# INTERNATIONAL ISLAMIC FINANCIAL MARKET

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Director, Islamic & Alternative Markets  
23 May 2015

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## Bursa Malaysia: An Integrated Exchange

### How Bursa Malaysia plays its role in the Islamic Capital Market

<table>
<thead>
<tr>
<th>SECTORS</th>
<th>DERIVATIVES</th>
<th>ISLAMIC</th>
<th>OTHERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SECTORS</strong></td>
<td><strong>DERIVATIVES</strong></td>
<td><strong>ISLAMIC</strong></td>
<td><strong>OTHERS</strong></td>
</tr>
<tr>
<td>Main Market: 797 companies</td>
<td>• Commodity Derivatives: Gold Futures, CPO Futures, Crude Palm Kernel Oil Futures</td>
<td>• Shariah-compliant equities, i-ETFs, i-REITs</td>
<td>• Bonds Reporting on Electronic Trading Platform</td>
</tr>
<tr>
<td>ACE Market: 106 companies</td>
<td>• Equity Derivatives: FBMKLCI Futures, FBMKLCI Options</td>
<td>• Bursa Suq Al-Sila’</td>
<td>• Bonds &amp; Sukuk listing</td>
</tr>
<tr>
<td>Products: Shares, ETFs, REITs, Warrants, CBDCs, Loan Stocks &amp; Bonds</td>
<td></td>
<td>• Bursa Suq Al-Sila’</td>
<td></td>
</tr>
</tbody>
</table>

<p>| <strong>SECTORS</strong> | <strong>DERIVATIVES</strong> | <strong>ISLAMIC</strong> | <strong>OTHERS</strong> |</p>
<table>
<thead>
<tr>
<th>Listing</th>
<th>Trading</th>
<th>Clearing</th>
<th>Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islamic Financial Institutions</td>
<td>Islamic Capital Market</td>
<td>Takaful</td>
<td>Sukuk/ ETBS</td>
</tr>
</tbody>
</table>

- Shariah-compliant Securities
  - i-Stocks
  - i-Indices
  - i-ETFs
  - i-REITs
Diverse | Sustainable | Multinational
We are a market on the move

Bursa Malaysia has a broad base of listed companies and products that provide a balanced exposure to the global economy, offering investors a diverse marketplace at the centre of ASEAN, one of the world’s fastest growing regions.

Our Government, and its Economic Transformation Programme continues to generate a robust investment pipeline and fuel domestic demand growth, creating an even more conducive business environment in which Malaysian listed companies can grow.

Malaysian corporates are capitalising on Malaysia’s conducive business environment and the growth of ASEAN, making Malaysia the region’s indigenous multinational marketplace.

**Highlights of Our Marketplace**

**Diverse Marketplace**
- Bursa Malaysia
- Listed companies and products
- Balanced exposure to the global economy

**Sustainable Marketplace**
- Economic Transformation Programme
- Robust investment pipeline
- Fuelled by domestic demand growth

**ASEAN’s Multinational Marketplace**
- Malaysian corporates
- Capitalising on conducive business environment
- Growth of ASEAN

**GDP Growth**
- 2009: USD 202.28 billion
- 2013: USD 312.43 billion
- 54.5%
- Source: International Monetary Fund (IMF)

**Market Cap Growth**
- 2009: USD149.1 billion
- 2012: USD133.6 billion
- 184%
- Source: World Federation of Exchanges (WFE)

**Ease of Doing Business**
- 6th out of 189
- Up from 20th
- 2009: 20th out of 181
- 2014: 6th out of 189

**Best Emerging Market**
- 3rd
- Best among the Emerging Markets
- Source: Bloomberg

**% Overseas Revenue FBM KLCl PLCs**
- 2012: 45%
- 2011: 38%
- 2010: 33%
- 2009: 28%
- Source: Bloomberg, Maybank Kim Eng
Growth of Our Market Since 1997

Overview of Malaysian Islamic Capital Market
Malaysian Dual Financial System

- Different clearing & settlement system
- Different instruments for liquidity management
- Similar regulatory objectives
- Similar medium for alternative dispute resolution

Level playing field environment creates healthy competition

Malaysian Islamic Finance Landscape

Where Bursa Plays its Role
Shariah-compliant Product Offerings

Creating supply of Shariah-compliant products for the market

<table>
<thead>
<tr>
<th>Products</th>
<th>Shariah-compliant products</th>
<th>Intermediaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>i-Stocks</td>
<td>Islamic Stock-broking</td>
</tr>
<tr>
<td>Indices</td>
<td>i-Indices</td>
<td></td>
</tr>
<tr>
<td>ETFs</td>
<td>i-ETFs</td>
<td></td>
</tr>
<tr>
<td>REITs</td>
<td>i-REITs</td>
<td></td>
</tr>
<tr>
<td>Warrants</td>
<td>Sukuk</td>
<td></td>
</tr>
<tr>
<td>Loans/Debenture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds/Sukuk</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Securities Screening Methodology

Development of screening methodology to determine the Shariah compliance of securities traded on Bursa Malaysia

Shariah compliance review is undertaken for securities of companies listed on the Exchange & during pre-initial public offering (IPO) companies

For pre-IPO companies, the screening for Shariah-compliant status is made upon application (voluntary)

Each public listed company is reviewed based on the latest annual audited financial statements

The list of Shariah-compliant securities is updated and published every May and November

Pre-Revision (since establishment in 1995)

Quantitative Assessment
- 4 activity-based benchmarks
  - <5%; <10%; <20%; <25%

Qualitative Assessment
- Public perception or image
- Image of the company’s activities

Post Revision (Effective from November 2013)

Quantitative Assessment
- Two-tier quantitative approach:
  - Activity-based benchmarks
    - 2 activity-based benchmarks
    - <5%; <20%
  - Financial ratio benchmarks (<33%)
    - Cash Over Total Assets
    - Debt Over Total Assets

Qualitative Assessment
- Public perception or image
- Image of the company’s activities

"...To further build scale in the Shariah-compliant equity and investment management segments as well as expand the Islamic Capital Market’s (ICM) international reach,..." ~ Capital Market Master Plan 2~
EQUITIES MARKET

Shariah Compliant Instruments

In view of the current development and sophistication of the industry in support of internationalisation of Islamic Finance:

Pre-Revision (28 November 2013)
Market Capitalisation: RM1,077 bil

Post-Revision (29 November 2013)
Market Capitalisation: RM1,011 bil

As at 31 May 2015
Market Capitalisation: RM1,064 bil

<table>
<thead>
<tr>
<th>Pre-Revision</th>
<th>Post-Revision</th>
<th>31 May 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLCs</td>
<td>PLCs</td>
<td>PLCs</td>
</tr>
<tr>
<td>Shariah Non-Compliant</td>
<td>Shariah Compliant</td>
<td>Shariah Non-Compliant</td>
</tr>
<tr>
<td>799 (87.4%)</td>
<td>652 (71.3%)</td>
<td>674 (74.6%)</td>
</tr>
<tr>
<td>115</td>
<td>262</td>
<td>232</td>
</tr>
</tbody>
</table>

There is a scarcity premium for Shariah-compliant stocks as the pool of such stocks is now more limited than before...

- "2014 Outlook & Lookouts", Maybank IB Research, 23 December 2013

Source: Securities Commission Malaysia; Bursa Malaysia
Islamic Exchange Traded Funds (i-ETFs)

**Efficient Way to Diversify**
- Asia’s first Shariah-compliant ETF listed on Bursa Malaysia, MyETF Dow Jones Islamic Market Malaysia Titans 25 (MyETF-DJIM 25) was launched in 2008.
- The second iETF, MyETF MSCI Malaysia Islamic Dividend (MyETF-MMID) launched on 27 February 2014 was successfully listed and traded on 21 March 2014.
- The third iETF, MyETF MSCI SEA Islamic Dividend (MyETF-MSEAD) launched on 8 April 2015 was successfully listed and traded on 7 May 2015.
- i-ETF NAV (April 2015): RM332.19 mil (represents 31% of ETF industry)

<table>
<thead>
<tr>
<th>ETFs</th>
<th>NAV (Apr 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MyETF-DJIM 25</td>
<td>RM290.89 mil</td>
</tr>
<tr>
<td>MyETF-MMID</td>
<td>RM21.42 mil</td>
</tr>
<tr>
<td>MyETF-MSEAD</td>
<td>RM19.88 mil</td>
</tr>
<tr>
<td>ABF Malaysia Bond Index Fund</td>
<td>RM732.36 mil</td>
</tr>
<tr>
<td>FBMKLCI ETF</td>
<td>RM3.11 mil</td>
</tr>
<tr>
<td>CIMB FTSE ASEAN 40 Malaysia</td>
<td>RM2.5 mil</td>
</tr>
<tr>
<td>CIMB FTSE Xinhua China 25</td>
<td>RM17.64 mil</td>
</tr>
</tbody>
</table>

ETF is an open-ended fund offered in form of securities which are tradable on exchange.

Securities represent ownership in certain underlying asset among other shares (equity basket) which is held by Trustee.

ETF normally track certain equity index representing the underlying basket.

Islamic Real Estate Investment Trusts (iREITs)

**The Easiest Way to Invest in Large-scale Real Estate**
- REIT or property trust fund means an investment vehicle that invests at least 50% of its total assets in real estate.
- An investment in real estate may be by way of direct ownership or a shareholding in a single-purpose company whose principal assets comprise of real estate.
- Islamic REIT (iREIT) is a collective investment scheme in real estate, in which the tenants operate permissible activities according to the Shariah. Malaysia is the first country to introduce guidelines for iREITs.
- As at August 2014, there are 3 iREITs listed on Bursa Malaysia against a total of 16 listed iREITs, representing RM14.5 bil or 42% of market capitalisation of MREIT.

- KLCCP Stapled Group REIT
  - World’s first Shariah compliant stapled securities
  - ASEAN’s 3rd largest REIT
  - Listed on 9 May 2013 on Main Market
**i-ETFs and i-REITs**

**Efficient Way to Diversify**

**MyETF Dow Jones Islamic Market Malaysia Titans 25 (MyETF-DJIM 25)**

| NAV (May 2015) | RM280.39 mil |

**MyETF MSCI Malaysia Islamic Dividend (MyETF-MMID)**

| NAV (May 2015) | RM21.88 mil |

**MyETF MSCI SEA Islamic Dividend (MyETF-MSEAD)**

| NAV (May 2015) | RM21.75 mil |

Source: Bursa Malaysia

**The Easiest Way to Invest in Large-scale Real Estate**

- Launched by KPJ Healthcare Bhd in 2006
- World’s first i-REIT and hospital i-REIT
- Converted into Islamic in 2008
- Office and industrial properties
- World’s first Shariah-compliant stapled securities
- ASEAN’s 3rd largest REIT

![Graph](image)

**Shariah Indices**

- FTSE Bursa Malaysia EMAS Shariah Index
- FTSE Bursa Malaysia Hijrah Shariah Index
- FTSE Bursa Malaysia Small Cap Shariah Index

- Investability Screen
  - Free-float adjusted
  - Liquidity screened

- Review Dates
  - Semi-annually in June and December

Benchmark indices are designed to capture the complete investable universe. This is in contrast to a tradable index which aims to capture the performance of the full market with the minimum of stocks.

Source: Bursa Malaysia
Launch of the Environmental, Social & Governance (ESG) Index

The FTSE4Good Bursa Malaysia (F4GBM) Index to measure the performance of companies demonstrating strong ESG practices. The index is aligned with other leading global ESG frameworks such as Global Reporting Initiatives and the Carbon Disclosure Project.

2/3 of the index constituents are Shariah-compliant.

SUKUK

Shariah Compliant Instruments
Global Sukuk Issuances

Sukuk has played pivotal role in infrastructure financing for both public and private projects. Overall, the sukuk market is expected to reach greater heights.

Malaysia’s sukuk market is recognised as the most vibrant and active in the world. In 2013, Malaysia maintained its top position as the largest sukuk issuer with a 69% share of the total issuances in 2013 amounting to almost USD82.4 billion. By currency, Malaysian Ringgit sustained its domination representing 67% of total sukuk issuances for the year 2013 worth USD80.4 billion. By structure, Murabahah is the most popular instrument in Malaysia representing 75% or USD61.8 billion of total Malaysian sukuk issuances.

Listing of Sukuk on Bursa Malaysia

In an effort to promote the fixed-income markets whilst enhancing the breadth and depth of investment options in Malaysian capital market

EXEMPT REGIME

- Introduced in December 2008
- Sukuk or debt securities are listed on the Main Market but will not be quoted and traded on the Exchange
- A shelf-listing platform for visibility and profiling purposes
- The trading shall occur on OTC market

Why Listing?

- Profiling attracts wider source of funding
- Higher visibility and transparency
- Higher standards of regulatory framework
- In depth liquidity through secondary market trading
- Reduces cost of capital

Application

- Listed & non-listed issuers
- RM & Non-RM Sukuk/ debt securities
- Clear listing requirements
- Fast approval process

What does LFX offer?

- Offers listing of multi-currency financial instruments
- Based on both conventional and Islamic principles
- Web-based Exchange, accessible to system 24 hours, 7 days a week
- One-stop centre that caters for all applications and approvals of listing, trading, clearing and settlement
Sukuk as a Source of Infrastructure Financing

To-date, Malaysia has been a major issuer of infrastructure sukuk. Issuers include government-related entities, as well as construction and real estate players for the purpose of building highways, public transportation structures, offices, hospitals and universities.

Malaysia: A Key Marketplace for Global Sukuk

Malaysia continued to be the global sukuk market leader

<table>
<thead>
<tr>
<th>Stock Exchange</th>
<th>2014 Rank</th>
<th>Number of Sukuk</th>
<th>Value (USD bil)</th>
<th>Rank</th>
<th>Number of Sukuk</th>
<th>Value (USD bil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bursa Malaysia</td>
<td>1</td>
<td>20</td>
<td>34.16</td>
<td>1</td>
<td>20</td>
<td>32.88</td>
</tr>
<tr>
<td>London Stock Exchange</td>
<td>2</td>
<td>35</td>
<td>24.98</td>
<td>2</td>
<td>36</td>
<td>25.70</td>
</tr>
<tr>
<td>Irish Stock Exchange</td>
<td>3</td>
<td>34</td>
<td>22.20</td>
<td>3</td>
<td>22</td>
<td>12.65</td>
</tr>
<tr>
<td>Nasdaq Dubai</td>
<td>4</td>
<td>31</td>
<td>21.30</td>
<td>4</td>
<td>15</td>
<td>9.35</td>
</tr>
<tr>
<td>Singapore Exchange</td>
<td>5</td>
<td>16</td>
<td>8.59</td>
<td>6</td>
<td>12</td>
<td>7.00</td>
</tr>
<tr>
<td>Saudi Stock Exchange (Tadawul)</td>
<td>6</td>
<td>6</td>
<td>6.61</td>
<td>5</td>
<td>7</td>
<td>7.47</td>
</tr>
<tr>
<td>Labuan International Financial Exchange (LFX)</td>
<td>7</td>
<td>9</td>
<td>6.00</td>
<td>7</td>
<td>9</td>
<td>6.85</td>
</tr>
<tr>
<td>Bursa Efek Indonesia</td>
<td>8</td>
<td>58</td>
<td>5.75</td>
<td>8</td>
<td>51</td>
<td>4.53</td>
</tr>
<tr>
<td>Hong Kong Exchanges &amp; Clearing Limited</td>
<td>9</td>
<td>5</td>
<td>4.61</td>
<td>10</td>
<td>4</td>
<td>3.61</td>
</tr>
<tr>
<td>Dubai Financial Market (DFM)</td>
<td>10</td>
<td>4</td>
<td>2.75</td>
<td>9</td>
<td>5</td>
<td>3.93</td>
</tr>
<tr>
<td>Bourse de Luxembourg</td>
<td>11</td>
<td>7</td>
<td>2.51</td>
<td>11</td>
<td>2</td>
<td>1.77</td>
</tr>
<tr>
<td>Bahrain Bourse</td>
<td>12</td>
<td>3</td>
<td>1.22</td>
<td>12</td>
<td>5</td>
<td>1.43</td>
</tr>
<tr>
<td>Vienna Stock Exchange</td>
<td>13</td>
<td>1</td>
<td>0.17</td>
<td>13</td>
<td>1</td>
<td>0.17</td>
</tr>
<tr>
<td>Kazakhstan Stock Exchange</td>
<td>14</td>
<td>1</td>
<td>0.07</td>
<td>14</td>
<td>1</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Source: Bursa Malaysia
Electronic Trading Platform (ETP)

Reporting capability for OTC trading

2004
- The National Bond Market Committee mandated Bursa Malaysia to develop and operate an electronic trading platform for the bond market.
- The key objectives of ETP are:
  - Enhance price discovery and dissemination
  - Improve accessibility and liquidity
  - Perform monitoring and surveillance

2008
- ETP was successfully developed and launched on 10 March 2008, replacing the Bond Information and Dissemination System (BIDS) operated by the Central Bank of Malaysia.
- Bursa Malaysia engaged Korea Exchange (KRX) based on their experience developing the Korea Treasury Bond Trading System (KTS) for the Korean bond market.

OTC trades reported on ETP: March 2008 to December 2014

Unit (billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,154</td>
<td>1,224</td>
<td>1,545</td>
<td>2,396</td>
<td>2,311</td>
<td>1,885</td>
<td>1,970</td>
</tr>
</tbody>
</table>

Source: Bursa Malaysia

EXCHANGE TRADED BONDS & SUKUK (ETBS)
ETBS: An Introduction

What is ETBS?

Bonds in the past have only been available to institutions and high net worth individuals (HNWI). Bursa has brought this product into the exchange to enable retail to access.

ETBS, also known as bonds or sukuk, are fixed income securities that are listed and traded on the stock exchange. ETBS are investment grade instruments which are aimed at tapping investors whose risk appetite tend to be more conservative and/or seeking diversity in the stock market. ETBS are issued either by companies or governments (the issuer) to raise funds for their requirements/needs.

ETBS utilizes the same mechanism as that of buying and selling shares, in which each investor needs to have a trading account (with the broker) and a Central Depository System (CDS) account.
Bonds/ Sukuk Issuance: Process Flow
OTC Market vs Exchange Traded Market

OTC Market

Issuer

Tender
Private Placement

Facility Agent/
Lead Arranger

Listing/ Quotation
Main Market

Issuance via FAST

Trading

OTC

Clearing & Settlement

RENTAS

Depository

ADIs

Exchange Traded Market

Bursa Trade System

Clearing – CDS Settlement - FIs

Fungible

CDS

Retail Investor: Buying & Selling ETBS

1. How to buy ETBS?
   - Primary Market: Via subscription, similar to applying for an IPO
   - Secondary Market: Similar to buying shares via brokers

2. How to sell ETBS?
   - Similar to selling shares, via brokers
   - If held until maturity, investor will get back the nominal value of the bond on maturity date as well as the interest or dividend payable

3. How to make money from ETBS?
   - Earning interest/ dividend
   - Capital gains - depending on market condition

4. Trading on the Exchange
   - All ETBS are listed on the “Bonds” Board
A New Asset Class Launched in January 2013

Maiden Issuance by DanaInfra Nasional Berhad in February 2013 under its RM21.0 billion Islamic Medium Term Note Sukuk Murabahah Programme for the nation’s MRT Project

<table>
<thead>
<tr>
<th>1st ETBS - Stock Code: 0400GA</th>
<th>2nd ETBS - Stock Code: 0400GB</th>
<th>3rd ETBS - Stock Code: 0400GC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Listing Date</strong></td>
<td>8 February 2013</td>
<td>28 November 2013</td>
</tr>
<tr>
<td><strong>Maturity Date</strong></td>
<td>8 February 2023</td>
<td>31 October 2028</td>
</tr>
<tr>
<td><strong>Tranche Value</strong></td>
<td>RM300 million</td>
<td>RM100 million</td>
</tr>
<tr>
<td><strong>Tenure</strong></td>
<td>10 years</td>
<td>15 years</td>
</tr>
<tr>
<td><strong>Yield</strong></td>
<td>4.585% p.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Subscription Rate</strong></td>
<td>161%</td>
<td></td>
</tr>
</tbody>
</table>

Volume, Value and Closing Price as at 31 May 2015

Volume, Value and Closing Price as at 31 May 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>Volume Traded Market (Mil units)</th>
<th>Average Closing Price (RM)</th>
<th>Value Traded (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2012</td>
<td>3,500</td>
<td>20</td>
<td>70,000</td>
</tr>
<tr>
<td>December 2012</td>
<td>3,000</td>
<td>19</td>
<td>57,000</td>
</tr>
<tr>
<td>January 2013</td>
<td>2,500</td>
<td>18</td>
<td>45,000</td>
</tr>
<tr>
<td>February 2013</td>
<td>2,000</td>
<td>17</td>
<td>34,000</td>
</tr>
<tr>
<td>March 2013</td>
<td>1,500</td>
<td>16</td>
<td>24,000</td>
</tr>
</tbody>
</table>

Source: Bursa Malaysia

SHARIAH-COMPLIANT
COMMODITY TRADING PLATFORM
Bursa Suq Al-Sila’ (BSAS)

- Bursa Suq Al-Sila’ (BSAS) is an initiative of the Malaysia International Islamic Financial Centre (MIFC)
- Supported by Bank Negara, Securities Commission Malaysia and Bursa Malaysia to further promote Malaysia as an international Islamic financial hub
- Shariah compliant commodity trading platform to facilitate Islamic financing by applying the concept of Murabahah and Tawarruq
- Housed in a Shariah-compliant wholly-owned subsidiary of Bursa Malaysia - Bursa Malaysia Islamic Services Sdn Bhd (BMIS)

Murabahah Commodity Trading Platform

- A multi-commodity and multi-currency commodity trading platform to support murabahah transactions
- Members are governed by a set of trading rules encompassing best market practices and Shariah principles
- Operates in a 15-hour 6-day market
- Five (5) approved commodities that can be traded on BSAS - Crude Palm Oil (CPO), Refined, Bleached and Deodorised Palm Olein (RDB Palm Olein), Plastic Resin (Polyethylene), Hardwood Timber and Softwood Timber, and these can be traded in 22 currencies.

Members by Country:

- Brunei
- Abu Dhabi
- Kuwait
- Hong Kong
- Bahrain
- Saudi Arabia
- Malaysia
- Dubai
- United Kingdom
- Singapore
- Jordan

Financing
Personal Financing
Credit Card
Housing
Sukuk Issuance
Deposit Taking
Example: Islamic Bank A makes placement to Islamic Bank B

1. Islamic Bank A buys commodity from a commodity supplier on spot
2. Islamic Bank A sells commodity to Islamic Bank B on deferred payment basis
3. Islamic Bank B sells the commodity to Bursa Malaysia Islamic Services (BMIS)
4. BMIS sells the commodity back to the market

- Bids and Offers are placed daily and trades are matched electronically
- Commodities are deliverable upon election of the purchaser

BSAS Growth Driven by Better Recognition

Higher ADV of BSAS trades and the growing acceptance of Murabahah and BSAS by domestic banks and sukuk issuers

BSAS Market Highlights

- YTD 2015 Trading Value: RM83,835 bil
  (Total 2014: RM1,687.9bil)
- YTD 2015 Trading Revenue: RM11.21 mil
  (2014: RM9.9mil)
- Largest Monthly ADV: RM12.33 bil (Apr 2015)
- Largest Trade in a Day: RM21.43 bil (6 Apr 2015)
- Largest Deal in a Day: RM6.9 bil (29 Jan 2015)

Market Demography of BSAS Trading Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Total BSAS Trading Value (RM mil)</th>
<th>Total Domestic Trading Value (RM mil)</th>
<th>Total Domestic Trading Percentage (%)</th>
<th>Total Foreign Trading Value (RM mil)</th>
<th>Total Foreign Trading Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>98,219</td>
<td>92,368</td>
<td>91</td>
<td>7,851</td>
<td>9</td>
</tr>
<tr>
<td>2011</td>
<td>298,331</td>
<td>236,010</td>
<td>83</td>
<td>62,321</td>
<td>70</td>
</tr>
<tr>
<td>2012</td>
<td>563,347</td>
<td>400,289</td>
<td>70</td>
<td>163,058</td>
<td>80</td>
</tr>
<tr>
<td>2013</td>
<td>984,922</td>
<td>673,587</td>
<td>79</td>
<td>310,335</td>
<td>83</td>
</tr>
<tr>
<td>2014</td>
<td>1,687,916</td>
<td>1,320,820</td>
<td>80</td>
<td>367,096</td>
<td>87</td>
</tr>
<tr>
<td>YTD April 2015</td>
<td>1,090,814</td>
<td>850,716</td>
<td>79</td>
<td>232,118</td>
<td>80</td>
</tr>
</tbody>
</table>

Total Commodity Trading Value: RM1,688 bil (2014)
YTD April 2015: RM982.83 bil

Source: Bursa Malaysia Islamic Services Sdn Bhd
The Notable Bursa Suq Al-Sila’

World’s first Shariah-compliant commodity trading platform

- Facilitate Islamic financing by applying the concept of Murabahah and Towarruq
- Multi-commodity and multi-currency
- 25 currencies
- Operates in a 15-hour 6-day market
- Members are governed by a set of trading rules encompassing best market practices and Shariah principles
- Bids and Offers are placed daily and trades are matched electronically
- Commodities are deliverable upon election of the purchaser

Demography of BSAS Registered Participants

<table>
<thead>
<tr>
<th>No. of Participants: 101 (YTD Apr 2015)</th>
<th>Domestic</th>
<th>Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTPs</td>
<td>54</td>
<td>20</td>
<td>74</td>
</tr>
<tr>
<td>CEPs</td>
<td>4</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>CSPs</td>
<td>21</td>
<td>2</td>
<td>23</td>
</tr>
<tr>
<td>Total Participants</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Bursa Malaysia Islamic Services Sdn Bhd

Highlights & Achievement (as at September 2014)

- 86 Members of BSAS (as at September 2014) (67 local and 19 foreign)
- Largest deal: RM5.6 billion (18 Jan 2013)
- Total sukuk value issued on BSAS RM53.4bil
- Highest daily trade: RM50.6 bil (Sep 2014)
- Highest monthly ADV: RM8.8 bil (Sep 2014)
- ADV trade of RM5.8 bil in September 2014
SHARIAH-COMPLIANT PRODUCT PERFORMANCE

Multinational
Building Capital
Expanding Influence
Sustainable
Malaysia
Harmonisation of Islamic Market

How did Shariah-compliant Securities Perform

The Shariah-compliant regime getting stronger

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Market Capitalisation - Shariah (RM bil)</th>
<th>Total ADV OMT - Shariah (RM mil)</th>
<th>Total ADV OMT+DBT - Shariah (RM mil)</th>
<th>Total Number of Shariah-compliant PLCs</th>
<th>Total Number of Shariah-compliant Counters (PLCs + REITS + ETBS + ETFs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>803.2 (63.8%)</td>
<td>918 (66.7%)</td>
<td>994 (66.6%)</td>
<td>849 (88.1%)</td>
<td>846 (86.7%)</td>
</tr>
<tr>
<td>2011</td>
<td>809.6 (63.7%)</td>
<td>1,088 (68.0%)</td>
<td>1,134 (67.3%)</td>
<td>837 (88.7%)</td>
<td>837 (87.1%)</td>
</tr>
<tr>
<td>2012</td>
<td>945.9 (65.2%)</td>
<td>1,042 (69.8%)</td>
<td>1,016 (69.9%)</td>
<td>819 (88.3%)</td>
<td>817 (86.7%)</td>
</tr>
<tr>
<td>2013</td>
<td>1,044 (62.1%)</td>
<td>1,269 (69.7%)</td>
<td>1,106 (71.2%)</td>
<td>652 (71.3%)</td>
<td>657 (70.2%)</td>
</tr>
<tr>
<td>2014</td>
<td>1,028 (63.0%)</td>
<td>1,331 (68.6%)</td>
<td>1,453 (68.3%)</td>
<td>685 (75.6%)</td>
<td>693 (73.3%)</td>
</tr>
<tr>
<td>May 2015</td>
<td>1,064 (63.5%)</td>
<td>1,326 (67.6%)</td>
<td>1,453 (67.6%)</td>
<td>674 (74.6%)</td>
<td></td>
</tr>
</tbody>
</table>

Yearly Trend

Source: Bursa Malaysia
## Top 10 Active Stocks in 2014

### Key point to note: All of them are Shariah-compliant

<table>
<thead>
<tr>
<th>Stock Code</th>
<th>Counter</th>
<th>Market</th>
<th>Sector</th>
<th>Traded Volume (unit)</th>
<th>Market Capitalisation (RM)</th>
<th>Shariah-Compliant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 1201</td>
<td>Sumatec Resources Bhd</td>
<td>Main Market</td>
<td>Trading/Services</td>
<td>17,475,608,701</td>
<td>713,952,541.63</td>
<td>Yes</td>
</tr>
<tr>
<td>2. 6254</td>
<td>PDZ Holdings Bhd</td>
<td>Main Market</td>
<td>Trading/Services</td>
<td>13,697,273,471</td>
<td>121,704,979.20</td>
<td>Yes</td>
</tr>
<tr>
<td>3. 3786*</td>
<td>Malaysian Airline System Bhd</td>
<td>Main Market</td>
<td>Trading/Services</td>
<td>13,653,529,897</td>
<td>4,428,357,018.00</td>
<td>Yes</td>
</tr>
<tr>
<td>4. 7013</td>
<td>Hubline Bhd</td>
<td>Main Market</td>
<td>Trading/Services</td>
<td>7,010,537,415</td>
<td>130,189,227.76</td>
<td>Yes</td>
</tr>
<tr>
<td>5. 0010</td>
<td>Iris Corporation Bhd</td>
<td>ACE Market</td>
<td>Technology</td>
<td>6,258,793,331</td>
<td>510,041,938.50</td>
<td>Yes</td>
</tr>
<tr>
<td>6. 7164</td>
<td>KNM Group Bhd</td>
<td>Main Market</td>
<td>Industrial Products</td>
<td>6,196,260,238</td>
<td>803,127,469.48</td>
<td>Yes</td>
</tr>
<tr>
<td>7. 5220</td>
<td>Globaltec Formation Berhad</td>
<td>Main Market</td>
<td>Industrial Products</td>
<td>6,166,905,936</td>
<td>376,721,653.77</td>
<td>Yes</td>
</tr>
<tr>
<td>8. 7219</td>
<td>Minetech Resources Bhd</td>
<td>Main Market</td>
<td>Industrial Products</td>
<td>5,959,872,385</td>
<td>79,811,280.00</td>
<td>Yes</td>
</tr>
<tr>
<td>9. 0150</td>
<td>Asia Bioenergy Tech Bhd</td>
<td>ACE Market</td>
<td>Trading/Services</td>
<td>4,845,133,113</td>
<td>44,011,413.60</td>
<td>Yes</td>
</tr>
<tr>
<td>10. 0096</td>
<td>Nexgram Holdings Berhad</td>
<td>ACE Market</td>
<td>Technology</td>
<td>4,712,127,962</td>
<td>131,819,413.60</td>
<td>Yes</td>
</tr>
</tbody>
</table>

* Stock Code 3786 MALAYSIAN AIRLINE SYSTEM BHD was delisted on 31 December 2014.

The market capitalization disclosed is market capitalization on the last trading day of the stock on 30 December 2014.

Source: Bursa Malaysia

## 2014: 12-month Index Performance & Growth

Both the FBM EMAS Shariah Index and the FBM Hijrah Shariah Index have consistently outperformed the FBM KLCI - "2014 Outlook & Lookouts", Maybank IB Research, 23 December 2013

<table>
<thead>
<tr>
<th>Index</th>
<th>Jan-14</th>
<th>Feb-14</th>
<th>Mar-14</th>
<th>Apr-14</th>
<th>May-14</th>
<th>Jun-14</th>
<th>Jul-14</th>
<th>Aug-14</th>
<th>Sep-14</th>
<th>Oct-14</th>
<th>Nov-14</th>
<th>Dec-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBM KLCI</td>
<td>1,804.02</td>
<td>1,835.45</td>
<td>1,891.21</td>
<td>1,871.52</td>
<td>1,871.38</td>
<td>1,882.71</td>
<td>1,871.35</td>
<td>1,866.10</td>
<td>1,855.14</td>
<td>1,846.31</td>
<td>1,820.89</td>
<td>1,761.25</td>
</tr>
<tr>
<td>FBM Emas Shariah</td>
<td>12,604.02</td>
<td>12,895.61</td>
<td>13,146.17</td>
<td>13,214.28</td>
<td>13,134.04</td>
<td>13,388.34</td>
<td>13,388.28</td>
<td>13,210.73</td>
<td>13,105.34</td>
<td>13,266.30</td>
<td>13,036.26</td>
<td>12,507.02</td>
</tr>
<tr>
<td>FBM Hijrah Shariah</td>
<td>13,823.34</td>
<td>14,139.28</td>
<td>14,388.33</td>
<td>14,516.93</td>
<td>14,446.10</td>
<td>14,718.65</td>
<td>14,604.70</td>
<td>14,855.54</td>
<td>14,823.44</td>
<td>14,945.25</td>
<td>14,498.70</td>
<td></td>
</tr>
<tr>
<td>FBM Small Cap Shariah</td>
<td>14,653.15</td>
<td>15,110.91</td>
<td>15,416.52</td>
<td>14,419.07</td>
<td>14,642.13</td>
<td>16,703.89</td>
<td>17,056.21</td>
<td>17,207.37</td>
<td>17,407.24</td>
<td>16,561.32</td>
<td>15,194.18</td>
<td>13,853.23</td>
</tr>
<tr>
<td>FBM Palm Oil Plantation</td>
<td>18,113.28</td>
<td>18,668.74</td>
<td>19,421.45</td>
<td>19,637.43</td>
<td>20,029.47</td>
<td>20,080.35</td>
<td>19,494.06</td>
<td>18,629.78</td>
<td>18,510.73</td>
<td>18,948.93</td>
<td>18,336.06</td>
<td>16,977.01</td>
</tr>
</tbody>
</table>

Source: Bursa Malaysia
Index Performance & Growth

Amid a gloomy outlook worldwide in 2014, FBM Hijrah Shariah Index remained sturdy and outperformed other indices.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FBM KLCI</td>
<td></td>
<td>1,318.91</td>
<td>1,530.73 (0.78%)</td>
<td>1,688.95 (10.34%)</td>
<td>1,866.96 (10.54%)</td>
<td>1,761.25 (-5.66%)</td>
<td>1,747.52 (-0.78%)</td>
</tr>
<tr>
<td>FBM Emas Shariah</td>
<td></td>
<td>10,058.15</td>
<td>10,300.29 (2.41%)</td>
<td>11,520.73 (11.85%)</td>
<td>13,051.59 (13.29%)</td>
<td>12,507.02 (-4.17%)</td>
<td>12,576.45 (0.56%)</td>
</tr>
<tr>
<td>FBM Hijrah Shariah</td>
<td></td>
<td>10,456.86</td>
<td>11,022.63 (5.41%)</td>
<td>12,674.93 (14.99%)</td>
<td>14,323.63 (13.01%)</td>
<td>14,468.70 (1.01%)</td>
<td>14,337.46 (0.99%)</td>
</tr>
<tr>
<td>FBM Small Cap Shariah</td>
<td></td>
<td>-</td>
<td>-</td>
<td>10,482.56</td>
<td>14,645.47 (39.71%)</td>
<td>16,477.01 (-8.06%)</td>
<td>15,819.10 (-6.82%)</td>
</tr>
<tr>
<td>FBM Palm Oil Plantation</td>
<td></td>
<td>15,481.09</td>
<td>16,519.75 (6.71%)</td>
<td>16,768.74 (1.51%)</td>
<td>18,464.55 (10.11%)</td>
<td>16,977.01 (-8.06%)</td>
<td>15,819.10 (-6.82%)</td>
</tr>
</tbody>
</table>

Source: Bursa Malaysia

Supply & Demand for Shariah-compliant Products

Greater foreign participation is envisaged, especially with the recent streamlining of the revised screening methodology to better reflect international practices.
The global Islamic funds industry has progressed tremendously. Malaysia’s Islamic funds industry has demonstrated impressive growth.

| Islamic Fund Management Companies of the top global IFMCs are from Malaysia | 19 |
| Companies offering Islamic Stockbroking Services | 8 |

<table>
<thead>
<tr>
<th>RM billion</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Sep 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islamic AUM</td>
<td>48.0</td>
<td>64.2</td>
<td>79.6</td>
<td>97.5</td>
<td>109.2</td>
</tr>
<tr>
<td>Total Fund Management Industry</td>
<td>377.0</td>
<td>423.3</td>
<td>505.1</td>
<td>588.4</td>
<td>633.3</td>
</tr>
<tr>
<td>% Islamic AUM to Total Industry</td>
<td>12.7%</td>
<td>15.2%</td>
<td>15.8%</td>
<td>16.6%</td>
<td>17.2%</td>
</tr>
</tbody>
</table>

Note:
- IFMC: Islamic Fund Management Companies
- Islamic AUM comprises AUM of IFMCs and Islamic Windows
- Data includes assets that are sourced from collective investment schemes and private mandates

Source: Securities Commission Malaysia

Global Islamic Fund Assets by Country: 2013

Source: Zawya, Bloomberg, Eurekahedge, KFH Research

The market is led by Saudi Arabia and Malaysia which together held 65% of Shariah-compliant AUM.

Thank You

http://www.bursamalaysia.com/market/islamic-markets/
http://www.bursamalaysia.com/etbs/
http://www.bursamarketplace.com

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