39th Annual General Meeting

31 March 2016
Welcome Remarks
By The Chairman,
Tan Sri Amirsham A Aziz
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 39th AGM; or

• Any member or members holding shares conferring a right to vote at this 39th 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 & Issuing House Services Sdn Bhd

Scrutineers : Deloitte Enterprise Risk Services Sdn Bhd
AGENDA 1

To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon.
39th Annual General Meeting

Presentation to Shareholders

31 March 2016

Datuk Seri Tajuddin Atan, CEO
AGENDA

- KEY HIGHLIGHTS AND MARKET PERFORMANCE
- ENSURING FAIR AND ORDERLY MARKET
- AWARDS AND RECOGNITION
- CONCLUSION
KEY HIGHLIGHTS AND MARKET PERFORMANCE

- FINANCIAL TRENDS
- GROWING SHAREHOLDER VALUE
- TOTAL SHAREHOLDERS’ RETURN
- MARKET INDICATORS
- SECURITIES MARKET OVERVIEW
- DERIVATIVES MARKET OVERVIEW
- ISLAMIC CAPITAL MARKET OVERVIEW
**Financial Trends**

**Achieved highest operating revenue since listing**

- PATAMI grew 101% from 2009, with 2015 being the highest notwithstanding current market challenges.
- Highest ROE attributable to strong growth in profit and effective capital management.
Growing Shareholder Value
Maintaining high dividend payout for our shareholders

- Proposed final dividend of 18.0 sen. The entitlement and payment dates for the final dividend are 5 April 2016 and 18 April 2016 respectively.
- Bursa Malaysia’s dividend payout ratio of 93% in 2015 is the highest among Asian listed peers.
Total Shareholders' Return (TSR)

TSR since listing = 327%; 2015 = 7.3%

Shareholders' return (since listing)
Share price performance (since listing)


- Share price performance (since listing):
  - 2005: 54%
  - 2006: 22%
  - 2007: 168%
  - 2008: 213%
  - 2009: 143%
  - 2010: 143%
  - 2011: 244%
  - 2012: 244%
  - 2013: 216%
  - 2014: 209%
  - 2015: 327%

- Shareholders' return (since listing):
  - 2005: 2005
  - 2006: 2006
  - 2008: 2008
  - 2009: 2009
  - 2010: 2010
  - 2011: 2011
  - 2012: 2012
  - 2013: 2013
  - 2014: 2014
  - 2015: 2015
## Bursa Malaysia’s Market Indicators

**Growth from Jan 2009 to Feb 2016**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Growth 2009-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBMKLCI</td>
<td>+89%</td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>+149%</td>
</tr>
<tr>
<td>Securities Market Average Daily Trading Value</td>
<td>+71%</td>
</tr>
<tr>
<td>Total Fundraised: RM176 bil</td>
<td></td>
</tr>
<tr>
<td>IPO: RM79.7 bil</td>
<td></td>
</tr>
<tr>
<td>Secondary Market: RM96.3 bil</td>
<td></td>
</tr>
<tr>
<td>Average Daily Contract Traded for Derivatives</td>
<td>+145%</td>
</tr>
<tr>
<td>Bursa Suq Al-Sila’ Average Daily Trading Value (CAGR)</td>
<td>+136%*</td>
</tr>
</tbody>
</table>

Note*: Bursa Suq Al-Sila’ commenced operation from 3Q2009.
Securities Market Overview
Strong ADV performance despite challenging market environment

Average Daily Value (OMT) (RM mil)

<table>
<thead>
<tr>
<th>Year</th>
<th>Velocity</th>
<th>ADV of Foreign Institutions</th>
<th>ADV of Retail</th>
<th>ADV of Domestic Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1,039</td>
<td>530</td>
<td>464</td>
<td>442</td>
</tr>
<tr>
<td>2015</td>
<td>990</td>
<td>464</td>
<td>442</td>
<td>519</td>
</tr>
<tr>
<td>YTD Feb 2016</td>
<td>971</td>
<td>442</td>
<td>519</td>
<td>537</td>
</tr>
</tbody>
</table>

2015 Highlights:

12 Feb
Hosted the ASEAN Capital Market CEO Summit.

12 Feb
Facilitated the new issuance of call and put warrants over the FTSE China A50 Index.

27 Apr
Enhanced Bursa LINK and introduced an online listing enquiry service dubbed AskListing@Bursa for the marketplace.

18 May
Signed the Sustainable Stock Exchanges’ voluntary commitment to promote sustainable performance.

13 Jul
Enhancement to ACE market Listing Requirements to encourage more SME listings.

9 Sep
Issued guidance allowing equities brokers to offer non-cash rewards and incentives to their clients.

8 Oct
Launched Sustainability Framework Reporting Guide and Toolkits for PLCs.
Securities Market Total Fundraised
Bursa Malaysia, the largest ASEAN fundraising destination

<table>
<thead>
<tr>
<th>Stock Exchange</th>
<th>Fundraising (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bursa Malaysia</td>
<td>5,447</td>
</tr>
<tr>
<td>The Exchange of Thailand</td>
<td>4,353</td>
</tr>
<tr>
<td>Indonesia Stock Exchange</td>
<td>4,221</td>
</tr>
<tr>
<td>The Philippine Stock Exchange</td>
<td>4,048</td>
</tr>
<tr>
<td>Singapore Exchange</td>
<td>3,550</td>
</tr>
</tbody>
</table>

(USD million)
Derivatives Market Overview
ADC lifted by volatility in CPO prices & FBM KLCl

2015 Highlights:

23 Jan
Obtained US CFTC approval to attract US-based commodity traders into our Derivatives Market via direct market access.

2-4 Mar
Organised Palm and Lauric Oils Price Outlook Conference & Exhibition for all players involved in the edible oils industry.

15-16 Jun

12 Nov
Bursa Malaysia and Dalian Commodity Exchange Sign Collaboration Agreement on Product Research & Development.

Average Daily Contracts (’000) & Volatility

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>YTD Feb 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBMKLCI Futures</td>
<td>8.8</td>
<td>12.3</td>
<td>14.3</td>
</tr>
<tr>
<td>Volatility of FBMKLCI</td>
<td>17%</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>Crude Palm Oil Futures</td>
<td>41.3</td>
<td>44.7</td>
<td>46.2</td>
</tr>
<tr>
<td>Volatility of Crude Palm Oil Prices</td>
<td>82%</td>
<td>78%</td>
<td>76%</td>
</tr>
<tr>
<td>Others</td>
<td>50.7</td>
<td>57.2</td>
<td>60.7</td>
</tr>
<tr>
<td>Volatility of Others</td>
<td>1%</td>
<td>12.8%</td>
<td>6.3%</td>
</tr>
</tbody>
</table>
Islamic Capital Market Overview

Strong growth in BSAS ADV driven by the conversion to Murabaha deposits & growing interest in tenor based pricing

2015 Highlights:

4 Jan
Introduction of tenor-based pricing for BSAS.

Listing of New i-REIT:
1. Listing of Al-Salam Real Estate Investment Trust: 29 Sep 2015

Listing of New i-ETF:
1. MyETF MSCI SEA Islamic Dividend: 7 May 2015
2. MyETF Thomson Reuters Asia Pacific ex-Japan Islamic Agribusiness: 3 Dec 2015

Listing of 4 Exempt Regime Sukuk:
1. PETRONAS Global Sukuk Ltd (USD1.25 billion): 19 Mar 2015
2. Malaysia Sovereign Sukuk Berhad (USD1.50 billion): 23 Apr 2015
3. Hong Kong Sukuk 2015 Limited (USD1.0 billion): 4 Jun 2015
4. Axiata SPV2 Berhad (USD1.50 billion): 20 Nov 2015

Bursa Suq Al-Sila’ ADV (RM bil)

2014: 6.9, 5.5
2015: 13.5, 15.2
YTD Feb 2016: 16.8

120.8% increase in ADV
29.2% increase in No. of Trading Participants

No. of Trading Participants
- Domestic
- Foreign

- 6.9 to 13.5
- 5.5 to 15.2
- 120.8% increase
- 29.2% increase

- 1.4 to 2.8
- 1.7 to 2.8
- 16.8% increase
- 19.6% increase
ENSURING FAIR AND ORDERLY MARKET
Bursa Malaysia continues efforts in ensuring fair and orderly market. We put in place measures and have achieved:

1) **Operations**
   - 100% uptime for Securities, Derivatives and BSAS trading systems.
   - Conducted industry wide BCP exercises for the three (3) markets. All tests were successfully completed.

2) **Technology**

3) **Market Safeguard Mechanism**
   - **Circuit Breaker**
     Managed undue and irrational volatility.
   - **Risk Protection**
   - **Price Limits Mechanism**
     Static, Dynamic and Last Price Limits.
4) **International Standards**
   - Securities Market - Observed all Principles for Financial Market Infrastructures (PFMI) issued by CPMI and IOSCO except Principle 6 - Equity margining which is currently being worked on.
   - Derivatives Clearing - Observed all relevant PFMI.

5) **Regulation**
   - Trading remained fair and orderly.
   - No industry-wide breaches of our business rules.
   - Our brokers’ Capital Adequacy Ratios are well above the minimum requirement.
   - 99.4% timely submission of financial statements.
   - Improved scores in ASEAN CG Scorecard 2015 due to overall improvement in disclosures by our listed issuers.
   - Analysis of Corporate Governance disclosures in annual reports showed high level of adherence to the Listing Requirements.
   - Efficient capital raising for secondary fund raising-comparable with other markets.
AWARDS AND RECOGNITION

- MARKET RECOGNITION
- AWARDS AND RANKING
- GLOBAL PARTNERSHIPS AND RECOGNITION
Market Recognition
Our market is internationally recognised

Malaysia ranked by:

4th among 148 countries for Strength of Investor Protection

5th among 189 countries for Investor Protection

2nd among 6 ASEAN countries in Corporate Governance (CG) assessment

12th most competitive country in the world (2013: 15th)
Awards and Ranking
Our Exchange is internationally benchmarked

Bursa Malaysia ranked by:

- Best Islamic Finance Facilitation Platform Asia 2015
- Best Islamic Exchange 2015 for Bursa Suq Al-Sila’ performance
- Best Interbroker For Islamic Transaction Award (Bursa Suq Al-Sila’)
- Excellence Award for Top CG & Performance (Overall)
- Merit Award for CG Disclosure
- Best Emerging Exchange of the year 2015

Gold: For Innovative BursaMKTPLC Educational Campaign CELEB.TRADR
Silver: For Influences Under Financial Services
Silver: For BursaMKTPLC under Financial Services Category

ASEAN Top 50 Public-Listed Company
ASEAN Top 5 Public-Listed Company
Top 3 Domestic Public-Listed Company Malaysia
Global Partnerships and Recognition

- Approval from US Commodity Futures Trading Commission (CFTC) to enable Malaysian Futures brokers to deal with US customers
- Obtained US CFTC approval to attract US-based commodity traders into our Derivatives Market via direct market access
- Holds 25% of equity stake in Bursa Malaysia
- Migration of Malaysian derivatives products to CME Globex®
- “Designated Offshore Securities Market” recognition to ease trading in Malaysian listed securities & shelf listed bonds by U.S. investors

- CBRC Recognition: QDII - Malaysia investment destination for China investors
- ASEAN Link: ASEAN Trading Link connecting Bursa Malaysia, Singapore Exchange and Thailand
- DALIAN Collaboration Agreement: Bursa Malaysia and Dalian Commodity Exchange Sign Collaboration Agreement on Product Research & Development
- FTSE Upgrade: Malaysia promoted to Advanced Emerging Market status in FTSE Global Equity Index Series
- CME Partnership: Holds 25% of equity stake in Bursa Malaysia, Migration of Malaysian derivatives products to CME Globex®

Global Partnerships and Recognition

CME Group

CFTC Approval

U.S. SEC Approval

CME Partnership

FTSE Upgrade

CBRC Recognition

DALIAN Collaboration Agreement
CONCLUSION

- THE VALUES THAT WE CREATE
- MOVING FORWARD
The Values That We Create

✓ **A DIVERSE AND RESILIENT MARKET:** As one of the largest stock markets in ASEAN, we are responsible for creating a resilient market on the back of quality PLCs and a sustainable market ecosystem. Our diversity is manifested best through the broad base of listed companies in our market.

✓ **GLOBAL BENCHMARKS FOR CPO:** As a leading market for Crude Palm Oil ("CPO") contracts, Bursa Malaysia is the global benchmarks for CPO settlement price.

✓ **EFFECTIVE FUNDRAISING CHANNELS:** A deep and vibrant pool of liquidity has made Bursa Malaysia the top ASEAN destination for fundraising for the second (2nd) consecutive year.

✓ **PACESETTER IN THE GLOBAL ISLAMIC CAPITAL MARKET:** Our expertise in Islamic Finance has made us a leading specialist and pacesetter in the global Islamic capital markets.

✓ **ASEAN’S MULTINATIONAL MARKETPLACE:** As home to some of ASEAN’s largest companies with operations throughout the region, Bursa Malaysia is steadily reaching its goal of becoming ASEAN’s multinational marketplace.

✓ **INVESTOR PROTECTION:** Bursa Malaysia protects its investors via a sound regulatory framework which has been recognised by international observers.
1) SECURITIES MARKET
- Market is expected to remain challenging, and market volatility to continue, with global and domestic factors such as policy shifts in major economies and overall financial results of the public listed companies.
- Foreign and domestic institutions will continue to be major market contributors, whilst the Exchange will continue to intensify initiatives to attract retail players into the market.

2) DERIVATIVES MARKET
- Volatility in commodity prices and FBM KLCI will further spur activities in our Derivatives Market.

3) ISLAMIC CAPITAL MARKET
- The adoption of Murabahah contracts in the domestic market for liquidity management and greater acceptance of tenor-based pricing will spur the growth of Bursa Suq Al- Sila’.

Going forward, we aim to launch the Equities Margining framework in 2016 to be in line with Principle 6 on Margin of the Principles for Financial Market Infrastructures issued by CPMI-IOSCO.

We will be looking to attract a greater number of trading participants into our Derivatives Market and widen the class of participants by leveraging on our initiative to decouple clearing participantship from trading participantship.

Islamic Capital Market will continue to look for opportunities to grow and play a leading role by facilitating cross-border financial activities that will support the growth of Islamic finance.
Thank you
AGENDA 1

To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon.
Question 1

How were the institutional and retail investors response to the Exchange Traded Funds (ETF) in view of the small number of ETFs listed on Bursa?

What was the volume of business transacted in FY 2014 and 2015 and how would Bursa promote this class of product to retail investors?

The statistics of Bursa Malaysia’s ETF sector (2014 vis-à-vis 2015) are as follows:

- No of ETFs listed on Bursa Malaysia increased from 6 to 8;
- ETF market capitalisation increased by 70 percent from RM1.0 billion to RM1.7 billion;
- ETF transaction value increased more than 8-fold from RM54 million to RM456 million.

Investor demography (as at December 2015), as a percentage of total ETF units, is as follows:

- Foreign Institutional Investors - 69%,
- Domestic Institutional Investors - 30%
- Individual Investors - 1%
To attract more retail participation in ETF, the following activities are being carried out:

1. Regular engagements with the Securities Commission (SC) to improve the ETF eco-system;
2. Regular engagements with potential ETF issuers, both domestic and foreign fund managers, to encourage them to list ETFs;
3. The primary distribution channel for ETFs to Retail Investors are the Dealers Representatives and Financial Planners. Recognising this fact, Bursa has held workshops to increase their understanding of products such as ETF. In 2015, 1394 Dealer Representatives and Financial Planners attended our workshops; and
4. Raising the profile of ETFs in the many retail events that Bursa Malaysia organise and participate in.
Question 2

Bursa Malaysia had started charging investors for the 5 market depth with effect from 1 March 2016.

Please explain whether similar fees are also imposed by other regional stock markets and what is the cost benefit for such a charge. What is the expected additional yearly revenue from the imposition of these fees?

Would the introduction of this service have any impact on Bursa Malaysia’s role in the capital market development?

The fee for access to 5 market depth was put in place since 1 January 2014. However, Bursa Malaysia provided a 2-year fee waiver to all Participating Organisation (POs) and Trading Participants (TPs).

Based on the jurisdiction study conducted in 2013 on market data policies and fees, other Exchanges were already imposing fees (eg: monthly fixed fee and variable fees). While most markets provide top of the book market data (ie. one market depth) without charge to their investors, Bursa Malaysia provides three market depth without charge. The market data fees were discussed and agreed with the POs, after due deliberation.

The provision of the three market depth to end users at no charge will contribute positively to the development of the capital market as Bursa Malaysia continuously develops new services to support its growth.
Question 3

It has been reported in the press that the ASEAN LINK was not popular with investors as it did not broaden and deepen post-trade linkages like clearing, settlement and custodian links.

What were the obstacles faced by the ASEAN LINK and have these obstacles been resolved?

Is there any plan to link the exchanges of other ASEAN countries and what is the expected time line?

ASEAN Exchanges will collaborate with the best-in-class partners from around the world to build greater liquidity amongst the members and one of its biggest priorities is to promote ASEAN as an ASSET CLASS.

Areas that will be covered under the collaboration include streamlining access & post-trade activities to and within ASEAN, driving cross border harmonisation, creating ASEAN centric products and promotional initiatives.

The major challenges faced by the ASEAN Exchanges are that ASEAN Exchanges are at different state of development. Thus, finding a solution that is inclusive in nature is challenging as the differing regulatory framework and readiness of market participants have to be taken into consideration.

Nevertheless, the Exchanges are working very closely together in areas that can help promote ASEAN as an asset class such as profiling initiatives such as Invest ASEAN, index development and connecting brokers among ASEAN counterparts.
Question 4

Please explain how Bursa Malaysia Derivatives Berhad plans to boost the palm oil option trading revenue moving forward.

As option trading is a high risk investment, please explain the measures or regulations that are in placed to protect the investors?

The growth strategy for Crude Palm Oil Options (OCPO) is to first develop liquidity for the contract through continuous education, collaboration with brokers and financial institutions, and getting Market Makers to provide liquidity for the contract.

Options, like any other derivatives instrument, by definition is not an investment tool. Traders and investors use derivatives to manage their price risk exposure against market uncertainty due to high market volatility. To-date, all our open positions for OCPO are being used by Institutions.

From an Exchange perspective, Bursa Malaysia Derivatives Berhad when designing the options contract have put measures in place for investor protection on three (3) broad areas:

(1) Product Specification;
(2) GLOBEX Trading System; and
(3) Surveillance.

From a broker’s perspective, Know Your Clients (KYC) rule is applied, where brokers advise them on which instruments to trade, depending on their clients’ level of sophistication.

From a system perspective, brokers have risk management tools in place to limit trading exposure based on available initial margin in their clients’ accounts.
Question 5

The Group had invested RM148.7 million in the shares of CME Group.

Please explain the rationale of the investment and the benefits derived from this investment?

CME Group shares held by Bursa Malaysia was part of the purchase consideration paid by CME Group for the 25% equity interest in Bursa Malaysia Derivatives Berhad, which forms part the Strategic Partnership agreement signed in 2009.

This strategic alliance forged with CME Group aims at fulfilling Bursa Malaysia’s strategic intent of globalising the Malaysian Crude Palm Oil (CPO), further developing and growing the Malaysian derivatives industry and to internationalise Bursa Malaysia.

Through Chicago Mercantile Exchange (CME)’s GLOBEX Trading Platform, Bursa Malaysia has gained accessibility and visibility on its derivatives products globally. Volumes have more than doubled from an Average Daily Contracts of 24,818 contracts in 2010 to 57,157 contracts in 2015, registering a growth of 130%. Foreign market participation has also seen an increase from 27% in 2010 to 37% in 2015.

In addition, the total shareholders’ return on CME shares that Bursa has earned is at 67%, from dividends and share price appreciation over the period of 2009 to 2015.
To approve the payment of final dividend of 18.0 sen per share under the single-tier system in respect of the financial year ended 31 December 2015.

- **Entitlement date:** 5 April 2016
- **Payment date:** 18 April 2016
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) Datuk Karownakaran @ Karunakaran a/l Ramasamy

2) Encik Pushpanathan a/l S.A. Kanagarayar

3) Datuk Seri Tajuddin bin Atan
Agenda 3 (Resolution 2)

Re-election of Datuk Karownakaran @ Karunakaran a/l Ramasamy
Agenda 3 (Resolution 3)

Re-election of Encik Pushpanathan a/l S.A. Kanagarayar
Agenda 3 (Resolution 4)

Re-election of Datuk Seri Tajuddin bin Atan
Agenda 4 (Resolution 5)

To approve the payment of Directors’ fees amounting to RM150,000 per annum for the Non-Executive Chairman and RM100,000 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2015.
Agenda 5 (Resolution 6)

To appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Board of Directors to determine their remuneration.
Any Other Business
Tutorial on E-Voting System
39th Annual General Meeting

31 March 2016