

Rug Pull Cryptocurrency Case Analysis in the Perspective of Indonesian Business Law



Bagus Rahmanda¹, Moh. Asadullah Hasan Al Asy'arie², Mohamad Adrian Akbar³

^{1,2,3}Faculty of Law, Diponegoro University, Jalan dr Antonius Suroyo, Tembalang, Semarang City, Central Java, 50275, Indonesia

ABSTRACT: Developments in financial technology continue to produce various new products, especially those related to investment in digital assets, or crypto assets. This study investigates the issue of consumer protection under Law No.8/1999 in crypto asset investment. This research uses normative juridical research methods. Juridical aspects such as theories, norms and regulations relating to investment in crypto assets are obtained from literature, books, online media and other sources related to the research subject, namely consumer protection against investment activities in crypto assets. This study tries to explain what reasons are driving the change and urges the government to create new, stricter regulations to protect crypto asset investors.

KEYWORDS: rug pull, consumer protection, cryptocurrency.

INTRODUCTION

According to the financial dictionary, investment can be defined as the use of capital to make money through income-generating means or through venture capital which is more risk-focused. Investment can also be defined as a commitment to a certain amount of funds or other resources today with the aim of obtaining profits in the future. (Hayati Mardhiyah, 2016)

Investment has experienced a very rapid increase in the number of investors and funds invested as well as in the types of security instruments that can be used as investment alternatives. In addition, this progress encourages the availability of competent human resources who are able to manage investments well. Therefore, to meet this need, understanding investment management is very important. To provide a good understanding of the various investment options available to investors, it is important to understand the definition of financial markets, including capital markets, the types of instruments traded, and the trading mechanisms that occur in capital markets. (Budiwati et al., 2020)

In the midst of the economic downturn due to the pandemic, investment in cryptocurrency is a type of investment that is on the rise in Indonesia. Cryptocurrency is a type of virtual currency that has no physical form or real form in an electronic system. There are various types of cryptocurrency, such as Ethereum, Bitcoin, Dash, and Ripple. Many people are interested in investing in cryptocurrency because the price tends to continue to rise. (Kyriazis, Nikolaos A., 2019)

It cannot be denied that the growth of cryptocurrencies or cryptocurrencies is one of the most significant events in the development of businesses and currencies throughout the world. Crypto developments affect Indonesia as part of the international world. The growth of cryptocurrencies such as Bitcoin, Ethereum and various other types has been a major subject of discussion around the world in recent years. In 2023, these changes will increasingly impact the conventional financial system. Cryptocurrencies, a type of digital asset, use blockchain technology to maintain secure transaction records. Crypto assets may have been considered a novelty at first, but now they have grown to become an important component in the world of finance. (Weny Cintia Dewi, 2023)

Minister of Home Affairs Regulation Number 99 of 2018 concerning Crypto Asset Commodity Futures Trading stipulates that crypto assets, also known as crypto assets, can be considered as valuable commodities and can be traded on the Futures Exchange. Apart from that, this regulation has indirect consequences, namely the need for crypto as capital or a pawn. (Andina Putri et al., 2023) This development certainly could not have occurred without certain problems. When someone buys a crypto coin, the coin is written on a unique and anonymous blockchain, making it difficult to trace. As a result, if fraud or criminal activity occurs, the person who commits it will be difficult to trace due to its anonymous nature. Rug pulling is one type of this criminal act. (Intan Rakhmayanti Dewi, 2022)

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In addition, Regulation of the Commodity Futures Trading Supervisory Agency (BAPPEBTI) Number 5 of 2019 concerning Technical Provisions for the Implementation of the Physical Crypto Asset Market on the Futures Exchange (hereinafter referred to as the "Commodity Futures Exchange") in Indonesia also regulates the legalization of cryptocurrencies (crypto assets) in the futures market. This regulation is regulated in Article 1 Number 7 of BAPPEBTI Regulation Number 5 of 2019. Illegal activities in cryptocurrency investment can take advantage of this opportunity to make unlawful profits. Investments in digital assets also raise concerns due to the potential for fraud and hacking that could harm investors or consumers.

Apart from offering many advantages, electronic trading also has negative effects. Consumers who make buying and selling transactions or invest in digital assets such as crypto may experience the risk of loss. This is one of the most common negative impacts. Consumer losses are usually divided into two in consumer protection. Consumer losses consist of two types: first, losses caused by sellers who are intentionally irresponsible towards consumers; and second, losses caused by unlawful actions carried out by third parties which result in consumer losses.

One crime in the crypto market known as a "rug pull" is when coin developers run off with investors' assets, causing investors to lose their assets. In Indonesia itself, there are several examples of coin developers carrying out rug pulls; investors who put their money into EDC Cash coins said they could not withdraw their investment returns, while several other investors who were able to withdraw their investment results said their nominal value may not match the nominal promised. If the EDC Cash pull actually occurs, 57,000 EDC Cash coin investors are estimated to experience losses of IDR 285 billion. As a result, crypto regulations must be reviewed to protect consumers and coin investors. (Prasetyo, AS & Latumahina, RE, 2022)

The second case is a crypto asset investment fraud where the creator or developer of a digital token called "Squid" succeeded in taking crypto investors' money of around 3.38 million USD, or around Rp. 49 billion, of them. This digital token is inspired by the Squid game series which is popular in South Korea, and is so popular that many irresponsible individuals or token developers have locked all funds and stopped all trading activities.

From the incident above, the regulator needs to make special rules that specifically regulate the basic technicalities of investing in crypto assets, because this is a big potential threat, especially in the financial industry. Technology-based fraud, such as cryptocurrency and blockchain, is increasingly complicated to prevent. Therefore, understanding the technological risks that exist in cryptocurrency is very necessary.

With its status as a rule of law country, Indonesia should make regulations that better guarantee and protect its citizens in terms of information technology security and remember the importance of this technological progress, especially in the financial sector, which is closely related to the country's economic stability, so security and privacy are very important. privacy), and of course consumer protection. Investing in crypto assets has high risks because there is no underlying asset as a price prediction and is susceptible to very inconsistent price changes. On the other hand, these digital assets are very vulnerable to hacking, which means it will be detrimental to all parties involved, especially crypto investors if they are not careful in maintaining access security.

Based on all of the background explanations, this research formulates the problem of How Rug Pull Crimes Are Regulated Against Crypto Assets in Indonesia. Second, this research also formulates the problem of how to provide legal protection for consumers who have become victims of rug pulling.

RESEARCH METHODS

The research was conducted using normative legal research methods. This method is a legal research method that places law as a building system of norms, in order to achieve predetermined goals (Muhammad, 2004). Research is carried out by examining legal phenomena or issues based on literature analysis patterns and comparisons with empirical facts in the field. The literature used by the author comes from reference books, scientific journals, and any other prime references. The comparative approach is one of the methods used in normative research which is used to compare or compare one legal institution (legal institution) from a legal system with legal institutions from another legal system or in another country. (Muh. Aspar, 2015)

1. Investment Instruments in Indonesia and the Development of Crypto Currency

Investing is basically buying assets that can be resold for greater value in the future. The main aim of this investment is to expect greater income or return on the investment for the results that will be obtained in the future, of course with a level of risk that always accompanies it. Two types of investment exist when viewed from the company's supervisory control, namely the first, Indirect investment, which is aimed at short-term investments, is more speculative than direct investment because investors can easily change their investments. From purchasing securities to more profitable securities. Place of indirect investment Capital participation or equivalent participation is the purchase of shares that do not provide control or management of the company. Purchase of investment securities, such as shares, participations, preference shares, purchase options for debt securities, such as bonds, loans and debentures, and contractual agreements. Licenses do not provide control of company management. Second,

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direct investment is a long-term investment in a new or existing business, with the investor actively controlling its management. The characteristics of foreign investment are as follows: foreign assets are invested in one country, the investor participates in the management, supervision or control of the company, direct investment is a long-term investment, and is carried out by carrying out business activities carried out when establishing the company.

The risk that there is a mismatch between the actual returns and the expected returns. Investments with higher risk definitely have a higher rate of return. These risks are divided into a) macro risks, namely interest rate risk, political risk, inflation and the exchange rate of certain companies; b) Unsystematic risk, namely risk that has a macro impact; c) Unique risks; and d) Unsystematic risk, namely risk that has a macro impact. The increase in crypto prices is influenced by several factors, including:

1. Disproportionate demand and availability of cryptocurrencies.
2. Real-world adoption: Although Indonesia has not banned transactions with cryptocurrencies, several large countries have accepted cryptocurrencies as legal tender in the real world. The increase in the value of cryptocurrencies is greatly influenced by the recognition of digital currencies in the real world.
3. Miner production costs, namely one way to get crypto currency is by mining using computer devices that have very high VGA specifications. You have to calculate how expensive the computer equipment needed to do mining is and how much electrical energy is needed to meet the needs of this computer equipment. Cryptocurrency prices increase along with the costs required to mine crypto.
4. Regulations, although the government or decentralized system cannot intervene in cryptocurrencies, national governments have the right to intervene by making regulations governing the use of cryptocurrencies as a means of payment and investment. Even governments have the authority to impose taxes on these cryptocurrencies.
5. News about cryptocurrency, the more positive news there is about a particular cryptocurrency, the greater its value. Even the recognition or social media status of famous figures in the world who claim to invest or recognize this cryptocurrency also greatly influences the increase in price.

The development of modern technology encourages new discoveries in the field of informatics. Cryptocurrencies are one of the greatest advances in financial technology in the world. Cryptocurrencies also serve as tradable investment assets, although they are not used globally and only apply to certain communities. Even though it is included in the very risky investment category because the price is very changeable, it is as if it doesn't exist because it only consists of numbers on a certain blockchain which can only be accessed and bought and sold by late users who have a user identity, password and code. certain. So it is very dangerous if we use these codes incorrectly. Due to the very high security of cryptocurrencies, even if the owner of a crypto asset dies, it is almost certain that the asset is considered lost and cannot be inherited.

Starting in 2009, a person named Satoshi Nakamoto was the first to discover or create a currency called Bitcoin. Unlike dollars, yen, gold, or other commodities, Bitcoin is a decentralized payment alternative. Because this cryptocurrency develops as technology develops over time and will continue to develop over time, the day by day development process becomes very interesting. From its inception until now, the growth of cryptocurrency in the world has been very rapid. Starting with the aim of replacing conventional money, now it has e-wallets (electronic accounts) and hardware wallets. With its rapid growth, many people are using cryptocurrency as an investment tool. Several countries around the world have accepted Cryptocurrencies as legal tender, such as Japan, Russia, Canada, the European Union, and even the United States. People who support this cryptocurrency believe that the technology it uses is crucial to addressing the issue. The previously conventional global economy is turning to digital transactions as a result of the growth of the technology industry. This creates new challenges for state leaders, including Indonesia. Due to the liberalization of trade, businesses can now carry out transactions through long distance communications. Customers can now carry out transactions with communication technology. (Saefudin & Riza Laely Ikayanti, 2014)

The terms "cryptocurrency" and "cryptocurrency" come from the same term. Cryptography and currency mean secret code, so cryptocurrency is digital or virtual currency that is protected by cryptography. Because this secret code is very difficult to create or change, cryptocurrency as a digital currency itself is impossible to counterfeit. Then in Indonesia, the number of crypto investors continues to increase. In 2020, they reached 4 million, but in 2021, they increased to 11.2 million. Bappebti recorded an increase in the total number of crypto investors by 43.75% from January to August 2022. By the end of August 2022, the number of investors had reached 16.1 million. Indonesia is seeing very rapid growth in crypto assets. Transactions with crypto assets can be carried out without using a credit card, bank account or intermediary. As a result, crypto assets, if used as a means of payment, can provide users and owners with transaction freedom and profitable returns. With this freedom, users and owners can do as they like, even if it goes against material laws. (Kurnia, A. & Sumadi, P, 2018)

Due to the Indonesian people's interest in crypto investment, the government immediately adapted to this development by designating crypto as an asset rather than currency because it carries the risk of committing criminal acts. Because it does not meet the regulatory standards regarding currency and means of exchange in Indonesia, this crypto asset is not considered a legal

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means of payment. In Indonesia, money is legal tender, and this money is money issued by the Unitary State of the Republic of Indonesia, which is also known as the Rupiah. New problems related to protecting consumer rights and obligations arise when electronic transactions are carried out remotely using communication technology such as the internet. In terms of crypto asset investment, new problems arise when there is a dispute where the crypto asset is an anonymous product and comes from another country. One problem that often arises is when consumers buy crypto assets which turn out to be fraudulent products, making it difficult for developers to claim compensation because they are confidential or anonymous. (Kamaluddin, 2021)

In fact, the Ministry of Trade of the Republic of Indonesia manages crypto asset regulations through the Commodity Futures Trading Supervisory Agency (BAPPEBTI) and the Commodity Contract Trading Regulatory Agency (CoFTRA). Due to the Letter of the Coordinating Minister for the Economy Number S-302/M.EKON/09/2018, crypto assets are prohibited as a means of payment. However, it is allowed to be traded as a commodity asset on futures exchanges. Due to the large investment market potential in Indonesia, the government allows crypto asset trading. A ban on crypto trading could potentially drive many investors out of the country and reduce its competitiveness. The government is concerned that national crypto asset users will look for other markets that allow crypto transactions. Digital commodities, also known as crypto assets or crypto commodities originating from the blockchain system, can be considered as rights or interests, so they can be categorized as commodities.

In Article 1 Number 2 Law no. 10 of 2011 concerning Amendments to Law no. 32 of 1997 concerning Commodity Futures Trading, commodities are defined as goods, services, rights and other interests, as well as any derivatives of commodities that can be traded and are the subject of futures contracts, sharia derivative contracts or other derivative contracts. NFT and SFT-based crypto assets are still components of commodity derivative products. According to this law, commodities can be defined as all types of goods, services, rights and desires, as well as everything related to the buying and selling of commodities with margin withdrawals and settlements based on futures contracts, derivative contracts, sharia, or contracts. other derivatives. It is very clear that these goods are needed by people, companies and countries for domestic and export purposes. Commodity markets are places where buying and selling commodities take place. In this market, futures contracts are used to trade commodities, allowing the purchase price and future delivery of the commodity to be set, and delivery of the commodity to be carried out in accordance with the contract agreement.

The current development of blockchain-based crypto technology has the potential to change the way businesses and economic sectors work. It is critical to the future of global finance and technology because it can help with supply chain management, transfer of ownership, and sharing of data efficiently and transparently. Even though regulations and obstacles still exist, crypto assets continue to grow and be accepted in various circles. This shows how important crypto assets are to change the world of finance and technology today. (Kholijah, S., et al., 2022)

2. Rug Pull Crime in Indonesia

It is not surprising that Bitcoin is one of the most invested types of crypto assets. This is due to the many unique features it has, such as the limited number of pieces (only 21 million pieces) and currently approximately 18 million pieces are circulating throughout the world. Many large companies today such as Tesla, Microstrategy, and even the American multinational financial services and investment banking holding company JPMorgan Chase are buying bitcoin as an asset to invest in because of this.

Bitcoin works in a different way because it uses a private network to allow transactions to be carried out by its users. This means this financial system is completely decentralized and does not rely on any centralized authority to issue currency or complete and validate transactions. As a result, it provides complete control to each of its users without any central authority or intermediary. This means that every Bitcoin user is the owner of the network and also the controller. Accessing bitcoin itself can be achieved via a network, or offline using additional tools such as an offline wallet. (Khan et al., 2019)

It is very profitable for users to invest in digital assets like bitcoin. However, the risks arising from this investment activity are very high because until now there is no law regulating crypto asset investors. (Dhimas Candra Andrianto, 2022) The development of several cases in crypto investment is very diverse. However, in this research, the crime of rug pulling will be the main discussion. In the crypto world, the practice of going out of business is very dangerous. There have been many cases of bankruptcy that killed thousands of crypto investors with millions of dollars in assets. One of the most famous cases was the Titan coin going out of business. As reported by Coinvestasi, Mark Cuban himself was deceived because he was one of the liquidity providers in the liquidity pool. Rugpullini's publication comes after TitanSwap (TITAN) announced that one of its fellow projects is a malicious project. With token prices falling drastically, many parties have become victims of this case.

Apart from examples of cases abroad, many domestic cases are suspected of being rug pulls. The ASIX crypto token, owned by celebrity Anang Hermansyah, was first traded on March 3 2022 at a price of IDR. 69 per token. This is one of the domestic cryptocurrencies that the author feels is problematic. Many people who bought ASIX coins felt trapped when Indodax, one of the crypto market providers in Indonesia, reported in June 2022 that Anang Hermansyah's tokens only had a value of IDR. 6 from the

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initial price of Rp. 69. It's not just a few individuals who are experiencing this problem, but many people who were early buyers when ASIX token trading first opened. Anang Hermansyah, the main owner of the ASIX token, is one of many investors who are asking token developers to be responsible. Thus, many people in the crypto community believe that this ASIX token is a rug pull scheme. (Novina Putri Bestari, 2022)

It is possible that investors are deceived by the big names behind crypto coins, such as in cases where investors initially bought coins because ASIX was pioneered by celebrity Anang Hermansyah. Thus, Article 28 paragraph (1) of the ITE Law states that anyone who intentionally and without authority spreads false news will be subject to a maximum prison sentence of 6 years and/or a maximum fine of IDR 1 billion. Moreover, if we look more simply at the two cases above, it is clear that the developers of these coins did not intend to develop their coins well; the value of their coins does not grow. The case above is actually one of many cases where a crypto project is suspected of being part of a rug pull scheme, but there is no information from the relevant institutions that can show the number of crypto coins involved in the rug pull scheme. This clearly contradicts Article 7 of the Consumer Protection Law. Article 7 UUPK clearly states that business actors are required to act in good faith when running their business. (Novina Putri Bestari, 2022)

Cryptocurrencies have both public and private keys used to store personal information and cryptocurrency transaction history. Cryptocurrency recipients use the public key as the address to transfer cryptocurrency when they make transactions with cryptocurrency. Only the secret key can be used to decrypt data that has been encrypted. The personal identification number (PIN) associated with an account also functions like a private key. The public key is accessible to the wider public because it serves as an address for sending bitcoin data. Meanwhile, the only people who can use the secret key are those who receive or own the data. The private key associated with a digital currency indicates that someone owns the digital currency.

Cryptocurrency transactions are carried out via peer-to-peer (P2P) techniques. Unlike conventional bank transfer processes, cryptocurrency transactions are conducted between individuals and do not rely on third parties. Bitcoin transactions are processed on many computers, not on one server, because the servers that process them are decentralized. Therefore, validation of the transaction process will be carried out automatically without human participation. Additionally, this system prevents duplication of the total number of bitcoins circulating in the community. All crypto transactions use this method too.

It's important to understand what a rugpull is and how it can lead to losses. Rugpull occurs when a crypto project developer or owner suddenly withdraws all or most of the funds that have been invested by participants or investors. This can occur after the developer or project owner reaches a high level of trust from investors, thereby disappointing and harming them financially. Investors lose their funds with no guarantee of return on investment when a rugpull occurs. These financial losses are often long-lasting and can reach very large amounts. Therefore, it becomes increasingly important to protect the public from actions like this, especially as crypto assets become increasingly popular as investment instruments.

Rugpull usually occurs when buyers, investors, or users buy spam coins that have no value. In some cases, these can be malicious contracts, where users buy, sell, or send spam coins from a website that could allow criminals to access the user's wallet. In the process of rugpull actions, smart contract fraud occurs when developers use unaudited contracts that have pre-approval from user addresses that allow funds to be transferred to another wallet at any time. Since unwary people can still sell tokens, a carpet pull could happen at any time. The developers could create a function in the smart contract with a 99 percent buy/sell fee, which would steal all funds when people buy or sell coins.

Rugpull can occur due to malicious cryptocurrency website scams where a copy of the original website is duplicated with the aim of obtaining user passwords and data. The URLs and designs of these fake websites are very similar. In some cases, fraudsters contact users via phone calls and direct them to fake technical support websites. This occurs due to technical problems, as indicated by the researchers above.

In the case of Anang Hermansyah's ASIX coin, the coin project did not run according to the developer's expectations of buyers and investors. This is made worse because the ASIX coin project is not making progress, which clearly shows that the coin is "abandoned". As a result, ASIX coin looks like a scam crypto scheme where crypto developers simply take money from investors and then abandon the project. Therefore, this could be considered fraud, embezzlement, or even theft.

It should be understood that not doing something without a reason can be considered a legal crime and will be punished. One reason why some actions should be punished is because they endanger the safety of others. Individualistic liberal theory is one of various authorities supporting this perspective. The idea of criminalization is based on the basic assumption that there is or is not harm to others. An action is not automatically considered a criminal offense, even if the action is contrary to moral norms and decency. This opinion argues that moral and ethical considerations cannot be used as a reason to impose criminal penalties as long as there is no significant loss. According to this theory, how much an action harms other people.

Therefore, it can be concluded that criminalization, especially in the financial sector because cryptocurrencies are linked to business, is mainly based on the harm caused and whether it is contrary to government policy. This is especially the case in

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cryptocurrency rugpull contests. In situations where he or she violates government laws and harms others. Thus, the act of rugpull within the Indonesian criminal framework can be categorized as meeting the following elements:

- a. Article 378 of the Criminal Code
For committing fraud, this article stipulates a maximum prison sentence of four years. Persons who attempt to benefit themselves or others by using false names or false circumstances, whether by trickery, deception, or by fabricating lies, will be punished by fraud.
- b. Article 366 of the Criminal Code
Aggravated theft committed by a civil servant or private employee in a managerial, supervisory or position holder related to the management of goods can be subject to a maximum prison sentence of 12 years.
- c. Article 367 of the Criminal Code
This article discusses theft with weights committed by people who often steal. This type of theft can result in a maximum prison sentence of 12 years.

Justice, community protection and crime prevention are the basis of the criminal law system in Indonesia. The Criminal Code (KUHP) and the ITE Law are some of the relevant laws. The aim of implementing criminal law in Indonesia is to provide appropriate sanctions to those who violate the law, protect society and prevent criminal acts. Steps that can be taken to deal with cybercrime, especially rugpull acts, which are crimes in the crypto world, are to strengthen the role of law enforcement officers who are qualified both individually and organizationally and who are organized to unite communities that specialize in dealing with all types of cybercrime. electronic crime. Although law enforcement officers currently have a strong base from which to operate, they still need to increase their capacity to do their job.

Criminal law enforcement is very important to maintain financial market stability and protect investors in the face of the rugpull in Indonesia. However, for efficient and fair law enforcement, technical, legal and social issues must be addressed. This requires rapid action from regulators, improved legal frameworks, and collaboration across sectors and countries. Therefore, Indonesia can face new challenges in the digital world with the confidence that justice and protection will remain the main pillars of its legal system.

3. Protection for Consumers Who Own Cryptocurrencies Due to Rug Pull Actions

The English forms "consumer" and "consumer" come from Dutch. Consumers literally means people who need, use, or user. In economic activities, there are two groups that work together: the first is known as entrepreneurs, and the second is known as consumers. To protect consumer rights, Law of the Republic of Indonesia Number 8 of 1999 concerning Consumer Protection (Consumer Protection Law) has existed since the Dutch East Indies government. However, considering the various changes taking place in society, many of these regulations are no longer used.

In Indonesia there are laws that can be used to protect consumer rights, namely: the Civil Code (hereinafter referred to as the Civil Code), in Part 2, Chapter V, Book II regulates the obligations of sellers (business actors) in an agreement buying and selling, for example in Articles 1473-1512 and Articles 1320-1338. These articles regulate agreements that also protect the parties involved in the agreement. UUPK guarantees that producers or traders are obliged to ensure that the goods and services offered meet the established safety and quality standards. Consumers have the right to receive replacement or compensation in accordance with applicable provisions if there are defects or quality problems. Apart from that, the UUPK regulates how consumer disputes can be resolved peacefully and fairly through mediation, conciliation processes, or through authorized institutions such as the Consumer Dispute Resolution Agency (BPSK). The aim of this mechanism is to provide a fast and effective alternative solution for customers who have problems with manufacturers or sellers.

In addition, the UUPK regulates the Indonesian government's policies regarding trade transactions through the Consumer Protection Supervisory Agency (BP2K) or similar institutions which are responsible for supervising and controlling business practices that are detrimental to consumers, such as fraud, selling illegal goods, and monopoly. In addition, UUPK encourages consumer protection efforts by increasing consumer awareness about their rights and how they can protect themselves when making transactions. The goal of consumer education is to make customers intelligent and useful when making consumption decisions.

To protect parties transacting with each other, BAPPEBTI has implemented a strong regulatory framework to protect consumers who hold crypto assets. BAPPEBTI Regulation Number 8 of 2021 concerning Guidelines for Organizing Physical Market Trading in Crypto Assets (Crypto Assets) on the Futures Exchange outlines this regulation. In general, UUPK functions as the basis for consumer protection in this regulation. The regulations also discuss the duties and responsibilities of crypto asset storage managers, crypto commodity futures exchange operators, crypto asset futures clearing institutions, and crypto asset traders. Therefore, this regulation was created to ensure that consumer rights are protected in the crypto asset trading environment on

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the Futures Exchange. Furthermore, the current government through the Ministry of Trade has provided a vehicle for crypto companies to carry out transactions and investments.

The Ministry of Trade has inaugurated a crypto exchange, and there are 23 crypto companies that have been registered on the exchange. The establishment of the crypto exchange is contained in the Decree of the Head of CoFTRA Number 01/BAPPEBTI/SP-BBAK/07/2023 dated 17 July 2023 concerning Approval as a Crypto Asset Futures Exchange to PT Bursa Komoditi Nusantara. People may feel safer when transacting with crypto exchanges. Therefore, everything is done legally. In addition to opening a crypto asset exchange, the Ministry of Trade (Kemendag) issued Decree of the Head of CoFTRA Number 01/BAPPEBTI/SP-LKBAK/07/2023 dated 17 July 2023 concerning Approval as a Futures Clearing Institution for Guaranteeing and Settlement of Crypto Asset Physical Market Trades to PT Kliring Berjangka Indonesia. Apart from that, Decree of the Head of CoFTRA Number 02/BAPPEBTI/SP-LKBAK/07/2023 dated 17 July 2023 regulates the management of the storage area to PT Tennet Depository Indonesia. (CNN Indonesia, 2023)

Definition of Physical Market according to Regulation of the Commodity Futures Trading Supervisory Agency Number 2 of 2019 concerning the Implementation of Physical Markets for Commodities on the Futures Exchange in article 1 number 6. Regulates that the Physical Market for Commodities on the Futures Exchange, hereinafter referred to as the Physical Market, is an organized physical market carried out using facilities electronic facilities facilitated by the Futures Exchange or electronic means owned by Physical Commodity Traders. The implementation of crypto in Indonesia as an asset that can be traded on the futures exchange is an effective step to protect consumers. This is done because there are at least several functions of commodity futures exchanges, including: (Pantas Slow Batu, 2010)

1. Through hedging activities in futures contracts, risk management can be carried out to reduce the impact of price changes. Commodity producers can sell commodities that they will harvest several months later at a price set by the producer based on their business calculations through futures trading. To protect against price risk, hedging is used. Basically, primary commodity prices often change due to dependence on variables that are difficult to control, such as seasonal changes and natural disasters. They can reduce the impact (risk) of price fluctuations by hedging with Futures Contracts. Commodity producers can use Futures Contracts to sell products they will harvest several months later at a fixed or "locked in" price at this time (before harvest). They can obtain a price guarantee, meaning the selling price is not affected by increases or decreases in the cash market. In addition, other parties, such as exporters who need to purchase goods in the future, because they need to fulfill contracts with overseas buyers, or processors who need to purchase goods periodically. It is possible to say that a hedging transaction involves a temporary replacement of a cash transaction with a future market transaction. The hedging mechanism consists of opposing transactions between positions in the physical and futures markets. to protect the hedging party from the impact of physical movements that conflict with previous calculations or estimates.
2. As a clear and reasonable method for determining prices. Basically, futures trading is an option to determine or form prices. Price discovery or price formation is not the same as price fixing. The process by which sellers and buyers reach agreement on certain prices and terms of sale, also known as the "terms of trade", is called price formation or price discovery. which reflects the actual demand and supply of traded commodities. This can be done because transactions are only carried out by Exchange Members, whether they act as Customer representatives or personally. In other words, there is no close relationship or direct knowledge between the buyer and seller of a Futures Contract.

Futures trading has two functions, but it also serves as an alternative for investors or speculators who use exchanges for investment. They profit from price changes, such as buying futures contracts at low prices and then selling them when prices are high. Indonesian law differentiates between the Commodity Futures Market and the Capital Market in general based on aspects of the assets being traded. The differences between them are as follows:

1. Futures market investors do not have to pay the full value of the contracts they buy or sell. He opened a position in the futures market to pay a performance bond, also known as a trust deposit. Investors only need to provide margin funds determined by their broker for each open contract lot used as investment capital. On the other hand, people who want to invest on the stock exchange have to pay the full price of the shares they buy.
2. In the Commodity Futures Market, mark-to-market is done every day. On the stock exchange, securities trading will be temporarily suspended if the price of certain securities rises by 30%. The issuers concerned were asked to explain whether there was any information that needed to be provided to the public about their business before trading resumed.
3. The lifetime of traded goods is another difference between stock exchanges and futures exchanges. There are restrictions on contracts traded on futures exchanges. On the stock exchange, the lifespan of shares traded is unlimited.

Due to the very dynamic and volatile nature of the crypto asset business, crypto assets are the right choice for inclusion in the Commodity Futures Market. The Crypto Asset Physical Market is a physical market that sells or buys Crypto Assets using electronic

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means provided by the Futures Exchange or by Physical Crypto Asset Traders. Crypto assets are intangible commodities in digital form that are used to verify transactions, secure transactions, and regulate the creation of new units through cryptography, networks of friends, and distributed ledgers. Crypto assets can be traded if they meet the following conditions:

1. based on distributed ledger technology;
2. in the form of utility Crypto Assets or Crypto Backed Assets;
3. the market capitalization value (market cap) is ranked in the top 500 (five hundred) Crypto Asset market capitalizations (coinmarketcap) for utility Crypto Assets;
4. enter the largest Crypto Asset exchange transactions in the world;
5. has economic benefits, such as taxation, growing the informatics industry and the competence of experts in the field of informatics (digital talent); And
6. a risk assessment has been carried out, including the risk of money laundering and the financing of terrorism and the proliferation of weapons of mass destruction.

According to Commodity Futures Trading Supervisory Agency Regulation Number 7 of 2020, which determines the list of crypto assets that can be traded on the physical crypto asset market, there are 229 crypto assets that can be traded. With large investment potential, crypto assets have attracted widespread public interest. Therefore, crypto assets deserve to be the subject of Futures Contracts on futures exchanges. In physical trading of crypto assets, there needs to be regulations governing crypto asset trading which aim to: (Ministry of Trade of the Republic of Indonesia, 2019)

1. Providing legal certainty for crypto asset trading businesses in Indonesia;
2. Provide protection to Crypto Asset Customers from possible losses from trading crypto assets;
3. Facilitate innovation, growth and development of physical Crypto Asset trading business activities in Indonesia; And
4. Prevent the use of crypto assets for illegal purposes such as money laundering and terrorism financing as well as the development of weapons of mass destruction; (mandate of the Money Laundering Crime Law and the Terrorism Financing Crime Law).

Article 1 of the Regulation of the Minister of Trade of the Republic of Indonesia Number 99 of 2018 concerning General Policy for the Implementation of Trading in Crypto Assets (Crypto Assets) regulates that crypto assets (Crypto Assets) are designated as Commodities that can be used as Subjects of Futures Contracts traded on the Futures Exchange. Article 2 regulates further regulations regarding the determination of crypto assets. Additional regulations for trading crypto assets are created based on these regulations. Regulation of the Commodity Futures Trading Supervisory Agency Number 5 of 2019 concerning Technical provisions for the implementation of the physical market for crypto assets (crypto assets) on the futures exchange has been amended by Regulation of the Commodity Futures Trading Supervisory Agency Number 3 of 2020 concerning the Third Amendment to Regulation of the Commodity Futures Trading Supervisory Agency Number 5 of 2020 concerning 2019 concerning technical provisions for the implementation of the physical market for crypto assets (crypto assets) on the futures exchange. Commodity Futures Trading Supervisory Agency Regulation Number 7 of 2020 concerning Determining the List of Crypto Assets That Can Be Traded on the Physical Crypto Asset Market regulates all crypto assets that can be traded on the physical market.

Three institutions are responsible for safeguarding crypto asset trading activities: the Commodity Futures Trading Supervisory Agency (Bappepti) oversees all aspects of cryptocurrency for assets or investments, the OJK oversees cryptocurrency institutions, and the Ministry of Information and Informatics oversees the protection of investors' personal data. Article 5 of the Commodity Futures Trading Law-Changes stipulates that CoFTRA regulates, develops, fosters and supervises futures trading with the aim, one of which is in letter b, of protecting the interests of all parties in futures trading related to the Physical Crypto Asset Market. Physical traders of commodities, customers of crypto assets, and managers of crypto asset depositories must be protected. Legal protection mechanisms by the government have been provided in several regulations and institutional roles.

To keep the Futures Exchange transparent and safe, the law protects it from liability. Paragraph 2 of Article 7 states that the Futures Exchange must ensure that trading on the Physical Market can be carried out so it must:

1. provide and/or develop an on-line trading system and/or facility that is trusted, open, easy, fast and reliable and connected to the Futures Clearing Institution which has been examined by a certified and competent institution, in terms of Physical Market transaction mechanisms with matching (matching) transactions on the Futures Exchange;
2. grant access rights to all systems used to Bappepti for supervision;
3. provides a reporting system to accommodate trade transactions that occur with Physical Commodity Traders, in terms of Physical Market transaction mechanisms with matching. transactions at Physical Commodity Traders;
4. provide a means of resolving disputes;
5. publish Commodity prices that occur in the Physical Market;
6. submit physical market operation transaction reports to CoFTRA and the Futures Clearing House;

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7. apply the Anti-Money Laundering and Prevention of Terrorism Financing provisions that apply to Futures Trading to Participants;
8. has a unit under the Board of Directors whose duties and functions are to handle the implementation of the Physical Market;
9. prepare detailed and separate records and reports of all activities related to trading on the Physical Market;
10. guarantee the confidentiality of information on financial positions and transaction activities in the Physical Market, unless such information is provided in the context of implementing the provisions of laws and regulations in the Commodity Futures Trading sector; And
11. Document and store properly all data related to Physical Market trading activities.

Legal Protection through the Financial Services Authority (OJK), an institution that has the functions, duties and authority to regulate, supervise, examine and investigate in accordance with Law Number 21 of 2011 concerning the Financial Services Authority. One of the objects of OJK supervision is financial services institutions, which means institutions that work in the fields of banking, capital markets, insurance, pension funds, financing institutions and other financial services institutions. Supervised institutions include crypto asset traders. Apart from that, Articles 28, 29 and 30 of Law Number 21 of 2011 concerning the Financial Services Authority regulate crypto asset investors. OJK protects consumers of financial services by means of prevention (preventive) and sanctions (repressive). Article 28 of Law Number 21 of 2011 concerning the Financial Services Authority provides legal protection for consumers of crypto assets.

Article 29 of Law Number 21 of 2011 concerning the Financial Services Authority stipulates that the OJK provides consumer complaint services, which include; a). provide an adequate system for handling complaints from consumers who have been harmed by perpetrators in financial services institutions; b). create procedures to handle complaints from consumers who have been harmed by perpetrators at financial services institutions; and c). assist in resolving complaints from consumers who have been harmed by perpetrators at financial services institutions. OJK has the authority to carry out legal defense in the interests of consumers and the public in cases where there is a dispute between consumers and financial services institutions. This legal defense involves asking financial services institutions to resolve complaints submitted by consumers who feel aggrieved.

It can be seen that regulations regarding consumer protection by the OJK and Bappeti protect investors by establishing obligations towards the exchange and mechanisms for complaints and dispute resolution. However, the regulations regarding these obligations do not yet stipulate administrative sanctions for violations of the obligations that have been determined. The government needs to establish a sanctions policy against crypto investment actors so as to create a sense of security for consumers.

CONCLUSION

The act of rugpull is comparable in principle to conventional fraud. One of the things that differentiates them is the evidence or methods they use, namely using electronic systems, such as computers, the internet and telecommunications devices. Therefore, law enforcement for this criminal act of fraud should not be limited to article 378 of the Criminal Code; It must also be included in Article 28 paragraph (1) of Law Number 19 of 2016 concerning Information and Electronic Transactions to strengthen the legal basis.

Legal protection for crypto asset customers who carry out transactions is very important because it will increase public trust in transactions on the Physical Crypto Asset Market. Because transactions are carried out online, there is a high risk of loss. Because of this, customer margins can be lost in a very short time because the system used is not functioning properly. Therefore, it is important to protect crypto asset customers legally.

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