



Navigating the new free float requirement: understanding the regulation, its impact, and potential solutions



April 2026



Capital market overview

Why increasing free float and transparency is no longer optional

Bloomberg

Indonesian Stocks Plunge 7% After MSCI Warning on Investability

By Prima Wirayani, Abhishek Vishnoi, and Eduard Gismatullin
 January 28, 2026 at 8:19 AM GMT+7
 Updated on January 28, 2026 at 4:31 PM GMT+7

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If Indonesia fails to make sufficient progress on transparency by May, MSCI will reassess the country's market accessibility status – a move that could lead to a reduction in weighting for all Indonesian companies in the MSCI Emerging Markets Index and even a potential downgrade to frontier-market status.

Global investors sold a net \$192 million worth of local stocks in the week ended Jan. 23, the first outflow in 16 weeks. The selling has continued this week, with the exchange reporting 3 trillion rupiah (\$180 million) of net outflows Wednesday morning. Among the biggest decliners on the day were shares widely expected to enter MSCI's gauges in next month's review, including PT Bumi Resources, PT Petrosea and PT Pantai Indah Kapuk Dua, all of which were down by the 15% limit.

The exchange added it would work with the KSEI to provide a clearer breakdown of shareholder types, including sovereign wealth funds or hedge funds.

Regulators have already tried to ease worries about thinly traded stocks, with plans to raise minimum float levels to 10%-15% from the current 7.5% level. The longer-term goal is 25%, though no timeline has been set. That compares to Hong Kong and India's 25% rule and Thailand's 15%.

Indonesian stocks tumbled after MSCI Inc. raised concerns about their investability and warned of a potential downgrade to frontier-market status.

The benchmark Jakarta Composite Index closed 7.4% lower on Wednesday, the biggest one-day slide in over nine months. The gauge plunged as much as 8.8% earlier in the day to trigger a 30-minute market halt. The selloff came after MSCI said it would immediately pause some index changes, including additions, until regulators address concerns over tightly-held ownership of listed firms.



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Markets

Indonesia Plans 25% Free-Float Level to Deepen Market, OJK Says

By Prima Wirayani
 November 17, 2025 at 8:12 AM GMT+7

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Indonesia plans to gradually increase the minimum free-float level for listed companies as part of its effort to deepen stock market liquidity and attract more investors.

"We are studying this very seriously and we hope to be able to implement it in the near future," Djajadi said during a press conference on Saturday. The current free-float minimum ranges from 7.5% to 10%.

Indonesia Has Highest Share of Low Free Float Stocks in Southeast Asia

	Less than 10% free float	Total companies
Singapore	0	30
Malaysia	0	30
Thailand	0	699
Vietnam	20	392
Indo	130	909
Philippines	0	30

Source: Bloomberg

Emerging Market Status At Risk

Indonesian stocks slid in January after MSCI warned of a market downgrade



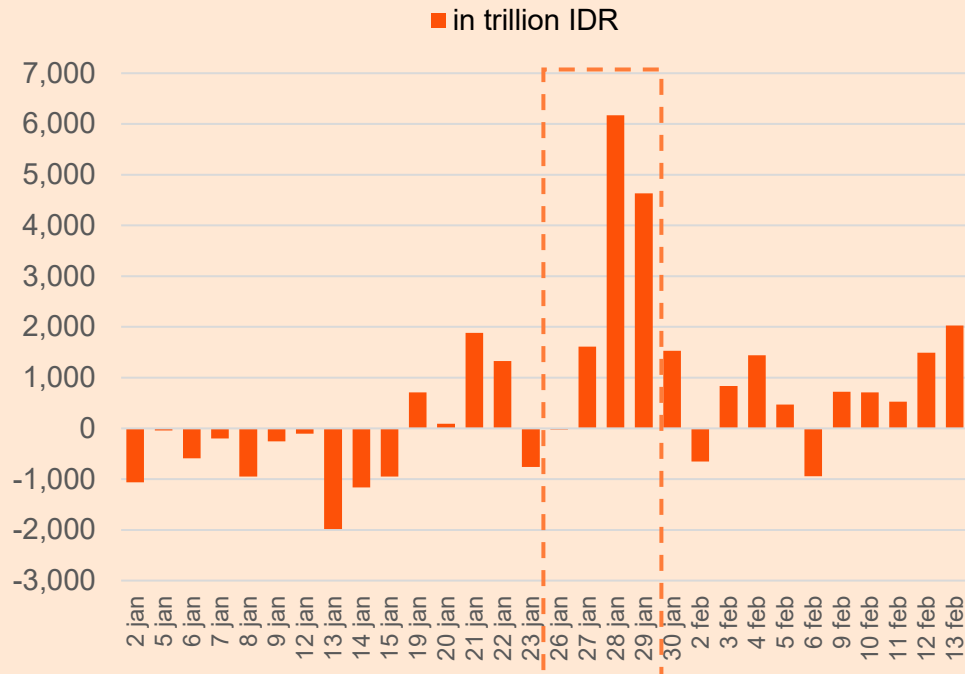
Source: Bloomberg Bloomberg

Key highlights:

- Elevated free float requirement from 7.5% to 15%
- Ownership transparency and shareholder data granularity from 5% to 1%
- Indonesia Stock Exchange (IDX) downgrade risk from "Emerging Market" to "Frontier Market" status

Market impacts due to Morgan Stanley Capital International (MSCI) rating downgrade

Net foreign sell/(buy) for all market

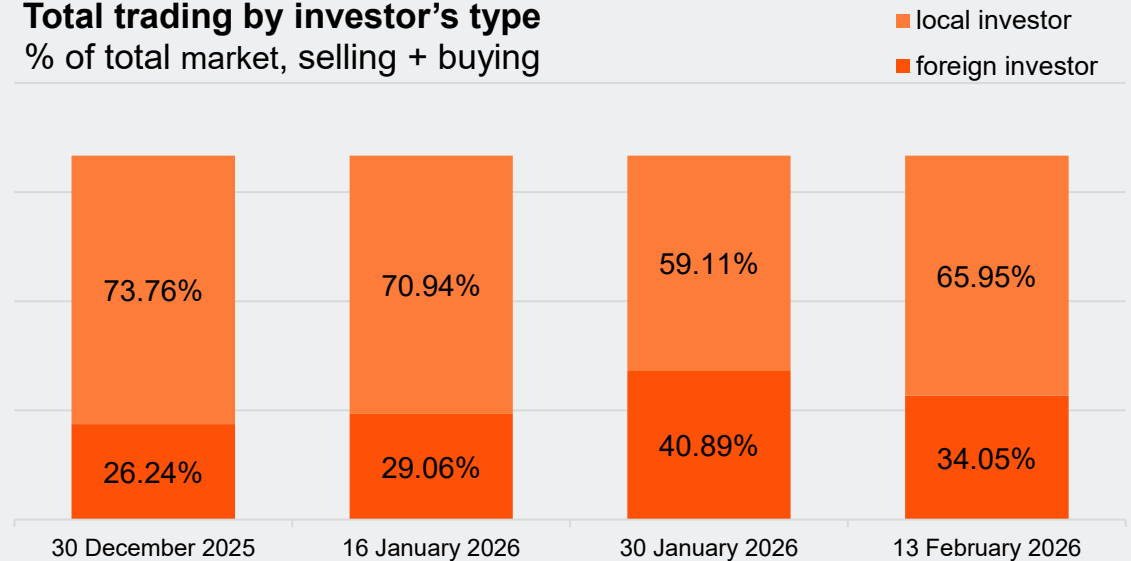


Source: IDX website and stockbit

Between 28 and 29 January 2026, the **IDX witnessed dramatic swings in foreign net selling**, sparking heightened market volatility. This upheaval was set in motion by MSCI's surprise decision on the night of 27 January to **temporarily freeze adjustments to the weightings of key Indonesian stocks in its benchmark index**. The announcement rattled investors, leading to a steep sell-off and forcing the IDX to halt trading temporarily on both days, **underscoring the market's sensitivity to global index changes**.

The fluctuating conditions in the market have led to **variations** in the **percentage of foreign investors**. As market sentiment shifted, the number of foreign investors participating in the IDX experienced noticeable **ups and downs**.

Total trading by investor's type
% of total market, selling + buying



Source: stockbit

Listed companies below the free float threshold

As per existing IDX Regulation No. I-A of 7.50% threshold

As of 30 January 2026, there were

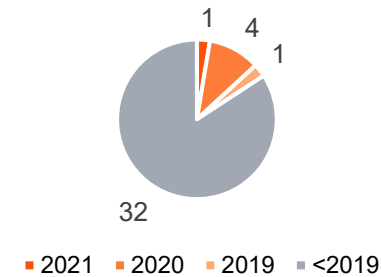
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companies that failed to meet the minimum free float requirement of 7.50% and were suspended by the IDX, representing about

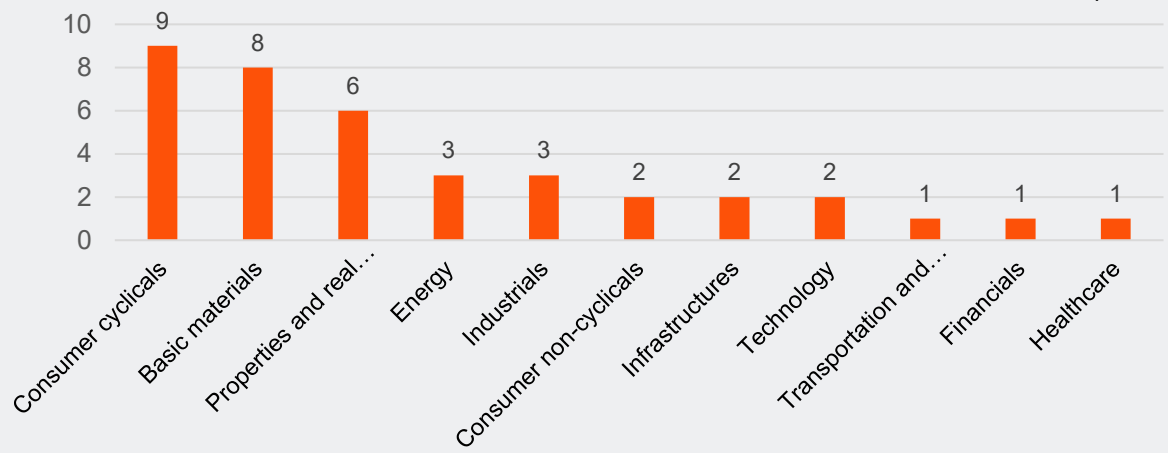
4%

of the total 958 listed companies on the IDX.

Listed companies with <7.50% free float based on each initial public offering (IPO) year



Listed companies with <7.50% free float by sector



Source: IDX website

Potential impacted companies under the new free float threshold of 15%

As of 2 April 2026, there were

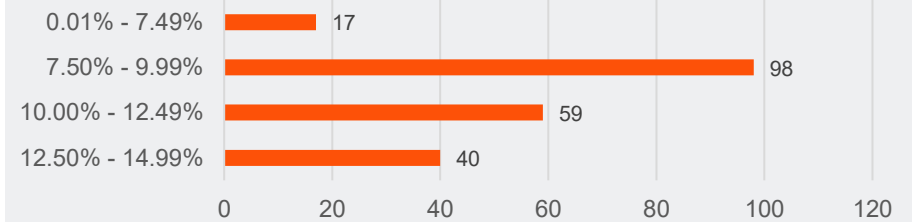
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companies with an existing free float level **between 0.01% and below 15%**, which represents approximately

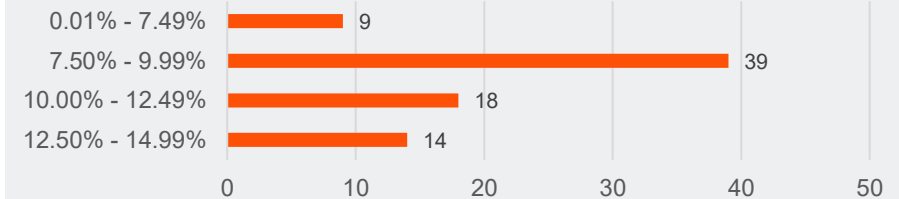
31%

of the total companies listed on the IDX. These companies should promptly initiate actions to meet the new free float criteria.

Free float range <15% - Market Cap <Rp5Trillion



Free float range <15% - Market Cap >Rp5Trillion



Source: CNBC News



Legal aspect

New free float threshold



What is the free float requirement?

The free float requirement refers to **the minimum percentage and number of a listed company's shares that must be held by public shareholders** with certain criteria and made available for trading on the IDX.



Legal basis

- **IDX Regulation No. I-A** on Listing of Shares and Equity Securities Other Than Shares Issued By Listed Companies, as amended effectively on **31 March 2026**
- **IDX Circular Letter No. SE-00004/BEI/03-2026** on the Explanation of Provisions Related to the Listing of Shares and Equity Securities Other Than Shares Issued by Listed Companies (IDX Circular Letter)



Key changes

- a. An **expanded definition** of free float shares and affiliates
- b. An **increase in the minimum free float shares threshold** for existing and newly listed companies
- c. A change in the method for determining the applicable free float threshold, from **equity value to share capitalisation**

Expanded definition of free float shares and affiliates

Free float shares

Are owned by shareholders holding **less than 5%** of the total listed shares in the listed company

- a. Are **not** owned by **controlling shareholders** of the listed company **or their affiliates**
- b. Are **not** owned by **any members** of the board of commissioners or board of directors of the listed company
- c. **Excludes** shares repurchased by the listed company (treasury stock)
- d. Are **not** the shares whose ownership transfer must be limited, for example¹:
 - Shares that are **subject to lock up** period, whether imposed under applicable regulations or as part of corporate actions of listed companies
 - Shares held in **the portfolio of a venture capital companies or private equities**
 - Shares **subject to seizure or blocking** by law enforcement officers or other authorised bodies

New criteria

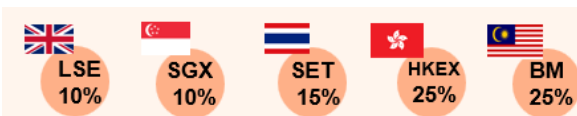
¹IDX Circular Letter.

Affiliates²

- a. Family relationships by marriage up to the second degree, both horizontally and vertically, which is a person's relationship with: **(1) husband or wife; (2) parents of the husband or wife, and the husband or wife of the child; (3) grandfather and grandmother of the husband or wife, and the husband or wife of the grandchild; (4) siblings of the husband or wife, together with the husband or wife of those siblings; or (5) the husband or wife of the sibling**
- b. Family relationships by descent up to the second degree, both horizontally and vertically, which is a person's relationship with: **(1) parents and children; (2) grandfather and grandmother, as well as grandchildren; or (3) the siblings of the person concerned**
- c. The relationship between:
 - 1) A party and the **employees**, directors, or commissioners of that party
 - 2) Two **or more** companies that share one or more members of their board of director, **management**, board of commissioners, or **supervisor**
 - 3) A company and a party, whether directly or indirectly, **in any manner**, that controls or is controlled by the company **or such party in determining the management and/or policies of the company or the party concerned**
 - 4) Two **or more** companies that are controlled, whether directly or indirectly, **in any manner, in determining the management and/or policies of the companies** by the same party
 - 5) A company and its principal shareholder **i.e. a party that directly or indirectly owns at least 20% of the company's shares with voting rights**

²The definition is amended to align with Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law).

New free float and management competency requirements



Previous IDX regulation	Amended IDX Regulation I-A	
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A. Existing listed companies	Minimum free float shares	Management competency
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A. Existing listed companies

Min. 7.5% of the total listed shares

Min. 15% of the total listed shares

Shares capitalisation* as of 31 March 2026	Free float % as of 31 March 2026	Fulfillment deadline
IDR5 trillion or above	Below 12.5%	<ul style="list-style-type: none"> 12.5% by 31 March 2027 15% by 31 March 2028
	Between 12.5% and below 15%	15% by 31 March 2027
Below IDR5 trillion	Below 15%	15% by 31 March 2029

The min. numbers of shareholders and free float shares remain the same i.e. 300 shareholders and 50 million shares

Shares capitalisation*	Min. free float shares (applies immediately)
Below IDR5 trillion	25%
IDR5 trillion – IDR50 trillion	20%
Above IDR50 trillion	15%

IDX is authorised to set a different minimum number of free float shares for prospective listed companies conducting a public offering with a minimum fundraising amount of IDR30 trillion.

The above min. percentage must be maintained for at least one year after the listing date.

The min. numbers of shareholders and free float shares remain the same i.e. (a) 1,000 shareholders and 300 million shares for Main Board; or (b) 500 shareholders and 150 million shares for Development Board.

- Both existing and newly listed company must:
 - Have **at least one person responsible for preparing the financial reports** carried out by the BOD or employees **who holds a competency certificate in accounting** issued by a recognised professional organisation in Indonesia or an international organisation (chartered accountant/certified public accountant)
 - Appoint a practicing accountant or public accountant** as the financial report preparer, if no internal preparer is available
- The BOD, BOC, and audit committee **have attended and completed** continuing education related to capital markets and corporate governance.

The above requirements will come into effect on **31 March 2027**.

B. New listed companies (IPO)

Equity value	Min. free float shares
Below IDR500 billion	20%
IDR500 billion – IDR2 trillion	15%
Above IDR2 trillion	10%

**) The method used to determine the applicable threshold is changed from equity value to share capitalisation, which is calculated by multiplying the number of listed shares by the initial share price for a prospective listed company, or by the share price on the stock exchange for a listed company.*

IDX initiatives supporting the implementation of free float increase

April 2026

- Socialisation of the Amended IDX Regulation on 8 April 2026
- Issuance of information letter on the applicable grace period and a request for clarification regarding the listed companies' plan to fulfil the minimum 15% free float shares requirement

April 2026 – March 2029

Stakeholder engagement

- Roadshow to existing listed companies
- Live public expose
- Training programme to strengthen the investor relation function on listed companies
- Discuss with the relevant stakeholders on the applicable regulations

- Periodic socialisation on free float shares requirement and corporate actions

- Socialisation initiatives to strengthen the business and operational aspect of listed companies

- Provision of a help desk, one-on-one assistance, and consultation to support the fulfilment of free float share requirements and the implementation of corporate actions

How companies can address free float gaps: action plan options

The following actions can be considered to satisfy the free float requirement:

Issuance of new shares

1

Private placement

Issuance of new shares directly to selected investors that meet the free float criteria

2

Rights issue

Offering new shares to existing public shareholders, without the controlling shareholders subscribing to the new shares

3

Stock ownership programme

Allocation of company shares to employees or management through structured ownership schemes

4

Stock split

Division of existing shares into multiple new shares

Sale/re-categorisation of existing shares

5

Sale of controlling shareholder's shares

Divestment or partial sale of shares by the controlling shareholder to the public or a non-affiliated party

6

Conversion of scrip shares into scripless shares¹

Conversion of physical share certificates (if any) to electronic shares recorded in the central depository system

7

Recategorisation of certain shareholders²

Recategorisation of certain shareholders (**holding max. 10%** of the total listed shares) **to be approved by IDX** as free float shareholders³:

- a. Insurance and reinsurance companies
- b. Pension funds
- c. Indonesia Investment Authority or a sovereign wealth fund owned by a foreign government
- d. Mutual funds
- e. Securities brokers
- f. Social security management companies
- g. Other investment companies or portfolios whose beneficiaries can be proven to be public investors

¹Only applicable if the listed companies still have scrip shares held by their shareholders.

²Only applicable if the listed companies have shareholders that fall under the relevant categories.

³IDX Circular Letter.

What we can assist with

We are happy to provide services on:



Advice on the requirement and structuring for the free float requirement



Action plan preparation



Transaction/corporate action support



Assist the company with regulatory compliance



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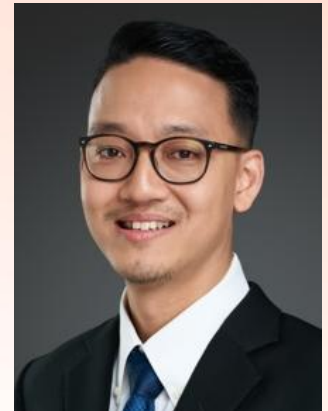


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Thank you

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