

Presentation to INCEIF
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Equities Market Surveillance



Bursa Malaysia Islamic Market
25 March 2010
9 Rabiul Akhir 1431H

Overview of presentation



- 1. Market Overview**
- 2. Regulation Overview**
- 3. Islamic Market**

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About Us



- A fully-integrated exchange**
 Offers complete range of exchange-related products and services including trading, clearing, settlement and depository services
- A front-line regulator**
 Preserves and protects the integrity of the market place by maintaining a fair and orderly market by monitoring all activities of securities trading and all activities of market participants and detecting potential breaches of securities laws and infringements of the Rules of Bursa Securities

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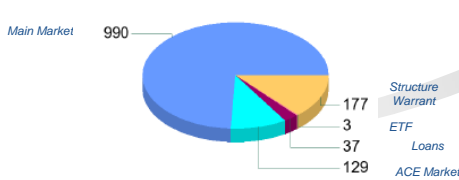
Market Structure

EQUITY MARKET

MAIN Market For established companies

ACE Market Growth platform for companies from all business sectors

No of counter listed on Bursa Malaysia @ 4 March 2010



Market Segment	Count
Main Market	990
Structure Warrant	177
ETF	3
Loans	37
ACE Market	129

Source : ISBU / DATA MARKET EXCHANGE

DERIVATIVES MARKET

Equity Derivatives

- FTSE Bursa Malaysia KLCI Futures (FKLI)
- FTSE Bursa Malaysia KLCI Options (OKLI)
- Single Stock Futures (SSFs)

Commodity Derivatives

- Crude Palm Oil Futures (FCPO)
- USD Crude Palm Oil Futures (FUPO)
- Crude Palm Kernel Oil Futures (FPKO)

Financial Derivatives

- 3- Month Kuala Lumpur Interbank Offered Rate Futures (FKB3)
- 3-Year Malaysian Government Securities Futures (FMG3)
- 5-Year Malaysian Government Securities Futures (FMG5)
- 10-Year Malaysian Government Securities Futures (FMGA)

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Market Structure

ISLAMIC OFFERINGS

- Shari'ah compliant equities
- Sukuk
- i-REITs
- i-ETFs
- Bursa Suq Al-Sila'

OTHERS

Bond Market

Electronic Trading Platform for

- Government Bonds
- Corporate Bonds

Offshore Market

- Non-Ringggit Securities
- Sukuk Listing (Profiling)

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Market Statistics

Equities - As of 23/03/2010

Legend: ■ Daily (Ann.) Velocity — FBMKLCI

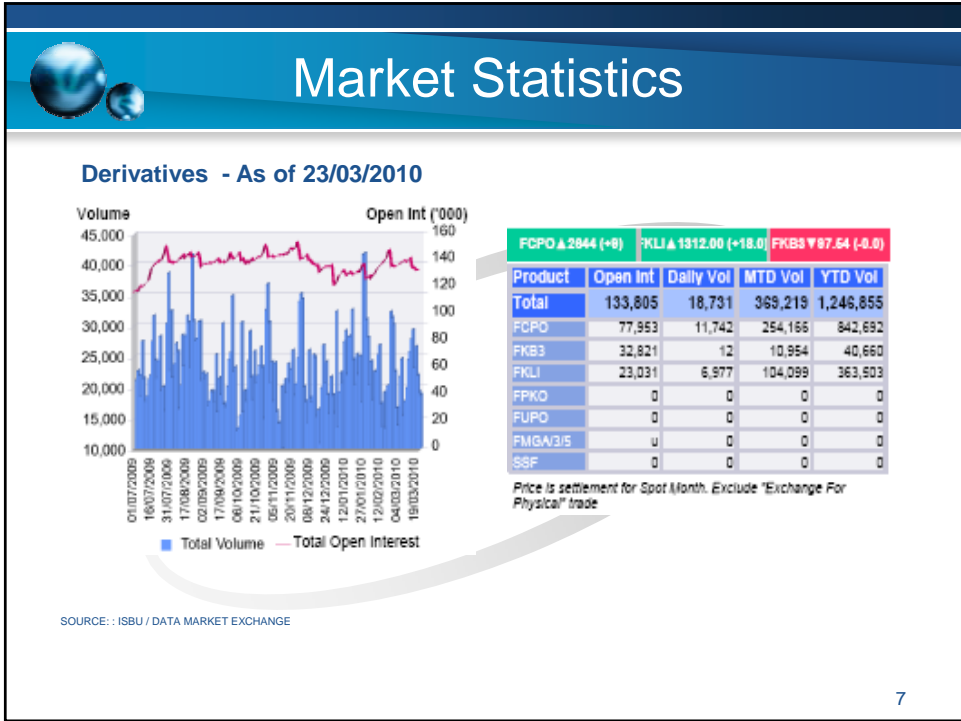
FBMKLCI ▲ 1,304.85 (+0.9%)

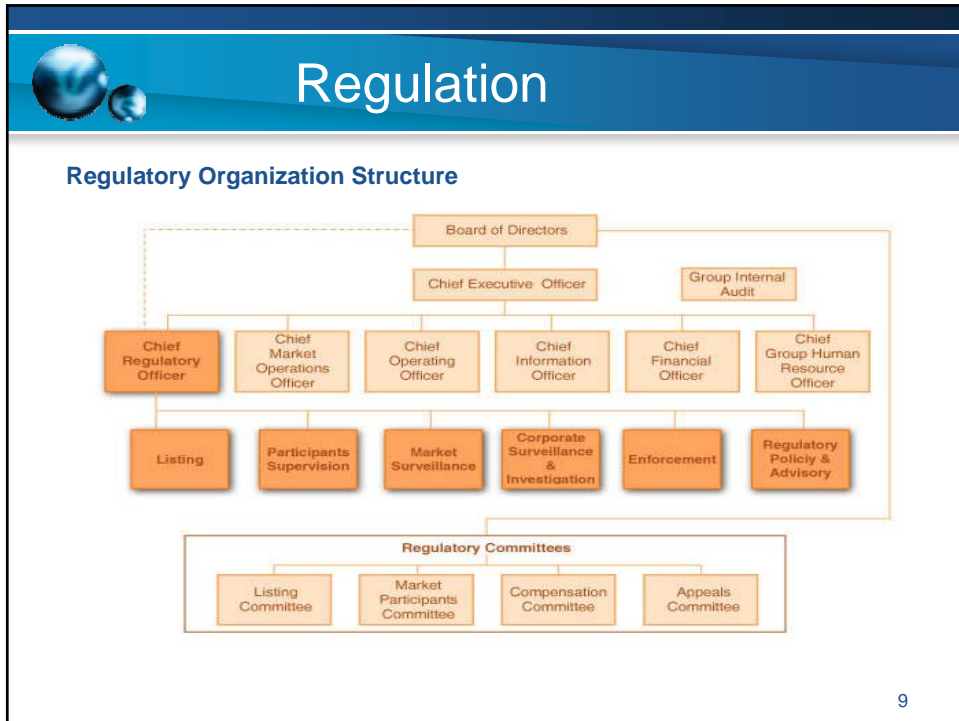
	Daily	MTD	YTD
Market Velocity	35%	34%	34%
FBMKLCI Velocity	24%	30%	28%
Mkt Cap (RM bil)	1,041	1,036	1,019
MT Vol (RM mil)	908	814	970
MT Val (RM mil)	1,488	1,418	1,416

Market Velocity is calculated based on the annualised trading of 245 days.

SOURCE: ISBU / DATA MARKET EXCHANGE

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Regulation

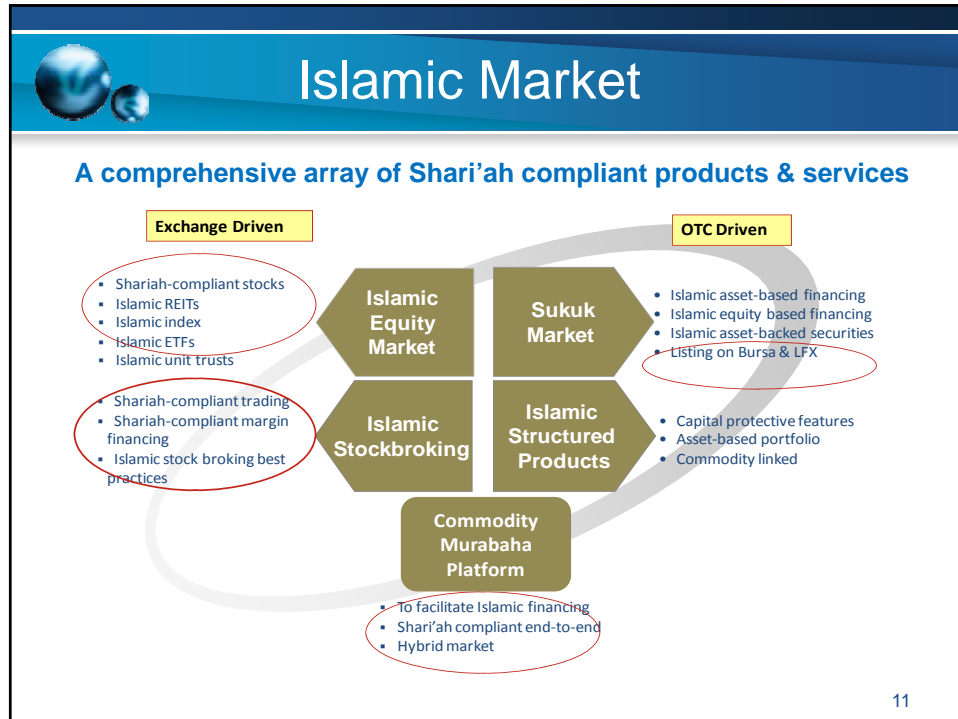
Bursa Market Surveillance – roles and responsibilities

- Front-line regulator
- Real-time surveillance
- Carry out regulatory measures to curb possible trading offences
- Refer possible trading offences for further investigation and enforcement
- Work closely with Securities Commission

Fair & Orderly Market

- Investors Protection
- Price Discovery
- Investors Confidence

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Islamic Market -Equities

Shari'ah Compliant Securities

- 846 Shari'ah-compliant securities representing 88% of the total listed securities (As at 30 Nov 2009)
- The SAC of the Securities Commission provides screening facilities for foreign listed equities seeking for a secondary listing on Bursa Malaysia
- The only regime in the world providing an Islamic IPO framework allowing companies seeking to list to request for a pre-IPO screening by the SAC to determine whether their securities are Shari'ah compliant
- Periodic review and monitoring by SAC to determine their status from a Shari'ah perspective to facilitate decision making by investors

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Islamic Market - Equities

Shariah-compliant securities on Bursa Malaysia

Number of Shariah-compliant securities – Nov 2009*	846		
% to total listed securities	88%		
Latest market capitalisation – 31 Dec 2009	(RM billion)		
Shariah-compliant	637.90		
Total market	999.45		
% of Shariah-compliant securities to total market	63.8%		
Equity market indices	30 Nov 09	31 Dec 09	% change
KL Composite Index (KLCI)	1,259.11	1,272.78	1.09%
FBM EMAS Shariah	8,423.08	8,509.52	1.03%
FBM Hijrah Shariah	9,259.90	9,312.02	0.56%
DJIM Malaysia Titans 25	746.91	750.94	0.54%

Sources : Dec 2009, ICM Quarterly Bulletin, SC

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Islamic Market -Sukuk

Sukuk

- World's largest sukuk issuer as Malaysia retains its lead with a 60.7% share of the total global sukuk market for new sukuk issuances for the 12-month period ended September 2009
- Recent issues include the notable US\$1.5 billion Petronas Global Sukuk Al-Ijara issued in August 2009 which also marks the maiden listing of a USD sukuk on Bursa Malaysia. 60% of Petronas Global Sukuk Al-Ijara was subscribed in Asia
- Simultaneously, Bursa Malaysia also welcomed the inaugural listing of a Ringgit Malaysia sukuk by Cagamas MBS for all its outstanding sukuk of RM4 billion
- Listing requirement provides framework for both Ringgit and non-Ringgit sukuk listing under the 'exempt regime' prescribed by the Securities Commission of Malaysia


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Islamic Market -Sukuk

- By an “Exempt Regime”, it means that sukuk or debt securities that are listed on the Exchange will not be quoted or traded on the Exchange.
- For issuers who intend to list its sukuk or debt securities on the Exchange for the listing status and profiling purpose
- The targeted group of investors of these instruments will be sophisticated and not retail investors

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Islamic Market -Sukuk

Bonds/Sukuk Listed under Exempt Regime

Conventional		Islamic	
1	Caqamas MBS Berhad	1	Caqamas MBS Berhad
2	Petronas Capital Limited	2	Petronas Global Sukuk Ltd.
		3	GE Capital Sukuk Ltd.
		4	CIMB Islamic Bank Berhad
		5	Rafflesia Capital Limited
		6	Cherating Capital Ltd.
		7	Paka Capital Ltd
		8	Khazanah Nasional Berhad
		9	Danga Capital Berhad
		10	Rantau Abang Capital Berhad
		11	Sime Darby Berhad

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Islamic Market – i-REIT

i-REIT

- First jurisdiction in global Islamic financial universe, as well as the first market in the world to list Islamic REITs.
- World's first Islamic plantation REITs and hospital REITs.
- 3 listed i-REIT on Bursa Malaysia against a total 12 listed REIT
- Market capitalisation of i-REIT represents 35% of total REIT listed in 2009
- Highly sought after by investors as it a defensive investment, priced based on yield & not on speculation & provides investment diversification for investors from the usual equities particularly in the aftermath of the global credit crisis
- Allows issuers to unlock and monetize high quality but low-yield assets and improve ROE / ROA

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Islamic Market i-REIT

Islamic real estate investment trusts (REITs)

Number of REITs	Dec 2008	Dec 2009
Islamic REIT	2	3
Total REITs	13	12
Market capitalisation	Dec 2008	Dec 2009
Islamic REIT (RM million)	1,241.04	1,827
Total REITs (RM million)	4,070.02	5,268
% total industry	30.5%	34.7%

Sources : Dec 2009, ICM Quarterly Bulletin, SC

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Islamic Market – i-ETF


Shari'ah compliant ETF

- Exchange Traded Funds (ETFs) invest in a group of stocks or bonds or other instruments which track the performance of an index.

Why Invest in ETFs?

- **TRADE LIKE STOCKS**
Just like stocks- can buy and sell anytime throughout the trading day;
- **FULLY TRANSPARENT**
Prices are available real-time throughout the trading day. The investment portfolio is fully transparent as it tracks an index; and
- **EFFICIENT WAY TO DIVERSIFY**
Easily gain exposure to a group of securities – in a single transaction & at a lower cost compared to managed funds

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Islamic Market – i-ETF

Shari'ah compliant ETF

- First Shariah ETF listed on BURSA
- MyETF Dow Jones Islamic Market Malaysia Titans 25 is traded on Bursa Malaysia beginning January 31, 2008.

Islamic exchange-traded funds (ETF)

Number of approved ETF	Dec 2008	Dec 2009
Shariah-compliant	1	1
Total industry*	3	3
Net asset value (NAV) of approved funds	Dec 2008	Dec 2009
Shariah-compliant (RM million)	482.73	656.6
Total industry* (RM million)	1,022.91	1,177.9
% to total industry	47.2%	56%

Note: Islamic ETF- DJIM MyETF-DJIM25 was launched on 22 January 2008.

Sources : Dec 2009, ICM Quarterly Bulletin, SC

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Islamic Market – Indices

Two Islamic Indices

- **FTSE Bursa Malaysia EMAS Shariah Index**
Constitutes FTSE Bursa Malaysia EMAS index that are Shariah-compliant according to the Securities Commission's SAC screening methodology and FTSE's screens of free float, liquidity and investability.
- **FTSE Bursa Malaysia Hijrah Shariah Index-**
30 largest companies in the FBM EMAS Index that meets the following triple screening process:
 - FTSE's global standards of free float, liquidity and investability
 - Yasaar's international Shariah screening methodology
 - Malaysian Securities Commission's Shariah Advisory Council (SAC) screening methodology

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Islamic Market –Indices

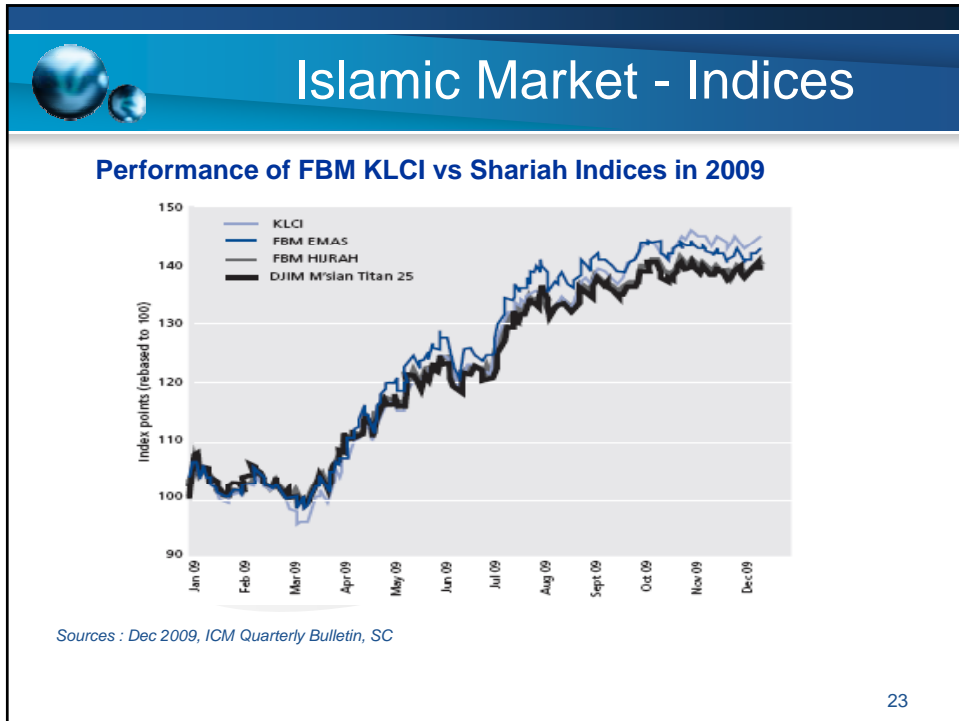
FTSE BM HIJRAH SHARIAH INDEX SCREENING PROCESS

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graph TD
    A[FTSE Bursa Malaysia Index Universe] --> B[FTSE size, liquidity and free float screens]
    B --> C[Selection Universe – FTSE Bursa Malaysia EMAS Index]
    C --> D[Shariah compliance filter for business activity, screened by Yasaar and confirmed by SAC's screening methodology]
    D --> E[FTSE Bursa Malaysia Hijrah Shariah Index]
  
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Sources: FTSE Group, Factsheet

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Islamic Market - Suq Al-Sila'

World's first Shari'ah compliant commodity trading platform to facilitate Islamic finance

Improving Islamic finance principles with the efficacy of technology. From the 1st to the 100th Islamic finance market.

As a leader in Islamic Equity Management and Finance Market

- Multiple commodity, through a web-based platform
- Multi-currency, multi-commodity capabilities
- Global market of participants
- Central clearing members based on membership
- Regulatory based on Shariah

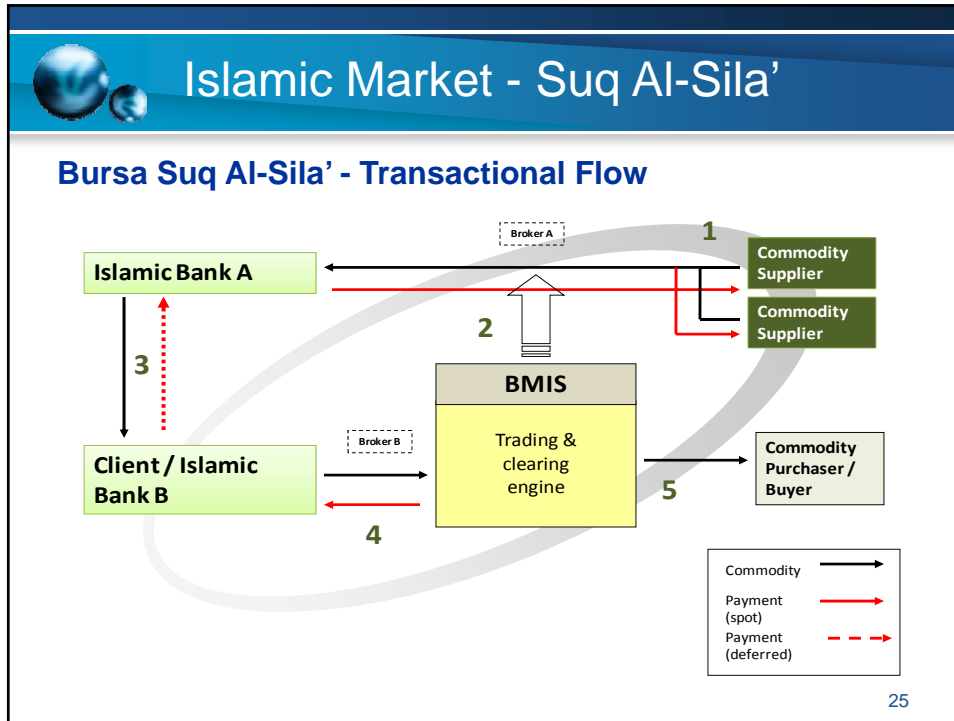
Bursa Suq Al-Sila'

Bursa Suq Al-Sila' – Platform Brief

- A Shari'ah compliant commodity trading platform to facilitate Islamic Finance
- Multi-commodity and multi-currency capable
- A Hybrid market providing choice of traditional voice broking system or the faster fully automated web-based electronic exchange system with multiple security features
- Flexible trading hours to cater across multiple time zones
- Participants must be admitted as members to trade thus providing regulatory oversight and defence against 'rogue' traders

- Undertakes continuous R&D on Shari'ah and commercial matters.
- Undertake Shari'ah audits on both the buy & sell sides to prevent leakages

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Islamic Market - Suq Al-Sila'

Bursa Suq Al-Sila' - Features

Item	Details
Primary	<ul style="list-style-type: none"> Replicates real deliverable market Seller must own commodity before selling (buy before sell) Shari'ah adherence on processes (end-to-end) Allows periodical Shari'ah review by participants
Underlying	<ul style="list-style-type: none"> multi-currency & multi-commodity capable E-cert representing ownership of commodity in BCH Depository Contract specification specific to different asset type
Participants	<ul style="list-style-type: none"> Qualified participants registered & approved by BMIS 3 categories; Commodity Trading Participant (CTP), Commodity Supplying Participant (CSP) & Commodity Executing Participant (CEP)
Trading Session	<ul style="list-style-type: none"> Mon – Thu : 10.30am – 6.00pm Fri - 1st Session : 10.30am – 12.30pm, Break : 12.30pm – 2.30pm, 2nd Session : 2.30pm – 6.00pm Latest time for "bid" for the day shall be before 5.30pm

Note : Trading session can be extended to accommodate trades across multiple time zones

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Offshore market

The Labuan International Financial Exchange (LFX) is a web-based financial exchange provides further impetus to the development of offshore Islamic Markets.



Is it a wholly owned subsidiary of Bursa Malaysia is based in Labuan IOFC, a tax haven, and is regulated by the Labuan Offshore Financial Services Authority (LOFSA).

LFX offers listing and trading facilities for a wide range of financial and non-financial products, as well as Islamic financial products. The rules of LFX are designed to be liberal and cater to the listing of a variety of multi-currency securities and instruments while offering speedy approval processes and attractive tax benefits.

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Why list on Bursa Malaysia?

- Enhance corporate profile
- Access to Asian institutional and private wealth funds
- Access to a deep and liquid market
- Widen shareholder base
- Accommodating admission & eligibility criteria
- Financial information regulatory oversight enhances appeal to investors
- Promote corporate governance attracting more competitive pricing
- Established Islamic Capital Markets Framework supported by an established Islamic banking system
- Central Shari'ah approving authorities provide clarity and promote development

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Notable Listings

 <p>AXIATA GROUP BERHAD (Formerly known as Tel International Berhad)</p> <p>PART OF THE TM GROUP PRIOR TO THE COMPLETION OF THE DEMERGER AND LISTING ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD</p> <p>2008</p>	 <p>SIME DARBY BERHAD (Formerly known as Synergy Drive-Bdy)</p> <p>ISSUANCE OF UP TO 6,024,388,883 SHARES IN CONJUNCTION WITH ITS LISTING ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD</p> <p>2007</p>	 <p>TENAGA NASIONAL BERHAD</p> <p>ISSUANCE OF UP TO 925,047,000 SHARES IN CONJUNCTION WITH ITS LISTING ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD</p> <p>1992</p>	 <p>MISC BERHAD</p> <p>ISSUANCE OF UP TO 225,000,000 SHARES IN CONJUNCTION WITH ITS LISTING ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD</p> <p>1990</p>	 <p>IOI CORPORATION BERHAD</p> <p>ISSUANCE OF UP TO 270,892,750 SHARES IN CONJUNCTION WITH ITS LISTING ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD</p> <p>1990</p>	 <p>DOW JONES ISLAMIC MARKET MALAYSIA Titans 25</p> <p>AN EXCHANGE TRADED FUND, PURSUANT TO THE LISTING OF ITS UNITS ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD</p> <p>2008</p>	
 <p>AXIS REAL ESTATE INVESTMENT TRUST</p> <p>FIRST REAL ESTATE BASED REIT LISTED ON BURSA MALAYSIA</p> <p>2005</p> <p>CONVERTED INTO A SYARIAH-COMPLIANT REIT IN DECEMBER</p> <p>2008</p>	 <p>BOUSTED HOLDINGS BERHAD MALAYSIA</p> <p>FIRST ISLAMIC PLANTATION BASED REIT IN THE WORLD</p> <p>2007</p>	 <p>KPI HEALTHCARE BERHAD MALAYSIA</p> <p>FIRST ISLAMIC REIT IN THE WORLD AND THE WORLD'S FIRST HOSPITAL REITS</p> <p>2006</p>	 <p>PETRONAS GLOBAL SUKUK LTD</p> <p>USD 1.5 BILLION 3 YEAR SUKUK AL IBAHAR</p> <p>FIRST GLOBAL USD SUKUK LISTED ON BURSA MALAYSIA (EXEMPT REGIME)</p> <p>2009</p>	 <p>CAGAMAS MBS BERHAD</p> <p>RESIDENTIAL MORTGAGE-BACKED SECURITIZATION TRANSACTIONS SUKUK</p> <p>FIRST RINGGIT MALAYSIA SUKUK LISTED ON BURSA MALAYSIA (EXEMPT REGIME)</p> <p>2009</p>	 <p>PETRONAS GLOBAL SUKUK LTD</p> <p>USD 1.5 BILLION TRUST CERTIFICATE DUE 2014</p> <p>LISTED ON THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE</p> <p>2009</p>	 <p>PAKA CAPITAL LTD.</p> <p>USD 50 MILLION EXCHANGEABLE TRUST CERTIFICATES DUE 2013</p> <p>LISTED ON THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE</p> <p>2008</p>
 <p>MALAYAN BANKING BERHAD</p> <p>MBS SUKUK INC.</p> <p>USD 300 MILLION SUBORDINATED TRUST CERTIFICATES DUE 2017</p> <p>LISTED ON THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE</p> <p>2007</p>	 <p>CHERATING CAPITAL LTD.</p> <p>USD 80 MILLION EXCHANGEABLE TRUST CERTIFICATES DUE 2012</p> <p>LISTED ON THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE</p> <p>2007</p>	 <p>SAUDI ARABIA'S USD1 BILLION TRUST CERTIFICATES DUE 2012</p> <p>LISTED ON THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE</p> <p>2007</p>	 <p>RAFFLESIA CAPITAL LTD.</p> <p>USD 750 MILLION EXCHANGEABLE TRUST CERTIFICATE DUE 2011</p> <p>LISTED ON THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE</p> <p>2006</p>	 <p>SARAWAK CORPORATE SUKUK INC.</p> <p>USD 350 MILLION SUKUK TRUST CERTIFICATE DUE 2009</p> <p>LISTED ON THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE</p> <p>2005</p>	 <p>BMA INTERNATIONAL SUKUK COMPANY</p> <p>USD 2.5 MILLION SUKUK TRUST CERTIFICATE DUE 2009</p> <p>LISTED ON THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE</p> <p>2004</p>	 <p>QATAR GLOBAL SUKUK</p> <p>USD 700 MILLION SUKUK TRUST CERTIFICATE DUE 2010</p> <p>LISTED ON THE LABUAN INTERNATIONAL FINANCIAL EXCHANGE</p> <p>2004</p>



Thank You & Wassalam

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