

## 37<sup>th</sup> Annual General Meeting

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27 March 2014

**Welcome Remarks  
By The Chairman,  
Tun Mohamed Dzaidin Haji Abdullah**

# Demand for Poll

**Article 54 provides that a poll can be demanded by:**

- **The Chairman of the meeting; or**
- **At least 2 members present in person or proxy; or**
- **Any member or members representing not less than 1/10 of total voting rights of all members attending this 37<sup>th</sup> AGM; or**
- **Any member or members holding shares conferring a right to vote at this 37<sup>th</sup> AGM, being shares on which an aggregate sum has been paid up equal to or not less than 1/10 of the total sum paid up on all the shares conferring that right**

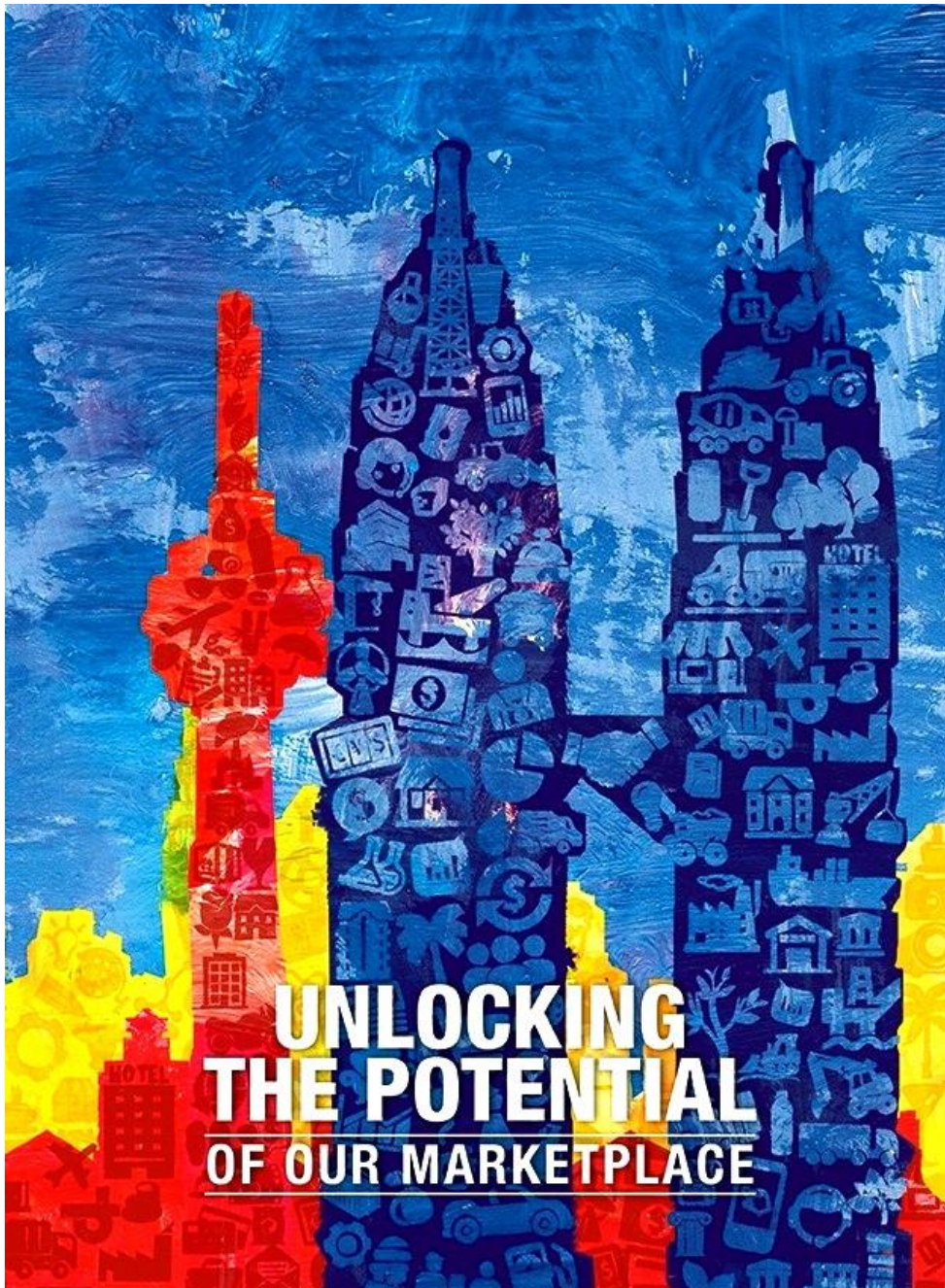
# Poll Administrator and Scrutineers

Poll Administrator : **Tricor Investor Services Sdn  
Bhd**

Scrutineers: **Ernst & Young**

# AGENDA 1

**To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon.**



# 37<sup>th</sup> Annual General Meeting

Presentation to Shareholders

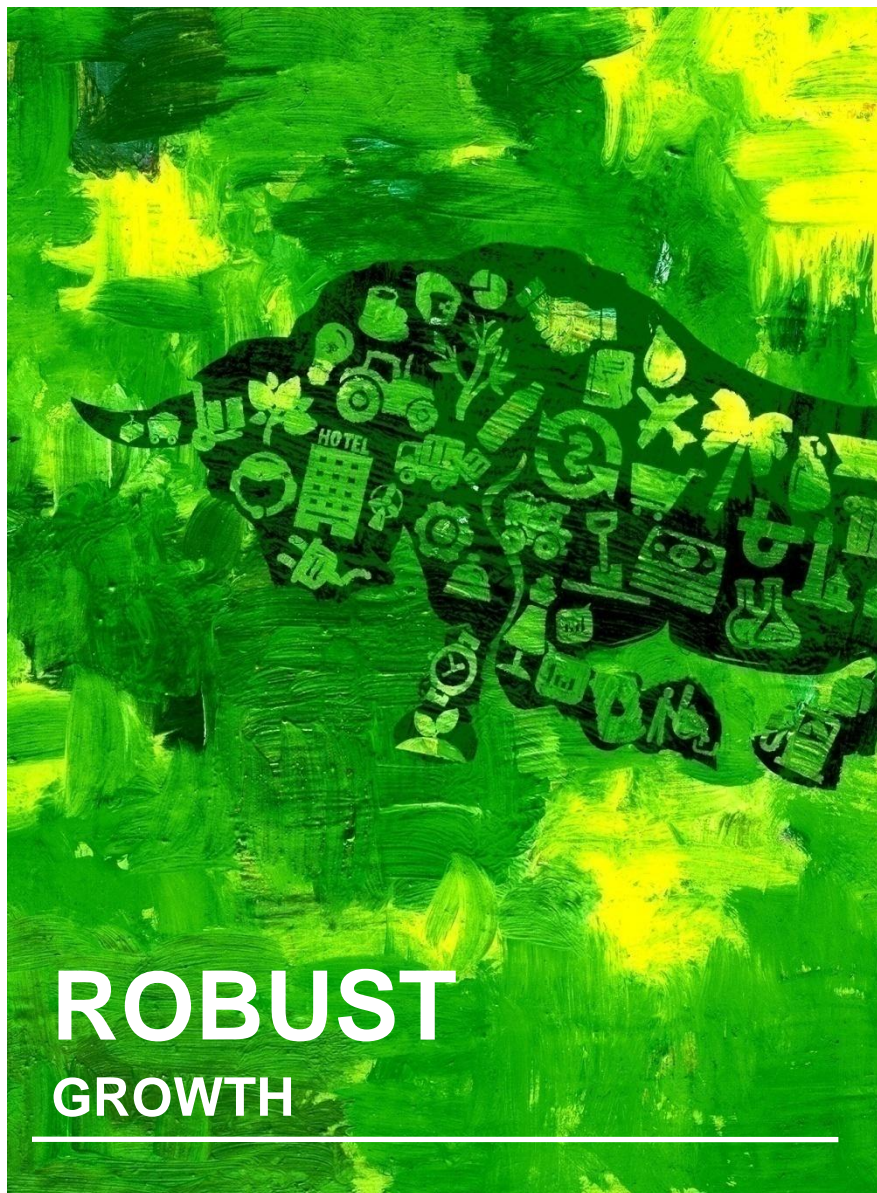
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27 March 2014

Dato' Tajuddin Atan, CEO



- **ROBUST GROWTH**
- **STRENGTHENED MARKETPLACE**
- **STRONGER COLLABORATION**



## ■ FINANCIAL PERFORMANCE

- Stellar Financial Performance
- Growing Shareholder Value
- Progressive Rise in ROE
- 2013 Total Shareholders Return = 41%

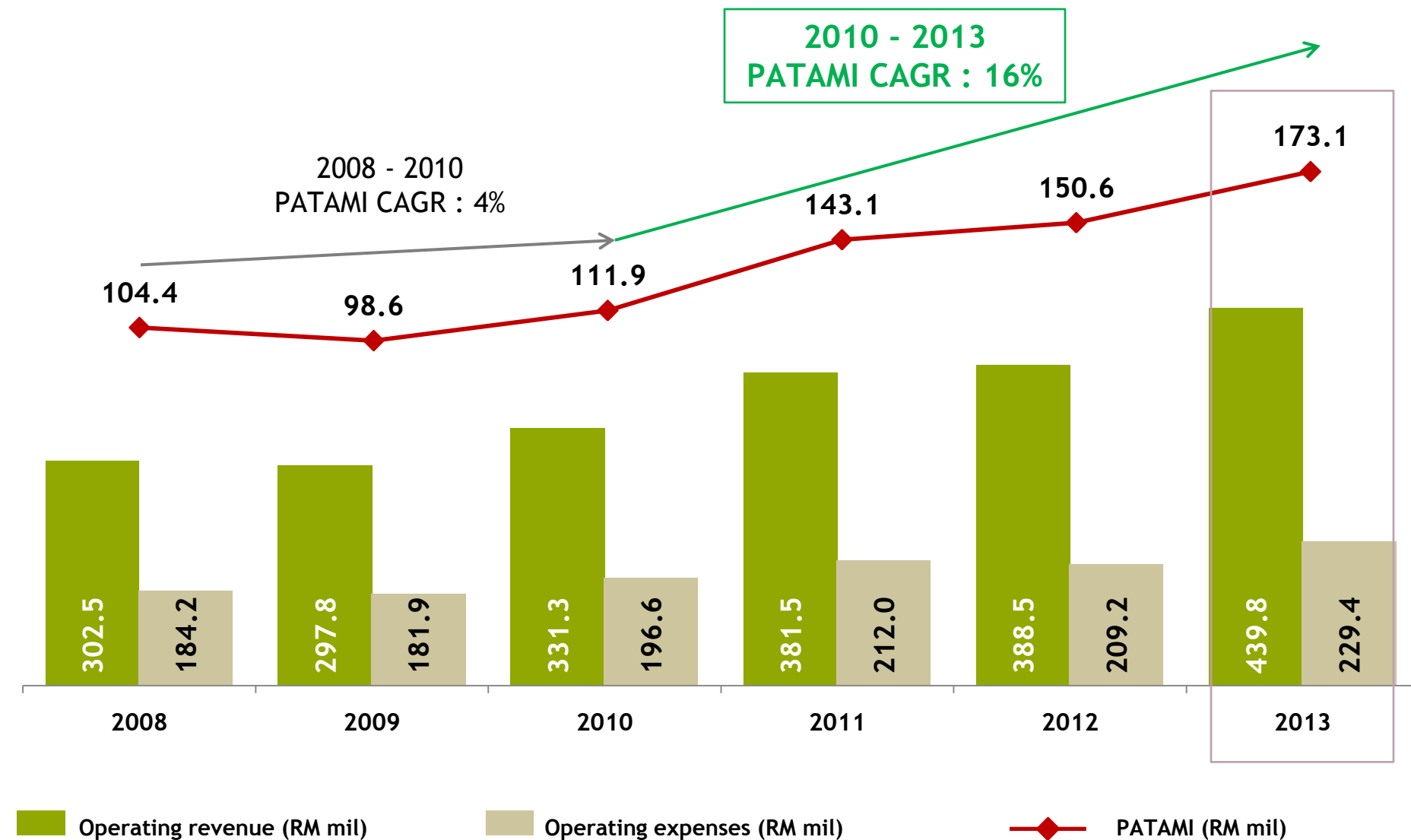
## ■ MARKET PERFORMANCE

- Key Drivers
- Securities Market Trending High
- Derivatives Market Scaling New Heights
- Rapid Growth in Islamic Market



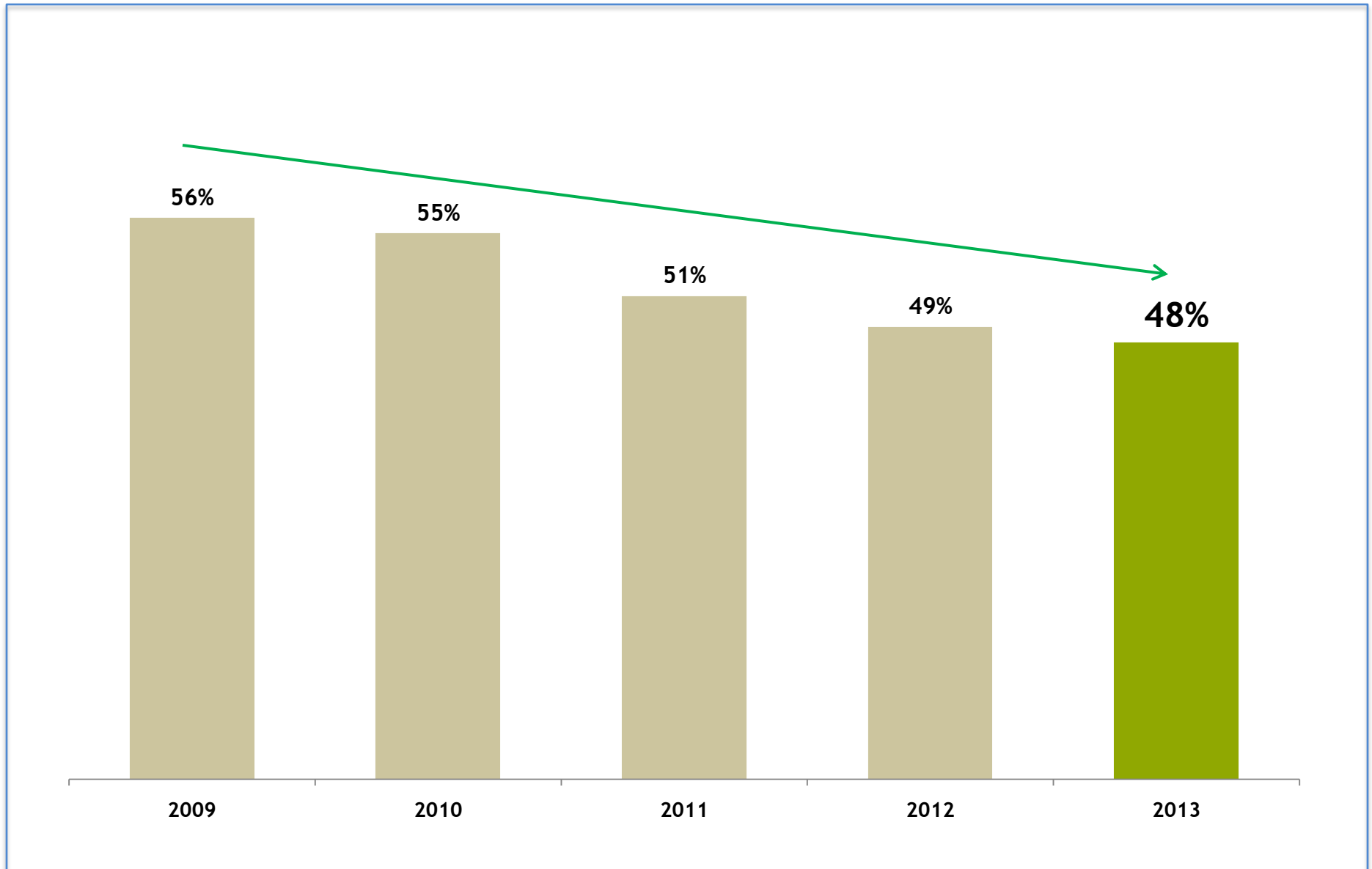
# Stellar Financial Performance

Best financial performance in 6 years



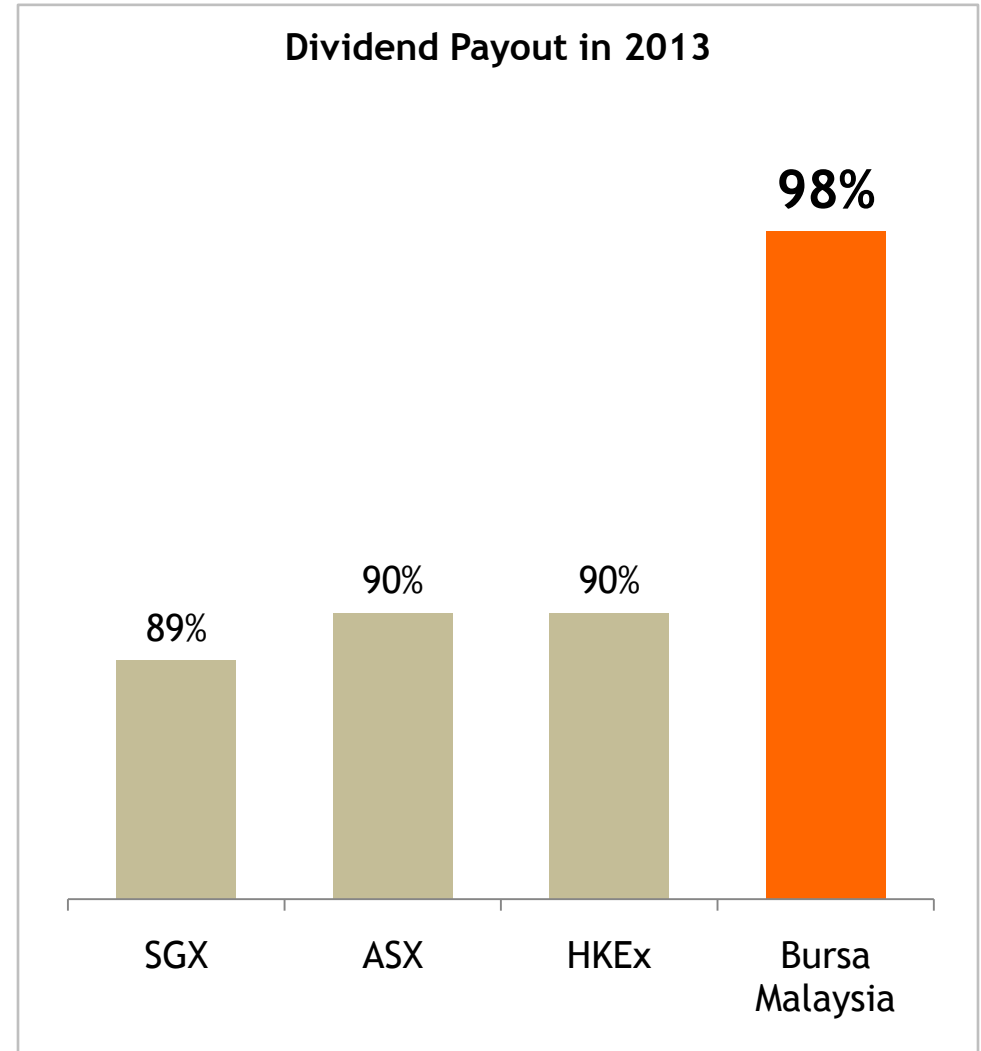
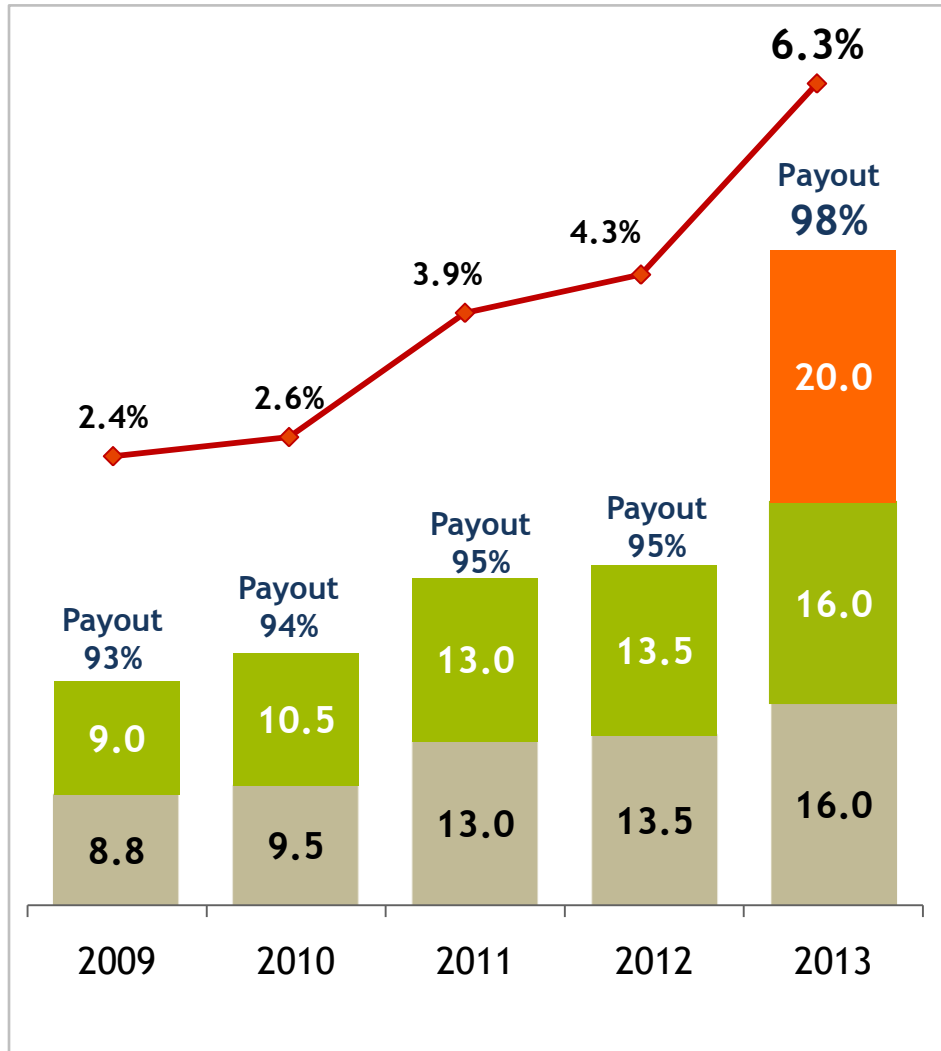
# Stellar Financial Performance (Continued...)

## Improving cost to income ratio



# Growing Shareholder Value

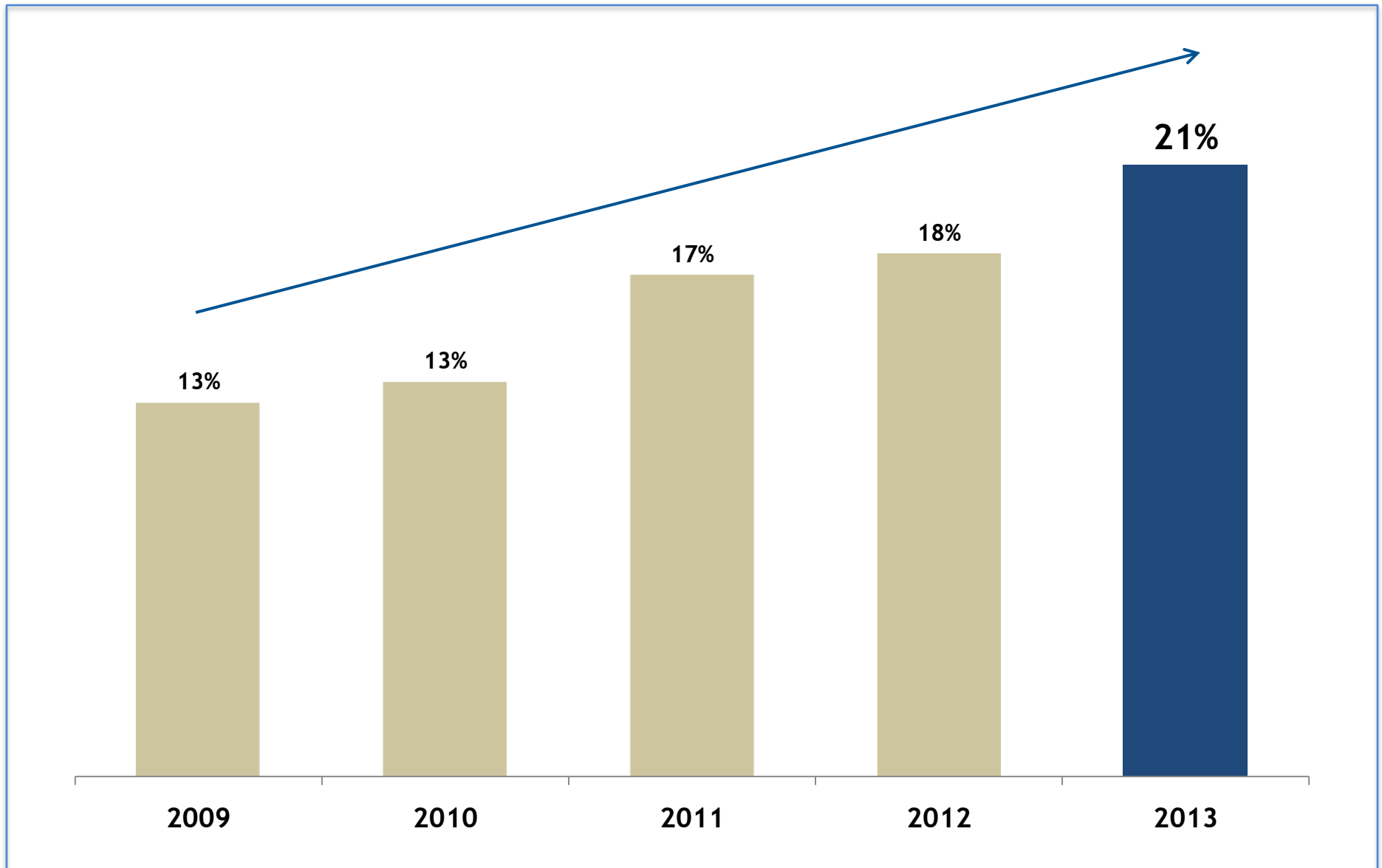
Highest dividend payout among ASIAN listed peers



■ Special Dividend (sen)     ■ Interim Dividend (sen)  
■ Final Dividend (sen)     —◆— Dividend yield

# ROE Breaks 20%

On the back of strong financial performance

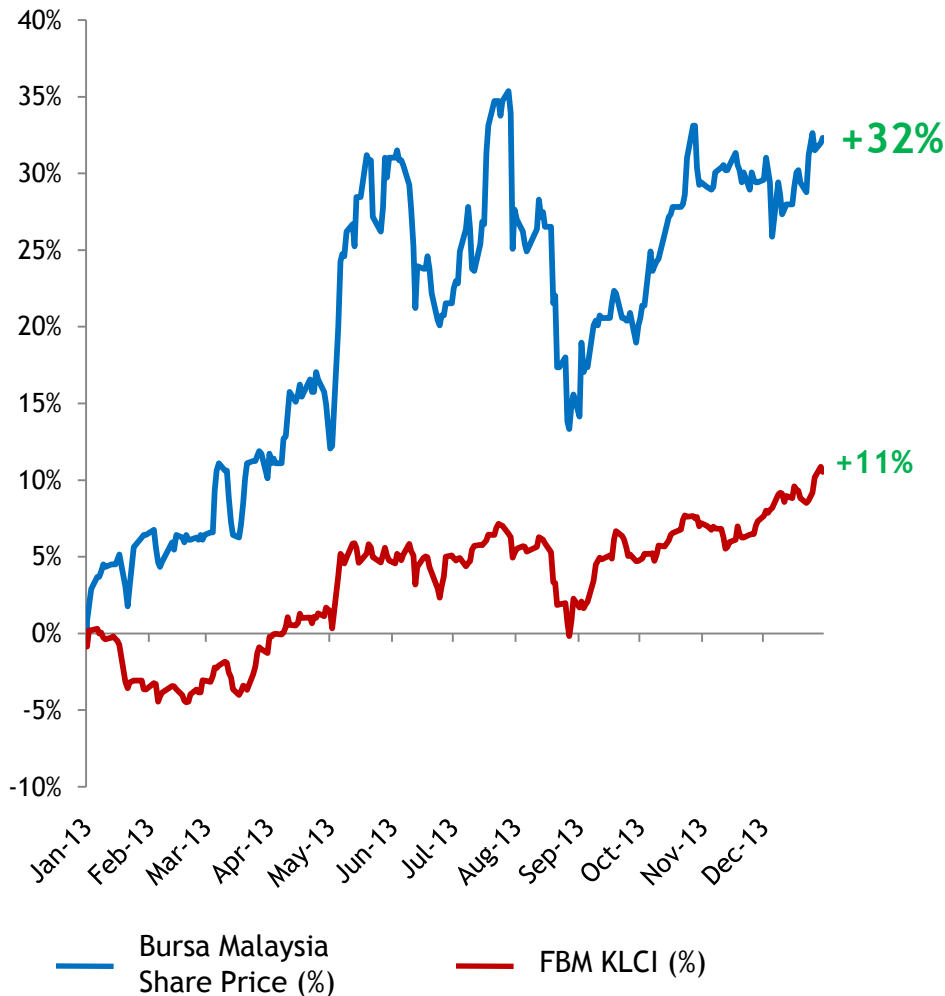


# 2013 Total Shareholders Return = 41%

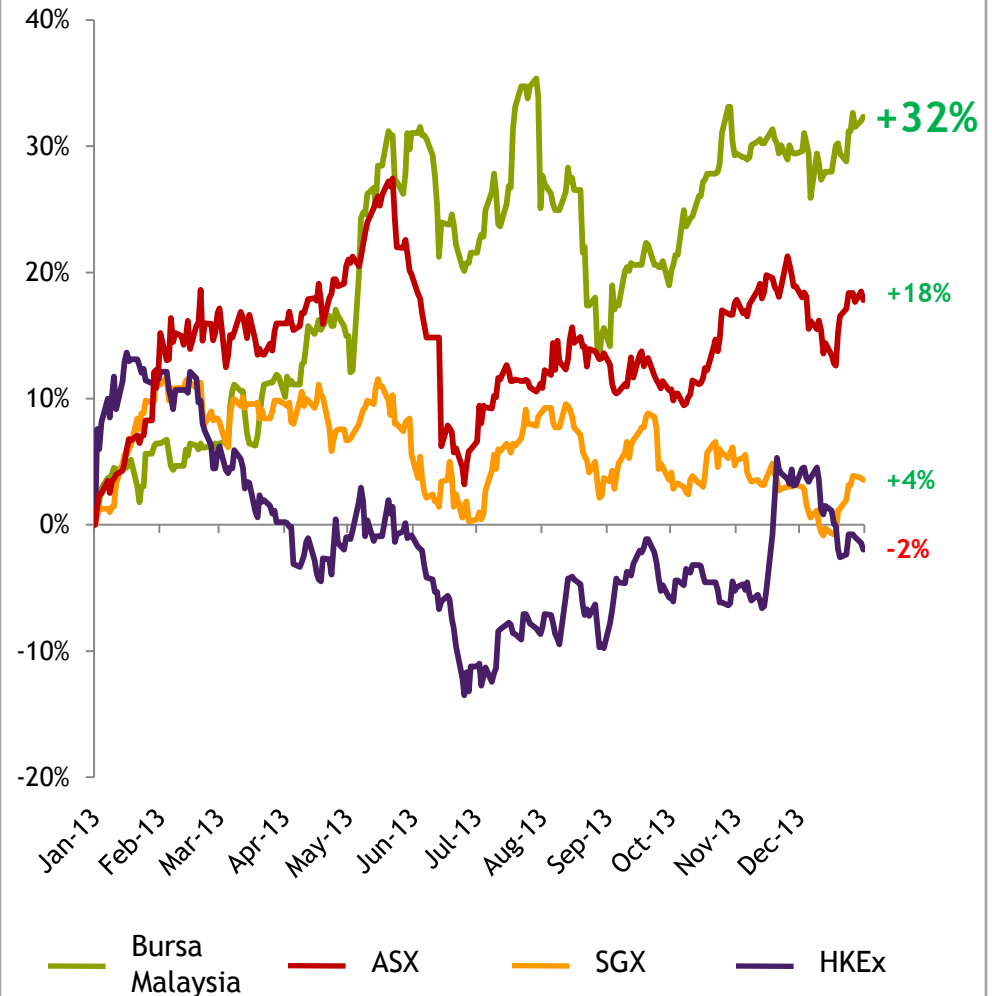
## Outperformed Listed Asian Peers and FBM KLCI



### Bursa Malaysia Share Price Performance vs. FBMKLCI



### Bursa Malaysia Share Price Performance vs. Listed Asian Peers



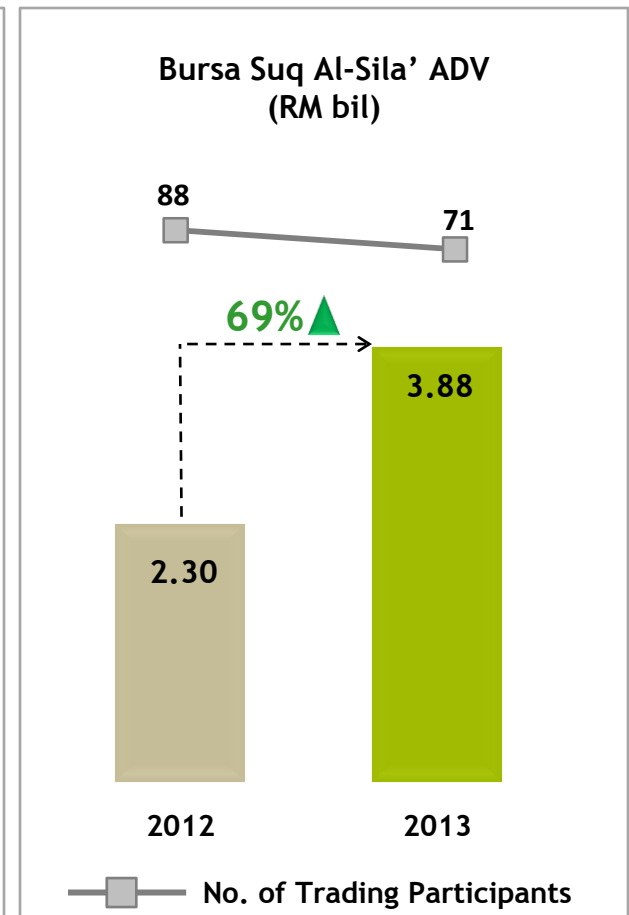
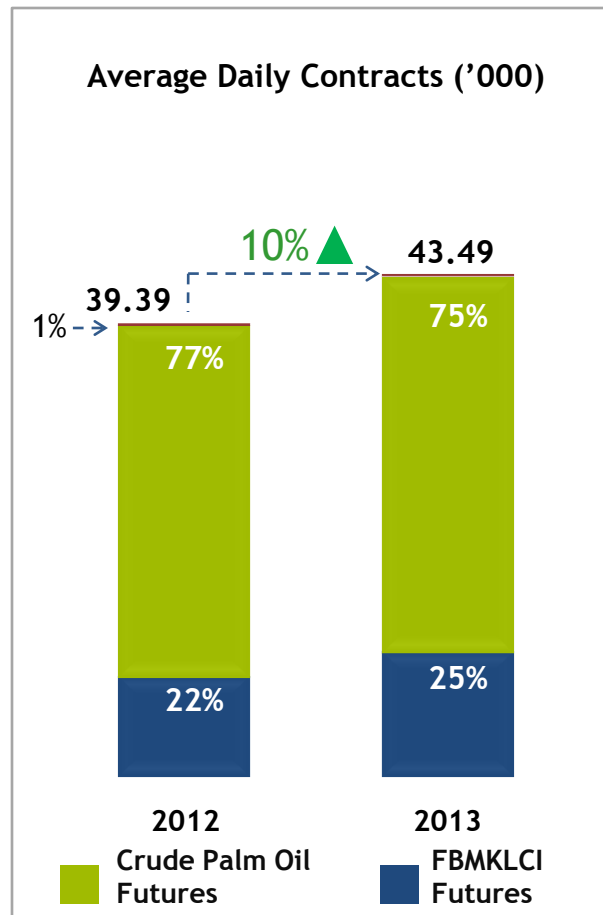
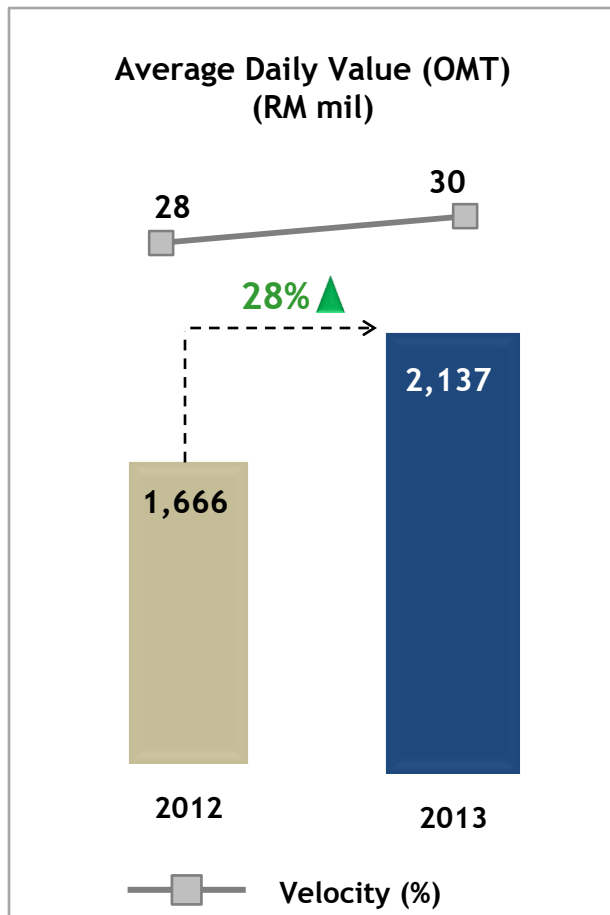
# Key Drivers

Improved performance across all markets



## Key Drivers

Securities Market ADV OMT+DBT (RM mil)	2,137	28% ▲
Derivatives Market ADC ('000)	43	10% ▲
BSAS ADV (RM bil)	3.9	69% ▲

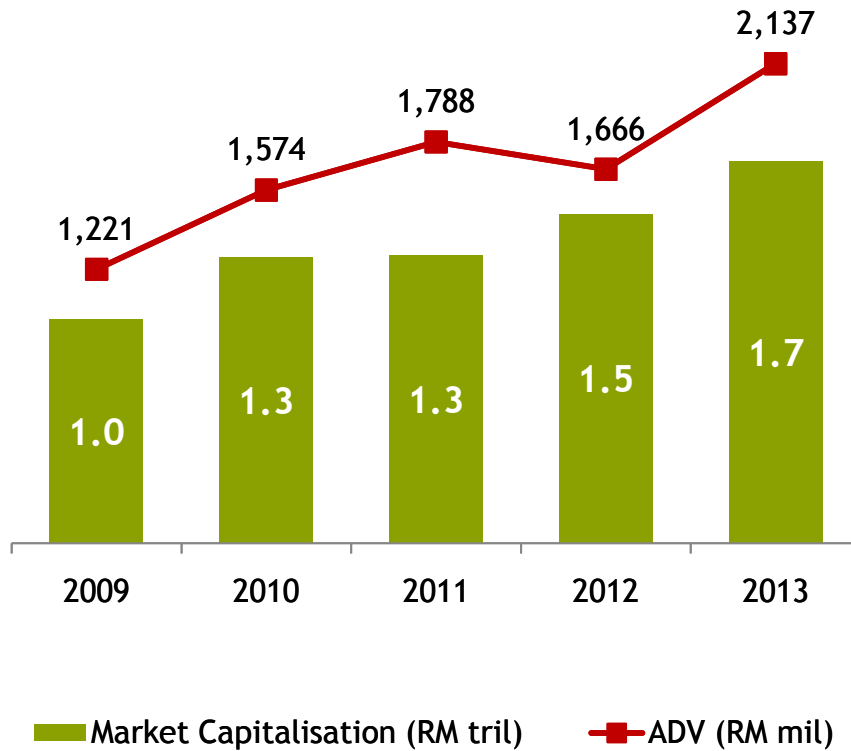


# Securities Market Trending High

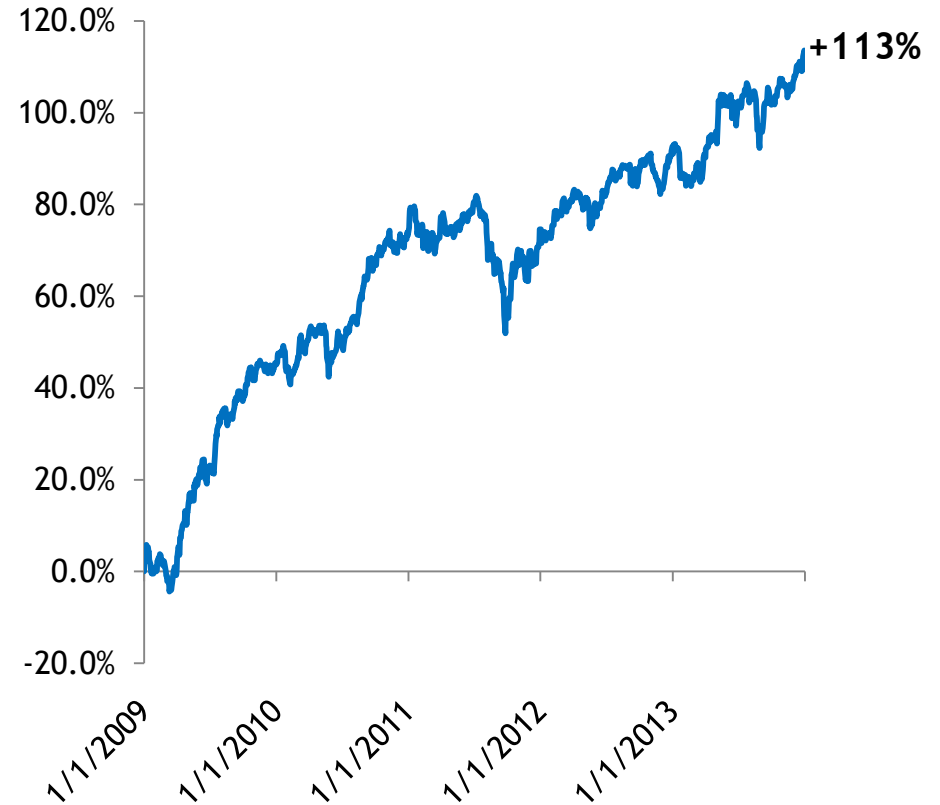
Dynamic growth in market key drivers



### 5-Year Market Capitalisation and Average Daily Trading Value



### 5-Year FBM KLCI Growth



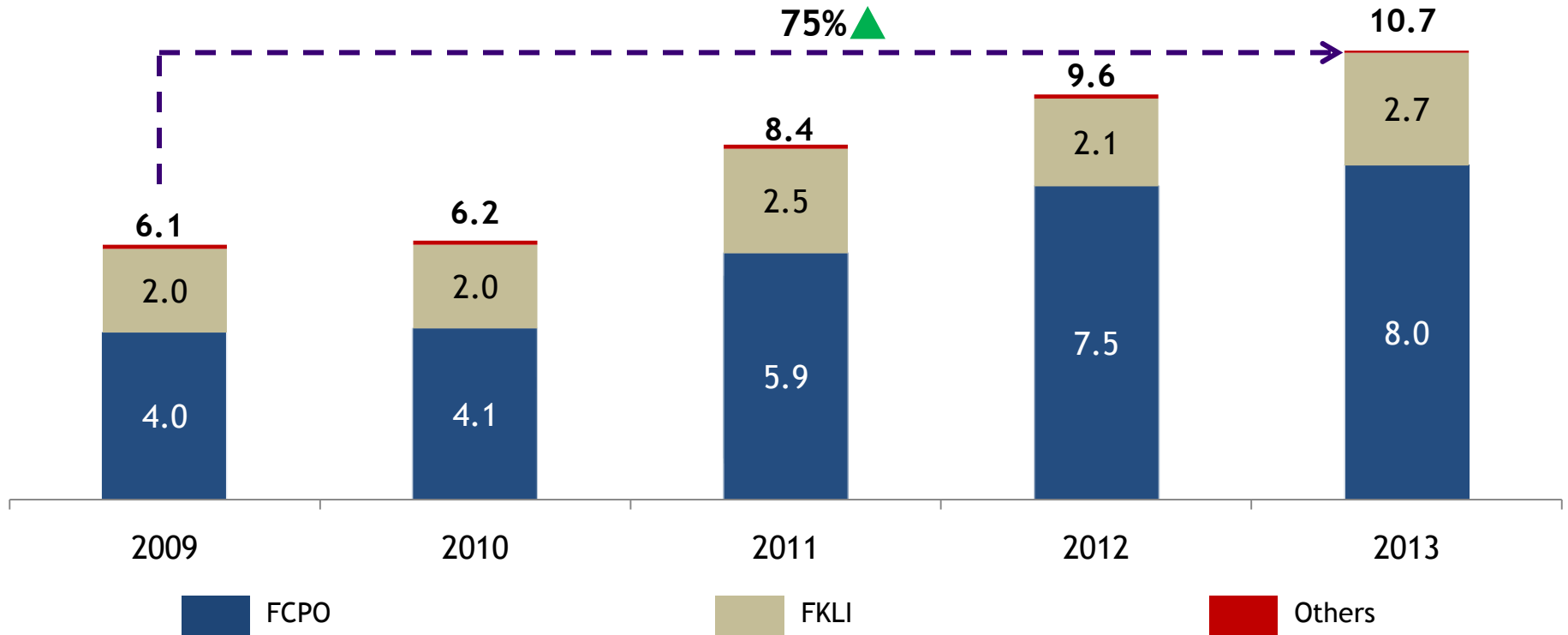
- Our Market capitalisation achieved record high at RM1.71 trillion on 30 December 2013.
- Our benchmark index FBM KLCI have hit all-time-high 73 times since 2008 with 26 times in 2013.

# Derivatives Market Scaling New Heights

## Surpassed 10 million contracts in 2013



Total Contracts Traded (mil)



FCPO, the global benchmark contract, is the highest contributor to the growth in total contracts traded.

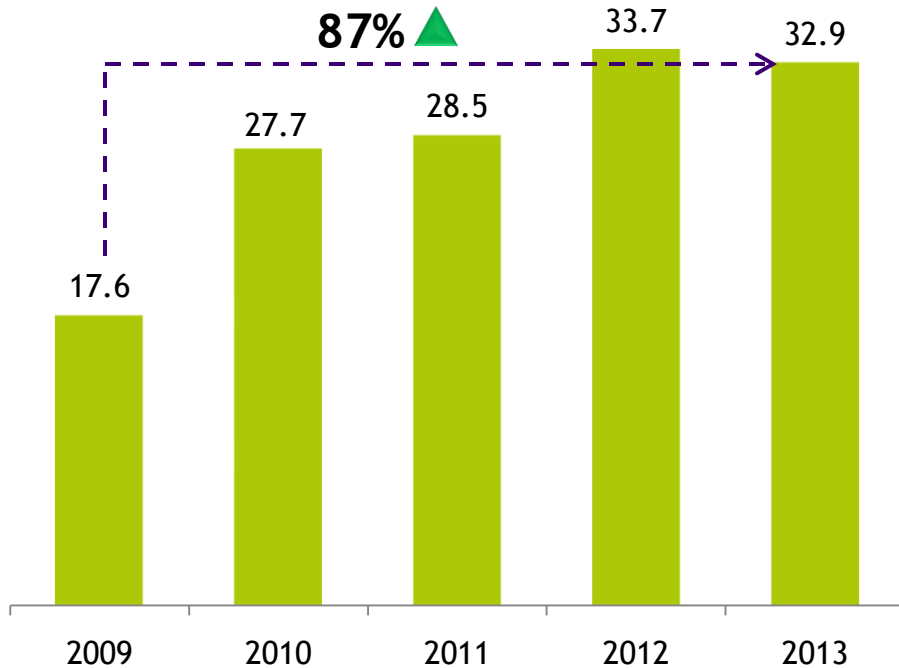


# Rapid Growth in Islamic Market

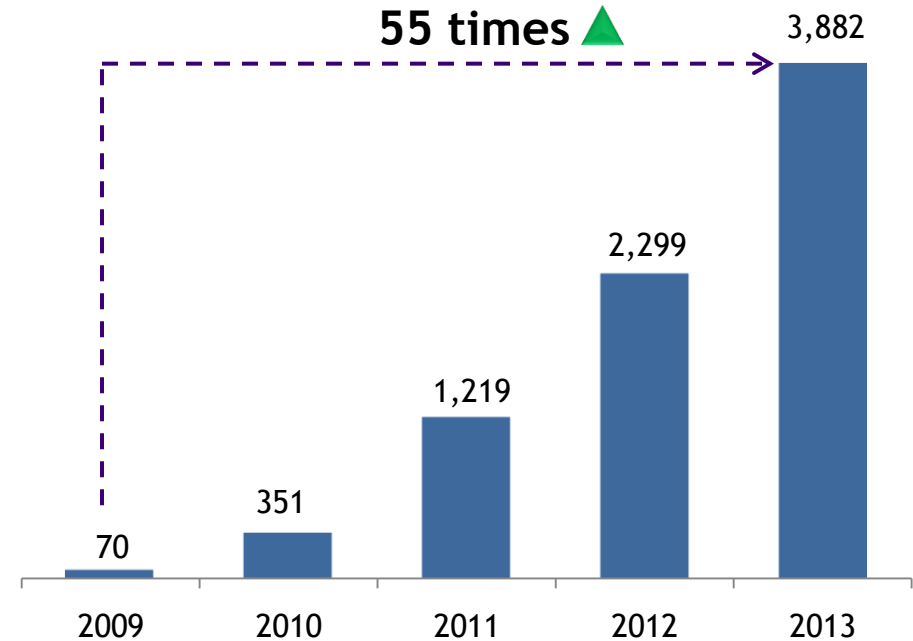
Continue to gain recognition as a market leader



Value of Listed Sukuk (USD bil)



BSAS Average Daily Value Commodity Traded (RM mil)



Note\* - Bursa Suq Al-Sila' was launched in August 2009.

Our one-of-a-kind Bursa Suq Al-Sila' ADV commodity traded is gaining traction by growing rapidly over the years.



- INTERNATIONALLY BENCHMARKED
- RESILIENT SECURITIES MARKET
- DERIVATIVES GROWING FROM STRENGTH TO STRENGTH
- ISLAMIC MARKET CONTINUES TO GROW
- LEADING IN ASEAN

# Internationally Benchmarked

## Building market quality and ensure sustainability



Malaysia ranked by:



**4<sup>th</sup>** among 148 countries for Strength of Investor Protection

**13<sup>th</sup>** for Efficacy of Corporate Boards

Malaysia ranked by:



**4<sup>th</sup>** among 189 countries for Investor Protection

Malaysia ranked by:



Bursa Malaysia ranked by:



among 11 countries in Asia (2010: 6<sup>th</sup>)

Bursa Malaysia is “**Top 50**” CG ranking of mid/small caps in Asia Pacific”

Bursa Malaysia as recipient of the awards from:



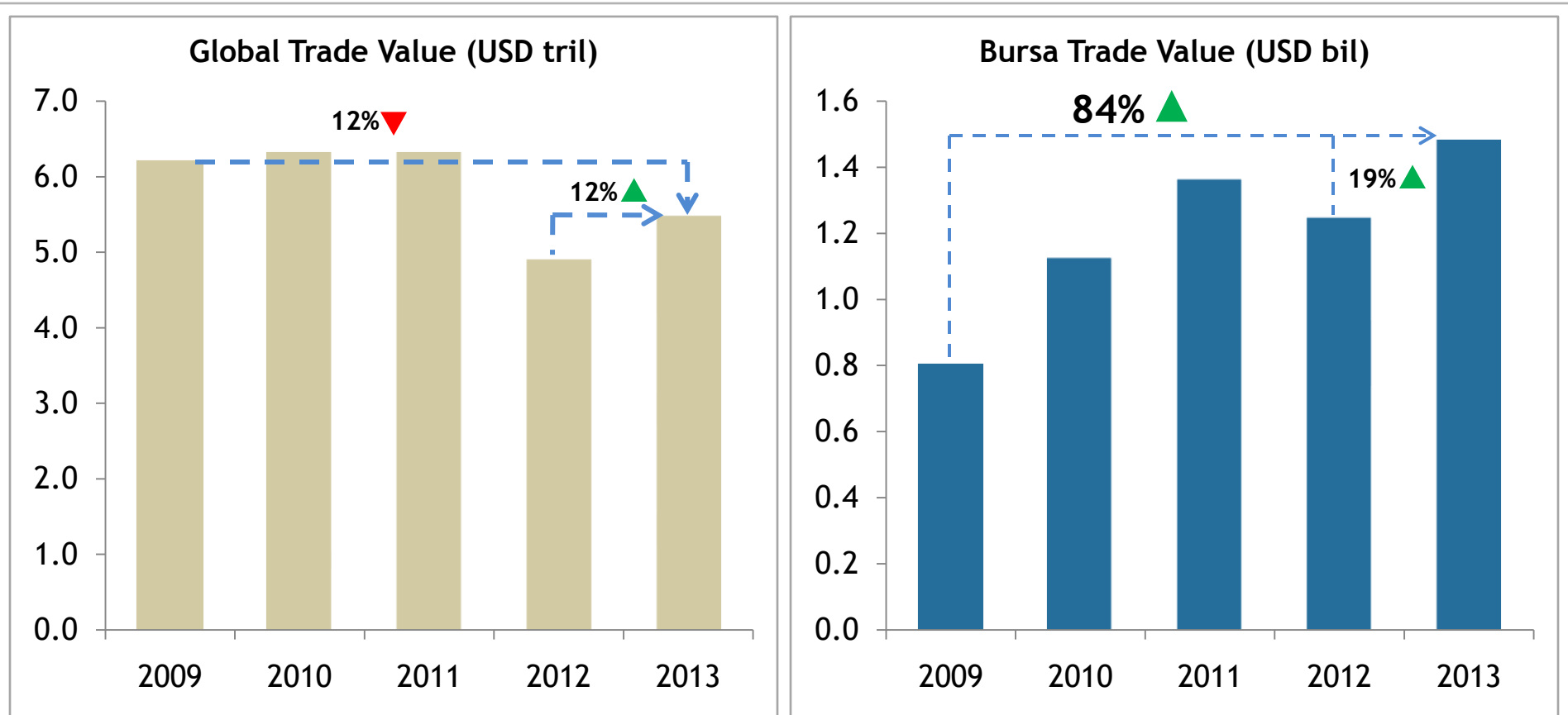
**Best** Conduct of AGM

**Top 3** Corporate Governance (CG) Transparency Award

**Top 5** Overall CG Award

# Resilient Securities Market

## Outpaced the growth of global trade value



Source: World Federation of Exchanges

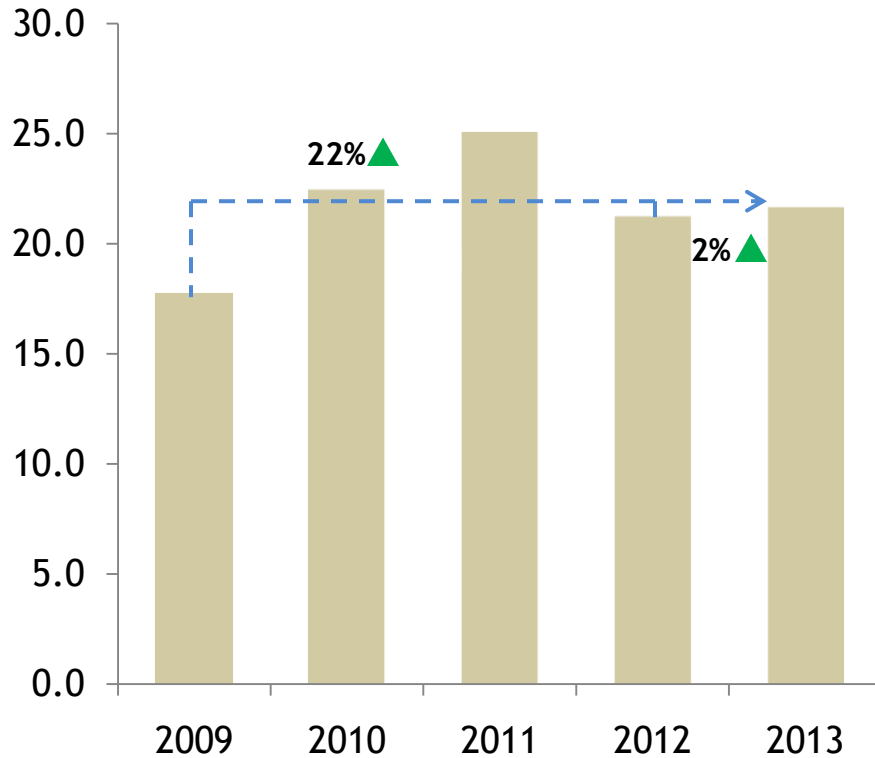
- Over the last 5 years, the global trade value has gone up 12% while ours has grown by 84%.

# Derivatives Growing from Strength to Strength

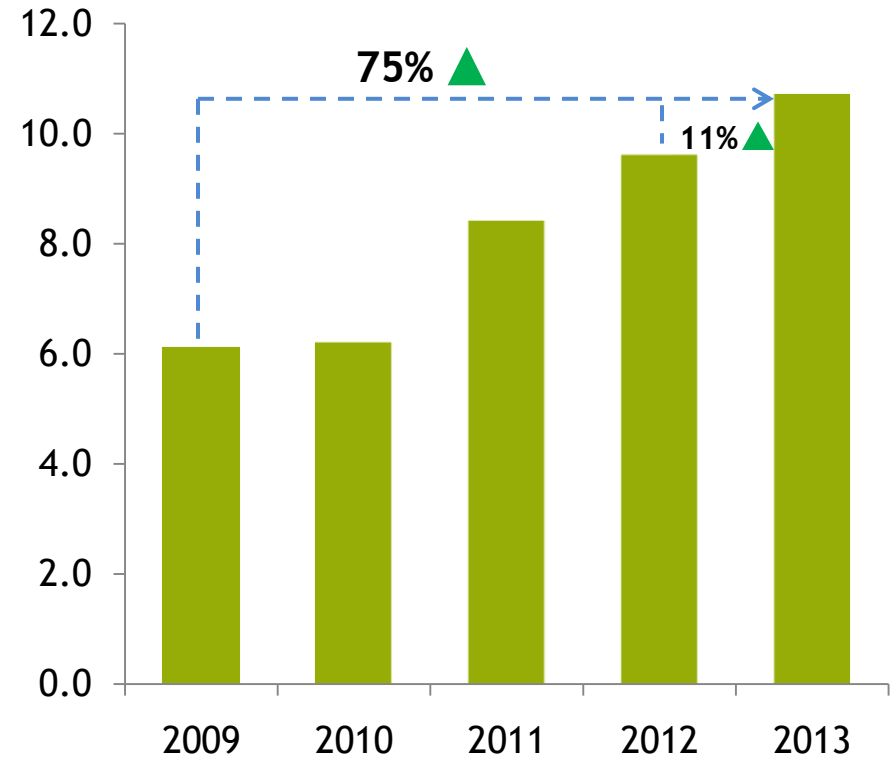
Continue to grow ahead of global trade volume



### Global Derivatives Market Trade Volume (bil)



### Bursa Derivatives Market Trade Volume (mil)



Source: Futures Industry Association and Bursa Malaysia Berhad

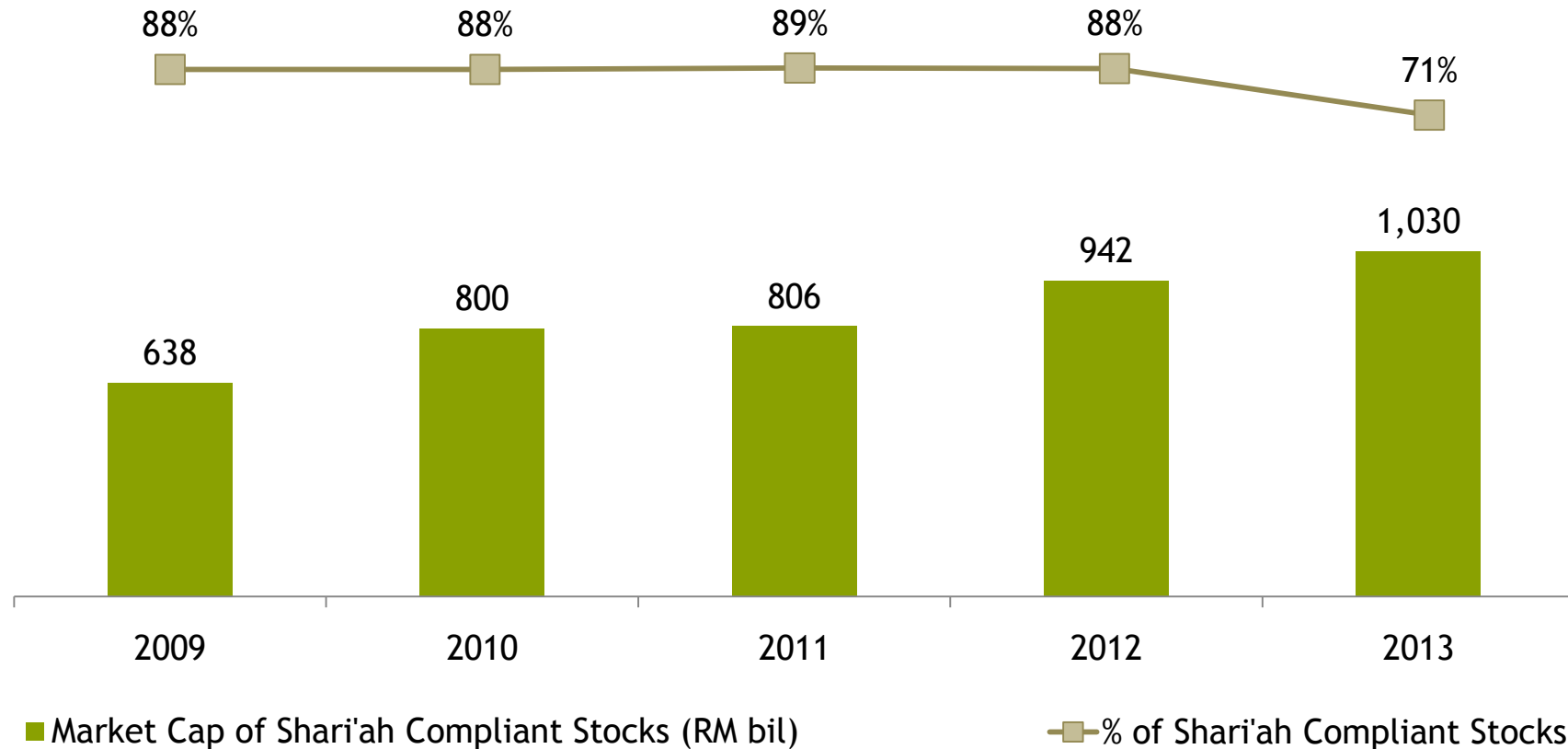
- Over the last 5 years, the growth of our Derivatives Market has outpaced the global trade volume.
- Last year global trade volume was up 2%; ours was up 11%.

# Islamic Market Continue to Grow

With stricter revised Shari'ah screening methodology



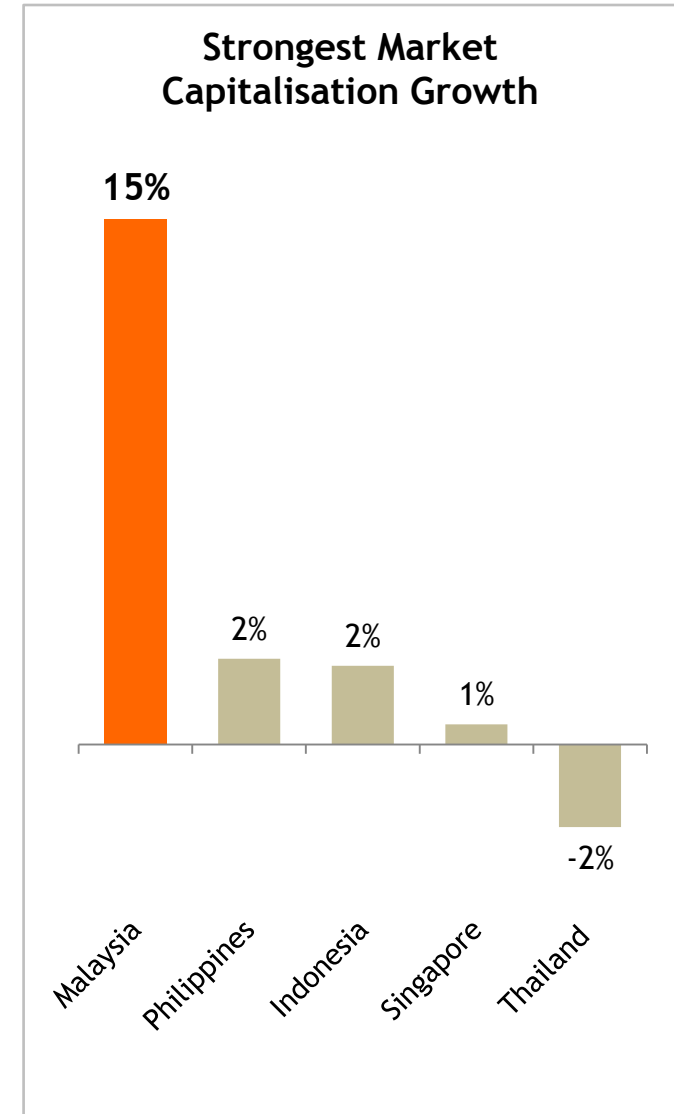
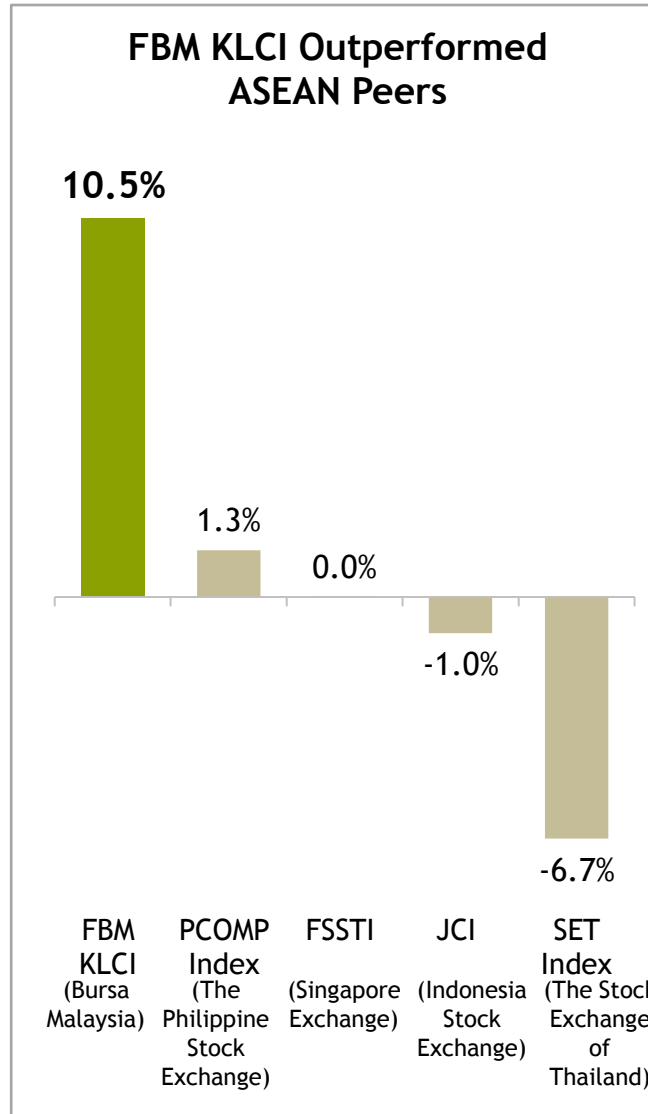
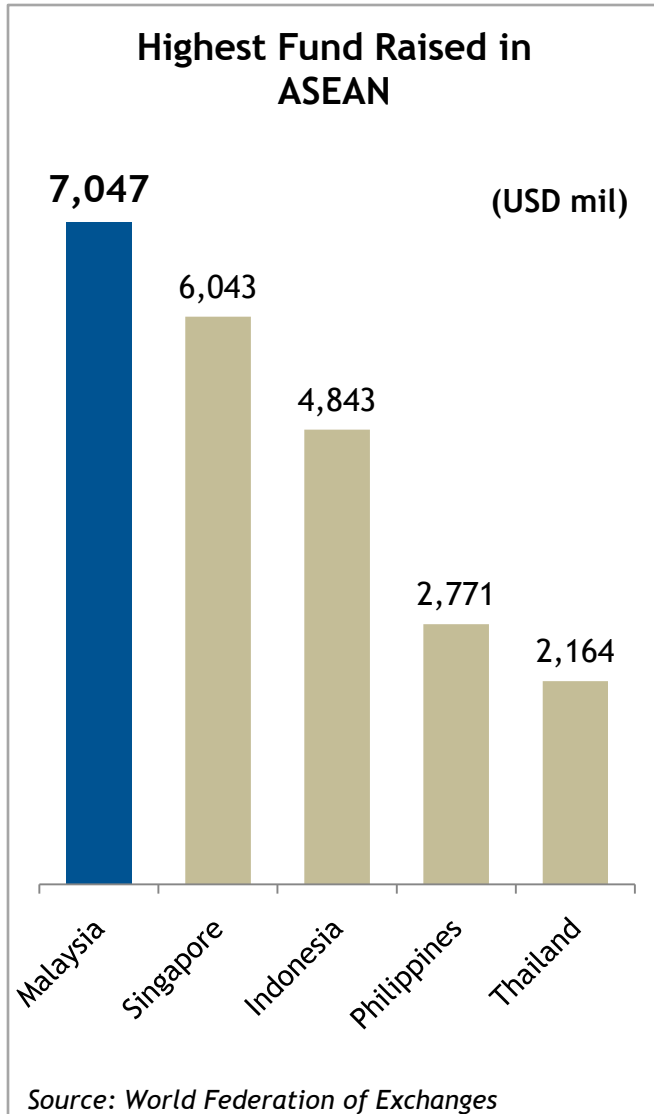
### Market Capitalisation and % of Shari'ah Compliant Stock

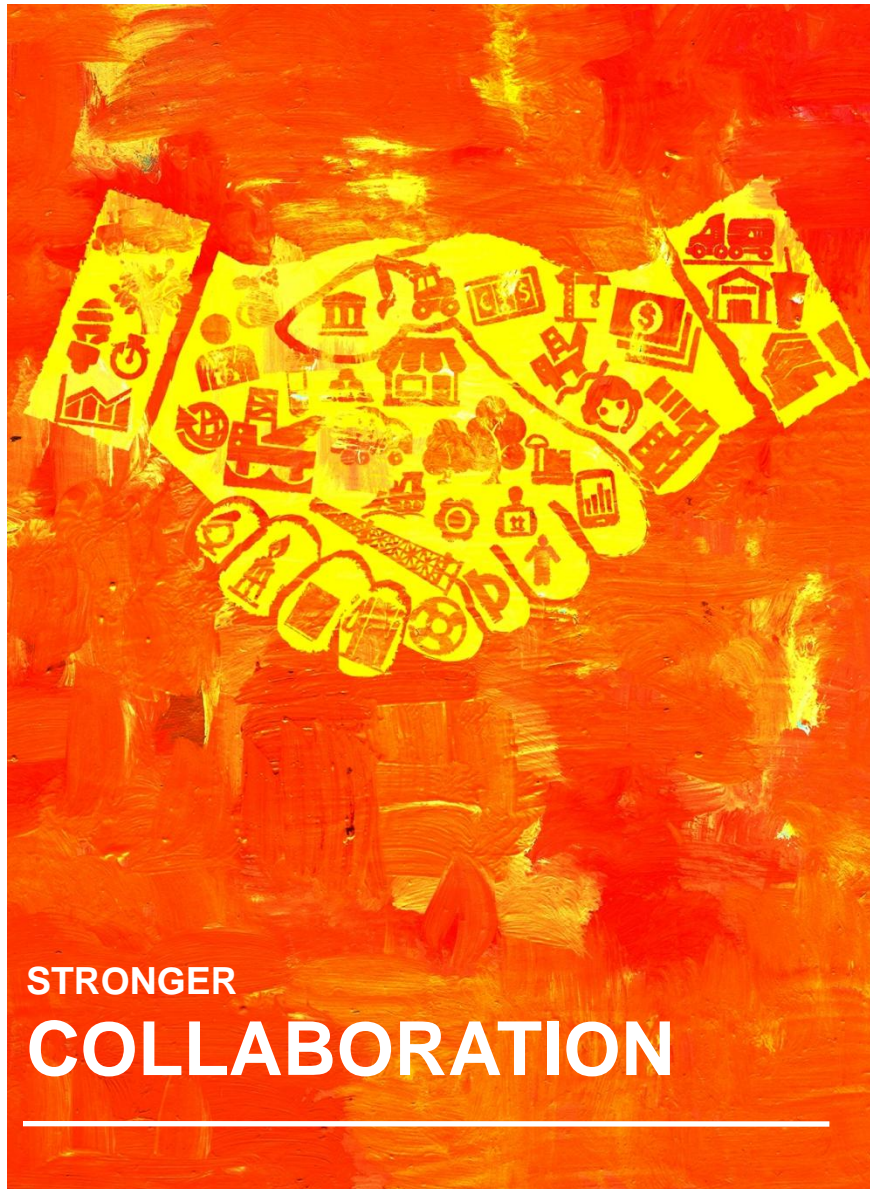


- Market Capitalisation grew despite the reduction of number of Shari'ah compliant stocks due to the revised Shari'ah Screening Methodology - a testament to investors' confidence in our Shari'ah-compliant stocks.

# Leading in ASEAN

Outperformed peers in fund raised, index & market cap growth





- RECAP OF 2011 - 2012 KEY INITIATIVES
- 2013 KEY INITIATIVES AND MILESTONES
- OUR DELIVERIES IN 2013
- FOCUS IN 2013 AND BEYOND
- 2014 KEY DELIVERIES



# Recap of 2011-2012 Key Initiatives

Building blocks for stronger collaboration



## 2011

Promoted to **Advanced Emerging Market** from Secondary Emerging Market in the FTSE Global Equity Index Series

Introduced **Fast Track Dual Licensing** to facilitate the admission of additional licences

In collaboration with FTSE, introduced **New Sector Indices** and refine ground rules on free float

Launch of **ASEAN Brand Identity, Exchanges Website** and **ASEAN Stars**

## 2012

Launch of **ASEAN Trading Link** connecting Bursa Malaysia, Singapore Exchange and The Stock Exchange of Thailand

Launch of **New Derivatives Clearing System**

Launch of **New Trading Features** for Bursa Trade Securities

Launch of **new Market Surveillance System**

# 2013 Key Initiatives and Milestones

Unlocked potential of our marketplace



Launch of  
new trading engine,  
**Bursa Trade  
Securities 2**

Launch of new products

- **\$ETBS**
- **\$FGLD**
- **\$Stapled  
Securities**

Investors Outreach  
Programme - **Invest  
ASEAN Programme**

Enhanced **Regulated  
Short Selling (RSS)  
and Securities  
Borrowing &  
Lending** widened the  
eligible RSS stocks from 100  
to **219**

# Our Deliveries in 2013

Initiatives completed to build a competitive marketplace

## 4 Strategic Intents

1

Create a More  
Facilitative TRADING  
ENVIRONMENT

- ✓ E-Rights
- ✓ E-Statement
- ✓ Establishment of futures-only branch offices
- ✓ Retail Engagement
- ✓ BTS Replacement

2

Facilitate More  
TRADABLE  
ALTERNATIVES

- ✓ ETBS
- ✓ Stapled Securities
- ✓ Business Trusts framework
- ✓ Gold Futures Contract

3

Reshape  
MARKET STRUCTURE  
& FRAMEWORK

- ✓ Revamp of Business Rules for Securities Brokers
- ✓ NLT for derivatives options
- ✓ Establishment of CMTF
- ✓ Widening coverage of RSS & SBL

4

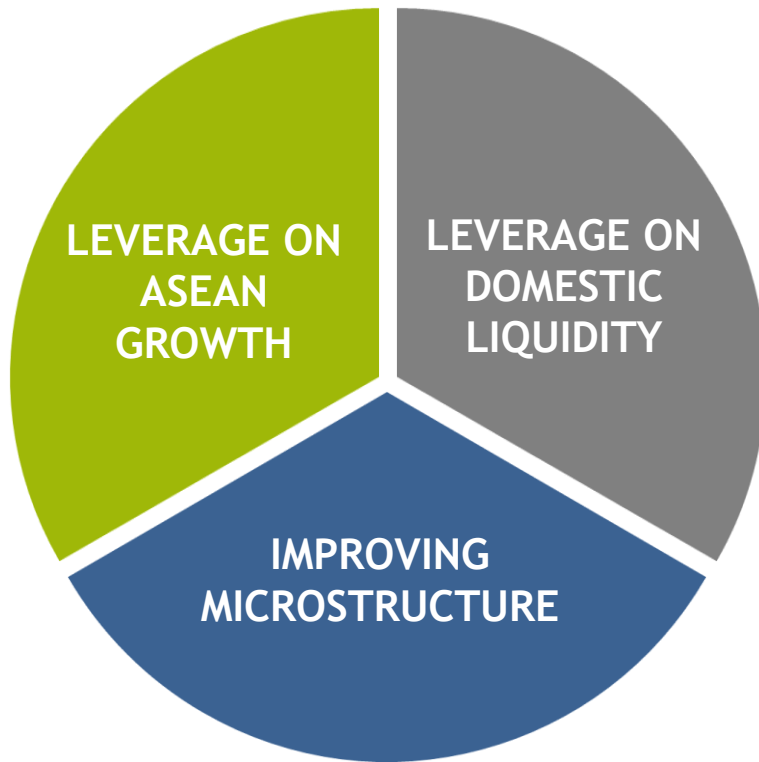
REGIONAL  
MARKETPLACE  
with Global Access  
(Centre of ASEAN)

- ✓ PLCs profiling
- ✓ ASEAN Exchanges
- ✓ Investors Outreach Programme

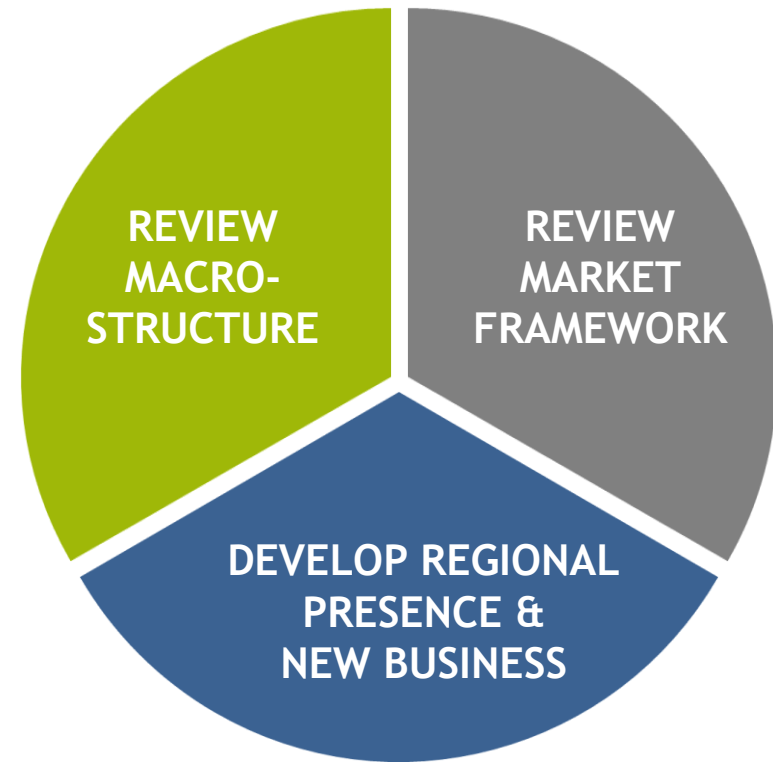
# Focus Area in 2013 and Beyond

To establish strong regional presence

## Focus 1: Value Extraction



## Focus 2: Build for the Future



# 2014 Key Deliveries

To strengthen our position as ASEAN's Multinational Marketplace



E-initiative to grow retail participation - with

**BURSAMKTPLC**

THERE'S SOMETHING FOR EVERYONE ON BURSAMKTPLC

Creating a distinct and trustworthy marketplace - the first in the region

**ESG Index**

Continue to strengthen  
**Bursa Malaysia as ASEAN  
MULTINATIONAL MARKETPLACE**

Thank you

The background of the slide is a vibrant blue abstract pattern with textured, brushstroke-like effects. A solid yellow horizontal bar is positioned at the top left of this section.

**Presentation by Encik Chan Hooi Lam, partner  
from Messrs Ernst & Young**



## Bursa's Answers to the Questions Raised by MSWG



## QUESTION 1

- a) The listing of Small Medium Enterprises (“SMEs”) in the ACE Market in the Exchange remains low with three companies in 2012 and only one company last year.
- b) Has Bursa carried out a study to ascertain the reasons for this and what additional measures would the Exchange introduce to make the ACE Market more vibrant and attractive?

---

## RESPONSE

Bursa is currently undertaking a review in enhancing the ACE Market framework. In this respect, we have engaged the ACE Market sponsors, non-principal advisers as well as other stakeholders to gather feedback on the existing ACE Market framework and the areas which can be enhanced going forward. Thorough study of the findings is being undertaken. Amendments, if any, to the framework will take into consideration these findings, competitiveness compared to other jurisdictions as well as investors protection. Our aim is to build a market of quality companies that are able to provide growth and returns to shareholders.

In terms of number of listings, we have approved two applications which are currently pending implementations. Further, we have received several requests for pre-consultations which indicate that there are potential issuers which are at various stage of listing preparation by their respective sponsors. Essentially, we will strive to provide greater clarity and certainty to the market.

## QUESTION 1

The listing of Small Medium Enterprises (“SMEs”) in the ACE Market in the Exchange remains low with three companies in 2012 and only one company last year.

Has Bursa carried out a study to ascertain the reasons for this and what additional measures would the Exchange introduce to make the ACE Market more vibrant and attractive?

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## RESPONSE

As the policy is to have more SMEs to be listed, on 24 March 2014, Bursa, together with SME Corporation and MIDF Amanah Investment Bank Berhad (“MIDF”) held an IPO Seminar titled “Stairway to Listing” which targets the SMEs. The seminar was supported by TERAJU and Cradle Fund Sdn Bhd. The programme, among others, included a dialogue with YB Dato’ Sri Mustapa Mohamed. 119 representatives from 62 companies had attended the seminar. The seminar is a platform for private companies, particularly SMEs in Malaysia to grow and to prepare them for listing on Bursa. In addition to the seminar, ‘clinics’ were set up to enable SMEs to engage with MIDF on a one-on-one basis.

The most notable outcome of the 2014 Seminar is the commitment from SME Corporation, MIDF and Bursa to facilitate and minimise the cost towards listing a company as the future of growth is in our SMEs.

## QUESTION 2

Bursa has dual roles i.e. as a business entity and market regulator.

- (i) Could Bursa explain how it balances the contrasting market roles?
- (ii) We also noted that about half of the directors also sit on the boards of other PLCs which could give rise to the perception of tilting towards commercial vs regulatory considerations. We hope that the Board would consider this aspect when appointing future directors.

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## RESPONSE (Question 2(i))

The Board and Management of Bursa are always mindful of Bursa's dual roles as a business entity and a regulator. As both a market regulator and a business-oriented entity, Bursa may be faced with situations where its business interests may conflict with its regulatory interests ("COI").

Under Section 21 of the Capital Markets and Services Act 2007 ("CMSA"), Bursa is obliged to ensure that where Bursa's own or any other interests conflicts with public interest and in particular the need for public protection, the latter shall prevail.

Amongst the measures that Bursa has put in place to address its COI, include:-

- (a) Separation of the regulatory functions from commercial functions, to ensure independence, and no influence in any supervisory or regulatory decisions made by Regulation;
- (b) The appointment of public interest directors by the Minister of Finance pursuant to Section 10 of the CMSA, in line with the public interest and regulatory responsibilities of Bursa as an Exchange Holding Company;

## QUESTION 2

Bursa has dual roles i.e. as a business entity and market regulator.

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## RESPONSE (Question 2(i))

- (c) Establishment of a robust framework of checks and balances; the COI guidelines in place stipulate the framework and appropriate controls and measures to ensure systematic identification and management of COI; submission of COI reports to the Securities Commission (“SC”) and Listing Committee for notation;
- (d) Establishment of Regulatory Committees to make significant regulatory decisions, the members of which are appointed by the Board and includes independent individuals from various professional and industry participants;
- (e) Establishment of the Regulatory and Conflicts Committee (“RACC”) to oversee the regulatory function of Bursa and review all COI situations. The annual regulatory plan, regulation financial budget and manpower resources are subject to RACC and the Board’s approval;
- (f) External oversight by the SC of Bursa as a listed issuer, which includes monitoring compliance and taking enforcement action, if required.

## QUESTION 2

Bursa has dual roles i.e. as a business entity and market regulator.

- (i) Could Bursa explain how it balances the contrasting market roles?
- (ii) We also noted that about half of the directors also sit on the boards of other PLCs which could give rise to the perception of tilting towards commercial vs regulatory considerations. We hope that the Board would consider this aspect when appointing future directors.

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## RESPONSE (Question 2(ii))

Adequate checks, balances and safeguards within Bursa's governance arrangement and internal processes to manage, mitigate or avoid any perceived or actual conflicts of interests (COI) arising from Bursa's regulation of listed companies.

Audit Committee is responsible to review any related party transaction that may arise. Related Party must disclose interest to the Chairman of the Board or Board Committee and abstain from deliberation and voting accordingly.

Hence, directorship(s) held by them in other PLCs should not affect the decision-making process by the Board or Board Committee. Any commercial or regulatory decision is to be made in the best interest of Bursa with public interest as priority.

To exclude the directors of PLCs from sitting on Bursa Board could drastically limit the size of talent pool from which Bursa could source for capable individuals.

Take note and appreciate the view of MSWG; will explore the same when considering the appointment of future directors in due course.

## QUESTION 3

Bursa Malaysia launched e-Rights services on 28 March 2013.

How many PLCs with rights issues during 2013 have used the said eRights services?

Was there any lack of response?

What were the reasons for the lack of response and participation from PLCs and if so why?

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## RESPONSE

In 2013, there were five Public Listed Companies (“PLCs”) that offered eRights to their shareholders. This is about 15% of the total PLCs that offered rights issue after the launched of eRights in 2013. For those PLCs that have offered eRights, the take up rate by their shareholders have been encouraging with an average of 25% rights issues subscribed through eRights.

The lack of response from the PLCs was due to eRights being an optional facility for them to offer to their shareholders, and rights issue is not a frequent corporate exercise event. The lack of participating banks was also one of the reasons commonly cited by the PLCs.

Bank Negara Malaysia has facilitated a meeting between Bursa Malaysia Depository and the participating banks who are currently supporting Electronic Shares Application for Initial Public Offering (“ESA”). The outcome of the meeting has been positive and most of the banks with ESA features are working towards including eRights as part of the services to their depositors.

## QUESTION 4

What were the measures taken to increase the level of retail participation of share trading in the Exchange, and has there been any significant improvement over the years?

## RESPONSE

Aside to local retail, domestic retail participation includes those under the categories of local nominees and Proprietary Day Traders. The statistics on domestic retail over the years are as follows:-

2010	2011	2012	2013	Year To Date Feb 2014
37.2%	36.4 %	31.2%	31.4%	36.7%

*Note: Proprietary Day Traders (PDTs) - Introduced in Jan 2007. Trade for their own account and allowed to short sell but position to be closed within the same market day.*

From the statistics, domestic retail did increase marginally from 2012 to 2013 but more significantly in 2014. We are beginning to realise the efforts which we have put in place since 2011.

Coupled with providing a facilitative trading environment through a refresh of our Bursa Trade Securities 2, e-rights, widening coverage of Regulated Short Selling and Securities Borrowing & Lending, in addition to providing a variety of products such as Stapled Securities, Business Trusts and encouraging more Exchange Traded Funds to be listed, Bursa has adopted a Retail Strategy that is sustainable through conventional and game changing programmes.

## QUESTION 4

What were the measures taken to increase the level of retail participation of share trading in the Exchange, and has there been any significant improvement over the years?

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## RESPONSE

Four broad programmes have been identified to continuously address retail participation:-

- (1) To widen access and visibility of Bursa marketplace and to tap onto new investors, Bursa will continue with its investor engagement through Invest Retail, participation in exhibitions and roadshows;
- (2) To increase trading from current retail investors, Bursa will increase its efforts in investor education by continuously supporting the efforts of Participating Organisations, conducting product centric workshops for remisiers and ensure that investors have access to information such as research reports;
- (3) To build Bursa's future investors, Bursa will tap onto the younger potential investors by creating educational videos, supporting investors' club and enterprise programmes to encourage young entrants into the marketplace;
- (4) To penetrate the ASEAN market, Bursa will leverage on ASEAN Exchanges collaboration with enhancing visibility to the marketplace.



## QUESTION 5

The holding of investment securities is about 25% of shareholders' funds. Thus can the Board provide the risk management policy as regards to this?

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## RESPONSE

Our investment securities comprise:-

- (1) Equity strategic shareholding (*collaboration between CME and Bursa*) (12% of shareholders' funds); and
- (2) Investment in debt instruments which include bonds and commercial papers (14% of shareholders' funds).

Our investment in debt instruments is guided by an Investment Policy approved by the Board which takes into consideration the investment risks and exposures. This policy will consider the following areas before any investment are being placed:-

- (a) Type of investments;
- (b) Diversification of assets allocation;
- (c) Minimum credit rating; and
- (d) Restriction on tenure of placement.

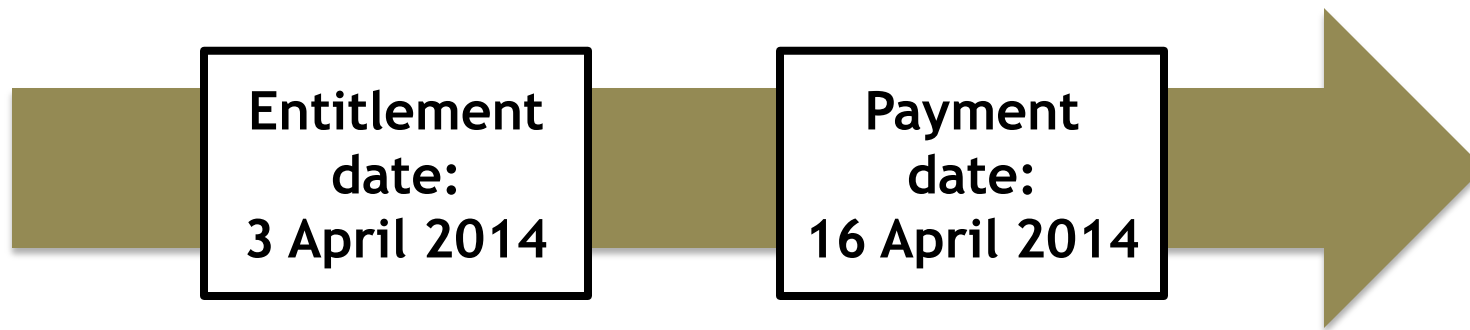
In addition, our Risk Management Policy has established parameters and process for assessing and mitigating risks which could have a financial impact on Bursa.

## **AGENDA 1**

**To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon.**

## **Agenda 2 (Resolution 1)**

**To approve the payment of final dividend of 16 sen per share under single-tier system in respect of the financial year ended 31 December 2013.**



## **Agenda 3 (Resolutions 2, 3, 4 and 5)**

**To re-elect the following Directors who retire by rotation in accordance with Article 69 of the Company's Articles of Association and who being eligible offer themselves for re-election:**

- (1) Dato' Saiful Bahri bin Zainuddin**
- (2) Tan Sri Ong Leong Huat @ Wong Joo Hwa**
- (3) Dato' Tajuddin bin Atan**
- (4) Encik Ghazali bin Haji Darman**



Re-election of  
Dato' Saiful Bahri  
bin Zainuddin

Re-election of  
Tan Sri Ong Leong Huat  
@ Wong Joo Hwa





Re-election of  
Dato' Tajuddin bin Atan

Re-election of  
Encik Ghazali  
bin Haji Darman





## **Agenda 4 (Resolution 6)**

**To approve the payment of Directors' fees amounting to RM90,000 per annum for the Non-Executive Chairman and RM60,000 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2013.**

## **Agenda 5 (Resolution 7)**

**To appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Board of Directors to determine their remuneration.**

## **Agenda 6 (Resolutions 8 and 9)**

**To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129(6) of the Companies Act 1965:**

## Agenda 6 (Resolution 8)



“THAT Tun Mohamed Dzaidin bin Haji Abdullah, a Public Interest Director who retires pursuant to Section 129(2) of the Companies Act 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next annual general meeting of the Company.”

## Agenda 6 (Resolution 9)



“THAT Tan Sri Datuk Dr. Abdul Samad bin Haji Alias, an Independent Non-Executive Director who retires pursuant to Section 129(2) of the Companies Act 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next annual general meeting of the Company.”

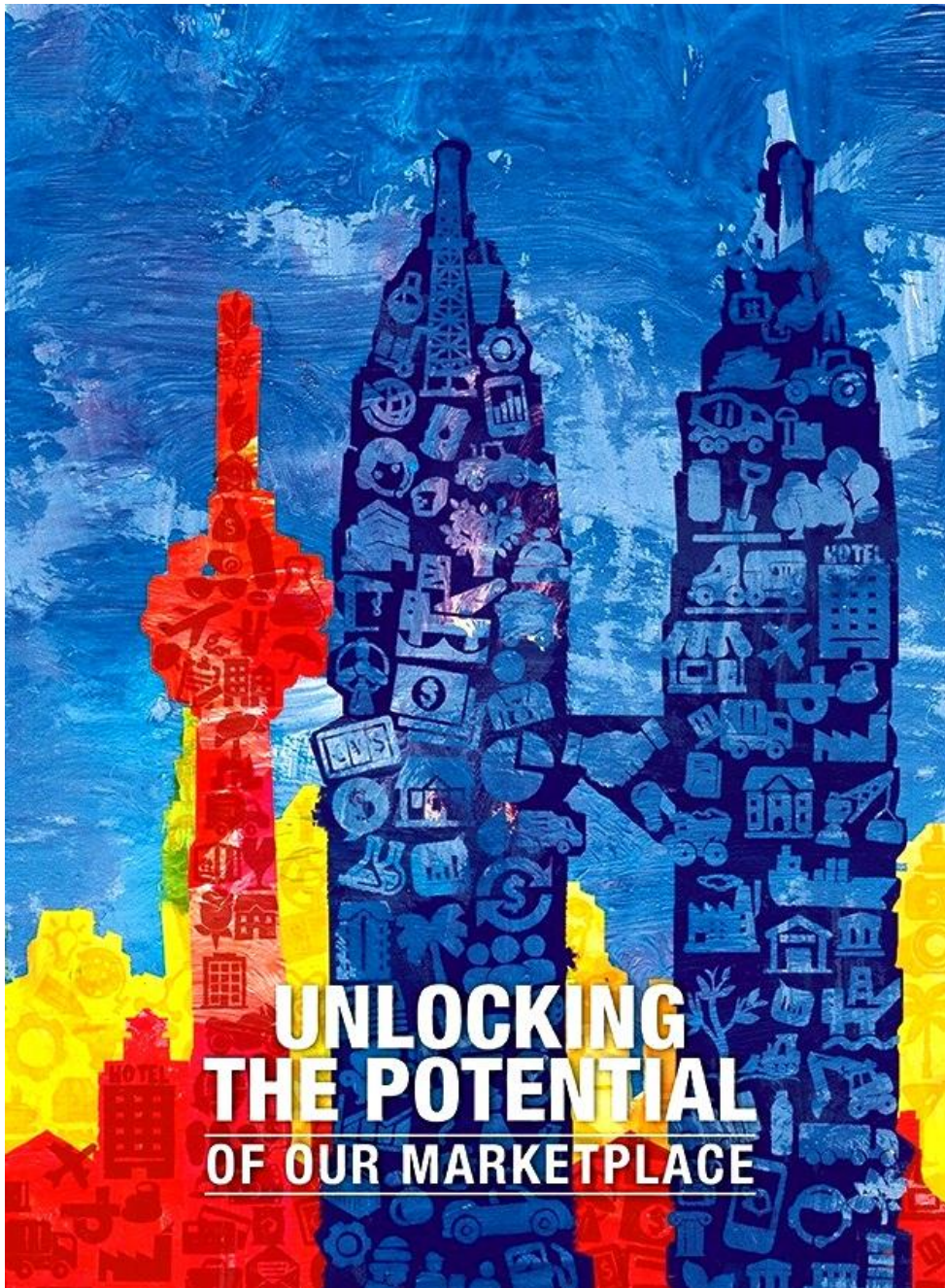


**Any Other Business**

# Briefing on Poll Process by Poll Administrator

# Meeting Adjourned for Poll Vote Calculation





## 37<sup>th</sup> Annual General Meeting

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27 March 2014



# Announcement of Poll Results

# Conclusion of 37<sup>th</sup> AGM

