

CLIENT UPDATE

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New IDX Listing Rule I-A

Indonesia Introduces Key Reforms to IDX Listing Rule I-A

Following intense scrutiny from Morgan Stanley Capital International (“**MSCI**”) regarding market transparency and the reliability of free float data, the Indonesian Stock Exchange (*Bursa Efek Indonesia* “**IDX**”) has overhauled its listing framework under IDX Rule No. I-A (“**New IDX Listing Rule**”). Issued and enacted on March 31, 2026 under the IDX Board of Directors’ Resolution No. Kep-00045/BEI/03-2026, the New IDX Listing Rule fundamentally redefines public market participation.

The amendments reflect a targeted regulatory response to structural concerns in Indonesia’s capital markets, particularly those relating to free float, increasing market liquidity, and governance standards, which have historically impacted the market’s accessibility for global institutional investors.



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These sweeping changes requires an immediate reassessment of pre-IPO restructuring frameworks, divestment sizing, and ongoing portfolio management strategies in Indonesia for institutional, private equity, and venture capitals.

Our Key Takeaways from SEOJK 25/2025

1. Substantive Tightening of Free Float Definition

As anticipated, the New IDX Listing Rule refines the definition of free float by (i) expanding exclusions to include shares subject to transfer restrictions, and (ii) reinforcing exclusions for shares held by controlling shareholders, affiliates, and insiders.

Under the New IDX Listing Rule, free float is defined as scripless shares listed on the IDX which are not:

- a. owned by the controller and/or affiliated of the controller of the listed companies;
- b. owned by members of the board of commissioners or directors;
- c. treasury shares (shares that have been repurchased by the listed companies); and
- d. shares which is subject to transfer restrictions.

Following the issuance of the New IDX Listing Rule, IDX also issued a circular letter No. SE-00004/BEI/03-2026 on the same day ("**IDX Circular Letter**"), to clarify certain items under the New IDX Listing Rule. IDX Circular Letter clarifies item (d) as:

- a. shares under mandatory or voluntary lock-up;
- b. shares under portfolio of venture capitals ("**VC**") or private equity ("**PE**"); and/or
- c. shares under seizure or restriction order by law enforcement officers or other competent authorities.

Based on the above, only genuinely tradable shares qualify as free float, excluding shares subject to transfer restrictions or other limitations. Notably, shares held by PE or VC investors may be excluded where such restrictions apply.

During the socialization, the IDX clarifies that they have undertaken a global benchmarking study of other exchanges and gathered various inputs, concluding that

VC and PE investors play a role in influencing decision-making and typically retain their shareholdings for a certain period which is not in line with the spirit of free float.

Implications:

The amendments reduce the scope for artificially engineered free float structures, signalling a clear move toward a substance-over-form approach in assessing public shareholding.

2. Progressive Increase in Free Float Shares at the time of Listing

The New IDX Listing Rule tightens the minimum free float requirement based on market capitalization by increasing the free float shares allocation at the point of initial listing. See below table more detail:

Market Capitalization Criteria	Minimum Free Float Under the New IDX Rule*
< IDR 5 trillion	25%
IDR 5 trillion to IDR 50 trillion	20%
> IDR 5 trillion	15%
At least IDR 30 trillion	Subject to IDX's discretion

**Note: Listed companies must maintain this minimum free float levels for at least one year post-listing.*

As a note, existing shares do not qualify as free float upon initial listing, however, for purposes of maintaining a continued listing on the IDX, such holdings may subsequently be recognized as free float upon fulfilment of the applicable regulatory criteria.

Implications:

The amendments reduce the scope for artificially engineered free float structures, signalling a clear move toward a substance-over-form approach in assessing pu
This marks a transition from equity-based thresholds to market capitalization-based thresholds which is a clear respond to a recent scrutiny from MSCI. The framework signals a clear policy direction toward enhancing Indonesia's eligibility for global capital allocation, particularly in the context of index inclusion methodologies.

3. Increase in Ongoing Free Float Requirements

The mandatory free float threshold for maintaining a listing status has been increased to 15% of total issued shares, representing a 100% increase over the prior requirement.

The New IDX Rule requires a phased increase in minimum free float thresholds, with differentiated timelines based on market capitalization:

- Listed companies with market capitalization of at least IDR 5 trillion as of March 31, 2026:
 - Having free float amount below 12.5% as of March, 31 2026, shall have at least 12.5% free float as of March, 31 2027 and at least 15% free float as of March, 31 2028; or
 - Having free float amount of 12.5% up to below 15% as of March 31, 2026, shall have at least 15% free float as of March 31, 2027.
- Listed companies with market capitalization below IDR 5 trillion as of March 31, 2026, shall have at least 15% free float by March, 31 2029.

The above timeframe may be adjusted by the IDX, taking into account market conditions following an approval or order from the Indonesian Financial Services Authority (“**OJK**”).

Implications:

This represents a structural shift toward enhancing market liquidity and investability, addressing long-standing concerns regarding concentrated ownership and limited public float. Sponsors will need to proactively plan post-IPO sell-down strategies to comply with the revised thresholds.

4. Mandatory Post-Listing Lock-Up

The New IDX Listing Rule introduces provisions allowing IDX to require controlling shareholders to maintain control for at least 12 months post-listing, and restrict transfers during this period, subject to regulatory determination. This new requirement also applies to any change of control disclosed in the IPO prospectus.

Implications:

Although this is not a pilot requirement, the new IDX Listing Rule formally mandates the 12 months post-listing lock up for controlling shareholders. This will implicate any potential IPO which requires its controlling shareholders to prepare a statement letter for the 12 months post-listing lock up commitment.

5. Governance and Professional Standards Enhancements

The New IDX Listing Rule requires any prospective listed companies to either employ at least one individual responsible for preparing the financial statements who holds an accounting competency certificate accredited by a recognized Indonesian or international professional body (e.g., CA/CPA) or appoint an external practicing public accountant to manage the preparation of the financial statements. The new rule also introduces mandatory continuing education requirements for directors, commissioners, and audit committee members.

Implications:

The changes signal a gradual move toward international governance standards, which may support improved investor confidence.

Conclusion

- Prospective issuers, alongside their private equity (PE) and venture capital (VC) backers, must overhaul their IPO preparation. The tightened definition of free float, which now expressly excludes shares under lock-up or held in PE/VC portfolios, combined with higher initial free float thresholds, requires careful divestment sizing and earlier pre-IPO restructuring.
- Existing listed companies must aggressively assess their current genuinely tradable free float against the new 15% requirement. Due to the phased compliance windows (spanning from 2027 to 2029, depending on market capitalization), sponsors and major shareholders must begin modelling secondary offerings, block trades, or sell-downs now to avoid breaching continuing listing rules.

- The mandate for certified accounting professionals and ongoing board education reinforces the market's transition to international standards. Issuers must audit their internal financial teams and board competencies to ensure uninterrupted compliance and mitigate reporting risks.
- Ultimately, while the New IDX Listing Rule imposes a stricter, heavier regulatory burden that may complicate near-term exit strategies for sponsors, it represents a necessary evolution. By enforcing a "substance-over-form" approach to public shareholding, Indonesia is actively fortifying its market integrity, laying the groundwork for increased foreign investor confidence and long-term global capital allocation.

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