

New IDX Listing Rule: Implications for Listed Companies – What’s Changed and Why It Matters

In brief

The Indonesia Stock Exchange (“**IDX**”) has formally issued amendments to the IDX Listing Rule, introducing substantially higher free float thresholds and new governance requirements for the existing listed companies. This is one of the most material post-listing compliance developments in recent years and will have a direct impact on controlling shareholders, capital structure planning, and corporate actions.

This alert highlights the key changes, compliance timelines, and practical implications for existing listed companies.

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1. Overview of the New Free Float Regime

Under the amended IDX Listing Rule, listed companies are subject to the following graduated free float requirements based on market capitalization and free float shares levels as of 31 March 2026, with mandatory step up milestones over the next three years:

(a) Listed Companies with Market Capitalization below IDR 5 Trillion

- Must meet at least 15% free float
- Deadline: 31 March 2029

(b) Listed Companies with Market Capitalization of at least IDR 5 Trillion

Compliance timelines depend on the listed company’s current free float levels:

- Free float between 12.5% and <15% as of 31 March 2026: Must increase to at least 15% by 31 March 2027
- Free float below 12.5% as of 31 March 2026: Must achieve: (i) at least 12.5% by 31 March 2027 and (ii) at least 15% by 31 March 2028

Taking into account prevailing market conditions, IDX retains the discretion to determine an alternative compliance timeframe. Such an alternative timeframe may only be implemented subject to the prior approval from, or pursuant to a directive issued by, the Financial Services Authority (*Otoritas Jasa Keuangan* or “**OJK**”). This mechanism is intended to provide regulatory flexibility in exceptional market circumstances, while ensuring continued supervisory oversight by OJK.

2. Revised Definition of Free Float Shares

The amended IDX Listing Rule introduces a more restrictive definition of “free float shares,” significantly narrowing the scope of shares that may be counted toward compliance. Under the new rule, only shares held by public investors with individual ownership of less than 5% qualify as free float. In addition, only

scripless shares may be counted as free float, and the rule expressly excludes the following categories from the free-float calculation:

- (a) Shares held by the controlling shareholders and their affiliated parties
- (b) Shares held by directors and commissioners
- (c) Treasury shares (including any shares held pursuant to the companies' share buyback program)
- (d) Shares that are subject to transfer restrictions

As part of the amendments to the IDX Listing Rule, IDX has provided further clarification on what constitutes "shares that are subject to transfer restrictions", which are expressly excluded from the free float calculation. These include:

- Shares that are subject to mandatory lock-up or transfer restriction periods, whether imposed by applicable regulations or arising from corporate actions of the listed company
- Shares held as part of the investment portfolio of venture capital firms or private equity funds
- Shares that are subject to seizure, attachment or blocking orders imposed by law enforcement authorities or other competent authorities

3. *New Requirement on Officer Who Prepares the Financial Statements*

Effective as of 31 March 2027, all listed companies will be required to ensure that their financial statements are prepared by appropriately qualified professionals. Under this new requirement, a listed company must comply with one of the following options:

- (a) The company has at least one officer responsible for the preparation of its financial statements who is either a director or an employee of the listed company, and who holds a valid accounting competency certificate issued by (i) a professional organization recognized in Indonesia or (ii) an international organization.
- (b) If the listed company does not have an internal officer meeting the above certification requirements, it must appoint a practicing accountant or public accountant to prepare its financial statements.

4. *New Requirement on Continuing Education for Directors, Commissioners, and Audit Committee Members*

For both newly listed companies and existing listed companies, the amended IDX Listing Rule introduces a requirement that members of the board of directors, the board of commissioners, and the audit committee must have attended and completed continuing education programs relating to capital markets and corporate governance.

However, this requirement will only become effective once the IDX issues a circular letter providing further implementing provisions. As of the date of this Client Alert, no such circular letter has been issued, and listed companies need to monitor further developments closely.

5. *Recognition of "Shareholders Whose Beneficial Owners Are Public Investors" as the Holders of Free Float Shares*

IDX has provided more detailed clarification on which parties may be treated as "shareholders whose beneficial owners are public investors" for the purpose of their classification as the holders of free float shares. The parties eligible under this category include:

- (a) Insurance companies
- (b) Pension funds

- (c) Sovereign wealth funds established and/or owned by foreign governments
- (d) Mutual funds
- (e) Social security institutions
- (f) Broker dealers
- (g) Other investment portfolios proven to be beneficially owned by public investors

To benefit from this classification, a listed company may apply for the shares held by these types of shareholders to be recognized as free float shares. The listed company must submit the application to the IDX no later than three trading days after the deadline for submitting the monthly share ownership registry report. It must also provide supporting documents evidencing that the relevant share owner constitutes a shareholder or investment portfolio whose beneficial owners are public investors and that the share owners are not owned by the controlling shareholder, affiliates of the controlling shareholder, directors or commissioners of the listed company and that the shares are not subject to transfer restrictions.

Upon reviewing the completeness and accuracy of the submitted documents and information, IDX will issue its approval or rejection within five trading days. Only shareholders whose beneficial owners are public investor represents less than 10% of the total listed shares may be proposed for classification as free float shareholders.

Key Actions to Consider

In light of the amended IDX Listing Rule, listed companies and controlling shareholders of listed companies should consider taking the following actions at an early stage:

1. Listed Companies should assess their current free float position against the new graduated thresholds, taking into account market capitalization bands as at 31 March 2026.
2. Given the narrower definition of free-float shares, listed companies should re-examine:
 - (a) Holdings by the affiliates of the controlling shareholders
 - (b) Holdings by directors and commissioners
 - (c) Shares that are subject to contractual or regulatory transfer restrictions
3. For listed companies that are currently below the applicable thresholds, early planning is critical. A phased approach can help mitigate pricing pressure and execution risk.
4. The free-float impact should be assessed up front in any M&A transaction, internal restructuring, buyback program or change-of-control scenario.
5. Listed companies should verify whether any internal resources preparing their financial statements already hold a valid accounting competency certificate. Failing this, listed companies should anticipate either hiring someone with such a qualification or engaging external parties for the preparation of financial statements.
6. Listed companies should look out for the issuance of the IDX circular letter that will activate the continuing education requirement.

If you would like to discuss how these changes may affect your company or upcoming transactions, please reach out to your usual HHP contacts.

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