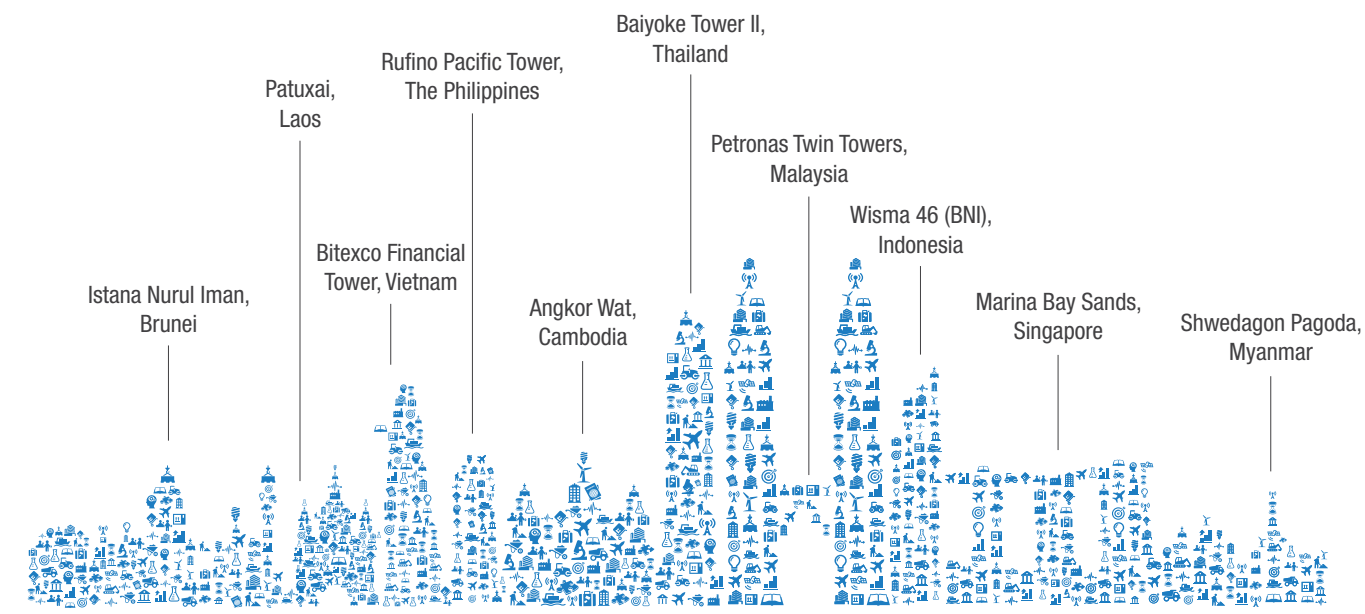


GROWING THE MARKETPLACE

CREATING FUTURE VALUE

ANNUAL REPORT 2017

On Our Cover:
ASEAN'S LEADING LANDMARKS



**GROWING THE MARKETPLACE,
CREATING FUTURE VALUE**

The imagery used on the cover of our Annual Report 2017 symbolises Bursa Malaysia's long-term strategy to be the leading capital market in ASEAN.

At the same time, the theme of our Annual Report this year, 'Growing the Marketplace, Creating Future Value', highlights our efforts to continuously develop the domestic capital market, guided by our long-term strategy. This is anchored on creating and delivering value not only for our business, but also for our stakeholders for years to come.

- OUR INTEGRATED JOURNEY -

Our Annual Report 2017 marks a continuation of the integrated reporting journey which we embarked upon last year. We have prepared this Annual Report in accordance with the International Integrated Reporting Framework as we endeavour to meet global standards of disclosure in our financial and non-financial performance. This report describes how we utilise our resources (capitals) to create value for all our stakeholders, and how this contributes to the achievement of our long-term goals. This Annual Report also covers how we carry out our multiple roles as a frontline regulator, a market operator, an influencer and a public listed company. The integrated reporting process is an ongoing journey, in which we continue to strive to improve on the quality of our reporting.

VISION:

To be the preferred partner in Asia for fund raising, trading and investment.

MISSION:

As the preferred partner, Bursa Malaysia offers a fair and orderly market that is easily accessible with diverse and innovative products and services.

OUR CORE VALUES



Building relationships



United to achieve



Responsibility



Simplicity



Agility

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ABOUT THIS REPORT

SCOPE AND BOUNDARIES

THIS EDITION OF OUR ANNUAL REPORT DISCLOSES BURSA MALAYSIA'S STRATEGIES, DIRECTION AND INITIATIVES AS WELL AS OUR BUSINESS AND FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2017. THE INFORMATION PUBLISHED IN THIS REPORT DESCRIBES OUR ROLES, OUR THREE MARKETS AND OUR OPERATIONAL ACTIVITIES.

THIS REPORT DISCUSSES OUR LONG-TERM STRATEGIES AND INITIATIVES UNDERTAKEN TO REALISE THE DESIRED OUTCOMES. SUSTAINABILITY IS AT THE CORE OF ALL WE DO, AS IT IS KEY TO OUR LONG-TERM SUCCESS IN CREATING ENDURING VALUE FOR OUR STAKEHOLDERS. IT ALSO EXPLAINS HOW WE CREATE VALUE THROUGH OUR USE OF THE FIVE CAPITALS: FINANCIAL, HUMAN, INTELLECTUAL, SOCIAL AND MANUFACTURED.

We strive to adopt international best practices in our reporting. This includes adopting high standards in all disclosures published in this report to ensure readers gain accurate, complete, timely, transparent, fairly represented and meaningful information.

In line with our integrated reporting journey which commenced in 2016, we have continued to prepare this Annual Report based on the International Integrated Reporting Council's International Integrated Reporting (<IR>) Framework, making this our second year of preparing our Annual Report in accordance with the <IR> framework.

Our financial statements, audited by Ernst & Young, have been prepared according to the requirements of the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. Except for the financial statements, this Annual Report has not been independently reviewed.

The infographic is set against a light orange background and features five numbered icons in red circles, each representing a different type of capital. The icons are: 1. Financial Capital (a dollar sign and an upward arrow), 2. Human Capital (a person with gears), 3. Intellectual Capital (an eye with a gear inside), 4. Social Capital (three stylized human figures), and 5. Manufactured Capital (a circuit board with a gear). Each icon is accompanied by its name and a descriptive paragraph.


1
Financial Capital
Our Financial Capital comprises share capital and operating revenue.

2
Human Capital
Our Human Capital comprises highly competent professionals with the right skill sets and capabilities to manage our market infrastructure.

3
Intellectual Capital
Our Intellectual Capital comprises the institutionalised forms of knowledge, information and competencies derived from years of experience as the capital market operator and regulator.

4
Social Capital
Our Social Capital comprises the relationships that we have built with our stakeholders, including our investors, public listed companies, regulators, intermediaries and communities.

5
Manufactured Capital
Our Manufactured Capital comprises technology as an enabler across our trading platforms and market operations to ensure reliability and efficiency of our market infrastructure.

 For more information on Our Capitals, go to page 20

In addition, we have complied with the Malaysian Code on Corporate Governance (MCCG).

FORWARD-LOOKING STATEMENTS AND DISCLAIMER

This Annual Report contains some forward-looking statements that are subject to risks and uncertainties, and there are important factors that could cause some variance between the actual results and the expectations communicated by our forward-looking statements. These forward-looking statements should not be construed as guarantees or predictions of Bursa Malaysia's future performance. Given this uncertainty, readers of this report are advised not to place undue reliance on our forward-looking statements. We have included in this report the material risks and other external factors that may create unforeseen impacts on our operations, the discussion of which is outside the scope of this Annual Report.

FEEDBACK

As we continue on our <IR> journey, we are continuously enhancing the quality of our reporting and welcome feedback from our stakeholders. Should you have any comments or queries regarding this report, please contact us at ir@bursamalaysia.com. This report is also available in CD format, which can be obtained from our Investor Relations team.

CROSS-REFERENCE TOOLS



1/ PAGE REFERENCES

Refers readers to information elsewhere in this report



2/ WEBSITE

Indicates that additional information is available on our website: www.bursamalaysia.com



3/ SUSTAINABILITY

Refers readers to further information in our Sustainability Report available on our website: www.bursamalaysia.com

OUR REPORTS

Each year, Bursa Malaysia publishes its Annual Report and a separate Sustainability Report as part of its annual disclosure process. These complementary reports aim to promote transparency in our operations as well as assist our stakeholders in making informed decisions.

ANNUAL REPORT (THIS REPORT)



The Annual Report represents our Group's main disclosure document on our performance for the year under review. It provides information on our strategic goals and the initiatives we have undertaken to achieve our strategies.

This report also provides detailed disclosure on our financial results and demonstrates our accountability for those results as part of our duty to our shareholders.

This report is available at www.bursamalaysia.com/corporate.

SUSTAINABILITY REPORT



The Sustainability Report provides information on how Bursa Malaysia delivers sustainable value to our stakeholders. It discloses our efforts to contribute to the betterment of the marketplace, our employees, the communities and the environment.

This report was prepared in accordance with the 'core' option of the Global Reporting Initiative standards.

This report is available at www.bursamalaysia.com/corporate.

CORPORATE GOVERNANCE REPORT



The Corporate Governance Report provides specific disclosures on how Bursa Malaysia has applied the Practices set out in the MCCG for the financial year 2017.

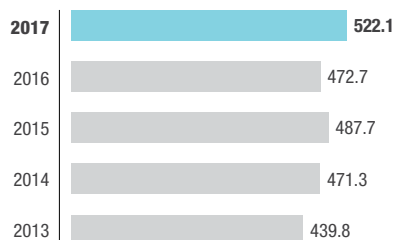
This report was prepared in compliance with Paragraph 15.25(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

This report is available at www.bursamalaysia.com/corporate/about-us/corporate-governance/cg-report-2017/.

KEY HIGHLIGHTS

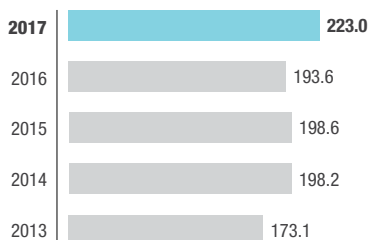
522.1 ▲ 10.4%

OPERATING REVENUE
(RM MILLION)



223.0 ▲ 15.2%

PATAMI
(RM MILLION)



250.4 ▲ 6.0%

OPERATING EXPENSES
(RM MILLION)



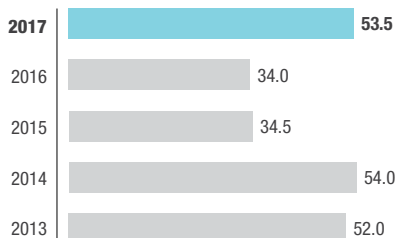
45.1 ▼ 1.5 PERCENTAGE POINTS

COST TO INCOME RATIO
(%)



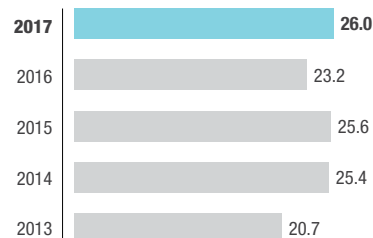
53.5 ▲ 19.5 SEN

NET DIVIDEND PER SHARE
(SEN)



26.0 ▲ 2.8 PERCENTAGE POINTS

RETURN ON EQUITY
(%)



FINANCIAL CAPITAL



Operating Revenue
RM522.1
MILLION

2016: **RM472.7 MILLION**

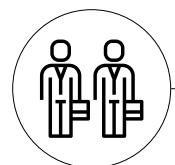


Share Capital
RM402.2
MILLION

2016: **RM268.1 MILLION**

For more information, go to Note 27 of the Financial Statements

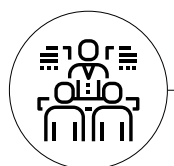
HUMAN CAPITAL



Number of employees
571

2016: **593**

INTELLECTUAL CAPITAL



Visitors to BursaMKTPLC
360,759

2016: **301,028**

SOCIAL CAPITAL



Number of university students we engaged with
7,002

2016: **6,691**

MANUFACTURED CAPITAL



Service availability and reliability
99.97%

2016: **100%**

Service availability above average SLA threshold of 99.6%

5-Year Highlights	31 DEC 2013	31 DEC 2014	31 DEC 2015	31 DEC 2016	31 DEC 2017
Key Operating Results (RM million)					
Operating Revenue	439.8	471.3	487.7	472.7	522.1
Operating Expenses	229.4	232.0	239.8	236.2	250.4
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	245.4	264.6	271.7	260.7	295.5
Profit After Tax and Minority Interest (PATAMI)	173.1	198.2	198.6	193.6	223.0
Other Key Data (RM million)					
Total Assets	1,741.7	1,656.5	2,086.5	2,436.4	2,224.9
Total Liabilities	914.2	893.8	1,267.0	1,549.1	1,362.4
Shareholders' Equity	811.2	748.7	803.4	868.9	850.0
Capital Expenditure	33.3	11.9	14.1	10.5	13.5
Financial Ratios (%)					
Operating Revenue Growth	13.2	7.1	3.5	(3.1)	10.4
Cost to Income Ratio	48.3	46.1	46.2	46.6	45.1
Net Profit Margin	37.8	40.5	39.8	40.0	41.3
PATAMI Growth	14.9	14.5	0.2	(2.5)	15.2
Return on Equity (ROE)	20.7	25.4	25.6	23.2	26.0
Share Information					
Earnings per Share (EPS) (sen)	32.5	37.2	37.2	36.2	41.5
Net Dividends per Share (sen)	52.0	54.0	34.5	34.0	53.5
Dividend Yield (%)	6.3	6.7	4.1	3.8	5.3
Payout Ratio (%)	98.5	91.5	92.9	94.2	92.8
Net Assets per Share (RM)	1.52	1.40	1.50	1.62	1.58
Share Price – High (RM)	8.47	8.32	9.00	9.26	11.06
Share Price – Low (RM)	6.22	7.40	7.48	8.18	8.73
Share Price as at 31 December (RM)	8.23	8.10	8.35	8.85	10.12
Price Earnings Ratio (times)	25	22	22	24	24
Company Market Capitalisation (RM billion)	4.4	4.3	4.5	4.7	5.4

CORPORATE MILESTONES

2017

During the year, Bursa Malaysia achieved several firsts in the capital market, including the launch of a ground-breaking new platform for capital-raising and the introduction of innovative products and services that complement our drive to develop the capital market ecosystem.

JAN	FEB	MAR	APR	MAY	JUN
<p>01</p> <p>Launched the new, refreshed BursaMKTPLC</p>	<p>15</p> <p>Announced changes to the organisation structure and key appointments in Bursa Malaysia</p>	<p>03</p> <p>Participated in the 26th ASEAN Exchanges CEOs Meeting in Bali</p>	<p>07</p> <p>Awarded Gold Medal for 'The Most Innovative Non-Food & Services Category' for Bursa Malaysia-<i>i</i> platform at the 14th Malaysia International Halal Showcase 2017</p>	<p>3</p> <p>Held Bursa Malaysia Excellence Awards 2016 Gala Nite</p>	<p>05</p> <p>Received three awards at the Global Banking and Finance Review Awards 2017</p>
	<p>24</p> <p>Hosted executives of the Stock Exchange of Thailand and Thai media at the Exchange Square</p>	<p>06-08</p> <p>Held the 28th Palm and Lauric Oils: Price Outlook Conference and Exhibition 2017</p>	<p>28</p> <p>Organised 'Eco Carnival 2017', a collaboration with EcoKnights to raise environmental awareness among employees</p>	<p>14</p> <p>Signed a Memorandum of Understanding with the Shanghai Stock Exchange to explore collaborations that improve market accessibility and visibility</p>	<p>14</p> <p>Added three constituents and removed two on the FTSE4Good Bursa Malaysia Index</p>
	<p>27</p> <p>Shared the revised tick rule on Regulated Short Selling, and the Securities Borrowing and Lending – Negotiated Transactions Failed Trade Proposal frameworks</p>	<p>13</p> <p>Issued a Management Discussion & Analysis Disclosure Guide to PLCs</p>		<p>25</p> <p>Launched the Mid and Small Cap (Bursa MidS) Research Scheme</p>	<p>23</p> <p>Revamped the participanship structure for Bursa Malaysia Derivatives Clearing Berhad to enhance the attractiveness of the Malaysian derivatives market and to facilitate market development</p>
	<p>Awarded 'Best Interbroker for Islamic Transactions' by Islamic Finance News (IFN) for Bursa Suq Al-Sila' platform at the 11th Annual IFN Service Providers Poll</p>				



For more information on Awards and Recognition, go to: page 54

JUL

24

Announced that Bursa Malaysia Derivatives Clearing Berhad has started using the Real-Time Electronic Transfer of Funds and Securities System (RENTAS) for settlement of payments

25

Launched the Leading Entrepreneur Accelerator Platform (LEAP) Market for SMEs

Launched FBM MidS Cap Index and FBM MidS Cap Shariah Index

25-26

Held the 13th Invest Malaysia Kuala Lumpur with CIMB Group as our partner

AUG

29

Implemented the Green Lane Policy incentive for the top 30 listed companies in corporate governance and disclosure practices

SEP

06

Awarded the 'Best Islamic Exchange 2017' at the Global Islamic Finance Awards 2017

14

Organised the 4th Bursa Bull Charge annual charity run, which was managed as a carbon-neutral event

Received three awards at the Alpha Southeast Asia's Corporate Institutional Investor Awards 2017 (Malaysia)

OCT

02

Launched two competitions for Derivatives Market's Professional Traders and Individual Traders to boost interest in the FTSE Bursa Malaysia KLCI Options (OKLI) market

03

Listing of Cloudaron Group Berhad, the first on the LEAP Market

26

Launched the Real Estate Investment Trust (REIT) Index

NOV

14-15

Jointly organised the 12th China International Oils and Oilseeds Conference with Dalian Commodity Exchange

16

Distributed RM2.3 million raised from the 4th Bursa Bull Charge to 34 beneficiaries

21

Launched nationwide 'What's Your Goal' campaign targeting retail investors

25

Bursa Malaysia-*i* recognised as the 'First End-to-End Shariah-compliant Investment Platform' by the Malaysia Book of Records

25-26

Hosted the inaugural Shariah Investing Fair 2017, themed 'Jom Labur Shariah'

27

Announced Bursa Malaysia's proposed bonus issue and proposed establishment of a new employee share grant plan

29

Issued enhancements to the Main Market and ACE Market Listing Requirements to enhance business efficacy and corporate governance

DEC

06

Launched TradePlus Shariah Gold Tracker ETF

07

Received five awards at the Minority Shareholder Watchdog Group – ASEAN Corporate Governance Awards 2017

13

Launched the Islamic Securities Selling and Buying – Negotiated Transaction framework, the world's first Shariah-compliant alternative to Securities Borrowing and Lending

14

Released the 3rd edition of the Corporate Governance Guide

15

Introduced new trading features to enhance flexibility in trading strategies

2018

5 FEBRUARY

Announcement of the audited consolidated results for the 4th quarter and financial year ended 31 December 2017

28 MARCH

41st Annual General Meeting

25 APRIL

Announcement of the consolidated results for the 1st quarter ending 31 March 2018

30 JULY

Announcement of the consolidated results for the 2nd quarter ending 30 June 2018

29 OCTOBER

Announcement of the consolidated results for the 3rd quarter ending 30 September 2018

IT HAS ALWAYS BEEN BURSA MALAYSIA'S PRIORITY TO DEMONSTRATE THE HIGHEST STANDARDS OF INTEGRITY TO OUR SHAREHOLDERS AND THE INVESTOR COMMUNITY. WE ARE COMMITTED TO BUILDING LONG-TERM RELATIONSHIPS BASED ON FAIR AND TIMELY DISCLOSURE, TRANSPARENCY, OPENNESS AND CONSTRUCTIVE COMMUNICATION.

Dates above are subject to change

2019

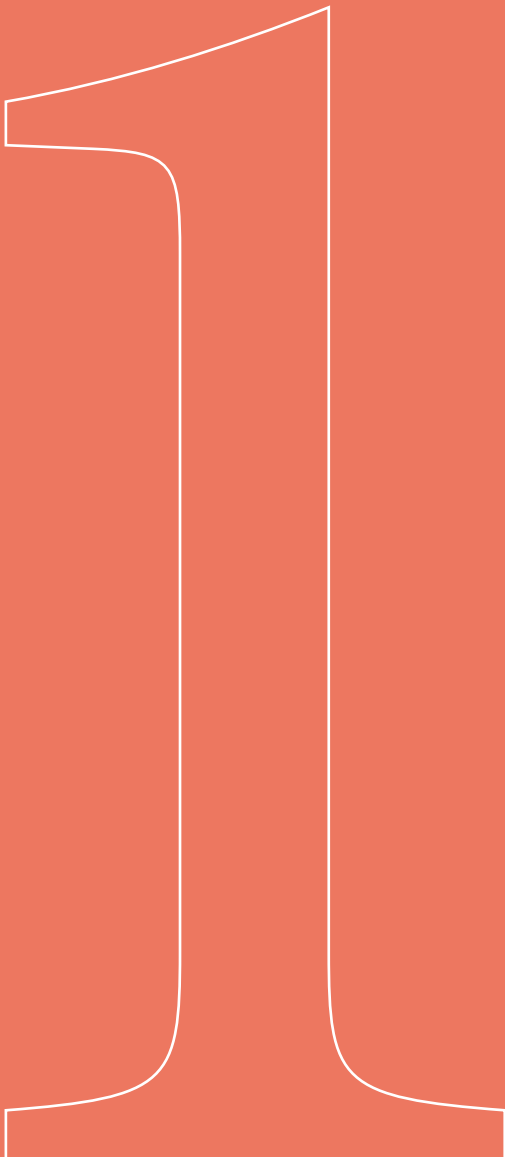
JANUARY/FEBRUARY

Announcement of the audited consolidated results for the 4th quarter and financial year ending 31 December 2018

**AT BURSA MALAYSIA,
WE BELIEVE
SUSTAINABILITY
STARTS AT THE TOP:
OUR LEADERSHIP PLAYS
A CRITICAL ROLE IN
SETTING THE TONE FOR
OUR LONG-TERM AGENDA
WHICH WILL ENSURE
CONTINUED VALUE
CREATION**

**0 1
FROM OUR LEADERSHIP**

- 10 Chairman's Letter to Shareholders
- 14 Chief Executive Officer's Message



CHAIRMAN'S LETTER TO SHAREHOLDERS

**DEAR
SHAREHOLDERS,**

2017 proved to be a buoyant year for Malaysia's capital market, as Bursa Malaysia Berhad sought to harness market and business excellence, supported by the foundations we have laid in past years.



TAN SRI AMIRSHAM A AZIZ

Chairman, **BURSA MALAYSIA BERHAD**

The performance for the year also demonstrated the market's resilience and the Exchange's competitiveness against a changing landscape. Additionally, strong investor interest, reinforced by efforts to position the Exchange as a centre of price discovery, kept us on track to achieve our aspiration of becoming a developed market. On the international front, we continued to establish ties with regional counterparts, putting us in good stead to be the market leader in ASEAN.

DELIVERING SUSTAINABLE VALUE

A recovery in the global economy, supported by robust growth in the emerging economies as well as a resurgence in global commodity prices during the year augured well for the Malaysian economy and capital market. Public listed companies (PLCs) generally charted good results backed by strong fundamentals, allowing for the delivery of sustainable value. During the year, our securities market capitalisation rose to RM1.9 trillion from RM1.7 trillion in 2016, with over 900 PLCs on our Exchange. This continues to account for the highest number of PLCs in ASEAN, allowing our aspiration to put our market at the centre of the region to remain very much intact.

This backdrop, supported by the Exchange's efforts to develop the market and herald greater issuer and investor participation in the market, prompted positive investor sentiments and spurred local capital market activity during the year. Overall, improved trading and non-trading revenue paved the way for a solid year for Bursa Malaysia's financial results in 2017, allowing us to deliver greater value to our shareholders. This is aligned with our long-term agenda to create sustainable returns for all our shareholders and to contribute to the betterment of their well-being.

We posted a strong Profit After Tax and Minority Interest (PATAMI) of RM223.0 million, an increase of 15.2% from 2016. This is the highest full-year PATAMI since 2007. In tandem with this, the Board of Directors is pleased to declare a second interim dividend of 18.5 sen per share, bringing total dividend for 2017 (inclusive of the special dividend of 15.0 sen) to 53.5 sen – an increase over 2016's total dividend of 34.0 sen.

RECOGNITION FOR OUR GAME-CHANGING INNOVATIONS

In an effort to unleash greater, long-term value in our market, this year, the Exchange marked a significant milestone with the launch of our Leading Entrepreneur Accelerator Platform (LEAP) Market for small and medium sized enterprises (SMEs). LEAP is the first of its kind in ASEAN, putting Malaysia ahead of the curve in the region in terms of capital market innovation

LAUNCHED A NEW

LEAPMARKET

FOR SMEs

- THE FIRST OF
ITS KIND IN
ASEAN

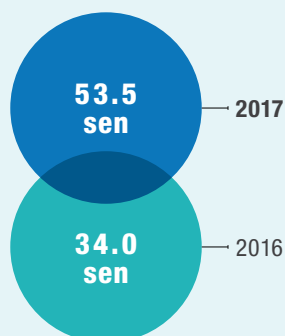
SECURITIES MARKET CAPITALISATION



RM1.9
trillion

2016: RM1.7 trillion

TOTAL DIVIDEND



and increasing our regional competitiveness. In offering LEAP, we eyed a need to provide an avenue for hitherto underserved SMEs, potentially 19,000 SMEs in Malaysia alone, to turn to the capital market to raise funds. We believe the capital market can play a part in raising promising companies, increasing visibility and means for the companies to grow to become the stars of tomorrow. This has been exemplified by companies that have made our Exchange their home for capital-raising needs and who are now industry giants or global leaders in their respective fields. Going forward, we will continue to focus on providing a wide breadth of fundraising solutions and investment offerings, catering to the full spectrum of issuers and investor needs.

The Exchange remained at the forefront in providing relevant platforms to facilitate a thriving and sustainable market environment. This continued to earn us recognition through a number of international awards during the year. These include the 'Most Innovative Global End-to-End Shariah-compliant Investing Platform Asia 2017' for Bursa Malaysia-*i*; 'Best Commodity Trading Platform Asia 2017' for the outstanding performance of our Shariah-compliant commodity Murabahah trading platform, Bursa Suq Al-Sila' (BSAS); and 'Best Islamic Exchange Asia 2017' for the outstanding performance of our Islamic Capital Market.

This is the third straight year that the *Global Banking and Finance Review* has recognised our efforts to develop and promote the Islamic Capital Market. Furthermore, also for the third consecutive year, Bursa Malaysia Berhad was declared 'Best Islamic Exchange' at the Global Islamic Finance Awards 2017. These multiple, repeated honours solidify our global leadership and validate our continuous efforts to provide a diverse, leading-edge range of Shariah-compliant products and services that cater to a breadth of institutional and retail investors.

Additionally, the Exchange earned accolades in five categories at the Minority Shareholder Watchdog Group (MSWG)-ASEAN Corporate Governance Recognition 2017 awards, namely the 'Excellence Award for Overall Corporate Governance & Performance', 'Excellence Award for Corporate Governance Disclosure',

CHAIRMAN'S LETTER TO SHAREHOLDERS

'Excellence Award for Long-Term Value Creation', 'CEO of the Year Award', and the 'Merit Award for Best AGM (Overall Category)'. These awards recognise Bursa Malaysia as a leading Malaysian company with high standards of corporate governance, leadership and financial performance. They serve as a resounding endorsement of our efforts to lead the market by example, especially as we carry out our multiple roles as a regulator, a market operator, an influencer, and a public listed company.

A CHAMPION OF CORPORATE GOVERNANCE

The Exchange remains a staunch advocate of practising esteemed standards of corporate governance to ensure quality companies and in turn, healthy capital market interest and activity. We believe that transparency is key to building confidence amongst investors. To this end, during the year, we published the revised Corporate Governance (CG) Guide following the release of the Securities Commission Malaysia's new Malaysian Code on Corporate Governance (MCCG). The CG Guide is a practical reference for PLCs to improve their CG practices and reporting in accordance with the MCCG, which aims to enable PLCs to internalise a robust culture of corporate governance throughout their operations. The MCCG also urges Malaysian companies to adopt Integrated Reporting (<IR>). In continuing our own <IR> journey in line with international standards, Bursa Malaysia's Annual Report 2017 is our second report which has been published based on the International Integrated Reporting Council's guiding principles – the International <IR> Framework.

As part of our commitment and intent to lead the market by example, we target to produce a full Integrated Annual Report for financial year 2018 in compliance with the International <IR> Framework. Indeed, it is my vision that all market participants fully embrace good corporate governance within their operations and utilise the International <IR> Framework to showcase the holistic, integrated strategy of company leaders to ensure value creation, which will uplift investor confidence.



The Exchange earned
ACCOLADES IN

5
CATEGORIES

MSWG-ASEAN
Corporate Governance
Recognition 2017 awards

- **EXCELLENCE AWARD**
for Overall Corporate Governance & Performance
- **EXCELLENCE AWARD**
for Corporate Governance Disclosure
- **EXCELLENCE AWARD**
for Long-Term Value Creation
- **CEO OF THE YEAR AWARD**
- **MERIT AWARD**
Best AGM (Overall Category)

To further encourage the culture of strong governance among Malaysian corporates, in August 2017, we implemented the Green Lane Policy (GLP) to eligible companies (initially selected from benchmark FTSE Bursa Malaysia KLCI constituents that have good corporate governance and disclosure practices, with eligibility reviewed from time to time). The GLP grants certain privileges, such as faster issuance of circulars to shareholders. We intend for the GLP to recognise and reward companies that exhibit exemplary standards of corporate governance, and to galvanise other companies to follow suit.

We also continued to conduct CG advocacy programmes for PLCs. Throughout the year, a series of CG programmes were held for Directors of PLCs and CG practitioners to provide guidance and raise their awareness on capacity building in the area of governance.

SECURING THE SUSTAINABILITY OF THE CAPITAL MARKET

A Beacon of Sustainability

As both a regulator and a market operator, we recognise that we are uniquely placed to lead and reinforce the sustainability agenda for the capital market, in line with the Sustainable Stock Exchanges Initiatives of which the Exchange is a signatory. To do so, we are conscious that we must start under our own roof and remain committed to embedding sustainability as a way of life within our organisation.

Our holistic sustainability footprint during the year extended across the spectrum from Board representation; the development of a new platform for fundraising and investments; to ensuring our flagship capital market running event is inclusive and environmentally friendly.

This year, two new women Directors, Datin Mariam Prudence Yusof and Datin Grace Yeoh Cheng Geok, were appointed to the Board of Bursa Malaysia. This is a step in the right direction towards meeting the Malaysian Government's target for a minimum 30% representation of women on Boards. Supporting our organisation-wide diversity initiatives, we have also already achieved a relatively gender-balanced workforce with women accounting for 47% of our employees.

**“WE HAVE ALSO SEEN
GREATER ADVANCEMENT
OF THE SUSTAINABILITY
AGENDA AS REFLECTED IN
SUSTAINABLE PRACTICES
BECOMING MORE DEEPLY
INGRAINED IN THE OPERATIONS
OF MALAYSIAN PLCs.”**

To further exemplify the adoption of sustainable practices, our annual capital market run, the Bursa Bull Charge, was managed as a carbon-neutral event in its fourth instalment in 2017. We also arranged for participants and their supporters to use an electric bus and utilise a rebate offered by a ride-sharing company to minimise the event's carbon footprint. Surplus food and drinks were donated to a food bank. Furthermore, the funds raised were channelled to beneficiaries whose causes include economic sustainability among disadvantaged communities, support for entrepreneurs and the improvement of financial literacy.

Steering the Sustainability Agenda

Our fundamental belief is that it is imperative to ensure sustainability of not just our business, but also the overall market, as we invariably look to the creation and preservation of value and competitiveness over the long term. As the market regulator and a leading constituent of the stock exchange in our own right, we are committed to set the tone for all PLCs on the Exchange in the adoption of sustainable practices.

To this end, we continue to support PLCs in their sustainability reporting efforts. In 2017, we commenced for the first time, a review of Sustainability Statements and Sustainability Reports for 2016 by PLCs with a market capitalisation of at least RM2.0 billion. The review evaluates the quality of their disclosure and adherence to global best practices. We will share our findings with the PLCs to enable them to improve their practices and disclosure. The review

also aids us in identifying areas for further advocacy and engagement with PLCs on sustainability.

Moving beyond merely reporting on sustainability, we have also seen greater advancement of the sustainability agenda as reflected in sustainable practices becoming more deeply ingrained in the operations of Malaysian PLCs. This is demonstrated by the higher number of FTSE4Good Index constituents to 44 as at December 2017 from just 24 in December 2014. The Index showcases and measures the performance of companies with outstanding, globally benchmarked Environment, Social and Governance standards. We are proud that the conscious focus of the Exchange and quality PLCs has resulted in almost a doubling of local PLCs that meet the rigorous, international standards within just three years, demonstrating the success of our efforts in shepherding Malaysian PLCs towards sustainable practices.

**MOBILISING FUTURE DRIVERS
OF GROWTH**

Bursa Malaysia's vision is to transform into a developed market. We believe that facilitating the conditions needed to ensure ample liquidity in the market and strengthening the marketplace as an efficient centre of price discovery, will lend credence to this effort. At the same time, we will continue to ensure our market frameworks meet the needs of our diverse group of investors – from novice retail investors to sophisticated investors or frequent traders. Furthermore, we will seek to introduce market practices which are in line with developed markets and jurisdictions. Going forward, in concert with our regulators and with continued, constant dialogue with the industry, the Exchange will be laser-focused in embarking on initiatives to realise a vibrant and developed market.

In this respect, innovation will be key to strengthening our future growth. Our strong foundation of recent successes will place us on a firm footing to capitalise on new

opportunities for game-changing initiatives. This year alone, we created a new platform, offered new products, attracted new issuers, welcomed new market intermediaries, and reached out to new groups of investors. In view of our long-term aspirations, the Exchange will continue to pioneer the region, orchestrating fresh ways with targeted partners to deliver innovations to the capital market.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express our gratitude to our valued shareholders for their continued support. I would also like to extend our appreciation to all the Management and staff of Bursa Malaysia for their steadfast efforts to deliver on our aspirations and rise to the challenge of the rapidly changing marketplace.

Additionally, I would like to offer my personal appreciation to my colleagues on the Board of Directors for their esteemed guidance and stewardship. My special note of gratitude goes to Dato' Eshah Meor Suleiman, who retired as Public Interest Director late last year.

We also extend our thanks to regulators and policymakers such as the Ministry of Finance, the Securities Commission Malaysia and Bank Negara Malaysia for supporting the highest standards of governance, while furthering initiatives towards achieving our common goal of developing the Malaysian capital market – to firmly place our market at the centre of ASEAN.



TAN SRI AMIRSHAM A AZIZ
Chairman

CHIEF EXECUTIVE OFFICER'S MESSAGE

2017 was a good year for Bursa Malaysia as the developmental efforts we had undertaken in previous years have translated into tangible results.



DATUK SERI TAJUDDIN ATAN

Chief Executive Officer, **BURSA MALAYSIA BERHAD**

Since 2011, we have been laying a robust foundation for growth through international alliances and the institutionalisation of sustainable practices to enhance the resilience of the domestic market. With this foundation in place, we then embarked on our 2014-2016 Business Plan to transform Bursa Malaysia into a dynamic Exchange that serves as an engine of economic growth and steers capital market development, anchored on clearly identified niche areas of strength.

AS PART OF OUR EFFORTS TO ENHANCE MARKET ACTIVITY AND PROMOTE INCLUSIVE ACCESS TO FUNDRAISING,

BURSA MALAYSIA LAUNCHED THE GROUND-BREAKING LEADING ENTREPRENEUR ACCELERATOR PLATFORM (LEAP) MARKET IN JULY 2017.



In early 2017, key appointments were made within our organisation, arising from the Optimising Organisational Structure for Organisation Effectiveness initiative. As a result, we are starting to see the fruits of more holistic strategies and better cohesion to leverage strengths in our business segments and operations. I am confident that we have emerged in a better position to fulfill the needs of all our stakeholders, namely public listed companies (PLCs), investors, market participants, the community, and our employees, besides expanding our reach. We also attained several momentous milestones this year – from being the first Exchange in the region to offer a gateway to capital market fundraising for small and medium sized enterprises (SMEs) to offering the world's first Islamic equivalent of Securities Borrowing and Lending for institutional investors. All these serve to ensure wider relevance and sustainability of our business for long-term value creation.

STRATEGIC ROADMAPS DELIVERING VALUE

The Securities Market recorded trading revenue of RM259.6 million, driven by Average Daily Trading Value (ADV) for On-Market Trades of RM2,314 million, which was an increase of 27.7% from 2016.

Fundraising activities expanded significantly in 2017 with total funds raised recording a substantial growth of 71.1% to RM21.9 billion compared with RM12.8 billion in 2016. Positive sentiments opened the door for new listings in the year, with 13 Initial

Public Offerings (IPO) raising RM7.4 billion compared with 11 offerings which raised RM0.6 billion in 2016. At the end of 2017, the market capitalisation of new listings reached RM21.5 billion against just RM2.2 billion in the previous year. Fundraising activity in the secondary market remained strong with a total of RM14.5 billion raised in 2017, compared with RM12.2 billion in 2016. The robust secondary market was driven by major corporate exercises including rights issues, special issues and private placement by PLCs.

Meanwhile, the Derivatives Market recorded an increase of 4.4% in the total volume of Crude Palm Oil Futures (FCPO) contracts traded, with FCPO achieving greater international acceptance as the benchmark for CPO prices. However, the overall ADC traded for derivatives products was flattish with a marginal decrease of 0.3% to 57,677 contracts. The slight dip in ADC was mainly due to a decline in FTSE Bursa Malaysia KLCI Futures (FKLI) volumes, as there was less volatility in the underlying benchmark equity index, similar to what was seen in other global markets. Overall, the Derivatives Market achieved healthy trading revenue of RM80.6 million during the year from 14.0 million contracts traded, compared with trading revenue of RM88.7 million from 14.2 million contracts traded in 2016.

The Islamic Capital Market (ICM) remained vibrant and competitive, continuing to do justice to Malaysia's position as a global leader in Islamic finance. During the year, Bursa Suq Al-Sila' (BSAS) performed commendably

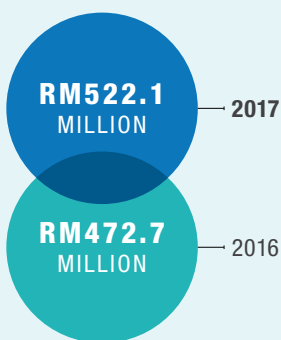
with ADV growing 20.2% to RM19.6 billion from RM16.3 billion in 2016, generating RM15.8 million in trading revenue as opposed to RM16.4 million in 2016, mainly due to the introduction of a volume-based pricing scheme.

The strong market activity and robust market conditions, anchored on our internal efforts to solidify our organisation, lifted Bursa Malaysia's financial performance during the year. Profit After Tax and Minority Interest (PATAMI) surged 15.2% year-on-year to RM223.0 million as operating revenue rose 10.4% to RM522.1 million, while operating expenses increased by 6.0% to RM250.4 million. This is Bursa Malaysia's highest recorded full-year PATAMI since 2007, and highest full-year operating revenue since our listing in 2005. Return on Equity grew to 26.0% from 23.2% in 2016, whilst our cost to income ratio improved to 45.1% from 46.6% in 2016.

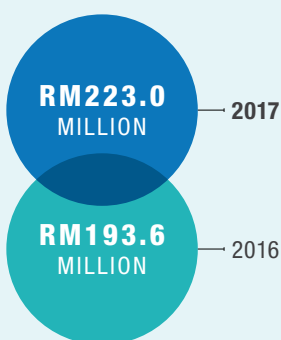
NEW PRODUCTS AND SERVICES

As part of our efforts to enhance market activity and promote inclusive access to fundraising, Bursa Malaysia launched the ground-breaking Leading Entrepreneur Accelerator Platform (LEAP) Market in July 2017. The platform supports SMEs, which form the backbone of economic activity, in gaining access to capital market funds to progress to their next phase of growth. Cloudaron Group Berhad became the first company to be listed on the LEAP Market, raising RM5.5 million from its IPO in October 2017. The early issuers on the LEAP market

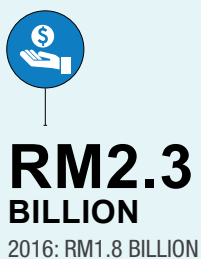
OPERATING REVENUE



PATAMI



AVERAGE DAILY TRADING VALUE (ON-MARKET TRADES)



FUNDRAISING



2017 also marked the debut of

THE FIRST COMMODITY ETF ON BURSA MALAYSIA – TRADEPLUS GOLD, WHICH IS A SHARIAH-COMPLIANT ETF

demonstrate Bursa Malaysia's ability to attract up-and-coming innovative technology companies to list, and even those with regional presence. With the LEAP Market in place, we believe we are unleashing Bursa Malaysia's potential to emerge as a regional centre for innovative fundraising.

Reinforcing our supportive environment for SME fundraising, in May 2017 we launched the Mid and Small Cap Research Scheme (Bursa MidS) that raises the profile of mid and small-cap companies listed on the Exchange to attract greater investor interest. In its first phase, 100 listed securities were identified to receive analyst coverage from 20 research houses, with the number of listed companies under the research scheme to grow further. Within just seven months since its launch, 20 research companies had published 421 research reports on Bursa MidS covering 88 PLCs. This exemplifies the value and new insights that the Exchange and our intermediaries can deliver from an orchestrated, common goal. In conjunction with the launch of Bursa MidS, we also introduced the FTSE Bursa Malaysia MidS Cap Index and the FTSE Bursa Malaysia MidS Cap Shariah Index to further enhance investor interest in mid and small-cap companies.

In line with our aspiration to be a developed market, in October 2017 we launched the Bursa Malaysia Real Estate Investment Trust (REIT) Index, our 11th in-house calculated index. The launch ushers Malaysia into the ranks of developed markets such as the US, Hong Kong, Japan, Australia and Singapore in offering a dedicated REIT Index. The launch of the REIT Index also marks a significant milestone for the REIT sector in Malaysia and is anticipated to spur the REIT market with the creation of new offerings such as alternative REITs and exchange-traded funds (ETFs).

The year 2017 also marked the debut of the first commodity ETF on Bursa Malaysia – TradePlus Gold, which is a Shariah-compliant ETF that closely tracks the returns on gold. The offering of this new asset class of ETF by a new ETF issuer in our market, Affin Hwang Asset Management Bhd., augurs well with the direction we hope to see in our ETF space – with new types of ETFs and more issuers participating in the market.

New ETF Guidelines by the Securities Commission Malaysia are expected to be issued in 2018, which will enhance the ability of ETF issuers to issue a wider range of ETF offerings. The Exchange has been actively involved in the multi-organisation task force that was set up to spur innovation and drive ETF market growth.

CREATING A MORE ROBUST ECOSYSTEM

Underlying our new product and service offerings is our recognition that we must continually enhance and strengthen our market frameworks to ensure continued development of the market. This will improve the efficiency of the marketplace to facilitate price discovery and trading as well as boost its vibrancy. At the same time, we are committed to modernising market practices to stay abreast with more developed markets and jurisdictions. These initiatives are designed to firmly establish Bursa Malaysia as the region's leading marketplace.

In line with this, in February 2017 we revised the tick rule for Regulated Short Selling (RSS) and the Securities Borrowing and Lending – Negotiated Transactions (SBL-NT) Failed Trade Proposal frameworks to create a more efficient marketplace for price discovery and trading, which will in turn boost market liquidity. The revised tick rule will allow the execution of RSS orders at the best current asking price or higher, providing market participants with greater price flexibility in performing RSS. Meanwhile, the revised SBL-NT Failed Trade Proposal framework enables investors to borrow securities to settle potential failed trades, mitigating the risk of settlement failure and lowering the costs resulting from genuine errors in trading.

With these facilities, we expect to improve market liquidity, enhance flexibility for market participants in mitigating risks and reduce transaction costs of trading in our market. It will also encourage existing market interest in Bursa Malaysia's RSS and SBL.

Bursa Malaysia started and ended the year with more provisions for flexible trading mechanisms. In December 2017, we were proud to launch the Islamic Securities Selling and Buying – Negotiated Transaction (ISSBNT) model – the world's first Shariah-compliant alternative to SBL. We expect to see institutional capital market participants with Shariah mandates capitalising on this trading mechanism that was specifically developed to serve their needs. In the same month, the Exchange also introduced new trading features through the expansion of order types and validity, providing investors greater flexibility in managing their orders, which allows them to refine their trading and risk management strategies.

We have also worked towards attracting more market participants. Specifically, we succeeded in revamping the participantship structure for Bursa Malaysia Derivatives to attract new intermediaries, promoting an expanded list of advisers for the LEAP Market, and registering an increase in the number of Islamic Participating Organisations (POs) from nine to 14 on Bursa Malaysia-*i*.

To recognise the contributions of market intermediaries, we held the fourth Bursa Malaysia Excellence Awards in May 2017, awarding brokers for their contributions in building the Securities, Derivatives and Islamic Capital Markets. This year, we also expanded the award categories to include individual intermediaries such as the proprietary day traders and remisiers who also play a vital role in sustaining the momentum of our market.

In 2017, the Exchange had consciously stepped up and enhanced our stakeholder engagements. Sixty-nine engagements were held with broker partners to foster closer relationships. During these meetings, the Exchange shared data-backed insights on the performance of the PO relative to their peers, and sought feedback on various initiatives.

As the Exchange operator, we continue to recognise the importance of engaging with market participants. We actively sought open dialogue and feedback on consultation papers in undertaking our developmental efforts – from structuring the new LEAP Market, catalysing the ETF ecosystem, reviewing Main Market and ACE Market Listing Requirements, to the creation of the Corporate Governance Guide – with the aim of better meeting our stakeholders' needs.

ATTRACTING INVESTOR PARTICIPATION

As the Exchange operator, we also directly and indirectly helped create a facilitative environment for investors. To this end, we are truly heartened that the Government had gazetted a stamp duty exemption for a period of three years from January 2018, thereby lowering transaction costs of ETFs and structured warrants. We expect to see a boost in trading and liquidity of these exchange-traded products (ETPs), and we look forward to welcoming a greater variety of these ETPs in the coming years, in line with the growing popularity of these products globally.

69 ENGAGEMENTS WERE HELD WITH BROKER PARTNERS TO FOSTER CLOSER RELATIONSHIPS

THE EXCHANGE HAS
REACHED AT LEAST
94,000
INDIVIDUALS VIA MORE THAN
600
INVESTOR ENGAGEMENTS

The Exchange has intensified its efforts in investor education and outreach to continue driving investor participation in the market. Cumulatively, in year 2017, Bursa's investor education programmes and marketing initiatives in collaboration with our Trading Participants and POs have reached at least 94,000 individuals via more than 600 engagements. The outreach efforts covered our Securities, Derivatives and Islamic Capital Markets, to grow investor participation in an inclusive manner. Notable highlights include the three-month 'What's Your Goal' campaign launched in November 2017 in collaboration with brokerage firms, with the aim of creating awareness and educating the public on investing in the securities market. Additionally, we held our inaugural Shariah Investing Fair, attracting 10,000 prospective and current retail investors to the event, which formed part of our wider efforts to improve awareness of and educate retail investors on Shariah-compliant capital market products and services as well as Shariah investing on Bursa Malaysia-*i*. We also launched the Shariah Trader Challenge, a virtual competition focused on the trading of Shariah-compliant securities on Bursa Malaysia.

CHIEF EXECUTIVE OFFICER'S MESSAGE

NAVIGATING THE FUTURE

Building on our achievements thus far, we will continue to focus on our five strategies to strengthen our competitive advantages to achieve our aspirations of becoming a developed market and the market leader in ASEAN by 2020.

Strengthen the Core

We remain cognisant of the importance of reinforcing our fundamentals while extracting value from earlier initiatives, to facilitate continued growth of the capital market and enhance its vibrancy and attractiveness. We will continue to address structural impediments that hamper market liquidity, grow our product offerings, and strive to provide an enabling environment to improve market making as we focus on improving the depth and breadth of the market.

Build regional and global connectivity

Our priority remains to position Malaysia as a centre of investment and fundraising in the region. This will require more foreign participation across our markets as well as greater linkages with our regional and global counterparts, which are especially important in view of heightened competition and increasing globalisation. To this end, Bursa Malaysia will leverage existing strategic partnerships and foster new or budding relationships to build the Exchange's regional connectivity. In the next few years, we expect to enter into more of such collaborations to better reach investors in key markets such as China and Indonesia. We endeavour to be the exchange partner of choice in ASEAN. We will also expand the global reach of our innovative Bursa Malaysia-*i* and BSAS platforms to capitalise on growing demand for asset diversification or socially responsible investing.

Capitalise on Technology and Information

As an innovative organisation, we strive to keep pace with consumer and technology

trends. We expect consumer demand for digital, mobile and customer-friendly solutions to remain on an upward trajectory. To meet this need, we will continuously upgrade and enhance our systems to improve customer experience, while deploying enterprise data warehouse and analytics to establish ourselves as a forward-looking, data-driven exchange powered by analytics, insights and information to harness greater market participation. In further embracing innovation in line with developments in the global capital market, we will also pursue engagement opportunities in fintech for business development and better customer experience, and employ cutting-edge technology to enhance efficiencies in our regulatory and risk management functions.

Foster a High-Performance Organisation

Building from the foundation of the optimised organisation structure that we have put in place, we will now focus on revving up Bursa Malaysia's productivity, efficiency and effectiveness – in short, to be a High-Performance Organisation. We are better positioned to nimbly and cohesively move forward to strategically navigate rapidly evolving regulations, technologies and emerging opportunities.

Embrace Sustainability as a Way of Life

Bursa Malaysia prides itself as a frontrunner in this area, guiding and spurring Malaysian companies to embody sustainability within their operations. To ensure all Malaysian companies, including ourselves, continue to embrace sustainability, we have established a dedicated sustainability team to steer the sustainability agenda within Bursa Malaysia as well as among other PLCs. In doing so, we seek to nurture a world-class culture of sustainability among our corporates and epitomise international best practices in this area, ensuring all our companies possess the foundational pillars that will allow them to contribute to the betterment of our economy, society and environment for years to come.

APPRECIATION

Bursa Malaysia has made significant headway in achieving our long-term plans. We believe we are successfully exemplifying our values both as the Exchange operator and as a leading PLC. The solid groundwork we have put in place in recent years stands us in good stead towards realising our aspirations for 2020.

On behalf of Bursa Malaysia's Management, I would like to extend our appreciation to our stakeholders for the support and co-operation that enabled our growth thus far. I also express gratitude to our employees for their tireless efforts and commitment in achieving our goals. Additionally, I would like to thank our Board of Directors for their counsel, as well as our regulators for their guidance and support.

In the long run, fluctuations in the global economies and capital markets are an inevitable element of our operating landscape. We are also acutely aware of the rapid shifts in technology and regulations that can impact our business. Nevertheless, we are confident that we are equipped with sound fundamentals and strategies to capitalise on new growth opportunities towards becoming a developed market at the heart of ASEAN by the year 2020.



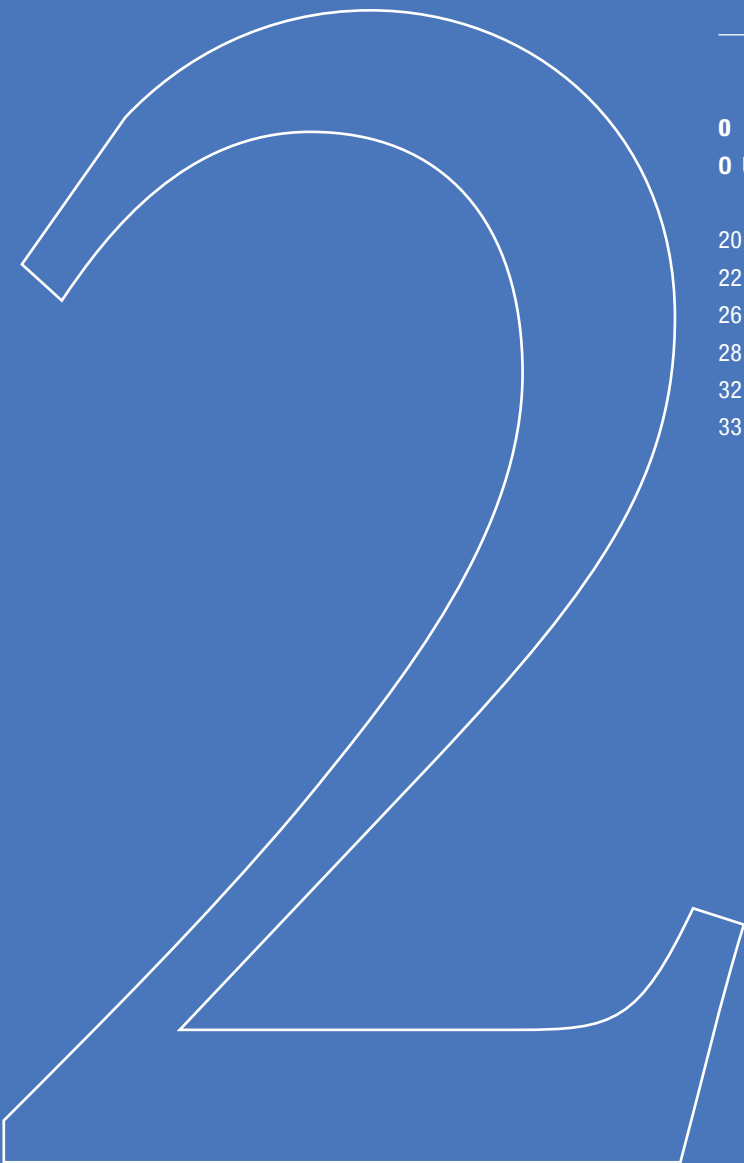
DATUK SERI TAJUDDIN ATAN

Chief Executive Officer

**OUR BUSINESS MODEL
AND STRATEGIES MAP
A CLEAR WAY FORWARD
FOR THE ACHIEVEMENT
OF OUR LONG-TERM
ASPIRATIONS AND
THE REALISATION OF
OUR SUSTAINABILITY
AGENDA**

**0 2
OUR BUSINESS**

- 20 How We Create Value
- 22 Our Strategic Focus
- 26 How We Sustain Value
- 28 Engaging Our Stakeholders
- 32 Our Material Factors
- 33 Our Material Risks



BURSA MALAYSIA RECOGNISES THAT THE CREATION OF VALUE MUST BE ANCHORED ON SUSTAINABLE GROWTH AND RETURNS.

IN OUR CURRENT PHASE OF DEVELOPMENT, WE HAVE IDENTIFIED THAT THE VALUE WE SEEK LIES IN BECOMING ASEAN'S MULTINATIONAL MARKETPLACE; ONE THAT IS RANKED AMONG THE WORLD'S DEVELOPED MARKETS.

THIS HAS BEEN TRANSLATED INTO FIVE FOCUS AREAS TO UNLEASH VALUE CREATION FOR OUR BUSINESS, OUR STAKEHOLDERS AND THE ECONOMY. THESE FOCUS AREAS, WHICH FORM THE FOUNDATION FOR OUR BUSINESS MODEL, CONSIST OF: **STRENGTHEN THE CORE; BUILD REGIONAL AND GLOBAL CONNECTIVITY; CAPITALISE ON TECHNOLOGY AND INFORMATION; FOSTER A HIGH-PERFORMANCE ORGANISATION; AND EMBRACE SUSTAINABILITY AS A WAY OF LIFE.**

**WE ARE FOCUSED ON ACHIEVING
LONG-TERM VALUE CREATION.**

FLIP OVER TO SEE OUR BUSINESS MODEL



VALUE WE CREATE

A DIVERSE AND RESILIENT MARKET:

RM1.9 trillion

Market capitalisation

We are one of the largest stock markets in ASEAN with diverse economic sectors, demonstrating resilience through our regulatory frameworks and presence of quality PLCs which ensure sustainability of our capital market.

GLOBAL BENCHMARK FOR CRUDE PALM OIL FUTURES (FCPO):

Rank 1

Being a leading market for FCPO contracts, the contracts on Bursa Malaysia functions as the global benchmark for FCPO settlement price.

EFFECTIVE FUNDRAISING CHANNELS:

RM21.9 billion

Funds raised

Bursa Malaysia is a choice destination for fundraising, offering vibrant investment options.

PACESETTER IN ISLAMIC CAPITAL MARKETS:

Our expertise in Islamic finance has enabled us to become a leading specialist in global Islamic capital markets.

EXPOSURE TO ASEAN:

As home to some of ASEAN's largest companies with operations throughout the region, Bursa Malaysia is steadily reaching its goal of becoming ASEAN's Multinational Marketplace.

INVESTOR PROTECTION:

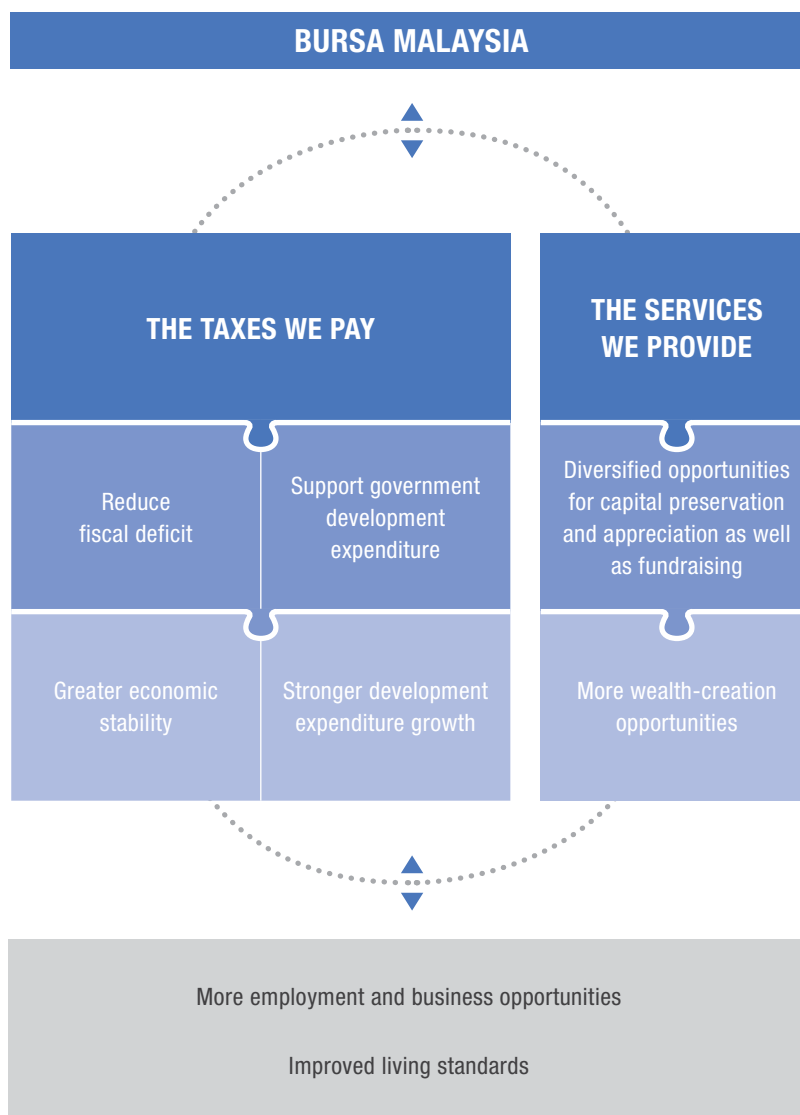
Bursa Malaysia upholds investor protection through its robust regulatory framework and approaches, with a high level of adherence to its rules by both listed issuers and intermediaries.

VALUE WE CREATED FOR THE NATION

As Malaysia's integrated exchange, we are a competitive, efficient, well-regulated, transparent and secure platform for capital market fundraising and investment.

Our facilitative role in the domestic capital market supports Malaysia's economic growth fundamentals by:

- Providing an avenue for private and public sector institutions to raise funds from domestic and international sources of capital for operational expansion, thereby supporting commercial activity;
- Serving as a source of value creation for the general public as well as institutions; and
- Attracting investment into the economy.



HOW WE CREATE VALUE

OUR BUSINESS MODEL FRAMES HOW WE UTILISE OUR CAPITALS TO ENSURE SUSTAINABLE CREATION OF VALUE IN OUR BUSINESS FOR OUR SHAREHOLDERS.

This is translated into our growth initiatives implemented through our product and service offerings, catalysing activity throughout the economy and delivering quantifiable results for our business, the capital market and the economy.

OUR ROLES

WHO WE ARE

Bursa Malaysia plays an important role as the lead facilitator for capital formation and price discovery of the Malaysian capital market. We operate and regulate an integrated exchange which offers trading in securities, derivatives, conventional and Shariah-compliant products and services, giving investors a diverse range of investment choices.

WHAT WE DO

We are the **frontline market regulator**, ensuring that our listed issuers and intermediaries meet their regulatory obligations to uphold investor protection, market integrity and stability.

As the **market operator**, we facilitate secure and easy access to investment and fundraising by providing reliable and resilient market infrastructure and ensuring accessibility to our products and services.

We pride ourselves on being an **influencer** in the areas of governance and sustainability, leading the sustainability agenda and serving as a model of sound corporate governance practices for other Malaysian PLCs and intermediaries.

Finally, we have a responsibility as a **Public Listed Company** to build sustainable value for our shareholders through capital preservation and appreciation while also ensuring we contribute to the betterment of our communities and the environment.

OUR FORMS OF CAPITAL

In creating value, we rely on the effective deployment of our capitals:



1/ FINANCIAL CAPITAL

Our Financial Capital comprises share capital and operating revenue.

The monetary assets we leverage on to enable the holistic execution of our roles in developing and educating the market, investing in our systems and processes, and ensuring our markets operate efficiently and effectively, amongst others.



2/ HUMAN CAPITAL

Our Human Capital comprises highly competent professionals with the right skill sets and capabilities to manage our market infrastructure.

Our staff are deployed in a way which ensures effective and efficient delivery of our commitment and obligations in all our markets. We view innovation and creativity as essential skills to develop competitive products and services which meet evolving market needs. We also emphasise the need for our employees to be agile in adapting to the regulatory and supervisory changes in a robust marketplace.



3/ INTELLECTUAL CAPITAL

Our Intellectual Capital comprises the institutionalised forms of knowledge, information and competencies derived from years of experience as the capital market operator and regulator.

This in turn forms the backbone of our knowledge base, as well as our information portfolio which comprises intellectual property, proprietary rights and our brand.



4/ SOCIAL CAPITAL

Our Social Capital comprises the relationships that we have built with our stakeholders including our investors, public listed companies, regulators, intermediaries and communities.

We are committed to the development of a sustainable ecosystem for all market participants, and to empowering these ecosystems through our Corporate Sustainability Initiatives.



5/ MANUFACTURED CAPITAL

Our Manufactured Capital comprises technology as an enabler across our trading platforms and market operations to ensure reliability and efficiency of our market infrastructure.

We are committed to providing effective and relevant technology to run the trading platform, Bursa Trade Securities, and our clearing systems, depository as well as our regulatory, supervision and risk management functions.

OUR PRODUCTS AND SERVICES

Bursa Malaysia is a multi-asset class integrated exchange, providing investors with diversified opportunities for capital preservation and appreciation and issuers with an avenue for fundraising.

The Exchange comprises:

- Main Market for established companies
- ACE Market for companies with growth potential
- LEAP Market for emerging companies
- A futures and options exchange
- Shariah-compliant products and services through Bursa Malaysia-*i*
- A Shariah-compliant commodity Murabahah trading platform
- LFX offshore exchange

As an end-to-end facilitator of trading, we also provide:

- Post-trade services
- Technology infrastructure and services to support our market operations
- Information services, including market data, to uplift the visibility of our listed issuers and assist investors in the decision-making process
- BursaMKTPLC, our online platform that equips investors and traders with information including analysis, investing and trading tools

At the same time, our risk management structures provide an effective safeguard against systemic risks typically present in the capital markets.

TRADING



SECURITIES

We operate the securities market in Malaysia where investors can participate in the buying and selling of shares on three types of markets, the Main Market with 788 companies, the ACE Market with 115 companies and LEAP Market with two companies. Together these markets comprise 18 sectors that cover 60 economic activities. Our products include:

606	Structured Warrants	4	SPACs
258	Warrants	4	ETBS
18	REITs	1	Stapled Securities
10	Foreign Listings	1	Closed-End Fund
9	ETFs		



ISLAMIC

We offer diverse Shariah-compliant products and services. Our Bursa Malaysia-*i* provides a comprehensive end-to-end Shariah investing platform. We also operate Bursa Suq Al-Sila' (BSAS), a commodity Murabahah trading platform specifically dedicated to facilitate Islamic liquidity management.

Our Shariah-compliant offerings include:

688	<i>i</i> -Stocks	4	<i>i</i> -REITs
5	<i>i</i> -ETFs	4	ETBS



-LFX-

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

USD 24.5 billion	Total market capitalisation
19	Bond listings
12	Sukuk listings



DERIVATIVES

We offer 14 derivatives products from the commodity, equity and financial categories.

Our products include:

7	Commodity derivatives
4	Financial derivatives
3	Equity derivatives

VALUE WE CREATE

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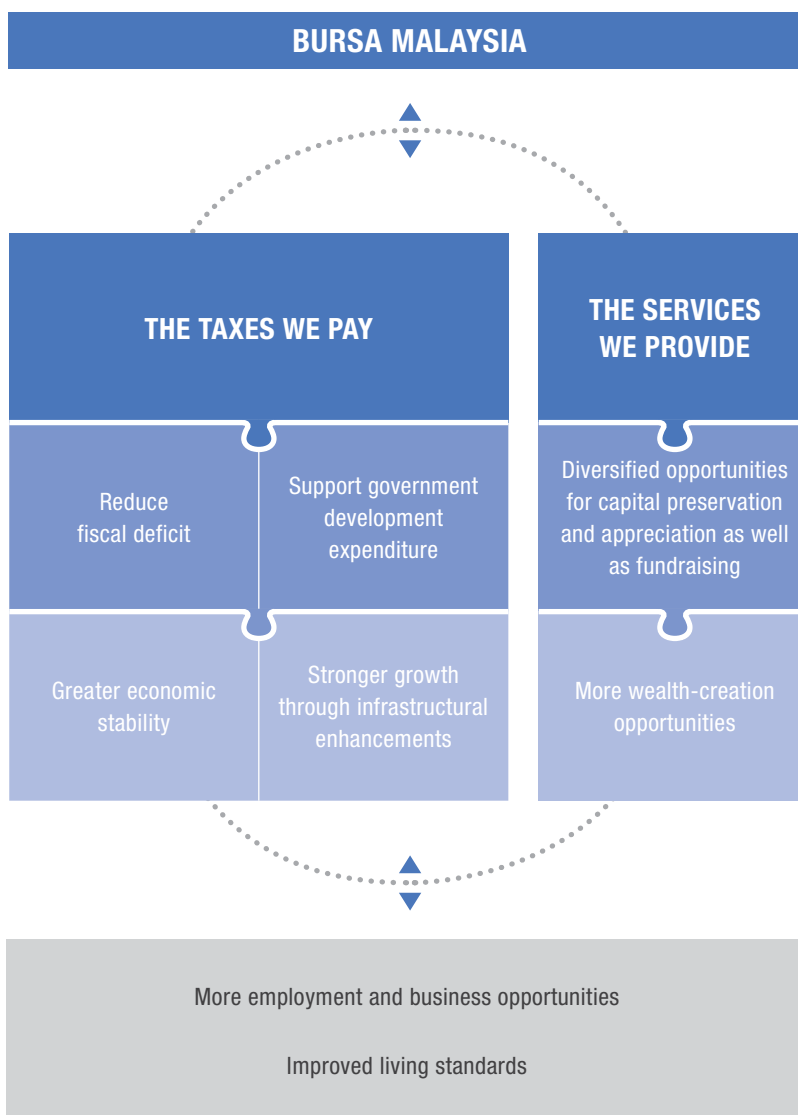
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Our facilitative role in the domestic capital market supports Malaysia's economic growth fundamentals by:

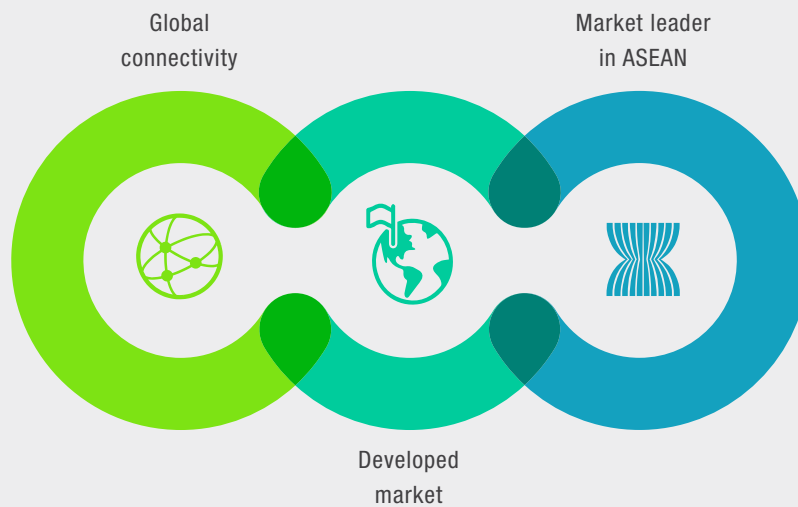
- Providing an avenue for private and public sector institutions to raise funds from domestic and international sources of capital for operational expansion, thereby supporting commercial activity;
- Serving as a source of value creation for the general public as well as institutions; and
- Attracting investment into the economy.



OUR STRATEGIC FOCUS

BURSA MALAYSIA IS STEADFAST IN BECOMING A KEY REGIONAL PLAYER WITH GLOBAL REACH. OUR ASPIRATIONS ARE CLEAR: WE WANT TO ADVANCE MALAYSIA'S CAPITAL MARKET INTO A DEVELOPED MARKET, ESTABLISH GLOBAL CONNECTIVITY, AND MAKE BURSA MALAYSIA THE MARKET LEADER IN ASEAN.

OUR 2020 ASPIRATION: KEY REGIONAL PLAYER WITH GLOBAL REACH



In years past, we built and sowed the foundation for our long-term goal by fortifying our market's unique value propositions. We will leverage our market's three unique selling points:

MALAYSIA AS THE GATEWAY TO ASEAN

Bursa Malaysia provides access to ASEAN as an attractive asset class and offers a diverse range of quality regional companies with bright prospects for growth and returns. These gems are not just in the blue chips, but also in the mid and small-cap segment.

LEADING CENTRE OF THE ISLAMIC CAPITAL MARKET

Bursa Malaysia provides a wide range of Islamic products and services. Our record of providing innovative, market-based solutions has enabled the Exchange to earn global recognition as the best and most innovative exchange in the area of Shariah investment.

LEADERSHIP IN COMMODITY DERIVATIVES

Bursa Malaysia is firmly positioned as the global marketplace for palm oil derivatives. Today, with an expanding suite of other commodity derivatives, equity derivatives and financial derivatives products, the Exchange is among the prominent derivatives exchanges in ASEAN.

We are currently in the last phase of our three phase blueprint to drive the Exchange towards achieving our aspirations. Our 2017-2020 Business Plan encapsulates five focus areas:



STRENGTHEN THE CORE

To augment our effectiveness as the region’s leading avenue for capital formation, investment and trading, we devote significant resources to the crafting of compelling product and service offerings in all our markets, to fulfill the evolving investment needs of investors. On this front, notable examples of our new offerings in 2017 include the launch of the Leading Entrepreneur Accelerator Platform (LEAP) Market, a platform to nurture high-growth, innovative small and medium sized enterprises (SMEs), and the listing of the first commodity exchange-traded fund (ETF) on the Exchange, a Shariah-compliant ETF backed by physical gold.

In the 2018-2020 period, we will continue to expand the breadth of our products in all markets. A primary focus will be to formulate a step change in growth of our ETF market, as has been seen in many developed markets. We hope to offer exciting and affordable new types of ETFs by introducing leveraged and inverse ETFs. We also aim to provide more ASEAN-centric products to capture interest in the ASEAN asset class. In the derivatives space, we intend to strategically expand our suite of products – mainly by offering targeted commodity derivatives, introducing currency futures and single stock options.

The hallmarks of a developed market are ample liquidity and an efficient centre of price discovery in a liberalised and conducive marketplace. Hence, we will remain focused on addressing structural issues to increase the number and diversity of participants, and creating more provisions that enable further flexibilities in trading, on par with other developed markets.

OUR STRATEGIC FOCUS

In 2017 alone, we introduced several trading enhancements or mechanisms, such as the revision in the tick rule to provide greater price flexibility in performing regulated short selling; new trading features that give investors more flexibility in managing orders; and the world's first Shariah-compliant equivalent to securities borrowing and lending.

We have made good progress in expanding the number of market participants in 2017, to help facilitate reach and vibrancy in our market. Thirteen new advisers were approved for the LEAP Market; the number of Islamic Participating Organisations increased from nine to 14; and we also decoupled the participants structure in the Derivatives Market, to welcome standalone, foreign clearing members.

Moving forward, we will explore more facilitative frameworks for sophisticated product offerings and regionally competitive trading, clearing, and settlement. We have commenced our multi-year post trade programme with the implementation of RENTAS for securities and derivatives markets and are currently adopting the ISO 20022 standard as well as exploring the implementation of the T+2 settlement cycle. The proposed T+2 settlement cycle framework will be developed in consultation with market participants and investors. The migration to a shorter settlement cycle will increase efficiency, reduce risk and market exposure, whilst aligning Bursa Malaysia with the IOSCO PFMI standards and the settlement practices of the leading global exchanges.

BUILD REGIONAL AND GLOBAL CONNECTIVITY

As we seek to become the market leader in ASEAN, it is imperative for us to extend our reach to global investors. To do so, we

will be aggressively expanding the reach of Bursa Suq Al-Sila', our Shariah-compliant commodity Murabahah trading platform, to new markets, catalysing advancement via Bursa Malaysia-*i*, the world's first end-to-end Shariah investing platform, and leveraging the established global connectivity of our Derivatives Market via Chicago Mercantile Exchange's Globex trading platform.

We strive to further extend our connectivity to regional and global capital markets through strategic partnerships that facilitate cross-border movements of capital and investments. We have progressed on discussions with the Indonesia Stock Exchange to explore ways to provide investors better access and market visibility. We continue to build and forge ties with other leading exchanges to seize opportunities in cross-border flows, whilst positioning Malaysia as the hub of ASEAN. In 2017, we signed a Memorandum of Understanding with the Shanghai Stock Exchange to explore collaboration in several areas, including facilitation of market accessibility.

In the years leading to 2020, we will continue to develop strategic partnerships with exchanges and market players, targeting key markets such as China, Indonesia, Singapore, and the MENA region. In addition, we believe our clear leadership in the Islamic capital market can be leveraged to especially build linkages with markets with propensity and interest towards Shariah-compliant investments.

We will work with regulators where appropriate, towards liberalising our market to attract the participation of regional intermediaries, especially as we seek to increase foreign participation in both the securities and derivatives markets.

CAPITALISE ON TECHNOLOGY AND INFORMATION

Technology is the driving force that underpins the delivery of our services and ensures the resiliency and reliability of the capital market infrastructure that all market participants depend on. In addition, technology opens up opportunities for innovation, as customer demand for digital, mobile and customer-friendly solutions continues to grow. We are focused on upgrading and enhancing our systems, as well as embracing new technology to improve customer experience and operational efficiency.

In 2017, we embarked on our digitalisation journey with the implementation of an Enterprise Data Analytics (EDA) platform. Through EDA, we hope to create an improved approach to decision making, grounded on efficiency and leveraging the power of big data. This move makes us well positioned to capitalise on the full potential of Artificial Intelligence, and is in line with best practices adopted by global exchanges.

By capitalising on new technology and digitalisation, we seek to create 'Zero Distance' with our investors and market participants. As we move forward, we will focus on delivering enhanced and more cohesive end-to-end experience for our increasingly technology-savvy investor population. This will in part be done by providing integrated and user-friendly interfaces to Central Depository System account holders, to enable investors to take actions easily and swiftly.

Fintech also provides new opportunities to meet customer demands and stakeholder needs. In view of this, we are keeping a close eye on the growth in fintech solutions

that could be relevant for the capital market. In this regard, we are exploring a number of potential areas, such as the application of blockchain. We plan to engage with fintech companies and ecosystem players to tap on new growth opportunities.

Another sweeping and important technology focus for the Exchange over the next few years is the modernisation of our post trade infrastructure, to revolutionise our services in trade and post trade. Our goal is to expand our capabilities of handling cross-border, multi-asset, and multi-currency clearing and settlement, at the quality on par with developed markets. This will enable diversification and strengthening of our business.

We remain committed to ensuring a fair and orderly market via efficient and effective operations. Thus, we will also employ more sophisticated technologies to improve the efficiency of our risk management and regulatory functions moving forward.

FOSTER A HIGH-PERFORMANCE ORGANISATION

The Exchange needs to be agile, flexible, and effective in adapting to emerging developments in our dynamic operating landscape. Our strategies are undergirded by our growth mindset towards innovation and anchored by the data-driven culture that is being ingrained into our operations.

To build a High-Performance Organisation (HPO), we made key appointments in 2017, arising from the Optimising Organisational Structure for Organisation Effectiveness (OOS) initiative. We also continued our Junior Talent and Leadership Development programmes to enhance our talent pool.

As the competitive landscape and needs of the organisation evolve, we will look to ensure we have the necessary capabilities in place. We will build capabilities where necessary such as being in sync with new technological developments.

The nurturing of a HPO is a continuous journey. In the coming years, we will continue with other facets of our talent development programmes. We recognise the importance of a strong and focused talent base, and continually encourage the upskilling of our human capital.

We also seek to drive higher productivity by implementing Business Process Improvement initiatives and capitalising on technology. Our goal is to embed a strong culture of performance within the organisation. Thus, we will continuously ensure our organisational policies are appealing to retain, motivate and attract high-performing talent.

EMBRACE SUSTAINABILITY AS A WAY OF LIFE

Sustainability is not just a buzzword at the Exchange, but is becoming a way of life. Whilst the sustainability agenda permeates the core of all that we do, we actively strive to promote the embodiment of sustainability principles and practices by our public listed companies (PLCs), to institutionalise sustainability as a defining characteristic of our capital market and the broader economy.

In 2017, we formed a dedicated sustainability team within the Exchange to holistically steer the sustainability agenda within our company and among our PLCs. We believe in the value of conducting engagement programmes with PLCs to proactively foster a marketplace of sustainable and high-performing companies.

We will remain focused on inspiring sustainability initiatives among PLCs and increasing the number of companies demonstrating adoption of sound Environmental, Social and Governance (ESG) principles. Malaysia was the first emerging market to launch the globally benchmarked FTSE4Good Bursa Malaysia Index, designed to measure the performance of PLCs demonstrating good ESG practices. In just three years, we have nearly doubled the number of companies that meet the requirements for inclusion in the FTSE4Good Bursa Malaysia Index, and we will endeavour to have more PLCs join the ranks in future, bolstering our market's strength in sustainability in the region.

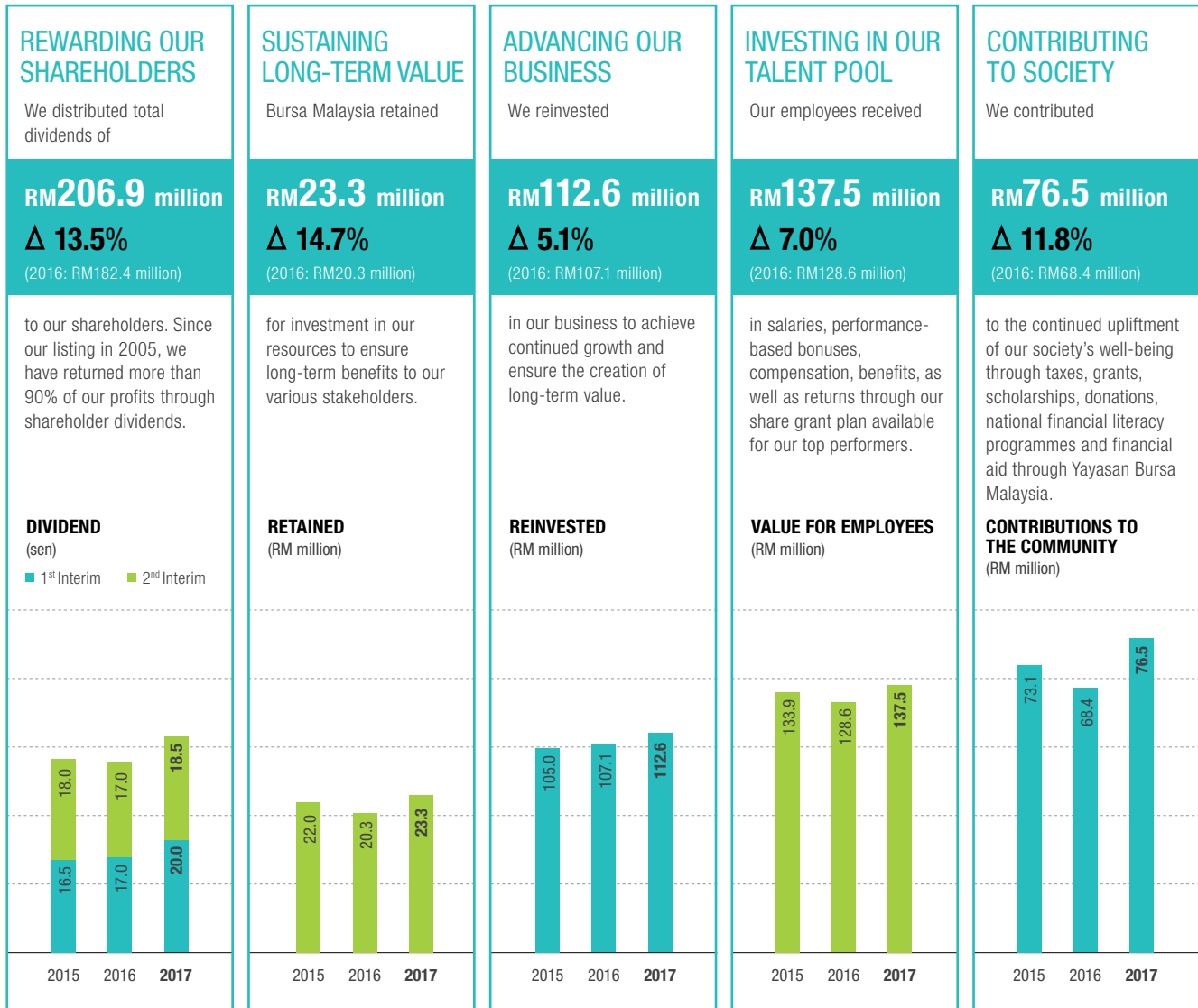
We envision that sustainability will be part and parcel of business strategy for our organisation and the listed companies on the Exchange. Sustainability is an important long-term strategic agenda as it will ensure the competitiveness of our PLCs. Going forward, we will also explore sustainability-themed product offerings, in line with the burgeoning of sustainable and responsible investing.

PROPELLING TOWARDS OUR ASPIRATIONS

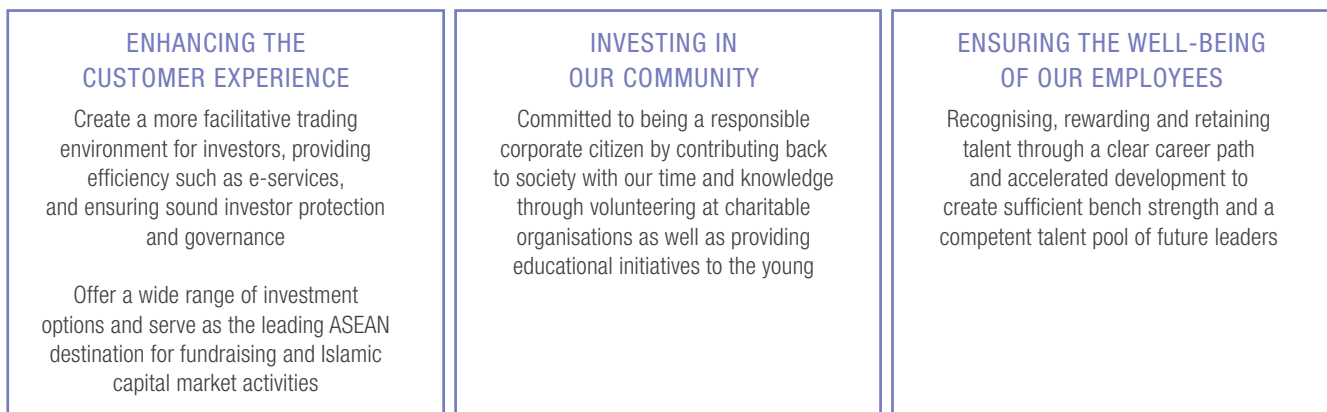
With the solid foundation we have put in place and clear direction in our identified focus areas, we are making headway in ensuring Bursa Malaysia remains a dynamic exchange. We will strive to orchestrate innovative ways with targeted partners to deliver offerings to the capital market that fulfill the diverse needs of investors and issuers. Guided by our charted business plans and tangible targets to achieve our aspirations, we will swiftly move forward. Advancing Malaysia's capital market to take centre stage in the region is exciting and ambitious, yet achievable.

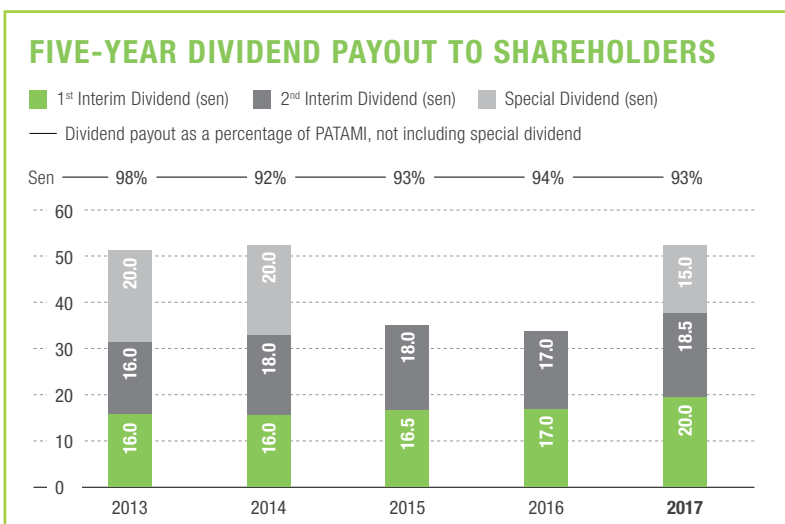
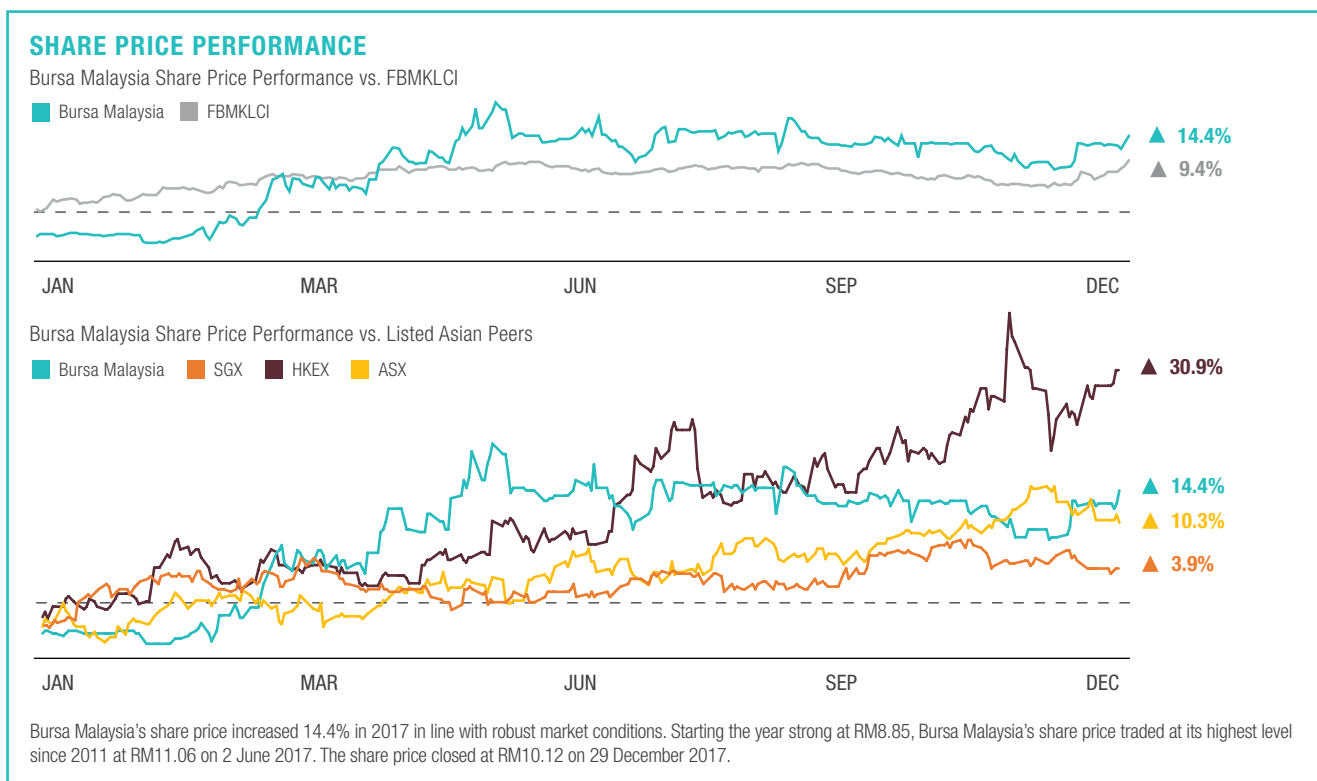
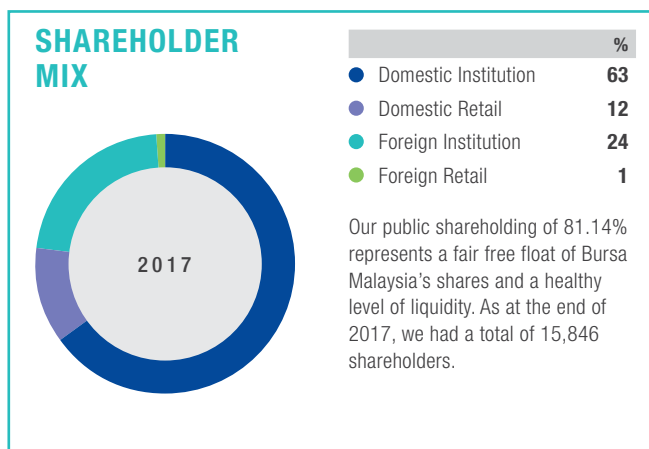
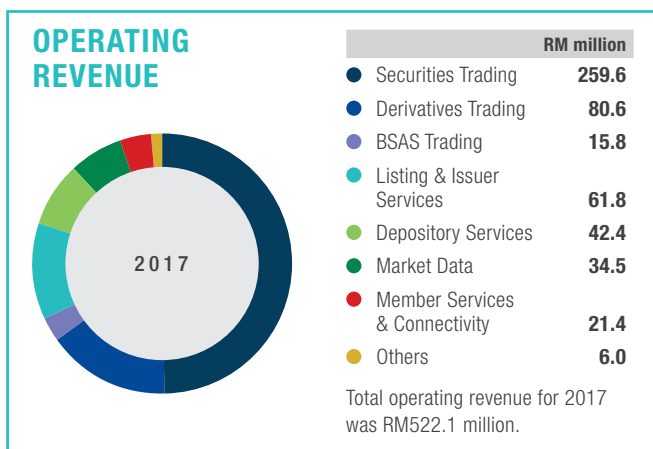
HOW WE SUSTAIN VALUE

TOTAL FINANCIAL VALUE CREATED: RM556.8 MILLION



NON-FINANCIAL VALUE





ENGAGING OUR STAKEHOLDERS

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As Malaysia’s frontline market regulator and market operator, our business has extensive and inextricable ties with our stakeholder groups. Our active engagement with our stakeholders has a two-pronged aim: we keep them abreast of our work and other capital market developments, whilst we receive insights on issues related to the environment, society and governance that matter most to them and that are relevant to our business. We then channel this input to the relevant teams in our organisation for their further action.

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OUR STAKEHOLDER GROUPS	ENGAGEMENT APPROACH	WHAT WE ENGAGED THEM ABOUT	THEIR FEEDBACK/EXPECTATIONS	HOW WE RESPONDED
Public listed companies (PLCs)/potential PLCs, advisers and secretarial firms that act on behalf of PLCs	<ul style="list-style-type: none"> Meetings Public/industry consultations Focus group sessions/dialogues Informal consultations/engagements through emails, phone calls or other means Circulars/directives Communication notes Advocacy programmes/workshops Promotional roadshows and seminars Enquiries via Listing Advisory Portal BursaLINK Site visits Bursa Malaysia’s websites 	<ul style="list-style-type: none"> Bursa Malaysia’s market development initiatives, regulatory policies and proposed changes to the Listing Requirements (LR) Initial Listing Applications – Initial Public Offerings (IPO)/Reverse Take Overs (RTO) Additional Listing Applications – Additional issues of securities/secondary fundraising Clarification of obligations or applications of the LR (such as modification or waiver of LR) Operational matters relating to the suitability of listing, admission process, clarification of LR in areas such as transactions and other corporate proposals PLCs’ corporate governance (CG) and sustainability practices and reporting FTSE4Good Bursa Malaysia Index and related indices Education/training/advocacy Other matters (such as regularisation proposals for PLCs with poor financial conditions, complaints) 	<ul style="list-style-type: none"> Rules framework should promote ease of doing business and growth of the capital market Voluminous rule amendments resulting in difficulty for PLCs to keep track of changes and higher cost of compliance for PLCs More transparency on Bursa Malaysia’s regulatory decisions and expectations More guidance in areas such as eligibility assessment for purpose of listing and application of rules (such as CG and sustainability disclosures) to ensure understanding and compliance Positive feedback on Bursa Malaysia’s education and advocacy programmes Insufficient business case and incentives to garner buy-in for sustainability 	<ul style="list-style-type: none"> Continued to adopt a robust consultative approach to ensure that our rules remain practical, relevant and proportionate (such as providing sufficient grace period for compliance where appropriate) Moved towards less prescriptive forms of regulation, where appropriate through issuance of guidance and communication notes Continued to engage and provide comprehensive and targeted advocacy programmes to PLCs on key topics such as disclosure, CG and sustainability Continued to offer assistance and support to PLCs on their enquiries through existing channels such as the Listing Advisory Portal and phone calls

OUR STAKEHOLDER GROUPS	ENGAGEMENT APPROACH	WHAT WE ENGAGED THEM ABOUT	THEIR FEEDBACK/EXPECTATIONS	HOW WE RESPONDED
Investors	<ul style="list-style-type: none"> • Meetings • Public consultations • Focus group sessions/dialogues • Informal consultations/engagements through emails, phone calls or other means • Local and overseas conferences (such as Invest Malaysia), education and advocacy programmes • BursaMKTPLC • Promotional roadshows and workshops • Bursa Malaysia's websites 	<ul style="list-style-type: none"> • Background, trends and outlook of the Malaysian capital market • Bursa Malaysia's products and services such as equities, derivatives and Islamic products as an option for financial planning and investment • Profile of Bursa Malaysia's PLCs, including their financial and non-financial performance (such as CG and sustainability practices) • Feasibility of Bursa Malaysia's proposed market initiatives and products • Bursa Malaysia's regulatory policies and rule changes • Sustainable and responsible investing • Financial literacy and investor education • Other matters (such as customer service and complaints) 	<ul style="list-style-type: none"> • Need a more efficient marketplace underpinned by high market liquidity and velocity to facilitate price discovery • Need greater trading flexibility for market participants to mitigate risks and reduce transaction costs • Expect a broader range of Bursa Malaysia's products • Require more information on Bursa Malaysia's market initiatives, products and PLCs' performance • Expect larger PLCs to adopt high standards of CG and sustainability practices and disclosures • Envisage more investor education and guidance to be provided by Bursa Malaysia to retail investors and the public 	<ul style="list-style-type: none"> • Focused on boosting our market liquidity, velocity and trading flexibility through more facilitative market frameworks or ecosystems • Built our listing pipeline and expanded our product offerings to facilitate investments • Continued to reach out to existing and new investors through workshops and roadshows to ensure high visibility of our market initiatives, products and PLCs • Continued to build up the number of constituents of FTSE4Good Bursa Malaysia to aid investors in identifying PLCs with strong CG and sustainability practices • Introduced various investor educational programmes and initiatives (such as leveraging digital media) to raise public awareness on capital market investment opportunities and to promote the mindshift from saving to investing as well as trading
Intermediaries (such as brokers)	<ul style="list-style-type: none"> • Meetings • Public/industry consultations • Focus group sessions/dialogues • Informal consultations/engagements through emails, phone calls or other means • Circulars/directives • Communication notes • Advocacy programmes/workshops • Promotional roadshows and seminars • Bursa Malaysia's websites 	<ul style="list-style-type: none"> • Bursa Malaysia's market development initiatives, regulatory policies and proposed rule changes (such as trading systems and business rules) • Bursa Malaysia's product development and offerings • Clarification of obligations or applications of the business rules (such as modification or waiver of business rules) • Operational matters or concerns relating to participant conduct, trading, supervision and market surveillance • Education/training/advocacy • Other matters (such as complaints) 	<ul style="list-style-type: none"> • Need for a more facilitative regulatory framework for market development • Perception of over-regulation • More transparency on Bursa Malaysia's regulatory decisions and expectations • Need more guidance on trading, supervision and market surveillance related matters • Positive feedback on Bursa Malaysia's education and advocacy programmes (such as providing a platform for knowledge sharing, exchange of ideas and keeping abreast of latest market developments) 	<ul style="list-style-type: none"> • Continued to undertake formal or informal consultations and engagements to seek feedback on the feasibility of proposed changes to rules and new products/services • Moved towards less prescriptive forms of regulation, where appropriate through issuance of guidance and communication notes • Facilitated market development and addressed any issues from the industry on the perception of over-regulation • Conducted advocacy and engagement to elevate compliance and improve intermediaries' understanding of matters pertaining to participants' obligations, front-office supervision, trading, business conduct and cybersecurity • Continued to offer assistance to intermediaries through existing channels such as phone calls

ENGAGING OUR STAKEHOLDERS

OUR STAKEHOLDER GROUPS	ENGAGEMENT APPROACH	WHAT WE ENGAGED THEM ABOUT	THEIR FEEDBACK/EXPECTATIONS	HOW WE RESPONDED
Regulators and the Government	<ul style="list-style-type: none"> Meetings Briefings, engagements and consultative sessions Jointly organised events Reports in respect of capital market developments or compliance with statutory obligations (such as Annual Regulatory Report) 	<ul style="list-style-type: none"> Economic and investment landscape and policies in Malaysia Market development initiatives, products, services and regulatory framework governing the Malaysian capital market (such as proposed rule changes) Status updates on supervision and surveillance of capital market trading activities and conduct of PLCs Bursa Malaysia's compliance with its statutory duties and obligations Tax and incentives which affect the capital market and market participants Interpretation of laws/legislations/guidelines 	<ul style="list-style-type: none"> Need for more facilitative policies, incentives and regulatory framework for market development Key risk areas and how to strike the appropriate balance between market development and investor protection Need for better quality and structured disclosures/reporting by PLCs and moving away from a compliance mindset/box-ticking approach Regulators to leverage on technology for monitoring compliance with Bursa Malaysia's rules Need to ensure timely detection and continued enhancement of pre-emptive measures to maintain market orderliness 	<ul style="list-style-type: none"> Continued to engage closely with regulators and the government on our market development initiatives, regulatory framework and liberalisations initiatives to ensure continued growth, vibrancy and competitiveness of the capital market Collaborated with regulators and the government in rolling out CG and sustainability initiatives for the capital market Executed supervision, market monitoring and pre-emptive measures in an efficient manner and reported on the same in a timely manner
Employees	<ul style="list-style-type: none"> Meetings, feedback sessions and coaching CEO Conversations and sessions with the Management Trainings, talks and campaigns (such as HR Day, Eco Carnival) Employee Portal (MY1818) and Staff Zone Employee Engagement Survey Other employee engagement activities (such as annual dinner, festive celebrations, outdoor sports and volunteering work) 	<ul style="list-style-type: none"> Bursa Malaysia's performance and growth strategies Training and development Performance evaluation and management Staff remuneration and benefits Employee well-being Bursa Malaysia's Code of Ethics Collective bargaining and freedom of association 	<ul style="list-style-type: none"> Need for more transparency with regard to Bursa Malaysia's performance, business objectives and growth strategies Offer employees more opportunities to close their competency gaps and gain wider knowledge and skills beyond their current job scope which will enable them to be ready for future roles Ensure a fair and transparent performance management process Offer competitive remuneration Positive feedback with expectations of better and more engaging wellness programmes and activities Harmonious relationship between union members and the Management 	<ul style="list-style-type: none"> Communicated Bursa Malaysia's corporate performance and strategies with employees Offered structured development programmes to ensure all employees' learning needs were addressed and that they were equipped with the fundamental knowledge and skills to perform their jobs Practised and encouraged on-the-job learning, knowledge sharing, coaching and mentoring Strengthened the performance management framework and process Conducted compensation benchmarking to ensure our remuneration package was competitive in the market Conceptualised and implemented a series of forward-thinking and engaging events Continually open, two-way communication and engagement sessions between the Management and employees through various channels and events

OUR STAKEHOLDER GROUPS	ENGAGEMENT APPROACH	WHAT WE ENGAGED THEM ABOUT	THEIR FEEDBACK/EXPECTATIONS	HOW WE RESPONDED
Bursa Malaysia's shareholders, institutional investors and analysts	<ul style="list-style-type: none"> Annual Reports Annual General Meetings Bursa Malaysia's senior management meetings with investors and analysts Circulars Bursa Malaysia's websites 	<ul style="list-style-type: none"> Financial performance Strategies for growth Operating landscape Costs Dividend policy Share schemes Corporate sustainability efforts 	<ul style="list-style-type: none"> Concerns relating primarily to Bursa Malaysia's changing competitive landscape and cost growth Strategies and initiatives to support growth plans 	<ul style="list-style-type: none"> Developed and implemented holistic corporate strategies to catapult Bursa Malaysia to the next level of growth Remained vigilant and prudent with corporate expenditures On-going benchmarking and evaluation to ensure Bursa Malaysia remains competitive
Industry associations, professional bodies and industry experts	<ul style="list-style-type: none"> Meetings Public consultations Focus group sessions/dialogues Informal consultations/engagements through emails, phone calls or other means Joint committees/taskforce with the industry (such as Securities Market Operations Committee) 	<ul style="list-style-type: none"> Feasibility of Bursa Malaysia's proposed market initiatives and products Bursa Malaysia's regulatory policies and rule changes Developmental initiatives (such as Bursa Malaysia's post-trade initiatives) and market issues 	<ul style="list-style-type: none"> Input and feedback on Bursa Malaysia's proposals from their standpoint Recommendations or proposals for consideration Request for guidance in respect of issues highlighted, for example, the future of Fintech 	<ul style="list-style-type: none"> Continued to engage closely with the industry associations on our market development initiatives or market issues, regulatory framework and liberalisations to ensure continued growth, vibrancy, and competitiveness of the capital market
Communities (including beneficiaries of Yayasan Bursa Malaysia (YBM) and Bursa Bull Charge (BBC), YBM scholars and non-profit organisations)	<ul style="list-style-type: none"> Education and human capital development initiatives (such as SL1M) Events (such as BBC) Community programmes (such as visits to charitable homes) Meetings Engagements via phone calls, emails/letters Bursa Malaysia's websites 	<ul style="list-style-type: none"> Bursa Malaysia's education and human capital development initiatives Bursa Malaysia's financial and investment literacy programmes YBM's sponsorships and community initiatives Academic performance, welfare and employment of YBM's scholars Progress and impact of BBC or YBM funded projects 	<ul style="list-style-type: none"> Bursa Malaysia offered a good venue for SL1M trainees to gain exposure and build up skills YBM's scholars encountered challenges (such as financial problems) during their study Need for a policy on selection of BBC's beneficiaries and proper follow-through 	<ul style="list-style-type: none"> Offered continued advice/support to YBM's scholars to encourage them to complete and excel in their studies Prioritised hiring of successful scholars Enhanced the policy on selection of beneficiaries and projects for the distribution of funds raised via BBC Close monitoring of BBC-funded projects to ensure the intended outcomes were met per YBM's requirements

OUR MATERIAL FACTORS

In 2017, we conducted an online survey of our stakeholder groups, including listed companies, investors, intermediaries, regulatory and industry associations, as well as our employees to validate our material factors identified in 2016 to verify their relevance and materiality to our business and stakeholders. The following table encapsulates the feedback we received from 238 survey responses.

MATERIAL FACTORS	DESCRIPTION	WHAT ARE THE RISKS?	WHAT ARE THE OPPORTUNITIES?
COMPETITION	Bursa Malaysia is exposed to competition in our securities, derivatives and Islamic markets from regional and global exchanges for both investment and capital raising purposes.	<ul style="list-style-type: none"> • Lack of liquidity in the marketplace may hamper the attractiveness of our markets, which in turn may drive issuers to list on other exchanges, and investors to invest in other markets • Foreign fund inflows could be curtailed by the presence of more competitive offerings and ecosystems in other exchanges 	<ul style="list-style-type: none"> • A facilitative regulatory framework that addresses ecosystem issues will enhance competitiveness of our platform for fundraising and product issuance. This will attract domestic and regional investors as well as issuers to our markets • Comprehensive marketing together with intermediaries to attract more investors into our markets • Innovative products and an investor-friendly ecosystem could be offered to entice investors with different investment strategies and risk appetites to invest in our marketplace • Regional partnerships and collaborations (especially in product development and market connectivity) could be established to extend our global market reach
MARKET INTEGRITY AND STABILITY	A well-regulated market, supported by an effective and balanced regulatory framework that provides adequate levels of investor protection while facilitating business efficacy and innovation, is imperative for the continued growth and development of our markets.	<ul style="list-style-type: none"> • Any event – such as breaches in regulation, poor corporate governance (CG) practices – that undermines integrity or stability will influence stakeholder confidence, and possibly participation, in the market • Overregulation can increase the cost of compliance and create impediments to the market and in particular, public listed companies and intermediaries to develop and innovate • A poor CG and sustainability culture, can lead to a lack of transparency and poor CG and sustainability practices 	<ul style="list-style-type: none"> • Having a robust approach to ensure the integrity and stability of the market serves to engender trust and confidence, which in turn encourages participation and growth • Fostering a strong CG and sustainability culture will also drive long-term value, both in the market and within Bursa Malaysia
TECHNOLOGY	Technology is both a key enabler as well as a potential source of significant disruption to our business model in the long run. It ensures the resiliency and reliability of the market infrastructure, while bringing efficiencies and innovation for market participants.	<ul style="list-style-type: none"> • Technology is essential to maintain service availability and reliability by preventing any disruption to our business and the market • A growing dependence on technology means greater exposure to the risks of cyber threats. Furthermore, strong data protection measures are needed to ensure our systems run efficiently and productively 	<ul style="list-style-type: none"> • With the growing demand for digital, mobile and customer-friendly solutions in the market, staying abreast of technological trends and developments enables us to provide the best service as an integrated exchange • Technology can enable cross-border activities and improve connectivity with partner exchanges
TALENT	Bursa Malaysia plays various specialised roles as a frontline market regulator, market operator, and public listed company. Therefore, acquiring and developing the best talent is central to our growth and success. This makes strategies for the recruitment, development, engagement and retention of our employees crucial to steer our organisation towards meeting our goals and aspirations.	<ul style="list-style-type: none"> • Operating in a highly specialised industry, attracting and retaining the best talent to ensure we can continue to perform and meet our objectives can be a challenge • Furthermore, for critical and leadership roles, succession planning is vital to our long-term performance as a company 	<ul style="list-style-type: none"> • Creating an engaged and energised workforce with shared values • Having a diverse workforce, with a mix of perspectives and backgrounds that represents society, will best position us to navigate our operating environment • Cultivating a learning culture within the organisation to ensure our talents are 'future-ready' and able to meet evolving market needs




BURSA MALAYSIA'S KEY RISKS AT A GLANCE

<p>OUR BUSINESS ENVIRONMENT TODAY IS FAST-PACED AND COMPLEX AS GLOBALISATION AND TECHNOLOGICAL INNOVATIONS RELENTLESSLY DRIVE CHANGE THROUGHOUT ECONOMIES AND INDUSTRIES EVERYWHERE.</p>	<p>Our ever-evolving business landscape presents a set of risks to our business and financial performance. Our Risk and Compliance Division actively monitors these risks, which we have classified into four categories to facilitate oversight and control. The Division makes regular assessments of each risk and reports these to our Management Committee and Risk Management Committee to ensure an enterprise-wide understanding of the risks we face and how we mitigate their potential impact on our performance.</p>
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<div data-bbox="175 913 290 1066"> </div> <p>OPERATIONAL RISK</p> <ul style="list-style-type: none"> • Cyber threats • Business interruptions • Physical security breaches • Deficiencies in policies and procedures 	<p>Operational Risk results from deficiencies in information systems, internal processes, human errors or external disruptions, and has the ability to impinge on our provision of services. Risks of this nature include:</p> <ul style="list-style-type: none"> • Cyber/computer crime/malicious programming that can affect our mission-critical systems and negatively impact the performance of the Exchange, our business, and customer experience. Compromises in informational integrity could also cause reputational damage to Bursa Malaysia, jeopardising the sentiment of our investors, intermediaries and the public, as well as attract potential lawsuits. • Events or factors that could disrupt our critical functions and reduce our stakeholders' confidence in our ability to operate the Exchange. • Security breaches that could affect our physical infrastructure and human resources, thereby causing serious disruptions to our operations. • Deficiencies in policies and procedures related to the application of frameworks and processes to ensure the smooth running of our operations. 	<p>Our network architecture's robustness is being enhanced with a combination of tools and perimeter defenses. Plans for preparedness, response and recovery actions to mitigate cyber attacks are continually reviewed and updated in response to emerging trends.</p> <p>Crisis management, emergency response and business recovery plans are continually updated and tested for efficacy.</p> <p>Robust security controls have been implemented at our main building and disaster recovery site, with periodic reviews to be undertaken.</p> <p>Reviews are undertaken on an annual or as-needed basis to ensure their relevancy and robustness.</p>
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OUR MATERIAL RISKS

RISK FACTORS	CONTEXT	MITIGATIVE MEASURES
 <p>FINANCIAL RISK</p> <ul style="list-style-type: none"> • Credit, liquidity, market and investment risks • Lack of financial resources 	<p>Our clearing houses are subjected to a variety of financial risks, including credit, liquidity, market and investment risks during the novation process for the clearing and settlement of trades or derivatives contracts.</p> <p>Also, member firms are required to meet minimum capital adequacy and financial requirements as participants of the Exchange and clearing house at all times.</p>	<p>Margins and default funds are collected to mitigate counterparty risk exposure. Members' funds are placed with approved financial institutions under a prudent cash management policy.</p> <p>Bursa Malaysia maintains sufficient financial buffers to meet our obligations and working capital requirements.</p> <p>Bursa Malaysia performs stress tests to ensure the adequacy of our financial resources under extreme but plausible scenarios, and the ability to withstand multiple defaults. Stress test methodologies are reviewed yearly for relevance and robustness, with assurances provided to our Risk Management Committee and Board of Directors.</p>
 <p>STRATEGIC RISK</p> <ul style="list-style-type: none"> • Tough competition • Execution failures 	<p>Increasing competition in the capital markets and evolving business conditions are disruptive to the investment climate and can affect the Exchange's economic sustainability.</p> <p>Execution risks can also derail the implementation of our strategic initiatives and adversely impact our competitiveness as a going concern.</p>	<p>Risk analyses are regularly performed on the competitive landscape and its implications on the progress of high-impact projects to the industry.</p> <p>Our business plans are periodically reviewed to account for changes in our operating landscape, in order to maximise our ability to implement our strategic initiatives.</p>
 <p>LEGAL AND REGULATORY RISK</p> <ul style="list-style-type: none"> • Legal and regulatory changes 	<p>The introduction of (or amendments to) laws, policies, and regulations can affect our everyday operations and even incur legal costs, fines, or reputational losses as the case may be.</p>	<p>We closely monitor developments in the domestic and international regulatory environments that can impact our capital markets. These developments are assessed against the current regulatory environment to identify if any changes are required to our existing rules and regulations.</p>

**WE HOLD OURSELVES TO
THE HIGHEST STANDARDS
OF ACCOUNTABILITY AND
ENDEAVOUR TO PROVIDE
OUR STAKEHOLDERS WITH
THE INFORMATION THEY
NEED TO AID IN THEIR
DECISION-MAKING
PROCESS**

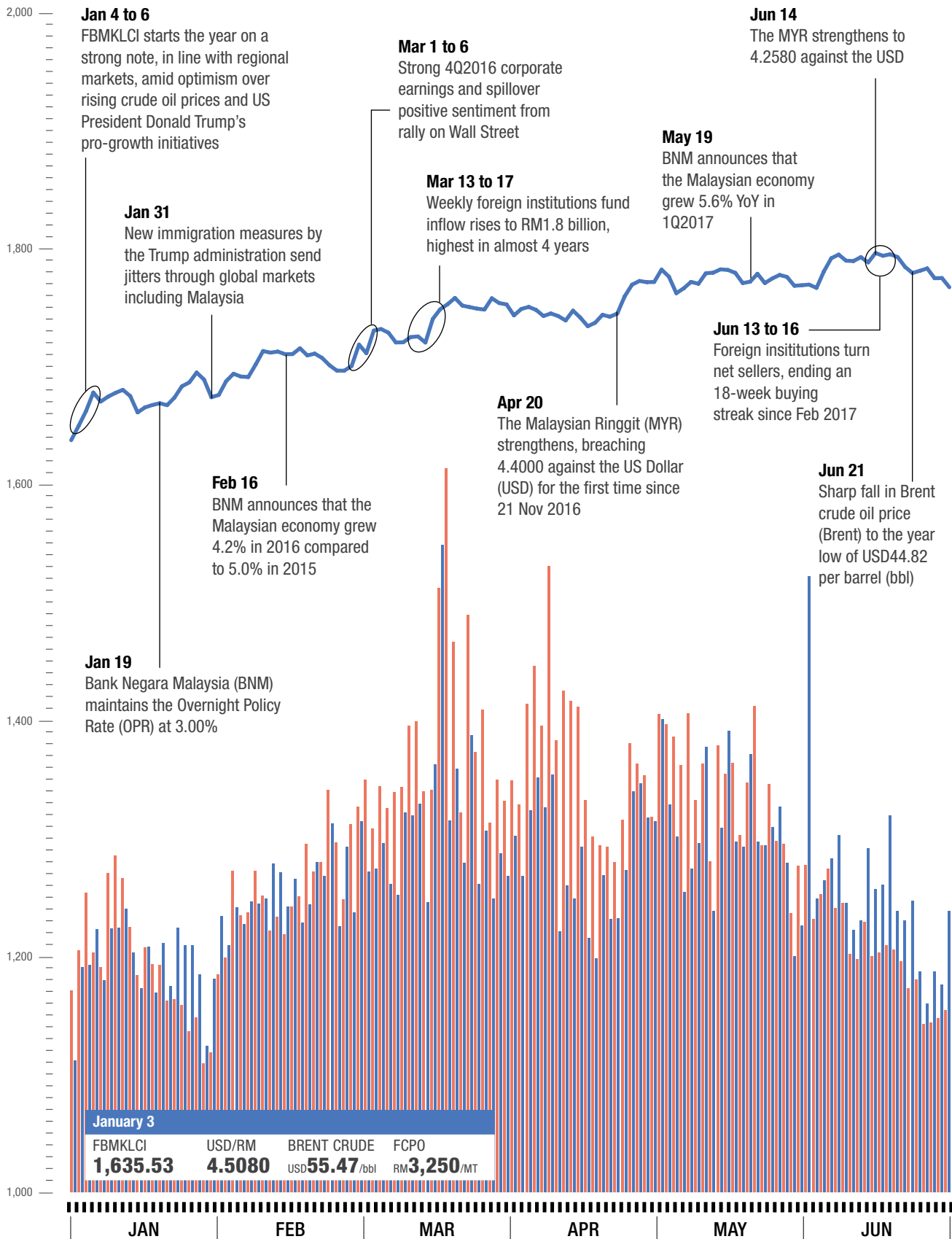
**0 3
OUR PERFORMANCE**

- 36 Overall Market Performance
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OVERALL MARKET PERFORMANCE

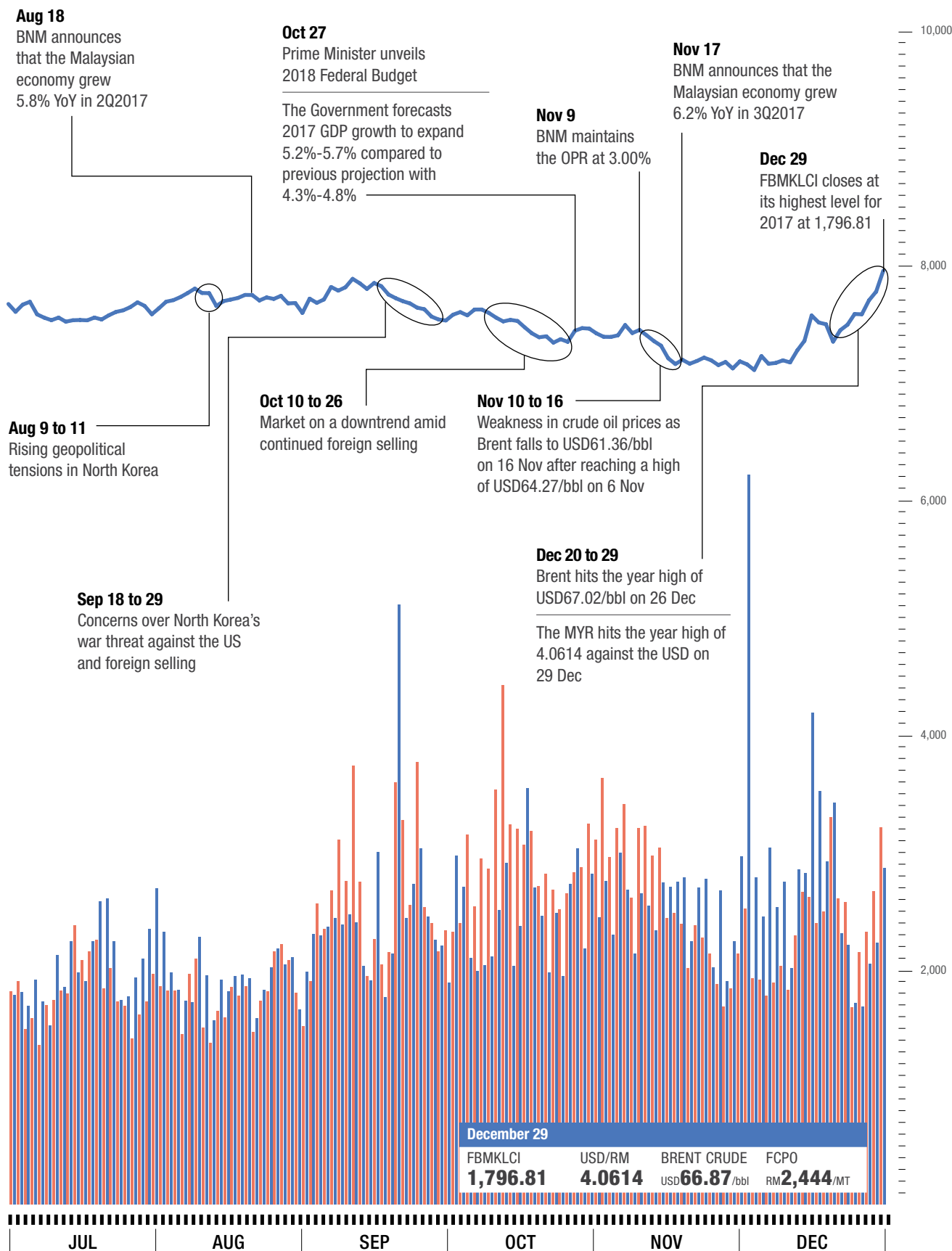
FBMKLCI



FBMKLCI Total Volume Total Value

Note: Both Total Volume and Total Value include odd lot and direct business transactions

Total Volume (units) / Total Value (RM million)



Sources: Bursa Malaysia, Bloomberg

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP FINANCIAL REPORT

2017 MARKED BURSA MALAYSIA'S HIGHEST RECORDED FULL-YEAR PROFIT AFTER TAX AND MINORITY INTEREST (PATAMI) SINCE 2007, AND HIGHEST FULL-YEAR OPERATING REVENUE SINCE ITS LISTING IN 2005.

Bursa Malaysia turned in a solid performance for the financial year ended 31 December 2017, underpinned by our strategic initiatives undertaken over the years to develop the Securities, Derivatives, and Islamic Capital Markets, as well as improving global economic conditions, supported by robust emerging market growth and stronger global commodity prices. Public listed companies posted healthy results, whilst our securities market capitalisation rose to RM1.9 trillion from RM1.7 trillion in 2016, with over 900 entities listed on our Exchange.

Against this backdrop, operating revenue grew 10.4% to RM522.1 million from RM472.7 million in 2016 on the back of strong performance in our Securities Market. Our operating expenses rose 6.0% to RM250.4 million from RM236.2 million in 2016, with the increase being contained by our effective cost management, as evidenced by our cost to income ratio improving by 1.5 percentage points to 45.1%. As a result, our PATAMI surged 15.2% year-on-year to RM223.0 million from RM193.6 million in 2016.

Capital expenditure (CAPEX) rose 28.6% to RM13.5 million in the year under review from RM10.5 million in 2016, with the system enhancements and upgrades in the year fully funded by internally generated funds. We are actively laying the groundwork for further development of the capital market. Therefore, we estimate our 2018 CAPEX spending to increase to approximately twice the amount spent in the year under review. As a cash-generating business, our annual revenue is sufficient to cover our annual CAPEX and operating expenditure.

We have multiple projects in the pipeline that leverage on digitisation and digitalisation to enhance customer experience, develop the ecosystem, modernise our capital market infrastructure to attract issuers and investors, enlarge our regional presence to solidify our position as the centre of ASEAN capital market activity, and achieve operational excellence as we augment our product and service portfolios.

There were no significant changes to our financial position within the year, and there were no events that materially affect our liquidity.

522.1 ▲ 10.4%

OPERATING REVENUE

(RM MILLION)



223.0 ▲ 15.2%

PATAMI

(RM MILLION)



45.1 ▼ 1.5 percentage points

COST TO INCOME RATIO

(%)

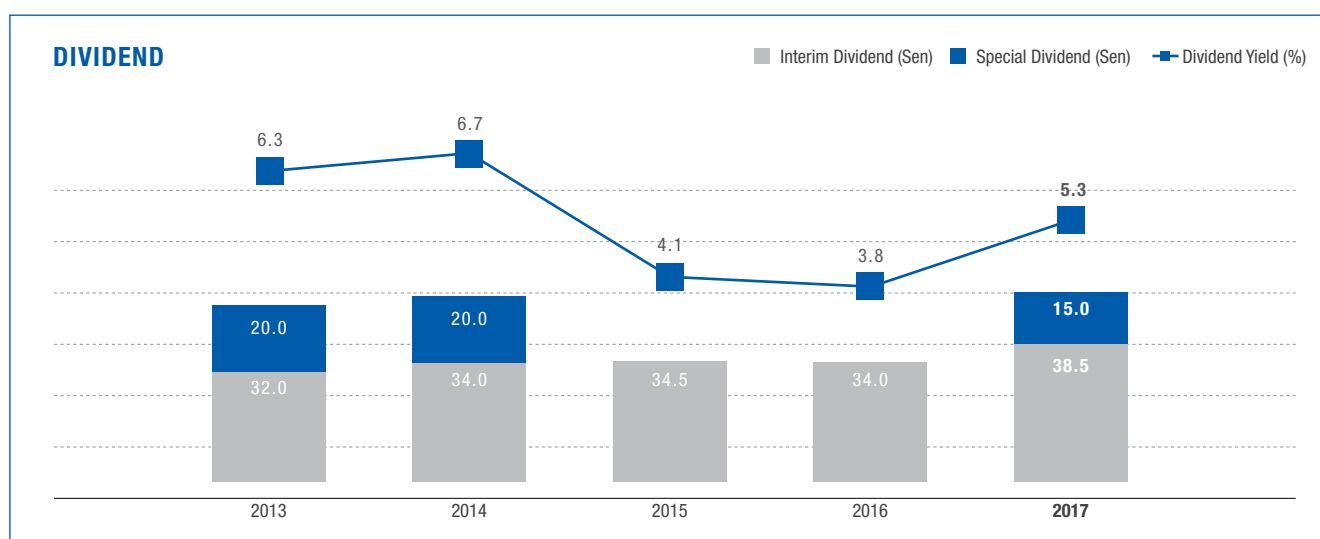


REWARDING OUR SHAREHOLDERS

We continued to deliver value to our shareholders in 2017 through a sound dividend policy, which encapsulates our aim to declare and pay annual dividend of not less than 75% of our PATAMI. Our payout in the year under review continued our practice of rewarding our shareholders, whose support towards our company is a crucial prerequisite for the sustainability of our business.

To determine the quantum of dividend payments, we considered the level of our available cash and cash equivalents, return on equity, retained earnings and our projected levels of CAPEX and other investment plans, including for the development of the Malaysian capital market.

In July 2017, the Board declared the first interim dividend of 20.0 sen per share and a special dividend of 15.0 sen. The Board subsequently declared the second interim dividend of 18.5 sen per share in February 2018, bringing total dividend for 2017 to 53.5 sen per share. The 38.5 sen net dividend per share, which excludes the special dividend, represents a payout of 92.8% of PATAMI.



OPTIMISING OUR BUSINESS

Following the implementation of our Optimising Organisational Structure for Organisation Effectiveness initiative, we have identified four Business Pillars on which all developmental efforts undertaken by our business units will rest. These Business Pillars enhance the depth and breadth of our marketplace, increase its competitiveness, and are aligned with Bursa Malaysia's five Focus Areas: Strengthen the Core, Build Regional and Global Connectivity, Capitalise on Technology and Innovation, Foster a High-Performance Organisation and Embrace Sustainability as a Way of Life, which are discussed in 'Our Strategic Focus' on pages 22 to 25 of this Annual Report.

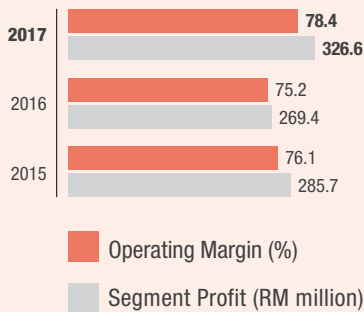
The four Business Pillars are:

- Increasing securities and other product-related offerings – Create a marketplace with a full suite of products to cater to investors' diverse risk appetites and investment strategies;
- Developing and growing a diverse investor base – Facilitate the participation of a diverse mix of institutional, retail, local and foreign investors to enhance liquidity, by promoting easy access and removing barriers to entry for every investor profile;
- Improving and providing an enabling ecosystem – Develop an ecosystem which facilitates the offering of new products and entry of new investor segments. The ecosystem is also benchmarked against developed markets; and
- Regional Expansion – Provide easy access into our marketplace and establish it as ASEAN's preferred investment destination.

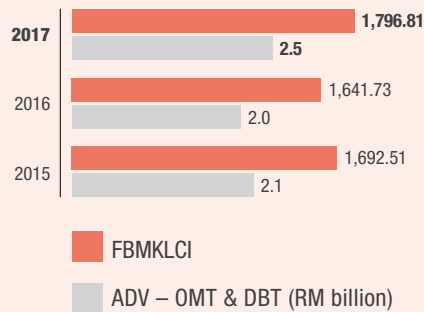
SECURITIES MARKET REPORT

THE SECURITIES MARKET, AS THE ANCHOR OF OUR CAPITAL MARKET, CONTINUED TO GROW IN 2017 WITH THE BENCHMARK FTSE BURSA MALAYSIA KLCI (FBMKLCI) CHARTING HEALTHY READINGS DURING THE YEAR.

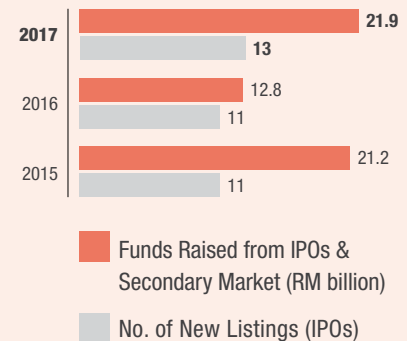
SEGMENT PROFIT AND OPERATING MARGIN



ADV - OMT & DBT AND FBMKLCI



NUMBER OF NEW LISTINGS (IPOs) AND FUNDS RAISED



SEGMENT REVENUE

The details are as follows:

	2017 RM million	2016 RM million	% change
Trading Revenue	259.6	212.9	△ 21.9%
Listing and Issuer Services	61.6	53.3	△ 15.5%
Depository Services	42.4	39.1	△ 8.6%
Market Data	26.1	26.8	▽ 2.5%
Member Services and Connectivity	13.6	13.2	△ 3.0%
Total	403.3	345.3	△ 16.8%

This was supported by largely stable global economic conditions, stronger commodity prices, and favourable corporate earnings performance. The index ended the year on a strong note at 1,796.81 points, representing a 9.4% gain when compared with 1,641.73 as at the end of 2016. The positive economic and capital market environment during the year helped propel Bursa Malaysia's market capitalisation to RM1.9 trillion from RM1.7 trillion in 2016, the fourth highest in ASEAN.

Market activity was also vibrant, with average daily trading volume for On-Market Trades (OMT) and Direct Business Trades (DBT) of 2.6 billion shares traded, valued at RM2.5 billion versus RM2.0 billion in 2016. Average daily trading value (ADV) for OMT alone grew 27.7% to RM2.3 billion from RM1.8 billion in 2016, the highest in Bursa Malaysia's

history and the second-highest ADV growth in ASEAN for 2017 on the back of a 36.9% increase in trades by local investors. Meanwhile, local and foreign institutional investors' ADV for OMT rose 24.2% to RM1.8 billion from RM1.4 billion in 2016, and retail ADV for OMT reached its highest in 10 years at RM525.4 million, compared with RM371.9 million in 2016.

Against this backdrop, the Securities Market remained the largest contributor to our segmental profit in 2017, registering a 21.2% growth in profit to RM326.6 million. This came on the back of a 21.9% increase in trading revenue to RM259.6 million from RM212.9 million in 2016, and an 8.5% increase in non-trading revenue that was attributed to a 15.5% growth in listing and issuer services as well as an 8.6% increase

in depository services. Higher IPO volume and value, more structured warrants (SWs) and active corporate exercises in 2017 contributed to this growth. Our push for regional investors saw the growth of ADV from ASEAN investors progressing as planned, as evidenced by the 48.7% increase to RM89.8 million as we undertook initiatives including holding retail workshops and mini corporate days with broker partners regionally in 2017.

Global investor interest in Malaysia, meanwhile, remained strong in 2017 with total net inflow of foreign funds registering at RM10.8 billion, exceeding levels recorded by Indonesia, Thailand and the Philippines. It also represents the largest net inflow of foreign funds since 2012, and the first annual net inflow since 2013.

The year also saw the addition of five new Malaysian securities into the MSCI Emerging Market Index, improving Malaysia's investment profile and weightage in the index. Our engagement with companies, institutional investors and MSCI to create awareness on MSCI's methodologies have helped companies to address gaps that could have a positive impact on their inclusion into the index.

Increasing securities and other product-related offerings

In terms of Initial Public Offerings (IPOs), 13 IPOs were recorded in 2017, raising a total of RM7.4 billion, a tremendous improvement over the 11 listings raising RM0.6 billion in 2016. Market capitalisation from the IPOs rose a staggering 886% year-on-year to RM21.5 billion from just RM2.2 billion in 2016. Notable listings include property developer Eco World International Berhad (April 2017) and petrochemical product manufacturer Lotte Chemical Titan Holding Berhad (July 2017). Eco World raised approximately RM2.6 billion from its offering of 2.2 billion shares priced at RM1.20 each, while Lotte Chemical Titan raised around RM3.8 billion by offering 580 million shares at RM6.50 each.

The strong IPO showing in 2017 can be attributed to the engagement meetings we regularly held with potential issuers. In 2017,

138 engagement meetings were held to promote fundraising and facilitate access to diverse investment opportunities, which also helped to build a strong IPO pipeline. During the year we had participated in 24 mass outreach programmes to promote listings on Bursa Malaysia.

To open up the capital market to small and medium sized enterprises (SMEs), which typically have limited funding options for their expansion plans, we introduced the Leading Entrepreneur Accelerator Platform (LEAP) Market on 25 July 2017 as an SME listing platform – the first of its kind in ASEAN. Apart from licensed investment banks, 26 advisers have been registered as Approved Advisers and two as Continuing Advisers. Since its launch, two companies were admitted to the market in 2017, namely Cloudaron Group Berhad and Red Ideas Holdings Berhad. We saw significant interest from SMEs expressing interest to raise funds via listings on the LEAP Market. Accordingly we undertook extensive market awareness programme to promote the LEAP Market.

Three new indices were launched during the year, namely FBM MidS Cap index, FBM MidS Cap Shariah index and the Real Estate Investment Trust (REIT) index. The indices further raised the profile of MidS companies, including Shariah-compliant MidS companies and REITs as well as facilitated the creation of index-linked investment products.

The year also saw the listing of Malaysia's first commodity exchange-traded fund (ETF), which is also the world's second Shariah-compliant gold ETF. This fund, enabling investors to buy and sell ETF units with underlying gold in the same way as buying stocks, is also the first Shariah-compliant physically-backed gold ETF. The fund enables Bursa Malaysia to provide a more diverse range of ETFs, unlocking the potential for future ADV growth.

Developing and growing a diverse investor base

In May 2017, we launched the Mid and Small Cap Research Scheme (Bursa MidS) to promote awareness on these 100 companies and broaden investors' exposure to the

segment. As at end 2017, 421 reports on the initiation of coverage, financial results and company updates have been uploaded on our Bursa MidS website (please see <http://bursamids.com>). Additionally, this scheme saw 29 public listed companies and five research companies featured in Astro Awani's Marketplace TV programme, while 19 promotional workshops were carried out, four of which took place regionally.

To further diversify our investor base, we undertook a number of initiatives in 2017, under our Retail Roadmap to promote the marketplace to retail investors. These included 16 Workshop@Bursa sessions, four investment talks, two Bursa Station Market Outlook talks and two Bursa MidS roadshows. These efforts helped boost new CDS account openings and contributed to the 41.3% growth in retail ADV to RM525.4 million in 2017 (RM371.9 million in 2016).

In November 2017, we launched the 'What's Your Goal' campaign, a collaboration with Participating Organisations to raise public awareness on the value-creation opportunities provided by investing in the securities market. This led to the opening of 9,873 new trading accounts and 1,865 new investors who traded in the first month of the campaign. We also registered a total traded value of RM79.5 million with an average traded value of RM42,619 per new investor.

We have also utilised digital platforms to reach out to potential retail investors, especially the technologically savvy youth segment. Our BursaMKTPLC portal and official Facebook page provide timely updates on time-sensitive information and details on upcoming events, besides serving as a platform for information-sharing on investment. The BursaMKTPLC portal received 360,759 visitors in 2017, an increase of 19.8% from 2016. Additionally, new user registrations on BursaMKTPLC rose 54.5% to 31,638 in 2017 (20,481 in 2016), while our follower base across all social media platforms grew over 200%. Minor updates were performed on BursaMKTPLC in October 2017 to highlight the new tagline of 'Learn, Try and Apply', while talks and campaigns were held throughout the year to promote our social media.

MANAGEMENT DISCUSSION AND ANALYSIS

On the institutional investor front, our Institutional Roadmap outlined the hosting of our annual Invest Malaysia (IM) programmes. IM Kuala Lumpur was held on 25 to 26 July 2017, representing the 13th installment of the event that attracted 1,929 participants (including 904 fund managers from 168 organisations), with total assets under management (AUM) represented by the attendees amounting to US\$19.8 trillion. There were 48 listed companies profiled at the conference.

IM conferences were also held in other markets in 2017, namely Tokyo, Taiwan, London, and Edinburgh. These events, also called IM Away, showcased a combination of large and medium-sized Malaysian companies to foreign fund managers, besides enhancing the investment profile of Malaysia. Our IM Away conferences were attended by 95 fund managers from 64 organisations in total, representing a total AUM of US\$4.5 trillion.

Other domestic Institutional Roadmap initiatives include local institutional sectorial seminars held in collaboration with Hong Leong Investment Bank Berhad in March and November 2017. The first seminar focused on the retail and online value chain and was attended by 46 fund managers and analysts from 27 organisations; the second seminar covered tourism/healthcare tourism, which was attended by 41 fund managers and analysts from 12 organisations.

Improving and providing an enabling ecosystem

The ecosystem pillar plays a facilitative role in attracting issuers and investors to our market. We undertook several initiatives to this end during the year, including revising on 27 February 2017, the tick rule for Regulated Short Selling (RSS) and allowing the use of Securities Borrowing and Lending – Negotiated Transactions (SBL-NT) for failed trades. These helped to improve market liquidity and trading velocity in the Securities Market, as evidenced by the sustained RSS traded value and SBL outstanding loan following the launch of this revision.

We have also operationalised the multicurrency framework, putting it into testing as we anticipate the listing of at least one new non-Ringgit denominated ETF in

2018. We have also developed and launched a framework for Shariah-compliant alternative to SBL during the year to meet the needs of the Islamic capital market.

We also launched the revised reference price and application of the static price limit for SWs on 19 June 2017. This revision allows prices of SWs to move in tandem with their underlying assets for better price discovery.

The “Good Till Cancel” and “STOP Market and STOP Limit” trading features, meanwhile, were introduced to assist investors in achieving their objectives and help them manage their orders. These enhancements also enable our investors to refine their trading and risk management strategies.

To strengthen ties with our broker partners, we established the Channel Management initiative, under which we completed 69 engagement sessions in 2017. These engagements boosted information-sharing with our brokers, for whom we also prepared fact sheets on their performance and position within the industry to help them identify new opportunities and areas for improvement. The engagements included talks with investment bank CEOs and foreign brokers as well as awareness sessions on our new products and services.

We also see investor education initiatives as a long-term activity to enhance our ecosystem. Under our Investor Education Roadmap, we have identified programmes across three investor segments: beginners/future investors, intermediate/existing investors, and market savvy/professionals.

These programmes included the CPE Accredited Product Workshop, which was held in major cities nationwide to educate our broker partners on our product and services, attracting 1,401 dealers and remisiers. We also continued to organise our Bursa Investor Education Workshop to raise investors’ capital market literacy and strengthen their investment decision-making. Since its introduction in 2015 to target investors in the Klang Valley, the workshop has been expanded to other major cities, namely, Penang and Johor Bahru and is now also being conducted in Mandarin (sessions in Bahasa Malaysia are on the cards).

Our Market Awareness visits form an integral part of our engagement with young and new investors, while Bursa Young Investor Clubs (BYICs) formed in local and foreign institutions of higher learning help to educate university students on investing with Bursa Malaysia. During the year, we hosted 48 visits and 1,763 guests from higher learning institutions. Eight new BYICs were formed in 2017, bringing the number of clubs to 21 in universities nationwide, reaching 5,239 students through seminars, investment talks and webinars.

Collectively, we organised 150 events, attracting 31,027 attendees, compared with 137 events with 10,479 attendees in 2016. Investor participation data for our 2017 events showed that on average, 31% of attendees were beginner-level investors, 62% intermediate, and 7% market savvy.

We engaged with listed companies to improve Malaysia’s weightage on the MSCI Emerging Markets Index. Under our MSCI Engagement Programme, we held direct engagements with 11 companies. As at 4 December 2017, the number of Malaysian constituents on the index had risen to 46 with the addition of Sime Darby Plantation Berhad, Sime Darby Property Berhad, Press Metal Aluminium Berhad, Nestle (Malaysia) Berhad, and SP Setia Berhad, thereby increasing Malaysia’s weightage in the index to 2.36% on 29 December (2.15% on 30 November), exceeding Thailand’s and Indonesia’s 2.26% and 2.17%, respectively.

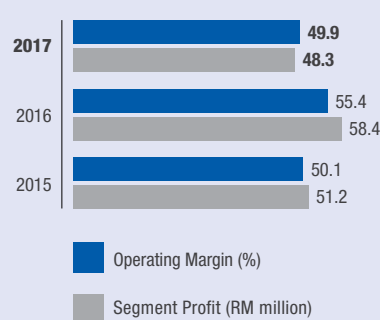
Regional Expansion

Our ASEAN Roadmap sets out our plans to promote Malaysia as ASEAN’s preferred marketplace. During the year under review, we held three ‘Spotlight on Malaysia’ programmes in Singapore and Thailand. We also sponsored a Singapore-based broker’s campaign to encourage its trade representatives to increase trading on Bursa Malaysia which had resulted in 13% growth in number of trades and 16% in trade value during the campaign period. We had also sponsored the Money Channel Programme in Thailand that featured live interviews with Malaysian brokers. These initiatives had contributed to increase in ADV from ASEAN investors.

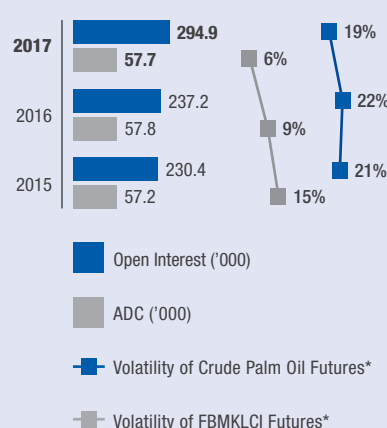
DERIVATIVES MARKET REPORT

THE DERIVATIVES MARKET PROVIDES AN ADDITIONAL PLATFORM FOR INVESTORS SEEKING TO INCLUDE A FURTHER DIMENSION TO THEIR VALUE-CREATION ACTIVITIES.

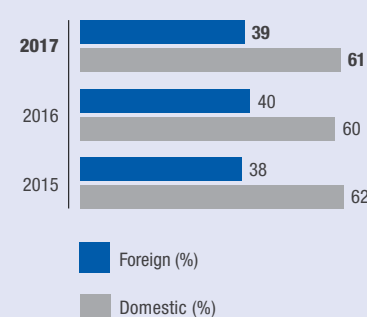
SEGMENT PROFIT AND OPERATING MARGIN



ADC, OPEN INTEREST AND VOLATILITY



FOREIGN AND DOMESTIC PARTICIPATION



* Source: Bloomberg

SEGMENT REVENUE

The details are as follows:

	2017 RM million	2016 RM million	% change
Trading Revenue	80.6	88.7	▼ 9.2%
Market Data	8.1	8.3	▼ 1.3%
Member Services and Connectivity	0.2	0.2	▼ 4.2%
Conference Income	6.0	5.7	△ 4.4%
Total	94.9	102.9	▼ 7.8%

Playing an important role as the price discovery and risk management facility, the Derivatives Market continues to be dominated by institutional users with a market share of 58% from 57% in 2016. Foreign institutions accounted for 38%, while domestic institutions took the remainder 20%. Direct Market Access (DMA) clients from the US also spiked 64% to account for 13% of total trading volume. During the year, the market registered a segmental profit of RM48.3 million and operating revenue of RM94.9 million, compared with RM58.4 million and RM102.9 million respectively in 2016. Average Daily Contracts

(ADC) remained mostly flat in 2017, amounting to 57,677 contracts versus 57,829 in 2016. This was despite the 5.7% growth in ADC registered for our Crude Palm Oil futures (FCPO) contract to 49,051 contracts from 46,406 in 2016, as this was offset by the 26.2% decline in trading volume on the FTSE Bursa Malaysia KLCI Futures (FKLI) to 2.0 million contracts. The underperformance was mainly due to the extremely low volatility experienced in the underlying equity index market, which was in line with global trends (the CBOE Volatility Index fell to its lowest level since 1993).

MANAGEMENT DISCUSSION AND ANALYSIS

The Derivatives Market also recorded a reduction in guarantee fees received, following a revision of the guarantee fee rate to 0.3% per annum on the derivatives' open positions in 2017, compared with 0.5% per annum in 2016, while lower trading and clearing fees of RM64.4 million, compared with RM69.2 million in 2016, were also recorded due to lower FKLI trade volumes.

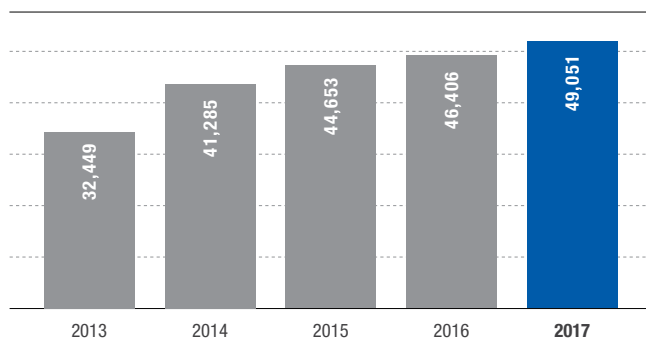
RECORD 2017

During the year, several all-time highs were observed with four daily trading records and two open interest records established. The FCPO reached a historical high in trading volume of 97,813 lots/2.4 million metric tonnes on 22 February. The FKLI, too, hit an all-time high of 54,987 on 28 June. FCPO's associated derivatives, the Options on Crude Palm Oil Futures (OCPO) as well as our FTSE Bursa Malaysia KLCI Options (OKLI), both registered record-high volumes of 4,000 contracts and 592 contracts on 26 June and 7 September, respectively. Both options contracts had open-interest highs of 26,016 contracts for OCPO and 2,654 for OKLI as well.

PRODUCT	RECORD VOLUME	DATE
FCPO	97,813	22 FEB 2017
FKLI	54,987	28 JUN 2017
OCPO	4,000	21 JUN 2017
OKLI	592	7 SEPT 2017

PRODUCT	RECORD OPEN INTEREST	DATE
OCPO	26,016	28 DEC 2017
OKLI	2,654	30 MAR 2017

FCPO (AVERAGE DAILY CONTRACTS)



In terms of investor participation, overall volume from institutions rose marginally by 0.5% to 16.4 million, while retail volume declined 4.1% to 11.7 million. In terms of products, FCPO volume from institutional and retail investors gained 6.7% and 1.6% to 13.4 million and 10.5 million, respectively, although low FKLI volatility led to a correspondingly large decrease in volume from institutional and retail investors of 21.0% and 36.1% to 2.9 million and 1.2 million, respectively, compared with the 3.7 million and 1.8 million, respectively in 2016.

Products

Despite the lacklustre market in 2017, the Derivatives Market still chalked up notable achievements, including firming up the pipeline of new products. We have completed research and consultation on Single Stock Options and had submitted a concept paper for Single Stock Options to the Securities Commission Malaysia (SC) in September 2017. To attract new investors, we also completed research into alternative equity index futures and are targeting to launch a mini futures contract on the FTSE Bursa Malaysia Mid 70 Index.

Our initiative to introduce USD and CNH against Ringgit Futures is on track pending necessary regulatory approval. The launch of these contracts will serve the need of retail and institutional participants to better manage their currency exposure.

We continually reviewed our product portfolio and refreshed their specifications to ensure relevance. In this regard, we received on 7 November 2017 the SC's approval in principle for a proposed revamp of our FCPO contract specifications. This revision is a notable step towards our adoption of sustainability principles, with all crude palm oil deliveries to include information on their mill origins for traceability purposes. The contract tenure is being extended to 36 months from 24 months to better meet industry requirements for longer-term hedging. Reflecting the strong institutional presence in our market, position limits are being expanded with greater trading-hour alignment with the Chinese market through a shorter lunch break.

To increase retail and local participation, we relaunched the OKLI Development Plan 2017/2018 on 1 October 2017. We also undertook several other activities during the year, including collaborations with Phillip Securities Singapore to explore index arbitrage and market making, and an industry consultation session on the Free on Board (FOB) delivery process as part of our USD RBD Palm Olein Futures (FPOL) revamp.

Investors

During the year, the ADC through US DMA rose 64% to 7,537 from 4,606 in 2016. Since Bursa Malaysia Derivatives (BMD) registration as a Foreign Board of Trade (FBOT) by the US Commodity Futures Trading Commission (CFTC) in 2015, the ADC from US DMA jumped by 568%.

The Derivatives Market also achieved commendable progress in growing our investor base, having recruited 22 new Professional Traders through the Recruitment of Locals and Retail Transaction Incentive Programme in 2017.

Investor education is also crucial in expanding our customer base. As our products are regarded as highly ‘technical’ and may appeal to a certain segment of the customer base (that strives on volatility and are active daily or weekly position traders), our engagements with them are more towards providing technical strategies. They are active position traders as opposed to passive investors that hold long positions of 1 month, 2 months, 6 months or only invest to obtain annual dividends.

Our engagements with the public, together with our Trading Participants (TPs) are focused on a targeted reach of ‘savvy’ individuals and to maximise the visibility of our products and its trading capabilities to be used in both directions of the market (bull and bear markets). This is the flexibility nature of futures and options and our engagements are focused towards the ability to sell ‘short’ and to trade spreads.

In 2017, 7,555 retail individuals had participated in the Derivatives Market’s various engagement channels

(125 sessions) via joint venture retail events with TPs nationwide, own-organised workshops and talks, participation at third-party events and webinars.

With the enhanced BursaMKTPLC website (online educational portal) that now provides a virtual derivatives mock trading platform for newbies (to practise and learn on the price calculations and executing their theory-based strategies); we are pleased to record a total of 12,338 virtual contracts that was ‘traded’ on the Futures Trading Plan (FTP) platform. Following through the online practice facility, that provides the convenience to test trades ‘anytime and anywhere’, it had successfully provided the confidence to convert to new accounts where the total number of retail accounts rose by 9% to 64,072 accounts in 2017, as compared with 58,641 accounts in 2016.

For the institutional segment, we had various corporate engagements with targeted High Volume Traders (HVTs), domestic and foreign institutions (funds and proprietary set-ups) as well as palm oil related corporates to promote the usage of our products in Malaysia, Singapore, Indonesia, China/Hong Kong, Australia, Thailand and the U.S.

We had also expanded our product visibility to the subscribers of Smart Investor magazine through advertisements and interview articles that were featured from February to December 2017.

Ecosystem

In developing the Derivatives Market ecosystem during the year, we focused on attracting new market intermediaries by facilitating the registration of potential TPs and Clearing Participants on BMD.

We also introduced a new clearing-only function as part of the revamp of our participantship structure. Under this new structure, we separated clearing participantship from trading participantship, allowing for standalone clearing participants, especially among large and well-capitalised financial institutions. This move promotes specialisation by our intermediaries according to their strengths, elevates the attractiveness and competitiveness of the Derivatives Market, and enables further market development. The third-party clearing facility provided under the new structure will also improve global traders’ access to the Malaysian market.

The revamp has also abolished application fees for TPs and associate participants, while the registration fee for trading participants has been halved to RM50,000 – the same level for general clearing participants.

Regional expansion

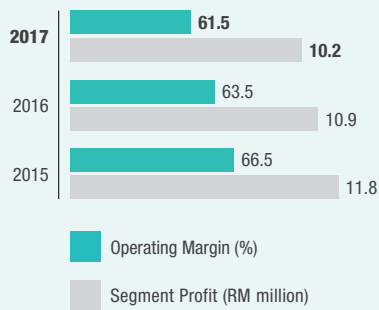
For more than 10 years, we have worked in close collaboration with the Dalian Commodity Exchange to jointly host the China International Oils and Oilseeds Conference. We are looking to build on this co-operation through joint product development, marketing, promotions, education, as well as co-operation on a possible trading collaboration. India’s National Commodity and Derivatives Exchange has also engaged us to explore on possible collaboration.

These engagements with two of the largest Asian economies’ exchanges stand us in good stead as we expand our derivatives footprint across Asia and the world.

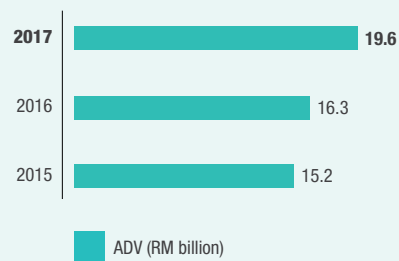
ISLAMIC CAPITAL MARKET REPORT

THE ISLAMIC CAPITAL MARKET (ICM) IS A KEY CONSTITUENT OF OUR CAPITAL MARKET, SERVING AS A SOPHISTICATED PLATFORM FOR SHARIAH-COMPLIANT PRODUCTS AND SERVICES IN THE REGION

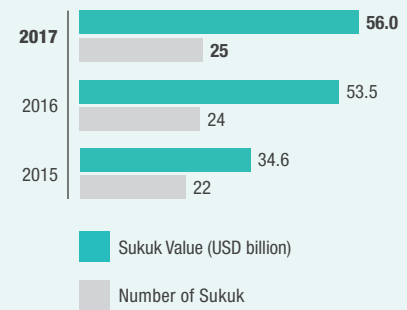
SEGMENT PROFIT AND OPERATING MARGIN



BSAS ADV



NUMBER OF SUKUK LISTINGS UNDER THE EXEMPT REGIME



SEGMENT REVENUE

The details are as follows:

	2017 RM million	2016 RM million	% change
BSAS Trading Revenue	15.8	16.4	▽ 3.7%
Other Income	0.5	0.6	▽ 6.0%
Total	16.3	17.0	▽ 3.8%

ICM's performance during the year remained resilient with operating revenue registering at RM16.3 million, whilst segment profit stood at RM10.2 million.

The primary driver for ICM's financial performance is trading revenue generated on our global commodity Murabahah trading platform, Bursa Suq Al-Sila' (BSAS), which amounted to RM15.8 million, a slight dip of 3.7% from the previous year's RM16.4 million. ADV on BSAS, however, rose 20.2% to RM19.6 billion in 2017 from RM16.3 billion in 2016. Since its inception in 2009, BSAS has registered a CAGR of 102.4% as at the end of 2017.

The strong growth in BSAS trading was mainly driven by growing interest in the flexi-pricing and volume-based incentive schemes to protect BSAS market share. The number of BSAS membership also continued to rise with the addition of 17 new participants, bringing the total to 141 in 2017 from 124 in 2016. Domestic participants accounted for 76% of total trades while foreign participants accounted for the remaining 24%, signifying the growing acceptance of BSAS as a global platform to facilitate Murabahah and Tawarruq transactions.

Shariah-compliant Products and Services

Bursa Malaysia-*i*, launched in September 2016, is the world's first end-to-end Shariah-compliant investing platform and a significant development by Bursa Malaysia to ensure that we offer a comprehensive suite of Shariah-compliant investing and exchange-related services. This creates a more facilitative environment for investors to invest and trade via a Shariah-compliant platform.

As at end 2017, RM1.2 trillion or 60.5% of the total market capitalisation was Shariah-compliant, and 76.0% or 688 out of 905 companies listed on Bursa Malaysia were Shariah-compliant.

Within its first year of establishment, the platform registered an ADV of RM78.0 million. We believe that the Bursa Malaysia-*i* platform will grow steadily as the shift towards ethical or value-based investing is growing and indeed evident in Malaysia, particularly the demand for Shariah investing.

This is contributed by the shift towards value-based investing that appears to track the increasing demand for Shariah-compliant financial solutions that has created a growing appetite for Islamic capital market products and services. Indeed, it is no longer just the domain of Muslim investors. Principled investing practices based on Shariah are one part of the equation to living life responsibly through responsible, value-based investing.

The establishment of Bursa Malaysia-*i* would further elevate Bursa Malaysia's status as a leading ASEAN marketplace and emerging-market leader for Shariah-compliant trading activities across ASEAN and the world.

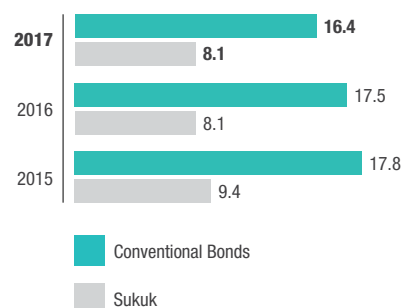
The platform will also help to increase the visibility of our existing Islamic Participating Organisations, which will positively impact the sustainable development of Malaysia's stockbroking industry. Having more intermediaries, such as these Islamic Participating Organisations, will facilitate the promotion of Shariah-compliant products and Shariah investments on Bursa Malaysia-*i*.

As at end December 2017, there were 14 out of 30 registered Participating Organisations carrying out Islamic stockbroking services, of which one is on a 'full-fledged' basis, whilst the others are operating on a 'window' basis.

2017 also saw a 4.7% increase in the value of Sukuk listings under the Exempt Regime to USD56.0 billion, from USD53.5 billion in 2016.

As for the Labuan International Financial Exchange, total market capitalisation from the listing of both conventional and Shariah-compliant instruments registered a marginal decrease of 4.3% to USD24.5 billion in 2017 from USD25.6 billion a year ago.

MARKET CAPITALISATION OF LABUAN INTERNATIONAL FINANCIAL EXCHANGE



Investor Engagements

2017 was an active year of engagements as we focused on widening our investor base and building our regional links.

We worked closely with our industry partners to drive awareness and education programmes on Shariah investing nationwide, thereby extending our reach of the investing community and retail public.

The inaugural Shariah Investing Fair 2017, held in November, was the first-of-its-kind retail event organised by Bursa Malaysia, serving as a platform to promote awareness and educate the retail investing public on securities market investment, Shariah-compliant product and service offerings, and Shariah investing on Bursa Malaysia-*i*.

The Shariah Investing Forum held in April 2017, meanwhile, discussed Shariah investments and the development of the Islamic capital market. This Forum saw the participation of over 300 Shariah scholars and Islamic finance practitioners.

Over the course of the year, we conducted over 100 direct engagements with market participants, including fund managers,



Members of our Shariah Committee. From left to right: Prof Dr Ashraf Md Hashim (Chairman), Prof Dr Younes Soualhi (Member) and Dr Shamsiah Mohamad (Member).

MANAGEMENT DISCUSSION AND ANALYSIS

institutional investors and over 35,000 retail investors. We also participated in international roadshows and forums in Beijing, Jakarta, London and Shanghai, amongst others.

We also undertook aggressive advertising and promotions to increase the visibility of Bursa Malaysia-*i* and promote Shariah investing to grow retail investor participation.

To capture young investors, Bursa Malaysia-*i* also embarked on social media engagement activities via Twitter, Facebook and Instagram to increase awareness amongst the young and provide timely updates on Shariah investing and our platform's activities.

Islamic Capital Market Ecosystem

One of the most significant contributions to the ecosystem of the Islamic capital market in 2017 was the launch of the world's first Islamic Securities Selling and Buying – Negotiated Transactions (ISSBNT), a Shariah-compliant alternative to securities borrowing and lending in December 2017, that aims to increase the market's liquidity and efficiency, facilitate hedging and reduce market risks, support the growth of products like Single Stock Options, RSS, IDSS, SWs and ETF, as well as facilitate trading activities and strategies.

The ISSBNT enables the clearing house to undertake transactions that deliver the equivalent outcome of conventional securities borrowing and lending transactions, but structured based on Shariah principles.

Moving forward, we will continue to spur the development of the Islamic capital market by leveraging on our leadership position and strengths to enrich and broaden our Shariah-compliant offerings. We will also maximise synergistic efforts with market participants and our stakeholders to support the ecosystem and growth of the Islamic finance industry.

Awards & Recognition

Our outstanding performance in 2017 garnered a slew of awards and recognition. Bursa Malaysia was named 'Best Islamic Exchange Asia 2017' at the Global Banking and Finance (GBAF) Review Awards for the second year in a row, which recognised the outstanding performance of our ICM from 2010 to 2017.

Further validating our achievements were BSAS' outstanding performance as a global commodity Murabahah trading platform that has recorded monumental growth since its inception in August 2009 and is now widely embraced by financial institutions and sukuk issuers, through the 'Best Commodity Trading Platform Asia 2017' award by GBAF and the 'Brand Excellence Islamic Commodity Trading Facilitation Platform Malaysia 2017' award by the Finance Digest Brand of Excellence Programme 2017.

Our Bursa Malaysia-*i* was also awarded 'Best Islamic Exchange 2017' at the Global Islamic Finance Awards 2017 in Astana, Kazakhstan and recognised by the Malaysia Book of Records as the 'First End-to-End Shariah-compliant Investment Platform'.

In addition, Bursa Malaysia won the Gold Medal Award for the 'Most Innovative Non-Food & Services' category at the Malaysia International Halal Showcase Awards 2017, the 'Brand Excellence Islamic Securities Trading Platform 2017' award at the Finance Digest Brand of Excellence Programme 2017 and the 'Most Innovative Global End-to-End Shariah-compliant Investing Platform Asia 2017' award at the GBAF Review Awards that recognised Bursa Malaysia-*i* as the world's first end-to-end Shariah-compliant investing platform.

These awards and commendations that recognise our contributions to the Islamic capital market inspire us to continue serving our investors and markets better.

STRIVING FOR OPERATIONAL EXCELLENCE

We continually ensure that the operations of the Exchange are carried out securely and efficiently, and focus on customer experience, products and services. The Operational Transformation Programme that we have put in place is in line with Bursa Malaysia's aspiration to transform the customer experience of retail investors and meaningfully expand our product and service portfolios.

In 2017, the consolidated CDS Account Form for our investors, was introduced to create a single form for all CDS account maintenance activities. This form is also available in Bahasa Malaysia. With this in place, we have not only improved the customers' experience, but also significantly reduced the printing of physical forms. This contributes to our effort in reducing our carbon footprint.

In addition, we have successfully implemented settlement of payment through the Real-time Electronic Transfer of Funds and Securities System (RENTAS). Finally, both the Securities and Derivatives clearing houses and Depository are in compliance with the IOSCO Principles for Financial Market Infrastructure requirement.

System availability and reliability

In 2017, we achieved 99.97% service availability, where all critical systems met the agreed service level. The system capacity to support the business for both the Securities and Derivatives Markets has sufficient capacity to cater for growth. In addition, Bursa Malaysia's systems are scalable for higher capacity when required. Both the securities and derivatives systems also performed within expectations.

Leveraging technology to enhance operational excellence

In 2017, we undertook several initiatives which aim to provide analytics capability to facilitate effective and timely reporting and decision making, upgrade systems to enable new functions and capabilities.

These include the implementation of the enterprise data analytics platform, the new LEAP market, the introduction of new order types and validity, and the enhancement of the BSAS platform to facilitate 24x7 trading and Straight Through Processing. We also continued to implement measures to ensure cyber resiliency. During the year, there were no cyber security incidents which impacted our services as all security threats which include viruses, malware, attempted intrusions of the firewall and Distributed Denial of Service attempts were detected and blocked by the mitigating tools we implemented.

Looking Ahead

In line with our continuing efforts to adopt international best practices, Bursa Malaysia is working towards a T+2 settlement cycle in 2018. The proposed T+2 settlement cycle framework will be developed in consultation with industry participants, including Securities Commission Malaysia, stockbroking companies and custodian banks. The migration to a shorter settlement cycle will increase efficiency, reduce risk and market exposure, whilst aligning Bursa Malaysia with the settlement practices of the leading global exchanges. We would also be introducing digitised CDS services that are mobile-enabled to allow investors to conduct CDS transactions and account enquiries on their personal electronic gadgets.

BUILDING A HIGH-PERFORMANCE ORGANISATION

Our efforts to build a High-Performance Organisation are anchored on strengthening the sustainability of our business and the fundamentals of the Malaysian capital market. We also ensure that Bursa Malaysia is equipped with the right talent at all times to achieve our long-term aspirations.

In view of this, we remain focused on identifying the critical talents and roles which need to be filled to strengthen our leadership and succession pipeline across management levels as well as on building

our talent pool. Following a review of talents and critical roles, we have improved our visibility on the roles which significantly impact our business and operations. This will ultimately enhance the leadership pipeline.

We have also announced a new employees share grant plan with the objective of attracting and retaining the right talent and incentivising employees to focus on developing and growing the business to achieve its long-term aspirations.

We have embarked on a talent seeding programme, known as 'Junior Talent Programme' where we attract new young talents from universities. We have identified the second cohort of promising young talents for leadership seeding under this programme. Furthermore, we have created an internal coaching community for the benefit of our employees.

As part of high performance work practices initiative, we are also enhancing our HR system to include strategic modules which will tremendously improve our operational efficiency.

Additionally, we undertook a number of staff engagement activities to build camaraderie and engagement as well as to recognise our employees' achievements. Activities were also held as part of our Corporate Social Responsibility initiatives.

GROUP OUTLOOK

Prospects for global economic activity in 2018 remain positive. The International Monetary Fund in January 2018 revised upwards its global growth forecast by 0.2 percentage point to 3.9%, reflecting expectations of favourable global financial conditions and robust sentiment that will provide the required momentum to sustain the recent acceleration in demand, especially in investment. Malaysia's growth, likewise, is expected to come in between 5.0% and 5.5% from the earlier estimated growth of 4.8%.

Enhancing Market Vibrancy

At the fifth World Capital Markets Symposium held on 6 February 2018, Prime Minister Dato' Seri Najib Tun Razak announced several measures to stimulate the Malaysian capital market, including liberalising regulations on margin financing, Intraday Short Selling for all investors, volume-based incentive programme, waiver of trading and clearing fees for new investors for six months, the introduction of a new category of traders called 'Trading Specialists', and the trading link between Bursa Malaysia and Singapore Exchange. Pursuant to this, the Exchange will be implementing the above stated measures expeditiously in order to boost the trading activities on our market. These measures are expected to further diversify and bring in new investors and facilitate multiple funding strategies.

The Prime Minister also announced the waiver of stamp duty on shares for mid and small-cap companies traded on Bursa Malaysia, effective March 2018 for a period of three years to enhance the vibrancy of the mid and small-cap segment of the Malaysian equity capital market. This will encourage greater investor participation, which can pave the way for more corporate activity and greater investment value for investors.

CONCLUSION

Bursa Malaysia will continue to enhance the depth and breadth of the ecosystem and focus on retail investors to boost trading from this segment amongst others, through the digitisation of services, liberalisation of rule frameworks, and greater diversification of the investor base to ensure that the Malaysian equity and derivatives markets are attractive and vibrant.

MARKET HIGHLIGHTS

	2013	2014	2015	2016	2017
Securities Market					
FBMKLCI	1,866.96	1,761.25	1,692.51	1,641.73	1,796.81
Total Market Capitalisation (RM billion)	1,702	1,651	1,695	1,667	1,907
Velocity (%)	30	29	30	27	32
Average Daily Trading Volume - OMT & DBT (million shares)	1,567	2,157	2,038	1,763	2,639
Average Daily Trading Volume - OMT (million shares)	1,477	2,072	1,966	1,666	2,540
Average Daily Trading Value - OMT & DBT (RM million)	2,137	2,162	2,082	1,968	2,530
Average Daily Trading Value - OMT (RM million)	1,915	2,053	1,991	1,812	2,314
Total Trading Volume - OMT & DBT (billion shares)	387	531	501	434	641
Total Trading Value - OMT & DBT (RM billion)	528	532	512	484	615
Total Funds Raised (RM billion)	22.5	24.3	21.2	12.8	21.9
Total Listed Counters	1,566	1,739	1,739	1,750	1,840
• No. of PLCs	911	906	903	904	905
– No. of New Listings (IPOs including REITS)	18	14	11	11	13
– No. of Delistings (including REITS)	27	21	14	10	13
• No. of Listed REITS	17	16	17	17	18
– No. of New Listings – REITS	1	-	1	-	1
• No. of Listed ETFs	5	6	8	8	9
– No. of New Listings – ETFs	-	1	2	-	1
• No. of Listed Structured Warrants	398	527	503	516	606
– No. of New Listings – Structured Warrants	410	546	644	731	911
No. of Rights and Bonus Issue	54	89	73	63	72
No. of New CDS Accounts Opened (Yearly)	153,764	136,303	153,140	112,572	141,993
Total CDS Accounts (million)*	4.4	2.5	2.5	2.5	2.5
No. of Trading Days	247	246	246	246	243
No. of Participating Organisations of Bursa Malaysia Securities	31	30	30	30	30
Derivatives Market					
Open Interest as at 31 December	196,493	196,413	230,376	237,232	294,856
• Crude Palm Oil Futures (FCPO)	151,486	166,625	188,888	198,648	245,123
• FBM KLCI Futures (FKLI)	40,473	25,476	37,750	27,829	23,190
• Others	4,534	4,312	3,738	10,755	26,543
No. of Contracts traded					
• FCPO (million)	8.0	10.2	11.0	11.4	11.9
• FKLI (million)	2.7	2.2	3.0	2.8	2.0
• Options on FCPO	2,520	714	2,300	40,120	38,916
• Options on FKLI	5,311	4,188	4,702	10,171	20,285
• Other Products (FGLD, FPOL, FK3 and FMG5)	41,044	125,650	45,005	9,037	2,551
Average Daily No. of Contracts Traded	43,490	50,654	57,157	57,829	57,677
Total Contracts Traded (million)	10.7	12.5	14.1	14.2	14.0
No. of Trading Days	247	246	246	246	243
No. of Trading Participants of Bursa Malaysia Derivatives	18	19	18	18	18
Islamic Capital Market					
% of Shariah-Compliant PLCs	71	74	74	74	76
% of Shariah-Compliant (by Market Capitalisation)					
• PLCs	63	63	66	64	62
• ETFs	30	31	21	22	24
• REITs	43	42	43	42	41
No. of ETBS	2	3	3	3	4
No. of Sukuk Listings on Bursa Malaysia Securities	20	20	22	24	25
Value of Sukuk Listings (USD billion)	32.9	34.2	34.6	53.5	56.0
Bursa Suq Al-Sila':					
• Average Daily Value Commodity Traded (RM billion)	3.9	6.9	15.2	16.3	19.6
• Total Accumulated Commodity Trade Value (RM billion)	958.9	1,687.9	3,727.7	3,997.7	4,755.5
• Total No. of Matched Contracts	285,547	316,534	350,801	218,087	221,581
• No. of Trading Days	247	246	246	246	243
• No. of BSAS Registered Participants:					
Total	78	93	109	124	141
– Domestic	60	73	87	97	107
– Foreign	18	20	22	27	34

* The sharp decline in the number of CDS accounts in 2014 was due to the automatic closure of dormant CDS accounts that were designated as dormant on or before 2010. This maiden exercise to close such dormant CDS accounts was performed on 25 August 2014 affecting approximately 2.0 million CDS accounts.

SECURITIES MARKET

Funds raised from New IPOs and the Secondary Market in 2017



■ New IPOs	34%
■ Secondary Market	66%

DERIVATIVES MARKET

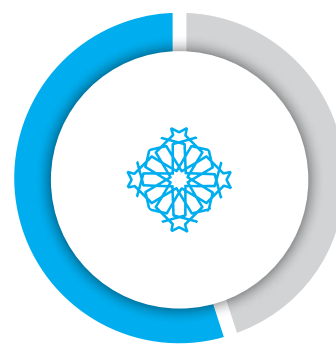
Open interest as at 31 December 2017



■ Crude Palm Oil Futures (FCPO)	83%
■ FBM KLCI Futures (FKLI)	8%
■ Others	9%

ISLAMIC CAPITAL MARKET

Value of Sukuk Listing



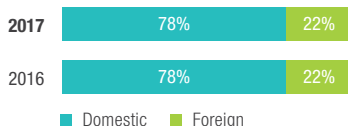
■ Domestic	45%
■ Foreign	55%

SHARE OWNERSHIP (%)

Market Capitalisation

△ **RM1.9trillion**

(2016: RM1.7 trillion)



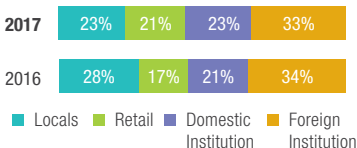
■ Domestic ■ Foreign

MARKET DEMOGRAPHY OF FCPO CONTRACTS (%)

No. of Contracts Traded

△ **11.9million**

(2016: 11.4 million)



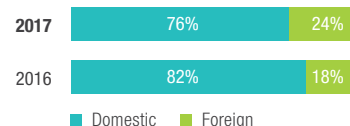
■ Locals ■ Retail ■ Domestic Institution ■ Foreign Institution

MARKET DEMOGRAPHY OF BSAS TRADING VALUE (%)

Total Accumulated Commodity Trade Value

△ **RM4.8trillion**

(2016: RM4.0 trillion)



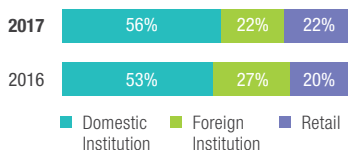
■ Domestic ■ Foreign

MARKET DEMOGRAPHY BY TRADING VALUE (%)

Total Trading Value - OMT

△ **RM562.3billion**

(2016: RM445.8 billion)



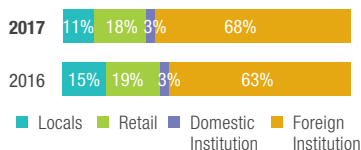
■ Domestic Institution ■ Foreign Institution ■ Retail

MARKET DEMOGRAPHY OF FKLI CONTRACTS (%)

No. of Contracts Traded

▽ **2.0million**

(2016: 2.8 million)



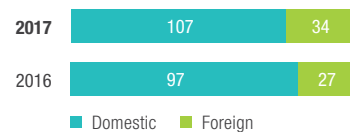
■ Locals ■ Retail ■ Domestic Institution ■ Foreign Institution

DEMOGRAPHY OF BSAS REGISTERED PARTICIPANTS (%)

No. of BSAS Registered Participants

△ **141**

(2016: 124)



■ Domestic ■ Foreign

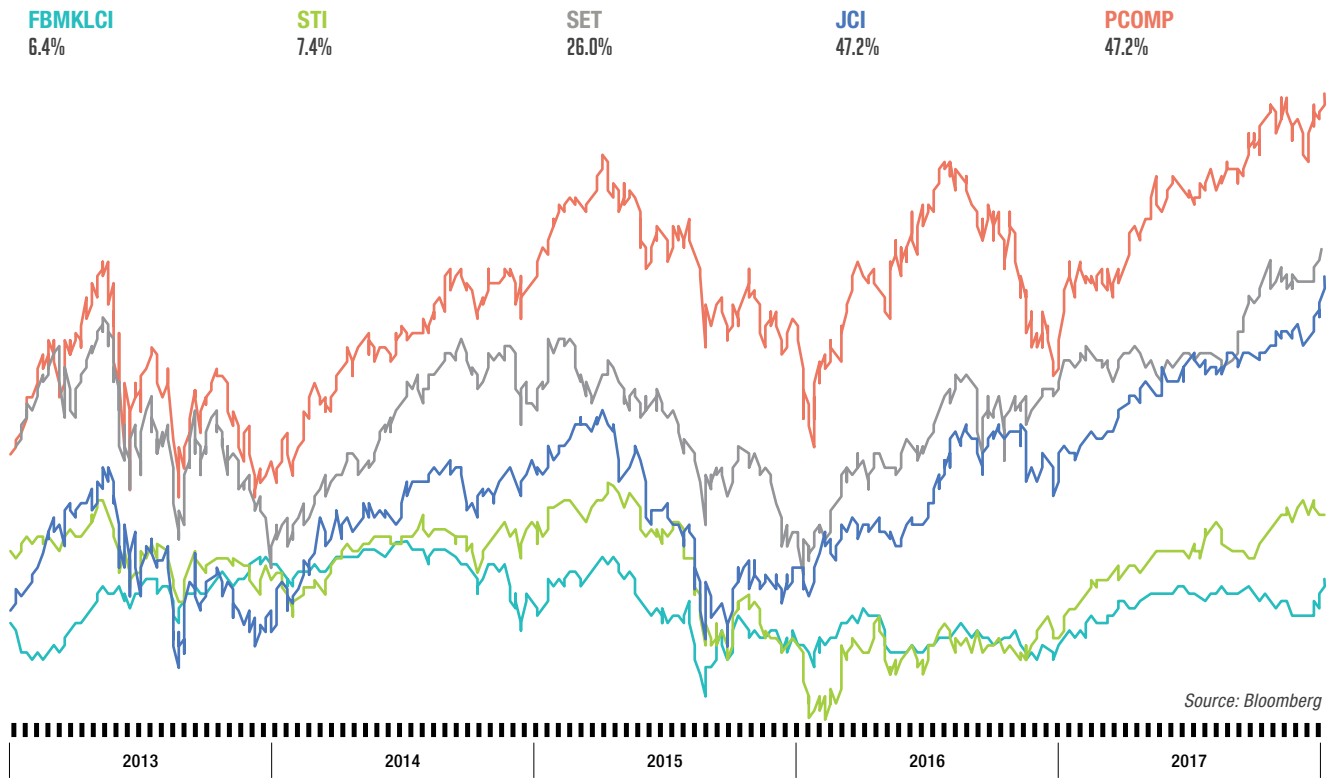
**PEER
COMPARISON**

BENCHMARK INDEX PERFORMANCE (as at 31 December 2017)



Source: Bloomberg

ASEAN EXCHANGES' FIVE-YEAR INDEX GROWTH FROM 2013-2017



INDEX DIVIDEND YIELD (%)



WE WELCOME THE NEW IPOs OF 2017

- 1/ KIP REAL ESTATE INVESTMENT TRUST (Main Market)
- 2/ SERBA DINAMIK HOLDINGS BERHAD (Main Market)
- 3/ ECO WORLD INTERNATIONAL BERHAD (Main Market)
- 4/ ADVANCECON HOLDINGS BERHAD (Main Market)
- 5/ LOTTE CHEMICAL TITAN HOLDING BERHAD (Main Market)
- 6/ HLT GLOBAL BERHAD (ACE Market)
- 7/ MATANG BERHAD (ACE Market)
- 8/ EVERS SAFE RUBBER BERHAD (ACE Market)
- 9/ CABNET HOLDINGS BERHAD (ACE Market)
- 10/ INTA BINA GROUP BERHAD (ACE Market)
- 11/ KEJURUTERAAN ASASTERA BERHAD (ACE Market)
- 12/ CLOUDARON GROUP BERHAD (LEAP Market)
- 13/ RED IDEAS HOLDINGS BERHAD (LEAP Market)

RTO

- 1/ ROHAS TECNIC BERHAD
- 2/ WMG HOLDINGS BERHAD
- 3/ GFM SERVICES BERHAD

TOTAL FUNDS RAISED FROM PRIMARY AND SECONDARY MARKETS (in USD Million)

BURSA MALAYSIA

5,134

3,123 (64.4%) from 2016

THE STOCK EXCHANGE OF THAILAND

5,611

5,996 (-6.4%) from 2016

SINGAPORE EXCHANGE

7,707

3,794 (103.1%) from 2016

INDONESIA STOCK EXCHANGE

7,399

3,316 (123.1%) from 2016

THE PHILIPPINE STOCK EXCHANGE

3,120

3,349 (-6.8%) from 2016

Source: World Federation of Exchanges

IPO Initial Public Offering

RTO Reverse Takeover

AWARDS AND RECOGNITION

- 1/ **Best Islamic Exchange Asia 2017**
(for Islamic Capital Market)
Global Banking & Finance Review Awards 2017

- 2/ **Best Commodity Trading Platform Asia 2017**
(for Bursa Suq Al-Sila')
Global Banking & Finance Review Awards 2017

- 3/ **Most Innovative Global End-to-End Shariah-compliant Investing Platform Asia 2017**
(for Bursa Malaysia-i)
Global Banking & Finance Review Awards 2017

- 4/ **Brand Excellence Islamic Commodity Trading Facilitation Platform Malaysia 2017**
(for Bursa Suq Al-Sila')
Finance Digest Brand of Excellence Program 2017

- 5/ **Brand Excellence Islamic Securities Trading Platform Malaysia 2017: Bursa Malaysia-i – World's First End-to-End Shariah-compliant Investing Platform** (for Bursa Malaysia-i)
Finance Digest Brand of Excellence Program 2017

- 6/ **Gold Medal Award recipient for the 'Most Innovative Non-Food & Services' Category**
(for Bursa Malaysia-i)
Malaysia International Halal Showcase Awards 2017

- 7/ **Best Islamic Exchange 2017**
(for Bursa Malaysia-i)
Global Islamic Finance Awards 2017

- 8/ **First End-to-End Shariah-compliant Investment Platform**
The Malaysia Book of Records

- 9/ **Three categories:**
 - Best Senior Management Investor Relations Support
 - Strongest Adherence to Corporate Governance
 - Best Annual Report in Malaysia*Alpha Southeast Asia – Southeast Asia's Corporate – Institutional Investor Awards 2017 (Malaysia)*

- 10/ **Five categories:**
 - i. Excellence Award for Overall CG & Performance;
 - ii. Excellence Award for CG Disclosure;
 - iii. Merit Award for Best AGM (Overall Category);
 - iv. CEO of the Year Award; and
 - v. Excellence Award for Long-Term Value Creation.*Minority Shareholder Watchdog Group – ASEAN Corporate Governance Awards 2017*

- 11/ **Silver Award in The Finance Sector Below RM10b Market Capitalisation Category**
The Edge Billion Ringgit Club 2017

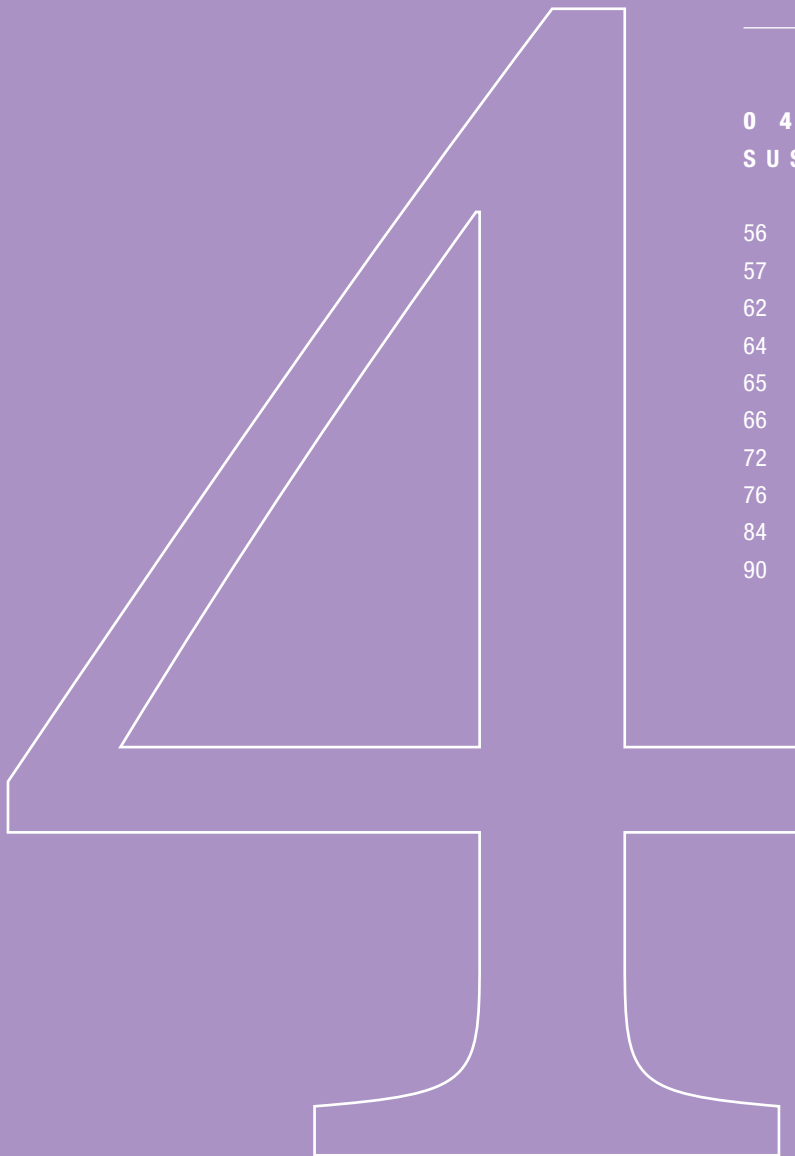


**WE ARE PROUD TO
BE A CHAMPION OF
SUSTAINABILITY AND
GOVERNANCE IN MALAYSIA,
LEADING THE WAY FOR
PLCs AT HOME AND
AROUND THE REGION
IN COMMITTING TO A
BRIGHTER FUTURE FOR ALL**

0 4

SUSTAINABILITY & GOVERNANCE

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OUR APPROACH TO SUSTAINABILITY

WE PRIDE OURSELVES ON LEADING THE SUSTAINABILITY AGENDA AND CATALYSING CHANGE IN THE MALAYSIAN CAPITAL MARKET. OUR SUSTAINABILITY APPROACH TAKES INTO ACCOUNT OUR ROLE NOT ONLY AS A REGULATOR, A MARKET OPERATOR AND AN INFLUENCER, BUT ALSO AS PART OF OUR AMBITION TO BE A TOP PUBLIC LISTED COMPANY (PLC) IN MALAYSIA IN TERMS OF DISCLOSURE, GOVERNANCE AND LONG-TERM SUSTAINABILITY.

Our sustainability governance structure takes into account the most efficient and effective ways to implement our sustainability initiatives and the reporting required. Bursa Malaysia's sustainability agenda is overseen by the Corporate Sustainability Committee, which is chaired by the Chief Executive Officer and governed at a macro level by the Board. To operationalise the agenda, a dedicated Sustainability Department was created in November 2017 to lead the development and implementation of sustainability strategies across Bursa Malaysia's businesses.



DISCLOSURE STATEMENT

BURSA MALAYSIA HAS ADOPTED SUSTAINABILITY DISCLOSURES IN OUR ANNUAL REPORT SINCE 2006. WE BEGAN ISSUING STANDALONE SUSTAINABILITY REPORTS IN 2011 USING THE GLOBAL REPORTING INITIATIVE (GRI) FRAMEWORK AS A REFERENCE.

We prepared our standalone *Sustainability Report 2017* in accordance with the 'core' option of GRI Standards, discussing how we managed and measured each of our identified material sustainability matters during the year. The *Sustainability Report 2017*, which complements our *Annual Report 2017*, is available on www.bursamalaysia.com/corporate.



MOVING FORWARD

We are committed to embedding the sustainability agenda in our Company as well as among Malaysian PLCs and that of the capital market. Next year we will review and augment our sustainability strategies and action plans to be more holistic and innovative. This would bring us one step closer to being the leading exchange on sustainability in the ASEAN region.

For further details of Bursa Malaysia's sustainability achievements for 2017 and future plans, please visit our website and download our *Sustainability Report 2017*.



Read more information in our *Sustainability Report 2017*



TAN SRI AMIRSHAM A AZIZ

Chairman, Public Interest Director* and Independent Non-Executive Director
Malaysian, Age 67, Male

Date of Appointment:	1 March 2015
Length of Service (as at 31 January 2018):	2 years 11 months
Board Meeting Attendance in 2017:	9/9
Board Committees Membership(s) ▲ :	<ul style="list-style-type: none"> • Regulatory and Conflicts Committee (Chairman) • Appeals Committee (Chairman)

Academic/Professional Qualification/Membership(s):

- Bachelor of Economics (Hons), University of Malaya
- Malaysian Institute of Certified Public Accountants (Member)

Present Directorship(s):

Listed entity:

- CapitaLand Limited, Singapore

Other public companies:

- Petroliam Nasional Berhad
- RAM Holdings Berhad
- Samling Global Limited, Bermuda

Present Appointment(s):

- Chairman, Malaysian Investment Development Authority (MIDA)
- Chairman, Financial Services Talent Council
- Chairman, Themed Attractions Resorts & Hotels Sdn Bhd

Past Directorship(s) and/or Appointment(s):

- Director, Lingui Development Berhad (2011-2014)
- Director, CapitaMall Limited, Singapore (2011-2014)
- Chairman, National Economic Advisory Council (2009-2011)
- Minister in the Prime Minister's Department (2008-2009)
- President & Chief Executive Officer, Malayan Banking Berhad (1994-2008)



DATUK SERI TAJUDDIN ATAN

Chief Executive Officer, Non-Independent Executive Director
Malaysian, Age 58, Male

Date of Appointment:	1 April 2011
Length of Service (as at 31 January 2018):	6 years 10 months
Duration of Previous Appointment as Non-Executive Director and Public Interest Director:	14 July 2008 - 31 March 2011
Date of Last Re-election:	29 March 2017
Board Meeting Attendance in 2017:	9/9
Board Committees Membership(s) ▲ :	Nil

Academic/Professional Qualification/Membership(s):

- Bachelor of Science (Agribusiness), Universiti Putra Malaysia
- Master of Business Administration, University of Ohio
- Fellow Chartered Banker, Asian Institute of Chartered Bankers
- Honorary Degree of Doctorate in Finance, Universiti Putra Malaysia

Present Directorship(s):

Listed entity: Nil

Other public companies:

- Bursa Malaysia Berhad Group
- Chairman, Yayasan Bursa Malaysia
- Capital Market Development Fund
- Securities Industry Development Corporation

Present Appointment(s):

- Member, Executive Committee of Malaysia International Islamic Financial Centre
- Member, Financial Reporting Foundation

Past Directorship(s) and/or Appointment(s):

- Group Managing Director, RHB Capital Berhad and Managing Director, RHB Bank Berhad (2009-2011)
- Adjunct Professor, Faculty of Economics and Management of Universiti Putra Malaysia (2008-2014)
- Member, SME Corp Malaysia (2008-2013)
- President/Group Managing Director, Bank Pembangunan Malaysia Berhad (2007-2009)
- CEO, Bank Simpanan Nasional (2004-2007)
- Managing Director, Chase Perdana Berhad (2001-2004)

* appointed by the Minister of Finance in consultation with the Securities Commission Malaysia pursuant to Section 10(1)(a) of the Capital Markets and Services Act 2007 (CMSA)

BOARD OF DIRECTORS



JOHARI ABDUL MUID

Public Interest Director* and Independent Non-Executive Director
Malaysian, Age 60, Male

Date of Appointment:	1 April 2016
Length of Service <i>(as at 31 January 2018):</i>	1 year 10 months
Board Meeting Attendance in 2017:	9/9
Board Committees Membership(s) ▲:	<ul style="list-style-type: none"> • Nomination and Remuneration Committee • Regulatory and Conflicts Committee • Market Participants Committee (Chairman)

Academic/Professional Qualification/Membership(s):

- Chartered Institute of Management Accountants (Fellow Member)

Present Directorship(s):

Listed entity: Nil

Other public companies:

- Malaysia Debt Ventures Berhad
- Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
- Bursa Malaysia Securities Berhad and its clearing house (Bursa Malaysia Securities Clearing Sdn Bhd)

Present Appointment(s):

- Director, Nomura Asset Management Malaysia Sdn Bhd
- Director, Nomura Islamic Asset Management Malaysia Sdn Bhd
- Investment Panel Member, Kumpulan Wang Amanah Pencen

Past Directorship(s) and/or Appointment(s):

- Managing Director, RHB Bank Berhad (November 2011-November 2013)
- Director, RHB Bank Berhad (April 2005-July 2013)
- Director, RHB Capital Berhad (April 2005-November 2011)
- Director, RHB Islamic Bank Berhad (January 2008-November 2011)
- Director, RHB Investment Bank Berhad (April 2005-January 2008)
- Deputy Chief Executive Officer, Employees Provident Fund (2007-2011)
- Chief Investment Officer, Employees Provident Fund (2004-2006)
- Chief Investment Officer, ValueCap Sdn Bhd (2003-2004)
- Institutional Sales, CIMB Securities Sdn Bhd (1994-2002)
- Treasury Division, Commerce International Merchant Bankers Berhad (1983-1994)
- Money Market Dealer, Asian International Merchant Bankers Berhad (1981-1983)



DATIN MARIAM PRUDENCE YUSOF

Public Interest Director* and Independent Non-Executive Director
Malaysian, Age 65, Female

Date of Appointment:	19 February 2017
Length of Service <i>(as at 31 January 2018):</i>	11 ½ months
Board Meeting Attendance in 2017:	8/8
Board Committees Membership(s) ▲:	<ul style="list-style-type: none"> • Audit Committee • Risk Management Committee • Regulatory and Conflicts Committee

Academic/Professional Qualification(s):

- BA (Hons), University of Malaya

Present Directorship(s):

Listed entity:

- C.I. Holdings Berhad

Other public companies:

- Bursa Malaysia Derivatives Berhad
- Bursa Malaysia Derivatives Clearing Berhad

Present Appointment(s):

- Chairman, SISMA Group of Companies

Past Directorship(s) and/or Appointment(s):

- Executive Director, Equity Market of MIDF Amanah Investment Bank Bhd (formerly known as MIDF Sisma Securities Sdn Bhd) (1997-2007)
- Member, Kuala Lumpur Stock Exchange (KLSE) Committee (2002-2004)
- Director, Labuan International Financial Exchange Inc. (2002-2004)
- Director, Securities Clearing Automated Network Services Sdn Bhd (2002-2004)
- Director, Research Institute & Investment Analyst Malaysia (2002-2004)
- Trustee, Bumiputera Training Fund of the Securities Commission Malaysia (2002-2004)
- Chairman, Membership Committee of the KLSE (2002-2004)
- Chairman, Association of Stockbroking Companies of Malaysia (2002-2003)
- Director (Corporate Nominee), PB Securities Sdn Bhd (1990-1997)
- Dealer Representative, HA Securities Sdn Bhd (1984-1990)
- Human Resource & Organizational Development with multinational companies (1974-1984)

* appointed by the Minister of Finance in consultation with the Securities Commission Malaysia pursuant to Section 10(1)(a) of the CMSA



**DATUK KAROWNAKARAN @
KARUNAKARAN RAMASAMY**

Senior Independent Non-Executive Director
Malaysian, Age 67, Male

Date of Appointment:	28 March 2013
Length of Service <i>(as at 31 January 2018):</i>	4 years 10 months
Date of Last Re-election:	31 March 2016
Board Meeting Attendance in 2017:	9/9
Board Committees Membership(s) ▲:	<ul style="list-style-type: none"> • Nomination and Remuneration Committee (Chairman) • Regulatory and Conflicts Committee • Appeals Committee

Academic/Professional Qualification(s):

- Bachelor of Economics (Hons) in Accounting, University of Malaya

Present Directorship(s):

Listed entities:

- Malayan Banking Berhad
- IOI Corporation Berhad
- Chairman, Integrated Logistics Berhad

Other public companies:

- Chairman, Etiqa General Insurance Berhad (formerly known as Etiqa Insurance Berhad)
- Chairman, Etiqa Life Insurance Berhad
- Chairman, Etiqa International Holdings Berhad
- Chairman, Maybank Ageas Holdings Berhad

Past Directorship(s) and/or Appointment(s):

- Chairman, Etiqa Family Takaful Berhad (formerly known as Etiqa Takaful Berhad) (2016-2017)
- Director, Maybank (Cambodia) PLC (2012-2017)
- Director, Maybank Asset Management Group Berhad (2012-2016)
- Director, Chemical Company of Malaysia Berhad (2011-2014)
- Director, Maybank Investment Bank Berhad (2009-2014)
- Director-General, Malaysian Investment Development Authority (MIDA) (2004-2008)
- Deputy Director-General, MIDA (2001-2003)
- Director, Industrial Promotion Division overseeing 16 MIDA overseas offices (1996-2000)
- Director, MIDA in Singapore, Germany and London (1978-1995)



DATUK CHAY WAI LEONG

Independent Non-Executive Director
Singaporean, Age 54, Male
Permanent Resident of Malaysia

Date of Appointment:	28 March 2013
Length of Service <i>(as at 31 January 2018):</i>	4 years 10 months
Date of Last Re-election:	29 March 2017
Board Meeting Attendance in 2017:	8/9
Board Committees Membership(s) ▲:	<ul style="list-style-type: none"> • Audit Committee • Risk Management Committee (Chairman)

Academic/Professional Qualification(s):

- Bachelor of Business Administration, National University of Singapore

Present Directorship(s):

Listed entity: Nil

Other public companies:

- Bursa Malaysia Derivatives Berhad
- Bursa Malaysia Derivatives Clearing Berhad
- K & N Kenanga Holdings Berhad
- Kenanga Vietnam Securities Joint Stock Corporation
- Securities Industry Development Corporation

Present Appointment(s):

- Group Managing Director, Kenanga Investment Bank Berhad

Past Directorship(s) and/or Appointment(s):

- Executive Director, Kenanga Investment Bank Berhad (May 2011- January 2017)
- Managing Director, RHB Investment Bank Berhad and Director of Corporate & Investment Banking, RHB Banking Group (2006-2011)
- Country Head, Malaysia and Head of Regional Origination for Southeast Asia, Standard Bank Group (2002-2006)
- Director, Head of Investment Banking Malaysia, JP Morgan Chase Bank (2000-2002)
- Director of Investment Banking, Jardine Fleming in Hong Kong (1990-2000)
- Senior Investment Analyst, Bankers Trust in Singapore (1987-1990)

BOARD OF DIRECTORS



GHAZALI HAJI DARMAN

Independent Non-Executive Director

Malaysian, Age 53, Male

Date of Appointment:	28 March 2013
Length of Service <i>(as at 31 January 2018):</i>	4 years 10 months
Date of Last Re-election:	29 March 2017
Board Meeting Attendance in 2017:	9/9
Board Committees Membership(s) ▲:	<ul style="list-style-type: none"> • Audit Committee • Risk Management Committee • Market Participants Committee

Academic/Professional Qualification(s):

- Bachelor of Accounting, University of Canberra

Present Directorship(s):

Listed entity: Nil

Other public companies:

- Bank Muamalat Malaysia Berhad

Past Directorship(s) and/or Appointment(s):

- Commissioner for PT Praisindo Teknologi, Jakarta (2012-2015)
- Adviser to Outsourcing Malaysia (2014-2015)
- Head of Domain, DHL IT Services Sdn Bhd (2006-2010)
- Partner, Accenture (1986-2006)
- Director, Accenture Solutions Sdn Bhd (until 2006)
- Director, Accenture Sdn Bhd (until 2006)



PUSHPANATHAN S.A. KANAGARAYAR

Independent Non-Executive Director

Malaysian, Age 66, Male

Date of Appointment:	23 June 2014
Length of Service <i>(as at 31 January 2018):</i>	3 years 7 months
Date of Last Re-election:	31 March 2016
Board Meeting Attendance in 2017:	9/9
Board Committees Membership(s) ▲:	<ul style="list-style-type: none"> • Audit Committee (Chairman) • Nomination and Remuneration Committee • Listing Committee (Chairman)

Academic/Professional Qualification/Membership(s):

- Institute of Chartered Accountants of Scotland (Member)
- Malaysian Institute of Certified Public Accountants (MICPA) (Member)
- Malaysian Institute of Accountants (MIA) (Member)

Present Directorship(s):

Listed entities:

- IJM Corporation Berhad
- IJM Plantations Berhad

Other public companies:

- Asian Institute of Finance Berhad
- Sun Life Malaysia Assurance Berhad
- Sun Life Malaysia Takaful Berhad

Present Appointment(s):

- Council Member, MICPA
- Trustee, World Wildlife Fund Malaysia
- Director, Malaysian Community Education Foundation
- Project Chairman, the Insurance Standards Working Group of Malaysian Accounting Standards Board (MASB) on Malaysian Financial Reporting Standard 17

Past Directorship(s) and/or Appointment(s):

- Board Member, MASB (2009-2015)
- Honorary Secretary, Financial Reporting Foundation (2010-2015)
- President, MICPA (2012-2014)
- Council Member, MIA (2012-2014)
- Partner, Messrs Ernst & Young (1983-2009)
- Chairman, Adjudication and/or Organising Committees, National Annual Corporate Report Awards (2003-2009)
- Chairman, MICPA's Financial Statements Review Committee and Project Chairman, the Insurance Standards Working Group of MASB on Financial Reporting Standard 4 (2003-2007)
- Member, International Federation of Accountants' Developing Nations Permanent Taskforce (2004-2005)



DATIN GRACE YEOH CHENG GEOK

Independent Non-Executive Director

Malaysian, Age 56, Female

Date of Appointment:	24 February 2017
Length of Service <i>(as at 31 January 2018):</i>	11 months
Date of Last Re-election:	29 March 2017
Board Meeting Attendance in 2017:	7/7
Board Committees Membership(s) ▲ :	<ul style="list-style-type: none"> • Risk Management Committee • Nomination and Remuneration Committee

Academic/Professional Qualification(s):

- Bachelor of Laws (Hons), London School of Economics and Political Science
- Master of Laws (LLM), University of London
- Barrister-at-Law, Middle Temple
- Advocate and Solicitor of the High Court of Malaya

Present Directorship(s):

Listed entity: Nil

Other public companies:

- CIMB Bank Berhad
- Bursa Malaysia Securities Berhad and its clearing house (Bursa Malaysia Securities Clearing Sdn Bhd)

Past Directorship(s) and/or Appointment(s):

- Member, Management Committee and Managing Partner, Shearn Delamore & Co.
- Head, Corporate and Commercial Law Practice Group, Shearn Delamore & Co.
- Head, Energy, Natural Resources & Green Technology Practice Group, Shearn Delamore & Co.
- Member, Corporate and Commercial Law Committee of the Malaysian Bar Council
- Member, Trade in Legal Services Committee of the Malaysian Bar Council
- Board Member, ICC Malaysia

Save as disclosed, all the Directors have no family relationship with any Director and/or major shareholder of Bursa Malaysia, have no conflict of interest with Bursa Malaysia, have not been convicted of any offence within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2017.

Save for the Chief Executive Officer and Executive Director, all the Non-Executive Directors satisfy the criteria of an independent director as defined under Bursa Malaysia Securities Berhad Main Market Listing Requirements, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of its major shareholders.

▲ The Directors' meeting attendance record for 2017 is provided in the Additional Compliance Information Disclosures section on page 211 of this Annual Report.

MANAGEMENT COMMITTEE/ HEADS OF DIVISIONS AND DEPARTMENTS



1/ DATUK SERI TAJUDDIN ATAN
Chief Executive Officer
Leads Bursa Malaysia Berhad Group of Companies



2/ SELVARANY RASIAH
Chief Commercial Officer
• Securities Market • Bursa Malaysia Derivatives Berhad • Islamic Capital Market
• New Development and Market Facilitation
• Business Analytics and Information Services

3/ DATIN AZALINA ADHAM
Chief Operating Officer
• Corporate Legal • Market Operations
• Technology and Information Management

4/ YEW YEE TEE
Chief Regulatory Officer
• Regulatory, Policy and Advisory
• Corporate Surveillance and Governance
• Participants Supervision • Market Surveillance • Listing • Enforcement
• Investigation • Regulatory Strategy

5/ ROSIDAH BAHAROM
Chief Financial Officer
• Finance • Corporate Planning
• Investor Relations • Procurement
• Administration • Security Services

6/ JAMALUDDIN NOR MOHAMAD
Chief Executive Officer
Bursa Malaysia Derivatives Berhad
• Product and Market Development
• Investors Development • Market Facilitation

7/ MAHDZIR OTHMAN
Director, Securities Market
• Listing Development • Product and Market Development • Marketing and Promotion

8/ SHAMSUL AKMAL AHMAD
Acting Director, Islamic Capital Market
• Shariah and Governance • Product and Market Development • Bursa Suq Al-Sila' (Dealing) • Market Support • Treasury



MANAGEMENT COMMITTEE/
HEADS OF DIVISIONS AND DEPARTMENTS



9

9/ LEONG CHAI KIN

Director, Technology and Information Management

- IT Governance • Trading Services
- Post Trade Services • IT Services and Enterprise Management • Infrastructure Technology Services

10/ TINA CHOO WUN HOOI

Acting Director, Human Resources

- Talent and Organisation Development
- Rewards and Employee Relations

11/ TAY YU HUI

Acting Director, Market Operations

- Securities Trading Operations
- Derivatives Trading Operations
- Clearing and Settlement
- Depository • Bonds Operations

12/ DR. TAN WEI LIN

Director, Corporate Strategy

- Strategic Intelligence and Alliances
- Strategic Planning and Innovation
- Strategic Execution
- Strategic Communications



10

13/ EMILIA TEE

Director, Sustainability

- Sustainability Strategy & Implementation
- Community Investment • Bursa Academy

14/ INTAN RUHANIDA RAMLI

Director, Risk and Compliance

- Enterprise Risk Management • Business Continuity Management • Compliance Management



11



12



13



14



15



16

15/ MAZLIANA MOHAMAD

Director, Internal Audit

- Operations Audit • Governance, IT and Financial Audit • Stakeholder Management and Planning

16/ YONG HAZADURAH MD HASHIM

Group Company Secretary / Senior Executive Vice President, Corporate Governance and Secretarial

- Corporate Governance and Conflicts Management • Regulatory Secretarial and Conflicts Operations • Corporate Secretarial and Governance Operations

KEY SENIOR MANAGEMENT

<p>SELVARANY RASIAH Chief Commercial Officer Malaysian, Age 52, Female</p> <hr/> <p>Date of Appointment: 15 February 2017</p> <p>Academic/Professional Qualification(s): Bachelor of Laws, University of Malaya</p> <hr/> <p>Advocate and Solicitor of the High Court of Malaya (Non-practising)</p> <p>Present Directorship(s): Listed entity: Nil</p> <p>Other public companies: Malaysian Investor Relations Association Berhad (MIRA)</p> <p>Working Experience: Joined Bursa Malaysia in December 1992 and has held various positions in Bursa Malaysia Group, the last being the Chief Regulatory Officer</p>	<p>DATIN AZALINA ADHAM Chief Operating Officer Malaysian, Age 49, Female</p> <hr/> <p>Date of Appointment: 15 February 2017</p> <p>Academic/Professional Qualification(s): BSc Finance, Purdue University, USA</p> <p>Present Directorship(s): Listed entity: Nil</p> <p>Other public companies: Nil</p> <p>Working Experience: Joined Bursa Malaysia in June 2001 and has held various positions in Bursa Malaysia Group, the last being Director, Strategy and Transformation</p>	<p>YEW YEE TEE Chief Regulatory Officer Malaysian, Age 48, Female</p> <hr/> <p>Date of Appointment: 15 February 2017</p> <p>Academic/Professional Qualification(s): Bachelor of Laws, University of Malaya</p> <hr/> <p>Advocate and Solicitor of the High Court of Malaya (Non-practising)</p> <p>Present Directorship(s): Listed entity: Nil</p> <p>Other public companies: Nil</p> <p>Working Experience: Joined Bursa Malaysia in December 1999 and has held various positions in Bursa Malaysia Group, the last being Head of Enforcement</p>
<p>ROSIDAH BAHAROM Chief Financial Officer Malaysian, Age 49, Female</p> <hr/> <p>Date of Appointment: 12 August 2014</p> <p>Academic/Professional Qualification(s): Fellow Member of Association of Chartered Certified Accountants</p> <hr/> <p>Bachelor of Science (Hons) Accountancy, University of East Anglia, UK</p> <p>Present Directorship(s): Listed entity: Nil</p> <p>Other public companies: Labuan International Financial Exchange Inc</p> <p>Working Experience: Joined Bursa Malaysia in August 1998 and has held various positions in Bursa Malaysia Group</p>	<p>JAMALUDDIN NOR MOHAMAD Chief Executive Officer, Bursa Malaysia Derivatives Berhad Malaysian, Age 58, Male</p> <hr/> <p>Date of Appointment: 20 February 2017</p> <p>Academic/Professional Qualification(s): Bachelor of Business Administration, Ohio University and UITM, Shah Alam</p> <hr/> <p>Master in Business Administration, University Putra Malaysia</p> <p>Present Directorship(s): Listed entity: Nil</p> <p>Other public companies: Nil</p> <p>Working Experience: Joined Bursa Malaysia in May 2012 and has held various positions in Bursa Malaysia Group, the last being Director, Islamic Capital Market</p>	<p>MAHDZIR OTHMAN Director, Securities Market Malaysian, Age 49, Male</p> <hr/> <p>Date of Appointment: 14 August 2017</p> <p>Academic/Professional Qualification(s): Bachelor of Science (Hons) in Finance, Northern Illinois University, US</p> <p>Present Directorship(s): Listed entity: Nil</p> <p>Other public companies: Malaysian Investor Relations Association Berhad (MIRA)</p> <p>Working Experience: Joined Bursa Malaysia in August 2017</p>

Save as disclosed, the above Key Senior Management (KSM) members have no family relationship with any Director and/or major shareholder of Bursa Malaysia, have no conflict of interest with Bursa Malaysia, have not been convicted of any offences within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2017.

The disclosure on the particulars of the KSM of Bursa Malaysia is made in compliance with the requirements under Appendix 9C of Bursa Malaysia Securities Main Market Listing Requirements.

In accordance with Practice 7.3 of the Malaysian Code on Corporate Governance, the disclosure on the detailed remuneration of the KSM is provided in the Financial Statements on page 178 of this Annual Report.



100%

BURSA MALAYSIA SECURITIES BERHAD (635998-W)

Date of Incorporation : 4 December 2003
Principal Activities : Provides, operates and maintains a securities exchange

75%

BURSA MALAYSIA DERIVATIVES BERHAD (261937-H)

Date of Incorporation : 17 April 1993
Principal Activities : Provides, operates and maintains a derivatives exchange

100%

LABUAN INTERNATIONAL FINANCIAL EXCHANGE INC (LL 02032)

Date of Incorporation : 30 July 1999
Principal Activities : Provides, operates and maintains an offshore financial exchange

100%

BURSA MALAYSIA SECURITIES CLEARING SDN BHD (109716-D)

Date of Incorporation : 12 November 1983
Principal Activities : Provides, operates and maintains a clearing house for the securities exchange

100%

BURSA MALAYSIA DEPOSITORY SDN BHD (165570-W)

Date of Incorporation : 26 October 1987
Principal Activities : Provides, operates and maintains a central depository for securities listed on the securities exchange

100%

BURSA MALAYSIA INFORMATION SDN BHD (152961-H)

Date of Incorporation : 2 May 1986
Principal Activities : Compiles, provides and disseminates prices and other information relating to securities quoted on the securities and derivatives exchanges within the Group as well as data reported from the bond platform

100%

BURSA MALAYSIA BONDS SDN BHD (319465-T)

Date of Incorporation : 11 October 1994
Principal Activities : Provides, operates and maintains an electronic trading platform for the bond market

100%

BURSA MALAYSIA ISLAMIC SERVICES SDN BHD (853675-M)

Date of Incorporation : 15 April 2009
Principal Activities : Provides, operates and maintains a Shariah-compliant commodity trading platform

100%

Wholly-owned subsidiary of Bursa Malaysia Derivatives Berhad

BURSA MALAYSIA DERIVATIVES CLEARING BERHAD (358677-D)

Date of Incorporation : 9 September 1995
Principal Activities : Provides, operates and maintains a clearing house for the derivatives exchange

100%

Wholly-owned subsidiary of Bursa Malaysia Depository Sdn Bhd

BURSA MALAYSIA DEPOSITORY NOMINEES SDN BHD (240297-W)

Date of Incorporation : 15 May 1992
Principal Activities : Acts as a nominee for Bursa Malaysia Depository and receives securities on deposit or for safe-custody or management

Public Company Limited by Guarantee
YAYASAN BURSA MALAYSIA (464552-M)

Date of Incorporation : 24 June 1998
Principal Activities : Provides funds or support to Malaysian individuals and organisations by way of scholarships, grants, donations and other forms of financial assistance for educational, research and charitable purposes

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Bursa Malaysia Berhad (Bursa Malaysia or the Company) presents this statement to provide shareholders and investors with an overview of the corporate governance (CG) practices of the Company under the leadership of the Board during the financial year 2017. This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance (MCCG).

This statement is prepared in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR)¹ and it is to be read together with the CG Report 2017 of the Company (CG Report) which is available on Bursa Malaysia's website:



<http://www.bursamalaysia.com/corporate/about-us/corporate-governance/cg-report-2017/>

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2017.

EMBRACING THE CG CULTURE

In building a sustainable business and discharging its regulatory role, the Board is mindful of its accountability to the shareholders and various stakeholders of Bursa Malaysia. Towards this, the Board is committed to cultivating a responsible organisation by ensuring excellence in CG standards at all times.

Following the release of the MCCG by the Securities Commission Malaysia (SC) in April 2017, the Board invited a representative of SC to conduct a briefing on the new MCCG to the Board and Senior Management of Bursa Malaysia. The briefing session provided the Board with awareness and appreciation of the spirit of MCCG from its business case to the principles and desired outcomes of the practices. In July 2017, the Board went on to consider the Gap Analysis Report as prepared by the CG and Secretarial Department of Bursa Malaysia on the comparison between the CG practices in the Company and the standards as set out in MCCG as well as the 2017 ASEAN CG Scorecard. The Board then decided on an action

plan to further raise the bar in the organisation's CG standard through various measures for implementation in 2017. The action plan sets out the Board's key focus areas in relation to CG for the year, which includes reviewing the identified internal CG practices/processes and documents, setting certain milestones or deadlines in the CG activities and preparing meaningful disclosures on the Company's practices. These key focus areas are further described below, under each CG principle.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is always mindful of its responsibilities to the Company's shareholders and various stakeholders for creating and delivering sustainable value and long-term success through its leadership and management of the Company's businesses, in pursuing the commercial and regulatory objectives of Bursa Malaysia.

For the foregoing, the Board determines the strategic objectives and policies of the Group for delivery of such long-term value, and it ensures effective leadership through oversight on management and robust monitoring of the activities, performance, conformance capabilities and control in the organisation. In setting the strategic direction, the Board also ensures that there is an appropriate balance between promoting long-term growth and delivering short-term objectives, having regard to the public interest responsibilities of Bursa Malaysia as an Exchange Holding Company (EHC)².

¹ Compliance with paragraphs 15.08A(3) and 15.25 as well as Practice Note 9 the MMLR on the preparation of Nomination Committee statement and Disclosure of CG related Information

² Bursa Malaysia is an EHC approved under Section 15 of the Capital Markets and Services Act 2007

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In fostering a strong CG culture in the organisation, the Board has always strived for the highest standard of CG practice in the Company and adopting the same as a “way of life” in every aspect of the organisation. The Chairman leads the Board by setting the tone at the top, and managing the Board effectiveness by focusing on strategy, governance and compliance. In 2017, the Chairman continued the practice of conducting a separate session for the Non-Executive Directors (NEDs) before convening a Board meeting, to allow discussion on any issues raised by the NEDs and/or issues from the Management, as may be shared by the Chairman with the other NEDs. The positions of the Chairman and CEO are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of Bursa Malaysia (Board Charter). The Board Charter is a comprehensive reference document for Directors on matters relating to the Board and its processes. It also sets out the roles and responsibilities of the Board, the individual Directors as well as the Senior Independent Director.

In November 2017, the Board also reviewed and approved the amendments to the Board Charter and the Code of Conduct and Ethics for Directors, to be in line with the practices in the MCCG. Similar review exercise was carried out on the Code of Ethics for Employees of Bursa Malaysia Group which was amended in December 2017. This is to ensure that good standards of behaviour permeate throughout all levels of the Group, and would help to prevent misconduct and unethical practices and consequently, this would support the delivery of long-term sustainable success of the Company. Additionally, Bursa Malaysia also has in place the Whistleblower Policy and Procedures for its Directors and employees which are implemented to enable the exposure of any violations or improper conduct or wrongdoing within the Company. Further details pertaining to the Board Charter, Code of Ethics and Whistleblower Policy and Procedures are set out in the CG Report, and these documents can be found at Bursa Malaysia’s website:

 <http://www.bursamalaysia.com/corporate/about-us/corporate-governance/>

The Board members have full access to the two (2) Company Secretaries (both have legal qualifications and are qualified to act as company secretary under the Companies Act 2016 (CA)) who provide advisory services to the Board, particularly on CG issues and compliance with the relevant policies and procedures, laws and regulatory requirements, in addition to the administrative matters.

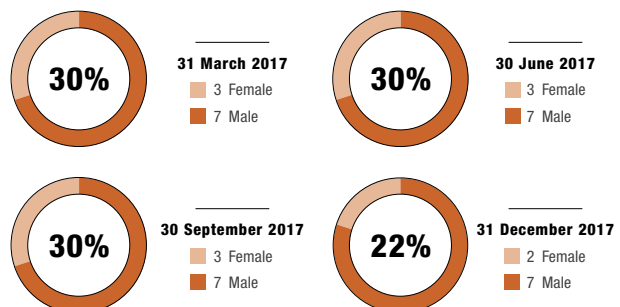
II. Board Composition

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender, provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The Board believes that a truly diverse and inclusive Board will leverage the differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity and gender, which will ensure that Bursa Malaysia retains its competitive advantage.

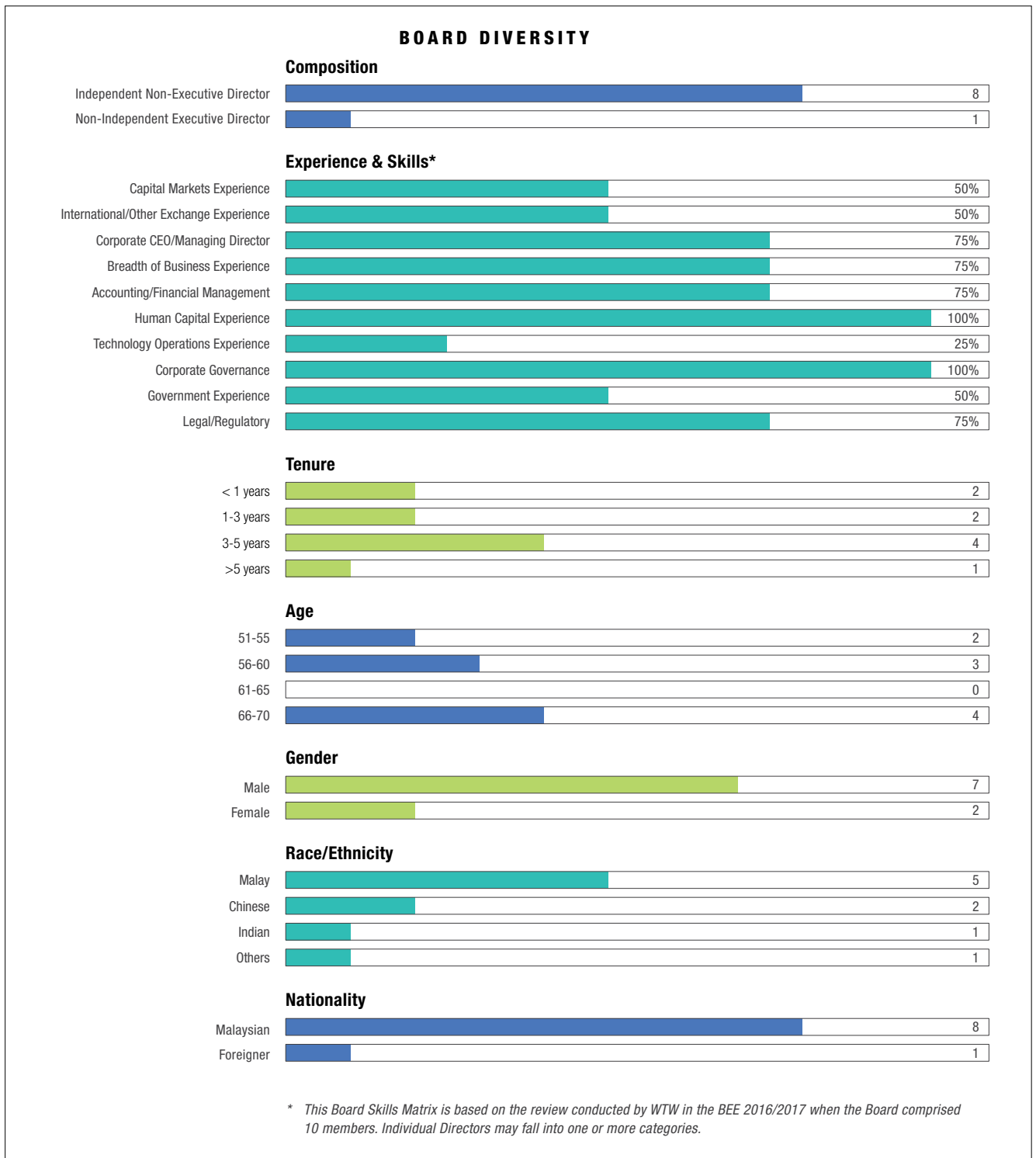
In this regard, the Board through its Nomination and Remuneration Committee (NRC) conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company’s objectives and strategic goals. The Board has in place a 9-year policy which limits the tenure of the Independent NED of the Company to nine (9) years, with the view to enable the Board’s continuous refreshment, to maintain its effectiveness. The Board also has in place a Diversity Policy, which sets out the Board’s aim to achieve its target of at least 30% women directors on the Board. The above policies are currently set out in the Board Charter.

Based on the review of the Board composition in 2017, the Board agreed to maintain the optimum Board size at 12 as this size would enable effective oversight and delegation of responsibilities by the Board, taking into account the dual objectives of Bursa Malaysia. During the year, the Board size had reduced from 10 members on 1 January 2017 to nine (9) members on 31 December 2017. For the duration of almost nine (9) months in 2017 (from February to October 2017), there was 30% women representation on the Board of Bursa Malaysia but this percentage had reduced to 22% in November 2017. During the year, the NRC had actively carried out the Board recruitment exercise to achieve the optimum size with the right diversity. As such, this pursuit will continue to be a priority on the Board CG agenda in 2018.

BOARD DIVERSITY - GENDER BALANCE



The Board and the NRC take into account the current diversity in the skills, experience, age, race/ethnicity (cultural background) and nationality of the existing Board in seeking potential candidates. A Board matrix has also been developed and used as reference for the Board refreshment and succession planning to complement one another. Having conducted the mapping exercise, the NRC observed that the gap areas remain relevant in the current Board composition. Hence, the following are taken into consideration in strengthening the mix of skills and composition of the Board:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board through the NRC, conducts the annual assessment on effectiveness of the Board, the Board Committees and the individual Directors of the Company. In 2017, the NRC had engaged an independent consultant namely, Willis Towers Watson (M) Sdn Bhd (WTW) to facilitate the Board Effectiveness Evaluation (BEE) exercise for the period from 1 July 2016 to 30 June 2017 (2016/2017). The BEE 2016/2017 was conducted by way of online assessments and one-on-one session with Directors. The results of the BEE 2016/2017 indicated that the performance of the Board, the Board Committees and the individual Directors during the review period had been good and therefore, they had been effective in their overall discharge of functions and duties. It was also indicated from the results that there was no apparent weaknesses/shortcoming identified that warrants specific action plan to address the same. Nevertheless, based on the findings in the BEE 2016/2017, the Board agreed on two (2) enhancement areas relating to the training needs of the Directors to upskill and/or further equip the Directors with the necessary competencies and knowledge to meet the needs of the Board. The Board also viewed the need to facilitate its engagement with the non-Director Members of the Regulatory Committees as an opportunity for sharing of the relevant knowledge and expertise to the best interest of Bursa Malaysia.

Specific disclosures on the activities of the NRC in relation to Practice 4.4 of the MCGG are provided in the CG Report.

III. Remuneration

The Board has in place a Board Remuneration Policy which is clear and transparent, designed to support and drive business strategy and long-term objectives of Bursa Malaysia Group. In this regard, the NRC is responsible to formulate and review the remuneration policies for the NEDs (Board Remuneration Policy) and Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices. The current Board Remuneration Policy was approved by the shareholders at the 40th Annual General Meeting of the Company (AGM) held in March 2017.

In June 2017, the NRC had engaged an external consultant namely, Korn Ferry/Hay Group (KFHG) to undertake a holistic and independent review of the Board Remuneration Policy with the view to determine its competitiveness and sufficiency to attract, retain and motivate individuals with strong credentials, high calibre and astute insights to serve on the Board of Bursa Malaysia. The Board approved the recommendation by the NRC on KFHG's proposal in respect to the revisions to the Board Remuneration Policy which will be put forth to the shareholders for approval at the 41st AGM, in accordance with Sections 230 and 340(1)(c) of the CA.

In August 2017, Aon Hewitt Malaysia Sdn Bhd was engaged by Bursa Malaysia to carry out a remuneration review for its employees including that of Senior Management, with the view to ensure that the Company continues to retain and attract the best talents in the industry. The proposed salary structure was considered by the NRC and subsequently approved by the Board in November 2017, for implementation in 2018.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee of the Company (AC) comprises four (4) Independent NEDs, one of whom is also a Public Interest Director. The AC is chaired by an Independent NED, Mr. Pushpanathan a/l S.A. Kanagarayar. It is an existing practice for the AC to require a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC and such practice was formalised and incorporated in the Terms of Reference of AC since October 2017. In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR as well as the Auditor Independence Policy which was approved by the Board in April 2016.

Annually, the composition of AC is reviewed by the NRC and recommended to the Board for its approval. With the view to maintain an independent and effective AC, the NRC ensures that only an Independent NED who is financially literate, possess the appropriate level of expertise and experience, and has the strong understanding of the Company's business would be considered for membership on AC.

II. Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions through its Risk Management Committee (RMC) in order to manage the overall risk exposure of the Group. The RMC assessed and monitored the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls were reviewed by the AC in relation to internal audit function for the Group. Both the RMC and the AC comprise wholly of Independent NEDs. The Board is satisfied with the performance of the RMC and AC and their respective Chairmen in discharging their responsibilities, based on the results of the Board Committees Effectiveness Evaluation of the BEE 2016/2017.

The Board is of the view that the system of internal control and risk management in place during 2017, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments, and the interests of customers, regulators, employees and other stakeholders. The details of the Risk Management and Internal Control Framework are set out in the Statement on Internal Control and Risk Management of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

Bursa Malaysia ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. Bursa Malaysia also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on Bursa Malaysia's website and engagement through the investor relations function. In 2017, a number of events were held during the year to maintain an open communication with the issuers, investors, shareholders, intermediaries, regulators, employees and other communities. The details of the communications are available in the Engaging Our Stakeholders section of this Annual Report.

In 2016, Bursa Malaysia embarked on its integrated reporting journey to develop a strategic corporate reporting approach. It is the intention of Bursa Malaysia to produce a fully integrated annual report based on the International Integrated Reporting Council's International Integrated Reporting Framework for financial year 2018.

II. Conduct of General Meetings

Bursa Malaysia's AGM is an important means of communicating with its shareholders. To ensure effective participation of and engagement with shareholders at the 40th AGM of the Company held on 29 March 2017, all members of the Board were present at the meeting to respond to the questions raised by the shareholders or proxies. The Chairman of the Board chaired the 40th AGM in an orderly manner and allowed the shareholders or proxies to speak at the meeting. The CEO presented to the meeting the overall performance of the Company and the Chairman of the NRC also presented the proposal on the Board Remuneration. The senior management of the Company were also present to respond to any enquiries from the shareholders. Further, in line with good CG practice, the notice of the 40th AGM was issued at least 28 days before the AGM date.

The voting at the 40th AGM was conducted through electronic voting system. The Company continues to explore the leveraging of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company.

This CG Overview Statement was approved by the Board of Directors of Bursa Malaysia on 5 February 2018.

MARKETPLACE REPORT: FAIR AND ORDERLY MARKETS

WE STAND IN A POSITION OF STRENGTH, IN OUR MARKETPLACE. BURSA MALAYSIA IS A WELL REGULATED MARKET SUPPORTED BY ADEQUATE LEVELS OF INVESTOR PROTECTION. OUR REGULATORY FRAMEWORK AND APPROACHES ARE BENCHMARKED AGAINST INTERNATIONAL STANDARDS OF MARKET REGULATION AND STRONG ADHERENCE OF OUR RULES BY OUR LISTED COMPANIES AND INTERMEDIARIES.

We have observed that the culture of self-regulation and quality of practices continue to strengthen over the past few years. Our vigilant monitoring and continued efforts including our pre-emptive measures had ensured our markets continued to operate in a fair and orderly manner.

DEVELOPMENT OF THE RULES FRAMEWORK

We maintained our open, transparent and consultative approach in undertaking major rule change. This is to ensure that we arrive at a proportionate rules framework, with no more rules than necessary. In 2017, we continued to review and reform our rules to ensure that they remained up-to-date and effective. In this regard, we have issued many key rule changes, which are described as follows:

- Issuance of a new set of Listing Requirements for the newly established Leading Entrepreneur Accelerator Platform (LEAP) Market which is distinct from our existing Listing Requirements for the Main and ACE Market, as it is for a qualified market that is targeted at sophisticated investors and intended for fund raising by small and medium sized enterprises (SMEs).
- Changes to the Listing Requirements to give effect to developments in the regulatory landscape in Malaysia – This includes the new Companies Act 2016 (CA 2016), new Malaysian Code on Corporate Governance and various amended guidelines by the Securities Commission Malaysia. In making changes consequential to the CA 2016, Bursa Malaysia sought to promote greater efficiency for listed companies and strengthen investor protection. Enhanced post listing obligations for mineral, oil and gas listed companies (MOG) and

Special Purpose Acquisition Companies (SPAC) under the Listing Requirements, to improve disclosure and promote greater transparency of their activities.

- Amendments to enable clearing and trading participation in the derivatives market to be de-coupled - This enabled new entrants and business models into the marketplace, to spur growth in the derivatives market.
- Amendments to the regulated short selling and securities borrowing and lending framework, to increase the utility of the same for the benefit of intermediaries and investors.
- Amendments to facilitate the introduction of the Islamic Securities Selling and Buying Negotiated Transaction framework, which is based on Shariah principles but provides an outcome equivalent to a conventional securities borrowing and lending transaction.

In addition, we also embarked on the practice of issuing a new communication tool, known as Issuers Communication and Intermediaries Communication for listed companies and intermediaries respectively. These are intended to enhance communication of Bursa Malaysia's expectations with regard to the conduct of listed companies and intermediaries and thereby improve standards of disclosure, governance and self-regulation.

EFFICIENT CAPITAL RAISING FRAMEWORK

We take cognisance that the global environment and capital market landscape is constantly changing and evolving. To remain competitive, we continuously innovate and improve our services to facilitate efficient fund raising by listed companies. Our time-to-market for secondary equity fund raising exercises is comparable to other regional exchanges which positions Bursa Malaysia as an attractive listing and fund raising venue. In 2017, funds raised via secondary issuance of securities continue to be a preferred fund raising option with a total of RM14.5 billion raised which is higher by 19.1% as compared to RM12.2 billion raised in 2016.

We strive to maintain an efficient capital raising platform for the secondary market, benchmarked with developed markets whilst at the same time being more facilitative of market development. During the year, we implemented Green Lane Policy (GLP) incentive to the top 30 listed companies based on their good standard of corporate governance conduct and disclosure practices. The GLP is part of the differentiated supervisory approach adopted by the Bursa Malaysia which accords certain privileges to these listed companies, enabling faster issuance of circulars to shareholders and expedites completion of corporate proposals.

Under the existing framework, irrespective of the type of listed company, all circulars to shareholders (unless exempted under the Listing Requirements) (Review Circulars) must not be issued until Bursa Malaysia has confirmed in writing that it has no further comments on the document.

Under the GLP, Bursa Malaysia cease to pre-vet the Review Circulars issued by these listed companies except for those involving more complex proposals such as major disposal or privatisation, related party transactions and transactions which involve mineral, oil and gas assets (Complex Circulars). In this respect, these listed companies can issue such Review Circulars

to their shareholders as soon as they are ready, without having to submit and wait for Bursa Malaysia to review the same.

Further, Bursa Malaysia will fast-track the processing of Complex Circulars (which are still required to be reviewed by Bursa Malaysia) submitted by these listed companies. The GLP is aimed at recognising and rewarding these companies by facilitating a more efficient time-to-market for their corporate proposals.

Currently we are also undertaking an initiative to centralise the secondary fund raising for collective investment scheme at Bursa Malaysia. We expect to get the necessary approval to implement in 2018. Once implemented, it will complement the one stop centre for secondary fund raising for equity, which commenced back in 2009. With this, Bursa Malaysia will be the one-stop-centre for all types of secondary fundraising.

During the year, we successfully launched the LEAP Market which aims to provide SMEs with fund raising access and visibility through the capital market. Two companies have been admitted for listing on the LEAP Market in 2017.

SURVEILLANCE OF THE MARKET

In undertaking market surveillance, our primary focus is to detect and deter abusive trading practices and facilitate genuine price discovery which are crucial towards maintaining and enhancing market confidence. In this regard, we monitored the trading activities of the securities and derivatives markets on a real-time basis for unusual price and volume movements, including key price relationships for interrelated products and other forms of suspicious trading activities.

In 2017, we embarked on various initiatives towards creating greater awareness and understanding amongst brokers and other registered persons on trading supervision and activities. Amongst others, engagement and educational initiatives were carried out

such as an explainer video to the industry and issuance of a communication note as well as workshops for the intermediaries. These were undertaken to further enhance 'appreciation and awareness including amongst the intermediaries as to their role in front office supervision and trade surveillance. With these, we expect better and more effective monitoring of trading activities, including detecting and pre-empting irregular/manipulative trades in their respective firms.

Overall, we observed significant improvements in the levels of trading supervision by our intermediaries. In addition, the trading in the equity and derivatives markets remained orderly and fair as we continued to enhance the timeliness of our detection and effectiveness of our pre-emptive actions to ensure that any form of irregular trading and abusive conduct were acted upon in an expeditious manner.

SURVEILLANCE OF LISTED COMPANIES

We continue to ensure that, through our corporate surveillance activities, corporate irregularities or transgressions which may give rise to breaches of the LR are detected in a timely manner and where possible, pre-empted. With listed companies operating in a global business environment today, we take cognizance that corporate transgressions will continue to increase in complexity.

In ensuring investor protection, we remain steadfast in making timely detection and taking necessary pre-emptive actions. This is undertaken through a comprehensive surveillance framework which facilitates timely detection, enables in depth analysis of issues towards determination of possible corporate irregularities, misconduct or transgressions as well as effective regulatory actions, where appropriate.

Some of the outcomes arising from our regulatory/pre-emptive actions include termination of certain transactions as well as appointment of Special or Investigative Auditor, professional valuers and/or independent

advisers to look into the areas of concern. In 2017, five listed companies have appointed special auditors/legal advisors to look into the issues raised by us. Where we detected breaches of the LR, referrals were made to our investigation division towards establishing the breach for possible enforcement action. Referrals were also made to the relevant authorities in situation where we detected offences under the law.

We continue to engage with listed companies through engagements and training in key areas of concern noted from our surveillance activities.

QUALITY AND TIMELY DISCLOSURES

Disclosure practices and compliance culture among our listed companies continue to strengthen during the year. We observed companies being more pro-active in making voluntary announcements such as providing clarification on media reports relating to them and lesser occurrence of companies making evasive replies to Bursa Malaysia's queries on their announcements.

Quality of disclosures in announcements made by listed companies also remained strong whereby statistically, queries by Bursa Malaysia on listed companies' announcements remained at below 1% of total corporate announcements over the past three years. In addition, submission of financial reports continued to be timely where less than 1% of financial reports were submitted later than the stipulated timeframe.

These positive developments arose from our continuous efforts to elevate the standard of disclosures in our market to ensure our companies establish and adopt appropriate corporate disclosure policies and procedures. The efforts include our enhanced supervisory approach (such as the implementation of GLP as well as adoption of pre-emptive supervision for complex proposals) and outreach education programmes.

MARKETPLACE REPORT:
FAIR AND ORDERLY MARKETS

We further facilitated high compliance culture through the issuance of guides and communication notes on various areas of disclosures to guide and enable better understanding of the relevant principle and objective of the Listing Requirements. The guides and communication notes issued during the year include:

- Management Discussion & Analysis (MD&A) Disclosure Guide
- Guidance on Disclosure Notes to Quarterly Report
- Guidance on Material Contract and Prevention of Selective Disclosure of Material Information

We also continued to leverage on the Listing Advisory Desk and our online enquiry portal to respond to enquiries from our listed companies and their advisors on LR interpretation. In 2017, we resolved 1,420 enquiries on various matters relating to fund raising proposals, transaction and numerous provision of the Listing Requirements.

CORPORATE GOVERNANCE STANDARDS

Building a strong culture of Corporate Governance (CG) including improving the quality of CG disclosures in annual reports remains a key focus. Amongst others, we aim to improve the CG culture among our Top 100 listed companies, to enable them to become regional champions in ASEAN. Some of the initiatives carried out in 2017 include the issuance of the revamped and updated Corporate Governance Guide (CG Guide) in December 2017. This was timely in the light of the issuance of the new Malaysian Code on Corporate Governance (MCCG) by the Securities Commission Malaysia on 26 April 2017. The CG Guide seeks to ensure that it continues to provide a practical guide for listed companies to improve their CG practices and reporting with particular emphasis on the principles and practices (Practices) that are contained in the MCCG .

We continue to engage our listed companies including by providing advocacy programmes in key areas pertaining to corporate governance such as board quality, risk management, internal controls and conduct of AGMs. The programmes are aimed at providing guidance and awareness towards capacity building for board and senior management.

MEASURES TO PROMOTE SUSTAINABILITY

Bursa Malaysia is committed to promoting sustainability practices among listed companies as we recognized the growing importance of sustainability. Towards achieving this, we embarked on extensive capacity building to assist listed companies on their sustainability journey through various engagements as well as advocacy/training programmes and events. These include various programmes/events organised in collaboration with organisations such as World Bank and United Nation Principles of Responsible Investment (UNPRI). In this respect, for 2017 we focused, amongst others, our engagement efforts with listed companies with market capitalisation between RM1 billion to RM2 billion as at end December 2015, as these companies will be issuing their first Sustainability Statement in their annual report for financial year ended in 2017.

In addition, for listed companies with market capitalisation of RM2 billion and above which have issued their first Sustainability Statement in their annual report for financial year ending in 2016, a review of their sustainability statements was undertaken and findings of our review were shared with them with the objective of facilitating further improvement in terms of their practices as well as quality of their disclosures. The outcome of the review was and will be used towards determining further advocacy and engagement with our listed companies.

STANDARDS OF BUSINESS CONDUCT OF INTERMEDIARIES

All our intermediaries are well capitalised with sound prudential requirements and have demonstrated adequate levels of compliance in their back and middle office functions. There has been no default by our intermediaries to the clearing house as they have instituted robust risk management practices to effectively manage their risks and exposures. Our intermediaries have also exhibited satisfactory levels of business conduct and self-regulation and have in place sound safeguards to protect the interest of investors and their assets. Our supervision also did not reveal any industry-wide breaches which affected the fair and orderliness of the market.

With the advancement and rapid evolvement of technology, intermediaries were able to innovate and reinvent their unique business in a more effective and efficient way. However, this has also given rise to cyber risk concerns and exposures. In this regard, we continued to embark on various efforts to drive awareness on cyber resilience among intermediaries including carrying out targeted reviews and inspections, conducting cyber health check, issuing a communication note and conducting industry advocacy programmes.

In addition to cyber risks, some of the key initiatives carried out in 2017 included the following:-

- the introduction of the Risk & Control Appraisal (RCA) for both the equities and derivatives intermediaries, with the objective of promoting a culture of self-regulation among intermediaries as they will be empowered to detect potential risks and put in place necessary self-improvement measures at their end. At the same time, it will also allow Bursa Malaysia to identify key risk areas for effective allocation of supervisory attention and timely regulatory intervention; and
- issuance of a communication note on governance standards and best practices for intermediaries, which is intended to

enhance and strengthen the standard of business conduct and promote self-regulation amongst the intermediaries. This communication also serves as a guide to intermediaries in adopting sound and prudent governance principles and assisting them in inculcating and sustaining strong culture and ethics.

ENFORCEMENT ACTIVITIES

As part of our vigilant monitoring of compliance with our rules, we take actions for breaches of our rules. Depending on the materiality of the breach, enforcement actions or management actions such as warning, caution or reminder may be taken. We will take enforcement actions when material breaches are detected and established after thorough investigations and enforcement proceedings.

These proceedings include giving opportunity to the defaulting parties to explain their actions prior to determination of breach and appropriate sanctions by our independent regulatory committees which comprise the Listing Committee and Market Participants Committee. In addition, the defaulting parties are accorded with a right of appeal which will be escalated to another independent regulatory committee, namely the Appeals Committee. These independent regulatory committees are tasked to deliberate and decide on material breaches of the LR and Business Rules respectively.

As at 31 December 2017, enforcement actions were taken against nine listed companies and 21 directors (of six listed companies) for various breaches of the LR. As part of enforcement, we also issued directives against defaulting parties including where relevant, directives for directors to undergo mandatory training as well as for listed companies to conduct limited reviews on quarterly reports.

In 2017, actions (which included caution/reminders) were also taken against 16 intermediaries – which included Participating Organisations, Trading Participants and

Authorised Depository Agents and 21 Dealer's Representatives (DRs)/Registered Persons for various breaches of the Business Rules. In particular, for market offences breaches, enforcement actions were taken against five DRs/Registered Persons. In an effort to improve the conduct of errant DRs/Registered Persons, mandatory training requirements are imposed when the misconduct showed ignorance or lack of understanding of the rules and requirements, similar to the approach under the LR.

Arising from our enforcement actions, we note a continued declining trend in certain breaches of our rules, and in particular relating to financial reporting obligations by listed companies.

In 2017, in an effort to enhance transparency of our enforcement actions and proceedings and processes under the LR and Business Rules, we updated the Key Enforcement Cases and issued a communication note on Bursa Malaysia's Enforcement/Disciplinary Proceedings & Processes (ICON-DP) to both intermediaries and listed companies. The ICON-DP provides an overview of and clarity on our enforcement/disciplinary proceedings and processes and is aimed at enhancing market/industry understanding of the same.

EDUCATION AND ADVOCACY PROGRAMMES UNDER CMEIF

The Capital Market Education and Integrity Fund (CMEIF) which consists of fines collected from errant parties by Bursa Malaysia as well as transfer fees was set up with clear provision that the monies are to be utilised primarily for market education and advocacy programmes.

In 2017, with funding from CMEIF, we conducted 83 advocacy programmes for Directors of listed companies, CEOs, CFOs, principal officers, internal auditors, company secretaries and intermediaries. These programmes were well-received with more than 6,584 participants.

In 2017, some of the key programmes carried out were:-

Continuing Programmes

1. Technical Briefing on Disclosures for Company Secretaries
2. Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
3. Advocacy Session to Enhance Quality of Management Discussion & Analysis (MD&A) Statements in Annual Reports for senior management of Listed Issuers
4. Risk Management programme for Audit and Risk Committee Members of PLCs
5. CG and Sustainability Breakfast Series for Directors
6. Sustainability Engagement Series for Directors, CEOs, CFOs, CSOs and Practitioners
7. Sustainability Reporting Workshops for Company Secretaries
8. Joint Programme with Professional Bodies or Industry Subject Matter Experts on Cyber Security, Governance, Compliance, Risk Management and Internal Audit for Intermediaries
9. Collaboration with MIBA/ASCM/Industry Associations on governance, KYC/AMLA and business conduct for Intermediaries

New Programmes

1. Advocacy Sessions on Corporate Disclosure for Directors and Senior Management of mid and small-cap Listed Issuers
2. Responsible Investment Forum
3. Symposium on Market Integrity for Board of Directors of POs and TPs
4. Effective Internal Audit Function Workshop for Chief Internal Auditors and Audit Committee Members
5. Effective Board Performance evaluation for Company Secretaries of Listed Issuers
6. Train the Trainer's Workshop on Front Office Supervision for Representatives of POs and TPs

STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors of Bursa Malaysia (The Board) is committed to maintaining a sound internal control and risk management system. Each business/functional unit has implemented its own control processes under the leadership of the Chief Executive Officer (CEO), who is responsible for good business and regulatory governance. The following statement outlines the nature and scope of the Group's internal control and risk management in 2017.

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and achieving goals and objectives within the risk tolerance established by the Board and Management. Therefore, the system provides reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.

In 2017, the adequacy and effectiveness of internal controls were reviewed by the Audit Committee (AC) in relation to the audits conducted by Internal Audit (IA) during the year. Audit issues and actions taken by Management to address the issues tabled by IA were deliberated on during the AC meetings. Minutes of the AC meetings which recorded these deliberations were presented to the Board.

The Risk Management Committee (RMC) provides oversight on risk management matters relating to the activities of Bursa Malaysia as an exchange holding company and of its subsidiaries in accordance with Section 22 of the Capital Markets and Services Act 2007 (CMSA), to ensure prudent risk management over Bursa Malaysia's business and operations. At its scheduled meetings in 2017, the RMC had reviewed, appraised and assessed the efficacy of the controls and progress of action plans taken to mitigate, monitor and manage the overall risk exposure of the Group. The RMC also reviewed proposals for new products, monitored the progress and status of risk management activities, as well as raised issues of concern and provided feedback for Management's action.

Internal control and risk-related matters which warranted the attention of the Board were recommended by the AC and RMC to the Board for its deliberation and approval and matters or decisions made within the AC's and RMC's purview were escalated to the Board for its notation.

KEY INTERNAL CONTROL PROCESSES

The Group's internal control system comprises the following key processes:

1. SEPARATION OF COMMERCIAL AND REGULATORY FUNCTIONS

- a. The Group's commercial and regulatory functions are segregated to ensure the proper discharge of Bursa Malaysia's regulatory duties. Both these functions operate independently of each other to ensure that business units are not in a position to unduly influence any regulatory decision made by the Regulation unit. It is Bursa Malaysia's statutory duty to always act in the public interest, with particular regard for the need to protect investors. As such, the Board of Bursa Malaysia which includes Public Interest Directors is responsible for upholding public interest in its decision making.

To this end, Regulatory Committees have been set up to deliberate and decide on regulatory matters to ensure Bursa Malaysia upholds its obligation to safeguard public interest. These committees, apart from Board members, comprise independent individuals with significant and relevant industry experience.

- b. Processes are established and set out in the Guidelines for Handling Conflicts of Interest (COI) to deal with any possible COI which may arise in the course of Bursa Malaysia performing its commercial or regulatory role.

2. AUTHORITY AND RESPONSIBILITY

- a. Certain responsibilities are delegated to Board Committees through clearly defined Terms of Reference (TOR) which are reviewed annually.
- b. The Corporate Authority Manual is reviewed periodically to reflect the authority and authorisation limits of Management in all aspects of the Group's major business operations and regulatory functions.

- c. The Group's Management Governance Framework, comprising two committees for the governance function (Corporate Sustainability Committee and Management Risk & Audit Committee) and two committees for the business operations function (Management Committee and Management Regulatory Committee), has clearly defined TOR to enable good business and regulatory governance.

3. PLANNING, MONITORING AND REPORTING

- a. An annual planning and budgetary exercise is undertaken requiring all divisions to prepare business plans and budgets for the forthcoming year. These are deliberated on and approved by the Board before its implementation.
- b. The Board is updated on the Group's performance at the scheduled meetings. The Group's business plan and actual versus budget performance for the year are reviewed and deliberated on by the Board on a half-yearly basis. Financial performance variances are presented to the Board on a quarterly basis.
- c. There is a regular and comprehensive flow of information to the Board and Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategy, business and regulatory plans. The Board also reviews and approves the Annual Regulatory Report, which informs the Securities Commission Malaysia (SC), under Section 16 of the CMSA, of the extent to which Bursa Malaysia and its subsidiaries have complied with their duties and obligations under Sections 11 and 21 of the CMSA.
- d. The Director of Finance & Corporate Services who is also the Chief Financial Officer (CFO) is required to provide assurance to the AC that appropriate accounting policies have been adopted and applied consistently, the going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements of the Group is appropriate, and that prudent judgements and reasonable estimates have been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards (MFRSs) and the International Financial Reporting Standards (IFRSs). The CFO also assures that adequate processes and controls are in place for effective and efficient financial reporting and disclosure under the requirements of MFRSs, IFRSs, Companies Act 2016 and Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR), and that the Annual Financial Statements and the quarterly Condensed Consolidated Financial Statements of the Group give a true and fair view of the financial position and financial performance of the Group and do not contain any material misstatement.

- e. In order to ensure the Group's sustainability factors identified in 2016 remained relevant and material to its business and stakeholders, a validation of the material sustainability factors was conducted with various stakeholders including listed companies, investors and employees in 2017. The outcomes of this process were subsequently reviewed and approved by the Board for disclosure in the Group's Sustainability Statement and standalone Sustainability Report. The Group's sustainability factors identified in 2016 remained relevant in 2017 and material to the Group's business and to the stakeholders.

4. POLICIES AND PROCEDURES

Clear, formalised and documented internal policies, standards and procedures are in place to ensure compliance with internal controls and relevant laws and regulations. A list of identified laws and regulations applicable to Bursa Malaysia is documented and maintained to facilitate compliance. Regular reviews are performed to ensure that documentation remains current and relevant. Common Group policies are available on Bursa Malaysia's intranet for easy access by employees.

5. AUDITS

- a. Audit engagements are carried out based on the annual audit plan approved by the Audit Committee and takes into consideration feedbacks from the Management. IA assesses the selected areas under the audit scope with regard to risk exposures, compliance towards the approved policies and procedures and relevant laws and regulations and also, at times, benchmark against available best practices. For any significant gaps identified in the governance processes, risk management processes and controls during the engagements, IA provides recommendations to Management to improve their design and effectiveness of controls where applicable.

In addition, IA assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control processes on an annual basis to the AC based on the engagements carried out within the financial year including review reports prepared by external consultants, if any. The Audit Committee takes note of the review results (which includes aggregated state of internal controls, exceptions analysis, and root cause analysis) which are subsequently shared with Senior Management to ensure continuous enhancement of the internal control system of the organisation. The Board is updated on the results of the review of the Group's internal control framework.

STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

- b. Annual on-site regulatory audits are conducted by the SC on the Group's operations to ensure compliance with its duties and obligations under the CMA, as well as its policies and procedures.
- c. The yearly certification for the Information Security Management System (ISMS), MS ISO/IEC 27001:2013 was carried out by CyberSecurity Malaysia. The ISMS scope covered the management, operation and maintenance of the information system assets and information systems of the Group.
- d. The External Auditors' annual plan which comprises planned audit services (inclusive of the quarterly review on the quarterly financial results and other regulatory reporting requirements), recurring non-audit services and non-recurring non-audit services is tabled annually to the AC for deliberation and approval.
- e. In addition to the annual audit of the financial statements of the Group, the External Auditors are engaged to conduct reviews on all of the quarterly financial results together with the cumulative quarters in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".
- f. The IA team is required to conduct quarterly assessments of the internal control system pertaining to the processes of the relevant business/functional units which have a bearing on the financial information of the Group, to ensure the reliability and integrity of such information.

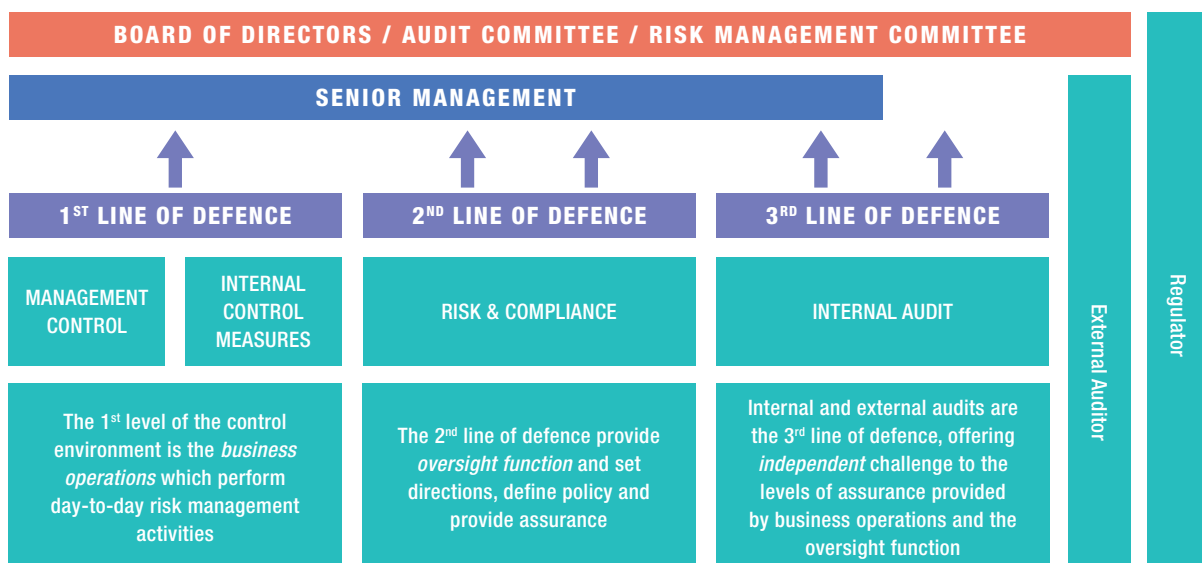
The Director of IA, who is also the Head of IA, is required to confirm the effective operation of process controls which support the preparation of the financial statements.

- g. IA conducts system readiness reviews to assess the progress of project implementations according to the pre-determined timelines, milestones and objectives of selected key projects and also to ensure that due process has been complied with prior to the implementation or launch of significant systems development and enhancement projects.

6. RISK MANAGEMENT

- a. A centralised risk management function integrated with a compliance function was formalised for the Bursa Malaysia Group to provide a holistic and enterprise-wide view of the risk and compliance management within the Group.
- b. The Group adopts the Guidelines on Financial Market Infrastructures issued by the SC Malaysia and best practices such as ISO 31000:2009 Risk Management – Principles and Guidelines and International Organisation of Securities Commissions (IOSCO) – Principles for Financial Market Infrastructures (PFMI) frameworks to manage the risks of its business and operations. One of the key features of the risk management framework is the implementation of the three lines of defence comprising established and clear functional responsibilities and accountabilities for the management of risk.

Three Lines of Defence



- c. Senior Management, which includes Management Committee members and Divisional Heads, are the first line of defence and are accountable for all risks assigned under their respective areas of responsibility based on the Enterprise Risk Management Principles & Framework (ERMPF) and Enterprise Risk Management Process & Guidelines manuals (ERMPG). This group of personnel is also responsible for the continuous development of the risk management capabilities of employees and ensures that risk management is embedded in all key processes and activities.
- d. The second line of defence is provided by the Risk & Compliance (RC) team and Management Risk & Audit Committee (MRAC), with oversight by the Risk Management Committee (RMC). The RC team is responsible for monitoring the risk and approving matters within its authority for implementation across the Group.
- e. The third line of defence is provided by IA and AC and are responsible for providing assurance on the effectiveness of the enterprise risk governance framework.
- f. Within the framework, the Group has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of our risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting.
- g. In 2017, two independent reviews were conducted by the external consultants to validate the risk management and compliance standards to assess whether the current risk management, BCM and compliance practices of Bursa Malaysia Securities Clearing Sdn Bhd (BMSC), Bursa Malaysia Derivatives Clearing Berhad (BMDC), Bursa Malaysia Depository Sdn Bhd and Bursa Malaysia Bonds Sdn Bhd are aligned with international standards namely the ISO 31000 for risk management, ISO 22301 for BCM, ISO 19600 for compliance, and the 24 principles of the PFMI. Overall, the validation results for both the PFMI and ISO assessment showed that the Bursa Malaysia Group has generally rated "Observed" and "Broadly Observed" with no "Partially Observed" and "Not Observed" ratings. The other independent review was performed to validate the credit and liquidity risk models for BMSC and BMDC and the review showed that there were no non-compliance issues to the PFMI.
- h. As part of best practices, the ERMPF was reviewed to include areas for improvement on the previous Risk Management Principles & Framework as well as remediation effort of the findings from the consultant's Independent Validation of Risk and Compliance Standards ISO Review dated 30 August 2017 and the SC's 2016 audit. The revised ERMPF was deliberated and approved by the RMC and subsequently the Board in November 2017 and December 2017 respectively.
- i. Our level of risk tolerance is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have "exceeded risk tolerance" and those which have not. Clear risk treatment guidance is in place stipulating the actions to be taken for each type of risk.
- j. The management and reporting of risks in the Group have been aligned with four risk categories for the Enterprise Risk Management as outlined below:
- i. Management of Strategic Risk**
- Strategic risk refers to Bursa Malaysia's exposure to internal and external events that can either support or prevent Bursa Malaysia from achieving its objectives. In order to support Bursa Malaysia's aspiration to become the leading ASEAN marketplace, the Strategic Risk unit monitors the developments of the competition landscape. Key risks noted from the developments of competitors in 2017 include the aggressive launch of new products and services, strategic alliances via partnerships with or acquisition of other exchanges, and the emerging market disrupters from Financial Technology (Fintech) services such as bitcoin, robo-advisory and algorithm trading. Such potential risks may be escalated for deliberation at both the management and risk committee levels, with the view of taking into consideration such concerns at the next review of the business plan.
- In addition, the Strategic Risk unit also monitors the delivery of high impact projects to assess their implications on Bursa Malaysia's progress to achieve its strategic objectives as outlined in the current business plan. The risk assessment of such projects is conducted before the projects are implemented as well as during the implementation stages. As these projects support Bursa Malaysia to achieve its strategic objectives as well as mitigate the potential effects from competition, it is important to identify any potential execution risks during the implementation of these projects and address such risks promptly and appropriately.

STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

ii. Management of Operational Risk

The management of operational risk is guided by the definition and Principle 17 of the IOSCO-PFMI. Operational risk is identified as the risk that deficiencies in information systems or internal processes, human errors, management failures, or disruptions from external events that will result in the reduction, deterioration, or breakdown of services provided by Bursa Malaysia.

The management of some of the significant operational risks faced by the Group for the financial year 2017 are outlined below:

- Business interruption

Appropriate systems with adequate capacity, security arrangements, facilities and resources are in place to mitigate risks that could cause interruption to the Group's critical business functions. The Group has a comprehensive Business Continuity Plan (BCP), including a Disaster Recovery Plan which is tested annually to ensure continuity of the business and technology operations.

In 2017, the Group did not encounter any major business interruption. In order to provide assurance that the Group can continue its business operations in the event of a disaster, two mandatory industry wide BCP exercises were conducted in 2017.

Besides the mandatory industry wide tests, the Group also facilitated two BCP exercises for the market participants. The objective of this exercise was to ensure market participants' backup sites/systems can be connected successfully to Bursa Malaysia in the event of a disruption.

- Cyber security

Bursa Malaysia has implemented various mitigation measures to manage Cyber Security risk including a robust network architecture which is segmented into private and public networks. This aims to isolate the problem within the segment in the event of a cyber-attack. Bursa Malaysia has invested and set in place adequate IT security tools and mechanisms to enhance the cyber resilience capabilities to anticipate, withstand, contain and rapidly recover from a cyber incident with the objective of limiting the

escalating risks that cyber threats pose to Bursa Malaysia and the broader capital market. There has not been any compromise to the mitigation measures taken by Bursa Malaysia which will leave Bursa Malaysia's infrastructure and system to be vulnerable to a cyber-attack.

The tools and mechanisms are reviewed and assessed on an annual basis or as and when needed. In addition, review on the cyber security architecture by an independent party is conducted periodically. It aims to ensure observance with the Guidance on Cyber Resilience for Financial Market Infrastructures issued by IOSCO as well as to comply with the Guidelines on Management of Cyber Risk issued by the SC Malaysia.

- Physical Security

Bursa Malaysia has put in place several controls to mitigate physical breaches covering the main Bursa building as well as the Disaster Recovery site. To ensure that Bursa Malaysia is sufficiently prepared to meet any eventuality, there are plans that have been developed and exercised to address multiple possible scenarios which can impact the physical security at Bursa Malaysia's premises.

- Policies & Procedures

The effective operations of Bursa Malaysia is dependent to a significant extent on the availability, adequacy and effectiveness of its frameworks, policies, processes and procedures. Hence, Bursa Malaysia has put in place the key frameworks, policies and procedures which include the following:

- System/Operations – IT Security Policy, Information Management Policy, Business Rules, Trading & Clearing procedures, ISMS Manual
- Risk & Compliance – ERMPF, Compliance Framework, BCM Framework
- People – Code of Ethics, Employee Handbook, Group Disciplinary Policy
- Budget – Finance Policies & Procedures, Corporate Authority Manual, Contract Management Guidelines

The key frameworks, policies and procedures will continue to be reviewed to ensure that the effectiveness and adequacy of the implementation are in accordance with global best practices and standards.

iii. Management of Financial Risk

The Group has in place robust risk management processes and procedures to manage counterparty/settlement risks and prevent a systemic impact on the market. Bursa Malaysia Securities Clearing Sdn Bhd (BMSC) and Bursa Malaysia Derivatives Clearing Berhad (BMDC) (collectively referred to as "Clearing Houses") act as the central counterparty for equities and derivatives trades, respectively, and thus are subject to counterparty credit risk. The processes and procedures of these two Clearing Houses are in line with the PFMI issued by the Committee on Payment & Settlement Systems (CPSS), a Technical Committee of the IOSCO. The management of financial risk is guided by the following principles:-

Principle 4 of PFMI (Credit Risk)	▶	requires the Central Counterparty (CCP) to maintain sufficient financial resources to cover its credit exposure to each participant and manage its credit exposure arising from its payment, clearing and settlement processes effectively.
Principle 5 of PFMI (Collateral)	▶	requires the CCP to accept only collaterals with low credit, liquidity and market risks while ensuring appropriate haircut and limits are imposed accordingly.
Principle 6 of PFMI (Margin)	▶	requires the CCP to manage its credit exposure through the collection of margins.
Principle 7 of PFMI (Liquidity Risk)	▶	requires the CCP to maintain sufficient liquid resources in all relevant currencies to effect same-day, intraday and multiday settlements with a high degree of confidence.
Principle 16 of PFMI (Custody and Investment Risk)	▶	requires the CCP to safeguard its own and participants' assets and invest in instruments with minimal credit, market and liquidity risks.

The risk mitigation measures that have been put in place to manage Financial Risk are outlined below:

- Daily mark-to-market of outstanding positions and intraday revaluation of positions and collaterals;
- Initial and variation margin requirements; as well as prudent cash and collateral management;
- Monitor Trading Clearing Participants' (TCP) and Clearing Participants' (CP) capital adequacy ratios and adjusted net capital levels;
- Monitor settlement flows for both BMSC and BMDC and manage clearing house' exposure vis-a-vis other financial institutions;
- Perform daily stress-tests on adequacy of the Clearing Guarantee Fund (CGF) of BMSC and the Clearing Fund of BMDC respectively, to ensure that they are sufficient to protect the Clearing Houses under extreme but plausible market scenarios;
- Perform daily stress tests on adequacy of liquid resources of the Clearing Houses to ensure that there are sufficient liquid resources to meet its settlement obligations on a timely manner; and
- Conduct annual default drill exercises by simulating default scenarios to test the effectiveness of the Default Management Procedures to ensure they remain robust and relevant in the face of the uncertain market environment.

In 2017, there were no settlement defaults by any TCP or CP and neither the CGF nor the Clearing Fund needed to be called upon.

iv. Management of Legal and Regulatory Risk

The management of Legal and Regulatory Risk aims to ensure that the Group's exposure to potential legal liabilities during the course of business such as rule implementation or product liability are well mitigated to avoid disruption to its business and operations. If not properly mitigated, legal liabilities can have a significant impact on the Group's reputation which in turn can affect investor confidence in the market.

In this regard, the Legal and Regulatory Risk unit monitors for any new or on-going litigation cases to assess the potential adverse impact of these cases to the market, the Group's reputation and financial standing.

One of the contributory factors to the Group's potential exposure to legal liabilities is the terms and conditions contained in the contracts. The Legal and Regulatory Risk unit reviews contracts from time to time to ensure consistency of terms and conditions across contractual agreements.

STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

Another key area that Legal and Regulatory Risk unit monitors is the dynamic regulatory landscape which has been getting increasingly complex and costly to comply. With the fast pace of regulatory changes, there is the ever present risk that the Group may breach new regulations and face reprimands or hefty fines from regulators. Thus, it is important for the Legal and Regulatory Risk unit to keep abreast of new regulations and assess their potential implications on the business operations of the Group.

The Group will continue to review and enhance the above processes and procedures in accordance with global best practices and standards to ensure that the risk management framework remains relevant and applicable in the current market environment.

Towards the end of 2017, all existing significant risks have been revisited together with any relevant inherent and emerging risks to assess their impact on the Group for the upcoming year and the Group recognised that the above significant risks will remain relevant for 2018.

7. COMPLIANCE MANAGEMENT

- a. The Group's compliance management covers compliance to all legal obligations imposed on Bursa Malaysia, in particular laws, regulations, rules and major identified guidelines or legal requirements. It also covers risk-based compliance to internal policies and procedures, code of ethics and business conduct.
- b. In managing the compliance function, a Compliance Charter and Compliance Management Framework are in place to ensure that the conduct of the compliance function is governed by internationally recognised standards and provide structured processes for establishing, implementing, evaluating, maintaining and improving the compliance management system for the Group. The Compliance Management Framework was developed based on the ISO 19600 Compliance Management System – Guidelines.
- c. In 2017, there were no major non-compliance issues encountered.

8. PERFORMANCE MEASUREMENT

- a. Key Performance Indicators (KPIs), which are based on the Corporate and Divisional Balanced Scorecards and Individual KPIs and Behavioural Competencies are used to track and measure employees' performance.

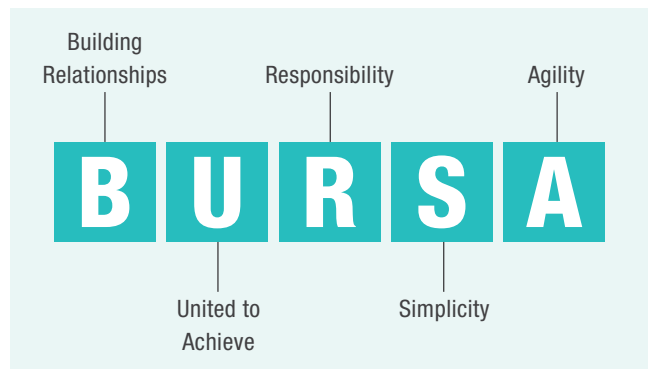
- b. Yearly employee engagements and customer satisfaction surveys are conducted to gain feedback on the effectiveness and efficiency of stakeholder engagements for continuous improvement.

9. EMPLOYEES' COMPETENCY

Hiring and Termination Guidelines are in place while training and development programmes are conducted to ensure that employees acquire the necessary competencies required to carry out their respective job roles in achieving the Group's objectives.

10. CONDUCT OF EMPLOYEES

- a. Bursa Malaysia's corporate culture is founded on the following core values which are continuously inculcated in employees during their service to Bursa Malaysia and its stakeholders:



and enhances the 3Ds – “Dynamic, Driven and Dependable” behaviour of its employees.

- b. A Code of Ethics is established for all employees, which defines the ethical standards and conduct of work required at Bursa Malaysia.
- c. Bursa Malaysia has a Whistleblower Policy and Procedures (WPP) to provide an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Group. The AC has the overall responsibility in overseeing the implementation of the WPP for Bursa Malaysia Group.

- d. A Securities Transaction Policy is established to govern the securities transactions of the Group's employees. The policy prohibits employees from using unpublished price sensitive information obtained during the course of their work for personal gain or for the gain of other persons. All employees (including principal officers) are also not allowed to trade in the securities of Bursa Malaysia during the closed period, which is 30 calendar days preceding the announcement of the Group's quarterly and annual financial results.
- e. A Corporate Fraud Policy is established to aid in the detection and prevention of fraud and to promote consistent organisational behaviour and practices.
- f. An Information Management Policy has been established to provide direction and guidance for the classification, management and control of information used by the Group, so as to protect and preserve the security of information from being wrongly disseminated or distributed to unauthorised parties.
- g. Management and employees at Grade E6 and above are required to annually declare and provide an update on assets acquired or disposed of during the year.
- h. Segregation of duties is practised whereby conflicting tasks are assigned to different employees to reduce the scope for error and fraud.

11. INSURANCE

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken by Management to review the coverage of the assets as recorded in the current fixed asset register and their respective net book values and "replacement values", that is the prevailing market price for the same or similar item, where applicable. There is also a yearly exercise to ensure the adequacy and renewal of the Group's professional indemnity insurance coverage.

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the 2017 Annual Report, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate. This Statement was approved by the Board on 5 February 2018.

IA has also reviewed this Statement and reported to the AC that, while it has addressed certain individual lapses in internal control during the course of its internal audit assignments for the year, it has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management system.

CONCLUSION

The Board is of the view that the system of internal control and risk management in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, and the interests of customers, regulators, employees and other stakeholders.

The Board has received assurance from the CEO and CFO that the Company's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the framework adopted by the Group.

AUDIT COMMITTEE REPORT

The Board presents the Audit Committee Report which provides insights into the manner in which the Audit Committee discharged its functions for the Group in 2017.

COMPOSITION AND ATTENDANCE

The Audit Committee (AC) comprises four members, all of whom are Non-Executive Directors (NEDs); three being Independent NEDs and one Public Interest Director who also satisfies the test of independence under Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR). This meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR. The AC members and their attendance records are outlined in the Additional Compliance Information Disclosures section on page 211 of this Annual Report.

The AC Chairman, Mr. Pushpanathan a/l S.A. Kanagarayar, is a member of the Institute of Chartered Accountants of Scotland, the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants. Accordingly, Bursa Malaysia complies with paragraph 15.09(1)(c)(i) of MMLR.

The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference (TOR), supporting the Board in ensuring the Group upholds appropriate CG standards. The TOR of the AC was also reviewed and amended in October 2017 to reflect the requirements of the applicable practices and guidance of the Malaysian Code on Corporate Governance (MCCG).

MEETINGS

The AC held five meetings in 2017 without the presence of other Directors and employees, except when the AC requested their attendance. The Chief Executive Officer (CEO) was invited to all AC meetings to facilitate direct communication as well as to provide clarification on audit issues and the Group's operations. The Director of Internal Audit (IA), who is also the Head of IA, and departmental heads of the respective IA functions attended all AC meetings to table the respective Internal Audit (IA) reports. The relevant responsible Management member of the respective auditees were invited to brief the AC on specific issues arising from the audit reports or any matters of interest.

As part of the AC's efforts to ensure the reliability of Bursa Malaysia's quarterly financial statements and compliance with applicable Financial Reporting Standards, the external auditors were

engaged to conduct a limited review of Bursa Malaysia's quarterly financial statements before these were presented to the AC for review and recommendation for the Board's approval and adoption.

Minutes of each AC meeting were recorded and tabled for confirmation at the next following AC meeting and subsequently presented to the Board for notation. In 2017, the AC Chairman presented to the Board the Committee's recommendations to approve the annual and quarterly financial statements as well as declarations of dividends. The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the external auditors or internal auditors in the respective quarterly presentations.

As the AC is responsible for overseeing the implementation of the Whistleblower Policy and Procedures (WPP) for the Group's employees and third parties, several emails addressed to the Senior Independent Director from external parties as well as external complaints received by the Securities Commission Malaysia (SC) and highlighted to IA had been escalated by the Head of IA to the AC for notation at its meetings in 2017 in accordance with the process under the WPP. As these complaints received during the year were not the subject matter of the WPP, they were referred to and resolved by the relevant operating units, accordingly.

SUMMARY OF WORK

The AC's work during 2017 comprised the following:

1. Financial Reporting

- a. In overseeing Bursa Malaysia's financial reporting, the AC reviewed the quarterly financial statements for the fourth quarter of 2016 and the annual audited financial statements of 2016 at its meeting on 23 January 2017.

The quarterly financial statements for the first, second and third quarters of 2017, which were prepared in compliance with the Malaysian Financial Reporting Standard (MFRS) 134 *Interim Financial Reporting*, International Accounting Standard (IAS) 34 *Interim Financial Reporting* and paragraph 9.22, including Appendix 9B of the MMLR, were reviewed at the AC meetings on 19 April 2017, 24 July 2017 and 23 October 2017, respectively.

On 29 January 2018, the AC reviewed the quarterly financial statements for the fourth quarter of 2017 and the annual audited financial statements for 2017.

The AC's recommendations were presented for approvals at the subsequent Board meetings.

- b. To safeguard the integrity of information, the Director of Finance & Corporate Services, who is also the Chief Financial Officer (CFO) had, on 17 April 2017, 14 July 2017, 16 October 2017 and 22 January 2018, given assurance to the AC that:
- i. Appropriate accounting policies had been adopted and applied consistently;
 - ii. The going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements was appropriate;
 - iii. Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
 - iv. Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs, IASs and MMLR; and
 - v. The Annual Financial Statements and Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2017.

2. External Audit

- a. The AC deliberated on the external auditors, Ernst & Young (EY)'s report at its first meeting on 23 January 2017 with regard to the relevant disclosures in the audited financial statements for 2016. The AC also considered the outcome of EY's assessment on areas relating to the early adoption of MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers*.

At the same meeting, the lead audit engagement partner, Dato' Megat Iskandar Shah bin Mohamad Nor of EY confirmed that EY was and had been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, including the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. He further highlighted the key audit matters, as set out in the reports on the audit of the financial statements for 2016.

- b. At the same meeting, the AC took note of the audit services rendered by EY in 2016 which included five subsidiary companies within Bursa Malaysia Group which are classified as public interest entities and subject to the quality review partner's review. The subsidiary companies mentioned are the securities and derivatives exchanges and their respective clearing houses, as well as the central depository.

The CFO presented to the AC the audit fees incurred with reference to the 2016 Audit Plan, which also included the additional review procedures performed on 2016's fourth quarter results.

With regard to the non-audit services, a separate team from EY which was not involved in the statutory audit work was engaged to conduct a sustainability reporting review. In this respect, the AC, based on its review, was also satisfied that the provision of non-audit services by EY to Bursa Malaysia for 2016 did not in any way impair their objectivity and independence as external auditors of Bursa Malaysia.

- c. On 23 January 2017, the CFO further sought the AC's approval for the proposed audit and non-audit services to be provided by the external auditors for 2017 (Annual Plan 2017). The AC reviewed the list of services in the Annual Plan 2017 which comprised the audit services (which included the quarterly limited reviews and other regulatory reporting requirements such as the annual review of the Statement on Internal Control and Risk Management (SICRM)), recurring non-audit services and non-recurring non-audit services that may be provided by the external auditors. The non-audit services were in respect of tax compliance and transfer pricing reporting. The non-recurring non-audit services that were expected to be utilised in 2017 were the transfer pricing review on the proposed fixed management fees model which was deferred from last financial year as well as IA's co-sourcing or benchmarking services and other ad hoc accounting or tax services.

In considering the nature and scope of the non-audit fees, the AC was satisfied that they were not likely to create any conflict of interest nor impair the independence and objectivity of the external auditors.

AUDIT COMMITTEE REPORT

The AC resolved to approve the 2017 Annual Plan including the recurring non-audit and non-recurring non-audit services, and audit services subject to the re-appointment of EY as External Auditors of Bursa Malaysia for the financial year 2017 at the 40th Annual General Meeting (AGM).

- d. In line with the revised Auditor Independence Policy as approved by the Board on 25 April 2016, the AC carried out an annual review of the performance of the External Auditors including the assessment of their independence. The AC was satisfied with EY's performance for 2016 in three areas comprising of quality of services provided, sufficiency of experience & resources, and communication & interactions, and recommended to the Board the re-appointment of EY as External Auditors of Bursa Malaysia Group for the Financial Year (FY) 2017.

With the shareholders' approval of the appointment of EY as External Auditors for the FY 2017 on 29 March 2017, Dato' Megat Iskandar Shah bin Mohamad Nor of EY, being the lead engagement partner for the third year in 2017, presented the auditors' review reports on the unaudited quarterly financial statements together with that of the relevant cumulative quarters in accordance with the International Standard on Review Engagements (ISRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" at the quarterly AC meetings in 2017 and January 2018.

- e. The AC at its third meeting on 24 July 2017 reviewed the results of the solvency tests which had been performed on Bursa Malaysia and its subsidiaries in view of the proposal to declare dividends. This was to ensure that Bursa Malaysia is solvent that is being able to pay its debts as and when the debts become due within 12 months after the distribution of dividends is made pursuant to Section 132(3) of the Companies Act 2016.

Based on the CFO's confirmation that the surplus funds of the subsidiary companies within the Group would remain adequate, the AC resolved to recommend for the Board's approval of an interim dividend and a special dividend under the single-tier system for the FY 2017.

- f. On 23 October 2017, the AC reviewed the External Auditors' 2017 Audit Plan Memorandum outlining their scope of work and the proposed fees for the statutory audit, together with assurance-related fees for limited

reviews of the four quarterly condensed consolidated financial statements, and review of the SICRM in accordance with International Standard on Assurance Engagements 3000 *Assurance Engagements other than Audits or Review of Historical Financial Information* and Recommended Practice Guide 5 (Revised) – Guidance for Auditors on Engagements to Report on the SICRM included in the Annual Report as issued by the MIA. The AC recommended the proposed audit fees for the Board's approval and the same was approved by the Board on 25 October 2017.

EY in its 2017 Audit Plan also presented to the AC its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters with reference to the International Standard on Auditing 701. The AC upon due deliberation approved the 2017 Audit Plan Memorandum for implementation in accordance with the audit timeline.

- g. The AC had two private meetings with the External Auditors in January and October 2017 respectively, without the presence of the CEO, Management, and Internal Auditors. The AC enquired about Management's co-operation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions, particularly in relation to the compliance with applicable MFRSs. The AC Chairman also invited the External Auditors to contact him at any time should they be aware of incidents or matters in the course of their audits or reviews that needed his attention or that of the AC or the Board.
- h. With reference to the Auditor Independence Policy of Bursa Malaysia Group as approved by the Board in April 2016, the lead engagement partner and quality review partner who are responsible for the financial statements of Bursa Malaysia Group will be subject to a five-year rotation with a two-year cooling-off period. Dato' Megat Iskandar Shah bin Mohamad Nor became the lead engagement partner in 2015 and will be rotated in 2020. The quality review partner, Mr. Yeo Beng Yean appointed in 2016 will be due for rotation in 2021.
- i. In accordance with the Auditor Independence Policy, the AC had on 29 January 2018, undertaken an annual assessment of the quality of audit which encompassed the performance of EY, the quality of EY's communications with the AC and Bursa Malaysia, and EY's independence, objectivity and professionalism.

Assessment questionnaires were used as a tool to obtain input from Bursa Malaysia personnel who had substantial contact with the external audit team throughout the year. EY's performance was rated using a five-point scale on their ability to provide advice, suggestions or clarifications relating to the presentation of financial statements, ability to provide realistic analysis of issues using technical knowledge and independent judgment, and maintain active engagement, through both verbal and written communication during the audit process, as well as their responsiveness to issues.

With regard to the observations by Bursa Malaysia's personnel on the external audit team, the AC also took into account the assessment of the lead engagement partner and engagement team's performance based on the two private meetings held between the AC and the external auditors in October 2017 and January 2018. The AC was satisfied with the openness in communication and interaction with the lead engagement partner and engagement team, which demonstrated their independence, objectivity and professionalism.

- j. Further information on the assessment of suitability, objectivity and independence of the external auditors by the AC are provided in the CG Report in accordance with Practice 8.3 of the MCCG.
- k. On 29 January 2018, the CFO reported that non-audit fees incurred in 2017 amounted to RM379,000, constituting approximately 46.8% of the total remuneration of RM810,400 to the External Auditors for the FY 2017. The non-recurring non-audit services rendered in 2017 included fees for a business process improvement workshop, reporting accountant's engagement for the bonus issue exercise and tax advisory engagement, which constituted approximately 35.7% of the total remuneration.

The CFO also sought the AC's approval for the proposed audit and non-audit services to be provided by the External Auditors for 2018.

- l. On 29 January 2018, EY in its presentation of the External Auditors' report to the AC provided a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the FY 2017.

3. Internal Audit

- a. The IA team conducted the audit work as per the 2017 Annual Audit Plan approved by the AC on 23 November 2016. The Head of IA and departmental heads of the respective IA functions presented the IA's reports at each of the AC meetings during the year. The 2017 Annual Audit Plan was reviewed on a half-yearly basis or as required to reflect the developments that have had an impact on its coverage. A total of 50 audit engagements were completed in 2017.
- b. The annual plan was developed through a comprehensive planning process that identifies and prioritizes possible auditable areas to be part of the audit coverage for the year. The identified key audit areas in 2017 were as follows:
 - Regulation
 - Market Operations
 - Technology & Information Management
 - Other Functional Units – Human Resources and Finance & Corporate Services
- c. In addition to the engagement reports, IA updated the AC on its work at every AC meeting comprising the progress of the 2017 Annual Audit Plan and its key initiatives for 2017 which included quality assurance and continuous improvement programmes.
- d. The AC at its first meeting on 23 January 2017 reviewed and approved the 2016 IA Divisional Scorecard results. The AC also assessed the performance of the Head of IA based on the performance of the Corporate Scorecard, IA Divisional Scorecard results and competencies. The outcome of the Head of IA's performance assessment was then submitted to the Nomination and Remuneration Committee (NRC) for determination of her reward allocation.
- e. At the same meeting, the AC reviewed the results of IA's Customer Satisfaction Survey for 2016, based on the responses of the AC members and senior management via questionnaires, which aimed to gauge the level of satisfaction with the IA roles and services, Internal Auditors' competency and professionalism in governance, risk and controls, as well as their independence and objectivity. The results indicated that IA's performance

AUDIT COMMITTEE REPORT

for FY 2016 met its stakeholders' expectations. Notwithstanding, IA had further identified and established some action plans to address areas which can be enhanced and to maintain their relevance with enrichment of knowledge and capabilities.

- f. The AC at its second meeting on 19 April 2017 approved the adoption of the revisions to two Key Performance Indicators (KPIs) under the "People Development" perspective in the 2017 IA's Scorecard which was earlier approved by the AC on 23 November 2016. They were made to align with the KPIs in the 2017 Corporate Scorecard as approved by the Board on 29 November 2016.
- g. At the same meeting, IA presented to the AC the 2016 Assessment of Bursa Malaysia's Internal Control report which provided the results of overall assessment of the internal control systems within the Group as well as the exception and root cause analysis. Based on the engagements carried out in 2016, IA reported that the overall internal control assessment for the Group was adequate.
- h. The AC at its third meeting on 24 July 2017 reviewed the verification of share grants under Bursa Malaysia's Share Grant Plan (SGP), which comprised two components: the Restricted Share Plan (RSP) for employees at Grade E7 and above, and the Performance Share Plan (PSP) for key management personnel. The AC concurred that the award of shares under the SGP complied with the criteria approved by the NRC pursuant to Paragraph 8.17(2) of the MMLR, which included the following:
 - i. The award of Bursa Malaysia Plan Shares to eligible employees of the Group on 3 July 2017 for the 2017 RSP Grant based on their job grades and performance ratings for 2016;
 - ii. The vesting of Plan Shares for the 2014, 2015 and 2016 RSP Grants on 17 July 2017; and
 - iii. The award of Plan Shares to selected executives of the Group on 3 July 2017 for the 2017 PSP Grant based on performance targets for the period 2017 to 2019.

In addition, the IA reported to the AC that the 2014 PSP Grant was forfeited, as the performance qualifier was not met.

- i. In line with last year's practice (based on the AC's recommendation) for EY to leverage on certain resources of Bursa Malaysia's internal auditors in the FY 2017 audit as well as reliance on the internal audit reports, EY had included the involvement of IA in its 2017 Audit Plan Memorandum as presented to the AC on 23 October 2017. The areas of collaboration were identified for participation by the selected internal auditors in the 2017 year-end audit under the direct supervision of EY's audit team.
- j. The AC at its fourth meeting on 23 October 2017 considered the proposed amendments to its Terms of Reference (TOR) as presented by the Company Secretary, to include the AC's authority to decide on the budget for the IA function in accordance with the Guidance 10.1 of the MCCG. This was approved by the Board on 25 October 2017 based on the AC's recommendation.
- k. At the fifth AC meeting on 22 November 2017, the Head of IA presented the IA's Audit Plan 2018 for the AC's review. The AC deliberated on the adequacy of the audit coverage for 2018 against the auditable areas in the 3-year cycle (2017-2019). The AC also considered the manpower resources to ensure that they are adequate for carrying out the IA function effectively. In this respect, the AC revised the audit frequency cycles based on 3 priority ratings that are High, Medium and Low.

The AC further approved the IA's Audit Plan for 2018, in which the total number of engagements in the audit universe was determined accordingly based on the allocation of internal auditors' man-days to the respective audit activities.

- l. At the same meeting, the AC deliberated and approved IA's 2018 Business Plan, and key initiatives with the aim of enhancing the IA function in terms of its capabilities, focus, deliverables and collaborative partnerships.

The budget for the IA function was also approved by the AC based on IA's 2018 Business Plan in accordance with the TOR of the AC.

- m. At the AC meeting on 29 January 2018, IA confirmed its organisational independence to the AC, where the Head of IA and all the internal auditors had signed the annual declarations that they were and had been independent, objective and in compliance with the Code of Ethics of Bursa Malaysia and the Institute of Internal Auditors Inc. in carrying out their duties for the FY 2017.
- n. On 29 January 2018, the AC reviewed the SICRM for publication in the Annual Report 2017.

INTERNAL AUDIT FUNCTION

The mission of IA is to enhance and protect organizational value of Bursa Malaysia Group by providing risk-based and objective assurance, advice and insight. IA helps Bursa Malaysia to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes.

The IA reports functionally to the AC and administratively to the CEO. To ensure that the responsibilities of IA are fully discharged in accordance with the International Standards for the Professional Practice of Internal Auditing, the AC reviews the adequacy of the scope and resources of the IA function as well as the competency and experience of the internal auditors.

Further information on the resources, objectivity and independence of the Director of IA and internal auditors are provided in the CG Report in accordance with Practice 10.2 of the MCCG.

The IA engagements were carried out based on an annual audit plan approved by the AC. The results of the audits in the IA reports were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. IA conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately.

The IA also leverages on the report received annually from the Chicago Mercantile Exchange Group's (CME) Independent Service Auditor (RSM US LLP) - Service Organisation Control 1 Report on Controls Placed in Operation and Tests of Operating Effectiveness relevant to the CME Globex Trading, CME ClearPort and CME Clearing Services. This report is received annually due to the listing of all of Bursa Malaysia Derivatives' products on CME's Globex Trading Platform. The CME's independent service auditors examine and express their opinion on CME's description of its trade matching and clearing services system for processing transactions for user entities and the suitability of the design and operating effectiveness of controls in achieving the related control objectives. IA communicates and engages with CME's independent service auditor for further information if necessary.

The total costs incurred by IA in discharging its functions and responsibilities in 2017 amounted to RM3,653,621 as compared to RM3,518,478 in 2016.

OTHER CORPORATE INFORMATION

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

**Datuk Karownikaran @
Karunikaran a/l Ramasamy**
Tel : 03-2093 6391
E-mail : karu.kr@gmail.com

COMPANY SECRETARIES

Yong Hazadurah Md. Hashim
LS 006674

Hong Soo Yong, Suzanne
MAICSA 7026744

REGISTERED OFFICE

15th Floor, Exchange Square
Bukit Kewangan, 50200 Kuala Lumpur
Tel : 03-2034 7000
Fax : 03-2732 6437
E-mail : enquiries@bursamalaysia.com
Web : www.bursamalaysia.com

FORM OF LEGAL ENTITY

Incorporated on 14 December 1976 as a public company limited by guarantee. Converted to a public company limited by shares on 5 January 2004 pursuant to the Demutualisation (Kuala Lumpur Stock Exchange) Act 2003

STOCK EXCHANGE LISTING

Listed on Main Board of Bursa Malaysia Securities Berhad on 18 March 2005
Stock Code : 1818
Stock Name : BURSA

CUSTOMER SERVICE

Bursa Malaysia Berhad
3rd Floor, Exchange Square
Bukit Kewangan, 50200 Kuala Lumpur
Tel : 03-2026 5099
Fax : 03-2026 4122
E-mail : customerservice@bursamalaysia.com

INVESTOR RELATIONS

Rasmona Abdul Rahman
13th Floor, Exchange Square
Bukit Kewangan, 50200 Kuala Lumpur
Tel : 03-2034 7175
Fax : 03-2026 3687
E-mail : ir@bursamalaysia.com

REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd. (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222
E-mail : is.enquiry@my.tricorglobal.com
Web : www.tricorglobal.com

Tricor's Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

AUDITORS

Ernst & Young (AF: 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

CIMB Bank Berhad (13491-P)
5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

Malayan Banking Berhad (3813-K)
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

**WE ARE COMMITTED
TO DELIVERING OUR
RESPONSIBILITY TO
OUR SHAREHOLDERS
TO ENABLE SUSTAINABLE
GROWTH AND VALUE
CREATION.**

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OUR FINANCIAL PERFORMANCE**

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DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 (CA) to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs) and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries.

The principal activities of the subsidiaries are to operate the Malaysian securities, derivatives and offshore exchanges and the Shari'ah compliant commodity trading platform, to operate the related depository function and clearing houses, and to disseminate information relating to securities quoted on the exchanges. Other information relating to the respective subsidiaries are disclosed in Note 17 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	230,209	217,271
Profit attributable to:		
Owners of the Company	223,040	217,271
Non-controlling interest	7,169	-
	230,209	217,271

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the statements of changes in equity and Note 28 to the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2016 were as follows:

	RM'000
Special dividend under the single-tier system of 15.0 sen per share, on 537,501,000 ordinary shares, declared on 26 July 2017 and paid on 23 August 2017	80,625
In respect of the financial year ended 31 December 2017:	
Interim dividend under the single-tier system of 20.0 sen per share, on 537,501,000 ordinary shares, declared on 26 July 2017 and paid on 23 August 2017	107,500
In respect of the financial year ended 31 December 2016, as reported in the Directors' report of that year:	
Final dividend under the single-tier system of 17.0 sen per share, on 536,522,000 ordinary shares, approved on 29 March 2017 and paid on 18 April 2017	91,209
Total dividends paid since 31 December 2016	279,334

DIRECTORS' REPORT

DIVIDENDS (CONT'D.)

On 5 February 2018, the Board of Directors approved and declared a second interim dividend of 18.5 sen per share under the single-tier system in respect of the financial year ended 31 December 2017. The dividend amounting to approximately RM99,438,000 will be payable on 5 March 2018. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

DIRECTORS

The names of the Directors of the Company in office since the beginning of the current financial year to the date of this report are:

Tan Sri Amirsham bin A Aziz	
Datuk Seri Tajuddin bin Atan	
Datuk Karownikaran @ Karunakaran a/l Ramasamy	
Datuk Chay Wai Leong	
Ghazali bin Haji Darman	
Pushpanathan a/l S.A. Kanagarayar	
Johari bin Abdul Muid	
Datin Mariam Prudence binti Yusof	(appointed on 19 February 2017)
Datin Grace Yeoh Cheng Geok	(appointed on 24 February 2017)
Dato' Zuraidah binti Atan	(retired on 19 February 2017)
Dato' Saiful Bahri bin Zainuddin	(retired on 29 March 2017)
Dato' Eshah binti Meor Suleiman	(retired on 1 November 2017)

The names of the directors of the Company's subsidiaries in office since the beginning of the current financial year to the date of this report are:

Datuk Seri Tajuddin bin Atan	
Datuk Chay Wai Leong	
Johari bin Abdul Muid	
William Francis Herder	
Kuok Wee Kiat @ Kuck Wee Kiat	
Rosidah binti Baharom	
Mazidah binti Abdul Malik	(appointed on 1 March 2017)
Datin Mariam Prudence binti Yusof	(appointed on 1 July 2017)
Datin Grace Yeoh Cheng Geok	(appointed on 1 August 2017)
Christopher Lee Fix	(appointed on 27 November 2017)
Dato' Zuraidah binti Atan	(retired on 19 February 2017)
Dato' Saiful Bahri bin Zainuddin	(retired on 17 March 2017)
Bryan Thomas Durkin	(resigned on 27 November 2017)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the shares awarded under the Share Grant Plan (SGP).

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company are RM55,000,000 and RM79,623 respectively.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company during the financial year were as follows:

	Number of ordinary shares		
	At 1.1.2017/ Date of appointment '000	Shares vested under the SGP '000	At 31.12.2017 '000
Direct interests			
Datuk Seri Tajuddin bin Atan	637	272	909
Datin Mariam Prudence binti Yusof	19	-	19

	Number of ordinary shares granted under the SGP				
	1.1.2017 '000	Granted '000	Vested '000	Forfeited '000	31.12.2017 '000
Datuk Seri Tajuddin bin Atan	190	312	(272)	(64)	166

Other than the above, the Directors in office at the end of the financial year did not have any interest in shares of the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from 536,272,000 ordinary shares to 537,501,000 ordinary shares by way of the issuance of 1,229,000 ordinary shares, pursuant to the Company's SGP.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

DIRECTORS' REPORT

SHARE GRANT PLAN

The Company's SGP is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 14 April 2011. The SGP was implemented on 18 April 2011 and is made up of two plans - the Restricted Share Plan (RSP) and the Performance Share Plan (PSP). The SGP will be in force for a maximum period of ten years from the date of implementation.

The salient features, terms and details of the SGP are as disclosed in Note 30(b) to the financial statements.

During the financial year, the Company granted 979,000 ordinary shares under the RSP and 229,000 ordinary shares under the PSP to its eligible employees. The details of the shares granted under the SGP and its vesting conditions are disclosed in Note 30(b) to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D.)

- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 42 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company are disclosed in Note 7 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 5 February 2018.



Tan Sri Amirsham bin A Aziz



Datuk Seri Tajuddin bin Atan

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Amirsham bin A Aziz and Datuk Seri Tajuddin bin Atan, being two of the Directors of Bursa Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 103 to 199 are drawn up in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 5 February 2018.



Tan Sri Amirsham bin A Aziz




Datuk Seri Tajuddin bin Atan

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Rosidah binti Baharom, being the Officer primarily responsible for the financial management of Bursa Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 103 to 199 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Rosidah binti Baharom
at Kuala Lumpur in the Federal Territory
on 5 February 2018.



Rosidah binti Baharom

Before me,



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bursa Malaysia Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 103 to 199.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the key audit matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BURSA MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters (cont'd.)

Description	Responses
<p>The risk that (i) goodwill and (ii) investment in subsidiaries may be impaired.</p> <p>(i) Goodwill</p> <p>The Group's and Company's goodwill balances as at 31 December 2017 stood at RM42,957,000 and RM29,494,000, respectively.</p> <p>(ii) Investment in subsidiaries</p> <p>As at 31 December 2017, the carrying amount of investment in subsidiaries stood at RM153,965,000.</p> <p>On an annual basis, management is required to perform impairment assessment for goodwill and investment in subsidiaries.</p> <p>These assessments are significant to our audit as they involve significant management judgement and are based on assumptions that are affected by expected future market and economic conditions.</p> <p>This risk is also described in Note 2.5 to the financial statements.</p>	<p>Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group and the Company in performing the impairment assessments.</p> <p>We examined the cash flow forecasts which support management's impairment assessments. We evaluated the evidence supporting the underlying assumptions in those forecasts, by comparing revenue and expenses to approved budgets, considering prior budget accuracy, and comparing expected growth rates to relevant market expectations.</p> <p>We tested the weighted-average cost of capital discount rates assigned to the cash generating units, as well as the long-term growth rates, with reference to our understanding of the business.</p> <p>We performed sensitivity analyses on the key inputs to impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying value.</p> <p>We also reviewed the adequacy of the Group's and the Company's disclosures about those assumptions to which the outcome of the impairment test is most sensitive.</p>

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining other information expected to be included in the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information expected to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BURSA MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
5 February 2018



Dato' Megat Iskandar Shah Bin Mohamad Nor
No. 3083/07/19(J)
Chartered Accountant

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**STATEMENTS OF
PROFIT OR LOSS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

our financial performance

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Operating revenue	3	522,080	472,708	405,414	349,138
Other income	4	34,752	34,075	19,112	18,218
		556,832	506,783	424,526	367,356
Staff costs	5	(137,525)	(128,550)	(131,695)	(119,442)
Depreciation and amortisation	6	(23,800)	(24,227)	(22,097)	(22,080)
Other operating expenses	7	(89,089)	(83,416)	(56,002)	(54,523)
Profit from operations		306,418	270,590	214,732	171,311
Finance costs	8	(535)	-	(535)	-
Profit before tax		305,883	270,590	214,197	171,311
Taxation	10	(75,674)	(67,929)	3,074	729
Profit for the year		230,209	202,661	217,271	172,040
Profit attributable to:					
Owners of the Company		223,040	193,621	217,271	172,040
Non-controlling interest		7,169	9,040	-	-
		230,209	202,661	217,271	172,040
Earnings per share attributable to owners of the Company (sen per share):					
Basic	11(a)	41.5	36.2		
Diluted	11(b)	41.4	36.0		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the year	230,209	202,661	217,271	172,040
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
(Loss)/Gain on foreign currency translation	(329)	150	-	-
Net fair value changes in unquoted bonds at Fair Value Through Other Comprehensive Income (FVTOCI)	36	356	-	-
Income tax effects relating to unquoted bonds at FVTOCI (Note 20)	(16)	2	-	-
	(309)	508	-	-
Items that will not be subsequently reclassified to profit or loss:				
Actuarial gain/(loss) on defined benefit obligations (Note 30(a))	350	(627)	350	(627)
Net fair value changes in quoted shares at FVTOCI	29,155	48,984	29,155	48,984
Income tax effects relating to actuarial (gain)/loss on defined benefit obligations (Note 20)	(84)	151	(84)	151
	29,421	48,508	29,421	48,508
Total other comprehensive income for the year, net of income tax	29,112	49,016	29,421	48,508
Total comprehensive income for the year	259,321	251,677	246,692	220,548
Total comprehensive income attributable to:				
Owners of the Company	252,152	242,637	246,692	220,548
Non-controlling interest	7,169	9,040	-	-
	259,321	251,677	246,692	220,548

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**STATEMENTS OF
FINANCIAL POSITION**
AS AT 31 DECEMBER 2017

our financial performance

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	179,298	183,240	179,274	183,149
Computer software	14	40,841	47,107	33,071	38,269
Right-of-use assets	15(a)	8,407	-	8,407	-
Goodwill	16	42,957	42,957	29,494	29,494
Investment in subsidiaries	17	-	-	153,965	152,142
Investment securities	18	281,779	237,188	226,806	197,651
Staff loans receivable	19	2,918	3,525	2,558	3,120
Deferred tax assets	20	6,747	4,087	3,691	642
		562,947	518,104	637,266	604,467
Current assets					
Trade receivables	21	47,218	43,541	1,788	2,043
Other receivables	22	15,964	23,999	11,328	18,673
Due from subsidiaries	23	-	-	20,209	16,919
Tax recoverable		4,352	2,871	2,917	2,742
Investment securities	18	25,039	34,939	-	-
Cash for equity margins, derivatives trading margins, security deposits, Securities Borrowing and Lending (SBL) collaterals and eDividend distributions	24	1,168,526	1,381,059	-	-
Cash and bank balances of Clearing Funds	25	129,628	126,213	-	-
Cash and bank balances of the Group/Company	26	271,207	305,626	88,066	119,956
		1,661,934	1,918,248	124,308	160,333
Total assets		2,224,881	2,436,352	761,574	764,800

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Equity and liabilities					
Equity					
Share capital	27	402,169	268,136	396,919	268,136
Share premium		-	119,052	-	119,052
Other reserves	28	179,938	157,843	149,165	121,511
Retained earnings	29	267,881	323,909	105,516	167,313
Equity attributable to owners of the Company		849,988	868,940	651,600	676,012
Non-controlling interest		12,469	18,300	-	-
Total equity		862,457	887,240	651,600	676,012
Non-current liabilities					
Retirement benefit obligations	30(a)	21,860	25,079	21,860	25,079
Deferred grants	31	2,038	3,092	972	1,895
Lease liabilities	15(b)	7,470	-	7,470	-
Deferred tax liabilities	20	1,729	2,123	-	-
		33,097	30,294	30,302	26,974
Current liabilities					
Trade payables	24	1,166,024	1,378,595	-	-
Participants' contribution to Clearing Funds	25	39,628	36,213	-	-
Other payables	32	115,989	100,509	79,167	61,814
Lease liabilities	15(b)	505	-	505	-
Tax payable		7,181	3,501	-	-
		1,329,327	1,518,818	79,672	61,814
Total liabilities		1,362,424	1,549,112	109,974	88,788
Total equity and liabilities		2,224,881	2,436,352	761,574	764,800

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

our financial performance

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Company										
		Non-distributable						Distributable				
		Share capital	Share premium	Capital redemption reserve	Foreign currency translation reserve	Share grant reserve	Clearing fund reserves	FVTOCI reserve	Retained earnings	Total	Non-controlling interest	Total equity
Note		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	At 1 January 2017	268,136	119,052	5,250	860	8,350	30,000	113,383	323,909	868,940	18,300	887,240
	Adjustments for effects of Companies Act 2016	124,302	(119,052)	(5,250)	-	-	-	-	-	-	-	-
	Profit for the year	-	-	-	-	-	-	-	223,040	223,040	7,169	230,209
	Other comprehensive income for the year	-	-	-	(329)	-	-	29,175	266	29,112	-	29,112
	Total comprehensive income for the year	-	-	-	(329)	-	-	29,175	223,306	252,152	7,169	259,321
	Transactions with owners of the Company:											
	Issuance of ordinary shares pursuant to Share Grant Plan (SGP)	27	9,731	-	-	(9,731)	-	-	-	-	-	-
	SGP expense (Note a)	5	-	-	-	8,230	-	-	-	8,230	-	8,230
	Dividends paid	12	-	-	-	-	-	-	(279,334)	(279,334)	-	(279,334)
	Dividends paid to non-controlling interest	17(b)	-	-	-	-	-	-	-	-	(13,000)	(13,000)
	Total transactions with owners of the Company		9,731	-	-	(1,501)	-	-	(279,334)	(271,104)	(13,000)	(284,104)
	At 31 December 2017	402,169	-	-	531	6,849	30,000	142,558	267,881	849,988	12,469	862,457

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Note	Attributable to owners of the Company											
	Non-distributable							Distributable				
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Foreign currency translation reserve RM'000	Share grant reserve RM'000	Clearing fund reserves RM'000	FVTOCI reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000	
At 1 January 2016	267,307	107,443	5,250	710	10,049	30,000	64,041	318,206	803,006	16,010	819,016	
Profit for the year	-	-	-	-	-	-	-	193,621	193,621	9,040	202,661	
Other comprehensive income for the year	-	-	-	150	-	-	49,342	(476)	49,016	-	49,016	
Total comprehensive income for the year	-	-	-	150	-	-	49,342	193,145	242,637	9,040	251,677	
Transactions with owners of the Company:												
Issuance of ordinary shares pursuant to SGP	27	829	11,609	-	-	(12,438)	-	-	-	-	-	
SGP expense (Note a)	5	-	-	-	-	10,739	-	-	10,739	-	10,739	
Dividends paid	12	-	-	-	-	-	-	(187,442)	(187,442)	-	(187,442)	
Dividends paid to non- controlling interest	17(b)	-	-	-	-	-	-	-	-	(6,750)	(6,750)	
Total transactions with owners of the Company		829	11,609	-	-	(1,699)	-	(187,442)	(176,703)	(6,750)	(183,453)	
At 31 December 2016		268,136	119,052	5,250	860	8,350	30,000	113,383	323,909	868,940	18,300	887,240

Note a

SGP expense comprises RM8,033,000 (2016: RM10,127,000) relating to shares granted to the employees of the Company (as disclosed in Note 5) and RM197,000 (2016: RM612,000) relating to shares granted to the employees of Bursa Malaysia Derivatives Berhad.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Non-distributable			Distributable		Total equity RM'000
		Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	FVTOCI reserve RM'000	Retained earnings RM'000	
At 1 January 2017		268,136	119,052	8,350	113,161	167,313	676,012
Adjustments for effects of Companies Act 2016		119,052	(119,052)	-	-	-	-
Profit for the year		-	-	-	-	217,271	217,271
Other comprehensive income for the year		-	-	-	29,155	266	29,421
Total comprehensive income for the year		-	-	-	29,155	217,537	246,692
Transactions with owners of the Company:							
Issuance of ordinary shares pursuant to SGP	27	9,731	-	(9,731)	-	-	-
SGP expense (Note a)		-	-	8,230	-	-	8,230
Dividends paid	12	-	-	-	-	(279,334)	(279,334)
Total transactions with owners of the Company		9,731	-	(1,501)	-	(279,334)	(271,104)
At 31 December 2017		396,919	-	6,849	142,316	105,516	651,600
At 1 January 2016		267,307	107,443	10,049	64,177	183,191	632,167
Profit for the year		-	-	-	-	172,040	172,040
Other comprehensive income for the year		-	-	-	48,984	(476)	48,508
Total comprehensive income for the year		-	-	-	48,984	171,564	220,548
Transactions with owners of the Company:							
Issuance of ordinary shares pursuant to SGP	27	829	11,609	(12,438)	-	-	-
SGP expense (Note a)		-	-	10,739	-	-	10,739
Dividends paid	12	-	-	-	-	(187,442)	(187,442)
Total transactions with owners of the Company		829	11,609	(1,699)	-	(187,442)	(176,703)
At 31 December 2016		268,136	119,052	8,350	113,161	167,313	676,012

Note a

SGP expense comprises RM8,033,000 (2016: RM10,127,000) relating to shares granted to the employees of the Company (as disclosed in Note 5) and RM197,000 (2016: RM612,000) relating to shares granted to the employees of Bursa Malaysia Derivatives Berhad.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from operating activities					
Profit before tax		305,883	270,590	214,197	171,311
Adjustments for:					
(Accretion of discount)/Amortisation of premiums, net	7	(10)	52	-	-
Depreciation and amortisation	6	23,800	24,227	22,097	22,080
Dividend income from investment securities	4	(6,852)	(6,505)	(6,852)	(6,505)
Grant income	4	(1,559)	(1,170)	(1,428)	(1,078)
Gross dividend income from subsidiaries	3	-	-	(236,673)	(186,770)
Interest expense on lease liabilities	8	535	-	535	-
Interest income	4	(19,309)	(19,803)	(3,851)	(4,086)
Lease of equipment	7	194	222	184	213
Net gain on disposal of unquoted bonds	4	(25)	(47)	-	-
Net (reversal of impairment loss)/ impairment loss on:					
Investment in subsidiaries	7	-	-	(1,823)	-
Investment securities	7	(207)	286	-	-
Trade and other receivables	7	1,582	(347)	1,275	28
Amount due from a subsidiary	7	-	-	12	6
Property, plant and equipment and computer software written off	7	-	5	-	5
Provision/(Reversal of provision) for short-term accumulating compensated unutilised leave	5	154	(55)	146	(26)
Retirement benefit obligations	5	1,174	1,319	1,174	1,319
SGP expense	5	8,230	10,739	8,033	10,127
Unrealised loss on foreign exchange differences		23	428	119	441
Operating profit/(loss) before working capital changes		313,613	279,941	(2,855)	7,065
Decrease/(Increase) in receivables		2,341	2,922	6,435	(2,144)
Increase/(Decrease) in payables		11,038	(5,160)	13,280	(5,998)
Changes in subsidiaries' balances		-	-	(3,105)	19,458
Cash generated from operations		326,992	277,703	13,755	18,381
Interest paid		(535)	-	(535)	-
Repayment on lease of equipment		(194)	(222)	(184)	(213)
Staff loans repaid, net of disbursements		520	743	477	702
Retirement benefits paid		(4,043)	(2,979)	(4,043)	(2,979)
Net tax paid		(76,628)	(73,316)	(234)	(706)
Net cash from operating activities		246,112	201,929	9,236	15,185

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from/(used in) investing activities					
Dividends received		5,828	8,306	242,501	195,076
Decrease/(Increase) in deposits not for short-term funding requirements		68,503	(84,510)	52,914	(54,789)
Interest received		20,708	18,814	4,697	3,524
Proceeds from disposal of investment securities		39,739	40,012	-	-
Purchases of investment securities		(44,997)	(29,641)	-	-
Purchases of property, plant and equipment and computer software		(9,124)	(10,881)	(8,986)	(10,198)
Net cash from/(used in) investing activities		80,657	(57,900)	291,126	133,613
Cash flows used in financing activities					
Dividends paid	12	(279,334)	(187,442)	(279,334)	(187,442)
Dividends paid by a subsidiary to non-controlling interest		(13,000)	(6,750)	-	-
Repayment on lease liabilities		(4)	-	(4)	-
Net cash used in financing activities		(292,338)	(194,192)	(279,338)	(187,442)
Net increase/(decrease) in cash and cash equivalents					
		34,431	(50,163)	21,024	(38,644)
Effect of exchange rate changes		(347)	153	-	-
Cash and cash equivalents at beginning of year		214,048	264,058	52,281	90,925
Cash and cash equivalents at end of year	26(ii)	248,132	214,048	73,305	52,281

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at the 15th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur.

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries. The principal activities of the subsidiaries are to operate the Malaysian securities, derivatives and offshore exchanges and the Shari'ah compliant commodity trading platform, to operate the related depository function and clearing houses, and to disseminate information relating to securities quoted on the exchanges. Other information relating to the respective subsidiaries are disclosed in Note 17.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 5 February 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) as issued by the Malaysian Accounting Standards Board (MASB), the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements, other than for financial instruments and retirement benefit obligations, have been prepared on the historical cost basis. Certain financial instruments are measured at fair value in accordance with MFRS 9 *Financial Instruments*, and the retirement benefit obligations, including actuarial gains and losses are measured in accordance with MFRS 119 *Employee Benefits*.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000 or '000), except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

At the beginning of the financial year, the Group and the Company adopted the following Standards, Amendments to Standards, Annual Improvements to Standards and Issues Committee (IC) Interpretation:

- (i) **Adoption of Amendments to Standards and Annual Improvements to Standards effective for the financial periods beginning on or after 1 January 2017**

Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*

Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments to MFRS 12 Disclosure of Interests in Other Entities (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group and of the Company, except for the Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*.

These amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative* require the Group and the Company to disclose a reconciliation between the opening and closing balances for liabilities arising from financing activities, including changes arising from both cash flow and non-cash flow items, which is disclosed in Note 15(b).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies and disclosures (cont'd.)

(ii) Early adoption of Standards, Amendments to Standards, Annual Improvements to Standards and IC Interpretation

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 2 Share-based Payment - *Classification and Measurement of Share-based Payment Transactions*

Amendments to MFRS 4 Insurance Contracts - *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

Amendments to MFRS 140 Investment Property - *Transfers of Investment Property*

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

Amendments to MFRS 128 Investments in Associates and Joint Ventures (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 *Leases*

The Group and the Company have elected to early adopt the above pronouncements which are mandatory for financial periods beginning on or after 1 January 2018 and 1 January 2019. These pronouncements are either not relevant or do not have any impact on the financial statements of the Group and of the Company, other than the Standard described below:

MFRS 16 *Leases*

The Group and the Company have early adopted MFRS 16 *Leases* and applied this Standard retrospectively during the financial year. In accordance with the transition requirements under the Appendix C, paragraph 5(b) of this Standard, comparatives are not restated.

As a result of the adoption of MFRS 16 *Leases*, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 *Leases* continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies and disclosures (cont'd.)

(ii) Early adoption of Standards, Amendments to Standards, Annual Improvements to Standards and IC Interpretation (cont'd.)

MFRS 16 *Leases* (cont'd.)

The following table presents the impact of changes to the statements of financial position of the Group and of the Company resulting from the early adoption of MFRS 16 *Leases* as at 1 January 2017:

	Note	As at 31 December 2016 RM'000	Changes RM'000	As at 1 January 2017 RM'000
Group				
Non-current assets				
Right-of-use assets	(a)	-	8,518	8,518
Current assets				
Other receivables	(b)	23,999	(539)	23,460
Non-current liabilities				
Lease liabilities		-	7,474	7,474
Current liabilities				
Lease liabilities		-	505	505
Total lease liabilities	(c)	-	7,979	7,979
Company				
Non-current assets				
Right-of-use assets	(a)	-	8,518	8,518
Current assets				
Other receivables	(b)	18,673	(539)	18,134
Non-current liabilities				
Lease liabilities		-	7,474	7,474
Current liabilities				
Lease liabilities		-	505	505
Total lease liabilities	(c)	-	7,979	7,979

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies and disclosures (cont'd.)

(ii) Early adoption of Standards, Amendments to Standards, Annual Improvements to Standards and IC Interpretation (cont'd.)

MFRS 16 *Leases* (cont'd.)

Note:

- (a) The right-of-use assets comprise 2 pieces of freehold land leased from the Government and recognised during the period. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by any prepaid or accrued lease payments relating to the existing lease immediately before 1 January 2017.
- (b) Prepaid lease payments which were previously classified as other receivables are now recognised as part of right-of-use assets.
- (c) The lease liabilities arising from the freehold land leased from the Government are recognised and discounted using the Group's and the Company's weighted average incremental borrowing rate of 6.7% on RM40,796,000 disclosed as operating lease commitments as at 31 December 2016. Subsequent to initial recognition, the Group and the Company measure the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.
- (d) There is no impact to the Group's and the Company's retained earnings as at 1 January 2017.

Other than the above, the Group and the Company elected to apply exemption for a lease of equipment expiring within 12 months under the Appendix C, paragraph 10(c) of this Standard. The lease payments are recognised as an expense on a straight line basis over the remaining lease term during the current financial year.

2.3 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Standards, Amendments to Standards, Annual Improvements to Standards and IC Interpretation have been issued by the MASB but are not yet effective and have not been early adopted by the Group and by the Company. These pronouncements are either not relevant or do not have any impact on the financial statements of the Group and of the Company.

Effective for financial periods beginning on or after 1 January 2019

Amendments to MFRS 3 Business Combinations (*Annual Improvements to MFRSs 2015 - 2017 Cycle*)

Amendments to MFRS 9 Financial Instruments - *Prepayment Features with Negative Compensation*

Amendments to MFRS 11 Joint Arrangements (*Annual Improvements to MFRSs 2015 - 2017 Cycle*)

Amendments to MFRS 112 Income Taxes (*Annual Improvements to MFRSs 2015 - 2017 Cycle*)

Amendments to MFRS 123 Borrowing Costs (*Annual Improvements to MFRSs 2015 - 2017 Cycle*)

Amendments to MFRS 128 Investment in Associates and Joint Ventures - *Long-term Interests in Associates and Joint Ventures*

IC Interpretation 23 Uncertainty over Income Tax Treatments

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective date of these Standards have been deferred, and yet to be announced

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

2.4 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same financial year end as the Company. Consistent accounting policies are applied to like transactions and events of similar circumstances.

Subsidiaries are consolidated from the date on which control exists. They are deconsolidated from the date that control ceases.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries are accounted for using the purchase method except for business combinations arising from common control transfers. Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the entity acquired to the extent that laws or statutes do not prohibit the use of such reserves. The consolidated financial statements reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statements of financial position. The accounting policy for goodwill is set out in Note 2.4(c)(i). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

(iii) Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the equity of the owners of the Company. Transactions with non-controlling interest are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

Subsequent to the initial recognition, costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss as incurred.

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Projects-in-progress are not depreciated as these assets are not yet available for use.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Property, plant and equipment and depreciation (cont'd.)

Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and office lots	Fifty years
Renovation	Five years
Office equipment, furniture and fittings	Three to five years
Computers and office automation	Three to ten years
Motor vehicles	Five years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(c) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's and of the Company's Cash-Generating Units (CGUs) that are expected to benefit from the synergies of the combination.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

(ii) Computer software

Computer software is initially measured at cost. Following initial recognition, computer software is measured at cost less accumulated amortisation and accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Intangible assets (cont'd.)

(ii) Computer software (cont'd.)

The useful lives of computer software are assessed to be finite. Computer software are amortised over their estimated useful lives of five to ten years and assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed at least at each financial year end. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software with finite lives is recognised in profit or loss.

Projects-in-progress are not amortised as these computer software are not yet available for use.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

(d) Leases

The Group and the Company have recognised and measured its leases in accordance with MFRS 16 *Leases* effective from 1 January 2017. The financial impact to the Group's and the Company's financial statements on initial adoption of this Standard is disclosed in Note 2.2(ii).

(i) The Group and the Company as lessee

Recognition and measurement in financial year ended 31 December 2017

The Group and the Company recognise a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group and the Company; and
- an estimate of costs to be incurred by the Group and the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

NOTES TO
THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(d) Leases (cont'd.)

(i) The Group and the Company as lessee (cont'd.)

Recognition and measurement in financial year ended 31 December 2017 (cont'd.)

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets.

If the lease transfers ownership of the underlying asset to the Group and to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the Group and the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group and Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's and the Company's incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Recognition and measurement in financial year ended 31 December 2016

All of the Group's and the Company's leases are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(ii) The Group and the Company as lessor

The Group and the Company classified its leases as either operating lease or finance lease. Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group and the Company transfer substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Impairment of non-financial assets

The Group and the Company assess at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill and computer software that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case, the carrying amount of the asset is increased to its revised recoverable amount. The increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (FVTPL), directly attributable transaction costs.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Financial assets (cont'd.)

The Group and the Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(ii) Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at FVTOCI if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. The Group and Company do not have any financial assets measured at FVTPL as at the financial year end.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group and the Company had elected an irrevocable option to designate its equity instruments (i.e. quoted shares outside Malaysia) at initial recognition as financial assets measured at FVTOCI if the equity instruments are not held for trading.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's or the Company's right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Financial assets (cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group and the Company.

(g) Impairment of financial assets

At each financial year end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cashflows that are due to the Group and to the Company and all the cash flows that the Group and the Company expect to receive.

The Group and the Company measure the allowance for impairment loss on unquoted bonds, staff loans receivable and cash and bank balances based on the two-step approach as follows:

(i) 12-months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

(ii) Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company revert the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade and other receivables which are financial assets, the Group and the Company apply the simplified approach in accordance with MFRS 9 *Financial Instruments* and measure the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, and short-term deposits used by the Group and the Company in the management of short-term funding requirements of their operations.

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities at FVTPL as at the financial year end.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(i) Financial liabilities (cont'd.)

(ii) Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

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THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Deferred grants

Grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all conditions will be met. Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is recognised in the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by its related depreciation or amortisation charges.

(m) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs, and are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(n) Revenue recognition

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of information based on the five-step model as set out below:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(n) Revenue recognition (cont'd.)

- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

- (i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(i) Trade fees

Trade fees on securities traded on the securities exchange are recognised on a trade date basis. Trade fees on derivatives contracts are recognised net of rebates on a trade date basis. Trade fees on commodities are recognised on a trade date basis net of amount payable to commodities suppliers and brokers, whenever applicable.

(ii) Clearing fees

Fees for clearing and settlement between clearing participants for trades in securities transacted on the securities exchange are recognised net of the Securities Commission levy when services are rendered. Clearing fees on derivatives contracts are recognised net of rebates on the clearing date.

NOTES TO
THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(n) Revenue recognition (cont'd.)

(iii) Other securities trading revenue

Other securities trading revenue mainly comprise Institutional Settlement Services (ISS) fees. ISS fees from the securities exchange are recognised in full when services are rendered at a point in time.

(iv) Other derivatives trading revenue

Other derivatives trading revenue mainly comprise collateral management services fees, guarantee and tender fees. Collateral management services fee is recognised on an accrual basis. Guarantee fees are recognised on a daily basis on day end margin requirements for open contracts. Tender fees are recognised on per contract tendered.

(v) Listing and issuer services

Listing and issuer services revenue comprise:

(a) Listing fees

Initial listing fees for Initial Public Offering (IPO) exercises are recognised upon the listing of an applicant. Annual listing fees are recognised on an accrual basis. Additional listing fees are recognised upon the listing of new securities issued by applicants.

(b) Perusal and processing fees

Perusal fees for circulars or notices issued are recognised when the services are rendered at a point in time. Processing fees for corporate related exercises on securities traded on the securities exchange are recognised when the related services are rendered at a point in time.

(vi) Depository services

Fees from depository services are recognised when the services are rendered.

(vii) Market data

Fees from sale of information are recognised when the services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(n) Revenue recognition (cont'd.)

(viii) Member services and connectivity

Member services and connectivity mainly comprise:

(a) Access fees

Access fees are recognised over the period that access to the required services is being provided.

(b) Participants' fees

Initial application fees are recognised upon registration or admission into the securities or derivatives exchange. Annual subscription fees are recognised on an accrual basis.

(c) Broker services

Fees from broker services are recognised when the services are rendered.

(ix) Other operating revenue

Other operating revenue represents conference fees and exhibition related income and are recognised when the events are held.

(x) Other income

- Accretion of discounts and amortisation of premiums on investments are recognised on an effective yield basis.
- Dividend income is recognised when the right to receive payment is established.
- Interest income is recognised on an accrual basis that reflects the effective yield of the asset.
- Management fees are recognised when services are rendered.
- Rental income from the letting of office space and equipment is recognised on a straight-line basis over the term of the rental agreement.

NOTES TO
THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised as a liability when they accrue to the employees. The estimated liability for paid annual leave is recognised for services rendered by employees up to the reporting date. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the period in which the related service is performed. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (EPF).

(iii) Defined benefit plan

The Group and the Company operate a funded, defined benefit retirement scheme (the Scheme) for its eligible employees. The Scheme was closed to new entrants effective 1 September 2003.

The Group's and the Company's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by an independent actuary, through which the amount of benefit that employees have earned in return for their services up to 1 September 2003 is estimated.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligation at each financial year end less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds and that have terms to maturity approximating to the terms of the pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Net interest is recognised in profit or loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Employee benefits (cont'd.)

(iv) Share-based compensation

The Company's SGP (implemented on 18 April 2011), an equity-settled, share-based compensation plan, allows eligible employees of the Group to be entitled to ordinary shares of the Company. The total fair value of shares granted to employees are recognised as an employee cost with a corresponding increase in the share grant reserve within equity over the vesting period while taking into account the probability that the shares will vest. The fair value of shares are measured at grant date, taking into account, if any, the market vesting conditions upon which the shares were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions in respect of the number of shares that are expected to be granted on vesting date.

At each financial year end, the Group and the Company revise the estimate of the number of shares that are expected to be granted on vesting date. The impact of revision of original estimates, if any, is recognised in profit or loss, and a corresponding adjustment made to equity over the remaining vesting period. The equity amount is recognised in the share grant reserve.

(v) Separation benefits

Separation benefits are payable when employment ceases before the normal retirement date or expiry of employment contract date. The Group and the Company recognise separation benefits as a liability and an expense when it is demonstrably committed to cease the employment of current employees according to a detailed plan without possibility of withdrawal. Benefits falling due more than 12 months after the financial year end are discounted to present value.

(p) Borrowing costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds and lease liabilities.

(q) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO
THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(q) Income taxes (cont'd.)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(r) Foreign currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Foreign currency (cont'd.)

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in foreign currencies are measured in the respective functional currencies at the exchange rates approximating those ruling at the transaction dates. At each financial year end, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial year end. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the dates when the fair value was determined.

Exchange differences arising from the settlement of monetary items, or on translating monetary items at the financial year end are recognised in profit or loss, except exchange differences arising on monetary items that form part of the Group's net investment in foreign operations which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising from the translation of non-monetary items carried at fair value are not included in profit or loss for the period until their impairment or disposal.

(iii) Subsidiary with foreign currency as its functional currency

The results and financial position of a subsidiary that has a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the financial year end;
- Income and expenses for each statement of comprehensive income or separate income statement presented are translated at average monthly exchange rates, which approximate the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised directly in other comprehensive income. On disposal of a subsidiary with foreign currency as its functional currency, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular subsidiary is recognised in profit or loss.

(s) Contingencies

A contingent liability or asset is a possible obligation or benefit that arises from past events, and the existence of which will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company in the current and previous financial years.

NOTES TO
THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates

Key sources of estimation uncertainty

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(a) Impairment of computer hardware, computer software, right-of-use assets and investment in subsidiaries

The Group and the Company review its computer hardware, computer software, right-of-use assets and investment in subsidiaries at each financial year end to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. The Group and the Company carry out the impairment test based on a variety of estimations including value-in-use of the CGUs to which the computer hardware, computer software, right-of-use assets and investment in subsidiaries are allocated to. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of computer hardware, computer software, right-of-use assets and investment in subsidiaries as at the financial year end are disclosed in Notes 13, 14, 15(a) and 17 respectively.

(b) Impairment of goodwill

The Group and the Company determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating a value-in-use amount requires the Group and the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the financial year end is disclosed in Note 16.

(c) Impairment of investment securities

Investment securities are reviewed and assessed at each financial year end on whether there is sufficient allowance for impairment loss provided.

The impairment review shall determine whether there is significant increase in credit risk since initial recognition of the investment securities, such as from deterioration of the credit quality of the issuers or obligors and significant financial difficulties of the issuers or obligors.

The carrying amount of investment securities as at the financial year end is disclosed in Note 18.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(d) Depreciation/amortisation of computer hardware, computer software and right-of-use assets

The cost of computer hardware, computer software and right-of-use assets is depreciated and amortised on a straight-line basis over the assets' useful lives. The Group and the Company estimate the useful lives of these assets to be between three to ten years. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation and amortisation charges could be revised. The carrying amounts of computer hardware, computer software and right-of-use assets as at the financial year end are disclosed in Notes 13, 14 and 15(a) respectively.

(e) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unused capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances can be utilised. Significant judgement is required to determine the amounts of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The unutilised tax losses and unused capital allowances as at the financial year end are disclosed in Note 20.

(f) Defined benefit plan

The cost of the defined benefit plan and the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of salary increases and mortality rates. All assumptions are reviewed at each financial year end.

In determining the appropriate discount rate, the valuation is based on market yield of high quality corporate bonds with AA rating and above with terms similar to the terms of the liabilities.

(g) Share grant plan

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the dates which they are granted. Estimating the fair value of the share-based payment transactions requires the determination of the appropriate valuation model and the inputs (for example, expected volatility of the share price and/or dividend yield) to the valuation model. The key assumptions are disclosed in Note 30(b).

NOTES TO
THE FINANCIAL STATEMENTS
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3. OPERATING REVENUE

	Group	
	2017 RM'000	2016 RM'000
Clearing fees (Note a)	209,043	168,382
Trade fees	28,117	22,294
Others	22,457	22,245
Total Securities trading revenue	259,617	212,921
Clearing fees	18,299	19,469
Trade fees	46,098	49,764
Others	16,152	19,495
Total Derivatives trading revenue	80,549	88,728
Bursa Suq Al-Sila (BSAS) trading revenue	15,825	16,439
Listing and issuer services	61,775	53,540
Depository services	42,376	39,035
Market data	34,524	35,292
Member services and connectivity	21,408	21,001
Conference fee and exhibition related income	6,006	5,752
	181,914	171,059
Total operating revenue (Note b)	522,080	472,708

	Company	
	2017 RM'000	2016 RM'000
Broker services	7,529	7,500
Income from subsidiaries (Note 36(a)):		
Dividend	236,673	186,770
Management fees	143,438	137,302
Office space rental	4,718	4,607
Lease of computer equipment	13,056	12,959
Total operating revenue (Note c)	405,414	349,138

Note a

Securities clearing fees of the Group are stated net of the amount paid and payable to the Securities Commission (SC) of RM55,254,000 (2016: RM43,830,000).

3. OPERATING REVENUE (CONT'D.)

Note b

The following tables illustrate the Group's revenue as disaggregated by major products or services and provide a reconciliation of the disaggregated revenue with the Group's four major market segments as disclosed in Note 43. The table also includes the timing of revenue recognition.

	Securities Market RM'000	Derivatives Market RM'000	Exchange Holding Company RM'000	Others RM'000	Total RM'000
2017					
Major products or services:					
Securities trading revenue	259,617	-	-	-	259,617
Derivatives trading revenue	-	80,549	-	-	80,549
BSAS trading revenue	-	-	-	15,825	15,825
Listing and issuer services	61,611	-	-	164	61,775
Depository services	42,376	-	-	-	42,376
Market data	26,137	8,146	-	241	34,524
Member services and connectivity	13,576	160	7,529	143	21,408
Conference fee and exhibition related income	-	6,006	-	-	6,006
	403,317	94,861	7,529	16,373	522,080
Timing of revenue recognition:					
At a point in time	353,278	90,786	-	16,034	460,098
Over time	50,039	4,075	7,529	339	61,982
	403,317	94,861	7,529	16,373	522,080

NOTES TO
THE FINANCIAL STATEMENTS
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3. OPERATING REVENUE (CONT'D.)

Note b (cont'd.)

	Securities Market RM'000	Derivatives Market RM'000	Exchange Holding Company RM'000	Others RM'000	Total RM'000
2016					
Major products or services:					
Securities trading revenue	212,921	-	-	-	212,921
Derivatives trading revenue	-	88,728	-	-	88,728
BSAS trading revenue	-	-	-	16,439	16,439
Listing and issuer services	53,342	-	-	198	53,540
Depository services	39,035	-	-	-	39,035
Market data	26,803	8,254	-	235	35,292
Member services and connectivity	13,184	167	7,500	150	21,001
Conference fee and exhibition related income	-	5,752	-	-	5,752
	345,285	102,901	7,500	17,022	472,708
Timing of revenue recognition:					
At a point in time	297,121	98,924	-	16,684	412,729
Over time	48,164	3,977	7,500	338	59,979
	345,285	102,901	7,500	17,022	472,708

Note c

The Company recognises its revenue upon satisfaction of performance obligations and all revenue are recognised over time, except for dividend income from subsidiaries which is recognised at a point in time.

4. OTHER INCOME

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income from:				
Deposits with licensed financial institutions	15,408	16,176	3,720	3,876
Investment securities:				
- Unquoted bonds	3,760	3,406	-	-
- Commercial paper	-	52	-	52
Others	141	169	131	158
Dividend income	6,852	6,505	6,852	6,505
Grant income (Note 31)	1,559	1,170	1,428	1,078
Net gain on disposal of unquoted bonds	25	47	-	-
Rental income	6,423	6,398	6,423	6,398
Miscellaneous income	584	152	558	151
	34,752	34,075	19,112	18,218

5. STAFF COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages and salaries	78,181	77,117	73,845	71,169
Bonus	26,096	16,999	25,537	15,650
Contributions to a defined contribution plan - EPF	15,648	14,391	15,112	13,502
Social security contributions	479	434	466	411
Provision/(Reversal of provision) for short-term accumulating compensated unutilised leave	154	(55)	146	(26)
Retirement benefit obligations (Note 30(a))	1,174	1,319	1,174	1,319
SGP expense	8,230	10,739	8,033	10,127
Other benefits	7,563	7,606	7,382	7,290
	137,525	128,550	131,695	119,442

6. DEPRECIATION AND AMORTISATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Depreciation of property, plant and equipment (Note 13)	11,692	12,157	11,616	11,604
Amortisation of computer software (Note 14)	11,997	12,070	10,370	10,476
Depreciation of right-of-use assets (Note 15)	111	-	111	-
	23,800	24,227	22,097	22,080

NOTES TO
THE FINANCIAL STATEMENTS
31 DECEMBER 2017

7. OTHER OPERATING EXPENSES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Administrative expenses	6,375	6,010	5,928	5,535
(Accretion of discount)/Amortisation of premium, net	(10)	52	-	-
Auditors' remuneration:				
Statutory audit	356	336	82	77
Tax and assurance related services (Note a)	155	210	99	142
Other non-audit services (Note b)	289	115	289	115
Building management costs:				
Office rental	83	83	83	83
Upkeep and maintenance	11,277	11,615	11,277	11,615
Central Depository System (CDS) consumables	2,767	3,561	2,767	3,561
Net (reversal of impairment loss)/impairment loss on:				
Investment in subsidiaries (Note 17)	-	-	(1,823)	-
Investment securities	(207)	286	-	-
Trade and other receivables	1,582	(347)	1,275	28
Amount due from a subsidiary	-	-	12	6
Marketing and development expenses	11,422	10,003	7,209	5,451
Net loss on foreign exchange differences	649	280	448	424
Operating lease payments	-	539	-	539
Professional fees	2,407	2,871	2,385	2,849
Property, plant and equipment and computer software written off	-	5	-	5
Lease of equipment	194	222	184	213
Technology charges:				
Information technology maintenance	19,581	17,339	17,508	15,304
Service fees	23,416	22,113	669	1,445
Others (Note c)	8,753	8,123	7,610	7,131
	89,089	83,416	56,002	54,523

Note a

Tax and assurance related services provided by the auditors are in respect of tax compliance, quarterly limited reviews and annual review of the statement on internal control and risk management.

Note b

Other non-audit services rendered are in respect of business process improvement training in 2017 and sustainability reporting training in 2016.

Note c

Others include Non-Executive Directors' remuneration as disclosed in Note 9.

8. FINANCE COSTS

	Group and Company	
	2017 RM'000	2016 RM'000
Interest expense on lease liabilities (Note 15(b))	535	-

9. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive Director's remuneration:				
Salaries and other emoluments	5,465	5,376	5,465	5,376
Defined contribution plan - EPF	418	363	418	363
	5,883	5,739	5,883	5,739
Estimated monetary value of benefits-in-kind	35	35	35	35
	5,918	5,774	5,918	5,774
Non-executive Directors' remuneration:				
Fees	1,885	950	1,885	950
Other emoluments	1,551	1,474	1,464	1,420
	3,436	2,424	3,349	2,370
Estimated monetary value of benefits-in-kind	35	35	35	35
	3,471	2,459	3,384	2,405
Total Directors' remuneration	9,389	8,233	9,302	8,179
Total Directors' remuneration excluding benefits-in-kind	9,319	8,163	9,232	8,109
Estimated monetary value of benefits-in-kind	70	70	70	70
Total Directors' remuneration including benefits-in-kind	9,389	8,233	9,302	8,179

NOTES TO
THE FINANCIAL STATEMENTS
31 DECEMBER 2017

9. DIRECTORS' REMUNERATION (CONT'D.)

	2017		2016	
	Directors' fees RM'000	Other allowances (Note a)/ salaries RM'000	Directors' fees RM'000	Other allowances (Note a)/ salaries RM'000
Group				
Tan Sri Amirsham bin A Aziz	300	784	150	784
Datuk Seri Tajuddin bin Atan	-	5,918	-	5,774
Datuk Karownikaran @ Karunikaran a/l Ramasamy	200	104	100	100
Datuk Chay Wai Leong	200	108	100	87
Ghazali bin Haji Darman	200	72	100	76
Pushpanathan a/l S.A. Kanagarayar	200	102	100	101
Johari bin Abdul Muid	200	150	75	87
Datin Mariam Prudence binti Yusof	173	89	-	-
Datin Grace Yeoh Cheng Geok	170	80	-	-
Dato' Zuraidah binti Atan	27	14	100	81
Dato' Saiful Bahri bin Zainuddin	48	27	100	87
Dato' Eshah binti Meor Suleiman	167	56	100	73
Datuk Dr. Md Tap bin Salleh	-	-	25	33
	1,885	7,504	950	7,283
Company				
Tan Sri Amirsham bin A Aziz	300	784	150	784
Datuk Seri Tajuddin bin Atan	-	5,918	-	5,774
Datuk Karownikaran @ Karunikaran a/l Ramasamy	200	104	100	100
Datuk Chay Wai Leong	200	108	100	87
Ghazali bin Haji Darman	200	72	100	76
Pushpanathan a/l S.A. Kanagarayar	200	102	100	101
Johari bin Abdul Muid	200	90	75	59
Datin Mariam Prudence binti Yusof	173	89	-	-
Datin Grace Yeoh Cheng Geok	170	62	-	-
Dato' Zuraidah binti Atan	27	14	100	81
Dato' Saiful Bahri bin Zainuddin	48	18	100	69
Dato' Eshah binti Meor Suleiman	167	56	100	73
Datuk Dr. Md Tap bin Salleh	-	-	25	25
	1,885	7,417	950	7,229

Note a

Other allowances comprise the Chairman's allowance and meeting allowances which vary from one Director to another, depending on the number of committees they sit on and the number of meetings attended during the year.

10. TAXATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income tax:				
Current year provision	78,251	70,766	1,012	725
Under/(Over) provision of tax in prior years	577	(198)	(953)	(1)
	78,828	70,568	59	724
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	(3,076)	(2,580)	(3,172)	(1,263)
(Over)/Under provision of tax in prior years	(78)	(59)	39	(190)
	(3,154)	(2,639)	(3,133)	(1,453)
Total income tax expense	75,674	67,929	(3,074)	(729)

Income tax is calculated at the Malaysian statutory tax rate of the estimated assessable profit for the year. The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 31 December 2016 is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Accounting profit before tax	305,883	270,590	214,197	171,311
Taxation at Malaysian statutory tax rate of 24%	73,412	64,942	51,407	41,115
Deferred tax not recognised in respect of current year's:				
- Capital allowances	498	755	498	755
- Tax losses	2	2	-	-
Effect of tax rate of 3% on profit before tax for subsidiary incorporated in Labuan	(62)	(66)	-	-
Effect of reduction in Malaysian statutory tax rate	(1,735)	-	-	-
Effect of expenses not deductible for tax purposes	5,047	4,414	4,724	4,237
Effect of income not subject to tax	(1,987)	(1,861)	(58,789)	(46,645)
Under/(Over) provision of tax in prior years:				
- Income tax	577	(198)	(953)	(1)
- Deferred tax	(78)	(59)	39	(190)
Income tax expense for the year	75,674	67,929	(3,074)	(729)

For years of assessment 2017 and 2018, the Malaysian statutory tax rate is being reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment. The Group and Company have accounted for the reduction in the tax rate in the current financial year, based on the percentage of increase in chargeable income of the Company and its subsidiaries.

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10. TAXATION (CONT'D.)

Tax savings of the Group and of the Company are as follows:

	Group and Company	
	2017 RM'000	2016 RM'000
Arising from utilisation of current year tax losses	-	354

11. EARNINGS PER SHARE (EPS)

(a) Basic EPS

Basic EPS is calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017	2016
Profit for the year, net of tax, attributable to owners of the Company (RM'000)	223,040	193,621
Weighted average number of ordinary shares in issue ('000)	536,920	535,550
Basic EPS (sen)	41.5	36.2

(b) Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the financial year has been adjusted for the dilutive effects of ordinary shares issued to employees under the SGP and potential ordinary shares which may arise from the SGP grants which have not been vested as at the end of the year.

	Group	
	2017	2016
Profit for the year, net of tax, attributable to owners of the Company (RM'000)	223,040	193,621
Weighted average number of ordinary shares in issue ('000)	536,920	535,550
Effects of dilution of share grants ('000)	1,721	2,509
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	538,641	538,059
Diluted EPS (sen)	41.4	36.0

12. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Special dividend on ordinary shares				
15.0 sen per share under the single-tier system, on 537,501,000 ordinary shares	-	-	80,625	-
Interim dividend on ordinary shares				
20.0 sen per share under the single-tier system, on 537,501,000 ordinary shares	107,500	-	107,500	-
17.0 sen per share under the single-tier system, on 536,272,000 ordinary shares	-	91,166	-	91,166
Final dividend on ordinary shares				
17.0 sen per share under the single-tier system, on 536,522,000 ordinary shares	-	91,209	91,209	-
18.0 sen per share under the single-tier system, on 534,864,000 ordinary shares	-	-	-	96,276
	107,500	182,375	279,334	187,442

On 5 February 2018, the Board of Directors approved and declared a second interim dividend of 18.5 sen per share under the single-tier system in respect of the financial year ended 31 December 2017. The dividend amounting to approximately RM99,438,000 will be payable on 5 March 2018. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

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13. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in- progress RM'000	Total RM'000
As at 31 December 2017							
Cost							
At 1 January 2017		327,309	33,411	45,176	1,931	37	407,864
Additions		559	1,800	3,422	580	1,389	7,750
Write-offs		(13)	(633)	-	-	-	(646)
Exchange differences		(28)	(9)	(164)	-	-	(201)
At 31 December 2017		327,827	34,569	48,434	2,511	1,426	414,767
Accumulated depreciation							
At 1 January 2017		151,730	31,718	39,623	1,553	-	224,624
Depreciation charge for the year	6	7,312	790	3,406	184	-	11,692
Write-offs		(13)	(633)	-	-	-	(646)
Exchange differences		(28)	(9)	(164)	-	-	(201)
At 31 December 2017		159,001	31,866	42,865	1,737	-	235,469
Net carrying amount at 31 December 2017		168,826	2,703	5,569	774	1,426	179,298
As at 31 December 2016							
Cost							
At 1 January 2016		325,441	32,740	46,663	1,931	-	406,775
Additions		2,693	1,072	381	-	37	4,183
Write-offs		(838)	(405)	(1,941)	-	-	(3,184)
Exchange differences		13	4	73	-	-	90
At 31 December 2016		327,309	33,411	45,176	1,931	37	407,864
Accumulated depreciation							
At 1 January 2016		145,490	31,448	37,221	1,402	-	215,561
Depreciation charge for the year	6	7,065	671	4,270	151	-	12,157
Write-offs		(838)	(405)	(1,941)	-	-	(3,184)
Exchange differences		13	4	73	-	-	90
At 31 December 2016		151,730	31,718	39,623	1,553	-	224,624
Net carrying amount at 31 December 2016		175,579	1,693	5,553	378	37	183,240

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in- progress RM'000	Total RM'000
As at 31 December 2017							
Cost							
At 1 January 2017		326,966	32,941	44,955	1,753	37	406,652
Additions		559	1,795	3,418	580	1,389	7,741
Write-offs		(13)	(633)	-	-	-	(646)
At 31 December 2017		327,512	34,103	48,373	2,333	1,426	413,747
Accumulated depreciation							
At 1 January 2017		151,396	31,256	39,475	1,376	-	223,503
Depreciation charge for the year	6	7,307	783	3,342	184	-	11,616
Write-offs		(13)	(633)	-	-	-	(646)
At 31 December 2017		158,690	31,406	42,817	1,560	-	234,473
Net carrying amount at 31 December 2017		168,822	2,697	5,556	773	1,426	179,274
As at 31 December 2016							
Cost							
At 1 January 2016		325,111	32,274	46,281	1,753	-	405,419
Additions		2,693	1,072	379	-	37	4,181
Write-offs		(838)	(405)	(1,705)	-	-	(2,948)
At 31 December 2016		326,966	32,941	44,955	1,753	37	406,652
Accumulated depreciation							
At 1 January 2016		145,174	31,001	37,447	1,225	-	214,847
Depreciation charge for the year	6	7,060	660	3,733	151	-	11,604
Write-offs		(838)	(405)	(1,705)	-	-	(2,948)
At 31 December 2016		151,396	31,256	39,475	1,376	-	223,503
Net carrying amount at 31 December 2016		175,570	1,685	5,480	377	37	183,149

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) Buildings and office lots

Group	Buildings RM'000	Office lots RM'000	Renovations RM'000	Total RM'000
As at 31 December 2017				
Cost				
At 1 January 2017	285,960	19,862	21,487	327,309
Additions	-	-	559	559
Write-offs	-	-	(13)	(13)
Exchange differences	-	-	(28)	(28)
At 31 December 2017	285,960	19,862	22,005	327,827
Accumulated depreciation				
At 1 January 2017	125,432	11,301	14,997	151,730
Depreciation charge for the year	5,242	281	1,789	7,312
Write-offs	-	-	(13)	(13)
Exchange differences	-	-	(28)	(28)
At 31 December 2017	130,674	11,582	16,745	159,001
Net carrying amount at 31 December 2017	155,286	8,280	5,260	168,826
As at 31 December 2016				
Cost				
At 1 January 2016	285,960	19,862	19,619	325,441
Additions	-	-	2,693	2,693
Write-offs	-	-	(838)	(838)
Exchange differences	-	-	13	13
At 31 December 2016	285,960	19,862	21,487	327,309
Accumulated depreciation				
At 1 January 2016	120,190	11,020	14,280	145,490
Depreciation charge for the year	5,242	281	1,542	7,065
Write-offs	-	-	(838)	(838)
Exchange differences	-	-	13	13
At 31 December 2016	125,432	11,301	14,997	151,730
Net carrying amount at 31 December 2016	160,528	8,561	6,490	175,579

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) Buildings and office lots (cont'd.)

Company	Buildings RM'000	Office lots RM'000	Renovations RM'000	Total RM'000
As at 31 December 2017				
Cost				
At 1 January 2017	285,960	19,862	21,144	326,966
Additions	-	-	559	559
Write-offs	-	-	(13)	(13)
At 31 December 2017	285,960	19,862	21,690	327,512
Accumulated depreciation				
At 1 January 2017	125,432	11,301	14,663	151,396
Depreciation charge for the year	5,242	281	1,784	7,307
Write-offs	-	-	(13)	(13)
At 31 December 2017	130,674	11,582	16,434	158,690
Net carrying amount at 31 December 2017	155,286	8,280	5,256	168,822
As at 31 December 2016				
Cost				
At 1 January 2016	285,960	19,862	19,289	325,111
Additions	-	-	2,693	2,693
Write-offs	-	-	(838)	(838)
At 31 December 2016	285,960	19,862	21,144	326,966
Accumulated depreciation				
At 1 January 2016	120,190	11,020	13,964	145,174
Depreciation charge for the year	5,242	281	1,537	7,060
Write-offs	-	-	(838)	(838)
At 31 December 2016	125,432	11,301	14,663	151,396
Net carrying amount at 31 December 2016	160,528	8,561	6,481	175,570

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14. COMPUTER SOFTWARE

Group	Note	Implemented projects RM'000	Projects-in- progress RM'000	Total RM'000
As at 31 December 2017				
Cost				
At 1 January 2017		117,723	4,084	121,807
Additions		3,127	2,604	5,731
Reclassifications		250	(250)	-
At 31 December 2017		121,100	6,438	127,538
Accumulated amortisation				
At 1 January 2017		74,700	-	74,700
Amortisation charge for the year	6	11,997	-	11,997
At 31 December 2017		86,697	-	86,697
Net carrying amount at 31 December 2017		34,403	6,438	40,841
As at 31 December 2016				
Cost				
At 1 January 2016		120,480	612	121,092
Additions		2,225	4,084	6,309
Write-offs		(5,594)	-	(5,594)
Reclassifications		612	(612)	-
At 31 December 2016		117,723	4,084	121,807
Accumulated amortisation				
At 1 January 2016		68,219	-	68,219
Amortisation charge for the year	6	12,070	-	12,070
Write-offs		(5,589)	-	(5,589)
At 31 December 2016		74,700	-	74,700
Net carrying amount at 31 December 2016		43,023	4,084	47,107

14. COMPUTER SOFTWARE (CONT'D.)

Company	Note	Implemented projects RM'000	Projects-in- progress RM'000	Total RM'000
As at 31 December 2017				
Cost				
At 1 January 2017		101,084	4,084	105,168
Additions		2,568	2,604	5,172
Reclassifications		250	(250)	-
At 31 December 2017		103,902	6,438	110,340
Accumulated amortisation				
At 1 January 2017		66,899	-	66,899
Amortisation charge for the year	6	10,370	-	10,370
At 31 December 2017		77,269	-	77,269
Net carrying amount at 31 December 2017		26,633	6,438	33,071
As at 31 December 2016				
Cost				
At 1 January 2016		100,207	612	100,819
Additions		2,107	4,084	6,191
Write-offs		(1,842)	-	(1,842)
Reclassifications		612	(612)	-
At 31 December 2016		101,084	4,084	105,168
Accumulated amortisation				
At 1 January 2016		58,260	-	58,260
Amortisation charge for the year	6	10,476	-	10,476
Write-offs		(1,837)	-	(1,837)
At 31 December 2016		66,899	-	66,899
Net carrying amount at 31 December 2016		34,185	4,084	38,269

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15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As disclosed in Note 2.2(ii), the Group and the Company have early adopted MFRS 16 *Leases* and applied this Standard retrospectively during the financial year and the comparatives are not restated.

(a) Right-of-use assets

Group and Company	RM'000
Cost	
At 1 January 2017	-
Effects of MFRS 16 <i>Leases</i> adoption (Note 2.2(ii))	8,518
At 31 December 2017	8,518
Accumulated depreciation	
At 1 January 2017	-
Depreciation charge for the year (Note 6)	111
At 31 December 2017	111
Net carrying amount at 31 December 2017	8,407

The Group and the Company have entered into two non-cancellable operating lease agreements for the use of land. The leases are for a period of 99 years with no renewal or purchase option included in the agreements. The leases do not allow the Group and the Company to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. Tenancy is, however, allowed with the consent of the lessor.

(b) Lease liabilities

Group and Company	2017 RM'000
Non-current	
Lease liabilities	7,470
Current	
Lease liabilities	505
Total lease liabilities	7,975

The movement of lease liabilities during the financial year is as follows:

Group and Company	RM'000
At 1 January 2017	-
Effects of MFRS 16 <i>Leases</i> adoption (Note 2.2(ii))	7,979
Interest charged (Note 8)	535
Payments of:	
- Principal	(4)
- Interest	(535)
At 31 December 2017	7,975

16. GOODWILL

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January/31 December	42,957	42,957	29,494	29,494

Goodwill is in respect of acquisitions of subsidiaries by the Group and has been allocated to the CGUs in the following market segments:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Securities market	33,273	33,273	29,494	29,494
Derivatives market	9,684	9,684	-	-
	42,957	42,957	29,494	29,494

Key assumptions used in value-in-use calculations

The following describes the key assumptions on which the Group and the Company have based their cash flow projections to undertake impairment assessment of goodwill:

(i) Securities market

The recoverable amount of this CGU has been determined based on value-in-use calculations using five-year financial projections. Revenue growth has been capped at 5% per annum (2016: 4% per annum), while expenses have been assumed to grow at an average of 3% per annum (2016: 3% per annum), which is in line with the expected inflation rate. No revenue and expense growth was projected from the sixth year to perpetuity.

(ii) Derivatives market

The recoverable amount of this CGU has been determined based on value-in-use calculations using five year financial projections. Revenue growth for the current financial projections has been capped at 5% per annum, while expenses have been assumed to grow at an average 3% per annum, which is in line with the expected inflation rate. In the previous financial projections, the anticipated average revenue and expenses growth was at 11% and 12% respectively for the first five years, based on the expected developments. No revenue and expense growth was projected from the sixth year to perpetuity.

(iii) Discount rate

A discount rate of 8% (2016: 7%) was applied in determining the recoverable amount of the respective CGU. The discount rate was based on the Group's weighted average cost of capital.

Sensitivity to changes in assumptions

The Group and the Company believe that no reasonable possible changes in any of the key assumptions above would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

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17. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	174,183	174,183
Less: Accumulated impairment losses	(20,218)	(22,041)
	153,965	152,142

In the current financial year, the Company reversed an impairment loss of RM1,823,000 in relation to the investment in its wholly owned subsidiary, Labuan International Financial Exchange Inc., on the basis that the recoverable amount exceeds its carrying amount.

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Proportion of ownership interest		Ordinary paid-up capital		Principal activities
	2017 %	2016 %	2017 RM'000	2016 RM'000	
Bursa Malaysia Securities Berhad (Bursa Malaysia Securities)	100	100	25,000	25,000	Provides, operates and maintains a securities exchange.
Bursa Malaysia Derivatives Berhad (Bursa Malaysia Derivatives)	75	75	50,000	50,000	Provides, operates and maintains a derivatives exchange.
Labuan International Financial Exchange Inc. (LFX)*	100	100	5,500 (in USD'000)	5,500 (in USD'000)	Provides, operates and maintains an offshore financial exchange.
Bursa Malaysia Securities Clearing Sdn. Bhd. (Bursa Malaysia Securities Clearing)	100	100	50,000	50,000	Provides, operates and maintains a clearing house for the securities exchange.
Bursa Malaysia Depository Sdn. Bhd. (Bursa Malaysia Depository)	100	100	25,000	25,000	Provides, operates and maintains a central depository for securities listed on the securities exchange.
Bursa Malaysia Information Sdn. Bhd. (Bursa Malaysia Information)	100	100	250	250	Compiles, provides and disseminates prices and other information relating to securities quoted on the securities and derivatives exchanges within the Group, as well as data reported from the bond platform.

17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Proportion of ownership interest		Ordinary paid-up capital		Principal activities
	2017 %	2016 %	2017 RM'000	2016 RM'000	
Bursa Malaysia Bonds Sdn. Bhd. (Bursa Malaysia Bonds)	100	100	2,600	2,600	Provides, operates and maintains an electronic trading platform for the bond market.
Bursa Malaysia Islamic Services Sdn. Bhd. (Bursa Malaysia Islamic Services)	100	100	2,600	2,600	Provides, operates and maintains a Shari'ah compliant commodity trading platform.
Subsidiary held through Bursa Malaysia Depository					
Bursa Malaysia Depository Nominees Sdn. Bhd. (Bursa Malaysia Depository Nominees)	100	100	~	~	Acts as a nominee for Bursa Malaysia Depository and receives securities on deposit or for safe-custody or management.
Subsidiary held through Bursa Malaysia Derivatives					
Bursa Malaysia Derivatives Clearing Berhad (Bursa Malaysia Derivatives Clearing)	75	75	20,000	20,000	Provides, operates and maintains a clearing house for the derivatives exchange.

* Incorporated in the Federal Territory of Labuan, Malaysia.

~ Denotes RM2.

All subsidiaries are consolidated. The proportion of the voting rights in the subsidiaries held directly by the parent company does not differ from the proportion of ordinary shares held.

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17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

The summarised financial information of Bursa Malaysia Derivatives Group that has a non-controlling interest representing 25% of ownership interest is as follows:

(a) Summarised consolidated statement of financial position

	2017 RM'000	2016 RM'000
Assets		
Non-current assets	17,511	14,331
Current assets	1,129,676	1,394,960
Total assets	1,147,187	1,409,291
Equity attributable to owners of Bursa Malaysia Derivatives	54,873	78,197
Liabilities		
Non-current liabilities	6,418	3,320
Current liabilities	1,085,896	1,327,774
Total liabilities	1,092,314	1,331,094
Total equity and liabilities	1,147,187	1,409,291

(b) Summarised consolidated statement of profit or loss

	2017 RM'000	2016 RM'000
Revenue	96,859	105,367
Expenses	(58,383)	(57,669)
Profit for the year	28,675	36,158
Dividends paid to non-controlling interest	13,000	6,750

(c) Summarised consolidated statement of cash flows

	2017 RM'000	2016 RM'000
Net cash from operating activities	29,422	33,001
Net cash from investing activities	2,428	1,874
Net cash used in financing activities	(53,754)	(27,155)
Net (decrease)/increase in cash and cash equivalents	(21,904)	7,720
Cash and cash equivalents at beginning of year	69,713	61,993
Cash and cash equivalents at end of year	47,809	69,713

The summarised financial information represents the amount before inter-company eliminations between Bursa Malaysia Berhad Group and Bursa Malaysia Derivatives Berhad Group.

18. INVESTMENT SECURITIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Quoted shares (outside Malaysia)	226,806	197,651	226,806	197,651
Unquoted bonds	54,973	39,537	-	-
	281,779	237,188	226,806	197,651
Current				
Unquoted bonds	25,039	34,939	-	-
Total investment securities	306,818	272,127	226,806	197,651

19. STAFF LOANS RECEIVABLE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Housing loans	3,347	4,008	2,914	3,522
Vehicle loans	39	39	39	39
Computer loans	67	67	65	65
	3,453	4,114	3,018	3,626
Less: Receivables within 12 months, included in other receivables (Note 22)	(535)	(589)	(460)	(506)
	2,918	3,525	2,558	3,120

20. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	1,964	(828)	642	(962)
Recognised in profit or loss (Note 10)	3,154	2,639	3,133	1,453
Recognised in other comprehensive income	(100)	153	(84)	151
At 31 December	5,018	1,964	3,691	642

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20. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

Presented after appropriate offsetting as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax assets (before offsetting)	22,841	23,082	19,732	19,561
Offsetting	(16,094)	(18,995)	(16,041)	(18,919)
Deferred tax assets (after offsetting)	6,747	4,087	3,691	642
Deferred tax liabilities (before offsetting)	(17,823)	(21,118)	(16,041)	(18,919)
Offsetting	16,094	18,995	16,041	18,919
Deferred tax liabilities (after offsetting)	(1,729)	(2,123)	-	-
	5,018	1,964	3,691	642

Deferred tax assets of the Group:

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment loss RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
As at 31 December 2017							
At 1 January 2017	6,020	8,145	253	34	8,302	328	23,082
Recognised in profit or loss	(688)	1,548	(38)	(5)	(973)	(1)	(157)
Recognised in other comprehensive income	(84)	-	-	-	-	-	(84)
At 31 December 2017	5,248	9,693	215	29	7,329	327	22,841

As at 31 December 2016

At 1 January 2016	6,267	8,557	209	44	5,816	338	21,231
Recognised in profit or loss	(398)	(412)	44	(10)	2,486	(10)	1,700
Recognised in other comprehensive income	151	-	-	-	-	-	151
At 31 December 2016	6,020	8,145	253	34	8,302	328	23,082

20. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

Deferred tax liabilities of the Group:

	Right-of-use assets RM'000	Accelerated capital allowances RM'000	Investment securities - unquoted bonds RM'000	Total RM'000
As at 31 December 2017				
At 1 January 2017	-	(21,041)	(77)	(21,118)
Recognised in profit or loss	(104)	3,373	42	3,311
Recognised in other comprehensive income	-	-	(16)	(16)
At 31 December 2017	(104)	(17,668)	(51)	(17,823)

As at 31 December 2016

At 1 January 2016	-	(21,961)	(98)	(22,059)
Recognised in profit or loss	-	920	19	939
Recognised in other comprehensive income	-	-	2	2
At 31 December 2016	-	(21,041)	(77)	(21,118)

Deferred tax assets of the Company:

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment loss RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
As at 31 December 2017							
At 1 January 2017	6,020	4,862	21	28	8,302	328	19,561
Recognised in profit or loss	(688)	1,927	(6)	(4)	(973)	(1)	255
Recognised in other comprehensive income	(84)	-	-	-	-	-	(84)
At 31 December 2017	5,248	6,789	15	24	7,329	327	19,732

As at 31 December 2016

At 1 January 2016	6,267	6,186	16	38	5,816	338	18,661
Recognised in profit or loss	(398)	(1,324)	5	(10)	2,486	(10)	749
Recognised in other comprehensive income	151	-	-	-	-	-	151
At 31 December 2016	6,020	4,862	21	28	8,302	328	19,561

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20. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

Deferred tax liability of the Company:

	Right-of-use assets RM'000	Accelerated capital allowances RM'000	Total RM'000
As at 31 December 2017			
At 1 January 2017	-	(18,919)	(18,919)
Recognised in profit or loss	(104)	2,982	2,878
At 31 December 2017	(104)	(15,937)	(16,041)
As at 31 December 2016			
At 1 January 2016	-	(19,623)	(19,623)
Recognised in profit or loss	-	704	704
At 31 December 2016	-	(18,919)	(18,919)

As disclosed in Note 2, the tax effects of deductible temporary differences, unutilised tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. At the financial year end, the amounts of unutilised tax losses and unused capital allowances which are not recognised in the financial statements due to uncertainty of its realisation are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unused capital allowances	5,218	3,144	5,218	3,144
Unutilised tax losses	8,164	8,157	-	-
	13,382	11,301	5,218	3,144

The availability of unutilised tax losses for offsetting against future taxable profits of the subsidiary in Malaysia is subject to no substantial changes in the shareholding of the subsidiary under the Income Tax Act 1967 and guidelines issued by the tax authority.

21. TRADE RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables	48,398	44,492	1,925	2,209
Less: Allowance for impairment loss	(1,180)	(951)	(137)	(166)
	47,218	43,541	1,788	2,043

22. OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits	737	738	619	616
Prepayments	3,989	8,946	3,873	8,719
Interest receivable	5,014	6,272	861	1,576
Staff loans receivable within 12 months (Note 19)	535	589	460	506
Sundry receivables	11,581	13,399	7,885	9,650
	21,856	29,944	13,698	21,067
Less: Allowance for impairment loss	(5,892)	(5,945)	(2,370)	(2,394)
	15,964	23,999	11,328	18,673

23. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, receivable within 30 days and bear late interest charges of 8.7% (2016: 8.7% to 8.9%). The amounts due from subsidiaries are stated net of impairment of RM11,875,000 (2016: RM 11,863,000).

24. CASH FOR EQUITY MARGINS, DERIVATIVES TRADING MARGINS, SECURITY DEPOSITS, SBL COLLATERALS AND eDIVIDEND DISTRIBUTIONS

	Group	
	2017 RM'000	2016 RM'000
Equity margins	115,344	86,012
Derivatives trading margins	1,025,727	1,276,031
Security deposits	24,953	15,152
SBL collaterals	-	1,400
Trade payables (Note c)	1,166,024	1,378,595
Cash received for eDividend distributions (included in other payables (Note 32))	2,502	2,464
Total cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions (Note a)	1,168,526	1,381,059

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24. CASH FOR EQUITY MARGINS, DERIVATIVES TRADING MARGINS, SECURITY DEPOSITS, SBL COLLATERALS AND eDIVIDEND DISTRIBUTIONS (CONT'D.)

Note a

The cash received from Clearing Participants (CPs) and Trading Clearing Participants (TCPs) are placed in interest-bearing deposits and interest earned is credited to the CPs' and TCPs' accounts net of service charges. Cash received for eDividend distributions are placed in interest-bearing deposits until such time when dividend payments are due. The details of the cash received are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Cash on hand and at banks	305,987	254,447
Deposits with licensed financial institutions	862,539	1,126,612
	1,168,526	1,381,059

Note b

The amount of non-cash collaterals for equity margins, derivatives trading margins, security deposits and SBL collaterals held by, but not belonging to, the Group and which are not included in the Group's statement of financial position as at the financial year end comprise the following:

	Group	
	2017	2016
	RM'000	RM'000
Collaterals in the form of letters of credit	581,830	637,940
Collaterals in the form of shares	525	427
	582,355	638,367

Note c

Trade payables comprise derivatives trading margins and security deposits which are derived from cash received from CPs of Bursa Malaysia Derivatives Clearing for their open interests in derivatives contracts as at the financial year end. Collaterals are also lodged by TCPs of Bursa Malaysia Securities Clearing for equity trading margins and for borrowings under the equity margining framework, and the SBL framework.

25. CASH AND BANK BALANCES OF CLEARING FUNDS

Group	Participants' contribution RM'000	Cash set aside by the Group RM'000	Total RM'000
As at 31 December 2017			
Contributions from:			
TCPs of Bursa Malaysia Securities Clearing	17,577	-	17,577
Bursa Malaysia Securities Clearing	-	25,000	25,000
Additional cash resources from Bursa Malaysia Securities Clearing	-	60,000	60,000
Clearing Guarantee Fund (CGF) contributions	17,577	85,000	102,577
Contributions from:			
CPs of Bursa Malaysia Derivatives Clearing	22,051	-	22,051
Bursa Malaysia Derivatives Clearing	-	5,000	5,000
Derivatives Clearing Fund (DCF) contributions	22,051	5,000	27,051
Total cash and bank balances of Clearing Funds as at 31 December 2017	39,628	90,000	129,628
As at 31 December 2016			
Contributions from:			
TCPs of Bursa Malaysia Securities Clearing	13,260	-	13,260
Bursa Malaysia Securities Clearing	-	25,000	25,000
Additional cash resources from Bursa Malaysia Securities Clearing	-	60,000	60,000
CGF contributions	13,260	85,000	98,260
Contributions from:			
CPs of Bursa Malaysia Derivatives Clearing	22,953	-	22,953
Bursa Malaysia Derivatives Clearing	-	5,000	5,000
DCF contributions	22,953	5,000	27,953
Total cash and bank balances of Clearing Funds as at 31 December 2016	36,213	90,000	126,213

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25. CASH AND BANK BALANCES OF CLEARING FUNDS (CONT'D.)

- (i) As at the financial year end, the total cash and non-cash components of the CGF are as follows:

	Group	
	2017 RM'000	2016 RM'000
Cash and bank balances	102,577	98,260
Bank guarantees from TCPs of Bursa Malaysia Securities Clearing	2,940	4,263
Total CGF	105,517	102,523

The bank guarantees above were lodged and accepted by the Group prior to the effective date of the removal of the bank guarantee as an acceptable form of contribution to the CGF pursuant to the amendments to the Rules of Bursa Malaysia Securities Clearing on 18 December 2017.

- (ii) There are no non-cash collaterals from CPs of Bursa Malaysia Derivatives Clearing for DCF held by the Group as at 31 December 2017 and 31 December 2016.

26. CASH AND BANK BALANCES OF THE GROUP/COMPANY

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash on hand and at banks	4,299	5,262	381	1,050
Deposits with:				
Licensed banks	207,679	284,457	70,832	113,267
Licensed investment banks	59,229	15,907	16,853	5,639
	266,908	300,364	87,685	118,906
Total cash and bank balances	271,207	305,626	88,066	119,956

- (i) In the previous financial year, the Group's and the Company's cash and bank balances included an amount of RM175,000 which was set aside to meet or secure the claims of creditors pursuant to a High Court order issued in relation to the reduction of capital of the Company on 27 January 2005. There was no amount set aside as at 31 December 2017, as there were no further claims from the creditors in the current financial year.
- (ii) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the financial year:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total cash and bank balances	271,207	305,626	88,066	119,956
Less: Deposits not for short-term funding requirements	(23,075)	(91,578)	(14,761)	(67,675)
	248,132	214,048	73,305	52,281

27. SHARE CAPITAL

	2017		2016	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Authorised				
Group and Company				
At 1 January	2,000,000	1,000,000	2,000,000	1,000,000
Adjustment for the effects of Companies Act 2016	(2,000,000)	(1,000,000)	-	-
At 31 December	-	-	2,000,000	1,000,000
Issued and fully paid				
Group				
At 1 January	536,272	268,136	534,614	267,307
Adjustments for the effects of Companies Act 2016:				
- Share premium	-	119,052	-	-
- Capital redemption reserve (Note 28(a))	-	5,250	-	-
Issued during the year pursuant to SGP (Note 30(b))	1,229	9,731	1,658	829
At 31 December	537,501	402,169	536,272	268,136
Company				
At 1 January	536,272	268,136	534,614	267,307
Adjustments for the effects of Companies Act 2016:				
- Share premium	-	119,052	-	-
Issued during the year pursuant to SGP (Note 30(b))	1,229	9,731	1,658	829
At 31 December	537,501	396,919	536,272	268,136

The Companies Act 2016 (New Act), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the credits standing in the share premium and capital redemption reserve accounts of RM119,052,000 and RM5,250,000 respectively have been transferred to the share capital account during the financial year. Pursuant to subsection 618(3) and 618(4) of the New Act, the Company proposed that the bonus issue to be utilised against the credit amount transferred from the share premium accounts of the Company at an amount of RM0.50 per bonus share. The details of the proposed bonus issue are disclosed in Note 42.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

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28. OTHER RESERVES

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital redemption reserve	(a)	-	5,250	-	-
Foreign currency translation reserve	(b)	531	860	-	-
Share grant reserve	(c)	6,849	8,350	6,849	8,350
Clearing fund reserves	(d)	30,000	30,000	-	-
FVTOCI reserve	(e)	142,558	113,383	142,316	113,161
		179,938	157,843	149,165	121,511

(a) Capital redemption reserve

	Group	
	2017 RM'000	2016 RM'000
At 1 January	5,250	5,250
Adjustments for effects of Companies Act 2016:		
- Share capital (Note 27)	(5,250)	-
At 31 December	-	5,250

Pursuant to subsection 618(4) of the New Act, the credit standing in the capital redemption reserve account of RM5,250,000 has been transferred to the share capital account.

Prior to 31 January 2017, the capital redemption reserve was non-distributable in the form of dividends but may be applied in paying up unissued shares of the subsidiaries to be issued to the shareholders of the subsidiaries as fully paid bonus shares. The capital redemption reserve of the Group relates to the capitalisation of retained earnings arising from the redemption of preference shares by the following subsidiaries:

	RM'000
Bursa Malaysia Depository	5,000
Bursa Malaysia Securities	250
	5,250

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of a subsidiary whose functional currency differs from the Group's presentation currency.

(c) Share grant reserve

The share grant reserve represents the value of equity-settled shares granted to employees under the SGP. This reserve is made up of the cumulative value of services received from employees recorded on grant of shares.

28. OTHER RESERVES (CONT'D.)

(d) Clearing fund reserves

	Note	Group	
		2017 RM'000	2016 RM'000
Amount set aside for:			
CGF, in accordance with Rules of Bursa Malaysia Securities Clearing	(i)	25,000	25,000
DCF, in accordance with Rules of Bursa Malaysia Derivatives Clearing	(ii)	5,000	5,000
		30,000	30,000

(i) CGF reserve

The CGF reserve is an amount set aside following the implementation of the CGF. The quantum of the CGF was set at RM100,000,000 and may increase by the quantum of interest arising from investments of the fixed contributions from TCPs. The CGF comprises contributions from TCPs and appropriation from Bursa Malaysia Securities Clearing resources, and other financial resources. The CGF composition is disclosed in Note 25(i).

(ii) DCF reserve

Pursuant to the Rules of Bursa Malaysia Derivatives Clearing, Bursa Malaysia Derivatives Clearing set up a DCF for derivatives clearing and settlement. The DCF comprises contributions from CPs and appropriation of certain amounts from Bursa Malaysia Derivatives Clearing's retained earnings. The DCF composition is disclosed in Note 25.

(e) FVTOCI reserve

FVTOCI reserve represents the cumulative fair value changes, net of tax, of investment securities until they are disposed or impaired.

29. RETAINED EARNINGS

The Company is able to distribute dividends out of its entire retained earnings under the single-tier system.

30. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

Contributions to the Scheme are made to a separately administered fund. Under the Scheme, eligible employees are entitled to a lump sum, upon leaving service, calculated based on the multiplication of two times the Final Scheme Salary, Pensionable Service and a variable factor based on service years, less EPF offset.

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30. EMPLOYEE BENEFITS (CONT'D.)

(a) Retirement benefit obligations (cont'd.)

The amounts recognised in the statements of financial position were determined as follows:

	Group and Company	
	2017	2016
	RM'000	RM'000
Present value of funded defined benefit obligations	22,226	26,107
Fair value of plan assets	(366)	(1,028)
Net liability arising from defined benefit obligations	21,860	25,079

(i) The movements in the net defined benefit liabilities were as follows:

	Note	Group and Company		
		Present value of funded defined benefit obligations	Fair value of plan assets	Total
		RM'000	RM'000	RM'000
At 1 January 2017		26,107	(1,028)	25,079
Interest expense/(income)	5	1,226	(52)	1,174
		27,333	(1,080)	26,253
Remeasurements:				
Return on plan assets		-	22	22
Financial assumptions		95	-	95
Experience gain		(467)	-	(467)
		(372)	22	(350)
Contributions by employer		-	(4,043)	(4,043)
Payments from plan		(4,735)	4,735	-
At 31 December 2017		22,226	(366)	21,860
At 1 January 2016		26,959	(847)	26,112
Interest expense/(income)	5	1,364	(45)	1,319
		28,323	(892)	27,431
Remeasurements:				
Return on plan assets		-	34	34
Financial assumptions		297	-	297
Experience loss		296	-	296
		593	34	627
Contributions by employer		-	(1,857)	(1,857)
Payments from plan		(2,809)	1,687	(1,122)
At 31 December 2016		26,107	(1,028)	25,079

30. EMPLOYEE BENEFITS (CONT'D.)

(a) Retirement benefit obligations (cont'd.)

(ii) The plan assets comprise the following:

	Group and Company	
	2017	2016
	%	%
Malaysian Government Securities	83	60
Cash and fixed deposits	17	40

(iii) Principal actuarial assumptions used:

Principal actuarial assumptions for determination of the defined benefits obligation are discount rate and expected salary increase as follows:

	Group and Company	
	2017	2016
	%	%
Discount rate	4.9	5.0
Expected rate of salary increase	5.0	5.0

The discount rate is determined based on the values of AA rated corporate bond yields with 3 to 15 years maturity.

(iv) The sensitivity analysis below has been derived based on changes to individual assumptions, with all other assumptions held constant:

	Group and Company			
	Discount rate		Expected salary growth	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
	RM'000	RM'000	RM'000	RM'000
At 31 December 2017				
(Decrease)/Increase in defined benefit obligations	(1,141)	766	683	(1,081)
At 31 December 2016				
(Decrease)/Increase in defined benefit obligations	(1,157)	1,249	1,152	(1,090)

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation to one another as some assumptions may be correlated.

No changes were made to the methods and types of assumptions used in preparing the sensitivity analysis for the current financial year compared to the previous year.

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30. EMPLOYEE BENEFITS (CONT'D.)

(b) SGP

The SGP is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 14 April 2011. The SGP was implemented on 18 April 2011 and is in force for a maximum period of 10 years.

The SGP comprises two types of performance-based awards, namely RSP and PSP.

The salient features and terms of the SGP are as follows:

- (i) The Committee (appointed by the Board of Directors to administer the SGP) may, at its discretion where necessary, direct the implementation and administration of the plan. The Committee may, at any time within the duration of the plan, offer RSP and PSP awards under the SGP to eligible employees and/or Executive Directors of the Group, wherein such offer shall lapse should the eligible employees or Executive Directors of the Group fail to accept the same within the period stipulated.
- (ii) To facilitate the implementation of the SGP, a Trust to be administered in accordance to the Trust Deed by the Trustee appointed by the Company was established. The Trustee shall subscribe for new ordinary shares in the Company and transfer the shares to eligible employees and/or Executive Directors of the Group participating in the SGP. The Trustee will obtain financial funding from the Company and/or its subsidiaries and/or third parties for purposes of administering the Trust.
- (iii) The total number of shares to be issued under the SGP shall not exceed, in aggregate, 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the tenure of the SGP and out of which not more than 50% of the maximum shares available shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the maximum shares available under the SGP shall be allocated to any individual employee or Executive Director who, either individually or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company.
- (iv) All new ordinary shares issued pursuant to the SGP will rank *pari passu* in all respects with the then existing ordinary shares of the Company, except that the new ordinary shares so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission or otherwise.
- (v) The shares granted will only be vested to the eligible employees and/or Executive Directors of the Group who have duly accepted the offer of awards under the SGP, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:
 - Eligible employees and/or Executive Directors of the Group must remain in employment with the Group and shall not have given notice of resignation or received notice of termination of service as at the vesting dates.
 - In respect of the PSP, eligible employees and/or Executive Directors of the Group having achieved his/her performance targets as stipulated by the Committee and as set out in their offer of awards.

30. EMPLOYEE BENEFITS (CONT'D.)

(b) SGP (cont'd.)

The following table illustrates the movement of shares under the SGP during the financial year:

	Group and Company				At 31 December '000
	At 1 January '000	Granted '000	Vested '000	Forfeited '000	
2017					
2014 grants:					
RSP	346	-	(335)	(11)	-
PSP	426	-	-	(426)	-
2015 grants:					
RSP	685	-	(319)	(45)	321
PSP	441	-	-	(46)	395
2016 grants:					
RSP	1,041	-	(325)	(86)	630
PSP	312	-	-	(23)	289
2017 grants:					
RSP	-	979	(250)	(49)	680
PSP	-	229	-	(32)	197
	3,251	1,208	(1,229)	(718)	2,512
2016					
2013 grants:					
RSP	310	-	(299)	(11)	-
PSP	416	-	(416)	-	-
2014 grants:					
RSP	741	-	(350)	(45)	346
PSP	426	-	-	-	426
2015 grants:					
RSP	1,096	-	(343)	(68)	685
PSP	441	-	-	-	441
2016 grants:					
RSP	-	1,317	(250)	(26)	1,041
PSP	-	312	-	-	312
	3,430	1,629	(1,658)	(150)	3,251

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30. EMPLOYEE BENEFITS (CONT'D.)

(b) SGP (cont'd.)

As disclosed in Note 27, share grants vested during the financial year resulted in the issuance of 1,229,000 (2016: 1,658,000) ordinary shares. The weighted average share price at the date of vesting for the financial year was RM7.92 (2016: RM7.50).

The outstanding share grants at the end of the financial year are to be vested on specific dates in the following periods:

- (i) The 2015 grant is to be vested within the next year.
- (ii) The 2016 grants are to be vested within the next 2 years.
- (iii) The 2017 grants are to be vested within the next 3 years.

Fair value of shares granted during the financial year

The fair values of shares granted during the financial year were measured at grant date and the assumptions were as follows:

- (i) The fair value of RSP shares granted during the year was estimated using a discounted cash flow model, taking into account the vesting conditions upon which the RSP shares were granted. The weighted average share price at the grant date was RM10.35 (2016: RM8.65). An average expected dividend yield of 3.9% (2016: 4.3%) was used in measuring the fair values.
- (ii) The performance conditions for the PSP include a non-market based hurdle and a market based hurdle. The non-market based hurdle is valued using a discounted cash flow model while the market based hurdle uses assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation. The key assumptions used in these models are as follows:

	2017	2016
Share price	RM10.54	RM8.59
Expected dividend yield	4.1%	4.4%
Expected volatility	15.0%	15.0%
Risk free rate	3.4%	3.0%

31. DEFERRED GRANTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	3,092	4,087	1,895	2,798
Grant income (Note 4)	(1,559)	(1,170)	(1,428)	(1,078)
Received during the year	505	175	505	175
At 31 December	2,038	3,092	972	1,895

The deferred grants of the Group refer to grants from Capital Market Development Fund (CMDf) and SC for the development of the bond trading platform, the development of clearing facilities and the licence for the order management system for the derivatives market, and the construction of an Environmental, Social and Governance (ESG) index. The deferred grants of the Company refers to the grant from CMDf for the development of the bond trading platform and the construction of an ESG index. There are no unutilised conditions or contingencies attached to these grants.

32. OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Accruals	24,791	16,971	18,002	10,190
Amount due to SC	6,627	6,003	-	-
Capital Market Education and Integrity Fund	21,551	22,404	21,551	22,404
Provision for employee benefits	29,362	22,170	27,993	19,958
Receipts in advance	6,690	8,480	603	543
Sundry payables	26,968	24,481	11,018	8,719
	115,989	100,509	79,167	61,814

Included in sundry payables of the Group is cash received for eDividend distributions amounting to RM2,502,000 (2016: RM2,464,000).

33. BURSA MALAYSIA DEPOSITORY SDN. BHD. - COMPENSATION FUND (DEPOSITORY - CF)

In 1997, pursuant to the provisions of Section 5(1)(b)(vii) of the Securities Industry (Central Depositories) Act 1991, Bursa Malaysia Depository, a wholly-owned subsidiary of the Company, established a scheme of compensation for the purpose of settling claims by depositors against Bursa Malaysia Depository, its authorised depository agents and Bursa Malaysia Depository Nominees. The scheme comprises monies in the Depository - CF and insurance policies. Bursa Malaysia Depository's policy is to maintain the balance in the Depository - CF at RM50,000,000. In consideration for the above, all revenue accruing to the Depository - CF's deposits and investments are to be credited to Bursa Malaysia Depository and all expenditure incurred for and on behalf of the Depository - CF will be paid for by Bursa Malaysia Depository.

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33. BURSA MALAYSIA DEPOSITORY SDN. BHD. - COMPENSATION FUND (DEPOSITORY - CF) (CONT'D.)

The net assets of the fund are as follows:

	2017 RM'000	2016 RM'000
Depository - CF	50,000	50,000

The assets of the fund are segregated from the financial statements of the Group and are accounted for separately.

34. OPERATING LEASE ARRANGEMENTS

(a) The Group and the Company as lessor of building

The Company has entered into operating lease agreements for the rental of office space in the building. The lease period is three years, with renewal option for another three years included in the agreements. The leases have a fixed rental rate for the existing lease period with an upward revision to the rental rate for the renewed lease period.

The future aggregate minimum lease payments receivable under operating leases contracted for as at the financial year end but not recognised as receivables are as follows:

	Group and Company	
	2017 RM'000	2016 RM'000
Not later than one year	427	6,088
Later than one year and not later than five years	88	308
	515	6,396

The rental income for the current financial year is disclosed in Note 4.

(b) The Company as lessor of building

The Company has entered into an operating lease arrangement with its subsidiaries for the use of office space. The lease is for a period of three years and shall be automatically renewed for further periods of three years for each renewal unless terminated.

The future aggregate minimum lease payments receivable under the operating leases contracted for as at the financial year end but not recognised as receivables are as follows:

	Company	
	2017 RM'000	2016 RM'000
Not later than one year	4,740	3,504
Later than one year and not later than five years	18,961	14,017
	23,701	17,521

The office space rental for the current financial year is disclosed in Notes 3 and 36(a).

34. OPERATING LEASE ARRANGEMENTS (CONT'D.)

(c) The Company as lessor of computer equipment

The Company has entered into an operating lease arrangement with its subsidiaries for the use of computer equipment. The computer equipment is leased between three to ten years with no purchase option included in the contract.

The future aggregate minimum lease payments receivable under the operating leases contracted for as at the financial year end but not recognised as receivables are as follows:

	Company	
	2017 RM'000	2016 RM'000
Not later than one year	9,445	12,662
Later than one year and not later than five years	17,540	22,528
Later than five years	3,185	4,828
	30,170	40,018

The lease of computer equipment for the current financial year is disclosed in Notes 3 and 36(a).

35. CAPITAL COMMITMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Approved and contracted for				
Computers and office automation	1,669	1,448	1,669	1,448
Office equipment and renovation	12	44	12	44
	1,681	1,492	1,681	1,492
Approved but not contracted for				
Computers and office automation	60	267	60	267
Office equipment and renovation	50	26	50	26
	110	293	110	293

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36. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Transactions with subsidiaries

Significant transactions between the Company and its subsidiaries are as follows:

	2017 RM'000	2016 RM'000
Management fees income from:		
Bursa Malaysia Securities	82,293	82,747
Bursa Malaysia Derivatives	12,332	10,832
Bursa Malaysia Securities Clearing	9,825	8,514
Bursa Malaysia Derivatives Clearing	5,297	3,897
Bursa Malaysia Depository	20,140	19,050
Bursa Malaysia Information	5,948	5,027
Bursa Malaysia Islamic Services	7,586	7,218
Bursa Malaysia Bonds	2	2
LFX	15	15
	143,438	137,302
Office space rental income from:		
Bursa Malaysia Securities	1,848	1,682
Bursa Malaysia Derivatives	955	1,103
Bursa Malaysia Securities Clearing	236	275
Bursa Malaysia Depository	1,175	1,062
Bursa Malaysia Information	158	287
Bursa Malaysia Islamic Services	346	198
	4,718	4,607
Lease of computer equipment from:		
Bursa Malaysia Securities	8,965	8,805
Bursa Malaysia Derivatives	909	821
Bursa Malaysia Securities Clearing	1,029	1,182
Bursa Malaysia Derivatives Clearing	146	186
Bursa Malaysia Depository	815	867
Bursa Malaysia Information	138	136
Bursa Malaysia Islamic Services	1,054	962
	13,056	12,959
Dividend income from:		
Bursa Malaysia Securities	84,000	59,000
Bursa Malaysia Derivatives	39,173	20,370
Bursa Malaysia Securities Clearing	46,000	50,000
Bursa Malaysia Depository	52,000	40,000
Bursa Malaysia Information	15,500	17,400
	236,673	186,770

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(a) Transactions with subsidiaries (cont'd.)

Management fees charged to subsidiaries are in respect of operational and administrative functions of the subsidiaries which are performed by employees of the Company.

Information regarding outstanding balances arising from related party transactions as at the financial year end are disclosed in Note 23.

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Transactions with other related parties

Government-linked and other entities are related to the Company by virtue of the substantial shareholding of Kumpulan Wang Persaraan (Diperbadankan) in the Company. The transactions entered into with these entities have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(c) Compensation of key management personnel

Key management personnel refers to the management committee of the Group. The remuneration of key management personnel during the financial year are as follows:

	Group and Company	
	2017 RM'000	2016 RM'000
Short-term employee benefits	11,282	9,778
Contributions to defined contribution plan - EPF	1,231	1,299
SGP	2,762	3,928
	15,275	15,005

Included in total remuneration of key management personnel are:

	Group and Company	
	2017 RM'000	2016 RM'000
Executive Director's remuneration (Note 9)	5,883	5,739
Benefits-in-kind (Note 9)	35	35
	5,918	5,774

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36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(c) Compensation of key management personnel (cont'd.)

The Executive Director of the Group and of the Company and other key management personnel have been granted the following number of shares under the SGP:

	Group and Company	
	2017 '000	2016 '000
At 1 January	992	975
Granted	531	663
Forfeited	(384)	-
Vested	(373)	(646)
At 31 December	766	992

The remuneration of each key senior management personnel during the current financial year was as follows:

	Salary RM'000	Bonus RM'000	Defined contribution plan - EPF RM'000	Other emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
Datuk Seri Tajuddin bin Atan	1,440	1,440	418	2,585	35	5,918
Selvarany Rasiah	794	379	195	351	-	1,719
Datin Azalina binti Adham	587	198	136	304	-	1,225
Yew Yee Tee	411	135	101	219	-	866
Rosidah binti Baharom	428	120	102	231	-	881
Jamaluddin bin Nor Mohamad	532	242	135	272	-	1,181
Mahdzir bin Othman*	207	-	41	128	-	376

* Appointed on 14 August 2017.

37. CONTINGENT LIABILITY

In connection with the partial disposal of Bursa Malaysia Derivatives on 30 November 2009, the Company had entered into put and call options with the Chicago Mercantile Exchange (CME) Group over the ordinary shares of Bursa Malaysia Derivatives representing the 25% equity interest disposed to the CME Group. The exercise price for the put and call options shall be determined based on a pre-agreed formula which takes into consideration the performance of Bursa Malaysia Derivatives and other peer exchanges.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to market risk (which comprises equity price risk, interest rate risk and foreign currency risk), liquidity risk and credit risk arising from their business activities.

The Group and the Company ensure that the above risks are managed in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group and of the Company. There has been no change in the nature of the risks which the Group and the Company are exposed to, nor the objectives, policies and processes to manage those risks compared to the previous year.

(a) Market risk: Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices. The Group and the Company are exposed to equity price risk through the Company's holding of shares in the CME Group. The shares were obtained as part of the purchase consideration in the strategic alliance forged with the CME Group.

The Group and the Company monitor the value of the equity holding by considering the movements of the quoted price, the potential future value to the Group and the sell down restrictions surrounding the equity holding.

An increase/decrease of 1% (2016: 1%) in the quoted price of the instrument would result in an increase/decrease in equity of RM2,268,000 (2016: RM1,977,000).

(b) Market risk: Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's deposits with licensed financial institutions carry a fixed rate and therefore is not affected by the movements in market interest rates.

The Group is exposed to interest rate risk through the holding of unquoted bonds.

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Group's equity to a 25 basis points (2016: 25 basis points) increase/decrease in interest rates with all other variables held constant:

	Group	
	2017 RM'000	2016 RM'000
Effects on equity if:		
- Increase by 25 basis points	(360)	(318)
- Decrease by 25 basis points	360	318

The sensitivity is the effect of the assumed changes in interest rates on changes in fair value of investment securities for the year, based on revaluing fixed rate financial assets at the end of the financial year.

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk: Interest rate risk (cont'd.)

Interest rate exposure

The following table analyses the Group's and the Company's interest rate exposure. The unquoted bonds and deposits with licensed financial institutions are categorised by maturity dates.

Group	Maturity		Total RM'000	Effective interest rate %
	Less than one year RM'000	One to five years RM'000		
At 31 December 2017				
Investment securities	25,039	54,973	80,012	4.46
Deposits with licensed financial institutions:				
- Cash set aside by the Group for Clearing Funds	90,000	-	90,000	3.87
- Cash and bank balances	266,908	-	266,908	3.80
At 31 December 2016				
Investment securities	34,939	39,537	74,476	4.46
Deposits with licensed financial institutions:				
- Cash set aside by the Group for Clearing Funds	90,000	-	90,000	3.63
- Cash and bank balances	300,364	-	300,364	3.78
Company				
			Maturity less than one year RM'000	Effective interest rate %
At 31 December 2017				
Deposits with licensed financial institutions:				
- Cash and bank balances			87,685	3.83
At 31 December 2016				
Deposits with licensed financial institutions:				
- Cash and bank balances			118,906	3.85

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Market risk: Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and the Company are exposed to foreign currency risk primarily through the holding of CME Group shares which are denominated in United States Dollars (USD), and transactions in USD.

The Group and the Company do not hedge their currency exposures. The following table shows the accumulated amount of material financial assets and liabilities which are unhedged:

	Group			Company		
	2017		2016	2017		2016
	USD RM'000	GBP RM'000	USD RM'000	USD RM'000	GBP RM'000	USD RM'000
Financial assets						
Investment securities - shares quoted outside Malaysia	226,806	-	197,651	226,806	-	197,651
Trade receivables	1,265	-	1,826	-	-	-
	228,071	-	199,477	226,806	-	197,651
Financial liabilities						
Other payables	5,047	168	4,851	175	168	-

The Group is not exposed to foreign currency risk from the holding of margins and collaterals as the risks are borne by the participants. The following table depicts this through the netting off of monies held as margins and collaterals against the corresponding liabilities.

Group	USD RM'000	SGD RM'000	JPY RM'000	EUR RM'000	Total RM'000
At 31 December 2017					
Financial assets					
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	336,486	218	3,956	26,870	367,530
Financial liabilities					
Trade payables	(336,486)	(218)	(3,956)	(26,870)	(367,530)
	-	-	-	-	-

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Market risk: Foreign currency risk (cont'd.)

Group	USD RM'000	SGD RM'000	JPY RM'000	Total RM'000
At 31 December 2016				
Financial assets				
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	317,116	222	6,167	323,505
Financial liabilities				
Trade payables	(317,116)	(222)	(6,167)	(323,505)
	-	-	-	-

The following table demonstrates the sensitivity of the Group's and of the Company's profit after tax and equity to a reasonable possible change in the exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

	Group		Company	
	Profit after tax RM'000	Equity RM'000	Profit after tax RM'000	Equity RM'000
At 31 December 2017				
USD - strengthens by 5% against RM	(144)	11,196	(7)	11,333
GBP - strengthens by 5% against RM	(6)	(6)	(6)	(6)
At 31 December 2016				
USD - strengthens by 5% against RM	(115)	9,768	-	9,883

An equivalent weakening of the foreign currencies as shown above would have resulted in an equivalent, but opposite, impact.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial obligations due to a shortage of funds.

(i) Liabilities related risk

The Group and the Company maintain sufficient levels of cash and cash equivalents to meet working capital requirements. The Group and the Company also maintain a reasonable level of banking facilities for contingency operational requirements.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Liquidity risk (cont'd.)

(i) Liabilities related risk (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations.

	Maturity				Total RM'000
	On demand RM'000	Less than one year RM'000	One year to five years RM'000	Five years and above RM'00	
Group					
At 31 December 2107					
Other payables which are financial liabilities*	17,971	15,624	-	-	33,595
Lease liabilities	-	539	2,155	37,563	40,257
	17,971	16,163	2,155	37,563	73,852
At 31 December 2016					
Other payables which are financial liabilities*	17,920	12,564	-	-	30,484
Company					
At 31 December 2107					
Other payables which are financial liabilities*	2,345	8,673	-	-	11,018
Lease liabilities	-	539	2,155	37,563	40,257
	2,345	9,212	2,155	37,563	51,275
At 31 December 2016					
Other payables which are financial liabilities*	2,733	5,986	-	-	8,719

* Other payables which are financial liabilities include amount due to SC and sundry payables as disclosed in Note 32.

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Liquidity risk (cont'd.)

(ii) Clearing and settlement related risk

The clearing house subsidiaries of the Group act as a counterparty to eligible trades concluded on the securities and derivatives markets through the novation of obligations of the buyers and sellers. The Group mitigates this exposure by establishing financial criteria for admission as participants, monitoring participants' position limits and requiring that margins and collaterals on outstanding positions be placed with the clearing houses. CGF and DCF, as disclosed in Note 25, were set up to further mitigate this risk.

The liabilities and corresponding assets in relation to clearing and settlement risk as at the financial year end are shown below:

		Group On demand	
	Note	2017 RM'000	2016 RM'000
Current assets			
Cash for equity margins, derivatives trading margins, security deposits and SBL collaterals	24	1,166,024	1,378,595
Cash and bank balances of Clearing Funds:			
- Participants' contribution	25	39,628	36,213
Current liabilities			
Trade payables		(1,166,024)	(1,378,595)
Participants' contribution to Clearing Funds		(39,628)	(36,213)
		-	-

(e) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk primarily from investment securities, staff loans receivable, trade receivables, other receivables which are financial assets, and cash and bank balances with licensed financial institutions.

As at the current and previous financial year end, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statements of financial position.

For investment securities and cash and bank balances with financial institutions, the Group and the Company minimise credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. Receivables are monitored to ensure that exposure to bad debts is minimised.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(e) Credit risk (cont'd.)

Investment securities and cash and bank balances

The counterparty risk rating of the Group's and of the Company's investment securities and cash and bank balances with licensed financial institutions at the financial year end are as follows:

	Government	Counterparty risk rating			Total RM'000
	Guaranteed RM'000	AAA RM'000	AA RM'000	A RM'000	
Group					
At 31 December 2017					
Unquoted bonds	9,977	9,957	60,078	-	80,012
Cash and bank balances*	-	875,884	624,660	68,817	1,569,361
At 31 December 2016					
Unquoted bonds	9,638	9,986	49,896	4,956	74,476
Cash and bank balances*	-	889,864	832,117	90,917	1,812,898
Company					
At 31 December 2017					
Cash and bank balances	-	16,140	70,116	1,810	88,066
At 31 December 2016					
Cash and bank balances	-	28,153	87,984	3,819	119,956

* Cash and bank balances include cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions, cash and bank balances of Clearing Funds, and the Group's cash and bank balances.

The Group's unquoted bonds are rated as investment grade and the allowance for impairment loss is measured on the basis of 12-months ECL. There is no significant increase in credit risk for unquoted bonds since initial recognition as at the financial year end. The movement of the allowance for impairment loss on unquoted bonds is as follows:

	Group	
	2017 RM'000	2016 RM'000
At 1 January	461	175
(Reversal of impairment loss)/Impairment loss for the year (Note 7)	(207)	286
At 31 December	254	461

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(e) Credit risk (cont'd.)

Receivables

The ageing analysis of the Group's and of the Company's gross receivables (before deducting allowance for impairment loss) is as follows:

Group	Note	Total RM'000	Impaired RM'000	Neither due nor impaired RM'000	Past due not impaired					Total past due not impaired RM'000
					< 30 days RM'000	31-60 days RM'000	61-90 days RM'000	91-180 days RM'000	>181 days RM'000	
At 31 December 2017										
Staff loans receivable	19	3,453	-	3,453	-	-	-	-	-	-
Trade receivables	21	48,398	584	39,398	3,293	1,904	505	1,181	1,533	8,416
Other receivables which are financial assets*	22	17,332	5,888	11,444	-	-	-	-	-	-
At 31 December 2016										
Staff loans receivable	19	4,114	-	4,114	-	-	-	-	-	-
Trade receivables	21	44,492	396	32,157	4,377	2,516	652	2,075	2,319	11,939
Other receivables which are financial assets*	22	20,409	5,917	14,492	-	-	-	-	-	-
Company										
At 31 December 2017										
Staff loans receivable	19	3,018	-	3,018	-	-	-	-	-	-
Trade receivables	21	1,925	115	146	841	172	98	277	276	1,664
Other receivables which are financial assets*	22	9,365	2,366	6,999	-	-	-	-	-	-
Due from subsidiaries	23	32,084	11,875	20,209	-	-	-	-	-	-
At 31 December 2016										
Staff loans receivable	19	3,626	-	3,626	-	-	-	-	-	-
Trade receivables	21	2,209	115	147	585	144	144	244	830	1,947
Other receivables which are financial assets*	22	11,842	2,366	9,476	-	-	-	-	-	-
Due from subsidiaries	23	28,782	11,863	16,919	-	-	-	-	-	-

* Other receivables which are financial assets include deposits, interest receivables and sundry receivables.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(e) Credit risk (cont'd.)

(i) Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and with the Company. The Group's and the Company's trade receivables credit term ranges from 7 days to 30 days, except for trade receivables relating to fees due from clearing participants for clearing and settlement services where payment is due three market days from the month end.

None of the Group's and the Company's receivables that are neither past due nor impaired have been renegotiated during the current and previous financial years.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single clearing participant or counterparty.

(ii) Receivables that are impaired

The Group and the Company apply the simplified approach whereby allowance for impairment are measured at lifetime ECL. The movement of the allowance for impairment loss on receivables is as follows:

Group	Trade receivables			Other receivables		
	Lifetime ECL allowance RM'000	Specific allowance (Note a) RM'000	Total allowance RM'000	Lifetime ECL allowance RM'000	Specific allowance (Note a) RM'000	Total allowance RM'000
At 1 January 2017	555	396	951	28	5,917	5,945
Charge/(Reversal) for the year (Note b)	41	266	307	(24)	1,299	1,275
Write-offs	-	(78)	(78)	-	(1,328)	(1,328)
At 31 December 2017	596	584	1,180	4	5,888	5,892
At 1 January 2016	650	732	1,382	-	6,059	6,059
(Reversal)/Charge for the year (Note b)	(95)	(138)	(233)	28	(142)	(114)
Write-offs	-	(198)	(198)	-	-	-
At 31 December 2016	555	396	951	28	5,917	5,945

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(e) Credit risk (cont'd.)

(ii) Receivables that are impaired (cont'd.)

- (a) Receivables that are individually determined to be impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments. The nominal amounts of receivables that specific allowances for impairment loss are provided for are as follows:

	Trade receivables		Other receivables	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Group				
At nominal amounts	584	396	5,888	5,917
Less: Allowance for impairment loss	(584)	(396)	(5,888)	(5,917)
	-	-	-	-

- (b) The Group's allowance for impairment loss on trade and other receivables during the current financial year increased by RM1,582,000 mainly due to an increase in impaired receivables during the year. In the previous financial year, the Group's allowance for impairment loss on trade and other receivables decreased by RM347,000 due to recovery of outstanding debts.

Company	Trade receivables			Other receivables			Due from subsidiary
	Lifetime ECL allowance RM'000	Specific allowance (Note a) RM'000	Total allowance RM'000	Lifetime ECL allowance RM'000	Specific allowance (Note a) RM'000	Total allowance RM'000	Specific allowance (Note a) RM'000
At January 2017	51	115	166	28	2,366	2,394	11,863
(Reversal)/Charge for the year (Note b)	(29)	-	(29)	(24)	1,328	1,304	12
Write-offs	-	-	-	-	(1,328)	(1,328)	-
At 31 December 2017	22	115	137	4	2,366	2,370	11,875
At January 2016	21	258	279	-	2,411	2,411	11,857
Charge/(Reversal) for the year (Note b)	30	15	45	28	(45)	(17)	6
Write-offs	-	(158)	(158)	-	-	-	-
At 31 December 2016	51	115	166	28	2,366	2,394	11,863

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(e) Credit risk (cont'd.)

(ii) Receivables that are impaired (cont'd.)

- (a) Receivables that are individually determined to be impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments. The nominal amounts of receivables that specific allowances for impairment loss are provided for are as follows:

	Trade receivables		Other receivables		Due from subsidiaries	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
At nominal amounts	115	115	2,366	2,366	11,875	11,863
Less: Allowance for impairment loss	(115)	(115)	(2,366)	(2,366)	(11,875)	(11,863)
	-	-	-	-	-	-

- (b) The Company's allowance for impairment loss on trade and other receivables during the current financial year increased by RM1,275,000 mainly due to an increase in impaired receivables during the year. In the previous financial year, the Company's allowance for impairment loss on trade and other receivables increased by RM28,000 was mainly due to higher provision for lifetime ECL allowance.

Receivables are not secured by any collaterals or credit enhancements other than as disclosed in Note 24.

39. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The Group's and the Company's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2.4 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities of the Group and of the Company in the statements of financial position by the classes and categories of financial instruments to which they are assigned by their measurement basis.

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39. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D.)

Group	Financial assets at FVTOCI RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2017				
Assets				
Investment securities				
- Quoted shares (outside Malaysia)	226,806	-	-	226,806
- Unquoted bonds	80,012	-	-	80,012
	306,818	-	-	306,818
Staff loans receivable	-	3,453	-	3,453
Trade receivables	-	47,218	-	47,218
Other receivables which are financial assets*	-	11,440	-	11,440
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	-	1,168,526	-	1,168,526
Cash and bank balances of Clearing Funds	-	129,628	-	129,628
Cash and bank balances	-	271,207	-	271,207
Total financial assets	306,818	1,631,472	-	1,938,290
Liabilities				
Trade payables	-	-	1,166,024	1,166,024
Participants' contributions to Clearing Funds	-	-	39,628	39,628
Other payables which are financial liabilities**	-	-	33,595	33,595
Lease liabilities	-	-	7,975	7,975
Total financial liabilities	-	-	1,247,222	1,247,222

* Other receivables which are financial assets include deposits, interest receivables and sundry receivables, net of allowance for impairment loss, as disclosed in Note 22.

** Other payables which are financial liabilities include amount due to SC and sundry payables as disclosed in Note 32.

39. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D.)

Group	Financial assets at FVTOCI RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2016				
Assets				
Investment securities				
- Quoted shares (outside Malaysia)	197,651	-	-	197,651
- Unquoted bonds	74,476	-	-	74,476
	272,127	-	-	272,127
Staff loans receivable	-	4,114	-	4,114
Trade receivables	-	43,541	-	43,541
Other receivables which are financial assets*	-	14,464	-	14,464
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	-	1,381,059	-	1,381,059
Cash and bank balances of Clearing Funds	-	126,213	-	126,213
Cash and bank balances	-	305,626	-	305,626
Total financial assets	272,127	1,875,017	-	2,147,144
Liabilities				
Trade payables	-	-	1,378,595	1,378,595
Participants' contributions to Clearing Funds	-	-	36,213	36,213
Other payables which are financial liabilities**	-	-	30,484	30,484
Total financial liabilities	-	-	1,445,292	1,445,292

* Other receivables which are financial assets include deposits, interest receivables and sundry receivables, net of allowance for impairment loss, as disclosed in Note 22.

** Other payables which are financial liabilities include amount due to SC and sundry payables as disclosed in Note 32.

NOTES TO
THE FINANCIAL STATEMENTS
31 DECEMBER 2017

39. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D.)

Company	Financial assets at FVTOCI RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2017				
Assets				
Investment securities				
- Quoted shares (outside Malaysia)	226,806	-	-	226,806
Staff loans receivable	-	3,018	-	3,018
Trade receivables	-	1,788	-	1,788
Other receivables which are financial assets*	-	6,995	-	6,995
Due from subsidiaries	-	20,209	-	20,209
Cash and bank balances	-	88,066	-	88,066
Total financial assets	226,806	120,076	-	346,882
Liabilities				
Other payables which are financial liabilities**	-	-	11,018	11,018
Lease liabilities	-	-	7,975	7,975
Total financial liabilities	-	-	18,993	18,993

At 31 December 2016

Assets				
Investment securities				
- Quoted shares (outside Malaysia)	197,651	-	-	197,651
Staff loans receivable	-	3,626	-	3,626
Trade receivables	-	2,043	-	2,043
Other receivables which are financial assets*	-	9,448	-	9,448
Due from subsidiaries	-	16,919	-	16,919
Cash and bank balances	-	119,956	-	119,956
Total financial assets	197,651	151,992	-	349,643
Liabilities				
Other payables which are financial liabilities**	-	-	8,719	8,719

* Other receivables which are financial assets include deposits, interest receivables and sundry receivables, net of allowance for impairment loss, as disclosed in Note 22.

** Other payables which are financial liabilities include sundry payables as disclosed in Note 32.

40. FAIR VALUE

(a) Financial instruments that are carried at fair value

Investment securities are measured at fair value at different measurement hierarchies (i.e. Levels 1, 2 and 3). The hierarchies reflect the level of objectiveness of inputs used when measuring the fair values.

(i) Level 1: Quoted prices (unadjusted) of identical assets in active markets

Shares quoted outside Malaysia are measured at Level 1. The fair value of quoted shares is determined directly by reference to its published market bid price as at the financial year end.

(ii) Level 2: Inputs other than at quoted prices included within Level 1 that are observable for the asset, either directly (i.e. prices) or indirectly (i.e. derived from prices)

Unquoted bonds are measured at Level 2. The fair value of unquoted bonds is determined by reference to the published market bid price of unquoted fixed income securities based on information provided by Bond Pricing Agency Malaysia Sdn. Bhd..

(iii) Level 3: Inputs for the asset that are not based on observable market data (unobservable inputs)

The Group and the Company do not have any financial instruments measured at Level 3 in the current and previous financial years.

Group	Level 1 RM'000	Level 2 RM'000	Total RM'000
At 31 December 2017			
Investment securities			
- Quoted shares (outside Malaysia)	226,806	-	226,806
- Unquoted bonds	-	80,012	80,012
	226,806	80,012	306,818
At 31 December 2016			
Investment securities			
- Quoted shares (outside Malaysia)	197,651	-	197,651
- Unquoted bonds	-	74,476	74,476
	197,651	74,476	272,127

NOTES TO
THE FINANCIAL STATEMENTS
31 DECEMBER 2017

40. FAIR VALUE (CONT'D.)

(a) Financial instruments that are carried at fair value (cont'd.)

Company	Level 1 RM'000
At 31 December 2017	
Investment securities	
- Quoted shares (outside Malaysia)	226,806
<hr/>	
At 31 December 2016	
Investment securities	
- Quoted shares (outside Malaysia)	197,651
<hr/>	

There were no transfers between Level 1 and Level 2 during the current and previous financial years.

The Group and the Company do not have any financial liabilities carried at fair value as at 31 December 2017 and 31 December 2016.

(b) Financial instruments that are not carried at fair value

The carrying amount of the financial instruments carried at amortised cost, other than staff loans receivable, are reasonable approximation of their fair values due to their short-term nature.

	Note
Trade receivables	21
Other receivables which are financial assets (except staff loans receivable within 12 months)	22
Related company balances	23
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	24
Cash and bank balances of Clearing Funds	25
Cash and bank balances of the Group/Company	26
Trade payables	24
Participants' contributions to Clearing Funds	25
Other payables which are financial liabilities	32

40. FAIR VALUE (CONT'D.)

(b) Financial instruments that are not carried at fair value (cont'd.)

The carrying amount of staff loans receivable approximates its fair value, and is estimated by discounting the expected future cash flows using the current interest rates for loans with similar risk profiles. The staff loans receivable is measured at Level 3 under the measurement hierarchy.

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 December 2017				
Staff loans receivable (Note 19)	3,453	3,353	3,018	2,930
At 31 December 2016				
Staff loans receivable (Note 19)	4,114	3,996	3,626	3,522

41. CAPITAL MANAGEMENT

The Group manages its capital with the objective of maximising shareholders' returns. To achieve this, the Group takes into consideration and ensures the sufficiency of funds for operations, risk management and development. Although the Group's policy is to distribute at least 75% of its profits to shareholders, it has been able thus far to distribute at least 90% of its profits every year whilst ensuring that its pool of funds for future development is at a sufficient level.

The Group is not subject to any externally imposed capital requirements. However, the Group is required to set aside funds for the CGF and DCF in accordance with the business rules of its clearing house subsidiaries.

Total capital managed at Group level, which comprises shareholders' funds and deferred capital grants, stood at RM852,026,000 (2016: RM872,032,000) as at the end of the financial year.

There has been no change in the above capital management objectives, policies and processes compared to the previous year.

NOTES TO
THE FINANCIAL STATEMENTS
31 DECEMBER 2017

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 27 November 2017, the Company announced the following proposals:

- (a) Proposed a bonus issue of up to 269,834,150 new bonus shares to be capitalised as fully paid-up on the basis of one (1) new bonus share for every two (2) existing ordinary shares of the Company held on the entitlement date that will be determined later; and
- (b) Proposed establishment and implementation of a new Employees' Share Grant Plan (ESGP) of up to 4% of the issued share capital of the Company (excluding treasury shares) at any point in time during the tenure of the proposed ESGP. The proposed ESGP is to replace the existing SGP in order to continue driving desired corporate outcomes and behaviours for long term growth and sustainability.

The completion of the above proposals are subject to the approval of the shareholders at the forthcoming Extraordinary General Meeting.

43. SEGMENT INFORMATION

(a) Reporting format

For management reporting purposes, the Group is organised into operating segments based on market segments as the Group's risks and rates of return are affected predominantly by the macro environment of the different markets.

The securities, derivatives and others market segments are managed by the respective segment divisional heads responsible for the performance of the respective segments under their charge.

(b) Market segments

The four major market segments of the Group are as follows:

- (i) The securities market mainly comprises the provision and operation of the listing, trading, clearing, depository services and provision and dissemination of information relating to equity securities quoted on the securities exchange.
- (ii) The derivatives market mainly comprises the provision and operation of the trading, clearing, depository services and provision and dissemination of information relating to derivative products quoted on the derivatives exchange.
- (iii) The exchange holding business refers to the operation of the Company which functions as an investment holding company.
- (iv) Others mainly comprise the provision of a Sha'riah compliant commodity trading platform, a reporting platform for bond traders and the provision of an exchange for the offshore market.

(c) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, overheads and income tax expenses.

The Group monitors the operating results of its market segments separately for the purpose of making decisions about resource allocation and performance assessment.

Transfer prices between the market segments are set on an arm's length basis in a manner similar to transactions with third parties.

43. SEGMENT INFORMATION (CONT'D.)

Market segments

	Securities market RM'000	Derivatives market RM'000	Exchange holding company RM'000	Others RM'000	Consolidated RM'000
At 31 December 2017					
Operating revenue	403,317	94,861	7,529	16,373	522,080
Other income	13,489	1,998	19,113	152	34,752
Direct costs	(90,200)	(48,544)	(35,918)	(6,363)	(181,025)
Segment profit/(loss)	326,606	48,315	(9,276)	10,162	375,807
Overheads					(69,924)
Profit before tax					305,883
Segment assets					
Assets	395,584	98,654	393,025	28,365	915,628
Clearing Funds	102,577	27,051	-	-	129,628
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	117,846	1,050,680	-	-	1,168,526
Segment assets	616,007	1,176,385	393,025	28,365	2,213,782
Unallocated corporate assets					11,099
Total assets					2,224,881
Segment liabilities					
Liabilities	38,892	12,712	79,067	14,689	145,360
Participants' contribution to Clearing Funds	17,577	22,051	-	-	39,628
Equity margins, derivatives trading margins, SBL collaterals and eDividend distributions	117,846	1,050,680	-	-	1,168,526
Segment liabilities	174,315	1,085,443	79,067	14,689	1,353,514
Unallocated corporate liabilities					8,910
Total liabilities					1,362,424

NOTES TO
THE FINANCIAL STATEMENTS
31 DECEMBER 2017

43. SEGMENT INFORMATION (CONT'D.)

Market segments (cont'd.)

	Securities market RM'000	Derivatives market RM'000	Exchange holding company RM'000	Others RM'000	Consolidated RM'000
At 31 December 2017					
Other information					
Depreciation and amortisation in:					
Segments	7,929	1,855	1,784	824	12,392
Overheads	-	-	-	-	11,408
Other significant non-cash expenses:					
Net (reversal of impairment loss)/impairment loss on:					
Investment securities	(207)	-	-	-	(207)
Trade and other receivables	336	(23)	1,275	(6)	1,582
Retirement benefit obligations	-	-	-	-	1,174
SGP expense in:					
Segments	2,781	881	2,688	77	6,427
Overheads	-	-	-	-	1,803

At 31 December 2016

Operating revenue	345,285	102,901	7,500	17,022	472,708
Other income	13,191	2,465	18,218	201	34,075
Direct costs	(89,043)	(46,966)	(25,546)	(6,278)	(167,833)
Segment profit	269,433	58,400	172	10,945	338,950
Overheads					(68,360)
Profit before tax					270,590

Segment assets

Assets	374,096	120,237	397,401	30,388	922,122
Clearing Funds	98,260	27,953	-	-	126,213
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions					
	89,876	1,291,183	-	-	1,381,059
Segment assets	562,232	1,439,373	397,401	30,388	2,429,394
Unallocated corporate assets					6,958
Total assets					2,436,352

43. SEGMENT INFORMATION (CONT'D.)

Market segments (cont'd.)

	Securities market RM'000	Derivatives market RM'000	Exchange holding company RM'000	Others RM'000	Consolidated RM'000
At 31 December 2016					
Segment liabilities					
Liabilities	30,137	12,691	69,647	13,741	126,216
Participants' contribution to Clearing Funds	13,260	22,953	-	-	36,213
Equity margins, derivatives trading margins, SBL collaterals and eDividend distributions	89,876	1,291,183	-	-	1,381,059
Segment liabilities	133,273	1,326,827	69,647	13,741	1,543,488
Unallocated corporate liabilities					5,624
Total liabilities					1,549,112
Other information					
Depreciation and amortisation in:					
Segments	8,163	2,281	1,660	767	12,871
Overheads	-	-	-	-	11,356
Other significant non-cash expenses:					
Net impairment loss/(reversal of impairment loss) on:					
Investment securities	286	-	-	-	286
Trade and other receivables	(390)	6	28	9	(347)
Property, plant and equipment and computer software written off	-	-	5	-	5
Retirement benefit obligations	-	-	-	-	1,319
SGP expense in:					
Segments	4,467	952	3,156	222	8,797
Overheads	-	-	-	-	1,942

LIST OF PROPERTIES OWNED BY BURSA MALAYSIA GROUP

AS AT 31 DECEMBER 2017

No.	Location	Postal address	Description	Current use	Tenure	Remaining lease period (expiry date)	Age of building	Land area/ Built-up area (sq. metres)	Date of acquisition	Net book value as at 31 December 2017 RM'000
1.	Geran No. 28936 Lot No. 520 (formerly P.T.8) Section 19, Town and District of Kuala Lumpur	Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur	16-storey office building with 5-level basement car park and a lower level car park known as the Main Building	Office	Leasehold*	75 years (14 April 2092)	20 years	7,144/ 71,347	August 1997	115,468
2.	Geran No. 28938 Lot No. 522 (formerly P.T.10) Section 19, Town and District of Kuala Lumpur	Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur	2-storey office cum exposition building with 2-level basement car park known as the Annexe Building	Office	Leasehold*	78 years (28 February 2095)	19 years	9,314/ 38,609	March 1998	39,818
3.	Lot 5.0 to 8.0, No. Berdaftar Geran 17768/ M1/4/5 to 8 Bangunan No. M1 Lot No. 51452, Mukim of Kuala Lumpur Daerah Wilayah Persekutuan	4 th Floor, Wisma Chase Perdana, Off Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur	Four office units on the 4 th Floor of a 12-storey office building	Office	Freehold	N/A	34 years	N/A/ 3,355	May 1998	8,280

* The buildings are on freehold land which has been leased to Bursa Malaysia Berhad by the Federal Land Commissioner for a period of 99 years.

A. ISSUED SHARES OF THE COMPANY

The total number of issued shares of the Company stands at 537,500,900 ordinary shares, with voting right of one vote per ordinary share.

The changes in the number of issued shares of the Company from 536,272,400 ordinary shares since 13 July 2016 to 537,500,900 ordinary shares as at 30 January 2018 are as set out in the table below:

Date of Allotment	Number of Shares Allotted	Consideration	Total Number of Issued Shares
3 April 2017	250,000	Subscription by the Trustee at RM9.78 per share under the Share Grant Plan (SGP)	536,522,400
13 July 2017	334,600	Subscription by the Trustee at RM6.71 per share under the SGP	536,857,000
	319,400	Subscription by the Trustee at RM7.43 per share under the SGP	537,176,400
	324,500	Subscription by the Trustee at RM8.22 per share under the SGP	537,500,900

B. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders		Total No. of Shareholders		No. of Issued Shares		Total No. of Issued Shares	
	Malaysian	Foreigner	No.	%	Malaysian	Foreigner	No.	%
1 - 99	264	1	265	1.65	2,670	12	2,682	0.00
100 - 1,000	6,500	93	6,593	41.01	5,324,248	73,400	5,397,648	1.00
1,001 - 10,000	7,206	276	7,482	46.55	27,395,668	1,282,554	28,678,222	5.34
10,001 - 100,000	1,274	179	1,453	9.04	33,496,812	6,980,705	40,477,517	7.53
100,001 - less than 5% of issued shares	145	133	278	1.73	116,442,228	135,087,408	251,529,636	46.80
5% and above of issued shares	3	0	3	0.02	211,415,195	0	211,415,195	39.33
Total	15,392	682	16,074	100.00	394,076,821	143,424,079	537,500,900	100.00

C. ANALYSIS OF EQUITY STRUCTURE

No.	Category of Shareholders	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
		Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1.	Individual	13,445	318	63,787,008	3,539,712	11.87	0.66
2.	Body Corporate						
	a. Banks/finance companies	28	0	136,602,530	0	25.41	0.00
	b. Investment trust/ foundation/charities	9	0	358,600	0	0.07	0.00
	c. Industrial and commercial companies	177	8	10,067,329	730,500	1.87	0.14
3.	Government agencies/ institutions	1	0	100,200,001	0	18.64	0.00
4.	Nominees	1,731	356	83,051,353	139,153,867	15.45	25.89
5.	Others	1	0	10,000	0	0.00	0.00
	Total	15,392	682	394,076,821	143,424,079	73.31	26.69

STATISTICS OF SHAREHOLDINGS

AS AT 30 JANUARY 2018

D. TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Issued Shares	% of Issued Shares
1.	Capital Market Development Fund (CMDF)	*100,200,001	18.64
2.	Kumpulan Wang Persaraan (Diperbadankan)	73,068,900	13.59
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	38,286,294	7.12
4.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	15,823,200	2.94
5.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	11,196,600	2.08
6.	Amanahraya Trustees Berhad Amanah Saham Malaysia	9,805,200	1.82
7.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund G449 for Goldman Sachs Funds – Goldman Sachs Growth & Emerging Markets Broad Equity Portfolio	8,710,000	1.62
8.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund KG33 for Invesco Asia Pacific Growth Fund	7,848,300	1.46
9.	Permodalan Nasional Berhad	7,000,000	1.30
10.	Amanahraya Trustees Berhad AS 1Malaysia	6,716,700	1.25
11.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	6,135,900	1.14
12.	The Nomad Group Bhd	6,072,728	1.13
13.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	5,877,000	1.09
14.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	5,695,114	1.06
15.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	4,859,100	0.90
16.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 9)	4,772,586	0.89
17.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	4,423,385	0.82
18.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	4,203,000	0.78
19.	HSBC Nominees (Asing) Sdn Bhd JPMBL SA for JPMorgan Funds	3,604,800	0.67
20.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	3,512,200	0.65
21.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Bureau of Labor Funds-Labor Pension Fund	3,322,600	0.62
22.	HSBC Nominees (Asing) Sdn Bhd JPMBL SA for Schroder International Selection Fund	3,233,500	0.60
23.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	3,001,000	0.56
24.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Goldman Sachs Trust- Goldman Sachs Emerging Markets Equity Fund	2,856,300	0.53

D. TOP 30 SECURITIES ACCOUNT HOLDERS (CONT'D.)

No.	Name	No. of Issued Shares	% of Issued Shares
25.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Opportunity Fund (3969)	2,780,500	0.52
26.	Valuecap Sdn Bhd	2,674,300	0.50
27.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund J6S6 for Asia Oceania Dividend Yield Stock Mother Fund	2,600,000	0.48
28.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	2,500,000	0.47
29.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Matthews Asia Small Companies Fund	2,450,200	0.46
30.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Bureau of Labor Funds-Labor Insurance Fund	2,396,000	0.45
Total		355,625,408	66.16

E. SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JANUARY 2018

No.	Name	No. of Issued Shares	% of Issued Shares
1.	Capital Market Development Fund (CMDf)	*100,200,001	18.64
2.	Kumpulan Wang Persaraan (Diperbadankan)	73,068,900	13.59
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	38,286,294	7.12

Note: *This includes 140,000 ordinary shares placed by CMDf under the Securities Borrowing and Lending Arrangement.

STATISTICS OF
SHAREHOLDINGS
AS AT 30 JANUARY 2018

F. DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS

1. DIRECTORS

The interests of the Directors in the shares of the Company as at 30 January 2018 including those of his/her spouse and child/children which are deemed interest of the Directors by reference to Section 59(11)(c) of the Companies Act 2016 are maintained by the Company in the Register of Directors' Shareholdings pursuant to Section 59 of the Companies Act 2016, details of which are as follows:

Name of Directors	Direct Interest		Deemed Interest		
	No. of Issued Shares	% of Issued Shares	Spouse	Child	% of Issued Shares
			No. of Issued Shares	No. of Issued Shares	
Tan Sri Amirsham bin A Aziz	0	0.00	-	-	-
Johari bin Abdul Muid	0	0.00	-	-	-
Datin Mariam Prudence binti Yusof	19,000	0.004	-	25,000	0.005
Datuk Karownikaran @ Karunikaran a/l Ramasamy	0	0.00	-	-	-
Datuk Chay Wai Leong	0	0.00	-	-	-
Ghazali bin Haji Darman	0	0.00	-	-	-
Pushpanathan a/l S.A. Kanagarayar	0	0.00	-	-	-
Datin Grace Yeoh Cheng Geok	0	0.00	-	-	-
Datuk Seri Tajuddin bin Atan (CEO)	909,300	0.169	-	-	Note (a)
Total	928,300	0.173	-	25,000	0.005

2. KEY SENIOR MANAGEMENT

The interests of the Key Senior Management in the shares of the Company as at 30 January 2018 including those of their respective spouses and child/children which are deemed interests, are as follows:

Name of Directors	Direct Interest		Deemed Interest		
	No. of Issued Shares	% of Issued Shares	Spouse	Child	% of Issued Shares
			No. of Issued Shares	No. of Issued Shares	
Selvarany Rasiah	71,200	0.013	-	-	Note (b)
Datin Azalina binti Adham	110,600	0.020	-	-	Note (c)
Yew Yee Tee	132,600	0.025	-	-	Note (d)
Rosidah binti Baharom	138,700	0.026	-	-	Note (e)
Jamaluddin bin Nor Mohamad	46,900	0.009	-	-	Note (f)
Mahdzir bin Othman	0	0.000	-	-	Note (g)
Total	500,000	0.093	-	-	-

F. DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS (CONT'D.)

2. KEY SENIOR MANAGEMENT (CONT'D.)

The CEO of Bursa Malaysia, Datuk Seri Tajuddin bin Atan and the aforesaid members of key senior management have indirect interests in the securities of the Company by virtue of their acceptance of ordinary shares granted under the Share Grant Plan (SGP) of Bursa Malaysia (Plan Shares) as follows:

- (1) The vesting of Plan Shares granted under the Restricted Share Plan (RSP) of the SGP is subject to fulfilment of vesting conditions as at the vesting dates:

Notes	Name of Key Senior Management	Number of Plan Shares		
		2015 RSP Grant	2016 RSP Grant	2017 RSP Grant
(a)	Datuk Seri Tajuddin bin Atan	6,400	12,800	19,200
(b)	Selvarany Rasiah	5,900	11,800	11,900
(c)	Datin Azalina binti Adham	5,900	11,800	7,900
(d)	Yew Yee Tee	3,900	7,600	7,500
(e)	Rosidah binti Baharom	5,900	7,900	7,900
(f)	Jamaluddin bin Nor Mohamad	3,200	6,300	6,300
(g)	Mahdzir bin Othman	-	-	-
Vesting Dates:		16 July 2018	16 July 2018 15 July 2019	16 July 2018 15 July 2019 15 July 2020

- (2) The vesting of Plan Shares granted under the Performance Share Plan (PSP) of the SGP is contingent on achievements against various performance targets for Bursa Malaysia group, and is subject to fulfilment of vesting conditions as at the vesting dates:

Notes	Name of Key Senior Management	Number of Plan Shares		
		2015 PSP Grant	2016 PSP Grant	2017 PSP Grant
(a)	Datuk Seri Tajuddin bin Atan	Up to 42,400	Up to 42,400	Up to 42,400
(b)	Selvarany Rasiah	Up to 35,400	Up to 35,400	Up to 23,800
(c)	Datin Azalina binti Adham	Up to 35,400	Up to 35,400	Up to 15,800
(d)	Yew Yee Tee	Up to 22,600	Up to 22,600	Up to 15,000
(e)	Rosidah binti Baharom	Up to 35,400	Up to 23,600	Up to 15,800
(f)	Jamaluddin bin Nor Mohamad	Up to 18,800	Up to 18,800	Up to 12,600
(g)	Mahdzir bin Othman	-	-	-
Vesting Dates:		16 July 2018	15 July 2019	15 July 2020

STATISTICS OF SHAREHOLDINGS

AS AT 30 JANUARY 2018

G. SHARE GRANT PLAN (SGP)

Under the SGP which is the only share issuance scheme of Bursa Malaysia in the financial year (FY) 2017, a maximum of 10% of the issued and paid-up share capital of Bursa Malaysia (excluding treasury shares) comprising ordinary shares of the Company (Plan Shares) are available at any point in time during the tenure of the SGP (Maximum Plan Shares Available). Further information on the SGP is set out in the Directors' Report and Note 30(b) of the Annual Audited Financial Statements for FY 2017 in this Annual Report.

Brief details on the number of Plan Shares granted, vested and outstanding since the commencement of the SGP on 18 April 2011 and during the FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016 and FY 2017 are set out in the table below:

For the period from 18 April 2011 to 31 December 2011		Type of Grant	Total	Executive Director/CEO	Senior Management	Other Selected Employees
Number of Plan Shares granted	2011 RSP Grant		778,200	-	34,900	743,300
Number of Plan Shares vested	2011 RSP Grant		(199,800)	-	(9,000)	(190,800)
Number of Plan Shares forfeited	2011 RSP Grant*		(37,300)	-	(5,200)	(32,100)
Number of Plan Shares outstanding as at 31 December 2011	2011 RSP Grant		541,100	-	20,700	520,400
For the period from 1 January 2012 to 31 December 2012		Type of Grant	Total	Executive Director/CEO	Senior Management	Other Selected Employees
Number of Plan Shares granted	2012 RSP Grant		829,200	270,200	29,200	529,800
	2012 PSP Grant		397,400	59,400	146,000	192,000
	Total		1,226,600	329,600	175,200	721,800
Number of Plan Shares vested	2011 RSP Grant		(174,700)	-	(6,600)	(168,100)
	2012 RSP Grant		(250,000)	(250,000)	-	-
	Total		(424,700)	(250,000)	(6,600)	(168,100)
Number of Plan Shares forfeited	2011 RSP Grant*		(59,400)	-	(1,700)	(57,700)
	2012 RSP Grant*		(30,500)	-	-	(30,500)
	2012 PSP Grant*		(17,800)	-	(17,800)	-
	Total		(107,700)	-	(19,500)	(88,200)
Number of Plan Shares outstanding as at 31 December 2012	2011 RSP Grant		307,000	-	12,400	294,600
	2012 RSP Grant		548,700	20,200	29,200	499,300
	2012 PSP Grant		379,600	59,400	128,200	192,000
	Total		1,235,300	79,600	169,800	985,900

G. SHARE GRANT PLAN (SGP) (CONT'D.)

For the period from 1 January 2013 to 31 December 2013	Type of Grant	Total	Executive Director/CEO	Senior Management	Other Selected Employees
Number of Plan Shares granted	2013 RSP Grant	1,374,700	278,800	100,300	995,600
	2013 PSP Grant	475,000	63,600	200,600	210,800
	Total	1,849,700	342,400	300,900	1,206,400
Number of Plan Shares vested	2011 RSP Grant	(154,500)	-	(6,200)	(148,300)
	2012 RSP Grant	(183,500)	(6,800)	(10,000)	(166,700)
	2013 RSP Grant	(250,000)	(250,000)	-	-
	Total	(588,000)	(256,800)	(16,200)	(315,000)
Number of Plan Shares forfeited	2011 RSP Grant*	(12,600)	-	-	(12,600)
	2012 RSP Grant*	(33,900)	-	-	(33,900)
	2012 PSP Grant [∞]	(155,800)	-	(63,400)	(92,400)
	2013 RSP Grant*	(28,500)	-	-	(28,500)
	Total	(230,800)	-	(63,400)	(167,400)
Number of Plan Shares outstanding as at 31 December 2013	2011 RSP Grant	139,900	-	6,200	133,700
	2012 RSP Grant	331,300	13,400	19,200	298,700
	2012 PSP Grant	223,800	59,400	64,800	99,600
	2013 RSP Grant	1,096,200	28,800	100,300	967,100
	2013 PSP Grant	475,000	63,600	200,600	210,800
	Total	2,266,200	165,200	391,100	1,709,900

Note: [∞]A portion of 2012 PSP Grant was forfeited, as the performance targets in respect of performance period from 2011 to 2013 were not achieved.

For the period from 1 January 2014 to 31 December 2014	Type of Grant	Total	Executive Director/CEO	Senior Management	Other Selected Employees
Number of Plan Shares granted	2014 RSP Grant	1,478,000	278,800	100,300	1,098,900
	2014 PSP Grant	449,600	63,600	200,600	185,400
	Total	1,927,600	342,400	300,900	1,284,300
Number of Plan Shares vested	2011 RSP Grant	(134,800)	-	(4,800)	(130,000)
	2012 RSP Grant	(166,800)	(6,700)	(8,400)	(151,700)
	2013 RSP Grant	(356,400)	(9,600)	(27,600)	(319,200)
	2014 RSP Grant	(250,000)	(250,000)	-	-
	Total	(908,000)	(266,300)	(40,800)	(600,900)
Number of Plan Shares forfeited	2011 RSP Grant*	(5,100)	-	(1,400)	(3,700)
	2012 RSP Grant*	(15,900)	-	(2,500)	(13,400)
	2012 PSP Grant*	(8,400)	-	(8,400)	-
	2013 RSP Grant*	(78,700)	-	(17,700)	(61,000)
	2013 PSP Grant*	(35,400)	-	(35,400)	-
	2014 RSP Grant*	(44,700)	-	-	(44,700)
Total	(188,200)	-	(65,400)	(122,800)	

STATISTICS OF
SHAREHOLDINGS
AS AT 30 JANUARY 2018

G. SHARE GRANT PLAN (SGP) (CONT'D.)

For the period from 1 January 2014 to 31 December 2014	Type of Grant	Total	Executive Director/CEO	Senior Management	Other Selected Employees
Number of Plan Shares outstanding as at 31 December 2014	2011 RSP Grant	-	-	-	-
	2012 RSP Grant	148,600	6,700	8,300	133,600
	2012 PSP Grant	215,400	59,400	56,400	99,600
	2013 RSP Grant	661,100	19,200	55,000	586,900
	2013 PSP Grant	439,600	63,600	165,200	210,800
	2014 RSP Grant	1,183,300	28,800	100,300	1,054,200
	2014 PSP Grant	449,600	63,600	200,600	185,400
	Total	3,097,600	241,300	585,800	2,270,500
For the period from 1 January 2015 to 31 December 2015	Type of Grant	Total	Executive Director/CEO	Senior Management	Other Selected Employees
Number of Plan Shares granted	2015 RSP Grant	1,369,200	269,200	106,200	993,800
	2015 PSP Grant	464,600	42,400	212,400	209,800
	Total	1,833,800	311,600	318,600	1,203,600
Number of Plan Shares vested	2012 RSP Grant	(145,700)	(6,700)	(8,300)	(130,700)
	2013 RSP Grant	(322,000)	(9,600)	(27,500)	(284,900)
	2014 RSP Grant	(376,800)	(9,600)	(33,400)	(333,800)
	2015 RSP Grant	(250,000)	(250,000)	-	-
	Total	(1,094,500)	(275,900)	(69,200)	(749,400)
Number of Plan Shares forfeited	2012 RSP Grant*	(2,900)	-	-	(2,900)
	2012 PSP Grant [□]	(215,400)	(59,400)	(56,400)	(99,600)
	2013 RSP Grant*	(28,900)	-	(3,900)	(25,000)
	2013 PSP Grant*	(23,600)	-	(23,600)	-
	2014 RSP Grant*	(65,200)	-	(7,900)	(57,300)
	2014 PSP Grant*	(23,600)	-	(23,600)	-
	2015 RSP Grant*	(23,200)	-	(11,800)	(11,400)
	2015 PSP Grant*	(23,600)	-	(23,600)	-
Total	(406,400)	(59,400)	(150,800)	(196,200)	
Number of Plan Shares outstanding as at 31 December 2015	2012 RSP Grant	-	-	-	-
	2012 PSP Grant	-	-	-	-
	2013 RSP Grant	310,200	9,600	23,600	277,000
	2013 PSP Grant	416,000	63,600	141,600	210,800
	2014 RSP Grant	741,300	19,200	59,000	663,100
	2014 PSP Grant	426,000	63,600	177,000	185,400
	2015 RSP Grant	1,096,000	19,200	94,400	982,400
	2015 PSP Grant	441,000	42,400	188,800	209,800
Total	3,430,500	217,600	684,400	2,528,500	

Note: □The remaining portion of 2012 PSP Grant was forfeited, as the performance targets in respect of performance period from 2012 to 2014 were not achieved.

G. SHARE GRANT PLAN (SGP) (CONT'D.)

For the period from 1 January 2016 to 31 December 2016	Type of Grant	Total	Executive Director/CEO	Senior Management	Other Selected Employees
Number of Plan Shares granted	2016 RSP Grant	1,317,300	269,200	92,000	956,100
	2016 PSP Grant	312,200	42,400	184,000	85,800
	Total	1,629,500	311,600	276,000	1,041,900
Number of Plan Shares vested	2013 RSP Grant	(298,700)	(9,600)	(23,600)	(265,500)
	2013 PSP Grant	(416,000)	(63,600)	(141,600)	(210,800)
	2014 RSP Grant	(350,500)	(9,600)	(29,500)	(311,400)
	2015 RSP Grant	(342,900)	(6,400)	(31,400)	(305,100)
	2016 RSP Grant	(250,000)	(250,000)	-	-
	Total	(1,658,100)	(339,200)	(226,100)	(1,092,800)
Number of Plan Shares forfeited	2013 RSP Grant*	(11,500)	-	-	(11,500)
	2014 RSP Grant*	(44,800)	-	-	(44,800)
	2015 RSP Grant*	(68,700)	-	-	(68,700)
	2016 RSP Grant*	(25,900)	-	-	(25,900)
	Total	(150,900)	-	-	(150,900)
Number of Plan Shares outstanding as at 31 December 2016	2013 RSP Grant	-	-	-	-
	2013 PSP Grant	-	-	-	-
	2014 RSP Grant	346,000	9,600	29,500	306,900
	2014 PSP Grant	426,000	63,600	177,000	185,400
	2015 RSP Grant	684,400	12,800	63,000	608,600
	2015 PSP Grant	441,000	42,400	188,800	209,800
	2016 RSP Grant	1,041,400	19,200	92,000	930,200
	2016 PSP Grant	312,200	42,400	184,000	85,800
Total	3,251,000	190,000	734,300	2,326,700	

STATISTICS OF
SHAREHOLDINGS
AS AT 30 JANUARY 2018

G. SHARE GRANT PLAN (SGP) (CONT'D.)

For the period from 1 January 2017 to 31 December 2017	Type of Grant	Total	Executive Director/CEO	Senior Management	Other Selected Employees
Number of Plan Shares granted	2017 RSP Grant	979,300	269,200	73,100	637,000
	2017 PSP Grant	228,800	42,400	146,200	40,200
	Total	1,208,100	311,600	219,300	677,200
Number of Plan Shares vested	2014 RSP Grant	(334,600)	(9,600)	(29,500)	(295,500)
	2015 RSP Grant	(319,400)	(6,400)	(31,400)	(281,600)
	2016 RSP Grant	(324,500)	(6,400)	(30,500)	(287,600)
	2017 RSP Grant	(250,000)	(250,000)	-	-
	Total	(1,228,500)	(272,400)	(91,400)	(864,700)
Number of Plan Shares forfeited	2014 RSP Grant*	(11,400)	-	-	(11,400)
	2014 PSP Grant♦	(426,000)	(63,600)	(177,000)	(185,400)
	2015 RSP Grant*	(43,900)	-	(4,000)	(39,900)
	2015 PSP Grant*	(46,200)	-	(23,600)	(22,600)
	2016 RSP Grant*	(86,700)	-	(7,900)	(78,800)
	2016 PSP Grant*	(23,600)	-	(23,600)	-
	2017 RSP Grant*	(49,000)	-	(15,800)	(33,200)
	2017 PSP Grant*	(31,600)	-	(31,600)	-
Total	(718,400)	(63,600)	(283,500)	(371,300)	
Number of Plan Shares outstanding as at 31 December 2017	2014 RSP Grant	-	-	-	-
	2014 PSP Grant	-	-	-	-
	2015 RSP Grant	321,100	6,400	27,600	287,100
	2015 PSP Grant	394,800	42,400	165,200	187,200
	2016 RSP Grant	630,200	12,800	53,600	563,800
	2016 PSP Grant	288,600	42,400	160,400	85,800
	2017 RSP Grant	680,300	19,200	57,300	603,800
	2017 PSP Grant	197,200	42,400	114,600	40,200
Total	2,512,200	165,600	578,700	1,767,900	

Note: *These Plan Shares were forfeited as they were granted to employees who resigned subsequent to the grant date(s), but prior to vesting date(s).

♦2014 PSP Grant was forfeited as the performance targets in respect of performance period from 2014 to 2016 were not achieved.















With regard to the Plan Shares granted to the Executive Director/CEO and Senior Management during FY 2017 and since the commencement of the SGP:

- (1) The aggregate maximum allocation is 50% of the Maximum Plan Shares Available; and
- (2) The actual percentage of Plan Shares granted to them as at 31 December 2017 was 34.20% of the total number of Plan Shares granted.

The Non-Executive Directors are not eligible to participate in the SGP.

1. MEETING ATTENDANCE RECORD FOR 2017

Name	Board of Directors	NED ^{oo}	Governance Committees			Regulatory Committees				Subsidiaries of Bursa Malaysia			
			AC**	RMC	NRC	RACC	LC	MPC	APC	BMS	BMSC	BMD	BMDC
Public Interest and Independent Non-Executive Directors													
Tan Sri Amirsham A Aziz (Chairman)	9/9	6/6				8/8			5/5				
Dato' Zuraidah Atan [1]	1/1	1/1			2/2	1/1							
Dato' Eshah Meor Suleiman [2]	6/7	4/5	1/1*			6/7	4/6*						
Johari Abdul Muid	9/9	5/6		1/1~	9/9	8/8		4/4		5/5	4/4		
Datin Mariam Prudence Yusof [3]	8/8	5/5	4/4*	4/4*		6/7*						3/3*	3/3*
Independent Non-Executive Directors													
Dato' Saiful Bahri Zainuddin [4]	3/3	2/3		0/1	3/3					1/1	1/1		
Datuk Karownikaran @ Karunikaran a/l Ramasamy	9/9	6/6			12/12	8/8		5/5					
Datuk Chay Wai Leong	8/9	6/6	4/5	5/5							4/4	4/4	
Ghazali Haji Darman	9/9	5/6	5/5	5/5				4/4					
Pushpanathan a/l S.A. Kanagarayar	9/9	6/6	5/5		12/12		8/8						
Datin Grace Yeoh Cheng Geok [5]	7/7	4/4		4/4^	9/9^					2/2^	2/2^		
Non-Independent Executive Director													
Datuk Seri Tajuddin Atan (CEO)	9/9	-								5/5	4/4	4/4	4/4
Non-Executive Directors of Subsidiaries													
Mazidah Abdul Malik										4/4 μ	3/3 μ		
Bryan Thomas Durkin [6]												3/3	3/3
William Francis Herder												4/4	4/4
Christopher Lee Fix [7]												1/1	1/1
Independent individuals with significant and relevant industry experience													
Dato' Mohammed Adnan Datuk Shuaib									4/5				
Datuk Syed Zaid Syed Jaffar Albar									5/5				
Cheah Tek Kuang									4/5				
Kuok Wee Kiat									5/5	5/5	4/4		
Ooi Giap Ch'ng									5/5				
Datuk Seri Dr. Nik Norzrul Thani Nik Hassan Thani									5/5				
Yon See Ting							7/8						
Salwah Abdul Shukor							7/8						
Dato' Sri Abdul Hamidy Abdul Hafiz							8/8						
Prof. Dr. Aiman @ Nariman Mohd Sulaiman							7/8						
Dato' Feizal Mustapha							8/8						
Lee Kha Loon							7/8						
Darryl Goon Siew Chye							7/8						
Hijah Arifakh Othman							8/8						
Khoo Guan Huat								4/4					
Dato' Abdul Shukor Ahmad								4/4					
Azura Azman								2/4					
Dato' Dr. Zaha Rina Zahari								4/4					
Dato' Wan Asmadi Wan Ahmad								3/4					
Dr. Chung Tin Fah								4/4					
Rashid Ismail								3/4					
Raymond Tang Chee Kin								3/4					
Total number of meetings for 2017	9	6	5	5	12	8	8	4	5	5	4	4	4

 Chairman	 AC	Audit Committee	 RACC	Regulatory and Conflicts Committee	 BMS	Bursa Malaysia Securities Berhad
 Member	 RMC	Risk Management Committee	 LC	Listing Committee	 BMSC	Bursa Malaysia Securities Clearing Sdn Bhd
 Non-member	 NRC	Nomination and Remuneration Committee	 MPC	Market Participants Committee	 BMD	Bursa Malaysia Derivatives Berhad
			 APC	Appeals Committee	 BMDC	Bursa Malaysia Derivatives Clearing Berhad

Notes:

- Retired as Public Interest Director (PID) with effect from (w.e.f.)19 February 2017
 - Retired as PID w.e.f. 1 November 2017
 - Appointed as PID w.e.f. 19 February 2017
 - Retired as Independent Director w.e.f. 29 March 2017
 - Appointed as Independent Director w.e.f. 24 February 2017
 - A CME Group Inc. nominee director who resigned as Director w.e.f. 27 November 2017
 - A CME Group Inc. nominee director who was appointed as Director w.e.f. 27 November 2017
- ^{oo} Six Non-Executive Directors (NED) sessions were held in 2017 i.e. on 3 February 2017, 22 February 2017, 21 March 2017, 26 July 2017, 25 October 2017 and 27 November 2017
- ^{**} Two private meetings were held between the AC and the external auditors, Ernst & Young i.e. on 23 January 2017 and 23 October 2017 respectively
- [•] Ceased to be AC member w.e.f. 30 March 2017; and appointed as LC member from 30 March 2017 to 31 October 2017
- ^{*} Appointed as AC member w.e.f. 30 March 2017; appointed as RMC member w.e.f. 30 March 2017; appointed as RACC member w.e.f. 19 February 2017; and appointed as Member of the Board of BMD and BMDC w.e.f. 1 July 2017
- [^] Served as RMC member from 30 May 2016 to 29 March 2017; appointed as NRC member w.e.f. 30 March 2017
- [~] Appointed as RMC member w.e.f. 30 March 2017; appointed as NRC member w.e.f. 30 March 2017; and appointed as Member of the Board of BMS and BMSC w.e.f. 1 August 2017
- ^{μ} Appointed as Member of the Board of BMS and BMSC w.e.f. 1 March 2017

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

2. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year.

4. RELATED PARTY TRANSACTIONS

An internal compliance framework exists to ensure that Bursa Malaysia meets its obligations under Bursa Malaysia Securities Berhad Main Market Listing Requirements and other applicable guidelines/standards in connection with related party transactions (RPT).

In this respect, the relevant processes and procedures are in place to ensure all transactions including the RPT, are monitored and conducted in a manner that is fair and at arms' length basis, with the terms not more favourable to the related parties than to the public, not to the detriment of minority shareholders and in the best interest of Bursa Malaysia.

A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at Board meetings and/or other meetings of the Company.

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**NOTICE OF 41ST
ANNUAL GENERAL MEETING**

BURSA MALAYSIA BERHAD (30632-P)
(INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT, 2016)

NOTICE IS HEREBY GIVEN THAT the 41st Annual General Meeting (AGM) of Bursa Malaysia Berhad (the Company) will be held at Ballroom 2, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 28 March 2018 at 10.00 a.m. for the transaction of the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of the Directors and Auditors thereon.
Resolution 1
2. To re-elect the following Directors who retire by rotation in accordance with Article 69 of the Company's Constitution and who being eligible offer themselves for re-election:
 - (1) Datuk Karownikaran @ Karunakaran a/l Ramasamy **Resolution 2**
 - (2) Encik Pushpanathan a/l S.A. Kanagarayar **Resolution 3**
 - (3) Datin Grace Yeoh Cheng Geok.
3. To approve the payment of Directors' fees amounting to RM300,000 per annum for the Non-Executive Chairman and RM200,000 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2017. **Resolution 4**
4. To approve the payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors up to an amount of RM2,400,000, from 29 March 2018 until the next AGM of the Company. **Resolution 5**
5. To appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Board of Directors to determine their remuneration. **Resolution 6**

Special Business

6. To consider and if thought fit, to pass the following Special Resolution:

Proposed Alteration or Amendment of the Constitution of the Company

"THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in Appendix A with immediate effect AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

Resolution 7

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 41st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 49A(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 21 March 2018. Only a depositor whose name appears on the Record of Depositors as at 21 March 2018 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

BY ORDER OF THE BOARD

Yong Hazadurah binti Md. Hashim, LS 006674
Hong Soo Yong, MAICSA 7026744
Company Secretaries

Kuala Lumpur
28 February 2018

NOTICE OF 41ST ANNUAL GENERAL MEETING

BURSA MALAYSIA BERHAD (30632-P)
(INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT, 2016)

Notes:

1. Proxy

- 1.1 A member entitled to attend, participate, speak and vote at the AGM is entitled to appoint proxy(ies) to attend, participate, speak and vote in his stead.
- 1.2 (a) Where a member is an authorised nominee (AN) as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), the AN may appoint proxy(ies) in respect of each securities account it holds which is credited with ordinary shares of the Company; and
(b) Where a member is an exempt authorised nominee (EAN) as defined under SICDA which holds ordinary shares in the Company for multiple owners in one securities account (omnibus account), the EAN may appoint proxy(ies) in respect of each omnibus account it holds.
- 1.3 Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- 1.4 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, under its common seal or in such other manner approved by its directors. Any alteration to the instrument appointing a proxy must be initialled.
- 1.5 The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, no later than Tuesday, 27 March 2018 at 10.00 a.m.
- 1.6 Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 41st AGM will be put to vote on a poll.

2. Audited Financial Statements for financial year ended 31 December 2017

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act (CA) 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

3. Ordinary Resolutions 1 to 3: Re-election of Directors who retire in accordance with Article 69 of the Company's Constitution

- 3.1 Article 69 of the Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. With the current Board size of nine (9), three (3) Directors are to retire in accordance with Article 69 of the Constitution.
 - (a) For the purpose of determining the eligibility of the Directors to stand for re-election at the 41st AGM, the Nomination and Remuneration Committee (NRC) has assessed each of the retiring Directors, and considered the following:
 - (i) The Director's performance and contribution based on the Self and Peer Assessment (SPA) results of the Board Effectiveness Evaluation (BEE) 2016/2017;
 - (ii) The Director's level of contribution to the Board deliberations through his/her skills, experience and strength in qualities; and
 - (iii) The level of independence demonstrated by the Director, and his/her ability to act in the best interests of the Company in decision-making.
 - (b) In line with Practice 5.1 of the Malaysian Code on Corporate Governance, the Board has also conducted an assessment of the Directors of the Company based on the relevant performance criteria which include the following:
 - (i) Will and ability to critically challenge and ask the right questions;
 - (ii) Confidence to stand up for a point of view and offer advice/guidance;
 - (iii) Character and integrity in dealing with potential conflict of interest situations;
 - (iv) Calibre and personality;
 - (v) Commitment to serve the company, due diligence and integrity;
 - (vi) Fit and properness;
 - (vii) Independence and objectivity; and
 - (viii) Skills and competencies, contribution and performance.

Based on the Directors' SPA results of the BEE 2016/2017, the individual Directors met the performance criteria required of an effective and high performance Board. In addition, each of the Non-Executive Directors (NEDs) has also provided his/her annual declaration/confirmation of independence in the fourth quarter of 2017.

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- (c) Based on the above, the Board approved the NRC's recommendation that the Directors who retire in accordance with Article 69 of the Constitution are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board meetings.

Section 10(1)(b) of the Capital Markets and Services Act 2007 (CMSA) provides that the appointment, re-appointment, election or re-election as a Director of the Company is subject to concurrence by the Securities Commission Malaysia (SC). In this respect, the SC had on 4 January 2018 provided its concurrence in respect of the proposed re-election of the Directors of the Company pursuant to Section 10(1)(b) of the CMSA.

- 3.2 Any Director referred to in **Resolutions 1 to 3**, who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election at the 41st AGM.

4. NEDs' remuneration

- 4.1 Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 41st AGM on the Directors' remuneration in two (2) separate resolutions as below:

- (a) **Resolution 4** on payment of Directors' fees in respect of the preceding year 2017; and
(b) **Resolution 5** on payment of Directors' benefits from 29 March 2018 to the next AGM in 2019.

- 4.2 In June 2017, the Board through the NRC had engaged an external consultant, Korn Ferry/Hay Group (KFHG) to conduct an independent review of the Remuneration Policy for the members of the Board and Board Committees of Bursa Malaysia Group (Board Remuneration Review), with the view to determine its competitiveness and sufficiency to attract and retain individuals with strong credentials and high calibre to serve on the Board of the Company.

In its review, KFHG had adopted comparators which include several stock exchanges, public listed financial services companies and dominant provider companies. The outcome of the review indicated that the current Directors' remuneration lagged behind the Company's key comparators, and there is a need to close the gap to address this position. To this, KFHG recommended to revise the Directors' remuneration to be at par with the prevalent market rate, and to commensurate with the Directors' responsibilities, commitment and contribution with reference to their statutory duties, the complexity of the Group's businesses and the increased expectations from various stakeholders, given the unique nature of Bursa Malaysia being a regulator and a listed entity.

5. Directors' fees and benefits payable to the NEDs

5.1 Ordinary Resolution 4: Directors' fees

Having considered the positioning of the Board's remuneration over the past three (3) years from 2014 to 2016, the Board at its meeting held in December 2017 approved the NRC's recommendation for the proposed revision to the NEDs' fees as set out in the right column of the table below:

Directors' Fees (as approved at AGMs)	2004 to 2008 (5 years)	2009 to 2013 (5 years)	2014 to 2016 (3 years)	Proposed for 2017 (Approval sought at 41 st AGM)
Non-Executive Chairman	RM60,000 per annum	RM90,000 per annum	RM150,000 per annum	RM300,000 per annum
Non-Executive Director	RM40,000 per annum	RM60,000 per annum	RM100,000 per annum	RM200,000 per annum

The above proposal is made with reference to the outcome of the Board Remuneration Review conducted by KFHG, which indicated that the Board's current remuneration levels are not sufficiently competitive to attract and retain Board talent and do not fairly reward the NEDs' contributions. Based on the benchmark study by KFHG, the differentiation of the proposed fee for the Board Chairman from a NED at 1.5 times was seen as fair and equitable.

The payment of the NEDs' fees in respect of the preceding financial year (FY) 2017 will only be made if the proposed **Resolution 4** has been passed at the 41st AGM pursuant to Article 78 of the Constitution and Section 230(1)(b) of the CA 2016.

5.2 Ordinary Resolution 5: Benefits payable to the NEDs

The benefits payable to the NEDs comprise the allowances and other emoluments payable to the Chairman and members of the Board, Board of subsidiaries and Board Committees.

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- (a) At the 40th AGM of the Company held on 29 March 2017, the benefits payable to the NEDs of the Company from 1 January 2017 until the 41st AGM of the Company on 28 March 2018 (“15 months”) was approved for an amount of RM2,343,750. The utilisation of this approved amount as at 31 December 2017 is RM1,595,673.30. Based on the schedule of meetings in the first quarter of 2018, an amount of RM214,500 is expected to be utilised for payment of meeting allowance and other benefits to the NEDs. Hence, the expected total utilised amount would be approximately 77% of the approved amount.
- (b) In the Board Remuneration Review conducted by KFHG, the proposed revisions to the Directors’ benefits are summarised in the table below:

Description	Chairman		NEDs / Member	
	Current	Proposed	Current	Proposed
Meeting Allowance (per meeting)				
• Board of Bursa Malaysia	RM4,000	RM3,000	RM2,000	RM3,000
• Board of Functional Subsidiary	RM4,000	RM3,000	RM2,000	RM3,000
• Board Committees	RM2,500	RM3,000	RM1,500	RM3,000
Fixed Allowance	Current	Proposed	Current	Proposed
• Board of Functional Subsidiary	RM1,000 per month	RM20,000 per annum	RM1,000 per month	No change
• Board Governance Committees	-	RM20,000 per annum	-	RM1,000 per month
• Board Regulatory Committees	-	RM20,000 per annum	RM1,000 per month (for non-Directors)	RM1,000 per month (for all members)
Monthly Fixed Allowance	RM52,000 per month	No change	Not Applicable	Not Applicable
Other Benefits	Club membership, medical coverage, travel & communication and other claimable benefits	Club membership, medical coverage, travel and other claimable benefits	Medical coverage, travel & communication and other claimable benefits	Medical coverage, travel and other claimable benefits

Note: The Chief Executive Officer/Executive Director does not receive any Directors’ remuneration.

- (i) It is proposed that meeting allowance for the Board of Bursa Malaysia and its subsidiaries and Board Committees be streamlined at RM3,000 per meeting, with no differentiation between Chairman and member.
- (ii) It is further proposed that fixed allowance be introduced for the Board Committees i.e. Governance and Regulatory Committees to compensate the Chairman and members of the Board Committees for additional responsibilities undertaken to discharge the functions of these Board Committees.
- (iii) Other than the above, the monthly fixed allowance to the Chairman of Bursa Malaysia being an Exchange Holding Company and listed entity is proposed to be maintained, in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities expected of him, as well as the fact that he does not serve on the boards of any other listed companies or market participants regulated by Bursa Malaysia.
- (c) The total amount of benefits payable to the NEDs is estimated to be up to RM2,400,000 from 29 March 2018 to the next AGM in 2019 (Current Period), based on the proposed Board Remuneration Policy which will take effect from 29 March 2018 subject to the shareholders’ approval, and taking into account various factors including the number of scheduled meetings for the Board, Board of subsidiaries and Board Committees as well as the number of NEDs involved in these meetings.

Payment of benefits to the NEDs will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred based on the proposed revised benefits effective 29 March 2018, if the proposed **Resolution 5** has been passed at the 41st AGM. The Board is of the view that it is just and equitable for the NEDs to be paid the Directors’ remuneration (excluding Directors’ fees) on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the Current Period.

- 5.3 Any NEDs who are shareholders of the Company will abstain from voting on **Resolutions 4 and 5** concerning remuneration to the NEDs at the 41st AGM.

6. Ordinary Resolution 6: Appointment of Auditors

6.1 The Audit Committee (AC) at its meeting held on 29 January 2018 undertook an annual assessment of the suitability and independence of the external auditors, Ernst & Young (EY) in accordance with the revised Auditor Independence Policy of the Group which was approved by the Board in April 2016. In its assessment, the AC considered several factors which include the following:

- (a) Quality of EY's performance and their communications with the AC and Bursa Malaysia group, based on feedback obtained via assessment questionnaires from Bursa Malaysia personnel who had substantial contact with the external audit team and EY throughout the year;
- (b) Adequacy of experience and resources provided to the Group by EY, in terms of the firm and the professional staff assigned to the audit; and
- (c) Independence of EY and the level of non-audit services to be rendered by EY to the Company for the FY 2018.

The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at the private meetings, which demonstrated their independence, objectivity and professionalism.

6.2 The AC was satisfied with the suitability of EY based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied in its review that the provisions of non-audit services by EY to the Company for the FY 2017 did not in any way impair their objectivity and independence as external auditors of Bursa Malaysia.

6.3 The Board at its meeting held in February 2018 approved the AC's recommendation for the shareholders' approval to be sought at the 41st AGM on the appointment of EY as external auditors of the Company for the FY 2018, under **Resolution 6**.

7. Special Resolution 7: Proposed Alteration or Amendment of the Constitution of the Company [pursuant to Section 36(1) of the CA 2016]

7.1 The proposed amendments to the existing Memorandum & Articles of Association (Constitution) of the Company (Proposed Amendments) are made mainly for the following purposes:

- (a) To ensure compliance with the amended Bursa Malaysia Securities Berhad Main Market Listing Requirements which was issued on 29 November 2017;
- (b) To provide clarity and consistency with the amendments that arise from the CA 2016 effective 31 January 2017; and
- (c) To incorporate the necessary amendments that arise from the Capital Markets and Services (Amendment) Act 2015.

7.2 Under Article 146 of the existing Constitution of the Company, amendments to the Constitution can be made if duly passed by a Special Resolution. In view of the substantial amount of Proposed Amendments to the Constitution, the Board proposed that the existing Constitution be altered or amended by the Company in its entirety by the replacement thereof with a new Constitution which incorporated all the Proposed Amendments (**New Constitution**) as set out in **Appendix A**.

7.3 The SC had on 13 February 2018 granted its approval on the Proposed Amendments in accordance with Section 9(5) of the CMSA. The Proposed Amendments to the Constitution together with the rationale for the same, is uploaded on Bursa Malaysia website at <http://www.bursamalaysia.com/misc/system/assets/23681/proposed-amendments.pdf> for ease of reference.

7.4 In view of the above, the shareholders' approval is sought for the Company to alter or amend the whole of the existing Constitution by the replacement thereof with the New Constitution as per **Appendix A** in accordance with Section 36(1) of the CA 2016. The **Appendix A** on the Proposed New Constitution of the Company, which is circulated together with the Notice of 41st AGM dated 28 February 2018, shall take effect once the proposed **Resolution 7** has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 41st AGM.

Statement Accompanying Notice of 41st Annual General Meeting

(pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

- A. The profiles of the Directors who are standing for re-election as per Agenda 2 of the Notice of 41st AGM are stated on pages 59 to 61 of this Annual Report.
- B. The details of the Directors' interests in the securities of the Company as at 30 January 2018 are stated on page 204 of this Annual Report.

GLOSSARY

A

ACE Market

The ACE Market is an alternative market for small and medium sized companies that are at growth stage and have business prospects. It replaced the formerly known MESDAQ (Malaysian Exchange of Securities Dealing and Automated Quotation) market in 2009. The ACE Market is viewed as the ideal market for high growth companies with a limited track record and other companies looking to raise additional capital by taking their companies public through a listing exercise.

B

Bursa Malaysia-i

A fully integrated Islamic securities trading platform with a comprehensive range of Shariah-compliant exchange-related facilities including listing, trading, clearing, settlement and depository services.

Bursa Suq Al-Sila' (BSAS)

A Shariah-compliant commodity trading platform dedicated to facilitate Islamic liquidity management and financing by Islamic Financial Institutions (IFI). BSAS is the world's first which aims to provide industry players with a regulated framework with defined codes of conduct governing commodity trade in support of Islamic interbank placement, client deposit taking, financing, profit rate swap and cross currency swap, as well as sukuk issuances using the concept of Murabahah and Tawarruq. It undertakes contracts in various currencies to facilitate cross-border trades between IFIs and commodity players worldwide.

Business Trust

Business Trust is a new asset class introduced in the Malaysian capital market following the release of the Securities Commission Malaysia's Business Trust Guidelines which came into force on 28 December 2012. Business trusts are business enterprises set up as trusts, instead of companies. They

are hybrid structures with elements of both companies and trusts. Like a company, a business trust operates and runs a business enterprise. But unlike a company, it is created under a trust deed in which the trustee has legal ownership of the trust assets and manages the assets for the benefit of the beneficiaries of the trust. Unit holders of a business trust can participate in the profits or income arising from the management of the assets in the business trust through receipt of distributions declared by the trustee-manager. Business trusts are suitable for businesses which are capital intensive with stable cash flow wishing to pay distributions out of cash flow without being constrained by accounting profits. The flexibility in the payment of distributions is an advantage especially for businesses which may be affected by high depreciation charges.

C

CAGR

Compound Annual Growth Rate.

Closed-End Fund

A closed-end fund involves a listed company which invests in shares of other companies. A closed-end fund company has a fixed number of shares in issue at any point of time, the price of which will fluctuate according to net asset value and market forces.

D

Derivatives

A derivative is a security with a price that is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its value is determined by changes in the underlying asset. Derivative products available on Bursa Malaysia Derivatives are equity, interest rates, bond, agricultural commodity (crude palm oil and palm kernel), metal commodities (gold and tin) futures and options.

E

Exchange Traded Funds (ETF)

An open-ended investment fund listed and traded on a stock exchange. ETF combines the features of an index fund and a stock. The liquidity of an ETF reflects the liquidity of the underlying basket of shares. Generally, there are three types of ETFs: equity ETFs, fixed income ETFs and commodity ETFs. These ETFs consist of baskets of stocks, bonds or commodities based on an index which instantly offers broad diversification and avert the risk involved in owning stock of a single company. ETFs are listed and traded on a stock exchange. With units in an ETF, investors can gain exposure to a geographical region, market, industry or sector, commodity such as gold or oil or even a specific investment style such as growth or value.

Equities

An instrument that signifies an ownership position, or equity, in a corporation, and represents a claim on its proportionate share in the corporation's assets and profits. A person holding such an ownership in the company does not enjoy the highest claim on the company's earnings. Instead, an equity holder's claim is subordinated to creditor's claims, and the equity holder will only enjoy distributions from earnings after these higher priority claims are satisfied.

F

FTSE Russell Group or FTSE Russell

FTSE International Limited and its subsidiaries, the Group subsidiary that is a leading global provider of index and analytics solutions.

FTSE4 Good Bursa Malaysia (F4GBM) Index

F4GBM Index measures the Environmental, Social and Governance (ESG) performance of public listed companies (PLCs) and was launched in December 2014. As at December

2017, a total of 44 constituents comprising PLCs from across the small, medium and large market capitalisation segments are in the F4GBM Index. The constituents are drawn from 200 shortlisted companies on the FTSE Bursa Malaysia Emas Index and are reviewed every June and December against international benchmarks developed in collaboration with FTSE Russell.

G

Green Lane Policy

Green Lane policy for the equities and derivatives markets allows brokers which have been assessed to have good conduct and are familiar with the relevant regulatory requirements to commence their activities through notification to (as opposed to seeking approval from) Bursa Malaysia. The policy shortens the time to market for equities and derivatives brokers to commence their new activities which include the opening of new branches, commencement of discretionary trading, proprietary trading, margin financing and dual licensed activities.

Green Lane Policy for Listed Issuers relating to circulars is a differentiated approach adopted in Bursa's review of draft circulars submitted by Listed Issuers. This is premised on the Listed Issuers' standard of corporate governance conduct and disclosure practices. The policy is an incentive granted to Listed Issuers which have been assessed to have good corporate governance and disclosure practices thus accorded certain privileges which facilitated faster issuance of circulars to shareholders and hence, expedites completion of corporate proposals.

GRI Standards

The GRI standards are the first global standards for sustainability. They feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts.

I

Integrated Reporting Framework

The International Integrated Reporting Council's integrated reporting framework (<IR> Framework) was designed to improve disclosure of financial and non-financial performance, while enhancing the way organisations articulate and report on value creation. The <IR> Framework was issued in 2013.

IPO

Initial Public Offering is when shares of an unlisted company are offered to the public on a recognised stock exchange for the first time. The shares then become publicly traded.

L

Latency

A measurement of time taken to process an order in the trading system, measured in milliseconds (1/1,000th of a second) or microseconds (1/1,000,000th of a second)

LEAP Market

LEAP Market is an alternative market for SMEs and companies to raise funds. It brings together potential SMEs and companies, intermediaries and qualified sophisticated investors onto a single platform to create a conducive marketplace for fund raising.

Listing Requirements

The criteria required to list and maintain a listing status on Bursa Malaysia's markets.

M

Main Market

The Main Market provides an avenue for companies to raise funds and is mainly populated by established and large companies.

Management Discussion and Analysis (MD&A)

The section of a company's annual report in which management provides an overview of the year's operations and how the company performed financially.

Murabahah

An Islamic financing structure. Murabahah refers to a sale contract with a disclosure of the asset cost price and profit margin to the buyer.

O

OTC

Over-the-counter trades in financial instruments executed outside a Regulated Market.

P

Participating Organisation

A company which carries on the business of dealing in securities pursuant to the Rules of the Exchange.

Primary Market

A part of the capital market that deals with issuance of new securities for the first time.

Put Warrants

A put warrant is a listed security which gives the warrant holder the right but not the obligation to sell the underlying asset at a predetermined exercise price within a predetermined time period. Put warrant holders benefit from downward price movements in the underlying asset.

R

REITs

A Real Estate Investment Trust (REIT) is a fund or a trust that owns and manages income-producing commercial real estate (shopping complexes, hospitals, plantations, industrial properties, hotels and office blocks).

GLOSSARY

A management company for a REIT is permitted to deduct distribution paid to its shareholders from its corporate taxable income. However, to enjoy this tax-free status, the REIT must have most of its assets and income tied to the real estate and distribute at least 90% of its total income to investors/unit holders annually. REITs that are listed on a stock exchange trade just like stocks.

S

Secondary Market

The public market on which securities, once issued, are traded.

Shares

A share is a security which represents a portion of the owner's capital in a business. Shareholders are the owners of the business and share the success or failure of the business. (Shares are also commonly referred to as stock).

Stapled Securities

Stapled securities refer to an arrangement under which different classes of securities are listed and traded as one security. Stapled securities may involve different classes of securities issued by an issuer or different issuers. In general, stapled securities have the following characteristics:

- Different classes of securities are stapled together, listed and traded as one security.
- Issuers of stapled securities remain as separate legal entities even though their securities are stapled, listed and traded as one security.
- A stapling deed would be entered into by issuers of stapled securities.

The main advantage of stapled securities is that the stapling arrangement enhances the value and attractiveness of these securities in their stapled form as investors could enjoy the complementary benefits brought about by both securities, through different legal, tax structures and returns.

Structured Warrants

Structured warrants are proprietary instruments issued by a third-party issuer, namely an eligible broker or financial institution that give holders the right, but not the obligation, to buy or sell the underlying instrument in the future for a fixed price. Essentially, one makes a 'reservation' to buy or sell a pre-determined number of the underlying instrument at a certain price in the future when investing in a structured warrant. Structured warrants can be issued over an underlying asset such as equity, ETF, index or a basket of stocks.

Sustainability Framework

The Sustainability Framework comprises amendments to the listing requirements where listed issuers are required to disclose a narrative statement of the management of material economic, environmental and social (EES) risks and opportunities in their annual reports. The Sustainability Framework also include the issuance of the Bursa Malaysia Sustainability Reporting Guide and Six Toolkits to aid listed issuers in embedding and reporting on sustainability practices.

Sustainable Stock Exchanges (SSE) Initiative

The Sustainable Stock Exchanges (SSE) Initiative is a peer-to-peer learning platform for exchanges, in collaboration with investors, regulators, and companies, to explore how corporate transparency and performance on ESG issues can be enhanced and to further encourage the uptake of sustainable investment. The SSE is a project of the United Nations (UN), co-organised by the UN Conference on Trade and Development, the UN Global Compact, the UN Environment Programme Finance Initiative and the UN-supported Principles for Responsible Investment.

T

Tawarruq

An Islamic financing structure. A Tawarruq involves purchasing a commodity on a deferred price either in the form of musawamah or murabahah, later selling it to a third party with the objective of obtaining cash.

Trading Participant

A company which carries on the business of dealing in derivatives pursuant to the Rules of the Exchange.

W

Warrants

Company warrants are issued by the company and give the holder the right, but not an obligation, to subscribe for new ordinary shares at a specified price during a specified period of time. Warrants have a maturity date (up to 10 years) after which they expire and are worthless unless the holder exercise to subscribe for the new shares before the maturity date.



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