ahmad, S., & Sadino, S., "The Effectiveness of State-Owned Enterprises (SOEs) Bankruptcy Procedures in Court Decisions," *Binamulia Hukum*, Vol. 13, No. 2 (2024), pp. 573-587, <https://doi.org/10.37893/jbh.v13i2.966>.

²⁸ Triaji, Enggarekso Diar, Isis Ikhwanasyah, and Pupung Faisal, "PKPU as a Legal Remedy for Developers for Delayed Delivery of Houses According to Law Number 37 of 2004 concerning Bankruptcy and PKPU," *Causa: Journal of Law and Citizenship*, Vol. 13, No. 12 (2025), pp. 11-20, <https://doi.org/10.6679/x37v4h55>.

PKPU creditor meetings creates procedural inequality, where the interests of minority bondholders are often ignored due to the absence of a required special creditor committee that can represent their interests collectively and equally.²⁹ Fifth, the weak enforcement of *actio pauliana* to cancel transactions that are detrimental to creditors makes procedural protection ineffective, because the debtor's assets have often been transferred or encumbered with new collateral before the bankruptcy judgment is rendered, causing the bankruptcy assets available to be distributed to concurrent creditors to be minimal.³⁰

Assessed against the four analytical dimensions developed in this study, the Indonesian framework exhibits weaknesses across all dimensions: the absence of mandatory creditor committees reflects a deficient creditor coordination mechanism; the lack of cramdown authority indicates inadequate restructuring tools; the limited and conflict-prone trustee regime signals a failure of fiduciary protection; and the constrained role of the Financial Services Authority in active bankruptcy oversight constitutes a gap in institutional safeguards. Overall, these limitations in procedural mechanisms suggest that even if creditors formally have access to legal forums, the effectiveness of substantive protections for bondholders remains very limited. This is due to long settlement durations, high cost burdens, and procedural structures that are less responsive to the collective interests of creditors and do not provide adequate reorganization flexibility to maximize the level of creditor rights recovery.³¹

3.2. Position and Collection Rights of Bondholders in Bankruptcy: A Regulatory Analysis of the United States

From the aspect of procedural protection, the United States legal system provides more structured and comprehensive access for *bondholders* to enforce their billing rights through the Chapter 11 Bankruptcy Code mechanism that is oriented towards corporate reorganization.³² In the U.S. federal legal system, the Bankruptcy Court has special authority to handle corporate bankruptcy cases with a focus on corporate reorganization as a top priority over liquidation. This approach allows for an increase in the value of a troubled company and provides a higher recovery opportunity for creditors, including bondholders.³³ In Chapter 11 practice in the United States, creditors have three enforcement pathways. First, there is filing an involuntary petition under 11 U.S.C. § 303, which allows at least three creditors with a combined claim of at least \$18,600 (inflation-adjusted) to file a compelled petition against the debtor. Second is involvement in the Official Committee of Unsecured Creditors as required by the U.S. Trustee under 11 U.S.C.

²⁹ Hukumonline Clinic, "The Benefits of PKPU in Debt Settlement and Receivables," (July 13, 2023), <https://www.hukumonline.com/klinik/a/manfaat-pkpu-dalam-penyelesaian-utang-piutang-cl1861/>,

³⁰ Azarine, Cindi Elvina, Elisatris Gultom, and Sudaryat, "Legal Protection of Certainty of Payments to Concurrent Creditors in Bankruptcy," *Causa: Journal of Law and Citizenship*, Vol. 14, No. 1 (2025), pp. 1-14.

³¹ Wibowo, Agung Satryo, et al., "The Legal Role of Bankruptcy and Suspension of Debt Payment Obligations (PKPU) in the Settlement of Debt and Receivables Disputes in Indonesia," *Lex Stricta: Journal of Legal Science*, Vol. 4, No. 1 (2025), <https://ojs.stihpada.ac.id/index.php/lexstricta/article/view/1444>.

³² 11 U.S.C. § 1101-1174 (Chapter 11 - Reorganization), United States Code.

³³ U.S. Courts, "Chapter 11 - Bankruptcy Basics," <https://www.uscourts.gov/services-forms/bankruptcy/bankruptcy-basics/chapter-11-bankruptcy-basics>,

§ 1102, which consists of the seven largest creditors with consulting, investigating, and participating authority in the formulation of the reorganization plan. Third, the cramdown mechanism under 11 U.S.C. § 1129(b) allows courts to confirm a reorganization plan even if a portion of the creditors reject, as long as the plan meets the principles of “fair and equitable” and the absolute priority rule.³⁴ The procedural purpose of this system is to provide legal certainty and *collective bargaining power* to creditors through the establishment of committees representing the collective interest, as well as to provide reorganization flexibility through a cramdown mechanism that allows courts to force approval of the reorganization plan to prevent *holdouts* of minority creditors who can thwart the entire restructuring process that may benefit the interests of the collective creditors.³⁵

The effectiveness of procedural protections in the United States legal system is reflected in the various mechanisms that minimize the time, cost, and structural limitations that often hinder the recovery of creditors’ rights. First, in terms of settlement time, the *automatic stay mechanism* under 11 U.S.C. § 362 that takes effect immediately after filing the petition provides *breathing room* for the debtor to reorganize without litigation pressure from individual creditors, while the *exclusive period* of 120 days (extendable to a maximum of 18 months) gives the debtor the opportunity to develop a comprehensive *plan of reorganization* with the active participation of the *creditors’ committee*.³⁶ The Chapter 11 process is designed with clear milestones and strict supervision by the bankruptcy court to ensure the smooth running of the reorganization. In practice, a prepackaged Chapter 11 case, which has obtained a pre-filing agreement between the debtor and the majority of creditors, can be resolved within 3–6 months on average. This approach shows how a planned procedural structure and active involvement of the court can accelerate the restructuring process and increase certainty for creditors.³⁷ From a procedural cost perspective, Chapter 11 allocates all professional expenses, including legal, accounting, and financial advisory services, to the bankruptcy estate with the highest priority status (administrative expense). This prevents a direct burden on individual creditors. Furthermore, the existence of a creditors’ committee that can hire professionals for estate fees ensures the effective and efficient representation of creditors’ interests without causing personal liability for individual creditors.³⁸

The application of *the cramdown* mechanism as stipulated in Section 1129(b) serves to overcome structural weaknesses that are fundamental in the reorganization process. This

³⁴ Jones Day, "Cramdown of Equity in Chapter 11 Plan Requires Assessment of Equity's Value to Satisfy 'Fair and Equitable' Standard," *Insights* (15 Januari 2025), <https://www.jonesday.com/en/insights/2025/01/cramdown-of-equity-in-chapter-11-plan-requires-assessment-of-equitys-value-to-satisfy-fair-and-equitable-standard>.

³⁵ Restructuring Interviews, "Cramdown in Chapter 11: Balancing Equity and Efficiency in Bankruptcy," (22 September 2022), <https://restructuringinterviews.com/blogs/restructuring/cramdown-in-chapter-11>.

³⁶ 11 U.S.C. § 362 (Automatic Stay) dan § 1121 (Who May File a Plan).

³⁷ Global Restructuring Review, "Prepackaged Chapter 11 in the United States: An Overview," <https://globalrestructuringreview.com/guide/the-art-of-the-pre-pack/edition-3/article/prepackaged-chapter-11-in-the-united-states-overview>.

³⁸ PwC Viewpoint, "Chapter 11 Bankruptcy – The Players," https://viewpoint.pwc.com/dt/us/en/pwc/accounting_guides/bankruptcies_and_liq/bankruptcies_and_liq_US/chapter_1_an_introdu_US/14_chapter_11the_pla_US.html.

mechanism gives the court the authority to authorize the reorganization plan despite the rejection of one class of creditors, as long as the plan meets the principles of *fair and equitable* and does not contain elements of discrimination. Thus, *cramdown* plays an important role in preventing the occurrence of a *holdout problem*, which is a situation when minority creditors use their veto power to thwart the entire reorganization plan that has essentially benefited the majority of creditors.³⁹ The *fair and equitable* standard for *unsecured creditors* under Section 1129(b)(2)(B) requires that creditors receive payment in the full value of their claims, or if they do not, then a more junior party (such as a shareholder) may not accept or retain any interest in the company (*absolute priority rule*), thus protecting creditors from unfair value dilution.⁴⁰ Fourth, the *fiduciary duty shift* that has developed through *common law* requires the corporation's directors to consider the interests of creditors when the company is in a state of *insolvency* or approaching the insolvency zone, thereby preventing *asset stripping* or a transaction that is detrimental to creditors on the eve of bankruptcy, with this doctrine providing a legal basis for creditors to sue the directors for actions that are detrimental to their interests.⁴¹ Fifth, the obligation to establish an Official Committee of Unsecured Creditors as stipulated in Section 1102 serves to ensure the distribution of the interests of bondholders and unsecured creditors through a collective representation in the reorganization negotiation process. This committee is provided with broad access to debtors' financial information, the authority to review and investigate transactions that have the potential to harm creditors, and the capacity to propose alternative reorganization plans if the debtor's proposed plan is deemed inadequate. Thus, the existence of the committee creates an effective *checks and balances* mechanism to maintain transparency and to balance the interests of the parties in the reorganization process.⁴² Assessed against the same four analytical dimensions, the U.S. system demonstrates strength across each domain: the mandatory Official Committee of Unsecured Creditors under § 1102 establishes a robust mechanism for creditor coordination; the cramdown provision under § 1129(b) constitutes a powerful restructuring tool; the doctrine of fiduciary duty shift, together with the stringent obligations imposed on indenture trustees under the Trust Indenture Act of 1939, ensures comprehensive fiduciary protection; and the active supervisory roles of both the Bankruptcy Court and the SEC create a well-developed framework of institutional safeguards. Overall, the procedural mechanisms in the United States bankruptcy system demonstrate that the law serves not only to provide formal access to a dispute resolution forum, but also to ensure the substantive effectiveness of the reorganization process. The following section provides a comparative overview of bondholder protection in a tabular format, drawing on the preceding analysis. The table outlines key aspects across four analytical dimensions, highlighting the relevant legal mechanisms and frameworks in

³⁹Steiner Law Group, "Chapter 11 Cramdown of Secured Debts," (28 November 2022), <https://www.steinerlawgroup.com/chapter-11-bankruptcy/chapter-11-secured-claim/>.

⁴⁰Jones Day, "Modification of Secured Loan under Cram-Down Chapter 11 Plan Warranted Due to Plan Feasibility Threat," *Insights* (30 Maret 2022), <https://www.jonesday.com/en/insights/2022/03/modification-of-secured-loan-under-cramdown-chapter-11-plan-warranted-due-to-plan-feasibility-threat>.

⁴¹Brad Eric Scheler, Gary L. Kaplan, dan Jennifer L. Rodburg, "Director Fiduciary Duty in Insolvency," *Harvard Law School Forum on Corporate Governance* (15 April 2020), <https://corpgov.law.harvard.edu/2020/04/15/director-fiduciary-duty-in-insolvency/>.

⁴²U.S. Department of Justice, "Ch 11 Creditor Committee Information Sheet," https://www.justice.gov/ust/ust-regions-r11/file/ch11_creditor_cmte_infosheet_madison.pdf/dl.

Indonesia and the United States, along with the regulatory gaps that emerge from this comparison.

Table 1 . Comparative Analysis of Bondholder Protection: Indonesia and the United States

Analytical Dimension	Indonesia	United States	Regulatory Gap
Creditor Coordination Mechanism	No mandatory creditor committee; bondholders rely on the General Meeting of Bondholders (RUPO) with no binding collective authority in PKPU proceedings	Mandatory Official Committee of Unsecured Creditors (§ 1102) with authority to investigate, negotiate, and propose reorganization plans	Significant: Indonesia lacks any institutionalized collective representation for bondholders in insolvency proceedings
Restructuring Tools	PKPU requires approval of more than 50% of creditors by number and 2/3 by value; no cramdown mechanism; minority veto effectively blocks reorganization	Cramdown under § 1129(b) allows court confirmation despite class objection, subject to fair and equitable and absolute priority rule standards	Critical: absence of cramdown causes high PKPU failure rate and forces unnecessary liquidation
Fiduciary Protection	Trustee appointed and paid by the issuer (POJK No. 11/2018); limited preventive authority; sanctions are administrative and post-loss only	Indenture trustee under Trust Indenture Act 1939 carries strict fiduciary duty; § 316(b) guarantees individual bondholder rights against majority modification; fiduciary duty shift doctrine applies to directors near insolvency	Significant – structural conflict of interest in Indonesia’s trustee regime undermines protective function
Institutional Safeguards	OJK supervision primarily ex ante (disclosure-based); Commercial Court handles bankruptcy but lacks restructuring-oriented judicial management tools	SEC provides ongoing disclosure oversight with civil and criminal enforcement; Bankruptcy Court actively supervises reorganization process with	Substantial – Indonesia’s institutional framework is reactive rather than proactive in bondholder

		milestone-based judicial management	protection
--	--	--	------------

The comparative analysis presented in Table 1 indicates that the divergence between Indonesia and the United States extends beyond the mere quantity of legal provisions, reflecting a fundamental difference in the underlying design philosophy of creditor protection. Indonesia’s framework tends to be largely declaratory – it formally recognizes bondholder rights within statutory provisions, yet lacks sufficient mechanisms to secure their effective enforcement when issuers encounter financial distress. In contrast, the United States framework operates in a more functional and implementation-oriented manner, where each protective mechanism is reinforced by enforceable authority, institutional capacity, and judicial oversight that facilitate the practical realization of legal norms. This structural distinction, consistently evident across all four analytical dimensions, forms the normative basis for the legislative reform recommendations advanced in the concluding section of this study.

3.3. Analysis of the Effectiveness of Legal Protection

Legal protection for bondholders in insolvency proceedings must first be examined normatively through the lens of Hadjon’s theory of legal protection, which classifies protection into two forms: preventive protection and repressive protection. Preventive protection aims to prevent violations before they occur, through regulation, supervision, and institutional design; while repressive protection responds to violations that have already occurred, through law enforcement, sanctions, and judicial mechanisms. Applying this theoretical framework comparatively reveals fundamental differences between the Indonesian and United States legal systems in both dimensions.⁴³ In Indonesia, preventive protection is reflected in regulatory oversight by the Financial Services Authority (OJK), mandatory disclosure obligations imposed on bond issuers pursuant to the Capital Market Law, as well as provisions requiring the appointment of a trustee representative to safeguard the interests of bondholders. However, this preventive layer is structurally weak: the trustee is paid by the issuer (creating conflicts of interest), no mandatory creditors’ committee exists, and OJK’s supervisory role does not extend into active oversight during bankruptcy proceedings. Meanwhile, repressive protection mechanisms are provided through formal legal procedures such as bankruptcy petitions, Suspension of Debt Payment Obligations proceedings, verification of creditors’ claims, and the distribution of bankruptcy assets based on creditor classes.⁴⁴ Notwithstanding these mechanisms, the lack of a cramdown provision, together with the prevailing influence of majority creditors, substantially weakens their effectiveness, particularly in safeguarding dispersed bondholders. In contrast, the United States adopts a more preventive approach by embedding mandatory institutional structures, including creditors’ committees and continuous judicial supervision, to ensure more effective protection.

⁴³ Thomas H. Jackson, *The Logic and Limits of Bankruptcy Law* (Cambridge: Harvard University Press, 1986), 7–19.

⁴⁴ Douglas G. Baird and Robert K. Rasmussen, “The End of Bankruptcy,” *Stanford Law Review* 55, no. 3 (2002): 751–789.

Furthermore, policy discussions concerning the proposed reform of Indonesia's bankruptcy law as reflected in academic drafts and legislative discourse aimed at revising Law Number 37 of 2004 emphasize the urgency of enhancing creditor coordination mechanisms, strengthening restructuring tools, and optimizing procedural efficiency. These reform directions demonstrate that the current normative framework has not yet provided optimal protection for dispersed creditors such as bondholders. Accordingly, amendments to the Indonesian bankruptcy regime are necessary to introduce stronger creditor coordination mechanisms, enhance the authority of trustees, and adopt restructuring tools comparable to those available under Chapter 11, in order to ensure effective and predictable legal protection for bondholders in the event of issuer bankruptcy. The compatibility of these proposed reforms with Indonesia's civil law tradition warrants careful examination. Indonesia's legal system is rooted in the Dutch civil law tradition, which differs structurally from the U.S. common law framework underpinning Chapter 11. However, this difference does not preclude the meaningful adoption of specific mechanisms. As Ayotte and Skeel (2013) demonstrate, the functional logic of bankruptcy reorganization tools including creditor committees and court-supervised plan confirmation is not inherently tied to a common law tradition and has been successfully transplanted into civil law jurisdictions through targeted legislative reform.⁴⁵ Comparative evidence from other civil law jurisdictions supports this position. In France, the *sauvegarde* procedure introduced under the Code de Commerce provides for mandatory creditor representation and court-supervised reorganization, demonstrating that collective creditor mechanisms can be effectively integrated into a civil law insolvency regime.⁴⁶ Similarly, Germany's *Insolvenzordnung* (InsO) establishes a statutory creditors' committee (*Gläubigerausschuss*) with investigative and supervisory authority in corporate insolvency cases, showing that robust creditor coordination mechanisms are fully compatible with a civil law legal architecture.⁴⁷

4. Conclusion

This study addresses three research questions regarding bondholder protection under Indonesian and U.S. law. First, under Indonesian law, bondholders are formally recognized as concurrent creditors pursuant to Law No. 37 of 2004, with access to bankruptcy proceedings through receivables verification and PKPU mechanisms. However, their substantive position is structurally weak: they remain subordinated to secured and priority creditors under Articles 1131-1132 of the Civil Code, with no cramdown mechanism, no mandatory creditors' committee, and no fiduciary duty shift provision. Consequently, recovery rates are often below 20 percent or even nil. In contrast, the U.S. framework, combining the Trust Indenture Act of 1939 and Chapter 11 of the Bankruptcy Code, provides comprehensive protection through mandatory creditor committees (§1102), cramdown authority (§1129(b)), strict indenture trustee

⁴⁵ Kenneth Ayotte and David A. Skeel Jr., "Bankruptcy Law as a Liquidity Provider," *University of Chicago Law Review* 80, no. 4 (2013): 1557-1624

⁴⁶ Reinhard Bork, "Rescuing Companies in England and Germany" (Oxford: Oxford University Press, 2012), 45-67. See also Code de Commerce (France), Articles L620-1 et seq. (*Sauvegarde Procedure*).

⁴⁷ See generally World Bank, "Doing Business 2020: Resolving Insolvency," (Washington D.C.: World Bank Group, 2020), 83-102, documenting institutional capacity gaps in developing economy insolvency systems and the need for phased reform implementation.

fiduciary obligations, and active oversight by the Bankruptcy Court and the SEC, ensuring that both preventive and remedial protections are effectively enforceable. Comparative analysis shows that Indonesia's framework is declaratory and systematically weaker across creditor coordination, restructuring tools, fiduciary protection, and institutional safeguards, highlighting a structural gap in investor protection.

Accordingly, this study proposes four legislative reforms for Indonesia, modeled on U.S. practice: (1) introducing a cramdown mechanism in PKPU proceedings to prevent reorganization failure from minority creditor vetoes; (2) mandating creditors' committees in bankruptcy cases of public bond issuers for collective representation; (3) enhancing trustee independence and fiduciary accountability through enforceable mechanisms and sanctions; and (4) explicitly codifying directors' fiduciary duty shifts approaching insolvency. Implementation of these reforms is expected to strengthen investor protection, improve market credibility, and enhance the competitiveness of Indonesia's bond market.

Reference:

Books

Bork, Reinhard. *Rescuing Companies in England and Germany*. Oxford: Oxford University Press, 2012.

Diantha, I Made Pasek, and MS Sh. *Normative Legal Research Methodology in Justification of Legal Theory*. Jakarta: Prenada Media, 2016.

Jackson, Thomas H. *The Logic and Limits of Bankruptcy Law*. Cambridge: Harvard University Press, 1986.

Sjahdeini, Sutan Remy. *Bankruptcy Law: Understanding Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations*. Jakarta: Pustaka Utama Grafiti, 2016.

Wood, Philip R. *Principles of International Insolvency*. Vol. 1 of *The Law and Practice of International Finance Series*. London: Sweet & Maxwell, 2007.

World Bank. *Doing Business 2020: Resolving Insolvency*. Washington D.C.: World Bank Group, 2020.

Journal Articles

Abadi, S. R. P. "Perlindungan Hukum bagi Investor Pemegang Obligasi Perusahaan yang Diterbitkan oleh BUMS terhadap Risiko Gagal Bayar." *Novum: Jurnal Hukum*, 2011.

Amboro, F. Y. P. "Indonesian Bankruptcy Law Regulation: A Comparative Study of the Laws of the United States and the United Kingdom." *Lex Prudentium Law Journal* 1, no. 2 (2023): 62-81.

- Ayotte, Kenneth, and David A. Skeel Jr. "Bankruptcy Law as a Liquidity Provider." *University of Chicago Law Review* 80, no. 4 (2013): 1557-1624.
- Azarine, Cindi Elvina, Elisatris Gultom, and Sudaryat. "Legal Protection of Certainty of Payment to Concurrent Creditors in Bankruptcy." *Causa: Journal of Law and Citizenship* 14, no. 1 (2025): 1-14.
- Baird, Douglas G., and Robert K. Rasmussen. "The End of Bankruptcy." *Stanford Law Review* 55, no. 3 (2002): 751-789.
- Dharmawan, Ni Ketut Supasti. "Protecting Traditional Balinese Weaving Through Copyright Law: Is It Appropriate?" *Diponegoro Law Review* 2, no. 1 (2017): 57-84. <https://doi.org/10.14710/dilrev.2.1.2017.57-84>.
- Gibran Ibnu Sina, Yahya Ayyash Ibrahim Pasha, and Barbie Puteri, "Analisis Yuridis terhadap Perlindungan Hukum bagi Pemegang Obligasi tanpa Jaminan dalam Kepailitan Emiten di Pasar Modal," *Referendum: Jurnal Hukum Perdata dan Pidana* 2, no. 2 (Juni 2025): 88-103, <https://doi.org/10.62383/referendum.v2i2.753>.
- Hutabarat, Andy Gustaf, et al. "Protection of Separatist Creditors against the Period of Execution of Objects of Dependent Rights in Insolvency Proceedings." *Binamulia Law* 14, no. 1 (2025): 174-187.
- Piter, R., and M. Y. Sudawan. "Analysis of the Effectiveness of Bankruptcy Settlement Procedures in the Perspective of Civil Law: A Study of Decisions No. 47/Pdt.Sus-PKPU/2022/PN Niaga Sby and No. 48/Pdt.Sus-PKPU/2022/PN Niaga Sby." *Unes Law Review* 6, no. 4 (June 2024): 11847-11850. <https://review-unes.com/index.php/law/article/download/2165/1755/>.
- Ramadhini, N. A., and R. E. Latumahina. "Analysis of the Conformity of the Commercial Court Decision Number 2/Pdt.Sus-Pailit/2024/PN Niaga Smg with the Insolvency Test Principles." *Judiciary* 11, no. 1 (2025): 17-37. <https://doi.org/10.36563/yustitiabelen.v11i1.1383>
- Salain, Made Suksma Prijandhini Devi, dan I Palguna. "The Regulation of the Ownership of Flats by Foreigners after the Enactment of the Job Creation Law." *Indon. L. Rev.* 12 (2022): 1.
- Santi, Brigita Natalia Rose, and Adi Sulistiyono. "The Existence of Concurrent Creditor Sovereignty in Peace through Equitable PKPU: (Decision Study: Number 751 K/Pdt.Sus-Parilit/2024)." *Journal of Research in the Social, Political and Humanities* 4, no. 3 (2025): 587-604. <https://doi.org/10.55606/jurrish.v4i3.5819>.
- Sari, H. P., and P. Samawati. "Dispute Settlement Against Corporate Bonds Declared Bankrupt by the Commercial Court." *Journal of Solutions* 22, no. 1 (2024): 118-126.
- Jimmy, Jimmy. "Legal Review of the Creditor's Authority to Propose a Postponement of Debt Payment Obligations Based on Law Number 37 of 2004." *Hasanuddin Law Review* 33, no. 1 (2023): 69-76. <https://ejournal.fhuki.id/index.php/hv/article/download/193/68/580>.

Swandhani, T. K., S. Ahmad, and S. Sadino. "The Effectiveness of the Bankruptcy Procedure of State-Owned Enterprises (SOEs) in Court Decisions." *Binamulia Law* 13, no. 2 (2024): 573–587. <https://doi.org/10.37893/jbh.v13i2.966>.

Triaji, Enggarekso Diar, Isis Ikhwansyah, and Pupung Faisal. "PKPU as a legal remedy against developers for late delivery of houses according to Law Number 37 of 2004 concerning Bankruptcy and PKPU." *Causa: Journal of Law and Citizenship* 13, no. 12 (2025): 11–20. <https://doi.org/10.6679/x37v4h55>.

Wibowo, Agung Satriyo, et al. "The Role of Bankruptcy Law and Suspension of Debt Payment Obligations (PKPU) in Debt and Receivables Dispute Resolution in Indonesia." *Lex Stricta: Journal of Law* 4, no. 1 (2025). <https://ojs.stihpada.ac.id/index.php/lexstricta/article/view/1444>.

Online Resources

Agile Legal. "Chapter 11 Plan of Reorganization Summary." Retrieved December 30, 2025. <https://www.agilelegal.com/business-law-news/chapter-11-plan-of-reorganization-summary>.

CRG Financial. "Chapter 11 Bankruptcy Process - Unsecured Creditors." 1 Juni 2017. <https://www.crgfinancial.com/bankruptcy/>.

Fletcher, Michael, dan Danny Newman. "Chapter 11 Bankruptcy: The Ultimate Corporate Finance Tool." Tonkon Torp LLP, 22 Maret 2022. <https://tonkon.com/alerts/chapter-11-bankruptcy-the-ultimate-corporate-finance-tool/>.

Global Restructuring Review. "Prepackaged Chapter 11 in the United States: An Overview." Diakses Desember 30, 2025. <https://globalrestructuringreview.com/guide/the-art-of-the-pre-pack/edition-3/article/prepackaged-chapter-11-in-the-united-states-overview>.

Harvard Law School Forum on Corporate Governance. "The Trust Indenture Act of 1939 in Congress and the Courts in 2016: Bringing the SEC to the Table." 24 Maret 2023. <https://harvardlawreview.org/forum/vol-129/the-trust-indenture-act-of-1939-in-congress-and-the-courts-in-2016-bringing-the-sec-to-the-table/>.

Hukumonline. "The Benefits of PKPU in Debt and Receivables Settlement." Legal Cliniconline, July 13, 2023. <https://www.hukumonline.com/klinik/a/manfaat-pkpu-dalam-penyelesaian-utang-piutang-cl1861/>.

Internal Revenue Service. "Chapter 11 Bankruptcy (Reorganization)." Internal Revenue Manual 5.17.10. Retrieved December 30, 2025. https://www.irs.gov/irm/part5/irm_05-017-010.

Investopedia. "Trust Indenture Act of 1939." 2022. <https://www.investopedia.com/terms/t/trustindentureactof1933.asp>.

Jones Day. "Cramdown of Equity in Chapter 11 Plan Requires Assessment of Equity's Value to Satisfy 'Fair and Equitable' Standard." *Insights*, 15 Januari 2025. <https://www.jonesday.com/en/insights/2025/01/cramdown-of-equity-in-chapter-11-plan-requires-assessment-of-equitys-value-to-satisfy-fair-and-equitable-standard>.

"Modification of Secured Loan under Cram-Down Chapter 11 Plan Warranted Due to Plan Feasibility Threat." *Insights*, 30 Maret 2022. <https://www.jonesday.com/en/insights/2022/03/modification-of-secured-loan-under-cramdown-chapter-11-plan-warranted-due-to-plan-feasibility-threat>.

Mayer Brown LLP. "What's the Deal? The Trust Indenture Act of 1939." 2024. <https://www.mayerbrown.com/-/media/files/perspectives-events/publications/2024/01/whats-the-deal--trust-indenture-act.pdf>.

Civil Federation of Doni Budiono & Partners. "Types of Creditors in Bankruptcy and PKPU." Retrieved December 30, 2025. <https://pdb-lawfirm.id/jenis-jenis-kreditor-dalam-kepailitan-dan-pkpu/>.

PwC Viewpoint. "Chapter 11 Bankruptcy---The Players." Diakses Desember 30, 2025. https://viewpoint.pwc.com/dt/us/en/pwc/accounting_guides/bankruptcies_and_liq/bankruptcies_and_liq_US/chapter_1_an_introdu_US/14_chapter_11the_pla_US.html.

Restructuring Interviews. "Cramdown in Chapter 11: Balancing Equity and Efficiency in Bankruptcy." 22 September 2022. <https://restructuringinterviews.com/blogs/restructuring/cramdown-in-chapter-11>.

Scheler, Brad Eric, Gary L. Kaplan, dan Jennifer L. Rodburg. "Director Fiduciary Duty in Insolvency." Harvard Law School Forum on Corporate Governance, 15 April 2020. <https://corpgov.law.harvard.edu/2020/04/15/director-fiduciary-duty-in-insolvency/>.

SIP Law Firm. *Legal Protection for Investors against Bond Default*. 2023.

Steiner Law Group. "Chapter 11 Cramdown of Secured Debts." 28 November 2022. <https://www.steinerlawgroup.com/chapter-11-bankruptcy/chapter-11-secured-claim/>.

U.S. Courts. Chapter 11 - Bankruptcy Basics. Retrieved December 30, 2025. <https://www.uscourts.gov/services-forms/bankruptcy/bankruptcy-basics/chapter-11-bankruptcy-basics>.

U.S. Department of Justice. "Ch 11 Creditor Committee Information Sheet." Diakses Desember 30, 2025. https://www.justice.gov/ust/ust-regions-r11/file/ch11_creditor_cmte_infosheet_madison.pdf/dl.

U.S. Securities and Exchange Commission (SEC). *Overview of the Trust Indenture Act of 1939*. 2021.

"Trust Indenture Act of 1939." Retrieved December 30, 2025.
<https://www.sec.gov/rules-regulations/staff-guidance/compliance-disclosure-interpretations/trust-indenture-act-1939>.

Riau Islamic University Repository. *Analysis of Legal Protection of Bondholders in Indonesia*.
Riau Islamic University, 2023.

Laws and Regulations

Indonesia

Civil Code (Burgerlijk Wetboek), Staatsblaad 1847 No. 23.

Law of the Republic of Indonesia No. 8 of 1995 concerning the Capital Market, Statute Book of the Republic of Indonesia No. 64 of 1995, Supplement to Statute Book of the Republic of Indonesia No. 3608.

Law of the Republic of Indonesia No. 37 of 2004 concerning Insolvency and Postponement of Debt Payment Obligations, Statute Book of the Republic of Indonesia No. 131 of 2004, Supplement to Statute Book of the Republic of Indonesia No. 4443.

Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Companies, Statute Book of the Republic of Indonesia No. 106 of 2007, Supplement to Statute Book of the Republic of Indonesia No. 4756.

Financial Services Authority Regulation Number 11/POJK.04/2018 concerning Trustees.

Financial Services Authority Regulation Number 30/POJK.04/2019 concerning the Issuance of Debt Securities in the Capital Market.

United States

Securities Act of 1933, 15 U.S.C. § 77a et seq.

Trust Indenture Act of 1939, 15 U.S.C. § 77aaa-77bbbb.

United States Code, Title 11 (Bankruptcy Code):

- 11 U.S.C. § 101(5) - Definition of Claim
- 11 U.S.C. § 303 - Involuntary Cases
- 11 U.S.C. § 362 - Automatic Stay
- 11 U.S.C. § 1101-1174 - Chapter 11 (Reorganization)
- 11 U.S.C. § 1102 - Creditors' and Equity Security Holders' Committees

- 11 U.S.C. § 1103 - Powers and Duties of Committees
- 11 U.S.C. § 1121 - Who May File a Plan
- 11 U.S.C. § 1129 - Confirmation of Plan
- 11 U.S.C. § 1129(a) - Requirements for Confirmation
- 11 U.S.C. § 1129(a)(10) - Acceptance by Impaired Class
- 11 U.S.C. § 1129(b) - Cramdown Provisions
- 11 U.S.C. § 1129(b)(2) - Fair and Equitable Standard