

Client Alert

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IDX's Recent Policies in Responding to the COVID-19 Outbreak

In the past few weeks, the Indonesia Stock Exchange (**IDX**) has taken several actions to anticipate further declines of the IDX composite index (**IHSG**) and any further negative impact on Indonesia's stock market resulting from, among other things, the COVID-19 outbreak across the globe. These are the actions taken by the IDX so far.

Prohibition of Short Selling

Even though there have been no changes to the regulatory framework in Indonesia on short selling, on **2 March 2020**, the IDX determined that no securities on the IDX can be used for short selling until further notice. [The announcement made by the IDX](#) essentially removes all securities that are eligible for short selling and renders the list that had been issued for March 2020 unusable. This situation has made short selling as regulated under Indonesian regulations not doable until further notice.

Implementation of Trading Halts/Susensions

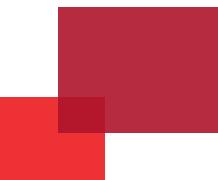
As instructed by the Financial Services Authority (**OJK**), on **10 March 2020**, [the IDX announced](#) that it will implement the following trading halts/susensions if the IHSG experiences the following declines:

- A decline of 5% will result in a 30-minute trading halt.
- If the total decline reaches 10%, it will result in a further 30-minute trading halt.
- If the total decline reaches 15% or more, it will result in a trading suspension for:
 - (i) the rest of that trading session; or
 - (ii) more than one trading session (if agreed or instructed by the OJK).

There were 30-minute trading halts on 12 March (during the afternoon trading session) and 13 March (during the morning trading session).

Changes to Auto Rejection Threshold

Also driven by the OJK's instruction, on **9 March 2020** the IDX initially [stipulated](#) that the maximum fall in price for auto rejection to occur on the IDX's regular market and cash market would be 10% of a listed share's relevant reference price. To anticipate further decline of the IHSG, on **13 March 2020** the IDX changed the maximum fall in price for auto rejection to occur to 7%. In its [announcement](#), the IDX clarifies that the changes are



only applicable to shares that affect the IHSG. This means the auto rejection threshold for other securities that do not affect the IHSG (e.g., shares that are listed on the acceleration board, participation units of infrastructure funds (DINFRA), rights resulting from rights issues and warrants) are not changed.

Further developments

Given the rapid developments that are taking place, as can be seen from the various policies issued within a very short period, it is expected that the IDX or other regulators (including the OJK) may take other measures or issue additional policies to mitigate the current situation.

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