

# ANALYZING THE ROLE OF DIGITAL SECURITIES FROM INDONESIA'S LAW PERSPECTIVE

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## Abstract

Digital securities (or security tokens) mark a profound evolution in digital assets, functioning as financial instruments issued and managed on a distributed ledger. These tokens possess a legal and contractual link to real-world assets (e.g., stocks, bonds, or real estate), granting investors specific rights like dividends and voting power. The Indonesian market is undergoing a fundamental regulatory shift, mandated by Law No. 4 of 2023 (“UU P2SK”), which strategically moves the oversight of these assets from the Commodity Futures Trading Regulatory Agency (“Bappebti”) to the Financial Services Authority (“OJK”). This transition, formalized by OJK Regulation No. 27 of 2024, reclassifies crypto assets from "intangible commodities" to "digital financial assets." This reclassification necessitates a comprehensive financial sector approach, introducing stringent standards: elevated capital requirements, comprehensive AML/CFT/CPFWMD compliance (including the Travel Rule), and robust cybersecurity and product risk mitigation through the FSTI Regulatory Sandbox. This article provides a detailed analysis of this regulatory overhaul, arguing that the OJK framework fundamentally secures investor protection, reduces systemic risk, and establishes a clear, institutional pathway for the innovation and maturity of Indonesia's digital securities ecosystem. The successful regulation of gold bullion under OJK Regulation No. 17 of 2024 serves as a critical precedent for integrating physical assets into this strictly regulated digital financial framework, crucial for boosting market liquidity.

**Keyword:** *Digital Securities, Regulatory Transition, OJK Regulatory Shift.*

## Introduction

Digital securities, or security tokens, represent a significant maturation of the digital

asset concept, serving as financial instruments issued and managed on a distributed ledger.<sup>1</sup> They are legally and contractually tied to real-world assets, such as stocks, bonds, or real estate, and grant investors specific rights like dividends or voting power.<sup>2</sup> The process of digitizing these assets, known as tokenization, is a dual legal and technical operation that aims to create an enforceable link between the digital token and the underlying physical asset. This process can divide high-value assets, like a commercial property, into a large number of fractional shares, democratizing access for a broader pool of investors.<sup>3</sup>

The evolution of this market in Indonesia is a compelling case study of a country actively building a robust regulatory framework. Historically, crypto assets in Indonesia were under the purview of the Bappebti and were classified as "intangible commodities."<sup>4</sup> However, this landscape is undergoing a significant transformation mandated by Law No. 4 of 2023 on Financial Sector Development and Reinforcement UU P2SK, which transfers regulatory and supervisory authority for digital financial assets from Bappebti to the OJK.<sup>5</sup> This transition is a strategic step by the government to "anticipate future risks and protect consumers or investors" while aligning the digital finance ecosystem with international standards.<sup>6</sup>

The shift was formalized by OJK Regulation No. 27 of 2024, which redefines crypto assets from "intangible commodities" to "digital financial assets," a term with expanded economic applications such as value storage and investment.<sup>7</sup> This move reflects a growing

<sup>1</sup> Blockstream, "Digital securities," Blockstream Glossary, accessed September 19, 2025, <https://glossary.blockstream.com/digital-securities/>

<sup>2</sup> Frankfurt School of Finance & Management, "Digital Securities: The Future of Financial Instruments," Frankfurt School Executive Education, accessed September 19, 2025, (<https://execed.frankfurt-school.de/home/individuals/seminar~000000163980CS>).

<sup>3</sup> "What Is Tokenization of Real World Assets?," 4irelabs, accessed September 19, 2025, <https://4irelabs.com/articles/real-world-asset-tokenization/>.

<sup>4</sup> K&K Advocates, "OJK Regulation No. 27 of 2024 Redefines Crypto from Commodity to Financial Asset," accessed September 19, 2025, <https://www.kk-advocates.com/news/read/regulatory-update-ojk-regulation-272024-redefines-crypto-from-commodity-to-financial-asset>.

<sup>5</sup> Assegaf Hamzah & Partners, "Changing of the Guards in Indonesia's Crypto Asset Sector," accessed September 19, 2025, <https://www.ahp.id/changing-of-the-guards-in-indonesias-crypto-asset-sector/>.

<sup>6</sup> CNBC Indonesia, "Ada Alasan 'Ngeri' di Balik Transisi Kripto Bappebti ke OJK," accessed September 19, 2025, <https://www.cnbcindonesia.com/market/20230119133657-17-406793/ada-alasan-ngeri-di-balik-transisi-kripto-bappebti-ke-ojk>.

<sup>7</sup> Agile Legal, "Financial Services Authority Sets Out Framework for Trading of Digital Financial Assets in New Regulation," accessed September 19, 2025,

consensus that these assets are not merely speculative commodities but full-fledged financial instruments that require a more comprehensive legal and regulatory approach.

This article will explain the complexities of this regulatory transition, analyzing the key provisions of the new OJK framework, the specific risks it aims to mitigate, and the potential impact on market participants. It will explore how the reclassification of these assets from "commodities" to "financial assets" fundamentally reshapes the legal landscape, offering a clearer path for innovation while establishing robust investor protections. By examining this strategic shift, we can gain a deeper understanding of Indonesia's position as a leader in creating a structured and secure environment for the future of digital finance.

## Discussion

The shift of digital asset oversight from Bappebti to OJK marks a fundamental overhaul of Indonesia's digital finance ecosystem, moving assets from a narrow "commodity" definition to a broad "digital financial asset" classification. This regulation, formalized by OJK Regulation No. 27 of 2024, fundamentally reshapes the legal landscape, necessitating a deeper analysis of its implications for market participants, systemic security, and the adoption curve of digital securities.

### 1. Key Differences and Implications of the Bappebti-OJK Regulatory Regimes

The shift of crypto asset oversight from Bappebti to OJK marks a transformation regarding how crypto assets are classified and regulated. Under Bappebti's regime, crypto assets were regarded as intangible commodities intended for trading.<sup>8</sup> Under Bappebti, the focus was on the integrity of commodity trading platforms. The OJK regime, conversely, adopts financial sector stability instructions, which introduce significant implications for market operators:

<https://www.agilegal.id/publication/articles/29790/financial-services-authority-sets-out-framework-for-trading-of-digital-financial-assets-in-new-regulation>

<sup>8</sup> K&K Advocates, "Regulatory Update: OJK Regulation 27/2024 Redefines Crypto — From Commodity to Financial Asset," *K&K Advocates*, January 10, 2025,

<https://www.kk-advocates.com/news/read/regulatory-update-ojk-regulation-272024-redefines-crypto-from-commodity-to-financial-asset>.

- **Elevated Capital and Governance**

OJK Regulation No. 27/2024 introduces significantly stricter capitalization requirements (e.g., minimum paid-up capital of IDR 100 billion for Digital Financial Asset Traders), aiming to ensure only strong and well-capitalized institutions manage investor funds.<sup>9</sup> This requirement immediately elevates market integrity and signals a serious commitment to financial stability.

- **Comprehensive Compliance**

The new framework instructed the implementation of Good Corporate Governance, advanced Cyber Resilience protocols, and stricter Anti-Money Laundering, Counter-Financing of Terrorism, and Counter Proliferation Financing of Weapons of Mass Destruction (AML/CFT/CPFWMD) rules, including enforcement of the "Travel Rule."<sup>10</sup> This integration into the broader financial compliance ecosystem sets Indonesian standards on par with international benchmarks, mitigating the systemic risk of illicit finance.

- **Redefinition of the Asset**

The core reclassification of assets from "intangible commodities" to "Digital Financial Assets" broadens their permissible economic use (e.g., as collateral or investment instruments) and opens the door for conventional banks and financial institutions to participate in the digital asset market, an area previously restricted.<sup>11</sup>

<sup>9</sup> K&K Advocates, "Regulatory Update: OJK Regulation 27/2024 Redefines Crypto — From Commodity to Financial Asset," *K&K Advocates*, January 10, 2025, <https://www.kk-advocates.com/news/read/regulatory-update-ojk-regulation-272024-redefines-crypto-from-commodity-to-financial-asset>.

<sup>10</sup> K&K Advocates, "Regulatory Update: OJK Regulation 27/2024 Redefines Crypto — From Commodity to Financial Asset," *K&K Advocates*, January 10, 2025, <https://www.kk-advocates.com/news/read/regulatory-update-ojk-regulation-272024-redefines-crypto-from-commodity-to-financial-asset>.

<sup>11</sup> K&K Advocates, "Regulatory Update: OJK Regulation 27/2024 Redefines Crypto — From Commodity to Financial Asset," *K&K Advocates*, January 10, 2025, <https://www.kk-advocates.com/news/read/regulatory-update-ojk-regulation-272024-redefines-crypto-from-commodity-to-financial-asset>.



## 2. Technical and Operational Risks and OJK's Mitigation Framework

Digital securities inherently carry technical and operational risks tied to distributed ledger technology, and the OJK framework specifically aims to mitigate these risks:

- **Cybersecurity and System Risk**

The OJK addresses the risk of system failures and cyber-attacks by mandating stringent security measures. OJK Reg 27/2024 enforces compliance with requirements for certified personnel, secure systems, and business continuity plans. This is further underpinned by existing OJK regulations (such as POJK No. 11/2022 on IT Implementation), which enforce risk-aware IT governance and mandate rapid incident reporting to the OJK.<sup>12</sup>

- **Smart Contract and Product Risk**

In the case of tokenization, coding vulnerabilities can lead to financial losses. The OJK mitigates this through product evaluation. The Digital Financial Asset Exchange is now responsible for determining a Crypto Asset List based on strict criteria, precautionary principles, and consumer protection. Furthermore, complex or novel products must pass through the Financial Sector Technology Innovation (FSTI) Regulatory Sandbox before commercial launch, ensuring technical maturity and safety.<sup>13</sup>

- **Investor Protection**

Beyond system security, the framework emphasizes consumer protection. Traders are required to obtain express consumer consent to detailed risk disclosures, aligning the process with capital market disclosure practices.<sup>14</sup>

<sup>12</sup> Indonesia, Otoritas Jasa Keuangan, *Peraturan Otoritas Jasa Keuangan Nomor 11 Tahun 2022 tentang Penerapan Teknologi Informasi oleh Lembaga Jasa Keuangan* (POJK 11/2022).

<sup>13</sup> Indonesia, Otoritas Jasa Keuangan, *Peraturan Otoritas Jasa Keuangan Nomor 27 Tahun 2024 tentang Perdagangan, Bursa, dan Kliring Digital Financial Asset* (POJK 27/2024), art. 32-35.

<sup>14</sup> Indonesia, Otoritas Jasa Keuangan, *Peraturan Otoritas Jasa Keuangan Nomor 27 Tahun 2024 tentang Perdagangan, Bursa, dan Kliring Digital Financial Asset* (POJK 27/2024), art. 42.

### 3. Market Maturity, Liquidity Constraints, and the Role of Bullion/Digital Gold

While the OJK framework provides the necessary legal foundation, achieving widespread adoption and liquidity for digital securities remains a structural challenge. Many real-world assets suitable for tokenization are inherently illiquid, and fractionalization alone does not help in the deep market.

The integration of the bullion business into the financial sector provides a crucial blueprint and potential driver for maturity. Under OJK Regulation No. 17 of 2024 (POJK 17/2024), OJK now regulates gold-related activities: Gold Deposits, Gold Financing, Gold Trading, and Gold Custody, through financial service institutions (LJK Bullion).<sup>15</sup>

By regulating gold, a traditional commodity as a financial service product, OJK demonstrates the successful transformation of a physical asset into a strictly regulated digital financial ecosystem. The launch of formal Gold Banking services (such as by PT Pegadaian and Bank Syariah Indonesia) further solidifies this approach.

For digital securities and tokenized gold (often previously under Bappebti), this OJK oversight enhances investor trust and standardizes operations, addressing the liquidity issue by encouraging institutional participation. The government has also utilized tax reforms to incentivize the use of formally regulated channels for gold transactions, for example, Minister of Finance Regulation No.51 and No.52 of 2025, further aligning commodity-based financial products with the formal OJK ecosystem.<sup>16</sup> This example provides a clear, structured pathway for other real-world assets to gain institutional confidence under the new digital financial assets classification, which is essential for increasing overall market liquidity.

<sup>15</sup> Otoritas Jasa Keuangan, *Peraturan Otoritas Jasa Keuangan Nomor 17 Tahun 2024 tentang Penyelenggaraan Kegiatan Usaha Bullion* (Regulation of the Financial Services Authority Number 17 of 2024 concerning the Operation of Bullion Business Activities), Pasal 2, ayat 1, Oct. 18, 2024.

<sup>16</sup> MUC, "Gold Purchases at Bullion Banks Are Tax-Free for Transactions Under IDR 10 Million," *MUC*, August 1, 2025, <https://muc.co.id/en/article/gold-purchases-at-bullion-banks-are-tax-free-for-transactions-under-idr-10-million>.

## Conclusion

The transition of digital asset oversight in Indonesia from Bappebti to OJK, driven by Law UU P2SK and formalized by OJK Regulation No. 27 of 2024, represents a pivotal and strategically sound shift for the financial sector. This reclassification of crypto assets from "intangible commodities" to "digital financial assets" is a necessary step that aligns the nation's regulatory structure with the functional reality of these instruments as full-fledged financial products.

The new OJK framework provides the bedrock for a robust and secure digital securities market. By imposing elevated capital requirements, mandating comprehensive compliance with international standards like AML/CFT/CPFWMD and the Travel Rule, and establishing rigorous mechanisms for risk mitigation through the FSTI Regulatory Sandbox, OJK is effectively building institutional trust. These measures are designed to safeguard investor interests, reduce systemic risk, and open the market to conventional financial institutions, thereby fulfilling the government's mandate to "anticipate future risks and protect consumers or investors."

Furthermore, the successful integration of the gold bullion business into the regulated financial ecosystem under OJK Regulation No. 17 of 2024 offers a practical blueprint for the tokenization of other real-world assets. This precedent demonstrates how physical assets can be successfully integrated into the formal digital financial landscape, a process critical for solving the core challenge of market liquidity and accelerating the maturity of the digital securities market.

In conclusion, Indonesia's proactive and comprehensive regulatory strategy for digital assets not only establishes a clear legal and operational environment for security tokens but also positions the country as a leader in creating a secure, innovative, and institutionally viable future for digital finance. The foundation is now set for digital securities to transition from a niche technology to a core component of the Indonesian financial system.



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