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13 March 2026

Friderica Widyasari Dewi
Chairman of the Board of Commissioners
Otoritas Jasa Keuangan (OJK)

Jeffrey Hendrik
President Director
Indonesia Stock Exchange (IDX)

Dear Sir / Madam,

Support for Proposed Enhancements to Free Float Requirements and Beneficial Ownership Disclosure

On behalf of the Asian Corporate Governance Association (ACGA), we are writing to formally express our strong support for the recent announcements regarding the proposed amendments to Indonesia's listing and disclosure rules. Specifically, we welcome the plans to increase the minimum free float requirement from **7.5% to 15%** and the reduction of the Ultimate Beneficial Owner (UBO) disclosure threshold from **5% to 1%**.

The ACGA is an independent, non-profit membership organization dedicated to improving corporate governance practices across Asia. Our members include some of the world's largest global asset managers and asset owners, representing trillions of dollars in assets under management.

The Importance of Market Transparency

Our members have closely followed the recent feedback from global index providers such as MSCI regarding the Indonesian market and we have undertaken a number of engagements with members concerning the proposed rule changes and their potential impact. ACGA and its members believe that the OJK/IDX proposals are a vital and timely response to concerns regarding market liquidity, price discovery, and the potential for share trading manipulation.

Enhancing transparency through a broader free float and more granular UBO reporting will:

- **Improve Market Integrity:** By making it more difficult for concentrated holdings to influence share prices.
- **Increase Global Weighting:** Aligning with international benchmarks makes Indonesia a more attractive destination for passive and active global capital.
- **Strengthen Investor Confidence:** Providing clarity on who truly controls listed entities is a fundamental pillar of robust corporate governance.

The need for Swift Implementation

While we applaud the vision behind these proposals, the ACGA and its members wish to emphasize the importance of full and swift implementation. As recent events have reminded us, global markets move rapidly, and a clear, expedited timeline for these changes will signal Indonesia's commitment to best-in-class regulatory standards.

Moreover, to ensure these reforms achieve their intended impact on market integrity, we respectfully submit the following technical considerations for your implementation roadmap:

Definition and Quality of Free Float

For the 15% mandate to be effective, the definition of "free float" must be rigorous. We advocate for an approach that ensures shares held by affiliates, directors, or via complex nominee structures are not counted toward the public float. Transparency is vital; without a strict look-through to the end-beneficiary, the 15% requirement may remain a nominal figure rather than a driver of actual liquidity. The prompt disclosure to the market of accurate free float data will provide confidence to domestic and international investors.



Granularity and Enforcement of the 1% UBO Threshold

Reducing the disclosure threshold from 5% to 1% is a commendable move toward international best practices. However, the utility of these data depends on:

Verification: Strengthening the OJK's and IDX's mandates to verify disclosure filings to ensure they reflect true control.

Sanctions: Implementing a clear and public enforcement framework for non-compliance or delayed reporting, as a credible deterrent against concentrated ownership being masked through offshore vehicles. Efficient enforcement will also require sufficient human and financial resources.

Implementation Timelines and Transitional Governance

While we recognize the need for a transition period for existing listed issuers, we would suggest a fixed and immutable sunset clause for compliance. A staged implementation—for example, requiring an interim move to 10% or 12% within six months—would provide the market with a clear signal of regulatory intent and prevent the temptation of a "wait-and-see" approach by issuers.

Engagement and Technical Cooperation

The ACGA and our members are keen to support the OJK and IDX in refining these regulations. We would like to request a formal meeting in the coming weeks to discuss these proposals in detail, as well as additional measures that would enhance the minority shareholder protection framework in Indonesia.

We believe that by implementing these changes fully and swiftly, Indonesia will significantly enhance its standing in the global capital markets. We are available to provide any technical feedback or regional benchmarking information that may assist you in this important process and, with this objective, request a Zoom call with OJK and IDX to discuss these issues together with our members.

We look forward to hearing from you and to a continued dialogue. Thank you.

Yours sincerely,

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Secretary General
Asian Corporate Governance Association

Helena Fung
Head of Research and Advocacy
Asian Corporate Governance Association

Chris Leahy
Specialist Advisor, Southeast Asia
Asian Corporate Governance Association

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