Cross-Border Listings Guide - Indonesia Stock Exchange

Principal listing and maintenance requirements and procedures

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# Principal listing and maintenance requirements and procedures

[Last updated: 1 January 2024, unless otherwise noted]

The IDX does not consider any jurisdictions of incorporation or industries to be unacceptable for a listed company. However, as highlighted in Section 1 above, foreign companies are prohibited from listing their shares on the IDX. In theory, foreign companies are only allowed to issue and list SPEI on the IDX. To date, no foreign company has successfully listed SPEI on the IDX.

A company will qualify to list its shares on the Main Board of the IDX if it fulfils certain requirements, including the following:

Its registration statement is declared effective by the OJK.

It has conducted an operational activity in the same core business for at least 36 consecutive months, which must be proven by the prospective listed company recording revenue for the last three financial years.

It has audited financial statements for the last three financial years, and an unmodified opinion covering the audited financial statements for at least the last two financial years and the last interim audited financial statements (if any).

It has fulfilled one of the following financial criteria:

Profits before tax and net tangible assets for the last financial year of at least IDR 250 billion (approximately US$16.25 million).

Accumulation of profits before tax for the last two financial years of at least IDR 100 billion (approximately US$6.50 million) and share capitalization value of at least IDR 1 trillion (approximately US$65.00 million) before the listing date.

Revenue for the last financial year of at least IDR 800 billion (approximately US$52.00 million) and share capitalization value of at least IDR 8 trillion (approximately US$520.00 million) before the listing date.

Total assets for the last financial year of at least IDR 2 trillion (approximately US$130.00 million) and share capitalization value of at least IDR 4 trillion (approximately US$260.00 million) before the listing date.

Cumulative cash flow from operating activities for the last two financial years of at least IDR 200 billion (approximately US$13.00 million); and share capitalization value of at least IDR 4 trillion (approximately US$260.00 million) before the listing date.

For a company to qualify to list its shares on the Main Board, a certain number of its shares (Free Float Shares) must meet the following criteria:

They are owned by a shareholder that holds less than 5% of the total listed shares.

They are not owned by the controller of the company and/or any affiliate of the controller.

They are not owned by the members of the board of directors or board of commissioners.

They have not been bought back by the company.

There must be at least 300 million Free Float Shares and they must represent at least one of the following:

20% of the total shares that will be listed on the IDX, for prospective listed companies whose total equity prior to the public offering is less than IDR 500 billion (approximately US$32.50 million)

15% of the total shares that will be listed on the IDX, for prospective listed companies whose total equity prior to the public offering is between IDR 500 billion (approximately US$32.50 million) and IDR 2 trillion (approximately US$130.00 million)

10% of the total shares that will be listed on the IDX, for prospective listed companies whose total equity prior to the public offering is more than IDR 2 trillion (approximately US$130.00 million)

The above criteria relating to Free Float Shares must be fulfilled by the company either after the public offering or, where the prospective listed company is already a public company (but not yet listed), within the period of five trading days prior to the listing application.

The company must have a minimum of 1,000 total shareholders with single investor identifications (SID) to list its shares on the Main Board, with the following conditions:

For a prospective listed company conducting an Initial Public Offering (IPO), the total number of shareholders is the total number of shareholders following the completion of the IPO.

For a prospective listed company that was originally a non-listed public company, the total number of shareholders is the number of total shareholders as of, at the latest, one month prior to the listing application.

The IDX requires all companies wishing to list their shares on the IDX to list all of the company's shares, except for certain companies such as banks where 1% of their paid up capital may not be listed on the IDX.

The offer price (and not nominal value) for the securities to be listed must be at least IDR 100 (approximately US$0.007).

The IDX does not require any specific period of continuity of management.

*Listing of additional shares*

After the initial listing, the IDX also allows for the listing of additional shares on the Main Board as a result of issuance of new shares by a listed company, such as would result from a rights issue, an increase of capital without preemptive rights, a reverse stock split, bonus shares, dividend shares, conversion of indebtedness, an employee/management stock option program and an exercise of warrants. There are particular requirements that need to be fulfilled in order to be able to list additional shares on the IDX (these include a guideline formula for determining the pricing). There are different requirements to be fulfilled for listing additional shares depending on how the new shares are issued.

The general requirements for listing additional shares on the IDX are as follows:

The listed company has obtained the approval of its general meeting of shareholders for the issuance of new shares.

The listed company has submitted an application for the approval of the IDX for the listing of the additional shares.

The listed company has obtained the approval of the IDX (including an effective letter issued by the OJK to the extent the new shares are issued in relation to a public offering).

*Corporate governance*

A listed company, under the OJK rules, must have:

A board of commissioners, 30% of the members of which must be independent commissioners.

A nomination and remuneration function.

An audit committee.

A corporate secretary.

An internal audit unit.

A more detailed explanation on the corporate governance requirements of a listed company is provided in Section 5 below.

*Free float requirements*

Specifically, under IDX Rule No. I-A on Listed Stock and Equity Securities other than Shares Issued by Listed Companies (IDX Listing Rule), there are certain free float requirements to be met after the initial listing in order to maintain a listing on the IDX. These free float requirements are:

The number of Free Float Shares is at least 50 million shares and at least 7.5% of the total listed shares.

There are at least 300 shareholders holding single investor identifications (SID).

The IDX Listing Rule provides that if there is a breach of the minimum free float requirement caused by a corporate action of the listed company, and the breach is outside of the control of the listed company, it has to submit an action plan to comply with the above requirements at the latest two trading days after the company becomes aware of the non-compliance. The IDX may approve or reject the proposed plan, especially in relation to the proposed timeline.

If non-compliance with the requirement for the number of Free Float Shares to be (i) at least 50 million shares and (ii) at least 7.5% of the total listed shares is due to a mandatory tender offer as a result of a takeover by a new controller, the IDX Listing Rule provides a two-year deadline to comply with the requirement.

If the listed company does not meet the requirement for the number of Free Float Shares to be (i) at least 50 million shares and (ii) at least 7.5% of the total listed shares, the listed company may submit an application for certain shareholders to be categorized as free float shareholders provided that the ownership is in the form of an investment portfolio with a public investor as the beneficiary.

*Specific listing maintenance requirements for the Main Board*

To maintain a listing on the Main Board, under the IDX Listing Rule, the maintenance requirements are as follows:

Effective from 2 May 2025, the listed company must fulfill one of the following conditions:

It must not record any net loss for two consecutive years.

It must book a compound annual growth rate of operating income of at least 20% for the last three years.

The listed company did not have negative equity in the last financial statement.

The listed company has more than 750 shareholders with single investor identification (SID).

The listed company must satisfy the following:

If the Free Float shares are 10% or more, then the share capitalization value of the Free Float Shares must be more than IDR 200 billion (approximately US$13.00 million).

If the Free Float Shares are less than 10%, then the share capitalization value of the Free Float Shares must be more than IDR 1 trillion (approximately US$65.00 million).

The listed company must fulfill one of the following conditions:

The price to earnings ratio per share of the listed company is not more than three times the market price to earnings ratio.

The price to book value ratio of the shares of the listed company is not more than three times the market price to book value ratio.

The share capitalization value of the listed company is at least IDR 12 trillion (approximately US$780.00 million).

The listed company did not receive a written sanction from the IDX in the past year.

The listed company's annual audited financial statements have obtained an unmodified opinion for two consecutive financial years.

*IDX Special Monitoring*

A listed company may be placed in the special monitoring board if it fulfills one or more of the following criteria:

The listed company's average share price over the last six months in the regular market and/or regular market periodic call auction is less than IDR 51 (approximately US$0.003), except for shares listed under the Acceleration Board.

The listed company's latest audited financial statements received a disclaimer of opinion.

The listed company did not record any revenues or did not change its revenue in the audited financial statements and/or interim financial statements compared to the financial statements submitted previously.

The listed company engages in the mineral and coal mining business and has carried out the production operation stage but has not yet reached the sales stage, or has not started the production operation stage, or is a holding company that has a controlled company that engages in the mineral and coal sector and has carried out the production operation stage but has not yet reached the sales stage, or has not yet started the production operation stage, at the end of the fourth fiscal year after its listing on the IDX, and has not obtained any revenue from the main business activities (core business).

The listed company has negative equity in the latest financial statements.

The listed company does not comply with the listing requirements according to the IDX rules.

The listed company has low liquidity, with the criteria of daily average transaction value of shares of less than IDR 5 million (approximately US$325.00) and an average daily transaction volume of shares of less than IDR 10,000 (approximately US$0.65) shares during the last six months in the regular market and/or regular market periodic call auction.

The listed company itself, or another party, has applied for suspension of debt repayment obligations, bankruptcy or cancellation of a composition plan, which materially affects the listed company or the subsidiary of a listed company whose revenue contribution is material to the listed company according to assessment by the IDX or the listed company's disclosure of information.

The listed company is subject to a temporary suspension of securities trading for more than one trading day caused by trading activities.

If a listed company fulfills the criteria above, the IDX will publish an announcement at the latest one trading day before the listed company has been effectively placed in the special monitoring board. In addition, a listed company placed under the special monitoring board may be given a special notation by the IDX. The IDX has the authority to remove a listed company from the special monitoring board if the listed company complies with certain requirements set out under the IDX rules. The IDX can also suspend a listed company if it has been placed in the special monitoring board for more than one consecutive year because it meets one of the above criteria.

*Delisting*

A listed company can be delisted from the IDX, either voluntarily by the relevant listed company or forcibly by the IDX, due to certain conditions. The IDX allows a listed company to undertake voluntary delisting upon meeting certain requirements, such as: (i) the relevant company has been listed on the IDX for at least five years; (ii) the delisting plan has been approved by a general meeting of shareholders, and (iii) there are standby buyer(s) who will purchase the shares of the shareholders who disagree with the delisting plan on the price in accordance with the IDX rules.

The IDX can force a listed company to delist if that company fulfils one of the following conditions: (i) the company suffers certain conditions that adversely affect the going concern nature of the company, financially or legally, or adversely affect the continuing status of the company as a publicly listed company and the company is unable to demonstrate a sufficient indication of recovery; or (ii) the shares are suspended from the regular market and the cash market, and have only been traded in the negotiated market for the last 24 months.

Once delisted, the company will remain a public company but its shares will no longer be listed on the IDX. The company can be taken private upon meeting certain requirements according to the OJK rules.

*Lock-up*

If a party obtains shares of a prospective listed company within six months before the submission of the relevant IPO registration statement to OJK at a price lower than the IPO price of the company's shares, all shares (and not only the shares newly obtained by that party) will be subject to eight months lock-up. The eight months lock-up will start from the date the registration statement is declared effective by the OJK.

If the IPO is carried out by also implementing Multiple Voting Shares (MVS) in accordance with the prevailing rule, each eligible MVS holder will be subject to a two-year lock-up on its MVS, starting from the date the registration statement is declared effective by the OJK. In addition, each shareholder holding ordinary shares (non-MVS) will also be subject to an eight months' lock-up starting from the date the registration statement is declared effective by the OJK in the event that the book value per share based on the latest financial statements is lower than the IPO price.

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