

ISLAMIC CAPITAL MARKET

Shariah Investing on



IFN INDONESIA FORUM 2017

27 July 2017



Bursa Malaysia: An Integrated Exchange



SECURITIES

We operate the stock market in Malaysia where investors can participate in the buying and selling of shares on two types of markets, the Main Market and the ACE Market.

TWO TYPES OF MARKETS:

Main Market: 786 cos

ACE Market: 115 cos

- 18 Sectors that cover 60 economic activities
- Total Market Cap: RM 1.80 trillion

PRODUCTS:

- 644 Structured Warrants
- 57 Warrants
- 16 REITs
- 10 Foreign Listings
- 8 ETFs
- 4 SPACs
- 1 Stapled Securities
- 1 Closed-End Fund



DERIVATIVES

We offer 12 derivatives products comprising commodity, equity and financial futures and options.

12 DERIVATIVES PRODUCTS:

5 Commodity Futures:

- FCPO
- FUPO
- FPKO
- FGLD
- FPOL

3 Financial Futures:

- FMG3
- FMG5
- FKB3

2 Equity Futures:

- FKLI
- SSFs

1 Commodity Options:

- OCPO

1 Equity Options:

- OKLI



ISLAMIC

As a leading Islamic capital market, we operate a market offering diverse Shariah compliant products. Our Bursa Suq Al-Sila' ("BSAS") is a commodity trading platform specifically dedicated to facilitate Islamic liquidity management. We have 25 Sukuk Listings valued at USD\$55 billion.

OTHER SHARIAH COMPLIANT OFFERINGS INCLUDE:

- 676 *i*-Stocks
- 4 *i*-ETFs
- 4 *i*-REITs
- 3 ETBS
- 2 *i*-SPACs



OFFSHORE

We operate the Labuan International Financial Exchange, where issuers can list their non-Ringgit securities.

TOTAL MARKET CAP:

USD\$26 billion

- 20 Bond Listings
- 12 Sukuk Listings

Listing

Trading

Clearing

Settlement

Depository

SHARIAH-COMPLIANT INSTRUMENTS

EQUITIES MARKET

- ☐ *i*-Stocks
 - ☐ *i*-Indices
 - ☐ *i*-ETFs
 - ☐ *i*-REITs
 - ☐ ETBS
-



Shariah-compliant Products

Stays away from prohibited elements

RIBA (interest/usury)

- Excess or surplus charged over and above loan, a deferred price or debt
- Financial services based on riba (interest)

Al-Quran mentions about prohibition of Riba:
[Al-Baqarah 2: 275]

GHARAR (contractual uncertainty)

- Uncertainties in contracts regarding contracting parties, subject matter, price etc.
- For justice & fairness - avoid future disputes among contracting parties

Al-Quran mentions about prohibition of Gharar:
[Al-Nisa 4:29]

MAYSIR (gambling)

- Element of exploitation
- Pure games of chance where one party gains at the expense of the loss to the another party e.g. gambling & gaming

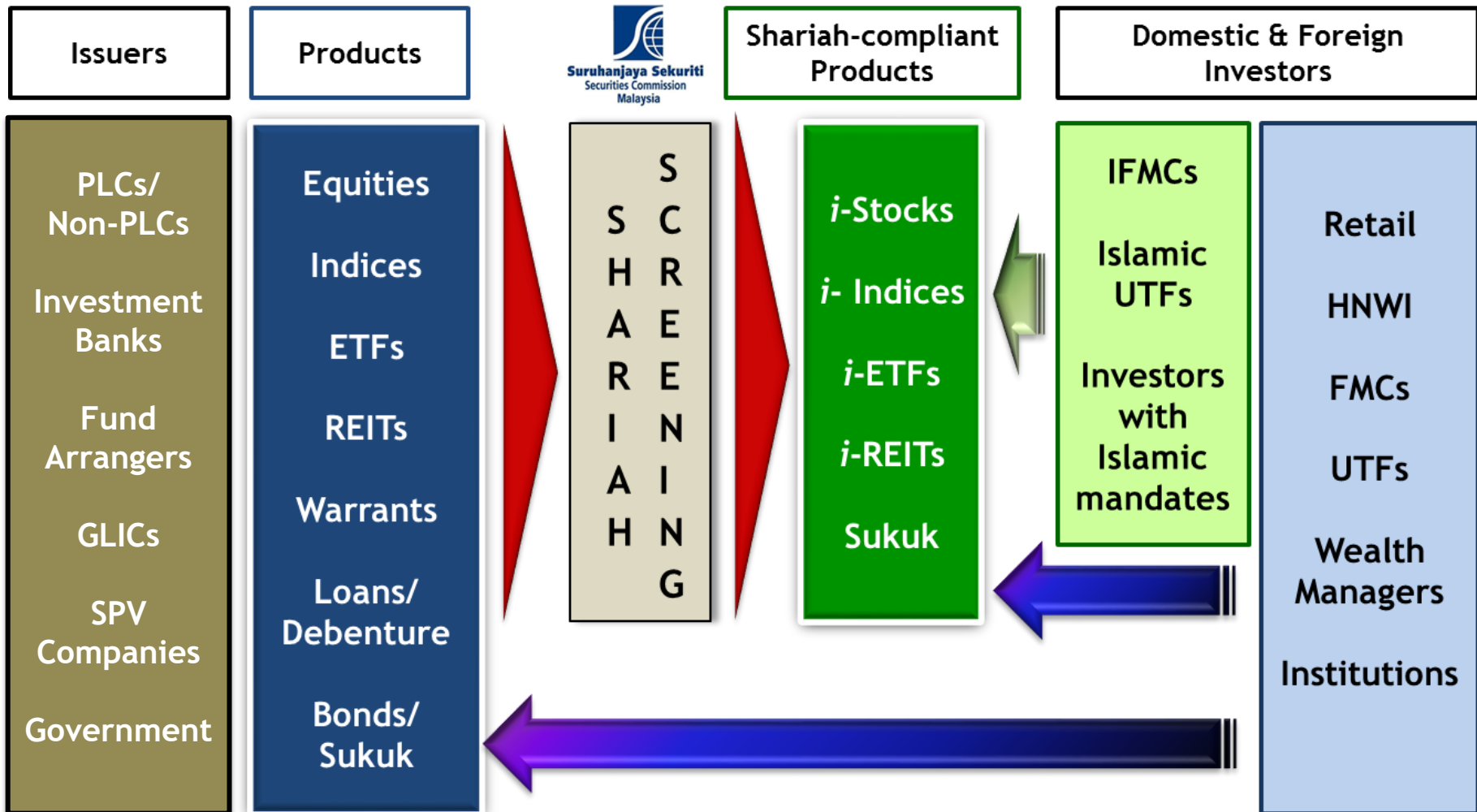
Al-Quran mentions about prohibition of gambling:
[Al-Baqarah: 219]

Other non-permissible activities

- Conventional insurance
- Non-halal food or related products
- Tobacco-related product or activities
- Entertainment that contradict to Shariah
- Share trading in Shariah non-compliant securities
- Other non-permissible activities

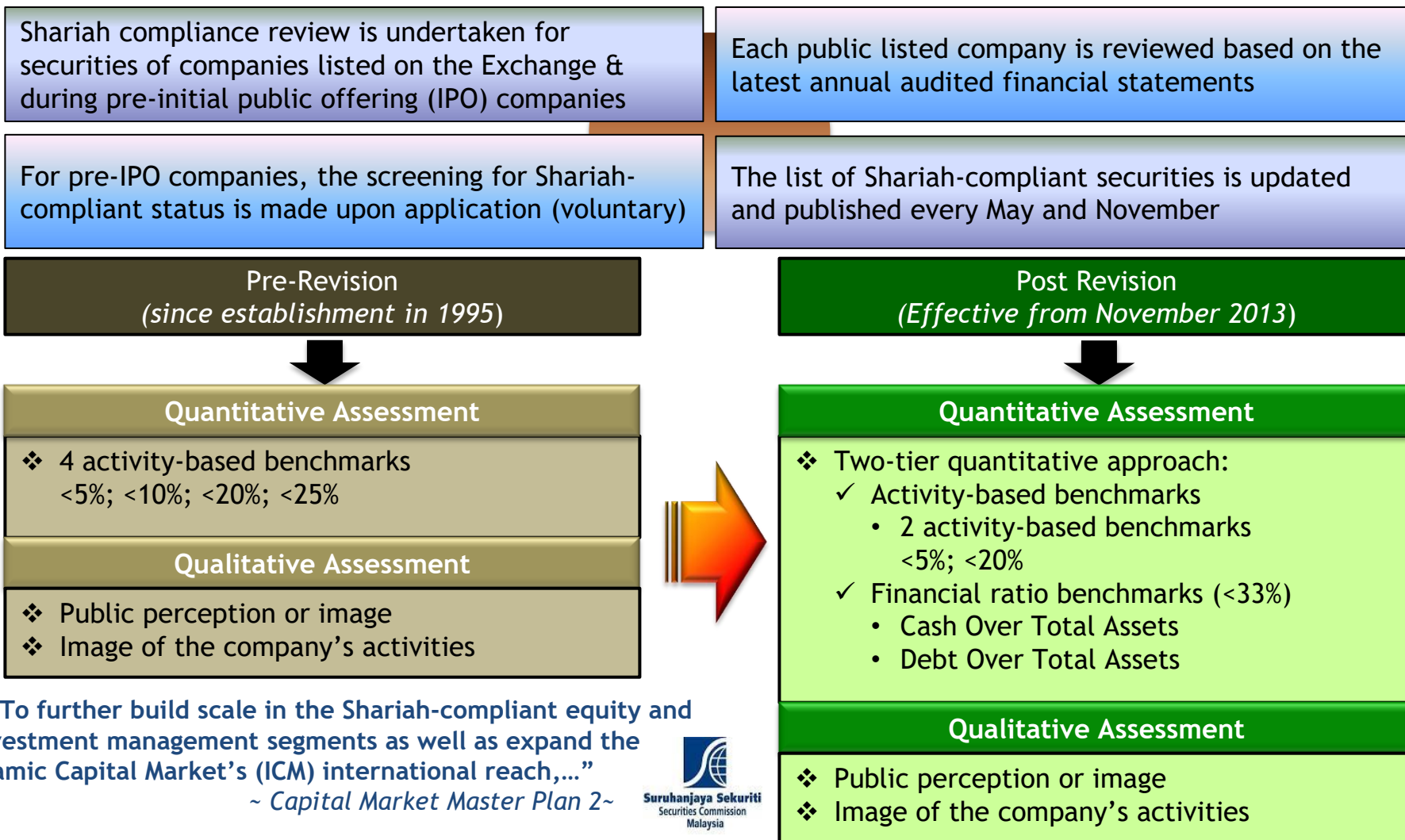
Shariah-compliant Product Offerings

Readily available integrated end-to-end infrastructure for issuers and investors seeking Shariah-compliant instruments

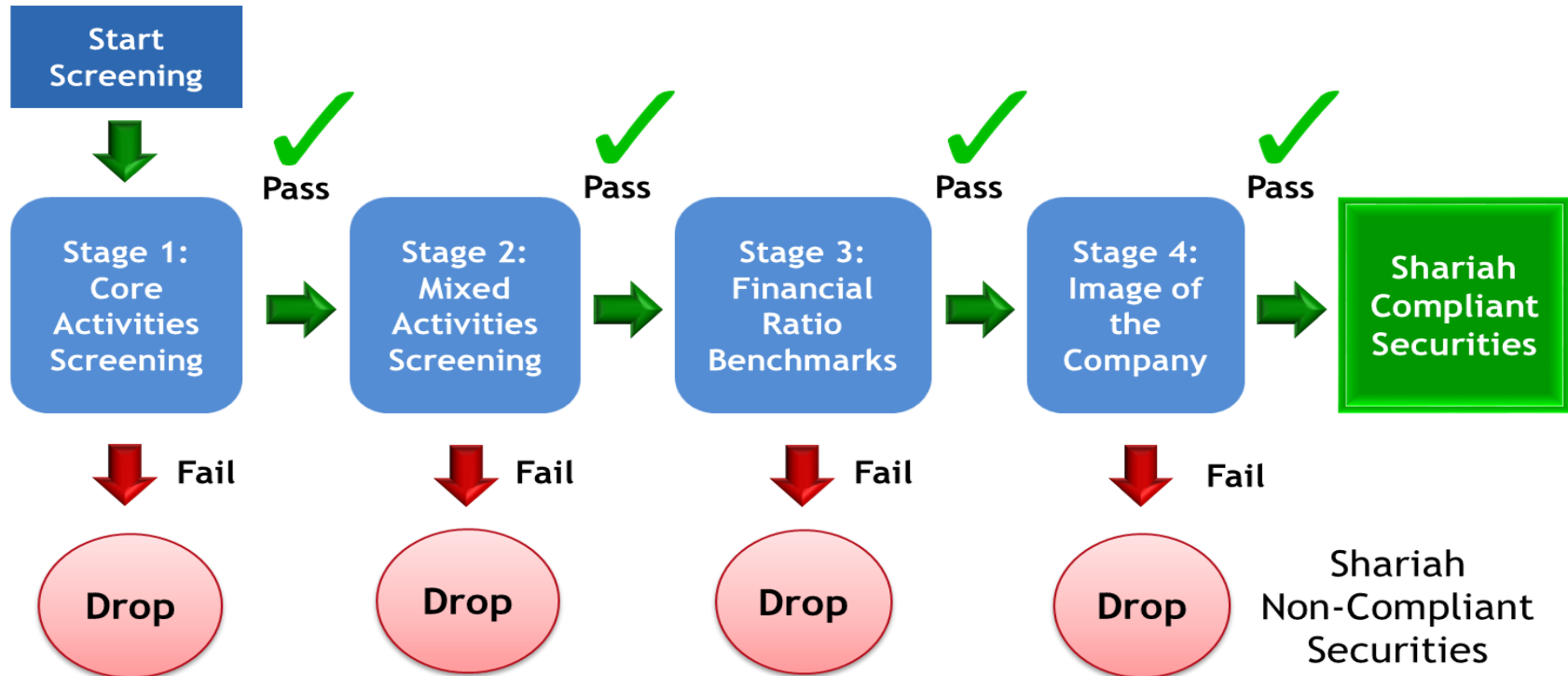


Shariah Screening Methodology

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



Shariah Screening Process: New Listing & Semi-annual (May & November)



Shariah-compliant Instruments (as at June 2017)

i-Stocks

Total: 676

Main Market: 593

Construction	41
Consumer	100
Finance	2
Industrial	174
Infrastructure	4
Plantation	32
Properties	71
Technology	33
Trading/ Services	136

ACE Market: 83

Construction	1
Industrial	18
Properties	48
Trading/ Services	16

i-Indices

1. FTSE Bursa Malaysia EMAS Shariah Index
2. FTSE Bursa Malaysia Hijrah Shariah Index
3. FTSE Bursa Malaysia Small Cap Shariah Index
4. FTSE Bursa Malaysia MidS Cap Shariah Index

i-REITS

1. Al-Aqar KPJ REIT
2. AXIS REIT
3. KLCCP REIT
4. Al-Salam REIT

i-ETFs

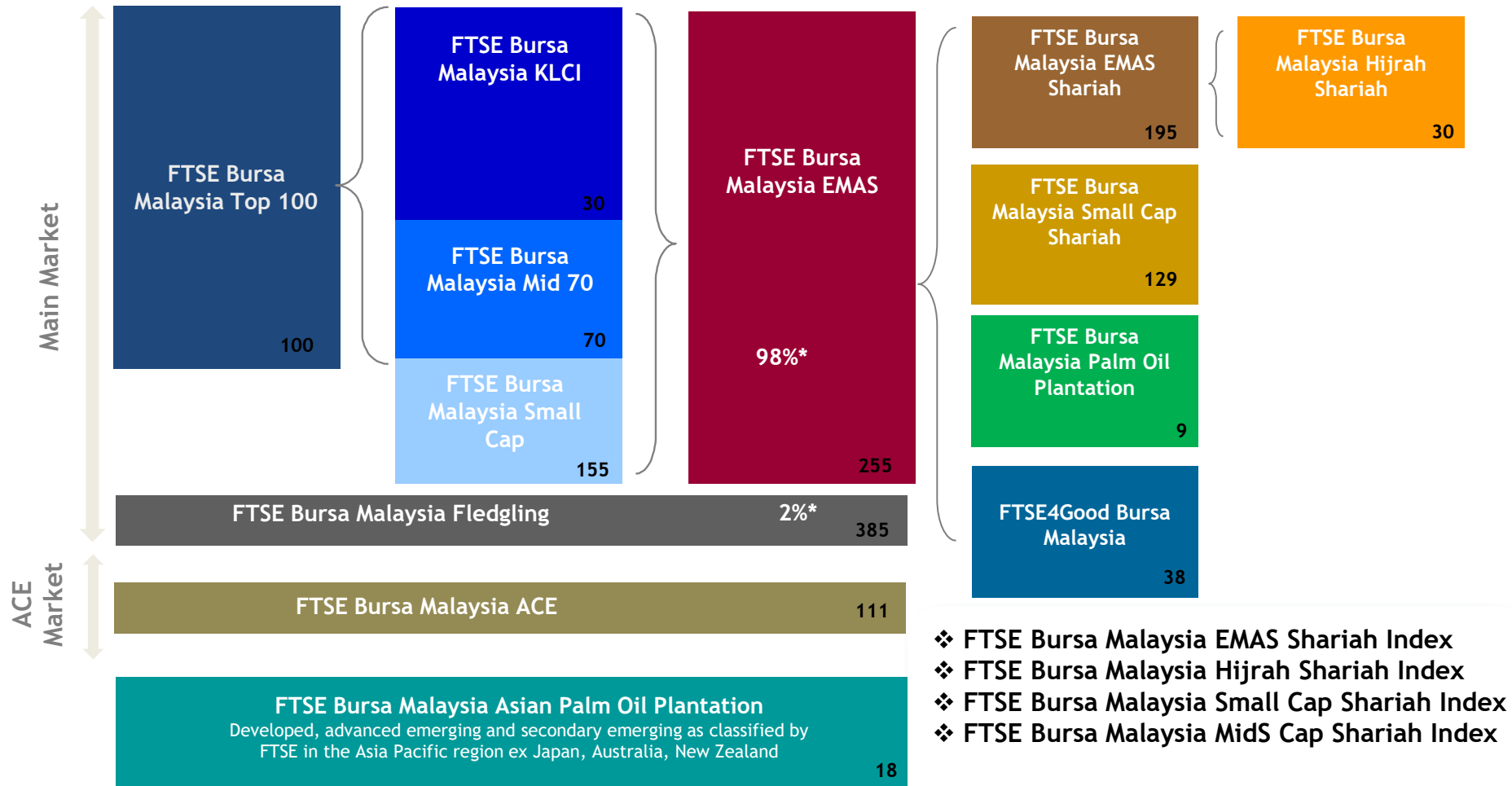
1. MyETF Dow Jones Islamic Market Malaysia Titans 25 (*MyETF-DJIM 25*)
2. MyETF MSCI Malaysia Islamic Dividend (*MyETF-MMID*)
3. MyETF MSCI South East Asia Islamic Dividend (*MyETF-MSEAD*)
4. MyETF Thomson Reuters Asia Pacific ex-Japan Agribusiness (*MyETF-AGRI*)

ETBS

1. 1st DanaInfra ETBS
Stock Code: 0400GA
2. 2nd DanaInfra ETBS
Stock Code: 0400GB
3. 3rd DanaInfra ETBS
Stock Code: 0400GC

Shariah Indices

FTSE Bursa Malaysia Index Series



Constituent numbers are as of Dec 2016.

*Based on full market capitalisation

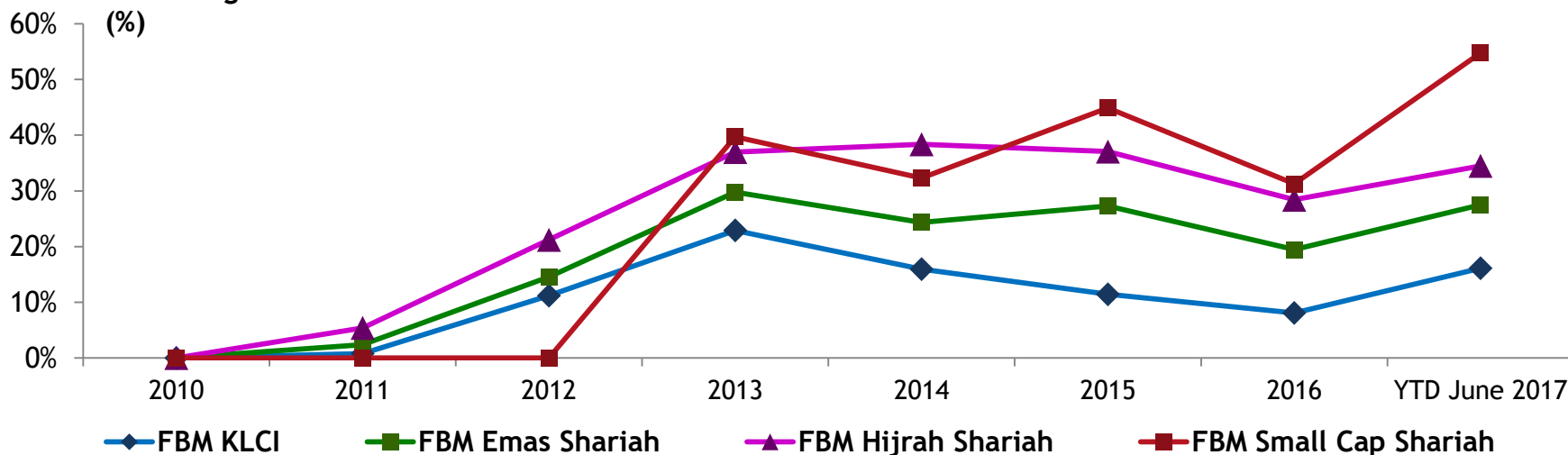
Source: FTSE

Index Performance & Growth

Shariah indices have consistently outperformed the FBM KLCI

Growth Percentage

(%)



Index	Year-end							
	2010	2011	2012	2013	2014	2015	2016	YTD June 2017
FBM KLCI	1,518.91	1,530.73 (0.78%)	1,688.95 (11.19%)	1,866.96 (22.91%)	1,761.25 (15.95%)	1,692.51 (11.43%)	1,641.73 (8.09%)	1,763.67 (16.11%)
FBM Emas Shariah	10,058.15	10,300.29 (2.41%)	11,520.73 (14.54%)	13,051.59 (29.76%)	12,507.02 (24.35%)	12,800.65 (27.27%)	12,014.42 (19.45%)	12,822.15 (27.48%)
FBM Hijrah Shariah	10,456.86	11,022.63 (5.41%)	12,674.93 (21.21%)	14,323.63 (36.98%)	14,468.70 (38.37%)	14,332.58 (37.06%)	13,427.77 (28.41%)	14,064.20 (34.50%)
FBM Small Cap Shariah	-	-	10,482.56	14,645.47 (39.71%)	13,870.23 (32.32%)	15,189.63 (44.90%)	13,759.07 (31.26%)	16,225.87 (54.79%)

Source: Bursa Malaysia

28 out of 43 (65%) of the FTSE4Good Bursa Malaysia Index Constituents are Shariah-compliant

The 15 Shariah non-compliant companies are due to their nature of business

No	Company Name	Bursa Sector	FBM Index @ June 2017 Review	Shariah Compliant
1	AXIATA GROUP BERHAD	TRADING/SERVICES	FBM KLCI	YES
2	CAHYA MATA SARAWAK BHD	INDUSTRIAL PRODUCTS	FBM 70	YES
3	DIGI.COM BHD	INFRASTRUCTURE PROJECT COS.	FBM KLCI	YES
4	E.A.TECHNIQUE (M) BERHAD*	TRADING/SERVICES	FBM SCAP	YES
5	HARTALEGA HOLDINGS BHD	INDUSTRIAL PRODUCTS	FBM 70	YES
6	KLCC PROP&REITS-STAPLED SEC	REITS	FBM KLCI	YES
7	KPJ HEALTHCARE BHD	TRADING/SERVICES	FBM 70	YES
8	KUALA LUMPUR KEPONG BHD*	PLANTATION	FBM KLCI	YES
9	LII HEN INDUSTRIES BHD	CONSUMER PRODUCTS	FBM SCAP	YES
10	MALAYSIA MARINE AND HEAVY ENG	TRADING/SERVICES	FBM 70	YES
11	MALAYSIAN RESOURCES CORPORATION BERHAD	PROPERTY	FBM 70	YES
12	MAXIS BERHAD	TRADING/SERVICES	FBM KLCI	YES
13	MISC BHD	TRADING/SERVICES	FBM KLCI	YES
14	MY E.G. SERVICES BHD	TRADING/SERVICES	FBM 70	YES
15	PETRONAS CHEMICALS GROUP BHD	INDUSTRIAL PRODUCTS	FBM KLCI	YES
16	PETRONAS DAGANGAN BHD	TRADING/SERVICES	FBM KLCI	YES
17	PETRONAS GAS BHD	INDUSTRIAL PRODUCTS	FBM KLCI	YES
18	PRESTARIANG BERHAD	TRADING/SERVICES	FBM SCAP	YES
19	SALCON BHD	TRADING/SERVICES	FBM SCAP	YES
20	SIME DARBY BHD	TRADING/SERVICES	FBM KLCI	YES
21	SUNWAY BERHAD	PROPERTY	FBM 70	YES
22	SUNWAY CONSTRUCTION GROUP BERHAD	CONSTRUCTION	FBM 70	YES
23	TELEKOM MALAYSIA BHD	TRADING/SERVICES	FBM KLCI	YES
24	TENAGA NASIONAL BHD	TRADING/SERVICES	FBM KLCI	YES
25	TOP GLOVE CORPORATION BHD	INDUSTRIAL PRODUCTS	FBM 70	YES
26	UEM SUNRISE BERHAD	PROPERTY	FBM 70	YES
27	UNISEM (M) BHD	TECHNOLOGY	FBM 70	YES
28	WESTPORTS HOLDINGS BERHAD	TRADING/SERVICES	FBM KLCI	YES
29	AEON CREDIT SERVICE (M) BHD	FINANCE	FBM 70	NO
30	ALLIANCE FINANCIAL GROUP BHD	FINANCE	FBM 70	NO
31	ASTRO MALAYSIA HOLDINGS BERHAD	TRADING/SERVICES	FBM KLCI	NO
32	BUMI ARMADA BERHAD	TRADING/SERVICES	FBM 70	NO
33	BURSA MALAYSIA BHD	FINANCE	FBM 70	NO
34	CIMB GROUP HOLDINGS BERHAD	FINANCE	FBM KLCI	NO
35	GD EXPRESS CARRIER BHD	TRADING/SERVICES	FBM 70	NO
36	MALAYAN BANKING BHD	FINANCE	FBM KLCI	NO
37	MALAYSIA AIRPORTS HOLDINGS BHD	TRADING/SERVICES	FBM 70	NO
38	MALAYSIA BUILDING SOCIETY BHD	FINANCE	FBM 70	NO
39	PUBLIC BANK BHD	FINANCE	FBM KLCI	NO
40	RHB BANK BERHAD	FINANCE	FBM KLCI	NO
41	HENGYUAN REFINING COMPANY BERHAD	INDUSTRIAL PRODUCTS	FBM SCAP	NO
42	SUNWAY REAL ESTATE INVT TRUST	REITS	FBM 70	NO
43	YTL CORPORATION BHD*	TRADING/SERVICES	FBM KLCI	NO



SHARIAH INVESTING ON BURSA MALAYSIA-*i*

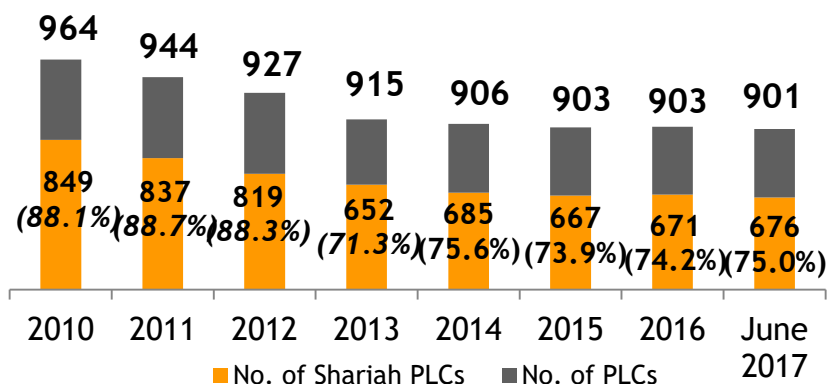


Islamic Capital Market Statistics

The Shariah-compliant regime getting stronger

	2010	2011	2012	2013	2014	2015	2016	YTD June 2017
Total Market Capitalisation - Shariah (RM bil)	803.2 (63.8%)	809.6 (63.7%)	945.9 (65.2%)	1,044 (62.1%)	1,028 (63.0%)	1,104 (65.8%)	1,050 (63.0%)	1,131 (61.5%)
Total ADV OMT - Shariah (RM mil)	918 (66.7%)	1,088 (68.0%)	1,042 (69.8%)	1,269 (69.7%)	1,331 (68.6%)	1,285 (68.3%)	1,142 (63.0%)	1,499 (60.0%)
Total ADV OMT+DBT - Shariah (RM mil)	994 (66.6%)	1,134 (67.3%)	1,106 (69.9%)	1,453 (71.2%)	1,396 (68.3%)	1,348 (68.4%)	1,253 (63.7%)	1,601 (60.0%)
Total Number of Shariah-compliant PLCs	849 (88.1%)	837 (88.7%)	819 (88.3%)	652 (71.3%)	685 (75.6%)	667 (73.9%)	671 (74.2%)	676 (75.0%)
Total Number of Shariah-compliant Counters (PLCs + REITS + ETBS + ETFs)	846 (86.7%)	837 (87.1%)	817 (86.7%)	657 (70.2%)	693 (73.3%)	678 (73.8%)	682 (74.1%)	687 (74.9%)

Number of Shariah PLCs



Number of Shariah Instruments

	Jun 2016	Dec 2016	May 2017	Jun 2017
Stocks	669	671	676	676
Indices	3	3	3	3
ETFs	4	4	4	4
REITs	4	4	4	4
ETBS	3	3	3	3

The Growth of Malaysian Islamic Funds Industry

Malaysian Islamic Fund Assets

Malaysia's Islamic funds industry has demonstrated impressive growth

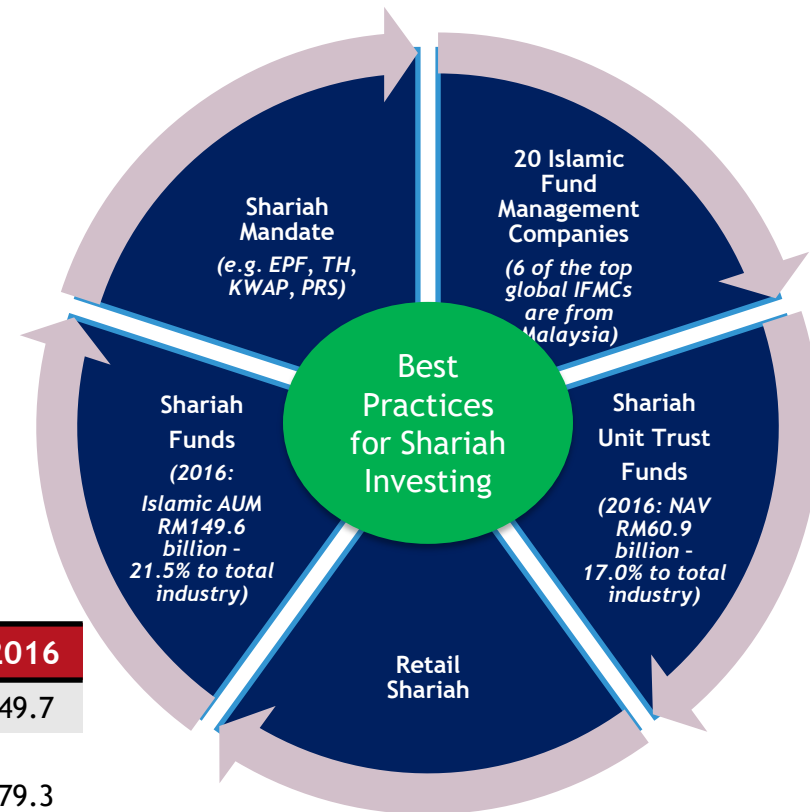
- 20** Islamic Fund Management Companies
- 6** of the top global IFMC are from Malaysia
- 13** Companies offering Islamic Stockbroking Services

RM billion	2010	2011	2012	2013	2014	2015	2016
Islamic AUM	48.0	64.2	79.6	97.5	110.6	132.4	149.7
Total Fund Management Industry	377.0	423.3	505.1	588.4	629.9	667.9	679.3
% Islamic AUM to Total Industry	12.7%	15.2%	15.8%	16.6%	17.6%	19.8%	21.5%

Note:

- 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



#YnotIF

World's First End-to-End Shariah Investing Platform launched on 5 September 2016

“The first-in-the-world end-to-end Shariah Investing”

on



Live Responsibly, Invest Responsibly, **Invest Shariah**



Invest Shariah via Islamic Participating Organisations



بى.اى.سى. سيکوریتیز سنڊرين برحد
BIMB SECURITIES SDN BHD (290163-X)
A Participating Organisation of Bursa Malaysia Securities Berhad



AFFIN HWANG
CAPITAL



CIMB



HongLeong Investment Bank

INTER-PACIFIC
SECURITIES SDN. BHD.

A Participating Organisation of Bursa Malaysia Securities Berhad
A Trading Participant of Bursa Malaysia Derivatives Berhad

Jupiter Online

JUPITER SECURITIES SDN BHD (40703-w)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

kenanga

M+Online
Your Gain Our Aim

MALACCA SECURITIES SDN BHD



PUBLIC INVESTMENT BANK

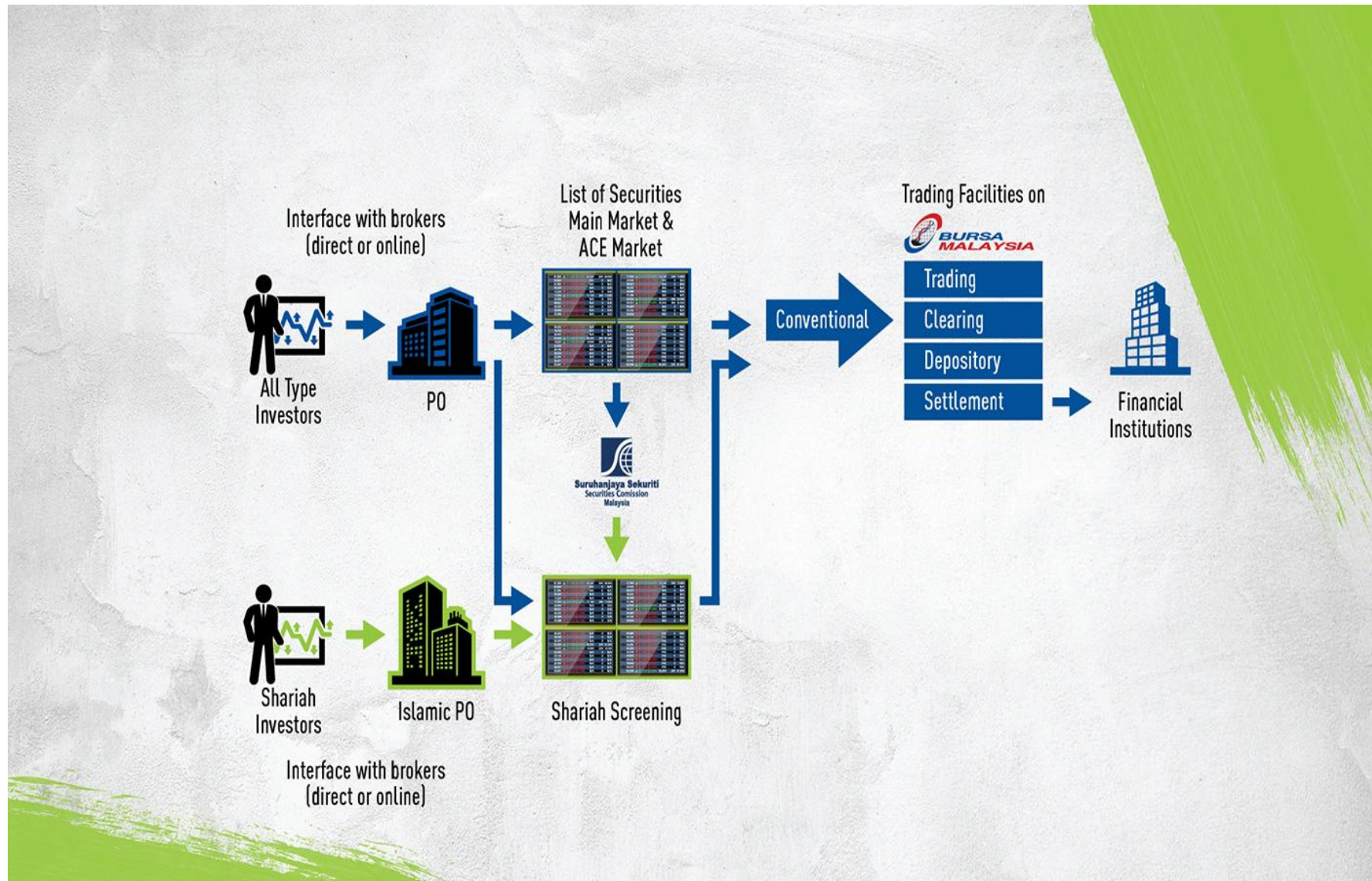


RHB Investment Bank Berhad



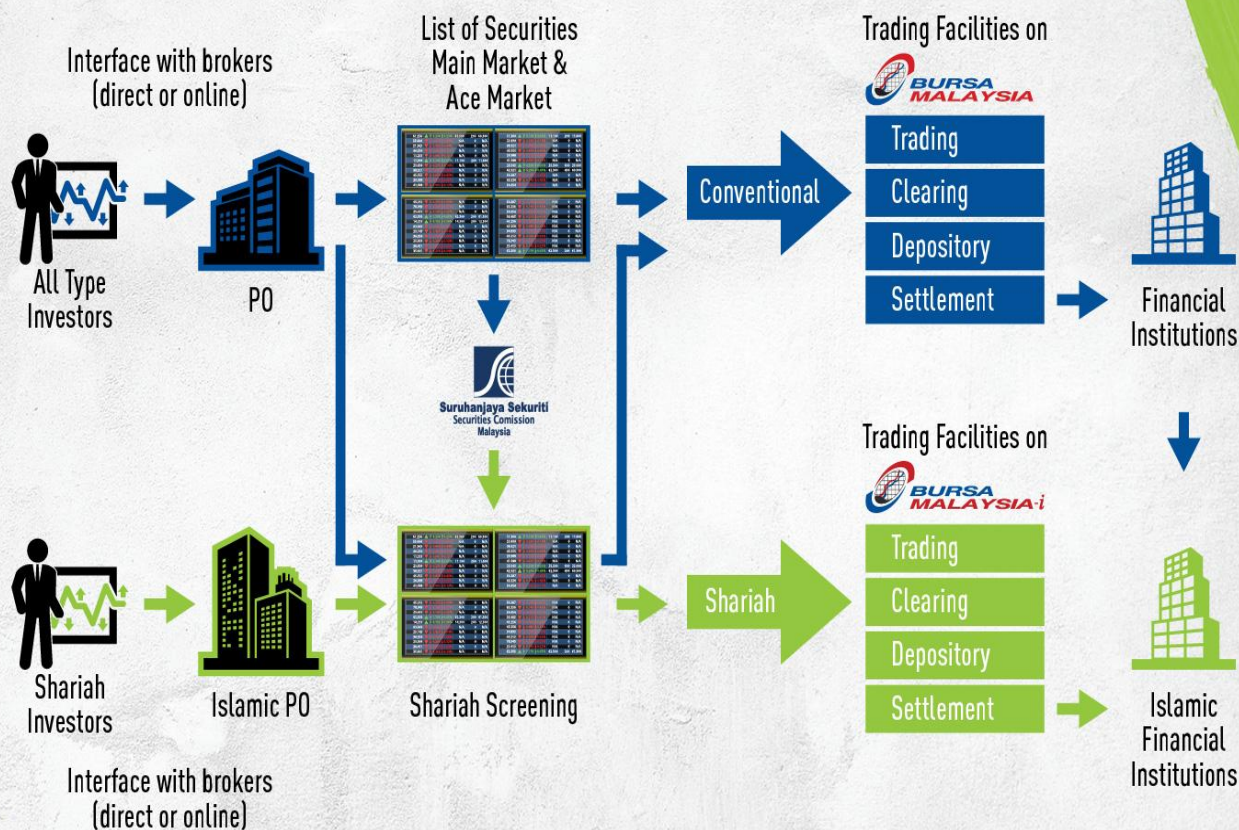
TA SECURITIES
A MEMBER OF THE TA GROUP

Previous Landscape for Investors Seeking Shariah-compliant Securities



New Landscape for Investors Seeking Shariah-compliant Securities

SHARIAH INVESTING LANDSCAPE ON BURSA MALAYSIA-*i*



13 Islamic Participating Organisations

1. BIMB Securities Sdn Bhd (*19 August 1994*) ~ Full-fledged
2. Affin Hwang Investment Bank Berhad (*12 February 2004*)
3. AmlInvestment Bank Berhad (*21 August 2008*)
4. CIMB Investment Bank Berhad (*21 August 2008*)
5. Maybank Investment Bank Berhad (*4 May 2010*)
6. Jupiter Securities Sdn Bhd (*21 January 2011*)
7. Kenanga Investment Bank Berhad (*26 August 2014*)
8. RHB Investment Bank Berhad (*26 August 2014*)
9. Malacca Securities Sdn Bhd (*21 June 2016*)
10. Hong Leong Investment Bank Berhad (*15 September 2016*)
11. TA Securities Sdn Bhd (*23 December 2016*)
12. Inter-Pacific Securities Sdn Bhd (*31 May 2017*)
13. Public Bank Investment Berhad (*19 June 2017*)

Best Practices as Guidance



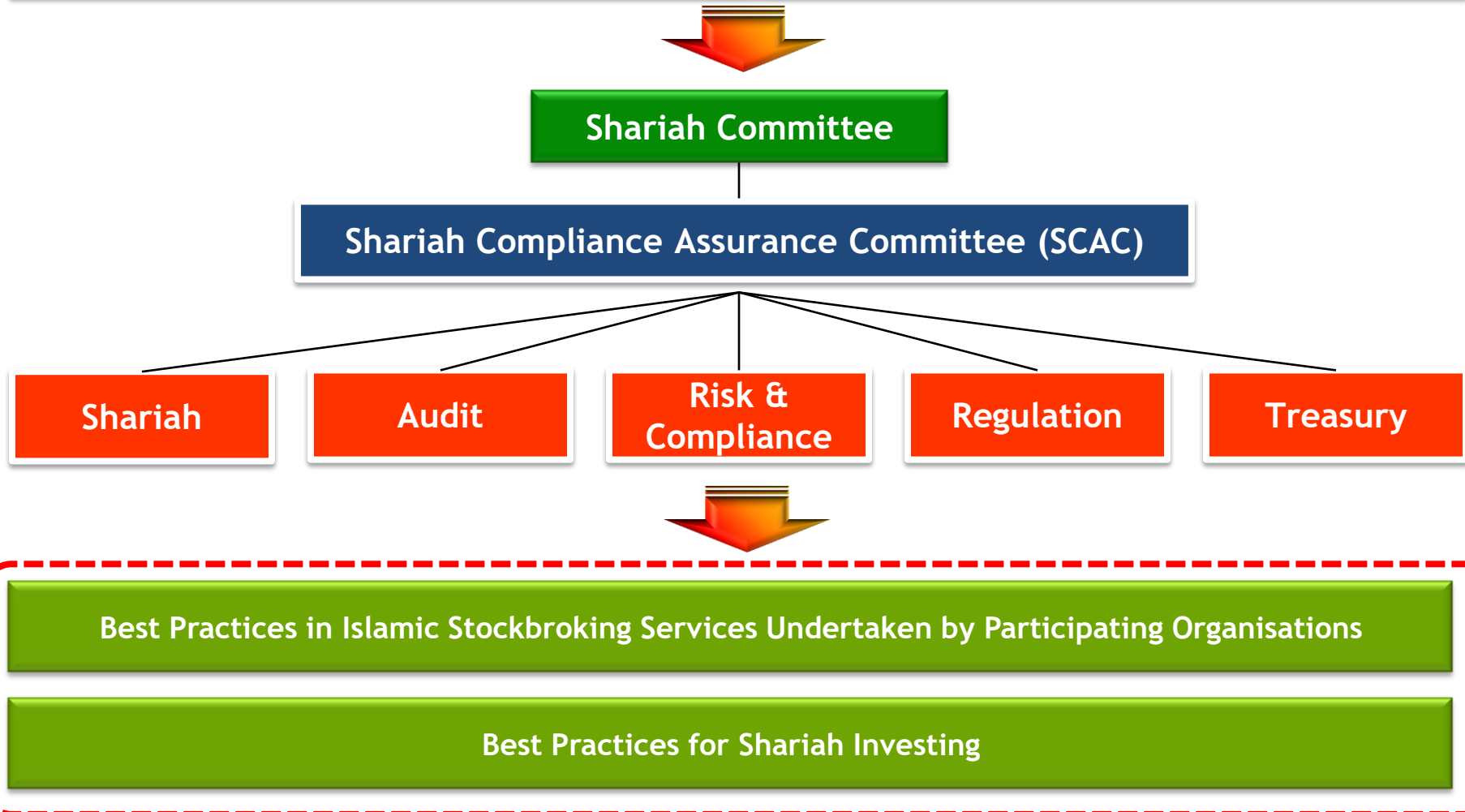
1. INTRODUCTION
 - 1.1 With effect from 5 September 2016, Bursa Malaysia Securities Berhad will be able to provide a fully integrated Islamic securities exchange platform with a comprehensive range of exchange-related facilities including listing, trading, clearing, settlement and depository services. Known as "Bursa Malaysia-i" the Islamic securities exchange platform will facilitate the conduct of Shariah-compliant investment activities.
 - 1.2 In line with the launch of Bursa Malaysia-i, we are updating the Best Practices in the Islamic Stockbroking Services Undertaken by Participating Organisations ("Best Practices") as set out in paragraph 2 below.
2. AMENDMENTS TO THE BEST PRACTICES
 - 2.1 The key amendments to the Best Practices are as follows:
 - (a) the definitions used in the Best Practices, including the definitions of "riba", and "ta'widh" have been updated for consistency with Sh principles, and additional clarification on Shariah principles has included;
 - (b) amendments have been made to further emphasise the role of a Shariah Adviser in providing effective oversight over Shariah matters in an Participating Organisation ("IPO"). The Shariah Adviser's endorsement approval should be sought in respect of the operations of the IPO annually;
 - (c) amendments have been made to clarify that the Head of Compliance of the IPO should report any non-compliance with Shariah principles, Practices or concepts and rulings issued by the Shariah Adviser of the Securities Commission Malaysia directly to the board of after consulting the Shariah Adviser; and
 - (d) the template of the Shariah confirmation which should be obtained from the Shariah Adviser on an annual basis is set out in the Best Practices.
 - 2.2 The amended Best Practices are set out in Annexure A.

Bursa Malaysia Berhad (Kuala Lumpur)
 18th Floor, Exchange Square
 10000 Kuala Lumpur, Malaysia
 Tel: 60-3208 1000 (GL)
 Fax: 60-3208 3654
 Website: www.bursamalaysia.com



Comprehensive Shariah Compliance Assurance

Shariah Compliance Assurance Framework (SCAF)



Attracting Shariah Liquidity Pool

“The first-in-the-world end-to-end Shariah Investing”
on



Live Responsibly, Invest Responsibly, Invest Shariah

Foreign

Domestic

ISSUERS

INVESTORS



- ↑ No. of Islamic POs
- ↑ No. of Shariah-compliant Products
- ↑ No. of Shariah-compliant PLCs
- ↑ Shariah Market Capitalisation
- ↑ Shariah ADV

Thank You



Live Responsibly
Invest Responsibly
Invest Shariah



icm@bursamalaysia.com



Islamic Capital Market, Bursa Malaysia



@ICM_Bursa



@ICM_Bursa

<http://www.bursamalaysia.com/market/bmi>



DISCLAIMER:

Bursa Malaysia and its Group of Companies (the Company) reserve all proprietary rights to the contents of this presentation. Whilst the company endeavors to ensure that the contents in this presentation are accurate, complete or have been obtained from sources believed by the Company to be accurate and reliable, neither the Company nor the presenter make any warranty, express or implied, nor assume any legal liability or responsibility for the accuracy, completeness or currency of the contents of this presentation. In no event shall the Company be liable for any claim, howsoever arising, out of or in relation to this presentation.