

# Chairman's Statement



“ We continued to deliver on our sustainability agenda and introduced innovations to better meet investors’ needs. ”

**Dear Shareholders,**

Bursa Malaysia remained a reliable anchor of the Malaysian capital market in 2021 even as the greater ecosystem continued to be buffeted by waves of uncertainty.

The ebb and flow in the number of COVID-19 cases proved disruptive to economic recovery and introduced greater volatility into our markets. While economic indicators would gradually recover towards the end of the year, prospects had remained opaque for most of 2021.

As we had done in 2020, Bursa Malaysia responded to the challenges faced in 2021 by amplifying our efforts to ensure operational continuity and adequate support for market participants. Additionally, we continued to deliver on our sustainability agenda and introduced innovations to better meet investors' needs. I am pleased that these efforts were recognised through several accolades Bursa Malaysia received in 2021; particularly, as Exchange of the Year at the Regulation Asia Awards for Excellence 2021.

**Tan Sri Abdul Wahid Omar**  
Chairman

# “ Bursa Malaysia ensured that our markets remained accessible, fair and orderly despite relatively high market volatility. ”

## MACRO OPERATING LANDSCAPE

While the COVID-19 outbreak worsened during the year, global growth momentum nevertheless improved as compared with the previous year. This is reflected in the World Bank's global growth estimate which puts economic growth at 5.5% for 2021 after global gross domestic product (GDP) contracted 3.4% in 2020. Although this would be the fastest rate of post-recession growth in 80 years, the World Bank warned that recovery will be uneven. Countries that have rolled out substantial fiscal support and aggressive vaccination campaigns are more likely to see quicker recovery, while other countries, particularly low-income nations where a vast majority of the population remained unvaccinated, are expected to lag behind.

In Malaysia, GDP growth in the third quarter contracted 4.5% year-on-year following the imposition of a nationwide lockdown aimed at curbing a resurgence in COVID-19 cases. Nevertheless, the Malaysian economy grew by 3.1% in 2021 as a whole, recovering from the drop of 5.6% in the previous year. The return to positive growth is attributable to three key factors:



**Strong external demand driven by the upward global digitalisation trend, as well as the recovery in global growth particularly among our major trade partners.**



**The high vaccination rate of Malaysians that allowed for the gradual relaxation of mobility restrictions.**



**The ongoing delivery of policies to support businesses and households, including economic stimulus packages worth RM530 billion and new budgetary measures.**

Bank Negara Malaysia also maintained the benchmark Overnight Policy Rate at an accommodative, record low of 1.75% throughout 2021 to encourage and stimulate economic expansion.

### Malaysia's Capital Markets Overview

Bursa Malaysia ensured that our markets remained accessible, fair and orderly despite relatively high market volatility. In terms of the performance of the market, the benchmark FTSE Bursa Malaysia KLCI fell 3.7% in 2021, lagging behind other major indices in the region. However, we should note that our benchmark index closed out 2020 as the most resilient index among major ASEAN exchanges, hence starting the year from a relatively higher level.

It is within this context that Bursa Malaysia saw the return of foreign investors, who were net buyers for four consecutive months from August to November 2021. Overall, by the end of 2021, foreign shareholding value remained fairly stable at 20.4% of market capitalisation (2020: 20.7%).

Retail investors remained a significant presence in our market in 2021, continuing their trading momentum from the previous year. Retail investors had accounted for 38% of total average daily value (ADV) in both 2020 and 2021, representing a significant increase from retail ADV prior to the COVID-19 pandemic. The high level of retail participation seen since the COVID-19 pandemic is a positive for us, especially in terms of ensuring the vibrancy of our marketplace in the future.

Meanwhile, almost two-thirds of new accounts opened in 2021 were by millennials, indicating our growing traction with the younger generation of investors. The growth in online trading, which now makes up 52% of overall trades, is another good indication that we are making progress on our strategic initiatives and building the resilience of our market.

### OUR PURPOSE AS AN EXCHANGE

As the COVID-19 pandemic crept into the second year, Bursa Malaysia became more aware that we needed to prepare ourselves for difficult operating conditions. In response, we further refined our purpose and discipline of focus to ensure that the implementation of our roles was not compromised.

Bursa Malaysia plays a role in powering a vital, virtuous cycle in the economy by acting as an effective platform for the raising of capital. This role became

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**We released the 4<sup>th</sup> edition of our Corporate Governance Guide in December 2021**

more defined in 2021 as we helped 30 companies raise RM2.7 billion through initial public offerings and another 256 companies raise RM14.3 billion via secondary fundraising. The capital raised through our platform is crucial in keeping our national economic recovery on track by giving Malaysian companies the necessary funds to grow and stay afloat, and keep Malaysians employed.

As a trusted partner for wealth creation, we remain a relevant and important investment destination for investors. Our products have become important investment assets within the current low interest rate environment to protect and grow wealth for investors. At the same time, the high level of retail participation, despite the widespread availability of alternative financial technology platforms, is a strong endorsement of the level of trust placed in Bursa Malaysia.

Finally, as the frontline regulator, we play a crucial role in maintaining the stability of the marketplace. The COVID-19 pandemic has brought about new risks and heightened existing ones, and we must remain agile in developing new solutions to address them. For instance, we have stepped up the delivery of investor education in view of the rising numbers of retail investors to ensure that our investors have all the information they need to make informed investing decisions. We will continue to take proactive and reactive measures as a regulator to mitigate these possibilities. We carry out this role in consultation with our stakeholders and the Securities Commission Malaysia (SC) to ensure that the regulations in the marketplace are aligned with our goals and take into consideration prevailing market conditions.

These roles that we play as an Exchange are more succinctly captured in our vision statement, which is 'To be ASEAN's leading, sustainable and globally-connected marketplace'. This declaration is not only a statement of our intent but also captures our commitment to our stakeholders in creating opportunities and growing value for them.

### SUSTAINABILITY AT THE FOREFRONT

Sustainability continues to be one of the underlying principles encapsulating all our efforts of building resilience in the capital market. Our goals in this area are spelt out in our Sustainability Roadmap 2021-2023, which is comprehensive and covers not only the aims that we have set out for ourselves as an Exchange, but also for our public listed companies (PLCs) and the market at large.

To ensure that the sustainability standards of our marketplace are on par with international best practices, we are constantly looking at ways to further integrate sustainability into our market offerings. In 2021, we developed a joint Corporate Sustainability Practitioner Competency Framework with the United Nations Global Compact Network Malaysia &

Brunei, to support the development of practitioners and professionals working in Malaysia's corporate sustainability space. This framework is designed to build key competencies required by sustainability roles in corporate organisations and thereby drive the transition of these companies to a more sustainable footing.

Bursa Malaysia is proud to have been among the first in Malaysia to issue a clarion call demanding greater accountability from Malaysian PLCs in relation to their sustainability efforts. As a result of our various initiatives, the number of PLCs included as constituents of the FTSE4Good Bursa Malaysia Index - our index that recognises companies with strong environmental, social and governance (ESG) practices - increased to 80 PLCs by the end of 2021 from 75 in 2020.

### Corporate Governance

Corporate governance (CG) is a practice and commitment that we hold in the highest regard for both our own organisation and for our marketplace at large. To that end, we commit ourselves to upholding and practising the highest CG standards in our organisation while expecting the same from our PLCs. This, we believe, is necessary to achieving our aim of building a more attractive and sustainable marketplace.

In April 2021, the SC issued the revised Malaysian Code on Corporate Governance (MCCG), introducing new best practices and further guidance to strengthen the CG culture of PLCs. In line with the revised MCCG, as a listed company, Bursa Malaysia had in 2021 enhanced its governance structure through various changes to the terms of reference and composition of Board Committees, including the establishment of a new Sustainability and Development Committee. New committee members have also been added to freshen and diversify the perspectives of the relevant Board Committees.

As for the Malaysian marketplace, we released the 4<sup>th</sup> edition of our Corporate Governance Guide in December 2021 that provides our PLCs with comprehensive and practical guidance in adherence to the most recent iteration of the MCCG and in line with disclosure requirements under Bursa Malaysia Securities Berhad's Listing Requirements. We believe that these measures will promote the betterment of CG practises in the capital market.

### Climate Change Takes Centre Stage

The devastating floods experienced in Peninsular Malaysia in December 2021 was a painful reminder of the consequences of extreme weather patterns resulting from climate change. The loss of lives and property arising from the floods is highly regrettable, but what might be of even greater concern is the likelihood of the recurrence of such extreme weather behaviour. Indeed, the past year has seen such

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catastrophes occurring more frequently, ranging from wildfires to blizzards and floods around the world.

The imminent danger of climate change strikes right at the heart of sustainability, and is a vivid reminder of the fatal consequences of failing to ensure the sustainability of our actions. Climate change poses a significant threat to our planet and society, and it is in everyone's best interest to work towards a systemic change to prevent a climate catastrophe. Countries around the world had, in 2021, made new pledges to reduce emissions, and develop new solutions, such as carbon trading, to develop true global solutions to the crisis. On the domestic front, Malaysia has pledged to be a net zero greenhouse gas emissions nation as early as 2050, and to gradually phase out the use of coal in our energy generation. These priorities have been embedded into the 12<sup>th</sup> Malaysia Plan 2021-2025 (12MP) and Budget 2022 initiatives, indicating our readiness to take immediate action on the issue.

Bursa Malaysia is in full support of these initiatives and has pledged to be carbon neutral by 2022 and to achieve net zero greenhouse gas emissions across our entire operations by 2050. In addition, Bursa Malaysia's unique position as the national exchange means that it has a unique opportunity to contribute to the nation's climate aspirations. In September 2021, the Ministry of Environment and Water announced that Bursa Malaysia was entrusted to collaborate with stakeholders to establish a voluntary carbon market (VCM) platform for the country. This is a very meaningful initiative for us as we are wholeheartedly committed to help drive and facilitate a low carbon future.

To that end, we will work on developing the ecosystem and infrastructure in the coming years to ensure that the VCM fulfils market needs while remaining

competitive and viable, and that it supports our national climate actions towards achieving a more climate resilient future. Bursa Malaysia will also look closely at integrating Shariah principles into our climate change platform and agenda. Our ambition is to be the Islamic thought leader in this area and we will work closely with Shariah experts to develop Shariah-compliant carbon credit products, further strengthening Malaysia's leadership position in this space.

## NAVIGATING THE ROAD AHEAD

The year ahead promises to be an exciting, albeit a challenging one. While market volatility will remain largely beyond our control, our main priorities in the coming year will be to improve Bursa Malaysia's market competitiveness and to expand our role in nation building in addition to the implementation of various initiatives contained within Bursa Malaysia's Strategic Roadmap 2021-2023. This will be crucial in our efforts and aspiration to be a multi-asset exchange, which is the next step forward in our strategic gameplan.

In addition to the VCM outlined above, the Exchange will be focused on working on the PLC Transformation (PLCT) Programme, which was entrusted to us by the Ministry of Finance. The PLCT Programme aims to nurture the growth of corporate Malaysia and create a more attractive marketplace for both domestic and foreign investors. As our first step, Bursa Malaysia will publish five digital guide books in 2022 for our PLCs. These guidelines will be applicable to PLCs of all sizes and will guide them towards improving their performance and becoming more attractive to global investors. I urge all PLC leaders and industry champions to take part in the PLCT Programme by embracing the aims of the programme and take action to improve performance levels for the mutual benefit of their companies and the nation.

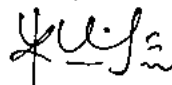
In terms of the outlook for the Malaysian economy, the Malaysian Government has indicated that GDP will expand between 5.5% and 6.5% as the recovery gains traction. Growth will be driven by the 12MP in which over RM400 billion has been allocated to finance projects, making it the largest ever development expenditure allocation in the country's history. A record RM332.1 billion allocation was also announced in Budget 2022 to improve the Rakyat's well-being, make businesses more resilient and develop a prosperous and sustainable economy. Collectively, these allocations should boost private sector demand, which will be key to driving economic growth in the coming years.

## ACKNOWLEDGEMENTS

It has been a privilege to have chaired the Exchange this past year. This role would have been impossible without the support and cooperation of my fellow Board members, and I would like to thank them for their contributions and inputs during this past year. Special thanks and gratitude to Puan Uji Sherina who left the Board on 31 December 2021 and to Datuk Karunakaran who will be retiring from the Board at the forthcoming Annual General Meeting for their tremendous contributions to the Board and the Exchange over the years. We wish them well in their future endeavours. I would also like to extend a warm welcome to Datin Azlina Mahmad who joined the Board in March 2021.

On behalf of the Board, I extend our gratitude to our shareholders for their support, and to the Management and employees of Bursa Malaysia for their tireless efforts and dedication in keeping our marketplace resilient amidst a challenging operating environment. We would also like to express our appreciation to our regulators and policy makers who have been accommodative and agile, given the prevailing market environment.

Thank you.



**Tan Sri Abdul Wahid Omar**  
Chairman