

## Amendments to Free Float Requirements in IDX Listing Rule

Following recent market developments, as well as longstanding structural concerns, particularly in relation to the relatively low minimum free float requirement of approximately 7.5% (seven point five percent), Indonesia Stock Exchange (“IDX”) has now introduced amendments to the previous Regulation No. I-A, as stipulated under the Decree of Board of Directors of IDX No. Kep-00101/BEI/12-2021 concerning Amendment to Regulation No. I-A on the Listing of Shares and Equity Securities Other than Shares Issued by Listed Companies, enacted on 21 December 2021 (“**IDX Rule I-A 2021**”), through the issuance of the Decree of the Board of Directors of IDX No. Kep-00045/BEI/03-2026 concerning Amendment to Regulation No. I-A on the Listing of Shares and Equity Securities Other than Shares Issued by Listed Companies, enacted on 31 March 2026 (“**New IDX Rule I-A**”). This constitutes a regulatory measure undertaken by the IDX in alignment with the broader agenda of the Financial Services Authority (*Otoritas Jasa Keuangan* or “**OJK**”) to address such concerns and to further strengthen and reform the Indonesian capital market.

The amendment encompasses, among other things, revisions to free float requirements, and aspects of corporate governance. The following summarizes changes to the free float provisions and their implications for both existing listed companies and prospective initial public offering (“**IPO**”) issuers (“**Prospective Issuer**”):

### 1. Definition of Free Float Shares

Generally, IDX Rule I-A 2021 defines “Free Float” as shares held by shareholders owning less than 5% (five percent) of the total listed shares, which the controlling shareholder and its affiliates do not hold, are not owned by members of the board of directors or board of commissioners, and do not constitute treasury shares (i.e., shares that have been repurchased by the company).

The New IDX Rule I-A, however, further clarifies and introduces additional requirements which, in substance, narrow the scope of shares that may be classified as “Free Float”, namely:

- a. Expressly required that only scripless shares may qualify as free float shares; and
- b. The introduction of a requirement that free float shares must not be subject to any restrictions on transferability. Referring to the Circular Letter of IDX No. SE-00004/BEI/03-2026 concerning the Clarification of Provisions on the Listing of Shares and Equity Securities Other Than Shares Issued by Listed Companies, enacted on 31 March 2026 (“**IDX Circular Letter**”), shares subject to transfer restrictions include:
  - i. shares that are currently subject to restrictions on the transfer of ownership, either based on the Rules or the corporate actions of the Listed Company;

- ii. shares that are part of the portfolio of a Venture Capital Company or private equity firm; and/or
- iii. shares that are under seizure or freeze by Law Enforcement Authorities or the competent Authority.

## 2. Free Float Share Requirements and Tiering System

The New IDX Rule I-A has introduced changes to the free float share requirements, mandating a higher free float threshold, determined based on market capitalization. This also reflects a shift in the tiering system, as the IDX Rule I-A 2021 set free float requirements based on equity tiers rather than market capitalization. The following outlines the differences between the current and previous requirements regarding the tiering of free float thresholds:

Board	IDX Rule I-A 2021			New IDX Rule I-A		
	Amount of Free Float Shares	Free Float Threshold	Equity*	Amount of Free Float Shares	Free Float Threshold	Market Cap of the Prospective Issuer before the listing date*
Main Board (Papan Utama)	≥300 million shares	≥ 20%	< IDR 500 billion	≥300 million shares*	≥ 25%	< IDR 5 trillion
		≥ 15%	≥ IDR 500 billion until IDR 2 trillion		≥ 20%	≥ IDR 5 trillion until IDR 50 trillion
		≥ 10%	> IDR 2 trillion		≥ 15%	> IDR 50 trillion
Development Board (Papan Pengembangan)	≥150 million shares	≥ 20%	< IDR 500 billion	≥150 million shares*	≥ 25%	< IDR 5 trillion
		≥ 15%	≥ IDR 500 billion until IDR 2 trillion		≥ 20%	≥ IDR 5 trillion until IDR 50 trillion
		≥ 10%	> IDR 2 trillion		≥ 15%	> IDR 50 trillion

*\*The New IDX Rule I-A also introduces flexibility for large-scale IPOs. For IPOs that raise at least IDR 30 trillion in proceeds, the IDX may determine a different minimum free float percentage. This allows the IDX to set liquidity requirements at its discretion for significantly larger IPO transactions, taking into account market capacity while still ensuring meaningful public participation.*

The requirements above are calculated from the total of shares to be listed on the IDX, after the public offering, or, for public companies, in the period of the 5 (five) trading days prior to the submission of the listing application.

The tiering free float requirements based on New IDX Rule I-A apply to Prospective Issuers and must be satisfied for a minimum period of 1 (one) year from the listing date.

Furthermore, the free float threshold for maintenance obligation has also now increased. Previously, a listed company could remain listed on the IDX if it met the number of free float shares of at least 50,000,000 (fifty million) shares and at least 7.5% (seven-point five percent) of the total number of listed shares, this has now changed, whereby a listed company can remain listed on the IDX if the number of free float shares after 1 (one) year from the listing date is at least 50,000,000 (fifty million) shares and at least 15% (fifteen percent) of the total number of listed shares. Accordingly, based on the New IDX Rule I-A, upon the lapse of the one-year period following listing, Prospective Issuers are required to maintain the 15% (fifteen percent) threshold.

### 3. Exclusion and Classification of Shareholders

Following the adjustment to the free float threshold as described above, the New IDX Rule I-A further clarifies that shares held by shareholders of a Prospective Issuer prior to the IPO (“**Pre-IPO Shareholders**”) are not to be considered as free float. This principle likewise applies to equity securities arising from debt-to-equity conversions. Accordingly, any shares owned by Pre-IPO Shareholders are excluded from the free float calculation.

However, this exclusion is not permanent. The IDX Circular Letter provides that eligible Pre-IPO Shareholders may be included in satisfying the ongoing 15% (fifteen percent) free float maintenance requirement, provided that such inclusion only takes effect after the first year of listing.

In addition, IDX now provides a clearer regulatory framework by allowing certain shares held by specific shareholders to be classified as free float and included in the calculation, provided that the ultimate beneficial owners of such shares are public investors. Under the IDX Rule I-A 2021, only shareholdings characterized as “portfolio investments whose beneficiaries are public investors” could be classified as free float, which is relatively more complex to assess. This provision is then further elaborated in the IDX Circular Letter, which specifies that shareholdings with public investor beneficial ownership include:

- a. Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies;
- b. Pension Funds;

- c. Investment Management Institutions or Sovereign Wealth Funds established and/or owned by the government of a foreign country;
- d. Mutual Funds;
- e. Securities Brokers;
- f. Social security management companies; and/or
- g. Other companies or investment portfolios where it can be proven that the beneficiaries are public investors in accordance with the provisions as regulated in this IDX Circular Letter.

Such classification may be submitted to the IDX by the listed company through an application filed no later than 3 (three) trading days after the deadline for the submission of the monthly share ownership registration report. It should be noted that only shareholders whose ultimate beneficial owners are public investors, representing less than 10% (ten percent) of the total listed shares, may be proposed for the classification.

With regard to the above changes, Prospective Issuers and listed companies will now be required to comply with the new free float requirements.

Accordingly, it is important for listed companies to begin taking the necessary steps in maintaining the obliged threshold, considering the following transitional period:

<b>Company Category (Market Cap as of Mar 31, 2026)</b>	<b>Starting Free Float Level</b>	<b>Transition Threshold and Date</b>	<b>Final Requirement of Threshold and Date</b>
≥ IDR 5 trillion	< 12.5%	At least 12.5% by March 31, 2027	At least 15% by March 31, 2028
≥ IDR 5 trillion	≥ 12.5% until < 15%	Not regulated	At least 15% by March 31, 2027
< IDR 5 trillion	Any level below 15%	Not regulated	At least 15% by March 31, 2029

The transitional period outlined above requires larger companies to meet the 15% (fifteen percent) target within 2 (two) years, while smaller companies are granted a full three-year period, with the applicable threshold determined based on the listed company’s market capitalization as of 31 March 2026. The IDX will monitor compliance with this requirement in March, June, and December, and retain the right to adjust these timelines based on prevailing market conditions.

Meanwhile, Prospective Issuers are required to comply with the applicable tiered framework based on their post-listing market capitalization, as described in Section No. 2 above, taking into account the market capitalization of the Prospective Issuers as of their post-listing market

capitalization. This framework establishes a higher entry threshold, thereby increasing the complexity of going public.

By doubling the minimum maintenance free float for continued listing and introducing a sophisticated, tiered entry system based on market capitalization, the IDX has significantly raised the stakes for both existing issuers and Prospective Issuers. These changes may impose immediate compliance burdens on listed companies, and accordingly, early planning is essential. Both Prospective Issuers and listed companies should therefore consider undertaking the necessary restructuring measures and reassessing their shareholding structures at an early stage to ensure compliance.

## Further information

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