

IDX Tightens Supervision on Listed Companies with the Introduction of the Watchlist Board



In June of this year, the Indonesia Stock Exchange (“**IDX**”) issued the Board of Directors of the IDX Decree No. Kep-00081/BEI/05-2023 on Regulation No. I-X on the Placement of Equity Securities Listing on the Watchlist Board (“**Decree**”) to introduce a new listing board, namely the Watchlist Board, to the public.

Previously, the Board of Directors of the IDX had issued Decree No. Kep-00079/BEI/05-2023 on Regulation No. II-S on the Trading of Equity Securities Under Special Monitoring (“**Previous Regulation**”).

It used to be the case under the Previous Regulation that the IDX would specifically note companies with unusual market activities to be under “special monitoring” (“**Special Monitoring List**”). If a company is on the Special Monitoring List, it will have an “X” next to its name code. However, there was no specific listing board for these companies.

Now, with the introduction of the Watchlist Board, the IDX formalises its practice and investors can easily find issuers or listed companies with unusual market activities.

We discuss how the Watchlist Board would affect listed companies below.

Inclusion in the Watchlist Board

A listed company will be transferred from its initial listing board (which could be the Main Board, Development Board, or Acceleration Board) to the Watchlist Board if it meets one or more of the following criteria:

1. Its average share price for the last six months on the Regular Market and/or Periodic Call Auction Regular Market is less than IDR51 (this does not apply to shares listed on the Acceleration Board);
2. Its last audited financial report received a disclaimer opinion;
3. The company does not record any revenue, or there is no change in the revenue recorded between its latest audited financial statements and/or interim financial statements compared to the previously submitted financial statements;
4. If the company is a mining company or the parent company of a mining company, it has not generated any revenue from its core business until the fourth fiscal year since being listed on the IDX;
5. The company record negative equity on its last financial statement;
6. The company does not meet the requirements to remain listed on the IDX as stipulated under Regulation No. I-A (for companies listed on the Main Board or the Development Board), and Regulation No. I-V (for companies listed on the Acceleration Board);
7. The company has low liquidity, namely that the average daily transaction value of its shares is less than IDR5 million and its average daily transaction volume is less than 10,000 shares during the last six months on the Regular Market and/or Periodic Call Auction Regular Market;
8. There is an application for suspension of debt payment obligation (PKPU), bankruptcy, or cancellation of a settlement plan (“**application**”) against the company, and based on IDX’s assessment and/or the company’s disclosure of information, such application has a material impact on the condition of the company;
9. The company has a subsidiary that materially contributed to its revenue, and there is an application against the subsidiary which, based on IDX’s assessment and/or the company’s disclosure of information, has a material impact on the condition of the company;
10. The trading of the company’s securities is temporarily suspended for more than one exchange day due to trading activities; and/or
11. The company satisfies any other conditions determined by the IDX based on the approval or order of the Financial Services Authority (*Otoritas Jasa Keuangan* or “**OJK**”).

The IDX will start listing companies on the Watchlist Board on 12 June 2023. Before doing so, the IDX must announce the change of listing at the latest one exchange day before the relevant company is listed on the Watchlist Board. Likewise, the IDX must announce the removal of a company from the Watchlist Board back to its original listing board.

Deletion from the Watchlist Board

Generally, a listed company will no longer be on the Watchlist Board if it no longer satisfies the criterion that puts it there in the first place. For example, a mining company or the parent company of a mining company listed on the Watchlist Board for not generating revenues up to the fourth fiscal year of being listed on the IDX would be removed from the Watchlist Board once it has recorded revenue based on its latest financial statements.

Following the removal from the Watchlist Board, the company will be re-listed on its original listing board.

Suspension of Trading and Delisting

Before the Watchlist Board was established, if a company has been in the Special Monitoring List for more than one consecutive year, the IDX will be entitled to suspend the trading of its securities. The suspension period will vary depending on the reason for suspension, and the Decree is silent on the duration of such period. On the other hand, the IDX will not be entitled to suspend trading if the trading of the company's securities has already been suspended based on the Decree (i.e., trading is temporarily suspended for more than one exchange day due to trading activities). The suspension will be lifted if the company is no longer on the Watchlist Board.

For now, the Decree exempts companies that record negative equity on its last financial statements from the above suspension. However, this exemption will expire on 8 June 2026.

Lastly, the IDX may delist the securities of a company if the securities have been suspended from trading on the Regular Market and Cash Market (which means that the securities can only be traded on the Negotiation Market) for at least 24 consecutive months.

Key Takeaways

All in all, the enactment of the Decree is welcome news. In our view, the introduction of the Watchlist Board will revitalise investors' interest in participating in the country's capital market sector by, among others, enhancing the protection of investors by increasing transparency on the conditions of listed companies. This, in turn, will assist investors in making sound investment decisions.

For listed companies, we expect the Decree to benefit them by increasing the liquidity of shares transactions under certain conditions. It will also prompt listed companies to pay more attention to the

quality of their securities to avoid suspension. Furthermore, it provides sufficient time for listed companies to improve their performance before their shares are subject to suspension.

Contacts



Putu Suryastuti
Partner

D +62 21 2555 7810
putu.suryastuti@ahp.id



Intan Paramita
Partner

D +62 21 2555 7870
intan.paramita@ahp.id



**Inda Nur Arifiani
Ranadireksa**
Senior Associate

D +62 21 2555 7865
inda.ranadireksa@ahp.id

[Adella Tanuwidjaja](#) also contributed to this alert.

Regional Contacts

R&T SOK & HENG | *Cambodia*
R&T Sok & Heng Law Office
T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN | *Myanmar*
Rajah & Tann Myanmar Company Limited
T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

RAJAH & TANN 立杰上海
SHANGHAI REPRESENTATIVE OFFICE | *China*
**Rajah & Tann Singapore LLP
Shanghai Representative Office**
T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

GATMAYTAN YAP PATACSIL
GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*
Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)
T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*
Assegaf Hamzah & Partners

Jakarta Office
T +62 21 2555 7800
F +62 21 2555 7899

RAJAH & TANN | *Singapore*
Rajah & Tann Singapore LLP
T +65 6535 3600
sg.rajahtannasia.com

Surabaya Office
T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.id

RAJAH & TANN | *Thailand*
R&T Asia (Thailand) Limited
T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN | *Lao PDR*
Rajah & Tann (Laos) Co., Ltd.
T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*
Rajah & Tann LCT Lawyers

Ho Chi Minh City Office
T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

CHRISTOPHER & LEE ONG | *Malaysia*
Christopher & Lee Ong
T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

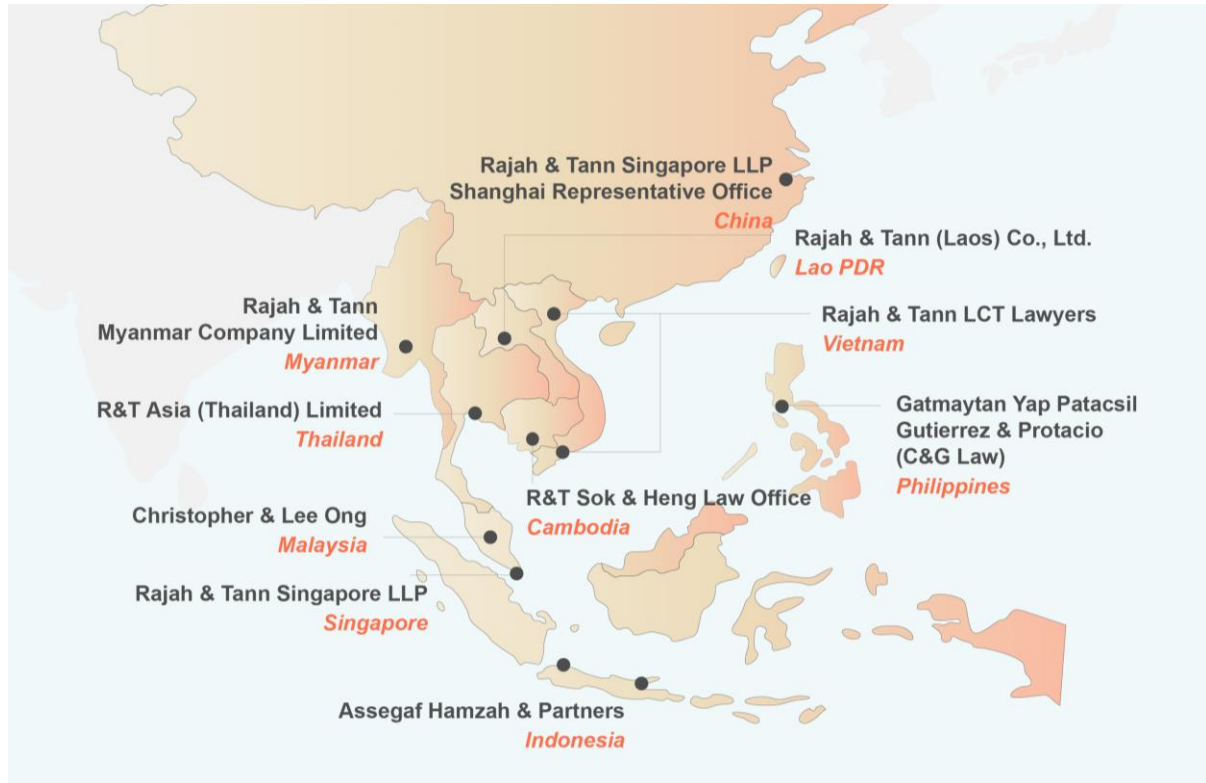
Hanoi Office
T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in Asia.

Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

This update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this update.

Our Regional Presence



Based in Indonesia, and consistently gaining recognition from independent observers, Assegaf Hamzah & Partners has established itself as a major force locally and regionally and is ranked as a top-tier firm in many practice areas. Founded in 2001, it has a reputation for providing advice of the highest quality to a wide variety of blue-chip corporate clients, high net worth individuals, and government institutions.

Assegaf Hamzah & Partners is part of Rajah & Tann Asia, a network of local law firms in Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by Assegaf Hamzah & Partners and subject to copyright protection under the laws of Indonesia and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Assegaf Hamzah & Partners.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Assegaf Hamzah & Partners.