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Comparative Analysis of Backdoor Listing Regulations in Indonesia and Singapore: Implications for Investor Protection

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Abstract. *The development of backdoor listing practices as an alternative to share listings has created new dynamics in capital market law, particularly regarding investor protection. In Indonesia, transactions that substantially resemble backdoor listings are not regulated by a special regime but are instead subject to general takeover and information disclosure provisions. In contrast, Singapore classifies similar transactions as reverse takeovers (RTOs) or very substantial acquisitions (VSAs), with approval and disclosure mechanisms equivalent to initial public offerings (IPOs). The research problem is to examine the differences in backdoor listing regulations and how these differences impact investor protection, particularly minority investors. This study aims to analyze the comparative regulations between Indonesia and Singapore and assess their legal implications for the effectiveness of investor protection. The method used is normative legal research with a comparative approach, aiming to compare backdoor listing regulations in Indonesia and Singapore. The results show that the Indonesian model is reactive and administrative, resulting in repressive investor protection. In contrast, Singapore's approach is preventative through pre-transaction approval and comprehensive disclosure, which strengthens ex ante protection. It concludes that strengthening the disclosure regime and preventive approval is necessary to enhance investor protection in backdoor listing practices in Indonesia.*

***Keywords**: Backdoor; Investors; Listings; Protection.*

1. Introduction

The capital market has a strategic role in supporting national economic development as a source of financing for the business world and an investment vehicle for the community (Setiadi, W. 2021). In Indonesia, capital market regulation is stipulated in Law Number 8 of 1995 concerning Capital Markets, which emphasizes the importance of order, transparency, and investor protection. In practice, the capital market is characterized not only by the Initial Public Offering (IPO) mechanism, but also by alternative practices such as backdoor listings or reverse takeovers (RTOs).

Backdoor listing A backdoor listing is a mechanism by which a non-public company acquires public company status through a takeover of a listed company, bypassing the IPO process. This practice is considered more time- and cost-efficient, but carries serious risks, particularly related to information disclosure, changes in control, and the protection of minority investors. To date, Indonesia lacks specific regulations governing backdoor listings, so oversight relies solely on general provisions for public company takeovers and the principle of information disclosure.

This phenomenon is reflected in the case of PT Sekawan Intipratama Tbk (SIAP). In 2014, SIAP undertook a corporate action through a rights issue to acquire a mining company that was not yet commercially operational. This transaction triggered a surge in share prices, accompanied by allegations of speculative practices and irregular transactions, leading the Indonesia Stock Exchange to suspend trading in SIAP shares. This case demonstrates that changes in control and business activities can occur through backdoor listing mechanisms without adequate preventive oversight, potentially harming public investors.

In comparison, Singapore implements stricter backdoor listing regulations through the Singapore Exchange (SGX) Listing Rules, which require due diligence, comprehensive information disclosure, and shareholder approval. This is reflected in the case of Cheong Chee Hwa v China Star Food Group Ltd (2019), where the court emphasized that investor protection is not based on profit expectations, but rather on compliance with regulations and valid contracts. This ruling underscores the strength of Singapore's legal framework in maintaining capital market integrity and mitigating the risk of information asymmetry.

A comparison between Indonesia and Singapore reveals a regulatory gap regarding backdoor listings. The absence of specific regulations in Indonesia has the potential to undermine legal certainty and investor protection, while Singapore's legal framework demonstrates that robust regulations can enhance market confidence. Therefore, this research is crucial for analyzing the differences in backdoor listing regulations in the two countries and formulating recommendations for strengthening investor protection in the Indonesian capital market.

2. Research Methods

This research uses normative legal research (normative juridical) which focuses on the study of positive legal norms, legal principles, doctrines, and relevant legal literature (Soekanto, S., & Mamudji, S. 2015). The research was conducted by analyzing secondary legal materials in the form of laws and regulations, stock exchange regulations, decisions, and scholarly opinions related to backdoor listing practices and investor protection in Indonesia and Singapore. A comparative approach was used, with the aim of comparing backdoor listing regulations in Indonesia and Singapore to identify how each legal system provides investor protection. The data sources in this study consist of primary legal materials, secondary legal materials, and tertiary legal materials. Primary legal materials include laws and capital market regulations applicable in Indonesia and Singapore. Secondary legal materials include books, scientific journals, articles, and previous research results relevant to the research topic. Tertiary legal materials include legal dictionaries and Indonesian and English dictionaries. Data collection was conducted through literature review, by examining and reviewing various relevant regulations, literature, and legal documents. The data obtained were then analyzed using descriptive and comparative analysis to compare backdoor listing regulations and their implications for investor protection in Indonesia and Singapore.

3. Results and Discussion

3.1. Differences in backdoor listing regulations implemented in Indonesia and Singapore

1) Legal Framework and Basis

a. Framework and Legal Basis for Backdoor Listing in Indonesia

The legal framework of the Indonesian capital market is primarily based on Law Number 8 of 1995 concerning Capital Markets (UUPM), which regulates the implementation of capital market activities, including public offerings, securities trading, and the authority of supervisory authorities (Law Number 8 of 1995 concerning Capital Markets, State Gazette of the Republic of Indonesia 1995 Number 64). The UUPM places a public offering (Initial Public Offering/IPO) as a formal mechanism for a company to obtain status as a public company (Article 1 number 15 and Article 70 of Law Number 8 of 1995 concerning Capital Markets). The Capital Market Law does not contain explicit provisions regarding backdoor listings, either in the form of definitions, prohibitions, or oversight mechanisms. Consequently, backdoor listing practices are not understood as a separate legal regime, but rather as a consequence of corporate actions that are legitimate under other laws and regulations.

Institutionally, the regulation and supervision of the Indonesian capital market is carried out by the Financial Services Authority (OJK), while the Indonesia Stock Exchange (IDX) functions as a Self-Regulatory Organization (SRO) that regulates the technical aspects of share listing (Regulations of the Indonesia Stock Exchange concerning share listing, 2023). However, neither the Financial Services Authority (OJK) nor the Indonesian Stock Exchange (IDX) have specific regulations explicitly qualifying certain transactions as backdoor listings. In practice, backdoor listings in Indonesia are generally conducted through the takeover mechanism of a public company by a private company. This mechanism derives its legal basis from Law Number 40 of 2007 concerning Limited Liability Companies (UUPT), which permits takeovers provided they comply with GMS procedures, creditor protection, and minority shareholder protection (Law Number 40 of 2007 concerning Limited Liability Companies, State Gazette of the Republic of Indonesia 2007 Number 106, especially Article 1 number 11 and Articles 125–129).

From a capital market perspective, the change in control was responded to through OJK Regulation Number 9/POJK.04/2018 concerning Takeovers of Public Companies, which requires the implementation of a mandatory tender offer by the new controller (Financial Services Authority Regulation Number 9/POJK.04/2018 concerning Takeover of Public Companies, State Gazette of the Republic of Indonesia 2018). However, this regulation only regulates the legal consequences after a takeover occurs, not assessing the economic substance of the transaction as a pathway to capital markets.

b. Framework and Legal Basis for Backdoor Listing in Singapore

Unlike Indonesia, Singapore's capital market legal framework is built on a substance-over-form approach. Regulation of the Singapore capital market falls under the Securities and Futures Act (SFA), with the Singapore Exchange (SGX) holding technical regulatory authority through its Listing Rules (Securities and Futures Act. 2001) In Singapore's legal system, the term backdoor listing is not explicitly used. Practices functionally equivalent to backdoor listing are classified as Reverse Takeovers (RTOs) or Very Substantial Acquisitions (VSAs) (Singapore Exchange Regulations. 2023). This classification is explicitly regulated in Part VIII of the SGX Listing Rules and Appendix 10A. The SGX Listing Rules state that a transaction will be categorized as a Reverse Takeover if, among other things, the transaction:

1) Resulting in a change in control of the issuer; and

2) Making the acquired business or assets the issuer's main business (Singapore Exchange Regulation, 2023).

Under these conditions, SGX normatively treats RTO as equivalent to an IPO, so that the resulting company is required to meet new listing requirements as is the case for a company conducting an initial public offering (Singapore Exchange Regulation, 2023). This approach is reinforced in Singaporean judicial practice, one of which is in the case of Public Prosecutor v. Lippo Bank Ltd and the 2019 SGHC decision No. 86, which emphasized that the classification of RTOs is based on the substantive impact of the transaction, not merely its legal form (Public Prosecutor v. Lippo Bank Ltd, 2019). Thus, Singapore does not need the term “backdoor listing” because all such schemes are automatically absorbed into the RTO/VSA regime.

c. Comparison of the Legal Framework and Basis of Indonesia and Singapore

Based on the description above, the fundamental difference between Indonesia and Singapore lies in their regulatory approach. Indonesia bases its capital market regulation on the formal IPO pathway and treats acquisitions as a corporate law issue, while Singapore explicitly includes certain takeover transactions within its share listing regime.

Normatively, Indonesia does not have a specific legal basis that qualifies backdoor listings as a separate capital market legal event. In contrast, Singapore explicitly makes RTOs/VSAs an integral part of its share listing system and subject to requirements equivalent to those of an IPO.

These differences in legal frameworks and bases indicate that Singapore adopts a preventive and substantive approach, while Indonesia tends to be reactive and procedural, which implies different levels of oversight of companies entering the capital market through non-IPO mechanisms.

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2) Transaction Terminology and Classification

a. Terminology and Classification of Backdoor Listing Transactions in Indonesia

In Indonesian capital market law, the term backdoor listing is not explicitly mentioned in capital market laws or regulations; it is more commonly used in academic studies and practice as a descriptive term for the phenomenon of a private company entering the stock exchange without going through an IPO (Aurelia Berliane, A., Putri, RS, & Hidayat, MR., 2024). mstated that this occurred because there was no norm that mapped backdoor listing as a separate legal category (Maychellina, M., & Rosando, R., 2024).

Therefore, the classification of transactions that are substantially equivalent to a backdoor listing is usually associated with the following forms of corporate action:

1) Takeover of a public company through share ownership resulting in a change of control, as defined in the Limited Liability Company Law and regulated more technically in OJK Regulation Number 9/POJK.04/2018 concerning Takeover of Public Companies (POJK 9/2018) (Muryanto, YT, & Wulandari, AD., 2020).

2) Significant material transactions, which are categorized based on certain materiality thresholds in the capital markets, although not specifically referred to as backdoor listings in the formal regime (Priasmoro, R., Hartono, B., & Lestari, A., 2024).

This means that in Indonesia, transaction classification still follows the general corporate action legal regime, not the capital market regime, which focuses on the transaction's function as a gateway to the capital market. Therefore, the term "backdoor listing" appears only in conceptual studies and not as legal terminology referring to a specific legal category (Syahdinda, N., & Nefi, A., 2023).

b. Terminology and Classification of Backdoor Listing in Singapore

In the Singapore capital market regime, the practice conceptually known as backdoor listing is legally institutionalized through the Reverse Takeover (RTO) and Very Substantial Acquisition (VSA) mechanisms as stipulated in the SGX Listing Rules Part VIII (Singapore Exchange Regulations., 2023). This regulation explicitly integrates certain takeover transactions into the share listing system, so that such transactions are no longer treated as ordinary corporate actions, but rather as capital market legal events equivalent to an initial public offering (IPO) (Singapore Exchange Regulations., 2023).

The SGX Listing Rules define transaction classifications based on relative figures calculated according to Rule 1006, including comparisons of asset value, net profit, transaction consideration, and the issuer's market capitalization (Singapore Exchange Regulations., 2023). If any of these indicators reaches or exceeds the 100% threshold, the transaction qualifies as a Very Substantial Acquisition. Furthermore, a transaction is categorized as a Reverse Takeover if, in addition to meeting the VSA threshold, it also results in a change of control over the listed issuer (Singapore Exchange Regulations., 2023). This change of control is a key element that distinguishes an RTO from a traditional material acquisition. Appendix 10A of the SGX Listing Rules emphasizes that an RTO transaction is treated as a new listing, with requirements equivalent to an IPO, including the preparation of a prospectus-like disclosure document, business due diligence, and regulatory and shareholder approvals (Singapore Exchange Regulations., 2023).

Under this structure, private companies entering through an RTO are legally subject to the same share listing standards as companies conducting an initial public offering. This normative approach is reinforced by the due diligence requirements and the involvement of a professional sponsor, as stipulated in Practice Note 2B of the SGX Listing Rules, which aims to ensure the viability and transparency of the resulting company (Singapore Exchange Regulations., 2023) Pavabutr (2020) shows that reverse takeovers are often chosen as an alternative to stock market listings because they allow private companies to obtain public company status without going through a traditional IPO; this study notes that in RTO transactions in Singapore and Thailand, companies are still required to meet the same listing standards as IPOs even though the scheme is through an acquisition (Pavabutr, P., 2020).

c. Comparison of Terminology and Classification of Transactions in Indonesia and Singapore

Conceptually, the fundamental difference between Indonesia and Singapore in regulating backdoor listings lies in the terminology and legal classification. Indonesia does not establish a specific legal term to describe backdoor listings, but rather allows the phenomenon to remain within the framework of general corporate actions such as takeovers and material transactions. As a result, transaction classification relies entirely on the formal legal form without considering the transaction's function as a means of indirect share listing.

In contrast, Singapore explicitly integrates backdoor listing practices into capital market legal terminology through the categories of Reverse Takeover (RTO) and Very Substantial Acquisition (VSA). Transaction classification is determined by quantitative parameters and changes in control, so that transactions that substantially result in a new listing are automatically treated as listing events. Under this approach, the economic function of the transaction becomes the primary basis for legal classification.

Thus, Indonesia applies a classification model based on the form of corporate action, while Singapore adopts a classification model based on the substance of share listings. This difference indicates that backdoor listings in Indonesia remain hidden within the general legal regime, while in Singapore they are explicitly institutionalized as a listing mechanism subject to the capital market regime.

3) Regulatory Oversight and Approval of Backdoor Listings

a. Oversight and Approval of Backdoor Listings in Indonesia

In the Indonesian capital market system, oversight of transactions that have the potential to function as backdoor listings is not carried out through a specific pre-transaction approval

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regime, but rather using the generally applicable takeover and information disclosure legal regime.

1) The role of the Financial Services Authority (OJK). Supervision of changes in control of issuers is carried out based on OJK Regulation No. 9/POJK.04/2018 concerning Takeovers of Public Companies, which requires a mandatory tender offer in the event of a takeover that changes control.

a. Article 1 number 5 of POJK 9/2018 defines takeover as a legal act that results in a change in control of the issuer (Financial Services Authority., 2018).

b. Article 7 paragraph (1) letter b states obligation implementation mandatory tender in response to such change of control (Singapore Exchange Regulations., 2023). This obligation is reactive, that is, after a change of control occurs, not an initial approval for a particular transaction.

2) The Role of the Indonesia Stock Exchange (IDX). As a Self-Regulatory Organization, the IDX requires issuers to disclose material transactions and other significant changes through information disclosure regulations, but it does not have provisions granting transaction approval powers based on their substance or impact on the listing status of shares (Indonesia Stock Exchange., 2023). Thus, regulatory oversight in Indonesia relates to the fulfillment of post-transaction obligations (e.g. mandatory tender and information disclosure), without a pre-transaction approval mechanism.

b. Oversight and Approval of Backdoor Listings in Singapore

Unlike Indonesia, Singapore has a proactive and preventative oversight mechanism, where regulatory and exchange approvals are part of the legal regime before any transaction takes effect.

1. Singapore Exchange (SGX) approval. Under SGX Listing Rules Part VIII (Very Substantial Acquisitions or Reverse Takeovers), transactions that meet the RTO or VSA criteria cannot be executed without the Exchange's approval.

c. Rule 1015 of the SGX Listing Rules stipulates that transactions that meet the criteria must be announced and obtain SGX approval before final execution and sets out the calculation of relative figures that form the basis for VSA/RTO classification (Singapore Exchange Regulations., 2023)

2. Shareholder Approval and Circular. For transactions classified as VSA/RTO, SGX requires the publication of a shareholder's circular containing information equivalent to a prospectus, as well as the approval of independent shareholders before the transaction can proceed (Singapore Exchange Regulations., 2023)

3. *Due Diligence* and Sponsor. The SGX Listing Rules also require the involvement of a sponsor or issue manager who will conduct due diligence and confirm compliance with the Exchange

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before approval is granted, as set out in the sponsorship provisions and the relevant Practice Note (Singapore Exchange Regulations., 2023).

c. Comparison of Regulatory Approval and Oversight Regimes

Indonesia's backdoor listing oversight regime is post-transaction, focusing on mandatory tender requirements and information disclosure after a change of control, without regulatory approval before the transaction becomes effective. In contrast, Singapore employs a pre-transaction mechanism, whereby RTO or VSA transactions require stock exchange and shareholder approval and meet IPO-level due diligence standards. This difference demonstrates that Indonesia relies on corrective oversight after a change in the issuer's structure occurs, while Singapore positions regulators as a preventative filter to control the risk of private companies entering the public market.

d. Backdoor Listing Information Disclosure

a) Transparency of Backdoor Listing Information in Indonesia

The principle of information disclosure is a key foundation of Indonesian capital market law, which aims to ensure transparency and investor protection. This obligation is regulated by Law Number 8 of 1995 concerning Capital Markets. Article 86 paragraph (1) states that issuers or public companies are required to submit reports and announce to the public any material events that could affect securities prices or investor decisions (Law Number 8 of 1995 concerning Capital Markets, Article 86 paragraph 1).

This provision is reinforced by Financial Services Authority Regulation No. 31/POJK.04/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies. Article 3 classifies changes in control, mergers, and takeovers as material facts that must be disclosed to the public (Financial Services Authority., 2015). Furthermore, Article 6 paragraph (1) stipulates that the announcement of material information must be made no later than two working days after the event occurs.

In the context of transactions that function as backdoor listings, Indonesia's disclosure mechanism operates as a post-event regime. Issuers are required to announce changes in control or material transactions after the legal event occurs, without the obligation to prepare a prospectus-like document as in an initial public offering.

b) Backdoor Listing Information Disclosure in Singapore

The information disclosure regime under Singapore's capital market law is more comprehensively regulated through the SGX Listing Rules, particularly in the context of transactions categorized as Very Substantial Acquisitions (VSAs) or Reverse Takeovers (RTOs). Generally, Rule 703 of the SGX Listing Rules requires every issuer to promptly disclose material information that could affect share prices or investor decisions (Singapore Exchange Regulations., 2023). This obligation is extended specifically to RTO/VSA transactions through

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Rule 1015 which requires the issuance of a shareholder's circular in accordance with Appendix 10A.

Appendix 10A of the SGX Listing Rules stipulates that the circular must contain information equivalent to a new share listing document, including the target company's historical financial statements, post-transaction ownership structure, business risk analysis, and the pro forma financial impact of the transaction (Singapore Exchange Regulations., 2023). With this construction, information disclosure in RTO/VSA transactions serves not only as a notification of material facts, but also as a mechanism for assessing the feasibility of a company entering the capital markets. Such disclosure must be made available to the public and shareholders before transaction approval is granted.

c) Comparison of Backdoor Listing Openness in Indonesia and Singapore

The fundamental difference between the two regimes lies in the orientation of disclosure. Indonesia adopts event-based disclosure, focusing on public notification after a material transaction occurs. In contrast, Singapore implements substantive disclosure, which serves as a screening tool for companies before the transaction becomes effective. Singapore's approach reflects the integration of information disclosure and share listing mechanisms, while Indonesia separates disclosure obligations from the substantive evaluation of entities entering the capital market.

3.2. Implications of the Differences in Backdoor Listing Regulations for Investor Protection in Indonesia and Singapore

1) Implications of Differences in Terminology and Transaction Classification on Investor Protection

Differences in legal terminology and classification between Indonesia and Singapore have significant legal consequences for investor protection, particularly for minority investors who face higher risk. Terminology determines the legal status of a transaction, while classification influences how it is treated within the capital markets legal system.

a. Terminology Gap as a Risk Gap for Investors in Indonesia

In Indonesia, backdoor listings do not have explicit legal terminology in the Capital Market Law or OJK regulations, so transactions that are functionally similar to reverse takeovers are treated as ordinary corporate actions without substance testing or disclosure obligations equivalent to an IPO Muryanto, YT, & Wulandari, AD., 2023). As a result, investors are often not provided with sufficient information about the quality, risks, and prospects of entities entering the capital market through this scheme, thereby increasing the potential for information asymmetry towards investors.

Furthermore, this terminological vacuum weakens the position of minority investors, as there is no clear legal standard for assessing whether a transaction is fair before a change of control occurs. Without a specific classification, investors are left relying on passive rights (such as mandatory tender) after the fact, rather than on preventative safeguards that ensure fairness and transparency before transaction approval.

b. Classification of RTO/VSA in Singapore as an Investor Protection Instrument

In contrast, in Singapore, transactions that are functionally equivalent to a backdoor listing are legally classified as Reverse Takeovers (RTOs) or Very Substantial Acquisitions (VSAs) under the SGX Listing Rules(Singapore Exchange Regulations., 2023). This classification subjects the transaction to a regime requiring full disclosure, regulatory approval, and shareholder approval. Because transactions categorized as RTOs are treated as new listings, investors have access to a shareholder's circular containing comprehensive information equivalent to an IPO prospectus (including historical financial statements, business risks, and pro forma impacts) (Singapore Exchange Regulations., 2023).

This approach aligns with academic literature emphasizing that recognizing and enforcing robust legal standards for transactions such as RTOs can reduce information asymmetry and enhance investor oversight of the risks inherent in backdoor listings. Comparative disclosure studies have shown that regimes with faster and more extensive disclosure (such as Singapore) tend to provide a higher level of investor protection than regimes requiring only post-transaction disclosure (Joeliant, HB, & Gunadi, A., 2025).

c. Comparison of Legal Consequences on Investor Protection

Of the two systems, the legal implications for investor protection have the following legal consequences:

a) Access to information becomes unequal. In Indonesia, because backdoor listings are not treated as new listings, investors do not receive information equivalent to an IPO prospectus, leaving them in a position of greater information asymmetry. In Singapore, however, investors have access to a complete circular before the transaction is approved.

b) Investor control over transactions. Indonesia tends to position investors as after-the-fact parties, while Singapore allows investors the opportunity to assess and approve or reject transactions before they become effective, thus strengthening minority protection mechanisms.

c) Principles of Transparency and Fairness: Without clear terminology and strict legal classification, the practice of backdoor listing in Indonesia can undermine the principles of good corporate governance that are essential in investor protection. Berliane, A., Ginting, B., Siregar, M., & Adawia, PR (2025) observed that the practice of backdoor listing in Indonesia does not meet the principles of transparency, accountability, fairness, and equality that are part of Good Corporate Governance, so that the practice has the potential to harm investors because it does not provide adequate legal protection (Berliane, A., Ginting, B., Siregar, M., & Adawia, PR., 2025).

2) Implications of Regulatory Oversight and Approval Regimes for Investor Protection

a) Reactive Oversight and Approval as a Risk Gap for Minority Investors in Indonesia

The Indonesian capital market oversight model, which operates after a change of control, creates structural risks for minority investors. When issuer restructuring through acquisitions is not initially assessed by regulators for its feasibility, public investors face fundamental changes to the company without a mechanism for screening business quality.

The practical implication is that minority investors remain tied to an issuer that has substantially transformed into a new entity with an unverified risk profile. Legal protection comes only in the form of the right to sell shares, not in the form of protection for the quality of the company in which their capital is invested.

Berliane et al.'s (2025) study shows that changes in control in backdoor listing practices in Indonesia are often accompanied by shifts in assets and business models that reduce the stability of public companies, while minority investors lack adequate information and preventative protection (Bahalwan, ZF., 2024).

Priasmoro et al. (2024) assert that weak substantive oversight increases the potential for opportunistic companies to use acquisition structures to enter the stock exchange without meeting capital market standards, resulting in public investors bearing the systemic risk of issuer transformation. Thus, Indonesia's supervisory regime implicitly shifts the burden of corporate restructuring risk to minority investors.

b) Preventive Supervision and Approval as an Investor Protection Instrument in Singapore

In contrast, pre-transaction oversight in Singapore serves as a legal screening mechanism that directly protects minority investors from the impact of hidden restructurings. Through regulatory evaluations before a transaction becomes effective, substantial changes to the issuer's portfolio cannot occur without proof of economic viability and information transparency.

The legal implication is that minority investors are not only protected through procedural rights, but also through quality control of issuers entering or changing in the capital market. Lu, L. (2024) states that the RTO supervisory design in Singapore systematically prevents regulatory arbitrage, namely the practice of avoiding IPOs by means of formal acquisitions, thereby maintaining market integrity and the interests of public shareholders (Lu, L., 2024).

Cheng, Z., Liang, S., & Liu, Z. (2024) proved that the pre-transaction selection mechanism reduces the risk of asymmetric information and minimizes the entry of high-risk companies into the stock exchange through alternative channels (Cheng, Z., Liang, S., & Liu, Z., 2024). In other words, the Singapore regime has turned regulatory oversight into a direct protection tool for minority investors.

c) Legal Consequences of Different Supervisory Regimes on Investor Protection

These differences in oversight design have significant legal consequences for minority investors. In Indonesia, capital market law allows issuer transformations to occur without substantive regulatory oversight, leaving minority investors exposed to restructuring risks without preventative protection. The legal system operates only after potential losses have been realized.

In Singapore, capital market laws prevent risk from the initial stages of a transaction, making the regulator the guardian of the interests of public investors. Legally, it can be concluded that reactive supervision in Indonesia weakens the protection of minority investors, while preventative supervision in Singapore strengthens the legal position of public investors.

3) Implications of Information Disclosure for Investor Protection

a. *Disclosure* Formal and Risk Asymmetry of Information in Indonesia

In backdoor listing practices in Indonesia, information disclosure tends to be formal and follows the general regime for material transactions or changes in control. Because there is no requirement to submit a prospectus-like document, as with an IPO, information regarding the target entity's quality, business projections, post-transaction financial structure, and business risks is not always comprehensively disclosed before the change takes effect.

The implication for investor protection is the emergence of structural information asymmetry between the new controller and minority shareholders. Public investors may potentially make decisions without fully understanding the issuer's fundamental transformation. This situation can lead to stock mispricing, abnormal volatility, and the risk of losses due to information not fully reflected in market prices.

Empirical research shows that companies entering the market through backdoor listing schemes have different risk characteristics and post-transaction performance compared to conventional IPOs, including a tendency towards higher volatility and uncertainty (Backdoor Listing Strategy and Financial Performance of Chinese Companies., 2025). This shows that the quality of disclosure directly impacts investors' ability to rationally assess risk. Legally, non-substantive disclosure undermines the principle of informed decision-making, which is central to investor protection in modern capital markets.

b. *Disclosure* Substantive as Ex Ante Protection of Singapore

In contrast, under Singapore's reverse takeover regime, disclosure requirements are equivalent to those for an IPO, making disclosure an ex ante protection mechanism. Detailed information regarding the acquired entity, its financial condition, business risks, and the impact on shareholders must be made available before the transaction is finalized and before the shares become publicly traded.

Pavabutr's (2020) study shows that this approach serves as a screening tool for company quality as well as suppressing the potential for high-risk companies to be smuggled into the public market (Pavabutr, P., 2020). Comprehensive transparency reduces uncertainty and narrows the information gap between management and investors. This means that minority investors have a more equal footing in evaluating transactions, enabling investment decisions to be based on complete and verified information.

c. Legal Consequences of Disclosure of Information on Backdoor Listings

Differences in disclosure standards result in real legal consequences:

a) In Indonesia, investor protection relies on enforcement mechanisms after a violation occurs, so information risks remain with minority investors.

b) In Singapore, information disclosure serves as a risk screening mechanism before transactions are effective, so that investor protection is more preventive and structural in nature.

4. Conclusion

This study concludes that the differences in backdoor listing regulations between Indonesia and Singapore lie in their nature. Indonesia does not explicitly regulate backdoor listings and places them within the general regime of takeovers and administrative and post-transaction information disclosure. In contrast, Singapore classifies similar transactions as reverse takeovers (RTOs) or very substantial acquisitions (VSAs), which are subject to pre-transaction approval, IPO-level disclosure requirements, and substantive oversight before they become effective. These differences have direct implications for investor protection: the Indonesian model tends to produce repressive protections that rely on enforcement after potential losses have emerged, while Singapore's approach provides preventative (ex ante) protection through comprehensive transparency and an approval mechanism that screens for risks before fundamental changes in the issuer occur.

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