

## Indonesia Market Update – Results of MSCI & IDX Meeting

### Constructive engagement and reinforcement of reform direction

The discussion between MSCI and the Indonesia Stock Exchange (IDX) on 11 February 2026 was described as constructive, focusing on ongoing efforts to strengthen market transparency, data availability, and free float quality. While the meeting itself was confidential, IDX reiterated progress on three key reform pillars that had been previously communicated to the market, including: 1) shareholder disclosure above 1%; 2) provision of more granular investor data, and 3) the phased implementation of the revised free float (FF) requirement under Listing Rule 1-A, which increases the minimum threshold from 7.5% to 15%. These reforms are positioned as part of a broader strategy to align Indonesia's capital market framework with global best practices and improve long-term investor confidence.

### Introduction of shareholder concentration monitoring framework

In addition to the three core reform areas, IDX plans to introduce a shareholder concentration list that will identify stocks with concentrated ownership structures, similar to disclosure frameworks already implemented in markets such as Hong Kong. The initiative is intended to enhance transparency around ownership concentration risks and further strengthen overall market integrity. From a regulatory standpoint, IDX indicated that the disclosure of shareholders above 1% is not expected to materially increase the amount of additional data entering the public domain, based on initial internal assessments. The primary objective remains improving transparency without creating excessive information noise for market participants.

### Implementation timeline remains on track with potential acceleration

Disclosure of shareholders above 1%, along with the shareholder concentration list, is expected to be introduced by late February to early March 2026. The release of more granular investor ownership data is targeted for end-March 2026. Meanwhile, the FF regulatory revision continues to progress through a phased process, with internal IDX approval expected to be completed before submission to the Financial Services Authority (OJK), with overall completion targeted around March-2026. IDX also indicated readiness to accelerate implementation timelines where feasible in order to support investor confidence and market stability.

### Free float transition impact concentrated in large-cap names

From a market structure perspective, the FF transition remains the most significant structural adjustment. Out of 956 listed companies, approximately 268 companies have yet to meet the 15% FF requirement. However, within this group, around 49 companies represent roughly 90% of the affected market capitalization, indicating that the impact is concentrated among a relatively small number of large-cap names. IDX emphasized that the transition will be gradual, with consultation processes and dedicated support mechanisms, including helpdesk services, to assist issuers in meeting the new requirements. The exchange reiterated its objective of maintaining listings and supporting companies' continued participation in the Indonesian capital market.

### IPO pipeline remains technical; reforms support long-term market credibility

Separately, the absence of IPO activity in Feb-2026 appears to be largely technical rather than demand-driven, with potential issuers typically relying on audited December financial statements before proceeding with listings. IDX confirmed ongoing engagement with FTSE and other global index providers, noting that reform proposals will be communicated consistently across stakeholders. Overall, the reform agenda is structurally positive for Indonesia's long-term market credibility and foreign investor participation, although some near-term technical adjustment risks may persist, particularly for large-cap companies with concentrated ownership structures as FF requirements are gradually normalized.

### Our house view: positive but execution risk still high

From our perspective, the reform direction is structurally positive and supports Indonesia's long-term objective of strengthening market credibility among global institutional investors and index providers, particularly through improvements in shareholder transparency, ownership visibility, and FF quality. We expect the near-term impact to be largely technical rather than fundamentally disruptive, as disclosure of shareholders above 1% and the introduction of a shareholder concentration list should improve transparency without materially increasing market volatility. The more meaningful adjustment remains the transition toward the 15% free float requirement, where risks are likely concentrated in a limited number of large-cap names that have yet to comply, potentially creating episodic supply overhang during the transition period. From a flow perspective, continued alignment with MSCI and FTSE remains key, with successful execution likely to support medium-term foreign participation.

**Exhibit 01. MSCI and IDX meeting results (Feb 11, 2026)**

Action Plan	Technical Description	Strategic Objective & Reference
<b>Beneficial Ownership Transparency (&gt; 1%)</b>	Publication of shareholder data with the ownership threshold lowered to a minimum of 1%.	Reducing information asymmetry and mitigating noise information risks for global investors. Early analysis indicates incremental data volume added to the public domain should be limited.
<b>Provision of Granular Investor Data</b>	Development of a more in-depth and detailed investor ownership data structure for index providers.	Aimed at improving market surveillance and transparency. Facilitating more accurate constituent analysis by benchmark providers.
<b>Implementation of Regulation 1A (15% Free Float)</b>	Acceleration of compliance for the public free float threshold from 7.5% to 15% on phased basis.	Increasing Indonesia's weighting in global indices through the improvement of real liquidity. Implementation ongoing, with final regulatory submission expected post internal approval and OJK review
<b>Shareholders Concentration List</b>	Publication of a list of issuers with highly concentrated ownership in certain segments.	Adopting best practices from the Hong Kong Stock Exchange (SFC) to identify volatility risks due to ownership concentration. Positive signal for global index providers and foreign institutional investors

Timeline	Agenda
<b>February 19, 2026</b>	Official end of the Rule Making Rule (RMR) phase for the acceleration of Regulation 1A (Free Float).
<b>Late Feb / Early March, 2026</b>	Target for the first launch of >1% shareholder data and the publication of the Shareholders Concentration List.
<b>March-2026</b>	Target for completion of BEI's internal processes and OJK (Regulator) approval to ensure operational certainty. Deadline for the full provision of granular investor data structures to index providers.

Source : MSCI Factsheet Dec-2025, MNCS Research

### MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

### MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
  - **SELL** : Share price may fall by more than 10% over the next 12 months
  - **Not Rated** : Stock is not within regular research coverage

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