INDONESIA CAPITAL MARKET REPORT

by

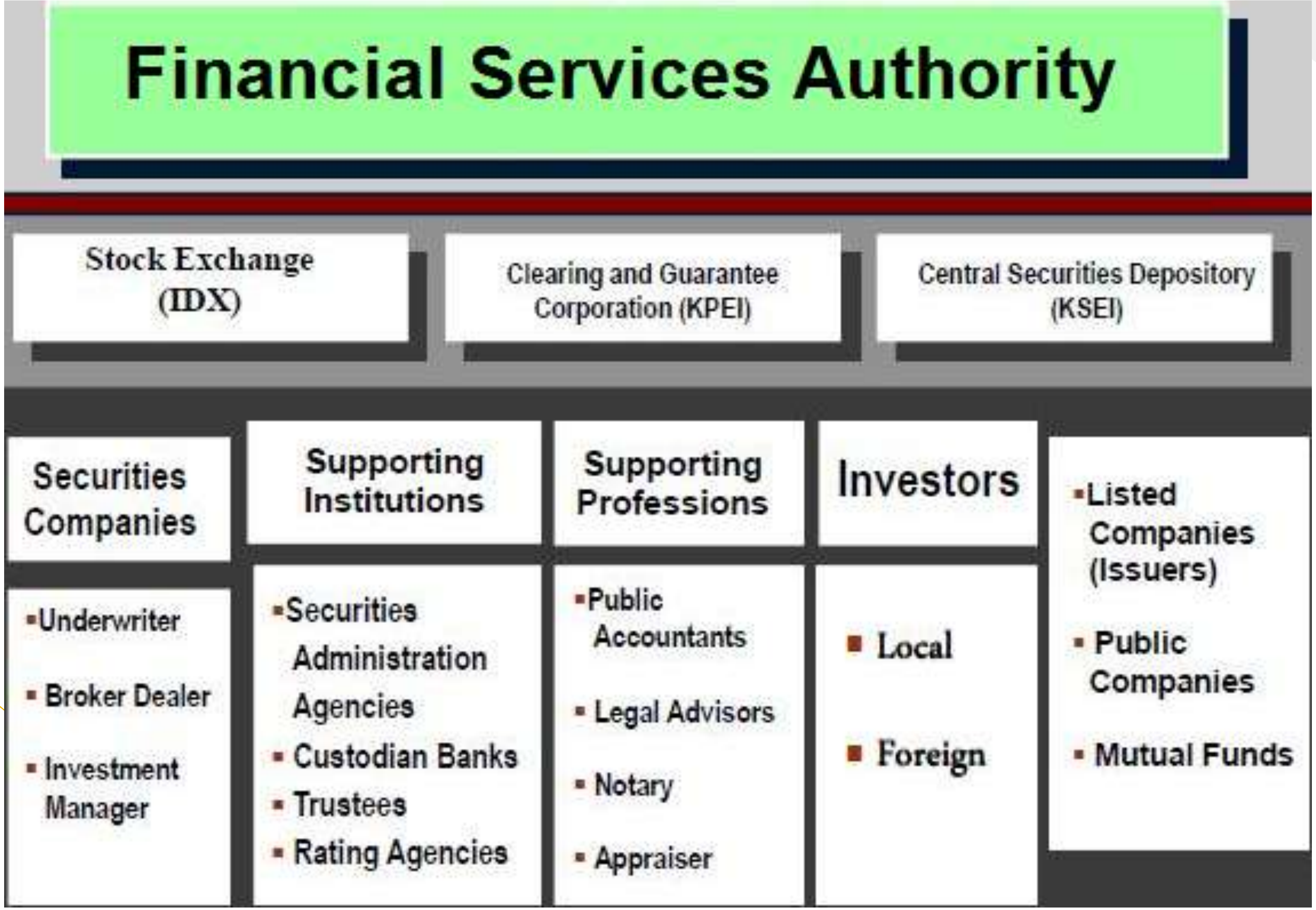
Indonesia Securities Companies Association

in

Asia Securities Forum 2024

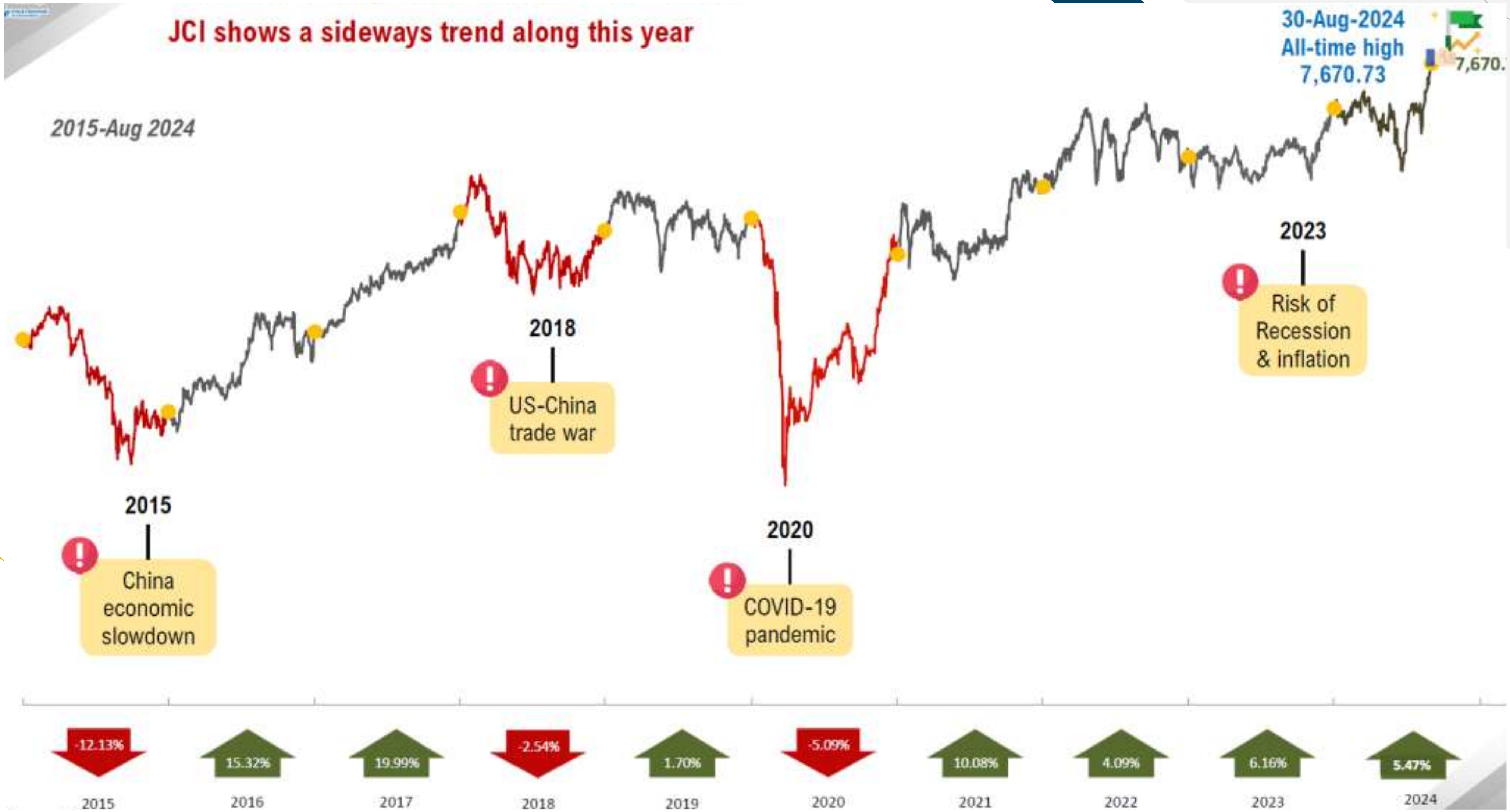
Tokyo, 23 October 2024

1. Status of the Securities Market



- Securities companies are under supervision of Financial Services Authority (Otoritas Jasa Keuangan / OJK)
- In 2023 there are 87 Underwriters, 94 Broker Dealers (IDX Member) and 91 Investment Managers

2. Market and Industry Trends



Source: IDX

- In the midst of challenging markets, JCI sets all-time high in August 2024

2. Market and Industry Trends

Involved parties

- **Exchange Members**

90

- Local: **65**
- JV: **25**

(30 brokers comprise >80% of total trading turnover)

- **Listed Companies**

2013		2018		Aug-24
483	28% ↗	619	51% ↗	936

- **Number of Capital Market Investors**

2013		2018		Aug-24
321k	398% ↗	1.6mn	754% ↗	13.7mn

Products

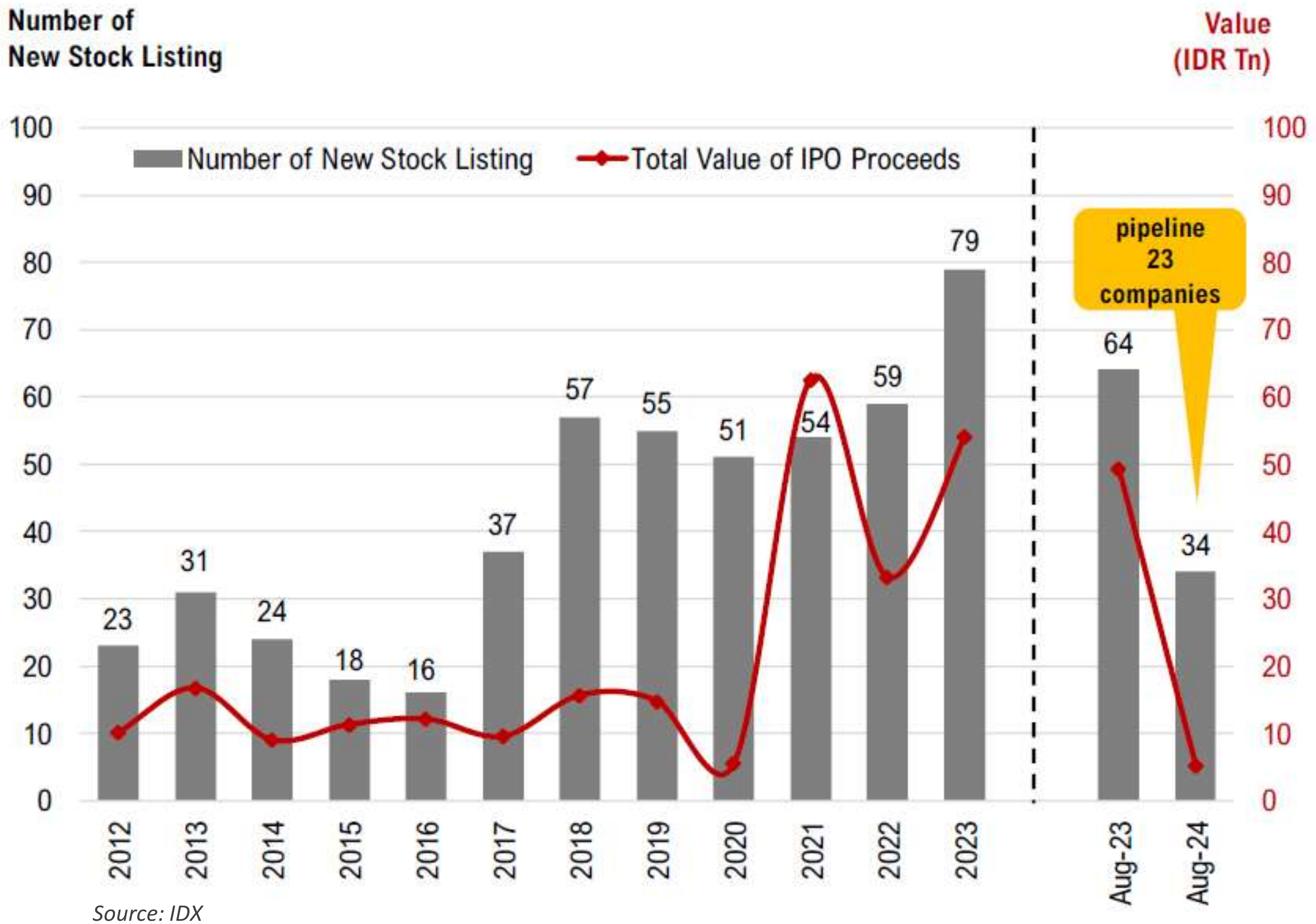
August 2024

Equities	936	Market Cap IDR13114 tn (USD848 bn)
Bonds	132	Outstd. Val. Govt: IDR6259 tn (USD404 bn) Corp: IDR460 tn (USD30 bn)
ETFs	43	AUM IDR15 tn (USD1 bn)
Asset Backed Securities	10	Outstd. Val. IDR3 tn (USD210 mn)
REITs	3	AUM IDR17 tn (USD1 bn)
Infrastructure Investment Fund	1	AUM IDR970 bn (USD63 mn)
Futures	6	IDX LQ45 Futures IDX30 Futures Indo Govt Bond Futures (5Y, 10Y) Basket Bond Futures (5Y, 10Y)
Structured Warrants*	150	Market Cap IDR3.76 tn (USD243 mn)

*) Products that are transactable at the end of Jul-24.
Source: IDX, KSEI

- In the last five years, listed companies has grown steadily, while investors has increased significantly
- Various products can be chosen by investors as investment instruments

2. Market and Industry Trends

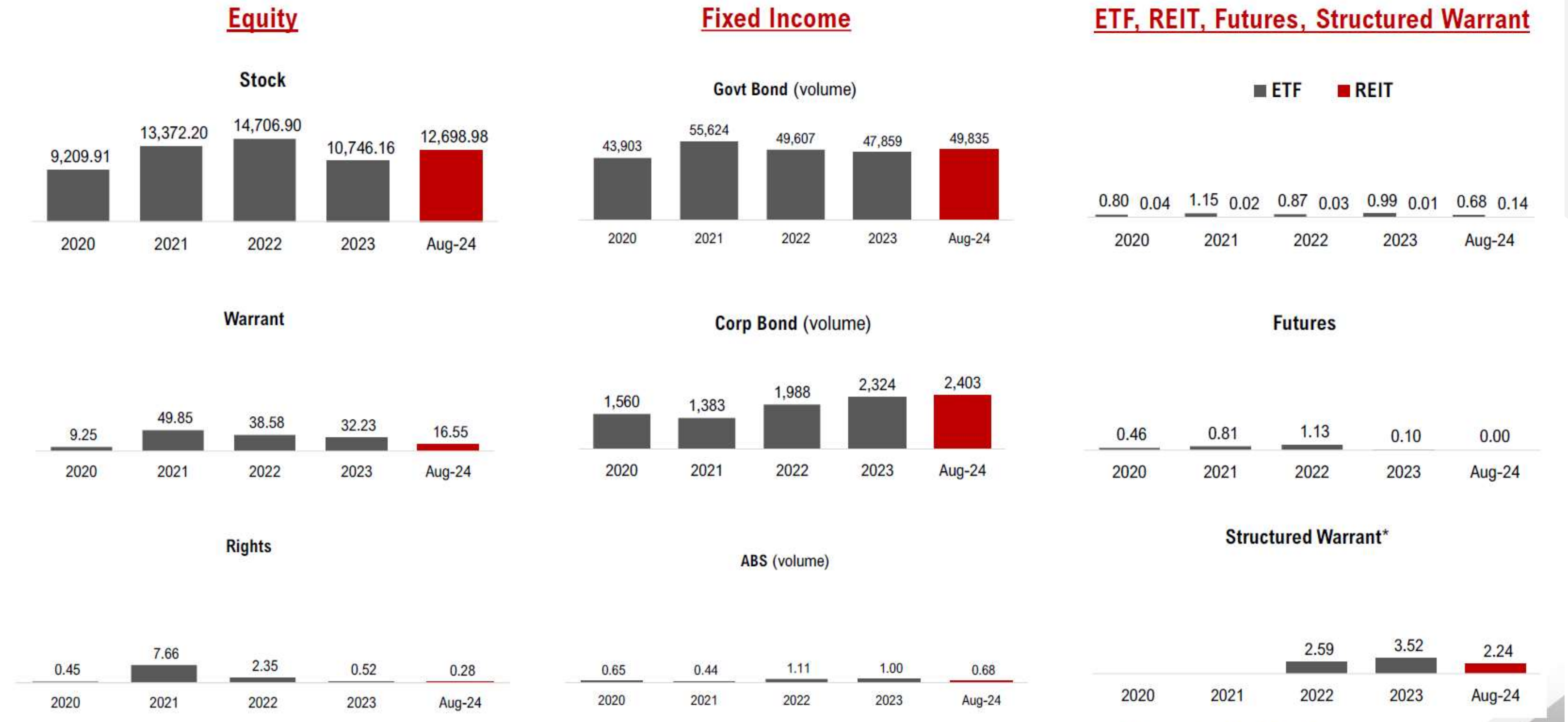


Source: IDX

- The quantity of new equity listing were increasing and set a record of 79 new listed companies in 2023.
- 936 companies are listed at IDX as of August 2024 (August 2023: 888).
- The main objective in 2024 is improving the quality new listed companies.

2. Market and Industry Trends

Average Daily Trading Value of All Securities (IDR billion)



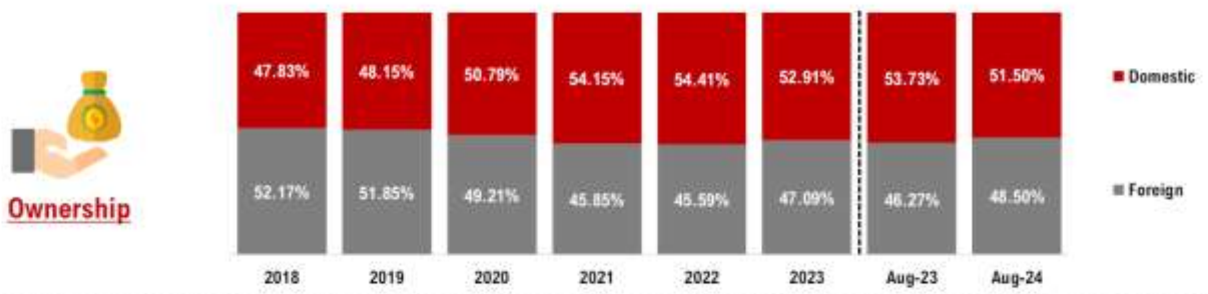
Source: IDX

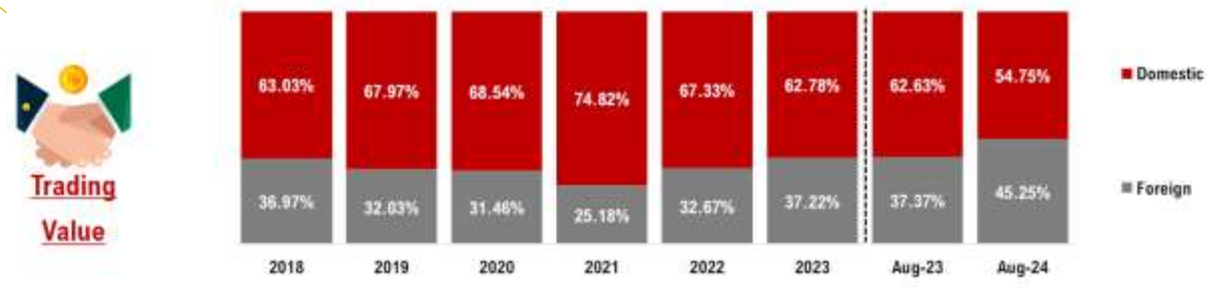
*SW first released on Sep-2022

- Stocks and bonds are still the biggest contributor to the market with strong consistent growth of trading value
- Bonds market is still dominated by Government Bonds

2. Market and Industry Trends

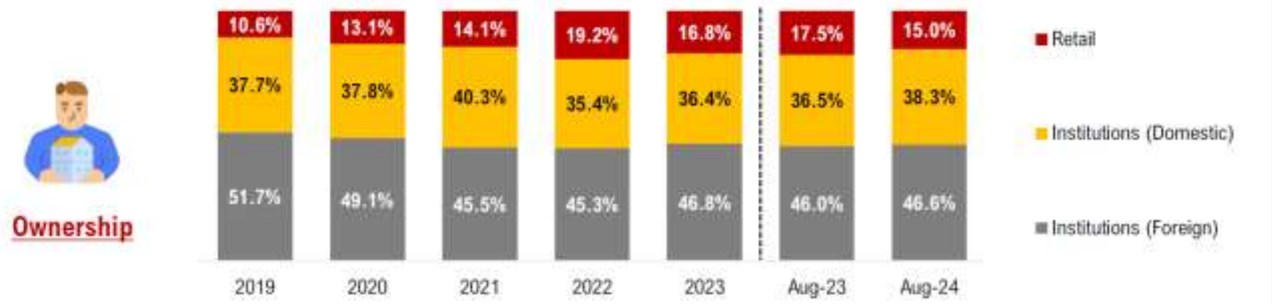
Foreign vs. Domestic Investors Composition in Equity Market

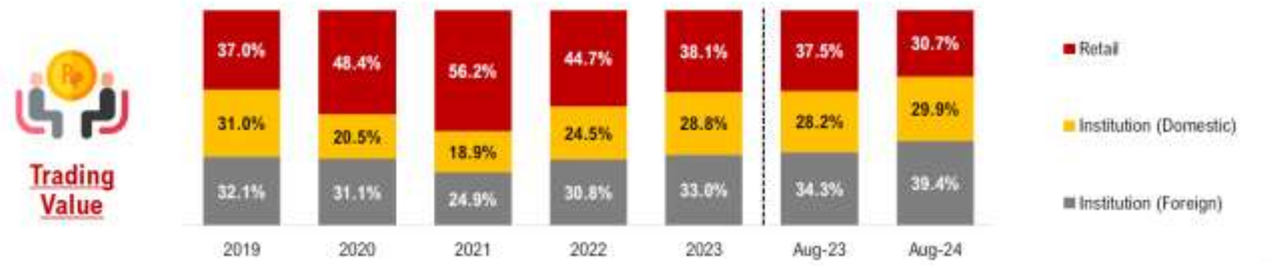




Source: IDX

Retail vs. Institution Investors Composition in Equity Market



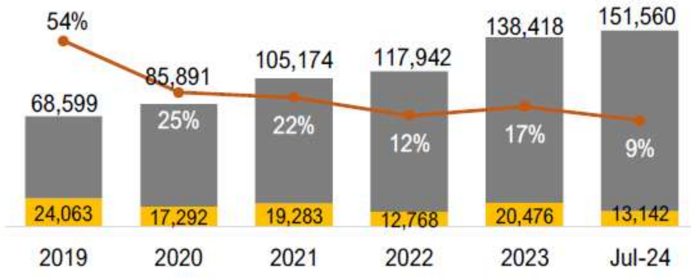


- Domestic investors are now leading in the market as shown by ownership and trading value
- The contribution of retail investors increased significantly over the last five years

2. Market and Industry Trends

Sharia Capital Market

Growth of Sharia Investors (2019-2024)

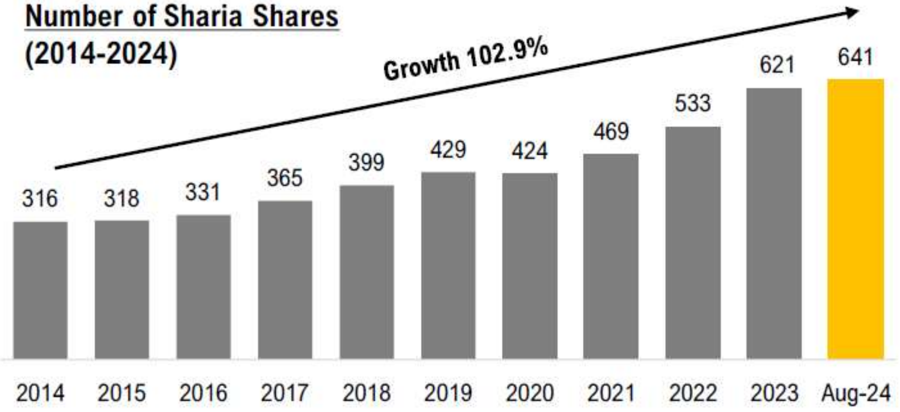


151.560
Sharia Investors

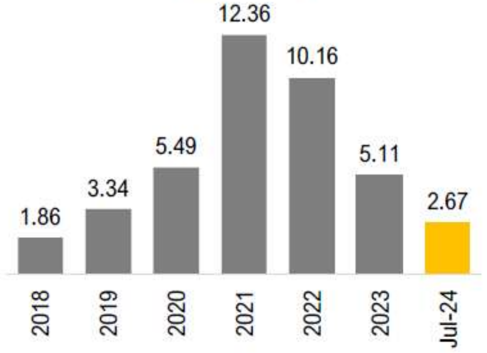
21.404
Acive Sharia Investors (**14%** of total)

+9%
YTD Sharia Investor

Number of Sharia Shares (2014-2024)



Total Trading Value (IDR trillion)



*) Excluding companies listed on Acceleration Board
Source: IDX, OJK

Performance comparison between ISSI and IDX (YTD Aug-24)

Description	ISSI*	IDX	ISSI/IDX (%)
Number of listed companies	599	936	64.00%
Market cap (IDR trillion)	7,122.79	13,114.25	54.31%
Avg. Volume (million shares)	13,544.76	17,928.14	75.55%
Avg. Value (IDR billion)	7,343.09	12,698.98	57.82%
Avg. Frequency (x)	769,515	1,093,372	70.38%

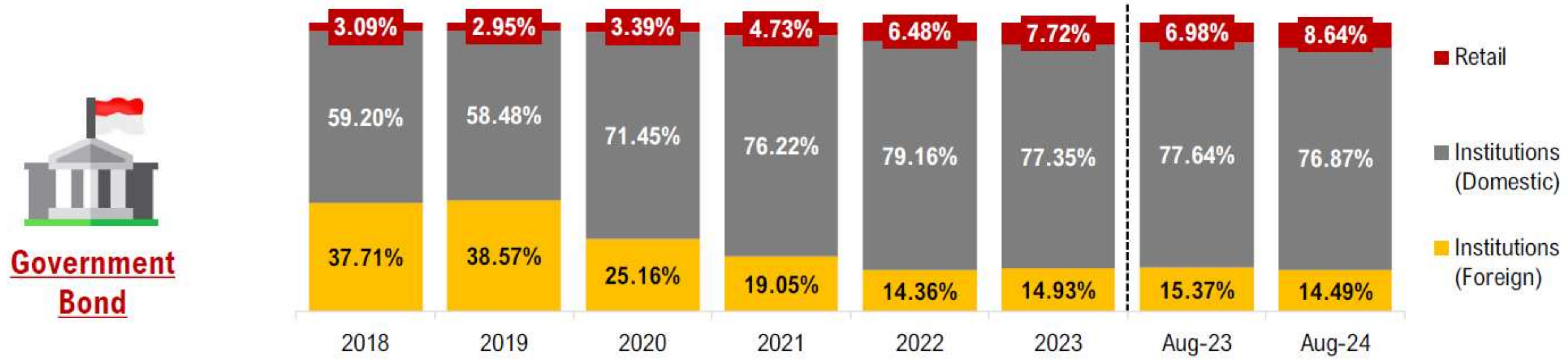
Type of Sharia Securities (Aug-24)

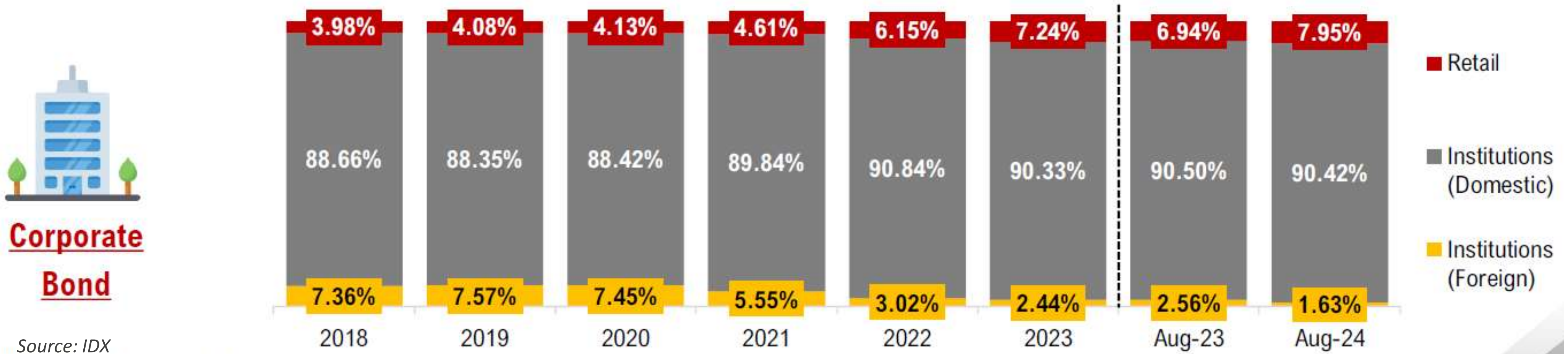
1. Sharia **equity** (641)
2. Sharia **mutual fund** (251)**
3. Sharia **ETF** (2)
4. Sharia bond/**sukuk** (293)
5. Sharia **ABS/EBA-SP** (1)

**) Data as of Jul-24
Notes: Transactions of sharia shares by sharia investors, i.e. investors who use the Sharia Online Trading System (SOTS)

- The growth of sharia investors, securities, trading value and performance reflect the prospect of Indonesia to become a leading sharia capital market.

2. Market and Industry Trends





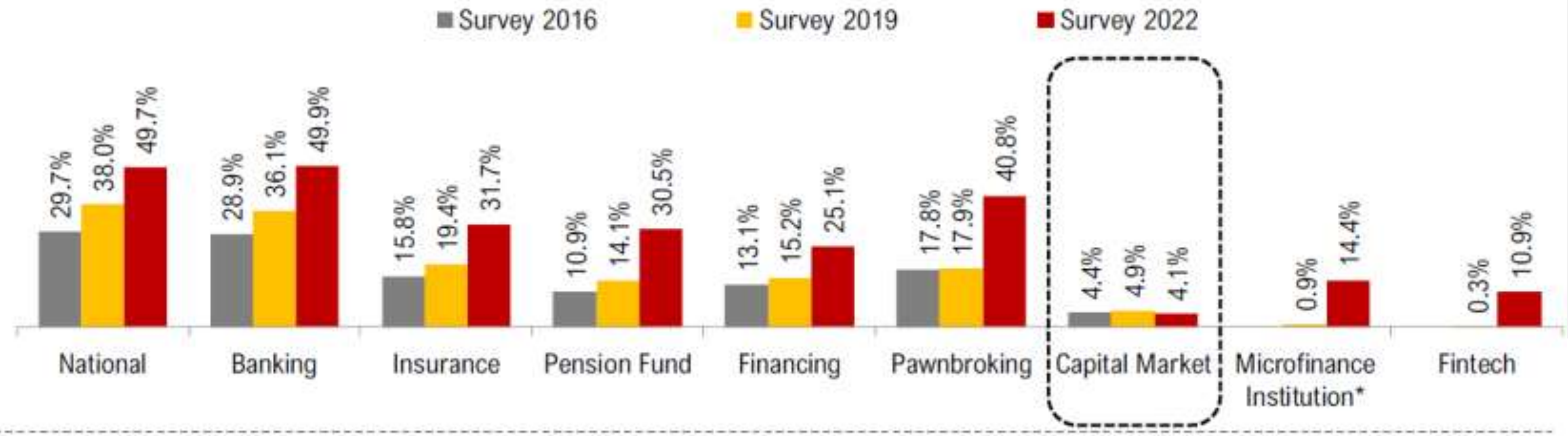
Source: IDX

- Bonds market is still dominated by institution investors.
- Retail investors were growing significantly in Government Bonds due to the intensive issuances of retail government bonds and sukuk, which could be a potential growth on retail corporate bonds

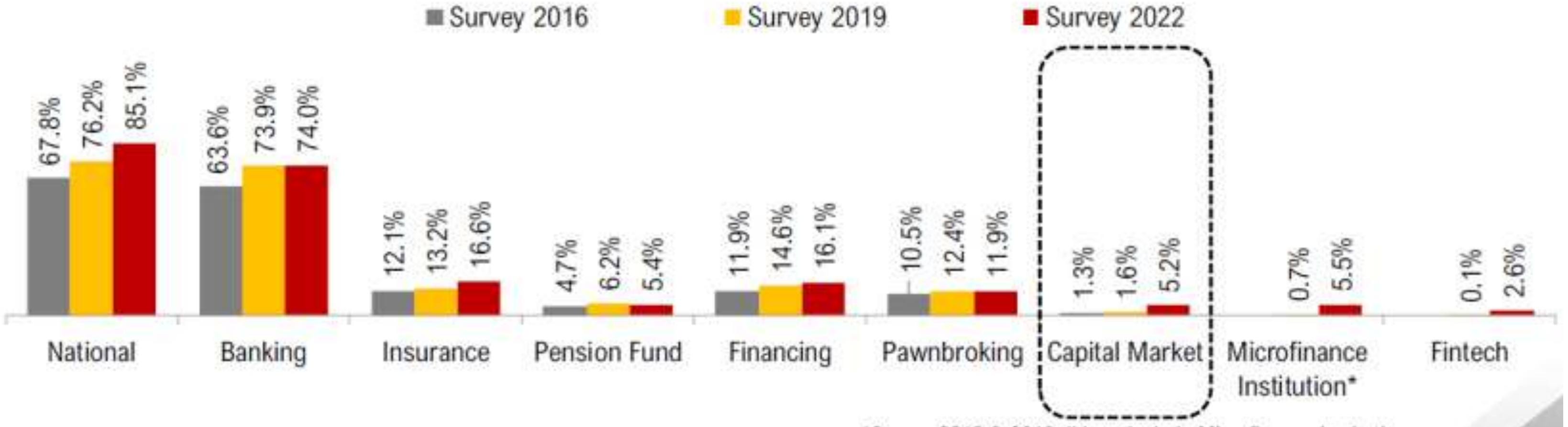
2. Market and Industry Trends

Financial Literacy & Inclusion Index

Literacy
A set of knowledge that influence attitudes and behaviour to improve the quality of decision making and financial management in order to achieve prosperity.



Inclusion
An access to a variety of quality, timely, smooth and safe formal financial services at affordable costs according to their respective needs and abilities.



*Survey 2013 & 2016 did not include Microfinance Institution

Source: IDX

- Even though the number of investors was increasing, the capital market literacy and inclusion are still lower than other financial sectors as well as national scales.
- The intensive literacy and inclusion activities could increase the number of investors as well as investment activities

3. Notable Initiatives

2020
- ✓ E-IPO
- ✓ IDX DNA
- ✓ ETF revitalization
- ✓ Alternative Trading Market Platform (SPPA)
- ✓ IDX30 Futures
- ✓ Government Basket Bond Futures

2021
- ✓ IDX-IC
- ✓ IDX Data Reference and EoD
- ✓ Whistleblowing System
- ✓ Innovation on digital education
- ✓ Free float adjustment
- ✓ Securities under Watch List
- ✓ Fast entry to main indices

2022
- ✓ New special notation for MVS: "N, K, I"
- ✓ E-registration integrated with FSA/OJK system (SPRINT)
- ✓ Investor Domicile and Brokerage Code Closing
- ✓ New product (structured warrants) and indexes (Sharia Growth Index & LQ45 Low Carbon Index)
- ✓ ESG scoring for listed companies

2023
- ✓ Normalization of trading parameters:
  - Trading hour
  - Symmetrical auto rejection
- ✓ New index: Acceleration Board Index
- ✓ New board: IDX Watchlist Board
- ✓ New IDX Mobile release
- ✓ New PLTE, Mofids & DW
- ✓ New campaign: "Aku Investor Saham"
- ✓ New IDXCarbon
- ✓ New index: IDX-PEFINDO Prime Bank

2024
- ✓ SPPA Improved Trading System
- ✓ Watchlist Board (Full Call Auction)
- ✓ New Index Release:
  1. IDX Cyclical Economy 30
  2. IDX-Infovesta Multi-Factor 28
- ✓ Full call auction mechanism adjustment

- Indonesia capital market has improved significantly in response to rapid change in global financial market

3. Notable Initiatives

Bonds Market - Alternative Market Trading System (SPPA)

9
November
2020

IDX has launched **Alternative Market Trading System** or **Sistem Penyelenggara Pasar Alternatif (SPPA)** for secondary market

SPPA is designed in such a manner to accommodate the needs of bond and sukuk market players in Indonesia, with the hope of increasing **liquidity**, **transparency**, and **efficiency** of the Indonesian bond and sukuk secondary market.

SPPA provides market players the tools they need to boost their trading with automated workflows to help them trade better and faster.

Advantages of Trading through SPPA

- **Price Discovery**
  Bond trading that are transparent and systemized to ease price discovery
- **Anonymity**
  Anonymous trading process to keep a fair and prudent market
- **Standardized**
  Standardized trading parameters to provide measurable indicators/references of market price
- **Systemized and Real Time**
  Trading mechanisms that are carried out in a systemized and real time manner
- **Market Making**
  Gives dealers the opportunity to preserve the market liquidity

Source: IDX

- SPPA is the IDX's electronic platform for bond trading on the secondary market
- Currently there are 38 banks and securities companies as Dealers in SPPA

3. Notable Initiatives

Bonds Market - Alternative Market Trading System (SPPA)

Products

There are more than **1,200 instruments** grouped into **6 trading boards**

GOVERNMENT BOND
- ±116 Instruments
- Series of Fixed Income (FR) and Variable Rate (VR)

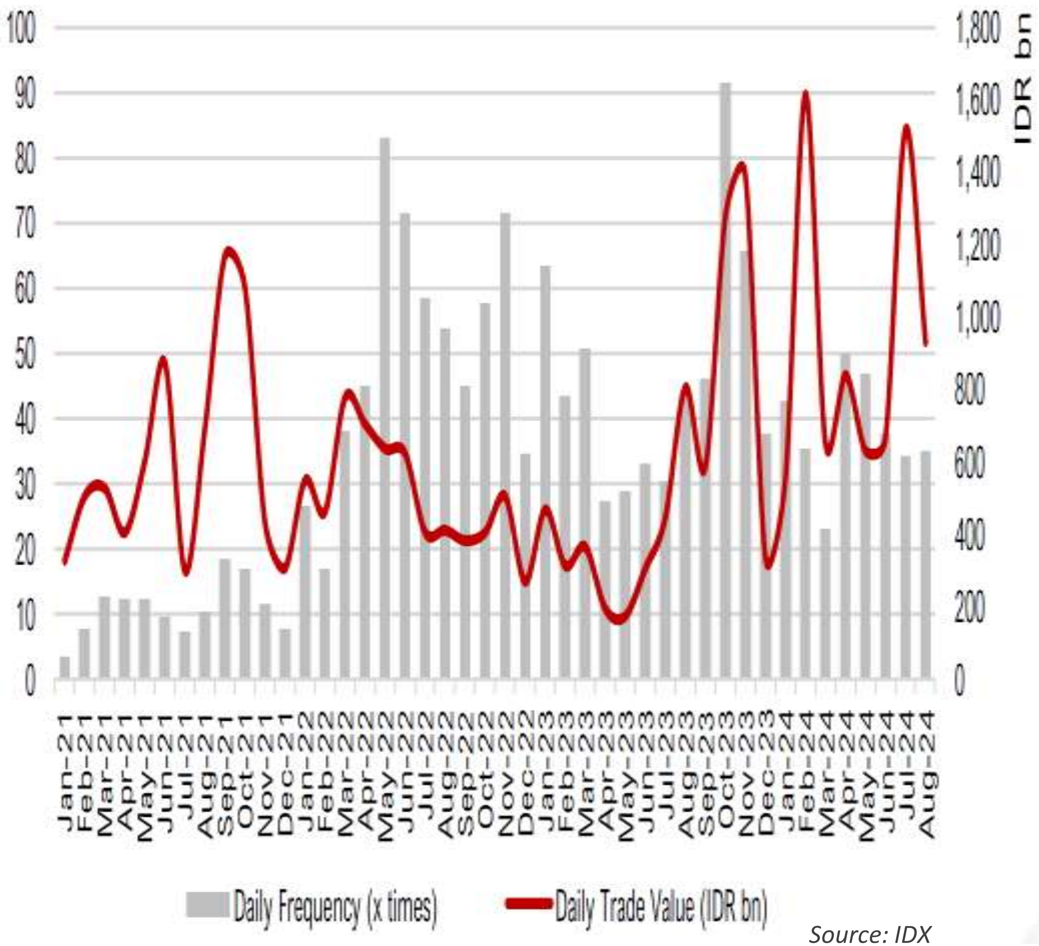
GOVERNMENT SHARIA
- ±32 Instruments
- All active series of State Sharia Bond (SBSN)

GOVERNMENT BILL
- ±22 Instruments
- State Treasury Letters (SPN) and State Treasury Letters – Sharia (SPNS)

CORPORATE BONDS
- ±1,017 Instruments
- Corporate Bond with denominations above 5 million

RETAIL GOVERNMENT
- ±18 Instruments
- Series of Indonesian Retail Government Bond (ORI) and Retail Sukuk (SR)

RETAIL CORPORATE
- ±1 Instruments
- Retail Corporate Bond with denominations below 5 million



Source: IDX

- Bonds trading value and frequency in SPPA have been increasing significantly since its launch in 2021.

3. Notable Initiatives

Stock Market - IDX Watchlist Board

Key Highlights

- ✓ Providing alternative Listing Board segmentation that is more in line with investors' investment strategies and provides transparency regarding company's condition.
- ✓ Increase transactions and trading liquidity, especially stocks with low trading frequency and at a price of IDR50 with a special trading mechanism.
- ✓ Minimizing the formation of unreasonable prices and a price discovery process that is more suitable for stocks with low liquidity.

Implementation Stages

Early Phase
Live on 19th Jul 2021

Stock Under Special Monitoring
- Continuous Auction for all criteria*
- Minimum Price **IDR50**
- Auto Rejection 10%
- Existing Listing Board

Phase I
Live on 12th Jun 2022

Watchlist Board (Hybrid)
- Continuous Auction besides liquidity criteria*
- Minimum Price **IDR50**
- Auto rejection 10%

- 2 Call Auction Sessions for liquidity criteria*
- Minimum Price **IDR1**
- Auto Rejection:
  Rp1-Rp10 = Rp1
  >Rp 10 = 10%

Phase II
Live on 25th Mar 2024

Watchlist Board (Full)
- 5 Call Auction Sessions for all criteria*
- Minimum price **IDR1**
- Auto Rejection:
  Rp1-Rp10 = Rp1
  >Rp 10 = 10%

Special Notation X

*) All 11 criteria and more detailed information can be accessed through https://www.idx.co.id/id/produk/saham/.

Full Call Auction Trading Hours

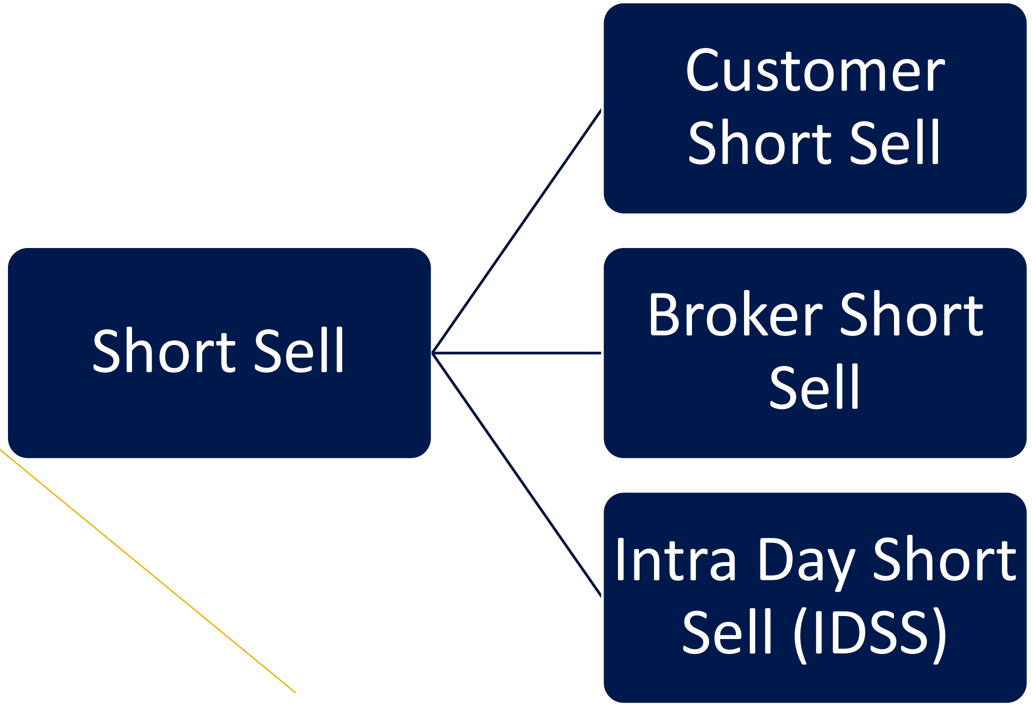
Notes:
- Schedules are for Monday – Tuesday;
- On Friday there are only **4 sessions**, where **Session 3** is canceled, while **Session 2** is extended until 11.29.59

Call Auction Sessions	Order Collection Phase	Random Closing	Order Matching Phase
Session 1	09.00.00 – 09.55.00	09.53.00 – 09.55.00	09.55.01 - 09.59.59
Session 2	10.00.00 – 10.55.00	10.53.00 – 10.55.00	10.55.01 - 10.59.59
Session 3	11.00.00 – 11.55.00	11.53.00 – 11.55.00	11.55.01 - 11.59.59
Break	12.00.00 – 13.59.59		
Session 4	14.00.00 – 14.55.00	14.53.00 – 14.55.00	14.55.01 - 14.59.59
Session 5	15.00.00 – 15.55.00	15.53.00 – 15.55.00	15.55.01 - 16.00.00
Post Trading	16.01 – 16.15		

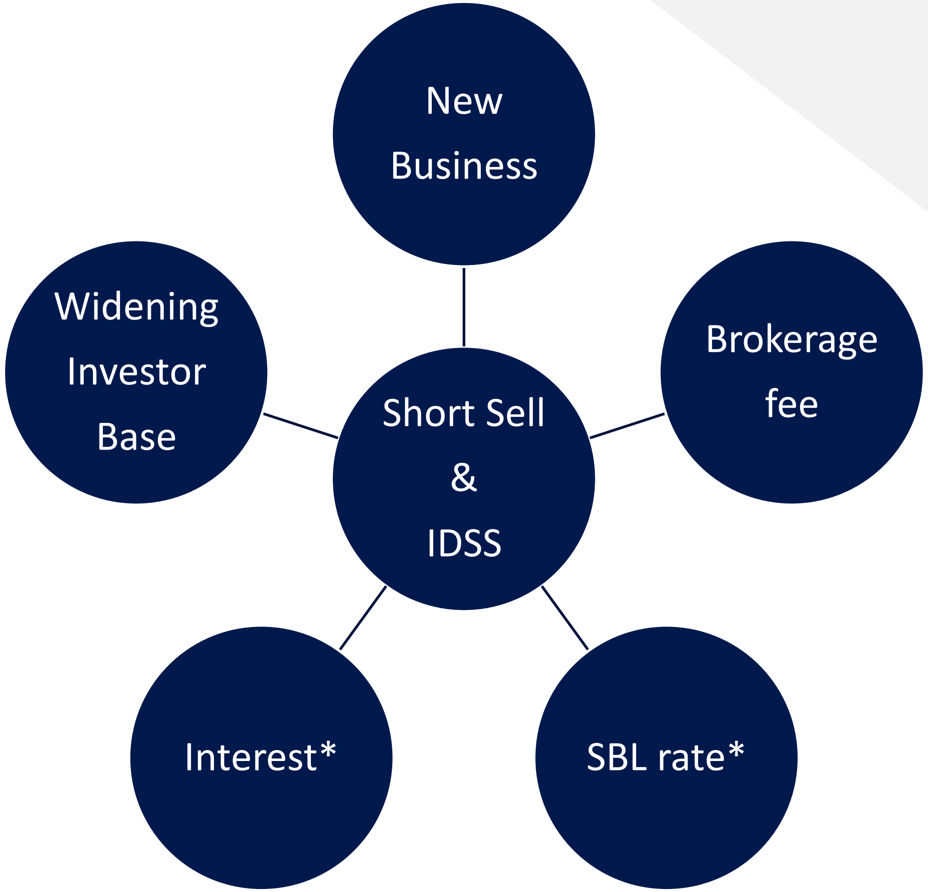
- IDX Watchlist Board is aimed to continuously improve investors protection and to facilitate an orderly, fair and efficient market.
- Watchlist Board are intended for stocks that meet certain fundamental and liquidity criteria conditions

3. Notable Initiatives

Stock Market - Short Selling Improvement



Benefit for Brokerage



* For Short Sell facility or failed to close out position in IDSS

- Short selling is developed based on Regional Best Practices
- Short Selling could increase market liquidity and fair price discovery, become business opportunities for brokers as well as potential profit for investors in the bearish market.

3. Notable Initiatives

Stock Market - Liquidity Provider

Objectives of Liquidity Provider

- Increase Market Stability and Liquidity
- Reduce Spread
- Increase Depth

Liquidity Provider requirements

- LPs are securities companies approved by IDX as LPs
- IDX provide list of stocks to be quoted by LPs
- LPs have to provide quotation on specific stocks

- Liquidity Provider is aimed to increase market liquidity, particularly medium to illiquid stocks.
- It is expected to increase investor interest in trading stocks according to their investment strategies.

3. Notable Initiatives

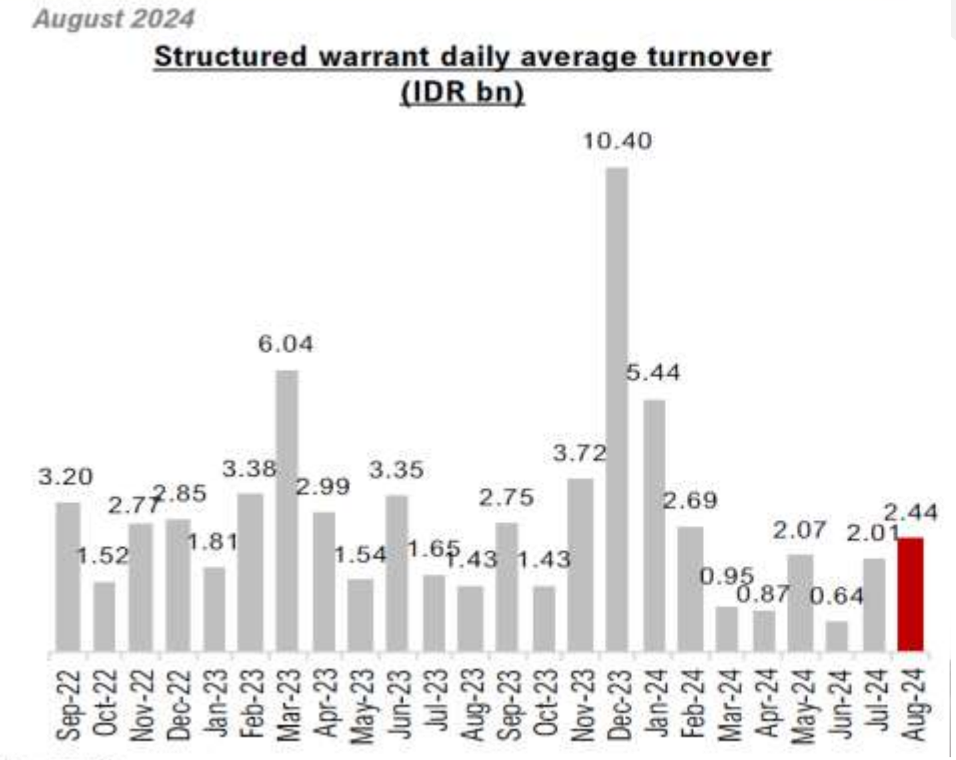
Derivative Market - Structured Warrant

- **Structured Warrant** was launched on September 19, 2022.
- Structured Warrant is a financial instrument issued by financial institution that gives its holder **the right to buy or sell** underlying securities at **certain price** and **certain period of time**.
- There are **150 structured warrant products** available in the market with its underlying stock (Aug-24).

The advantages

- ✓ **Issued with IDX30 constituent as the underlying securities.** IDX30 constituent securities have strong fundamental and good liquidity in the secondary market.
- ✓ **Required to have Liquidity Provider in secondary market.** Structured Warrant relatively will be relatively liquid since there is Liquidity Provider to provide two-way quotation during trading hour.
- ✓ **Transaction settlement and maturity are guaranteed by IDClear.** Both secondary market transaction settlement and cash distribution during maturity date are guaranteed by IDClear.
- ✓ **Affordable investment choice with attractive return.** Capital required to invest in Structured Warrant is comparatively smaller than directly buying the underlying securities, but with greater potential return.

Source: IDX



Source: IDX

- Structured Warrant market is still developing to become investment alternatives by investors

3. Notable Initiatives

Derivative Market - Single Stock Futures

Criteria	Spesification
Underlying	LQ45 Index Constituent Stocks
Multiplier	100 Shares
Contract Size	Multiplier × Stock Price × Number of Contract
Tick Size	Following the provisions of the Underlying Stocks
Contract Period	1 / 2 / 3 Months
Initial Margin	4% × Stock Price × Number of Contract × Multiplier
Auto Rejection	Following the provisions of the Underlying Stocks
Settlement	Cash Settlement, T + 1

- Investors can buy or sell derivative contracts (without any obligation to buy the underlying stocks)
- Securities companies could facilitate customer to order derivative products, and could act as Derivative Liquidity Provider to provide two-way quotes and get benefit from the quotation spread.
- Currently 15 contracts maturing in 1, 2 and 3 months of 5 stocks (ASII, BBCA, BBRI, MDKA, and TLKM) are being traded in the IDX

Thank You

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