

New IDX Delisting and Relisting Regulation

November 2024

The Indonesia Stock Exchange (“**IDX**”) issued a new delisting and relisting regulation¹ effective as of 6 May 2024 (“**IDX Reg I-N**”).

IDX Reg I-N provides provisions on the delisting from and to the IDX for both shares and debt/sukuk securities and relisting of shares to the IDX which were previously provided (and therefore now revoked and replaced) under the respective regulations on the same matter of the Jakarta Stock Exchange and Surabaya Stock Exchange (which have merged to become the IDX) i.e.:

- Decree of the Board of Directors of PT Bursa Efek Jakarta No. Kep-308/BEJ/07-2004 dated 19 July 2004 on Regulation No. I-I regarding Delisting and Relisting of Shares on the Exchange; and
- Decree of the Board of Directors of PT Bursa Efek Surabaya No. SK-023/LGL/BES/XI/2004 dated 25 November 2004 regarding Securities Listing Regulation No. I.A.7 regarding Delisting.

The provisions of the IDX Reg I-N have also taken into consideration and aim to be in alignment with the currently prevailing OJK regulations relating to delisting/relisting, including to serve as a follow-up implementing regulation to the following OJK regulations:

- OJK Regulation No. 3/POJK.04/2021 concerning the Organization of Activities on the Capital Market Sector (“**POJK 3/2021**”); and
- OJK Circular Letter No. 13/SEOJK.04/2023 concerning the Buyback of Shares of a Public Company as a Result of the Delisting by the Stock Exchange due to a Condition or Event that has Significant Negative Impacts on the Business Continuity (“**SEOJK 13/2023**”).

Key Points

Shares Delisting

Under IDX Reg I-N, share delisting may be (i) based on voluntary application from the listed company (voluntary delisting), (ii) delisting due to an order from OJK; or (iii) delisting by virtue of an IDX decision (forced delisting).

- *Voluntary delisting*

IDX Reg I-N now provides the following requirements for voluntary delisting:

¹ Decree of the Board of Directors of PT Bursa Efek Indonesia No. Kep-00054/BEI/05-2024 on Regulation No. I-N regarding Delisting and Relisting.

- a. Application for voluntary delisting can only be submitted by the listed company if the shares have been listed on the IDX for at least 5 years;
- b. The listed company has completed all its required obligations to the IDX under the applicable IDX regulations; and
- c. IDX Reg I-N now has also added a provision that obligates the listed company to pay a delisting fee of 5 times the latest annual listing fee.

For voluntary delisting, IDX no longer regulates:

- a. the obligation to obtain approval from the General Meeting of Shareholders (“GMS”);
- b. the requirement for the listed company or other appointed parties to buy the shares from shareholders who do not approve the GMS decision; and
- c. pricing provisions for buying the shares, as these provisions have now been regulated under Articles 64, 73 and 76 of POJK 3/2021.

▪ *Delisting due to an order from OJK*

These provisions are newly introduced by the IDX to serve as a follow-up to POJK 3/2021. In addition to procedures under POJK 3/2021, pursuant to IDX Reg I-N, in the event of delisting due to an order from OJK :

- a. the relevant listed company must regularly announce to the public the development process of the status change from public company to private company after receiving an order from OJK until the revocation of the Registration Statement is effective;
- b. the IDX will delist no later than 14 business days after the receipt of an OJK letter ordering the IDX to cancel the securities listing on the IDX; and
- c. the IDX announcement regarding the delisting is to be made no longer than 1 bourse day before the effective date of the delisting.

▪ *Forced delisting by IDX*

In the event there is an indication that the listed company is experiencing one or more conditions which may lead to forced delisting, i.e.:

- a. a condition or event that has a significant negative impact on the listed company’s business continuity, either financially or legally, and the listed company could not show adequate indications of recovery;
- b. the listed company does not meet the requirements for listing on the IDX; and/or
- c. the listed company’s shares being suspended, both in the regular market and cash market, and/or in all markets, for at least the last 24 months;

the IDX is authorized to:

- a. request for explanation or information from the listed company and/or other related parties;
- b. require the listed company to conduct a public disclosure;
- c. require the listed company to submit, within 3 months as of their suspension from the IDZ, a recovery plan to restore the company to listed status, with a follow up obligation for the listed company to periodically announce to the public the progress of the realization of such recovery plan at the end of the months of June and December until the suspension is lifted; and
- d. announce to the public on the potential delisting of a listed company whose shares have been suspended for 6 consecutive months.

Debt Securities Delisting

Under IDX Reg I-N, debt securities delisting may be:

- a. based on a voluntary application from the listed company (voluntary delisting);
- b. delisting by virtue of an IDX decision (forced delisting); or
- c. the debt-securities has become due and has been repaid/settled or a settlement has been carried out by the listed company by way of a corporate action.

▪ *Voluntary delisting*

IDX Reg I-N provides the following requirements for voluntary delisting:

- a. The relevant company must first submit to the IDX (with cc to OJK) its plan to delist its debt-securities by providing the following information: the reasons for delisting, proposed date of delisting, the amount of the debt-securities, explanation on the settlement and repayment of the relevant debt securities.
- b. Application for voluntary delisting can only be submitted if the relevant company has obtained approval from the General Meeting of Bondholders/Sukuk-holders.
- c. The relevant company has completed all its required obligations to the IDX under the applicable IDX regulations.

▪ *Forced delisting by IDX*

IDX may decide to force delist debt securities upon the occurrence of any of the following conditions:

- a. a condition or event that has a significant negative impact on the listed company's business continuity, either financially or legally, and the listed company could not show adequate indications of recovery;

- b. a 6-month period has lapsed since the IDX announcement of the default (failure to meet payment obligation) of the relevant debt-securities and the default remains unremedied; and/or
- c. the relevant company fails to fulfill an obligation under the IDX listing regulation.

In the event there is an indication of one or more of the above conditions which may lead to forced delisting, the IDX is authorized to:

- a. (a) request for explanation or information from the listed company and/or other related parties;
- b. require the listed company to submit a recovery plan; and
- c. announce to the public on the potential delisting of such debt securities and/or the failure to meet payment obligation of the relevant debt-securities.

Shares Relisting

IDX Reg I-N provides that shares relisting procedure will follow the applicable IDX listing regulations for securities to be listed either on the Main Board, Development Board or New Development Board.

Application for relisting can only be submitted to the IDX by the relevant company if a 6-month period has lapsed after the effective date of the (previous) delisting. A company that applies for relisting must have already made the necessary improvements to the conditions that led to the delisting or has realized the matters on which the (previous) delisting is based and to pay in full the payment obligation to the IDX that may still be outstanding when the company was delisted (if any).

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