



MINORITY SHAREHOLDER WATCHDOG GROUP
Shareholder Activism and Protection of Minority Interest

24 March 2017

BY FAX/HAND

(Fax No.: 603-27326437)

The Chairman and
Board of Directors
Bursa Malaysia Berhad
15th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

Attention: **Puan Yong Hazadurah Binti Md. Hashim**
Ms Hong Soo Yong
Joint Company Secretaries

Dear Madam

Re: 40th Annual General Meeting (AGM) of Bursa Malaysia Berhad ("BURSA" or "the Company") to be held on Wednesday, 29 March 2017.

In the interest of minority shareholders and other stakeholders, we would like to raise the following points and queries:

1. As a front line market regulator, the role of Bursa Malaysia is to ensure that listed entities and intermediaries meet their regulatory obligations to uphold investor protection, market integrity and stability.

In line with this role, kindly explain or share on the following concerns:

- a) Monitoring process and significant actions taken against listed entities, in particular China-based companies.
- b) Non-compliance with the recommendations of the Malaysian Code on Corporate Governance 2012 by listed entities.
- c) Non-compliance with regulatory requirements in respect of audited financial statements, regularisation plan, public shareholding spread, etc.
- d) New provision under Section 230(1) on tabling of "any benefits payable" to directors of a listed company and its subsidiaries for approval at a general meeting.
- e) Bursa's "surveillance system" to detect unusual market activity and the effectiveness in addressing insider trading issues.

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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- (i) What is the key role of Bursa in this vis-a-vis Securities Commission?
 - (ii) Kindly elaborate and explain the measures, sanctions and penalties taken against the PLCs for the last three (3) years and the results.
 - (iii) Is there a mechanism in place to bar directors primarily responsible for ensuring governance and minority interest from continuing serving as directors in PLCs?
- f) Elaborate on its recent communication letter on manipulation activities via "pump and dump".
- g) Monitoring of unfair dissemination of non-public material information.
2. Bursa Malaysia was ranked 4th among 138 economies for Strength of Investor Protection and 30th Best Regulated Securities Market as reported in the World Economic Forum – Global Competitiveness Report 2016 – 2017. It was also ranked 3rd among 190 economies for Protecting Minority Investors based the World Bank- Doing Business 2017 Report.
- a) Could the Board brief on the key criteria or scorings that has enabled Bursa Malaysia to be ranked well, particularly in the areas of investor protection.
 - b) Are these rankings in sync or in line with the perception of local investors, particularly minority investors?
 - c) Have all these good rankings translated into greater interest shown by foreign investors and increased participation in our Exchange?
3. As at December 2016, the FTSE4Good Bursa Malaysia (F4GBM) Index constituents stood at 42, an increase of 17 from its launch in 2014.
- a) Could the Board enlighten the shareholders whether the criteria to be a constituent of the Index also include any threshold/minimum performance indicators? If so, what are the indicators, thresholds and weightage?
 - b) Has there been an apparent increase in trading of shares of the constituents due to their admission into the Index? Was there any study undertaken on the correlation between these constituents with good sustainability practices and the creation of shareholder value?

4. It was stated on page 13 of the Annual Report that Bursa is also exploring potential collaboration with FinTech companies in the areas of innovation and expansion of capabilities. Could the Board share the latest developments on this and what are the specific areas of focus?

5. The segmental revenues for the securities on page 35 of the Annual Report showed that the trading revenue declined by 8.7%. The trading by retail investors under the "Market Demography by Trading Value" was the lowest among the three categories of traders.
 - a) What measures have been taken to address the drop in securities trading revenue and what is the outlook for 2017?

 - b) What were the main reasons for the declining trend in the trading by retail investors?

 - c) Apart from investor education, what other measures were taken to increase retail participation?

6. In Note 5 on page 157 of the Annual Report, there is an impairment of RM22 million under the investment in subsidiaries. What was the reason for the impairment and which are the affected subsidiaries?

We would appreciate if the Board could present the points raised and the related answers for the shareholders present at the forthcoming general meeting. At the same time, we await a written reply as soon as possible for our record and posting into our website for the benefit of all stakeholders.

Thank you.

Yours sincerely,



Lyra Rahman
General Manager
LR/qba/Bursa/agm 2017