

CAPITAL MARKET

IDX's Reform of Listing Rules: Stricter Free Float Share Pool and Other Key Changes



On 31 March 2026, the Indonesia Stock Exchange ("IDX") overhauled its listing rules by issuing (i) IDX Board of Directors Decision No. Kep-00045/BEI/03-2026, which amends Regulation I-A on the listing of shares and equity securities ("**Regulation I-A 2026**"), and (ii) Circular Letter No. SE-00004/BEI/03-2026 ("**Circular Letter**"), which provides implementing guidance. This new regulatory framework repeals and replaces the previous regime under IDX Board of Directors Decision No. Kep-00101/BEI/12-2021 ("**Regulation I-A 2021**") and introduces a comprehensive update to the IDX's listing regime. On 8 April 2026, the IDX held an information session to provide market participants with guidance and clarification on the new framework. We have included certain key points from the information session in this client update.

Notably, the new framework was introduced in response to recent assessments by international financial agencies cautioning that Indonesia could be downgraded from emerging market to frontier market status due to investability concerns. Key issues cited include low free float levels, limited transparency in public companies' shareholding structures, and indications of coordinated trading behaviour. Through this overhaul, the IDX aims to address these concerns and advance reforms to strengthen Indonesia's capital markets, enhance competitiveness, and align the market more closely with international liquidity standards.

We highlight the key provisions below.

Clearer Definition of Free Float Shares

Regulation I-A 2026 provides greater clarity on the definition of free float shares. It now expressly includes the requirement that free float shares be "in scripless form and listed on the IDX" and introduces a new criterion, namely that the shares "are not subject to transfer restrictions", which was not previously included in Regulation I-A 2021.

Accordingly, free float shares are now defined as scripless shares listed on the IDX and that:

1. Are owned by shareholders who each holds less than 5% of the total listed shares;
2. Are not owned by the controlling shareholder and/or its affiliates;
3. Are not owned by members of the board of commissioners or the board of directors;
4. Are not treasury shares (i.e., shares repurchased by the company); and
5. Are not shares subject to transfer restrictions.

The Circular Letter provides further guidance on what is considered "shares subject to transfer restrictions", including:

1. Shares whose transfer is restricted under applicable laws and regulations or as a result of the listed company's corporate actions;
2. Shares held in the portfolio of a venture capital company or private equity firm; and/or
3. Shares that are subject to seizure or blocking by law enforcement or other competent authorities.

During the information session, the IDX further clarified that shares held by venture capital and private equity firms, regardless of whether the holding is below or above 5% of the total listed shares, are excluded from the free float

share pool. This clarification carries significant implications, particularly for companies whose shareholding includes substantial venture capital or private equity ownership, as is common among issuers originating from the startup ecosystem. Such companies may face challenges in meeting free float requirements if venture capital or private equity holdings cannot be counted as free float under any circumstances. The IDX also noted that shares allocated to employees under an Employee Share Ownership Program or Employee Share Allocation that are subject to voluntary lock-up, cannot be counted as free float shares.

Obligation to Maintain Control for Controlling Shareholders

Regulation I-A 2026 introduces new requirements for Controlling Shareholders¹ of prospective listed companies to maintain control. In summary:

1. *Retention of control*

Where required by the IDX, a Controlling Shareholder (as defined under OJK Regulation No. 45 of 2024) must maintain control and may be prohibited from transferring any part of its shareholding if such transfer would result in the loss of control, for a minimum period of 12 months from the initial public offering (IPO) listing date or such other period as determined by the IDX.

2. *Change of control*

If a change of Controlling Shareholder is disclosed in the prospectus, the same control-retention requirement applies to the prospective new controlling shareholder.

Although these requirements are formally introduced under Regulation I-A 2026, in practice, the IDX and OJK (Indonesia's Financial Services Authority) have long required Controlling Shareholders and/or ultimate beneficial owners of prospective listed companies to provide similar commitments. This approach is intended to protect minority shareholders, particularly where Controlling Shareholders may pursue exit strategies.

Better Quality Listed Companies as an Initial Listing Requirement

Regulation I-A 2026 introduces additional initial listing requirements aimed at improving the quality of listed companies and supporting the objectives of Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (particularly in relation to strengthening human resources in the financial sector). These requirements apply at the initial listing stage and include the following:

1. *Financial statements preparation (effective 31 March 2027)*

A prospective listed company must satisfy one of the following:

- Employ at least one individual responsible for preparing the financial statements (either a director or an employee), who holds an accounting competency certification issued by a professional organisation recognised in Indonesia or internationally; or

1. A party that, directly or indirectly: (i) holds more than 50% of a public company's fully paid voting shares; or (ii) has the ability, directly or indirectly and in any manner, to determine the management and/or policies of a public company, as stipulated in Article 1 point 21 of OJK Regulation No. 45 of 2024 on the Development and Strengthening of Issuers and Public Companies.

- Appoint a practicing accountant or a public accountant to prepare the financial statements if the company does not have such an individual internally.

2. *Continuing education (effective date to be confirmed)*

The board of directors, board of commissioners, and audit committee of a prospective listed company must have attended and completed continuing education on capital markets and corporate governance. This requirement will take effect once the relevant IDX circular letter on continuing education is issued and becomes effective.

Given these requirements, prospective listed companies should assess whether their finance function has the required accounting competency certification and, where necessary, take steps to close any gaps, whether by recruiting qualified personnel or engaging external service providers. Companies should also monitor the issuance of the IDX circular letter that will further regulate the continuing education obligation.

Positive Retained Earnings Requirement for Main Board Listing

Regulation I-A 2026 introduces a new eligibility criterion for companies seeking to list on the IDX's Main Board. A prospective listed company must demonstrate positive retained earnings in the most recent financial statements submitted with its listing application.

This requirement raises the threshold for Main Board listings, ensuring that only companies with a proven track record of profitability and financial stability are eligible. As a result, the Main Board will be reserved for more established businesses, while companies still working towards sustained profitability may need to consider the Development Board as an alternative listing route.

Minimum Free Float Share Requirement at Initial Listing

At the time of an initial listing, the minimum free float requirements for the Main Board and Development Board under Regulation I-A 2026 are as follows:

Initial Listing Free Float Requirement	Main Board	Development Board
Minimum number of free float shares	300,000,000	150,000,000
Market capitalisation < IDR5 trillion (equivalent to approximately USD294 million)	≥ 25%	≥ 25%
Market capitalisation of IDR5 trillion to IDR50 trillion (equivalent to approximately USD294 million to USD2.9 billion)	≥ 20%	≥ 20%
Market capitalisation > IDR50 trillion (equivalent to approximately USD2.9 billion)	≥ 15%	≥ 15%

As illustrated in the table above, the minimum free float percentage is now determined by market capitalisation rather than equity size. In addition, the IDX may determine a different free float requirement for public offerings raising at least IDR30 trillion (approximately USD1.7 billion).

Prospective listed companies must also maintain the prescribed free float level for up to one year following the initial listing. Furthermore, shares held by existing shareholders cannot be treated as free float at the time of the initial listing. However, for the purpose of continued listing on the IDX, such shares may subsequently qualify as free float if they meet the applicable free float criteria.

This shift to a market capitalisation basis aligns the free float requirement more closely with issuers' market value and is intended to support market liquidity. The IDX's discretion for large-scale offerings (\geq IDR30 trillion (equivalent to approximately USD1.7 billion)) also signals closer scrutiny of sizeable listings and may require issuers to plan for a higher free float level than the baseline thresholds.

Minimum Free Float Share Requirement for Maintaining Listing

Regulation I-A 2026 raises the minimum free float threshold required to maintain an IDX listing from 7.5% under Regulation I-A 2021 to 15%. To ease the transition, Regulation I-A 2026 introduces a phased compliance schedule. The applicable deadline depends on each listed company's market capitalisation and free float position as of 31 March 2026, as summarised in the table below:

Market Capitalisation (as of 31 March 2026)	Current Free Float	New Free Float	Compliance Deadline
\geq IDR5 trillion (equivalent to approximately USD294 million)	$< 12.5\%$	$\geq 12.5\%$	31 March 2027
		$\geq 15\%$	31 March 2028
	12.5% to $< 15\%$	$\geq 15\%$	31 March 2027
$< IDR5$ trillion (equivalent to approximately USD294 million)	Any percentage	$\geq 15\%$	31 March 2029

Taking prevailing market conditions into account, the IDX may adjust the compliance timelines, subject to approval or instruction from the OJK.

By raising the ongoing free float threshold from 7.5% to 15%, Regulation I-A 2026 significantly tightens IDX listing standards. While the transition periods provide time to adjust, larger listed companies face earlier deadlines, whereas listed companies with a market capitalisation below IDR5 trillion are granted until 31 March 2029 to achieve compliance.

Transitional Provisions

For prospective listed companies that submitted their listing applications before the effective date of Regulation I-A 2026 (i.e., 31 March 2026), the IDX will continue to evaluate the application under the provisions and requirements of Regulation I-A 2021.

Conclusion

Regulation I-A 2026 marks a significant milestone in the IDX's ongoing efforts to strengthen Indonesia's capital market infrastructure and address longstanding investability concerns raised by international financial agencies. By narrowing the definition of free float shares, raising ongoing free float thresholds, introducing control-retention obligations for Controlling Shareholders, and enhancing issuer quality requirements, the IDX has demonstrated its commitment to improving market transparency, liquidity, and governance. That said, it remains to be seen whether these measures will be sufficient to ease lingering concerns about the Indonesian capital market, and their effectiveness will depend on how well listed companies adapt and how investors respond in practice.

Existing listed companies should reassess their current free float levels against the revised thresholds and take proactive steps to achieve compliance within the applicable transitional periods. Prospective listed companies should factor the amended initial listing requirements, including the positive retained earnings condition for Main Board listings, and the revised free float calculations based on market capitalisation into their listing readiness assessments and transaction planning.

We will continue to monitor developments under this framework, including the issuance of implementing circulars and adjustments to compliance deadlines by the IDX or OJK, to ensure stakeholders remain well-informed and prepared.

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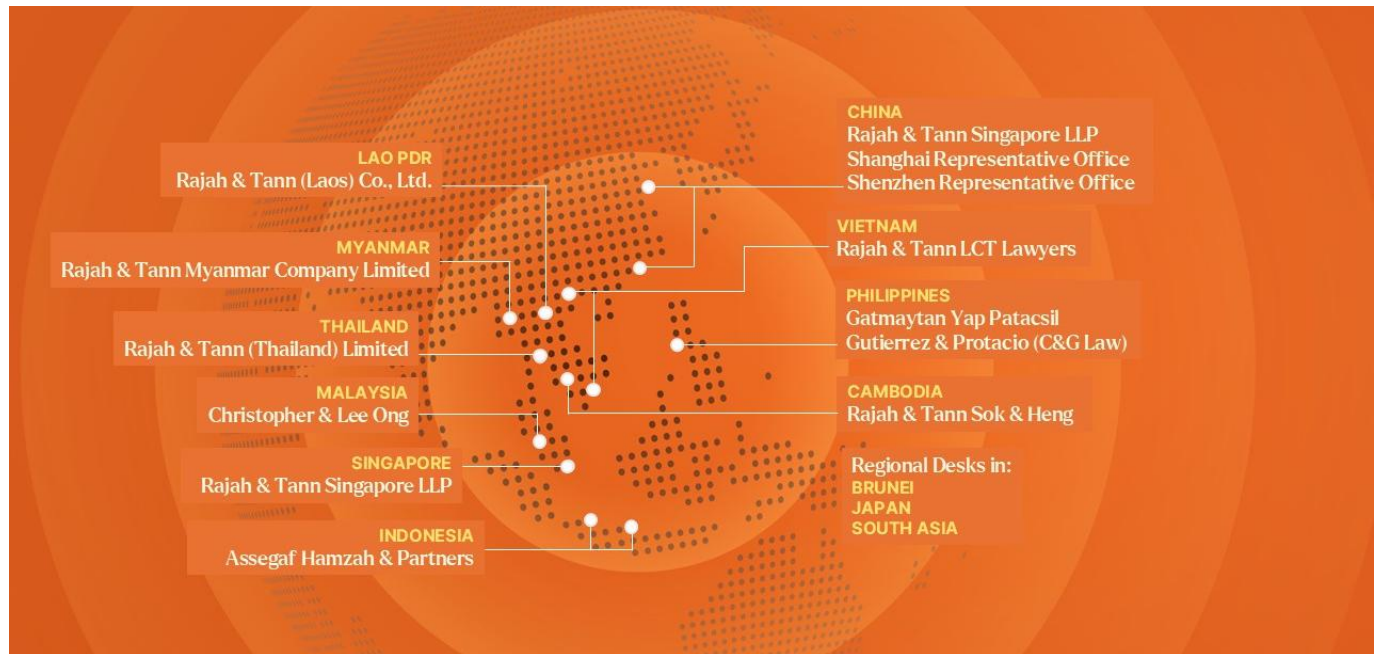
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