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Newsletter

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The Push for Reform: The Newly Amended IDX Regulation I-A

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Introduction

On 31 March 2026, the Indonesia Stock Exchange (*Bursa Efek Indonesia* or the "**IDX**") issued the IDX Board of Directors' Decision No. Kep-00045/BEI/03-2026 on the Listing of Shares and Equity Securities other than Shares Issued by Listed Companies (the "**Regulation I-A**"), amending the IDX Board of Directors' Decision No. Kep-00101/BEI/12-2021 (the "**2021 Regulation**"). Prompted by growing international concerns over Indonesia's free float levels and ownership transparency, and the risk of reclassification from emerging to frontier market status, the Regulation I-A forms part of the action plans put forward by the IDX along with PT Kustodian Sentral Efek Indonesia (KSEI) and the Financial Services Authority (*Otoritas Jasa Keuangan* or the "**OJK**") to enhance liquidity and strengthen the governance and transparency of Indonesian capital markets.

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Notably, the Regulation I-A introduces several key changes, including: (i) higher free float share requirements for both prospective and existing listed companies; (ii) more stringent listing eligibility criteria and procedures; and (iii) enhanced transparency and governance standards aligned with broader capital market reform initiatives.

Aside from the Regulation I-A, these action plans also include the IDX's recent publication of the first set of High Shareholding Concentration lists of public companies and KSEI's publication of the 1 percent shareholding list on 2 April 2026 to uphold transparency. These measures are understood to serve as forming an early warning to controlling shareholders and public companies to comply with, and maintain compliance with, the Free Float Shares requirements. In addition, the IDX has issued IDX Board of Directors Decree No. Kep-00052/BEI/04-2026 on Amendment of Provisions on Monthly Reporting of Share Ownership Registration Activities, which amends the monthly reporting provisions under the Regulation I-E [1]and requires periodic reporting of ultimate beneficial owners, forming a part of this package to ensure that the IDX has adequate monitoring and enforcement infrastructure to oversee compliance with the new requirements.

Below, we set out an overview of the key changes to the Regulation I-A.

I. Amended Definition of Free Float Shares

The definition of Free Float Shares has been updated as follows:

Free Float Shares are shares **that are in scripless form and listed in the IDX** (which is now explicitly stipulated), and which:

a) are held by shareholders owning less than 5% of the total listed shares;
b) are not held by the controller and/or affiliates of the controller of the listed company[2] ;
c) are not held by members of the board of commissioners or the board of directors;
d) are not treasury shares (i.e., shares that were bought back by the company); and
e) are not shares subject to transfer restrictions.

[1]IDX Board of Directors Decree No. Kep-00087/BEI/12-2025 on Obligation of Information Disclosure as amended by IDX Board of Directors Decree No. Kep-00052/BEI/04-2026 on Amendment of Provisions on Monthly Reporting of Share Ownership Registration Activities (the "**Regulation I-E**").
[2]While the new Regulation I-A now expressly refers to "affiliates of the controller of the listed company" in the new definition of free float shares, this appears to formalize the IDX's existing interpretive position, as previously clarified in IDX Circular Letter No. SE-00009/BEI/08-2022 dated 8 August 2022.

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Key impacts:

- In particular, item e) above is a newly added limb. The IDX provides further explanation in IDX Circular Letter No. 4/2026[3] , which provides examples of shares subject to transfer restrictions, including:

  1) Shares that are subject to a period during which transfer of ownership must be restricted, whether under applicable regulations or as part of a corporate action of the company.

     Although not specifically defined under the Regulation I-A or IDX Circular Letter No. 4/2026, this may cover contractual lock-up arrangements under share purchase agreements and shareholders' agreements, as well as shares that are subject to an encumbrance or pledge.

     Based on the above, companies must now carefully take into consideration their shares when undertaking corporate actions, considering the possibility that such shares may be excluded from the free float calculation, which would affect the company's ability to meet the minimum Free Float Shares threshold.

  2) Shares held as part of the portfolio of a venture capital company or private equity firm.

     The IDX briefly clarified during the Regulation I-A socialization that this provision applies broadly to all venture capital companies (including foreign venture capital companies, and not only those regulated by the OJK) and private equity firms, on the basis that their shareholdings are generally strategic and not intended for active trading.

     However, in the absence of a definition of "portfolio holding" and qualifying criteria for VC companies and PE firms (including foreign entities) under the Regulation I-A and IDX Circular Letter No. 4/2026, the application of this provision remains unclear and subject to IDX discretion and further formal clarification.

  3) Shares that are seized or blocked by law enforcement authorities or other competent authorities.

[3]IDX Circular Letter No. SE-00004/BEI/03-2026 dated 31 March 2026 ("**IDX Circular Letter 4/2026**").

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Notably, the above list is non-exhaustive—both the Regulation I-A and IDX Circular Letter No. 4/2026 use the phrase "among others," leaving the IDX with discretion to designate additional categories of restricted shares.

The IDX has also updated the monthly share registration form of public companies to include shares that are subject to transfer restrictions, shares held by venture capital companies or private equity firms, as well as shares that are seized or blocked by law enforcement authorities.

II. Modified Petition Mechanism for Free Float Shares Reclassification

Under the 2021 Regulation, a listed company could apply to the IDX for certain shareholdings to be reclassified as Free Float Shares only where it had failed to meet the applicable free float requirements, and only in respect of shareholdings constituting an "investment portfolio" with public-investor beneficial owners. The Regulation I-A removes both limitations – listed companies may now apply for reclassification without the failure-based trigger as previously stipulated under the 2021 Regulation, and the test now turns solely on whether the shareholding has public-investor beneficial owners, without requiring the holding to be characterized as a portfolio investment.

IDX Circular Letter No. 4/2026 sets out the implementing criteria, including a new requirement that the relevant shareholder must hold less than 10% of the listed shares. IDX Circular Letter No. 4/2026 also specifies eligible beneficiary types, including among others, insurance and reinsurance companies, securities brokers, pension funds, social security institutions, sovereign wealth funds established by foreign governments, and mutual funds.

This broadened reclassification pathway creates a structured mechanism for institutional holders to have their shareholdings counted towards free float, which may assist listed companies in meeting the higher free float thresholds under the new regime.

III. New Free Float Shares Requirements

1. Higher Free Float Shares requirement for existing listed companies

Existing listed companies must now maintain a free float of at least 15% of their total listed shares in order to remain listed, doubled the previous 7.5% requirement.

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To ease implementation, the Regulation I-A provides a transition period, summarized as follows:

Market capitalization as of 31 March 2026	Free float as of 31 March 2026	Compliance deadline
At least IDR 5 trillion	Below 12.5%	At least 12.5% by 31 March 2027 and at least 15% by 31 March 2028
At least IDR 5 trillion	12.5% up to below 15%	At least 15% by 31 March 2027
Less than IDR 5 trillion	-	At least 15% by 31 March 2029

The IDX retains discretion to adjust these timelines, with OJK approval, based on market conditions.

The Regulation I-A also makes clear that listed companies already subject to sanctions under the 2021 Regulation will remain subject to those sanctions until they comply with the new requirements.

Specifically regarding the requirements for remaining listed on the main board, given that the minimum free float is now 15%, the previous two-tier market capitalization test—which set different thresholds depending on whether free float was above or below 10%—has been simplified to a single flat requirement that free float market capitalization must exceed IDR 200 billion.

2. Higher free float thresholds for initial listing

The Regulation I-A significantly raises the Free Float Shares requirements for initial listing on the main board. The applicable Free Float Shares percentage thresholds are now determined based on market capitalization, and the thresholds themselves have been increased. Prospective listed companies must meet the following thresholds—which must be maintained for one year after the listing date:[4]

- at least 25% of the total shares to be listed, for prospective listed companies with a market capitalization of less than IDR 5 trillion;

[4]In addition to these thresholds, the IDX has the authority to determine a different minimum free float shares requirement for prospective listed companies that undergo an IPO with funds raised of at least IDR 30 trillion.

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- at least 20% of the total shares to be listed, for prospective listed companies with a market capitalization of at least IDR 5 trillion up to IDR 50 trillion; or
- at least 15% of the total shares to be listed, for prospective listed companies with a market capitalization of more than IDR 50 trillion.

By comparison, under the 2021 Regulation, the applicable thresholds were lower and were determined based on equity rather than market capitalization, namely 20%, 15%, and 10%, depending on the company's equity before the Initial Public Offering ("**IPO**").

The Regulation I-A also provides that, for IPO candidate companies, the Free Float Shares calculation excludes shares held by the companies' existing shareholders prior to the IPO. For companies originating from an existing public company, the Free Float Shares calculation is based on shares held prior to the listing date.

IV. Other Key Changes

1. New controller lock-up provisions

One notable change is the replacement of the previous restriction on stock splits and reverse stock splits with a new controller lock-up mechanism. Under the Regulation I-A, where required by the IDX, the controller of a prospective listed company may be required to maintain control and/or may be prohibited from transferring part or all of its shareholding for at least 12 months from the listing date, or for any other period determined by the IDX. This lock-up mechanism goes beyond the OJK's other mandatory lock-up provisions, which generally apply for only 8 months after the IPO and only to shares acquired at a price lower than the IPO price during the 6-month period prior to submission of the IPO registration statement.

Where the prospectus contemplates a change of control, the same restriction may also apply to the prospective new controller. This change gives the IDX greater flexibility to safeguard post-listing stability, particularly where the role of the controller is considered strategically important.

2. New governance and competency requirements

The Regulation I-A introduces additional governance and financial reporting capability requirements for companies seeking to list on either the main board or the development board.

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Prospective listed companies must now satisfy one of the following requirements:

- have at least one member of the board of directors, or employee responsible for preparing the financial statements, who holds an accounting competency certificate issued by a recognized professional organization in Indonesia or by an international professional body; or
- appoint a practicing accountant or public accountant to prepare their financial statements if they do not have such qualified internal personnel.

In addition to the above, the board of directors, board of commissioners, and audit committee must have attended and completed continuing education relating to the capital market and corporate governance.

These new requirements indicate a stronger emphasis on financial reporting readiness and governance standards from the pre-listing stage and continue as requirements for remaining listed on the IDX.

3. Additional required documents for the initial listing procedure

The Regulation I-A also introduces new documentary requirements for the initial listing procedure, including submission of the final share price following bookbuilding (concurrently with the OJK report), evidence of the requisite accounting competency certification or accountant appointment, and proof of completion of the required continuing education.

V. Conclusion

The amendments introduced by the Regulation I-A, together with the accompanying IDX Circular Letter No. 4/2026 and the April 2026 amendment to the Regulation I-E, place greater emphasis on post-listing transparency, liquidity, stronger governance and more robust financial reporting capability, with the aim of aligning Indonesia's capital market framework more closely with international benchmarks.

It is important for prospective listed companies to review their current capital and free float structures, internal reporting capabilities, and governance readiness at an early stage of the listing process. Existing listed companies, particularly those with lower Free Float Shares levels, should also assess whether transitional compliance measures are needed to meet the new 15% Free Float Shares threshold within the applicable transitional periods.

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For M&A and private equity practitioners, the automatic exclusion of VC/PE holdings from free float and the enhanced disclosure regime also create important structuring considerations for transactions involving Indonesian listed companies.

While the Regulation I-A reflects a clear regulatory commitment to improving market quality, its practical impact will depend on how consistently the new requirements are implemented and enforced, and on whether they strengthen investor confidence in the market. Further guidance from the IDX and the OJK and market practice under the new regime will therefore merit close attention.

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