

Bapepam Regulation on Takeovers of Publicly Listed Companies

Head of Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) Decree No. KEP-264/BL/2011 on Takeovers of Publicly Listed Companies ("Decree") has recently been issued. The purpose of the Decree is to amend Regulation No. IX.H.1 ("Regulation") which was enacted through the issuance of Bapepam-LK Decree No. Kep-259/BL/2008.

Pursuant to Item 1 (d) of the Regulation, a takeover is defined as, an act either directly or indirectly, that results in a change in the control of a company. Whereas Item 1(e) defines a mandatory tender offer as an offer to buy the remaining shares of a public company, which is made by the new controller. A controlling shareholder pursuant to Item 1 (c) of the Regulation is defined as having more than 50% of shares or having an ability to determine, directly or indirectly, management and/or policies of the public listed company.

Pursuant to Article 2, companies that completed a takeover prior to enactment of the Decree must transfer shares in accordance with the Regulation of the Decree.

Item 5 (a) stipulates that certain acquisitions that result in a controlling shareholder having control of 80% of the publicly listed company paid-in capital, is obliged to transfer 20% of the target company to the public, and there must be at least 300 shareholders within 2 years of the tender offer.

According to Article 3, tender offer statements that were submitted to Bapepam-LK before the Decree was enacted and have not become effective, must be revised to comply with amended Regulation.

Moreover, pursuant to Item 2 (a) of the Regulation, a prospective controlling shareholder may announce a transaction negotiation for acquiring a target publicly listed company in a newspaper that is circulated on a national level, where further development regarding the transaction must be announced within 2 working

Pursuant to Item 3 (a) the acquirer must announce a takeover within 1 day after the transaction is completed in a national newspaper and to the Bapepam-LK, according to the requirements set in Item 3 (a 1). Exceptions to this requirement are listed in Item 3 (a 2) and also Item 6 of the Regulation.

The Decree revokes Chairman of Capital Markets and Financial Institutions Supervisory Agency Decree No. Kep-259/BL/2008 on the Takeover of a Public Company.

The Decree became effective on May 31, 2011. 

❖ Past Issues

- ✍ Bapepam Regulation on Voluntary Tender Offers (Issue 1679 - 6/8/2011)
- ✍ Seventh Amendment on Goods Classification and Import Duties (Issue 1678 - 6/7/2011)
- ✍ The New Currency Law (Issue 1677 - 6/6/2011)
- ✍ 2011 Oil and Gas Revenue Sharing (Issue 1676 - 6/3/2011)

❖ Documents

Regulation No. IX.H.1 (PRLB_BLK_IXH1-KEP264BL2011_2011.pdf - 62.Kb)

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