

Chief Executive Officer's Review

“ Bursa Malaysia remained resilient, and continued to deliver on our priority of growing value for our stakeholders and in meeting all our commitments. ”

Dear Shareholders,

Bursa Malaysia stayed focused on its mission of 'Creating Opportunities, Growing Value' and put in a resilient performance in 2021.

Operating conditions during the year remained challenging due to the ongoing COVID-19 pandemic and its disruptive impact on lives and livelihoods. Nevertheless, Bursa Malaysia stayed true to its course and continued to deliver value to our stakeholders.

I am pleased to report that Bursa Malaysia put in a resilient performance, and progressed on our key initiatives during the year. This was made possible with the dedication of our employees and the cooperation of our stakeholders, including our regulators, who were instrumental in helping us keep our marketplace fair and orderly.

Datuk Muhamad Umar Swift

Chief Executive Officer



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MANAGING THE COVID-19 PANDEMIC

Operating conditions did not return to their pre-pandemic state in 2021 despite initial hopes that the mass roll out of vaccines would catalyse a quick recovery globally and domestically. On the contrary, the COVID-19 pandemic remained the dominant challenge and grew in terms of the number of people infected and lives claimed around the world. Communities and companies continued to bear the brunt of the COVID-19 pandemic's impact which threatened health, warranting strict restrictions on physical movement and cast an uncertain shroud over economic prospects.

To ensure the resilience and accessibility of our market, we introduced a number of measures for our marketplace and market participants aimed at preserving market stability and easing their burden. Among the measures were:

- implementing temporary relief measures for listed issuers, including an automatic one-month extension to submit financial statements and annual reports, as well as a relief period for listed issuers with unsatisfactory financial conditions and inadequate level of operations;
- reinstating market management and control mechanisms, including the dynamic and static price limits for FTSE Bursa Malaysia KLCI Index Component Stocks and the Bursa Malaysia Circuit Breaker trigger levels, to their original parameters;
- further extending the temporary suspension on Intraday Short Selling and Intraday Short Selling by Proprietary Day Traders to shore up market stability; and
- extending the waiver on listing fees introduced in 2020 for eligible companies, to help defray their fundraising cost.

The Exchange was also aware that the COVID-19 pandemic had inflicted a high cost on the community around us and badly impacted some segments of society. As we were well-positioned to help our fellow Malaysians, the Exchange pledged to contribute RM5.8 million towards COVID-19 relief, with assistance ranging from food aid to IT equipment for students, so that they could continue with their studies at home through remote learning. We also made contributions to the medical sector to help them treat the growing number of COVID-19 patients which had hit a peak in August 2021.

Meanwhile, members from Bursa Malaysia's Board of Directors and top management voluntarily contributed between 10% and 20% of their salaries for three months, from June 2021 to August 2021. This total was matched by Bursa Malaysia on a one-for-one basis, and was contributed to the Ministry of Finance's National Disaster Relief Trust Fund to help disaster victims and offset the expenses of frontliners fighting the COVID-19 pandemic. The Exchange also donated 310 oxygen concentrators to the Ministry of Health, and purchased two fully equipped ambulances along with financial support to operate the ambulances for the Malaysian Red Crescent Society.

As for our own operations, we remained focused during this period to ensure our markets stayed open to support and facilitate fundraising, trading and investment. Employees were allocated to work from home and alternative sites as part of our effort to minimise the risk of infection and maintain the health and safety of our employees.

OUR FINANCIAL PERFORMANCE

Bursa Malaysia enjoyed another year of robust performance despite challenging operating conditions. Our performance is attributable to our agility in managing our markets and meeting the evolving needs of our customers. In light of the uncertain operating environment, we adopted a more conservative approach and exercised appropriate cost discipline in 2021.



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The listings raised a total of

RM2.7 billion and contributed

RM10.6 billion to overall market capitalisation

On the derivatives market, Average Daily Contracts increased

2.3%, with **75,178 contracts** traded in 2021

Total Dividend Payout for 2021 of

41 sen per share

Overall, Bursa Malaysia recorded Profit After Tax and Zakat of RM355.3 million for the financial year ended 31 December 2021. This represented a year-on-year (yoy) decrease of 6.0% from 2020 largely due to the softening of trading in the Securities Market which had posted record-high numbers in 2020. Securities trading remained robust on our Exchange with average daily trading value (ADV) for on-market transactions totalling RM3.5 billion, which was 15.9% lower than that recorded in 2020.

On the Derivatives Market, Average Daily Contracts (ADC) increased 2.3%, with 75,178 contracts traded in 2021 compared to 73,523 contracts in the previous year. As for Bursa Suq Al-Sila', the ADV registered an increase of 13.2% to RM37.3 billion. These numbers are suggestive of the strong confidence that companies and investors have in the Malaysian capital market.

The Board of Directors had approved a total dividend payout of 41 sen per share for 2021 (2020: 51 sen per share, inclusive of special dividend of 8 sen).

OUR INITIATIVES IN 2021

The Exchange continues to deliver on its strategic commitments towards becoming ASEAN's leading, sustainable and globally-connected marketplace. These developmental initiatives were guided by our Strategic Roadmap 2021-2023 and focused on achieving outcomes in our core strategic pillars. Some of our key achievements in 2021 included the following:

New product offerings and launches

New listings are essential as they create market liquidity for the long-term sustainability of our securities market. In 2021, the Exchange saw a resurgence in the number of initial public offerings (IPOs). We recorded 30 new listings comprising 7 Main Market listings, 11 ACE Market listings and 12 LEAP Market listings. The listings raised a total of RM2.7 billion and contributed RM10.6 billion to overall market capitalisation, which stood at RM1.8 trillion by the end of the year. Going forward, we anticipate a solid IPO pipeline that will see a steady stream of new listings on our market.

We also expanded our Exchange Traded Fund (ETF) and Structured Warrant (SW) ecosystems during the year. This included the launch of the VP-DJ Shariah China A-Shares 100 ETF and 1,451 new SWs. The latter represents a 20% yoy increase.

In the Derivatives Market, we launched new and revamped products to better meet the needs of our market participants. These included the revamped

Crude Palm Kernel Oil Futures, the East Malaysia Crude Palm Oil Futures Contract and the revamped 3-Year Malaysian Government Securities Futures Contract and 10-Year Malaysian Government Securities Futures Contract with physical delivery mechanism.

Service Enhancements for Improved Accessibility and Market Development

Bursa Malaysia strives to continually improve our accessibility and range of services, as part of our overall efforts to enhance the attractiveness and competitiveness of our markets. In 2021, new features were integrated into our marketplace to improve our market ecosystem and give our investors more tools to manage their portfolios. Services launched included:

- the Derivatives Market After-Hours (T+1) Night Trading Session to improve trading access for our global participants;
- the e-Negotiated Large Trade Phase 2 to offer greater trading efficiencies to our Derivatives Market participants;
- the new e-Rights and e-General Offer features on our Bursa Anywhere app, which enable depositors to subscribe for their rights issue or general offer via the app;
- the Pilot Market Making Program and framework for stocks, to boost trading velocity and liquidity; and
- the Discretionary Trading Framework for securities.

Collaborative and strategic alliances

Bursa Malaysia also forged collaborations with various partners to enhance our capabilities and widen our pool of market participants. This includes technology-based collaborations as well as strategic alliances such as:

- completion of the dematerialisation proof-of-concept (PoC) for structured warrants, to explore the possibility of greater efficiencies in the issuance of structured warrants;
- completion of the Digital Gold Dinar PoC as part of our efforts to make Shariah-compliant gold investments more accessible for investors;
- completion of a PoC held with several financial institutions towards enabling sustainability-linked bonds on a distributed ledger technology lifecycle management solution;
- a strategic agreement signed with Alliance Bank Malaysia Berhad to use data analytics to help small and medium-sized enterprises enhance their business resilience; and
- a Memorandum of Understanding inked with the Institutional Investors Council Malaysia members towards environmental, social and governance (ESG) data standardisation.

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“ We intensified our efforts this past year to further embed sustainability in our marketplace. ”

Rules and Regulatory Framework Enhancements

Our rules and regulatory frameworks are revisited regularly to ensure that the market's regulatory landscape is appropriate to meeting our goal of maintaining a vibrant, fair and orderly market. Our 2021 initiatives in this area included the following:

- issued Bursa Malaysia's updated Corporate Governance Guide (the fourth edition) to promote best governance practices among our public listed companies (PLCs);
- amended the Main and ACE Markets Listing Rules in relation to the public security holding spread; and
- established Bursa Malaysia as the One-Stop Centre for ACE Market IPOs and prospectus registration, to improve the efficiency and efficacy of the listing process effective January 2022.

Education, Marketing and Promotional Programmes

While we were prevented from holding in-person programmes due to the COVID-19 pandemic, our teams leveraged technology platforms to continue reaching out to our stakeholders and conduct our educational, marketing and promotional programmes. For example, in 2021, we hosted the following virtual events in place of physical events:

- Inaugural Virtual Marketplace Fair;
- Invest Malaysia Kuala Lumpur series;
- 2nd Shariah Investing Virtual Conference; and
- 32nd Annual Global Palm And Lauric Oils Price Outlook Conference.

In 2021, the Exchange also initiated a new programme for our PLCs, namely the Investor Relations (IR) and Public Relations (PR) Incentive Programme, which is

designed to help build the IR and PR capabilities of participants. This is in turn expected to improve the accessibility and visibility of these PLCs to the investing community.

For our retail investors, we launched the Derivatives Trading Simulator (DTS), which helps retail investors familiarise themselves with derivatives trading. Through the DTS, we expect our retail investors to gain greater confidence and familiarity with derivative products and their role in an investment portfolio. The DTS was complemented by our first ever Derivatives Virtual Trading Challenge 2021, which was a competition designed to drive greater participation from the retail segment.

In addition, we introduced the Mirror, Learn, Trade (MLT) feature in the BursaMKTPLC mobile app. The MLT is a programme designed to help investors learn trading practices from established traders and become more savvy in recognising emerging risks and opportunities in the market. Finally, we launched our What's Your Interest and Opportunities mass awareness initiatives to encourage retail participation in the Securities Market.

SUSTAINABILITY AT THE FOREFRONT

The Exchange's work on sustainability is focused on both the sustainability practices of our organisation, as well as on those of the broader marketplace. Our work ensures that not only do the value creation activities of the Exchange remain sustainable, but that we actively strengthen the ecosystem to encourage our PLCs and stakeholders to do the same. Our sustainability initiatives are discussed in greater detail in our standalone Sustainability Report, but there are a few achievements I wish to highlight here.

In 2021, we intensified our efforts to further embed sustainability in our marketplace. For example, we introduced the FTSE4Good Bursa Malaysia Shariah Index, which is the Shariah-compliant counterpart of our FTSE4Good Bursa Malaysia (F4GBM) Index introduced in 2018. We also introduced a new requirement for all physical deliveries of Crude Palm Oil Futures contracts to be certified under the Malaysian Sustainable Palm Oil Certification Scheme beginning 1 April 2021. In addition, other initiatives implemented over the past few years have elevated sustainability practices and reporting among our listed issuers. This can be seen in part in the increase of F4GBM Index constituents to 80 in December 2021, from 75 a year ago.

We also scaled up our efforts to demonstrate leadership in advocating good ESG practices and climate action, in line with our Sustainability Roadmap 2021-2023. One such initiative is the development of the Corporate Sustainability Practitioner Competency Framework with the United Nations Global Compact Network Malaysia & Brunei to support credentials building of sustainability practitioners and professionals involved in Malaysia's corporate sustainability space.

In addition, in September 2021, Bursa Malaysia announced its ambitions to become carbon neutral by 2022, and to achieve net zero greenhouse gas emissions by 2050 across our entire operations. We recognise that this is an ambitious goal but an important one if we are to see real and immediate action on climate change and its accompanying consequences. Bursa Malaysia is fully supportive of the national call to take more decisive action on climate change, and we hope that by taking the lead, we will function as a role model for other Malaysian corporates.

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GOING FORWARD

We unveiled our Strategic Roadmap 2021-2023 at the end of 2020. It comprises three core strategies, four key enablers and five strategic pillars, aims to future-proof Bursa Malaysia and secure the long-term sustainability of our marketplace.

Our achievements in 2021 have created a good backdrop to fuel our growth journey in the coming years, and we will make use of this solid foundation to unlock greater value for our stakeholders by introducing new platforms and services (horizontal expansion), and expanding our current and existing business (vertical expansion). This is in line with our fundamental belief that our products and offerings, as well as our areas of influence, should evolve alongside changes in the operating landscape. This would enable us to fully serve our purpose and achieve our potential as an Exchange.

In the second year of our Strategic Roadmap 2021-2023, we will continue to implement initiatives to boost market vibrancy and attractiveness, while creating a more facilitative and supportive ecosystem with the right frameworks. Specifically, we will look to strengthen our leadership in the Islamic capital market space, by further developing novel Shariah-compliant products and services.

In addition, we will proactively build new markets to serve as fresh growth avenues or solutions for our stakeholders. Examples include new products such as asset-backed securities and tokenised assets. Exciting initiatives in 2022 include our work on establishing a Voluntary Carbon Market with the first Shariah-compliant carbon credit product as well as the commercialisation of a Digital Gold Dinar solution. Both new offerings are being developed and designed to fulfil the needs of the real market and drive the sustainability agenda in the capital market.

AWARDS

Bursa Malaysia's Board and Management are well-aware of the efforts that our team has put in to develop our marketplace and make it a more thriving, vibrant and attractive investing and listing destination. It is nevertheless pleasing to know that our achievements have been acknowledged and recognised by external parties. Bursa Malaysia received five awards in 2021:

- Two awards from Regulations Asia Award 2021, namely the Exchange of the Year and another, Outstanding Project: Bursa Anywhere, for our mobile app;
- Best Stock Exchange for Islamic Listings at the 16th Annual Islamic Finance News Awards 2021;
- Digital Transformation and Hybrid Cloud Infrastructure at the Red Hat APAC Innovation Awards 2021; and
- Highest Return on Equity over 3 Years (in the financial services sector: below RM10 billion market capitalisation) at The Edge Billion Ringgit Club Awards 2021.

These awards acknowledge that our efforts to enhance our value creation activities and to innovate are on the right track. We are only at the beginning of our transformational journey and are excited to deliver more in the next few years.

ACKNOWLEDGEMENTS

On behalf of Bursa Malaysia's Management, I would like to express our thanks to our Board of Directors for their guidance, and to all our employees for their efforts during the year. My sincere appreciation too to our industry partners for all your contributions in making Bursa Malaysia a better and more progressive marketplace for all. Without you, we would not have achieved the robust performance that we have seen in 2021. I would also like to recognise the cooperation of our PLCs, investors and market intermediaries who have continued to place their faith in us.

I would also like to thank our regulators, with whom we have been working closely during this time of COVID-19 pandemic to ensure market efficiency, market accessibility and liquidity. While we are on the road to economic recovery, we must remain wary as the COVID-19 pandemic still poses a threat to business normalcy and livelihoods. We need to remain agile and vigilant to ensure the resilience of our markets.

To our customers, I would like to say that we are working on new innovations that will further improve your experience with us, through the use of technology and data, and we will also enhance our services to better serve you. Lastly, I would like to assure our stakeholders that the Exchange remains committed to the continued development of the marketplace and will make further progress on our strategic plans, especially towards widening our product offerings and services as well as becoming a multi-asset exchange.

Thank you.



Datuk Muhamad Umar Swift

Chief Executive Officer