

**Document** : Speech by Tan Sri Amirsham A Aziz  
Chairman, Bursa Malaysia Berhad

**Event** : Launch of Bursa Malaysia-*i*

**Date** : 5 September 2016 (Monday)

**Time** : 2.00pm - 5.00pm

**Venue** : Conference Room, Ground Floor, Bursa  
Malaysia

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Assalamualaikum warahmatullahi wabarakatuh  
and a very good afternoon

Yang Berhormat Datuk Johari Abdul Ghani  
Minister of Finance II

Yang Berhormat Dato' Lee Chee Leong  
Deputy Minister of Finance II

Yang Berbahagia Tan Sri Dato' Seri Ranjit Ajit  
Singh  
Chairman, Securities Commission Malaysia

Yang Berbahagia Datuk Seri Tajuddin Atan  
Chief Executive Officer of Bursa Malaysia Berhad

Members of the Media,

Ladies and Gentlemen.

1. A very good afternoon and welcome to Bursa Malaysia. Today is another significant step in Bursa Malaysia's sustainable journey. Today also marks our continued recognition as an international Islamic capital marketplace for fund raising and Shariah Investing.
2. It is an honour to have here with us today Y.B. Datuk Johari Abdul Ghani to launch **Bursa Malaysia-i**. **Bursa Malaysia-i** is the world's first end-to-end, fully integrated Islamic securities exchange platform that offers investors the choice to invest and trade Shariah compliant products via a Shariah compliant platform.

3. In our journey to become the world's first end to end fully integrated Islamic securities exchange platform, we have had to challenge ourselves and think out of the box. To make this a reality we have had to leverage on existing systems and processes, with inputs for enhancements being contributed by internal and external parties, including our own Shariah committee and the Shariah Advisory Council of the Securities Commission.
4. **Bursa Malaysia-i** incorporates the full range of Shariah compliant exchange-related services including listing, trading, clearing, settlement and depository services.
5. As a leading emerging market exchange for Shariah compliant securities, **Bursa Malaysia-i** underscores our leadership as the global marketplace for Shariah listing and investment.

6. Already, Bursa Malaysia as an integrated exchange, offers a good breadth of quality stocks. 669 out of 902 companies listed on the Exchange or 73.9% are Shariah compliant.
7. The Malaysian market capitalisation has been growing at a tremendous pace - 363% since 1997, and the Shariah market capitalisation as of (July 2016) makes up 63.5% of the total market capitalisation of RM1.6 trillion.
8. Indeed, Bursa Malaysia offers investors a wide choice of Shariah investments on our Exchange. I have not yet taken into account other listed Shariah compliant products that offer viable risk alternatives for investors, such as Islamic Exchange Traded Funds or i-ETFs, Islamic Real Estate Investment Trusts or i-REITs and Exchange Traded Sukuk.

9. In 1999, Bursa Malaysia launched its first Shariah compliant index, the Kuala Lumpur Shariah index. Subsequently in 2007 we added two more Shariah compliant indices with the launch of the FBM EMAS Shariah and the FBM Hijrah Shariah.
  
10. It is worth noting that the FBM Hijrah Shariah, which constitutes 30 of the largest Shariah compliant companies, has consistently outperformed the FTSE Bursa Malaysia KLCI. From 2010 to July 2016, the conventional FBM KLCI index grew from 1518.91 to 1653.26, an increase of 8.8%, while during the same period the FBM Hijrah Index grew by 30.6%.

11. Then in 2012, we added the FBM Shariah Small Cap Index. In November 2013, the Securities Commission of Malaysia introduced the revised screening methodology to align the Malaysia Islamic securities market with international standards. It is part of the strategy to attract greater inflow of foreign Islamic funds into Malaysian Shariah compliant securities.

Ladies and Gentlemen,

12. The shift towards ethical or value-based investing continues to grow. We at Bursa Malaysia recognised this when we introduced Asia's first globally benchmarked FTSE4Good Bursa Malaysia index in 2014, to continue to measure the progress and acceptance of sustainability in Malaysia. Our goal is to provide global investors the visibility and access to our PLCs which meet globally accepted standards of sustainability. As at June 2016, 66% or 25 of the 38 FTSE4Good constituents are Shariah compliant.

13. This shift towards value-based investing also appears to track the increasing demand for Shariah compliant financial solutions. This has created a growing appetite for Islamic capital market products and services.
14. It is a pattern that is observed globally and indeed evident in Malaysia, particularly the demand for Shariah investing at both retail and institutional levels. **Bursa Malaysia-i** will cater to the faith-based investors.
15. On that note, I must acknowledge the vital support and strong collaboration of the nine Islamic Participating Organisations or Islamic POs or Brokers who have been instrumental in the successful rollout of **Bursa Malaysia-i**.

16. To make **Bursa Malaysia-i** a reality, the Islamic Capital Market team at Bursa Malaysia and the nine Islamic POs have worked relentlessly with numerous and rigorous internal reviews and engagements with the Securities Commission of Malaysia's Shariah Advisory Council as well as external independent advisors, amongst others.
17. Ladies and Gentlemen, I am pleased to acknowledge the pioneer batch of Islamic POs on Bursa Malaysia-i :
- a) Affin Hwang Investment Bank Berhad
  - b) AmInvestment Bank Berhad
  - c) BIMB Securities Sdn Bhd
  - d) CIMB Investment Bank Berhad
  - e) Jupiter Securities Sdn Bhd
  - f) Kenanga Investment Bank Berhad
  - g) Malacca Securities Sdn Bhd
  - h) Maybank Investment Bank Berhad
  - i) RHB Investment Bank Berhad



So for investors who make a conscious choice to invest in accordance to your faith, you now have the option to choose from nine Islamic POs to start Shariah investing on Bursa Malaysia.

Ladies and Gentlemen,

18. I am proud to share that **Bursa Malaysia-i** delivers on our promise to continuously bring new products and services to the marketplace that build on our strengths...:
- a) As a Globally-leading emerging market exchange for Shariah investing,
  - b) Our diverse and sustainable marketplace, and
  - c) The expectation of Bursa Malaysia as an inclusive marketplace. This resonates with our clarion call to ensure that there is “Something for Everyone on Bursa Malaysia”.

19. We are confident that **Bursa Malaysia-*i*** will elevate the visibility of our marketplace and Islamic POs, across ASEAN and on the global stage as the emerging market leader for Sustainable and Responsible Investing, which shares many characteristics with the principles of Islamic finance. By combining both of these values, Bursa Malaysia's progress as a sustainable marketplace is further strengthened with our newly launched Shariah investing platform.
  
20. On that note, I hope the other 21 Participating Organisations registered with Bursa Malaysia will take advantage of the only end-to-end Islamic securities exchange platform that is **Bursa Malaysia-*i*** to set up Islamic stockbroking services.

21. In the meantime, Bursa Malaysia will continue to work with key stakeholders to be the catalysts for the growth of the **Bursa Malaysia-i** platform. We will also continue to promote the message of Shariah investing to Malaysians via on-ground roadshows in collaboration with the Islamic POs and Shariah compliant public listed companies.

Ladies and Gentlemen,

22. Being the first has its advantages but we must not rest on our laurels. Today's achievement is but the first step. Through **Bursa Malaysia-i**, we hope for the capital market industry to achieve the following:

- a) Increase in the number of Shariah-compliant public listed companies;
- b) Increase in the number of Shariah-compliant products;
- c) Increase in Shariah market capitalisation;
- d) Increase in Shariah Average Daily Value (ADV); and
- e) Increase in the number of Islamic POs.

23. Currently, approximately two-thirds of trade contribution is from the domestic investor segment. Therefore, there is a need for comprehensive support from the capital market stakeholders, in particular the domestic market players who are the major catalysts and drivers of foreign interests.
  
24. Reports have consistently shown Shariah indices to outperform the FBM KLCI. However, there is room for further growth and development of Shariah indices, as a major difference is the lack of diversification from the financial sector. There is currently no financial representation in the FBM Hijrah Shariah Index. Therefore it would be worthwhile for independent Islamic Banks and Islamic Banking Subsidiaries to consider to be listed on Bursa Malaysia for possible inclusion into FBM Hijrah Shariah Index.

Ladies and Gentlemen,

25. Today's launch is not the end of the journey. It is just the beginning of a new phase in the development of our Islamic Capital Market.
  
26. To be a leading global centre of the Islamic capital market, we must continue to develop cross-border flow and market accessibility to Malaysia by providing the enabling infrastructure that includes, among others:
  - a) Direct market access beyond inter-broking;
  - b) Mutual recognition by market regulators;
  - c) Investing and trading across global time zones;
  - d) Tools that support foreign investors to hedge their Ringgit Malaysia exposure more effectively; and
  - e) The enablement of Dollar-RM futures trading to reduce volatility to the market.

27. Taking cue from the evolution of Islamic Banking which took time to fully develop into its current state, the introduction of the world's first end-to-end Shariah investing platform is just the beginning. It will require all stakeholders and investors to provide their utmost commitment in ensuring its success and continued growth.
28. On that note, ladies and gentlemen, I thank you for joining us in today's special event and for making the launch of **Bursa Malaysia-*i*** a reality and effectively placing another feather in the cap for Malaysia's world Islamic finance marketplace.

Thank You.