

Homologation Decision Against Creditors Who Did Participate in The Peace Agreement (Case Study: Decision Number 993 K/Pdt.Sus Bankruptcy/2019)

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Abstract

Homologation decisions in the Debt Payment Obligation Postponement (PKPU) system have universal binding force which creates legal complexity, especially regarding the protection of creditors who do not participate in the peace agreement. This research analyzes the legal force of homologation decisions and protection mechanisms for non-participating creditors based on the Indonesian bankruptcy system through a case study of Supreme Court Decision Number 993 K/Pdt.Sus-Bankruptcy/2019. The research method used is normative legal research with statutory and conceptual approaches. The results showed that the homologation decision has a fundamental position as an instrument of judicial ratification that transforms the peace agreement into a court decision with an executorial title and universal binding force. Its legal legitimacy is obtained through the fulfillment of quorum and majority requirements in Article 281 of the PKPU Law which applies a dual majority requirement system. However, legal protection for non-participating creditors faces significant limitations as the principle of universal binding force creates complex legal implications, ranging from loss of contractual autonomy to changes in the legal status of receivables. Although there is a cassation remedy mechanism available, in judicial practice such protection is limited to procedural aspects with a high threshold for success, so that the Indonesian PKPU system prioritizes the efficiency of collective settlements over the substantive protection of minority creditors.

Keywords: Homologation Decision, Non-Participating Creditors, PKPU

Introduction

The bankruptcy legal system in Indonesia has undergone significant development since the enactment of Law Number 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations (PKPU Law). This law replaced the colonial bankruptcy regulations that were outdated and not in line with the development of Indonesia's modern economy. In the context of debt settlement, Indonesian bankruptcy law adheres to the principle of balance between the interests of debtors and creditors by prioritizing amicable settlement through peace mechanisms (Wibowo, A, 2025). The existence of bankruptcy and PKPU institutions is an important instrument in maintaining economic stability and providing legal certainty for business actors.

The postponement of debt payment obligations (PKPU) is an alternative debt settlement mechanism that provides an opportunity for debtors to negotiate a peace agreement with their creditors. Through PKPU, debtors experiencing financial difficulties can submit a peace proposal that allows business continuity while still fulfilling obligations to creditors. Bankruptcy and PKPU applications are submitted to the Commercial Court as the institution authorized to hear bankruptcy and PKPU cases in accordance with the provisions of the KPKPU Law. The fundamental difference between the two lies in the condition of the debtor,

where bankruptcy applies when the debtor is declared or is in a state of being unable to pay off his debts that have matured. Meanwhile, PKPU is enforced when the debtor is unable or predicts that it will not be able to continue paying its debts according to a predetermined schedule.⁷ PKPU is regulated in Article 222 to Article 264 of the KPKPU Law, which PKPU is an instrument for resolving debt-debt conflicts that can be submitted by debtors or creditors either before a bankruptcy declaration application is submitted or after a bankruptcy declaration application has been submitted but has not been decided by the Court.

With the granting of a PKPU Petition, the debtor will have the opportunity to present a peace plan. When the debtor presents the peace plan, creditors have the right to reject or approve the proposed peace plan. In the event that the majority of creditors agree to the proposed peace plan, the peace plan cannot be immediately implemented but must be approved by the Court which will then be set out in a homologation decision. The main objective of PKPU is to prevent bankruptcy that can harm all parties and provide a win-win solution for debtors and creditors (Sakti, C. S., Maramis, R. A., & Tampongangoy, G, 2024). Peace agreements in PKPU have special characteristics that distinguish them from ordinary agreements, namely universal binding force against all creditors after being ratified through a court homologation decision.

Homologation according to the Big Indonesian Dictionary (KBBI) is the ratification by a judge of the agreement of creditors and debtors to end bankruptcy (Mahmudah, S, 2023). According to Advocate and Property Law Observer Muhammad Joni, Homologation is the approval of a legal entity that has official authorization to regulate various matters related to settlements between debtors and creditors and other related parties to reach a homologation agreement that is carried out by voting. As for the homologation decision, it is a legal ratification of the peace agreement that has been approved by the majority of creditors at the creditors' meeting.

This voting mechanism carried out at the creditors' meeting to accept the peace agreement is regulated as in Article 281 of the PKPU Law which requires the approval of the majority of concurrent creditors and separatist creditors with certain quorum provisions (Tami Rusli, 2019). This requirement is intended to ensure that the peace agreement is truly supported by a representative majority in terms of the number of creditors and the value of receivables. After the peace agreement is accepted at the creditors' meeting, the court will evaluate it based on the criteria set out in Article 285 of the PKPU Law before issuing a homologation decision. This process provides assurance that the ratified peace agreement has met the necessary legal and fairness standards.

Under Article 286 of the PKPU Law, the ratified peace is binding on all creditors, including those who did not approve or participate in the voting process. However, the principle of universal binding force of the homologation decision raises legal issues, especially with regard to the protection of the rights of creditors who did not participate in the peace agreement process. Creditors who do not attend the creditors' meeting or who expressly reject the peace agreement remain bound by the homologation judgment without their explicit consent. This situation potentially creates injustice for minority creditors who may have different interests or preferences in the settlement of their debts. Therefore, an in-depth analysis of the balance between the effectiveness of collective settlements and the protection of creditors' individual rights is required.

An example of this problem is reflected in the case between PT Alvina Damai as a PKPU debtor and its creditors, where there are creditors who did not participate in the peace agreement but are still bound by the homologation decision. In this case, PT Alvina Damai submitted a PKPU application to the Surabaya Commercial Court and managed to reach a peace agreement with the majority of its creditors, both separatist creditors and concurrent

creditors. The peace agreement signed on February 6, 2019 was then ratified through a homologation decision of the Surabaya Commercial Court. However, there are concurrent creditors who did not participate in the peace agreement process but are still bound by the legal force of the homologation decision.

Creditors who felt aggrieved by the homologation decision then filed a cassation appeal to the Supreme Court by requesting the annulment of the homologation decision and declaring PT Alvina Damai bankrupt. This cassation request was based on the argument that the homologation decision did not provide adequate legal protection for creditors who did not participate in the peace agreement. The appellant creditor considered that the universal binding force of the homologation decision violated his fundamental rights as a creditor who should have the freedom to determine how to settle his debts.

The case progressed to the cassation level where the Supreme Court in its decision Number 993 K/Pdt.Sus-Bankruptcy/2019 rejected the cassation petition on the basis that the homologation decision had fulfilled the procedural and substantive provisions stipulated in the PKPU Law. This decision confirms that the vote has fulfilled the provisions of Article 281 of the PKPU Law and there are no reasons to reject the ratification of peace as stipulated in Article 285 of the PKPU Law. However, this decision shows the extent to which legal protection for non-participating creditors can be realized in the Indonesian PKPU system and how the court balances the interests of the majority with the individual rights of creditors.

Creditors who feel aggrieved must prove a violation of the material provisions in the peace ratification process, which is not easy considering that the court tends to respect the decision of the majority of creditors. This shows the need for a comprehensive study on the effectiveness of legal protection for non-participating creditors in the Indonesian PKPU system. Thus, based on this background, this decision is relevant not only to understand current judicial practices, but also to identify potential improvements to the PKPU legal system in providing a fairer balance between the efficiency of collective settlements and the protection of creditors' individual rights.

Based on the background of the problem above, the author formulates the problem, among others:

1. How is the legal force of homologation decisions in peace agreements based on the Indonesian bankruptcy system?
2. How is legal protection for creditors who do not participate in the peace agreement process but are still bound by the homologation decision?

Methods Research

The research method used is the normative legal research method, which focuses on the interpretation and analysis of *laws* and regulations (*law in books*) that function as guidelines for socially acceptable human behavior (Amiruddin & Zainal A,2006). This research is often known as legal theoretical research, in which the *law* is often interpreted as what is contained in a written legal framework (*law in books*) or as normative guidelines that serve as a reference in human behavior that is considered appropriate (Amiruddin & Zainal A,2006).

In this research, the author uses several approaches, namely the *Statute Approach* and *Conceptual Approach*. The statutory approach is carried out in research to find and provide a legal basis for the binding force of homologation decisions and the position of legal protection of non-participant creditors in the Indonesian PKPU system. By studying the views and doctrines in bankruptcy law, researchers will find ideas that give birth to legal notions, legal concepts, and legal principles that are relevant to the homologation and creditor protection issues at hand (Peter Mahmud Marzuki,2005).

Results and Discussion

Legal Power of Homologation Decision in Peace Agreement Based on Indonesian Bankruptcy System

Peace agreements in the Postponement of Debt Payment Obligations (PKPU) system are regulated in Article 265 of Law No. 37 of 2004 concerning Bankruptcy and PKPU which gives debtors the right to offer peace to creditors both at the time of filing the PKPU application and afterwards (Fitria, A, 2018). The concept of peace in PKPU has a comprehensive scope, including proposals for total or partial debt repayment, and generally contains elements of restructuring the debtor's financial obligations (Leonard, T., & Panjaitan, Y. C. I, 2023). Peace agreements that have been approved by creditors must obtain homologation or formal ratification from the Commercial Court in order to have legal force that binds all parties involved in the agreement. The main purpose of this mechanism is to provide a venue for the debtor to submit a peace plan that includes a proposal for the payment of all or part of the debt to the concurrent creditors.

The strategic function of the peace agreement in PKPU lies in providing a temporal opportunity for the debtor to obtain creditor approval and continue business operations despite not having paid all of its obligations. This mechanism provides significant benefits to debtors as it allows business continuity while restructuring debts, while also serving as an alternative resolution to avoid a more destructive bankruptcy process. Peace in PKPU reflects a win-win solution paradigm that prioritizes cooperative settlement over adversarial, so as to maintain the economic value of the debtor company while still providing certainty of payment to creditors. This approach is in line with the philosophy of modern bankruptcy law which prioritizes rehabilitation over liquidation in dealing with corporate financial difficulties.

The submission of a peace plan in PKPU is based on the provisions of Article 266 paragraph (1) of the PKPU Law which stipulates that *"if the peace plan is not provided at the Court Registrar as referred to in Article 225, the plan shall be submitted before the hearing day as referred to in Article 226 or at a later date with due observance of the provisions as referred to in Article 228 paragraph (4)"*. This provision provides temporal flexibility for debtors to prepare and submit a comprehensive peace plan. Article 268 of the PKPU Law further stipulates that the Supervisory Judge must determine the deadline for submission of bills to the management and the date of discussion of the peace plan in the creditors' meeting with a minimum grace period of 14 days between the two deadlines. This procedural requirement is intended to provide sufficient time for all parties to study and evaluate the peace proposal in depth.

The substantial requirements for the acceptance of the peace plan are regulated in Article 281 of the PKPU Law which applies a dual majority requirement system, namely the approval of the majority of concurrent creditors and secured creditors with different quorum provisions. For concurrent creditors, the approval of more than half of the total number of creditors present and representing at least two-thirds of the value of the bill is required, while for separatist creditors approval is required in the same proportion but calculated separately. Similarly, Article 269 of the PKPU Law stipulates the obligation of the management to announce the timing and peace plan to all known creditors through registered mail and newspaper announcements. This publication mechanism ensures the transparency of the process and provides an equal opportunity for all creditors to participate in the decision-making process regarding the debtor's proposed peace plan (Doni Budiono & Rekan Civil Partnership, 2022).

As also mentioned in Articles 284 and 285 of UUKPKPU, it can be seen that if the peace plan is accepted, it does not mean that the peace plan can be implemented immediately

(Agitha, A. P. A. H., & Afriana, A., 2021). There is an additional stage that must be undertaken, namely obtaining the ratification of peace (homologation) from the Commercial Court. In other words, without the approval of the Commercial Court, the peace plan does not have legal validity so it is not legally valid. The impact is that if the debtor violates the promises in the peace plan, the debtor cannot be automatically declared bankrupt by the Court in accordance with the PKPU provisions. The provisions regarding the quorum and majority in the acceptance of the peace plan are strictly regulated in Article 281 of the PKPU Law as a guarantee to ensure that the peace agreement actually receives representative support from creditors. Article 281 paragraph (1) letter a of the PKPU Law requires:

- a. The approval of more than 1/2 (one-half) of the total number of concurrent creditors whose rights are recognized or temporarily recognized who are present at the creditors' meeting as referred to in Article 268 including the Creditors as referred to in Article 280, which together represent at least 2/3 (two-thirds) of the total recognized or temporarily recognized claims of the concurrent creditors or their proxies present at the meeting; and
- b. The approval of more than 1/2 (one-half) of the total number of Creditors whose debts are secured by pledge, fiduciary guarantee, mortgage, or other collateral rights over property who are present and represent at least 2/3 (two-thirds) of all the claims of such Creditors or their proxies present at the meeting.

The quorum aspect in Article 281 of the PKPU Law relates not only to the minimum number of creditors present, but also to the representativeness of the economic value represented. The requirement that consenting creditors must represent at least two-thirds of all claims shows that the PKPU Law prioritizes economic substance over mere numerical formality. This is important considering that in practice, there is a possibility that creditors with a large number but small value of receivables can dominate decisions without considering the interests of creditors with large receivables (Purba, M., 2024).

Thus, the PKPU Law still provides substantive protection for minority creditors, especially separatist creditors who have special rights. This compensation mechanism is one form of legal protection that is explicitly regulated in law to maintain a balance of interests. Implementation of the provisions of Article 281 of the PKPU Law in practice requires strict documentation of the voting process and verification of creditors entitled to vote. Article 282 of the PKPU Law stipulates that the minutes of the meeting chaired by the Supervisory Judge must include details of the names of creditors present and entitled to cast votes, notes on the votes cast by creditors, voting results, and notes on all other events in the meeting.

The homologation decision then has a very fundamental legal position as an instrument of legal ratification of the peace agreement that has been agreed by the majority of creditors in the PKPU process. Based on the provisions of Article 285 paragraph (1) of the PKPU Law, the court is obliged to give a decision regarding the ratification of peace along with the reasons at a predetermined hearing. This homologation decision is not merely administrative, but is a legal decision that has binding legal force and can be implemented (Tamrin, I., Fahamsyah, E., & Santyaningtyas, A. C., 2021). The legal position of this homologation decision makes it a transformation point from a contractual peace agreement to a court decision that has an executorial title and universal binding force (Tamrin, I., Fahamsyah, E., & Santyaningtyas, A. C., 2021).

So it can be said that the philosophy of the legal position of homologation decisions lies in the principles of efficiency and legal certainty in collective debt settlement. The PKPU Law adopts the concept of collective action that prioritizes the common interest in achieving an optimal settlement for all parties. Article 287 of the PKPU Law stipulates that "a peace approval decision that has obtained permanent legal force in conjunction with the minutes as referred to in Article 282, for all creditors that are not disputed by the debtor, constitutes an

executable right against the debtor and all persons who have bound themselves as insurers for the peace". This provision strengthens the position of the homologation decision as an executorial title that can be directly executed without requiring a separate lawsuit.

The implementation of the legal position of homologation decisions in judicial practice can be analyzed through Supreme Court Decision Number 993 K/Pdt.Sus-Bankruptcy/2019 which shows how the court consistently applies the principles of the legal force of homologation decisions. In the decision, the Supreme Court affirmed that the homologation decision of the Surabaya Commercial Court Number 22/Pdt.Sus-PKPU/2018/PN.Niaga.Sby had fulfilled the substantive and procedural requirements stipulated in the PKPU Law, so that it had valid and binding legal force. The court emphasized that the voting results had fulfilled the provisions of Article 281 of the PKPU Law and there were no reasons to reject the ratification of peace as stipulated in Article 285 of the PKPU Law. This analysis shows that the legal force of a homologation decision depends not only on the formal-procedural aspects, but also on the fulfillment of the material substance stipulated in the law.

The Supreme Court's decision also confirms the principle of finality and legal certainty of homologation decisions by rejecting the annulment efforts filed by non-participating creditors. The court stated that the homologation decision was a form of fair and prudent settlement that reflected the will of the majority of creditors to prioritize an amicable settlement of the debtor's debt. The legal strength of the homologation decision in this case was strengthened by the argument that the majority of creditors had shown a clear preference for amicable settlements over bankruptcy proceedings that could potentially harm all parties. The analysis of this decision demonstrates that the court interprets the legal force of the homologation decision not only as a formal legal instrument, but also as a mechanism that reflects substantive justice in resolving debt conflicts collectively, where the interests of the majority of creditors become the main determinant in determining the validity and ability of the ratified peace agreement.

Legal Protection for Creditors Who Do Not Participate in the Peace Agreement Process but Remain Bound by the Homologation Decision

The Indonesian bankruptcy law system recognizes a hierarchy of creditors that creates complexity in the protection of creditors' rights, especially concurrent creditors whose position is different from creditors who have privileges or material security. Article 189 paragraph (4) of the PKPU Law stipulates that payments to creditors with privileges, including those whose privileges are challenged, and creditors holding pawns, fiduciary guarantees, mortgages, or other collateral rights over property can be made from the proceeds of the sale of the object of their security. This provision shows that not all creditors have an equal position in the debt settlement process, so different protection mechanisms are needed (Kiemas, A., Matheus, J., & Gunadi, A. (2023). In the interests of concurrent creditors who do not have special guarantees, the law provides general guarantees aimed at all of the debtor's assets as a form of legal protection that arises automatically without requiring a special agreement between the parties (Subagiyo, D. T, 2019).

This concept of general security is the basis why non-participating creditors, especially concurrent creditors, require special legal protection in the context of homologation decisions that have universal binding force. In the absence of specific property security, concurrent creditors rely entirely on the collective resolution mechanism through PKPU and potentially face greater losses if they do not actively participate in the peace negotiation process (Masruroh, E. J., & Lyanthi, M. E, 2025). This relatively weak position demands adequate protection to ensure that the principle of universal binding force does not harm the interests of creditors who do not have the opportunity or ability to influence the substance of the peace

agreement (Masruroh, E. J., & Lyanthi, M. E, 2025). Therefore, the analysis of legal protection for non-participating creditors becomes very relevant in the context of balancing the efficiency of collective settlements with distributive justice for all creditors.

As in the previous discussion, the principle of universal binding force of homologation decisions is a fundamental characteristic that distinguishes peace agreements in PKPU from ordinary agreements in contract law. Based on Article 286 of the PKPU Law which states that "the ratified peace agreement is binding on all creditors, except for creditors who do not approve the peace plan as referred to in Article 281 paragraph (2)", the homologation decision has legal effects that extend beyond the parties who directly participated in the negotiation and approval process. A peace agreement that has been ratified (homologated) by the court then the peace has legal binding force for the parties (Athirah, Z., & Sugiyono, H, 2023). The legal consequences of a peace agreement that has been ratified (homologated) by the court on the parties are:

- a. The relationship between the debtor and all its creditors is no longer governed by the previous bilateral provisions in the form of a debt and credit agreement, the agreement becomes invalid after the peace plan has been agreed upon and then ratified (homologation) by the commercial court but is governed by the terms and conditions of the peace agreement.
- b. The ratified peace also indirectly binds the debtor's shareholders, who are one of the company's organs. UUK PKPU does not explicitly stipulate that the peace plan must be approved in a general meeting of shareholders, but the achievement of the peace or the consequences of rejecting the peace will affect the shareholders.

The universally binding force of homologation decisions creates a situation where non-participating creditors lose the contractual autonomy they previously had in a bilateral relationship with the debtor, and must submit to collective provisions that may not reflect their specific interests. This creates tension between the principle of *pacta sunt servanda* in contract law, which prioritizes the will of the parties, and the principle of collective action in bankruptcy law, which prioritizes efficient and comprehensive resolution. This legal consequence is the reason that protection is needed for creditors who cannot or do not have the opportunity to influence the substance of the peace agreement, but still have to bear the legal consequences of the collective decision.

Non-participating creditors in the context of PKPU can be categorized into two main groups, namely creditors who are not present at the creditors' meeting and creditors who are present but explicitly reject the peace plan. These two categories face different legal implications but are equally bound by the homologation decision based on the principle of universal binding force. Creditors who do not attend the creditors' meeting face a situation where they lose the opportunity to voice their interests and influence the substance of the peace agreement, but are still bound by the decision made by the majority of creditors present. Meanwhile, creditors who reject the peace plan despite having participated in the process, face a dilemma where their rejection vote cannot prevent the enactment of the peace agreement if the majority gives approval in accordance with the provisions of Article 281 of the PKPU Law (Yudha, G. N. W., Budiarta, I. N. P., & Widyantara, I. M. M, 2022).

The most significant legal implication for non-participating creditors is the loss of freedom to determine how to settle their debts individually. Article 288 of the PKPU Law stipulates that "the postponement of debt payment obligations ends at the time the decision to validate the peace agreement obtains permanent legal force", which means that non-participating creditors can no longer file separate lawsuits or conduct individual executions against the debtor's assets after homologation is established. Non-participating creditors are also bound by the payment schedules and settlement mechanisms set out in the peace

agreement, although they may have different preferences regarding payment methods. This creates a situation where non-participating creditors must accept the consequences of collective decisions that may not align with their individual interests.

However, the PKPU Law provides some form of special protection for non-participating creditors, especially for secured creditors. Article 281 paragraph (2) of the PKPU Law stipulates that "creditors as referred to in paragraph (1) letter b who do not approve the peace plan shall be compensated at the lowest value between the value of the collateral or the actual value of the loans directly secured by collateral rights over property". This provision provides alternative financial protection for secessionist creditors who reject the peace plan, so that they are not completely disadvantaged by the majority decision.

Another significant legal implication is related to the change in legal status of non-participating creditors' receivables after homologation. Based on Article 287 of the PKPU Law, creditors' receivables that are not disputed by the debtor in the minutes of the creditors' meeting become enforceable rights in accordance with the provisions of the peace agreement. This means that non-participating creditors still have the right to collect, but the implementation must follow the mechanism and schedule set out in the ratified peace agreement. Non-participating creditors also lose the flexibility to renegotiate payment terms bilaterally with the debtor because the legal relationship between the debtor and all creditors has been crystallized through the homologation decision. This change in status reflects an individual contractual relationship into a collective legal relationship governed by the PKPU Law.

Given the broad legal implications of homologation decisions on non-participating creditors, the PKPU Law provides a legal remedy mechanism as an instrument of protection for creditors who feel aggrieved by the ratification of peace. Article 285 paragraph (4) of the PKPU Law stipulates that "the provisions as referred to in Article 11, Article 12, and Article 13 apply mutatis mutandis to the ratification of peace, but do not apply to the rejection of peace". This means that creditors who disagree with the homologation decision can file a cassation to the Supreme Court within 8 days after the decision is pronounced as stipulated in the cassation provisions for bankruptcy cases. This cassation mechanism is the only legal remedy available considering that the PKPU judicial system does not recognize appeals, so that Commercial Court decisions can be directly appealed to the Supreme Court (Sriwidodo, J., & Tumanggor, M. S, 2024). This limitation of legal remedies reflects the need to create legal certainty and quick finality in PKPU settlements.

However, the effectiveness of cassation as a non-participating creditor protection mechanism faces significant substantive obstacles in judicial practice. Pursuant to Article 285 paragraph (2) of the PKPU Law, the court is obliged to reject the ratification of the peace only under certain conditions, namely if "the debtor's assets, including the objects for which the right to withhold objects is exercised, are much greater than the amount agreed in the peace; the implementation of the peace is not sufficiently secured; the peace was reached due to fraud, or conspiracy with one or more creditors, or due to the use of other dishonest means; and/or the fees for services and costs incurred by the experts and administrators have not been paid or no security for their payment has been given". This limiting rejection criterion suggests that a cassation can only succeed if the petitioning creditor can prove a serious violation of procedural or substantive provisions, rather than a mere disagreement with the substance of the settlement. This creates a high threshold for non-participating creditors to succeed in cassation, as courts tend to respect the decision of the majority of creditors as long as the process has been conducted in accordance with the law.

Supreme Court Decision Number 993 K/Pdt.Sus-Bankruptcy/2019 shows the court's approach in providing protection to non-participant creditors through the available cassation

mechanism. In the decision, the Supreme Court rejected the cassation application filed by CV. Timbul Jaya Putra as a concurrent creditor who did not participate in PT Alvina Damai's peace agreement, considering that "the decision to validate the peace (homologation) by the *Judex Facti* was based on the results of voting on the peace plan submitted by the PKPU Debtor which was accepted and approved by the majority of Creditors". The Supreme Court emphasized that the homologation was a "form of fair and prudent settlement" that reflected the preference of the majority of creditors for an amicable settlement, and there was no violation of the provisions of Article 281 and Article 285 of the PKPU Law. This decision shows that the court prioritizes procedural validity and majority legitimacy in assessing the validity of homologation decisions, so that protection through cassation is limited to procedural compliance rather than substantive fairness to individual creditors.

The Supreme Court's approach in the decision reflects an interpretation that prioritizes the stability and finality of homologation awards over the protection of individual non-participating creditors. The Court stated that "the majority of creditors favored an amicable settlement of the Debtor's debts" and that the homologation had met the quorum and majority requirements as set out in Article 281 of the PKPU Law. This analysis shows that the cassation mechanism in practice functions more as a quality control over the homologation process than as an instrument of substantive protection for minority creditors. The Supreme Court tends to adopt a deferential approach to the decision of the majority of creditors, as long as the process has been carried out in accordance with applicable legal provisions. This creates a situation where legal protection for non-participating creditors through cassation is limited and such creditors must accept the consequences of the collective decision even if it is contrary to their individual interests, as long as the decision has met the procedural standards set by law.

Conclusion

Based on the analysis that has been carried out, it can be concluded that the legal force of homologation decisions in peace agreements based on the Indonesian bankruptcy system has a very fundamental position as an instrument of judicial ratification that transforms peace agreements from contractual nature into court decisions that have executorial titles and universal binding force. The legal force of homologation decisions is strengthened by the collective action philosophy that prioritizes collective settlement efficiency and legal certainty, as reflected in Articles 286 and 287 of the PKPU Law which provide universal binding effects on all creditors without exception, and is supported by an analysis of Supreme Court Decision Number 993 K/Pdt.Sus-Bankruptcy/2019 which confirms the procedural and substantive validity of homologation decisions in judicial practice.

Legal protection for creditors who do not participate in the peace agreement process but remain bound by homologation decisions faces significant limitations in the Indonesian PKPU system, despite several safeguard mechanisms available. The principle of universal binding force of homologation decisions creates complex legal implications for non-participating creditors, ranging from loss of contractual autonomy, changes in the legal status of receivables, to loss of flexibility in individualized resolution. Although the PKPU Law provides special protection through a compensation mechanism for separatist creditors and cassation remedies, in judicial practice as reflected in Supreme Court Decision Number 993 K/Pdt.Sus-Bankruptcy/2019, such protection is limited to procedural compliance aspects and has a high threshold for success.

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