FTSE Bursa Malaysia Index Series –Frequently Asked Questions (FAQs)

- Section A : FTSE Bursa Malaysia Index Series
- Section B : FTSE Bursa Malaysia Index Ground Rules
- Section C : KLCI (to be known as FTSE Bursa Malaysia KLCI)

SECTION A : FTSE BURSA MALAYSIA INDEX SERIES

BACKGROUND

On 12 January 2006, Bursa Malaysia Berhad (Bursa) and FTSE International Limited signed a Cooperation Agreement to develop a new set of equities indices for Malaysia.

The aim of the collaboration is to create a comprehensive suite of indices that will better reflect the performance of various segments of the Malaysian stock market and to meet the needs of both retail and institutional investors, locally and globally.

The new FTSE Bursa Malaysia Index Series was officially launched on 26 June 2006. To date it consists of six tradable indices and seven benchmark indices. The indices are suitable for a range of index linked investment vehicles, including Exchange Traded Funds (ETFs), derivatives and OTC products.

A1 Who is Bursa Malaysia?

Bursa Malaysia Berhad is a public company limited by shares under the Companies Act 1965 of Malaysia. Bursa Malaysia is an approved exchange holding company under Section 15 of the Capital Markets and Services Act 2007 of Malaysia. Other companies in the Bursa Malaysia Berhad Group of companies include a stock exchange, a derivatives exchange, an off-shore international financial exchange, equity and derivatives clearing houses, a central depository, an information services provider and an Information Technology services provider.

Bursa Malaysia Securities Berhad, a wholly-owned subsidiary of Bursa Malaysia Berhad, is an approved stock exchange under Section 8 of the Capital Markets and Services Act 2007.

For more information see www.bursamalaysia.com

A2 Who is FTSE Group?

FTSE Group is a world-leader in the creation and management of indexes. With offices in Beijing, London, Frankfurt, Hong Kong, Madrid, Paris, New York, San Francisco, Boston, Shanghai and Tokyo, FTSE Group services clients in 77 countries worldwide. It calculates and manages the FTSE Global Equity Index Series, which includes world-recognized indexes ranging from the FTSE All-World Index, the FTSE4Good series and the FTSEurofirst Index series, as well as domestic indexes such as the prestigious FTSE 100. The company has collaborative arrangements with the Athens, Cyprus, Euronext, Johannesburg London, Madrid, NASDAQ and Taiwan exchanges, as well as Nomura Securities, and Xinhua Finance of China.

FTSE indexes are used extensively by investors world-wide for investment analysis, performance measurement, asset allocation, portfolio hedging and for creating a wide range of index tracking funds. Independent committees of senior fund managers, derivatives experts, actuaries and other experienced practitioners review all changes to the indexes to ensure that they are made objectively and without bias. Real-time FTSE indexes are calculated on systems managed by Reuters. Prices and FX rates used are supplied by Reuters.

A3 What indices are calculated?

The FTSE Bursa Malaysia Index Series currently comprises the following 13 indices covering the Main Board, Second Board, MESDAQ Market and FTSE Asia Pacific (ex Japan, Australia and New Zealand).

Tradable Indices	**Index Code**
FTSE Bursa Malaysia Large 30 Index	FBM30
FTSE Bursa Malaysia Mid 70 Index	FBM70
FTSE Bursa Malaysia 100 Index	FBM100
FTSE Bursa Malaysia Hijrah Shariah Index	FBMHS
FTSE Bursa Malaysia Asian Palm Oil Plantation Index - USD	FBMAPU
FTSE Bursa Malaysia Asian Palm Oil Plantation Index – MYR	FBMAPM

Benchmark Indices

FTSE Bursa Malaysia Small Cap Index	FBMSCAP
FTSE Bursa Malaysia EMAS Index	FBMEMAS
FTSE Bursa Malaysia Fledgling Index	FBMFLG
FTSE Bursa Malaysia EMAS Shariah Index	FBMS
FTSE Bursa Malaysia Second Board Index	FBM2B
FTSE Bursa Malaysia MESDAQ Index	FBMMES
FTSE Bursa Malaysia Palm Oil Plantation Index	FBMPM

All the indices have a price and total return end of day index calculation. The total return methodology is based on FTSE's existing methodology. Total Return Indices (TRI) are indices which measure the total return on the underlying constituents, combining both capital performance and reinvested income.

A4 What are the launch dates, base dates, base values and base currencies of the indices?

Index Name	Launch Date	Base Date	Base Value	Currency
FTSE Bursa Malaysia Large 30 Index	26 Jun 2006	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia Mid 70 Index	26 Jun 2006	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia 100 Index	26 Jun 2006	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia Small Cap Index	26 Jun 2006	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia EMAS Index	26 Jun 2006	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia Fledgling Index	26 Jun 2006	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia EMAS Shariah Index	22 Jan 2007	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia Hijrah Shariah Index	21 May 2007	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia Second Board Index	10 Sep 2007	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia MESDAQ Index	10 Sep 2007	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia Palm Oil Plantation Index	18 May 2009	31 Mar 2006	6000	Ringgit Malaysia
FTSE Bursa Malaysia Asian Palm Oil Plantation Index	18 May 2009	31 Mar 2006	6000	USD
FTSE Bursa Malaysia Asian Palm Oil Plantation Index	18 May 2009	31 Mar 2006	6000	Ringgit Malaysia

A5 Which indices are calculated in real time?

All the indices in the FTSE Bursa Malaysia Index Series are calculated in real time during Bursa Malaysia trading days. The tradable indices are calculated and disseminated on a real time basis every 15 seconds, whilst the benchmark indices are disseminated every 60 seconds. The table below highlights the frequency of calculation and dissemination.

Index Name	Frequency of Dissemination
FTSE Bursa Malaysia Large 30 Index	Every 15 secs
FTSE Bursa Malaysia Mid 70 Index	Every 15 secs
FTSE Bursa Malaysia 100 Index	Every 15 secs
FTSE Bursa Malaysia Small Cap Index	Every 60 secs
FTSE Bursa Malaysia EMAS Index	Every 60 secs
FTSE Bursa Malaysia Fledgling Index	Every 60 secs
FTSE Bursa Malaysia EMAS Shariah Index	Every 60 secs
FTSE Bursa Malaysia Hijrah Shariah Index	Every 15 secs
FTSE Bursa Malaysia Second Board Index	Every 60 secs
FTSE Bursa Malaysia MESDAQ Index	Every 60 secs
FTSE Bursa Malaysia Asian Palm Oil Plantation Index - USD	Every 15 secs
FTSE Bursa Malaysia Asian Palm Oil Plantation Index – MYR	Every 15 secs
FTSE Bursa Malaysia Palm Oil Plantation Index	Every 15 secs

A6 What are Total Return Indices?

Total Return Indices (TRI) are indices which measure the total return on the underlying constituents, combining both capital performance and reinvested income.

A7 How are the companies in the index series classified?

The constituent members of the FTSE Bursa Malaysia Index Series are classified according to the Industry Classification Benchmark (ICB). For further information regarding the rules for the management of the ICB, go to www.icbenchmark.com

A8 How is the underlying constituent data for the FTSE Bursa Malaysia Index Series obtained?

a) Outstanding Shares

- The outstanding shares figure is consistent with the figures used by FTSE in all its other index calculations, and is sourced by FTSE from its existing data sources, and existing FTSE rules in relation to rounding will be adopted.
- Companies are adjusted for any free float restrictions in accordance with the FTSE Bursa Malaysia Ground Rules. Further information on the FTSE Bursa Malaysia Ground Rules is available at www.bursamalaysia.com
- Changes to outstanding shares and free float are applied in accordance

with FTSE standard practice, documented in the FTSE Bursa Malaysia Ground Rules.

b) Prices

- Real time and closing prices is sourced by FTSE from Bursa Malaysia via Reuters

A9 How are corporate actions / operational adjustments managed?

All corporate actions will be applied in accordance with the FTSE Bursa Malaysia Ground Rules on the day that the action is effective.

A10 Who reviews the indices?

The FTSE Bursa Malaysia Index Series is reviewed by the FTSE Bursa Malaysia Index Advisory Committee. The Committee comprises representatives from relevant industries in the capital market. It is an independent committee established to provide expertise in the management and development of the FTSE Bursa Malaysia Index Series.

A11 When are the indices reviewed?

The FTSE Bursa Malaysia Index Series constituents are reviewed semi-annually in June and December. Full market capitalisation data as at the last trading day of May and November is used to review the constituents. Any constituent changes will be implemented after close of business on the 3rd Friday in June and December. Please refer to the FTSE Bursa Malaysia Ground Rules for more details.

Details of the outcome of the review and the dates, on which any changes are to be implemented, will be published as soon as possible after the FTSE Bursa Malaysia Index Advisory Committee meeting has concluded.

A12 Is there a back history for the indices?

Yes, FTSE provides a 10 year backcast history.

A13 What index data is disseminated and where can this data be found?

Real time price index values are distributed by FTSE through its Global Distribution System to all key vendors. End of day index values, constituent data and changes data are available within FTSE's end of day product suite and available to clients directly from FTSE Group and key vendors.

Bursa Malaysia also disseminates the FTSE Bursa Malaysia Index Series' real time index values to all its Participating Organisations. 15 minutes delayed index values and selected index constituents are displayed on Bursa Malaysia's website at www.bursamalaysia.com

A14 What are the vendor codes for the FTSE Bursa Malaysia Indices?

Real time vendor codes can be found at :

http://www.ftse.com/Indices/FTSE_Real-Time_Vendor_Codes/Downloads/FTSE_RealTime_Vendor_Codes.pdf

SECTION B : FTSE BURSA MALAYSIA INDEX GROUND RULES

B1 What is the FTSE Bursa Malaysia index calculation methodology?

FTSE Bursa Malaysia Index Series methodology ranks companies according to their full market capitalisation. The companies are tested for minimum free float and liquidity requirements. The selection of the index constituents is then based on the eligibility following the FTSE Bursa Malaysia Ground Rules.

B2 What is free float?

Free float is share capital freely available for trading. The following types of restricted shareholding are excluded from the calculation of a company's free float:

- Trade investment in an index constituent either by another constituent (i.e. cross holdings) or non-constituent company or entity,
- Significant long term holdings by founders, their families and/or directors,
- Employee share scheme (if restricted)
- Government holdings,
- Portfolio investment subject to a lock in clause, for the duration of the clause

However, the following are not considered as restricted shareholding:

- Portfolio investment,
- Nominee holdings (including those supporting ADRs & GDRs), unless they represent restricted free float as defined above
- Holdings by investment companies

B3 What is free float band?

The following banded system of free float weightings is applied to the constituents when calculating the indices to avoid excessive adjustments of investment portfolios. Companies must have at least 15% of free float to be eligible for inclusion.

Free Float	Band
Less than 15%	Ineligible for inclusion

15% - 20%	20%
20% - 30%	30%
30% - 40%	40%
40% - 50%	50%
50% - 75%	75%
Greater than 75%	100%

B4 What is the FTSE Bursa Malaysia liquidity test?

Securities must have a minimum turnover of shares in issues as stated in the FTSE Bursa Malaysia Ground Rules, after the application of any free float restrictions, in the twelve months prior to an annual review in December by the FTSE Bursa Malaysia Advisory Committee to be eligible for inclusion in the indices.

All constituents in FTSE Bursa Malaysia Indices are subject to liquidity test (except for constituents in FTSE Bursa Malaysia Fledgling Index, FTSE Bursa Malaysia Second Board Index and FTSE Bursa Malaysia MESDAQ Index)

A security that is excluded because of failing the liquidity test will be excluded from all other indices for the period until the next December review.

B5 Which stocks are eligible?

All classes of ordinary shares in issue are eligible for inclusion in the FTSE Bursa Malaysia Index Series, subject to conforming to all other rules of eligibility, free float and liquidity outlined in the FTSE Bursa Malaysia Ground Rules.

For the purposes of the FTSE Bursa Malaysia Index Series, where a security is listed on Bursa Malaysia and is traded on Bursa Malaysia's trading system, that security is considered as Malaysian for the purposes of nationality and therefore eligible for the FTSE Bursa Malaysia Index Series, subject to conforming to all other eligibility criteria.

B6 What is a reserve list

A reserve list is a list of the five highest-ranking potential constituents not included in an index. Reserve lists are only kept for the following indices whose number of constituents must remain constant.

FTSE Bursa Malaysia Large 30 Index
FTSE Bursa Malaysia Mid 70 Index
FTSE Bursa Malaysia Hijrah Shariah Index

B7 What are the responsibilities of SAC and Yasaar Ltd for Shariah screening?

The Malaysian Securities Commission's Shariah Advisory Council (SAC) provides Shariah screening on the full FTSE Bursa Malaysia EMAS Index to establish eligible stocks for membership within the FTSE Bursa Malaysia EMAS Shariah Index.

Yasaar Ltd provides international Shariah screening while SAC provides their Shariah screening for the full FTSE Bursa Malaysia EMAS Index in the creation of the FTSE Bursa Malaysia Hijrah Shariah Index. The FTSE Bursa Malaysia Hijrah Shariah Index is designed to meet additional international Shariah requirements.

B8 What are Second Board and MESDAQ listings?

The Second Board was established in 1988 to enable small to medium sized companies with growth potential, but which are unable to qualify for listing on the Main Board, to seek a listing on Bursa Malaysia's securities Exchange, based on lower quantitative requirement. A company listed on the Second Board may eventually seek to transfer its listing on the Main Board.

The predecessor of the MESDAQ Market, Malaysian Exchange of Securities Dealing and Automated Quotation Bhd was established in 1997 to provide an avenue for technology and high growth companies to raise capital from the capital markets. Bursa Malaysia acquired the operations of this exchange on 18 March 2002 and rebranded it as MESDAQ Market of the Securities Exchange. A separate set of listing requirements apply to companies seeking to list or which are listed on the MESDAQ Market.

SECTION C : KLCI (to be known as FTSE BURSA MALAYSIA KLCI)

C1 Why is it necessary to make improvements to the KLCI?

Since the launch of KLCI on 4 April 1986 Bursa Malaysia has been regularly making improvements to the KLCI calculation methodology. The aims of the improvements are to ensure that the KLCI continues to reflect the changes in the national economy and to take into account the growing link with global economy.

With market globalisation, Bursa Malaysia is creating another milestone by integrating KLCI with an internationally accepted index calculation methodology to extend its global reach. The improvements provide the market with a robust benchmark index that is more investable, tradable and transparently managed.

C2 What are the improvements to the KLCI?

a) The KLCI will be known as the FTSE Bursa Malaysia KLCI

b) The number of constituents will be reduced from 100 to 30 companies
c) The index will be calculated every 15 seconds instead of 60 seconds
d) The index will be calculated by FTSE and will adopt the FTSE Bursa Malaysia index methodology.

C3 What are the benefits of these improvements?

a) A market barometer of 30 constituents is representative of the underlying market while being a more manageable basket when products are created of the back of the index
b) FTSE Bursa Malaysia index calculation methodology includes free float adjustment and liquidity screens, foundations for an investable and tradable index of institutional quality
c) Increased speed of calculation will closely track the pulse of trading activity for market movers
d) Leveraging on FTSE's globally recognised name and reach will bring added recognition and credibility

C4 When will the FTSE Bursa Malaysia KLCI take effect?

Monday, 6 July 2009

C5 How are the 30 companies selected for the FTSE Bursa Malaysia KLCI?

The FTSE Bursa Malaysia KLCI comprises the Main Board's largest 30 companies by full market capitalisation that meet eligibility requirements stated in the FTSE Bursa Malaysia Ground Rules.

C6 Will the index value change when the KLCI becomes the FTSE Bursa Malaysia KLCI?

There will be no change to the index value. For example, if the KLCI closes on Friday, 3 July 2009 at 1,000 points, the FTSE Bursa Malaysia KLCI will open on Monday, 6 July 2009 at 1,000 points.

C7 What is the base date, base value and base currency?

The FTSE Bursa Malaysia KLCI will continue to maintain the historical values of the KLCI

Base Date : 1 January 1977
Base Value : 100
Base Currency : Ringgit Malaysia

C8 Will the historical value of the KLCI be retained?

The KLCI index value will be the same and therefore retained
For the purpose of back testing analysis, a 10 year historical value based on the new methodology will be available from FTSE.

C9 Will the FTSE Bursa Malaysia KLCI be used to trigger the Circuit Breaker and will there be any changes?

Yes, the FTSE Bursa Malaysia KLCI will be the Circuit Breaker which is used to manage sudden downward movement of the market. There will be no change to the terms and conditions for triggering the Circuit Breaker. The trading halt duration will also remain unchanged. For more information on Bursa Malaysia's Circuit Breaker, go to www.bursamalaysia.com

C10 What is the impact to KLCI index linked products?

a) FTSE Bursa Malaysia 30 ETF

The FTSE Bursa Malaysia KLCI will replace the FTSE Bursa Malaysia Large 30 Index as the underlying index from 6 July 2009 onwards. The FTSE Bursa Malaysia Large 30 will be retired with effect from 6 July 2009.

b) Kuala Lumpur Composite Index Futures (FKLI) and Kuala Lumpur Composite Index Options (OKLI)

The FTSE Bursa Malaysia KLCI will be used as the underlying index from 6 July 2009 onwards.

Note to investors :

Arising from the transition of KLCI to FTSE Bursa Malaysia KLCI on the Implementation Date, kindly take notice that the contract specifications for FKLI and OKLI contracts (which are currently stipulated in Schedule 6 and 7 respectively of the Rules of Bursa Malaysia Derivatives Berhad ("Rules of Bursa Derivatives")) that are created in the trading months as stated in the table below will be varied with effect from 1 February 2009 in the manner set out in paragraphs (i) and (ii) below

	Trading Month	Contract Type	Contract Month	Underlying Index
a	Feb 2009 – Apr 2009	2nd Quarter	Sep 09	The trading of the contracts will be based on KLCI from 1 Feb 2009 until 3 Jul 2009, and subsequently based on FTSE Bursa Malaysia KLCI till expiry.
b.	May 2009	1st Quarter 2nd Quarter	Sep 09 Dec 09	The trading of the contracts will be based on KLCI until 3 Jul 2009, and subsequently based on FTSE Bursa Malaysia KLCI till expiry.

c.	Jun 2009	Next Month 1st Quarter 2nd Quarter	Jul 09 Sep 09 Dec 09	The trading of the contracts will be based on KLCI until 3 Jul 2009, and subsequently based on FTSE Bursa Malaysia KLCI till expiry.
d.	Jul 2009	Spot Month Next Month 1st Quarter 2nd Quarter	Jul 09 Aug 09 Sep 09 Dec 09	The trading of the contracts will be based on KLCI until 3 Jul 2009, and subsequently based on FTSE Bursa Malaysia KLCI till expiry.

(i) the 'UNDERLYING STOCK INDEX' as stipulated in Schedule 6 for FKLI and as stipulated in Schedule 7 for OKLI is changed to read as follows.

'Kuala Lumpur Composite Index (from 1 February 2009 until 3 July 2009)

FTSE Bursa Malaysia KLCI (from 6 July 2009 onwards)'

(ii) to add 'ATTRIBUTION CLAUSE' as follows.

'The FTSE Bursa Malaysia KLCI Index is calculated by FTSE International Limited ("FTSE").

All intellectual property rights in the FTSE BURSA MALYSIA KLCI vests in FTSE and Bursa Malaysia Berhad ("BURSA MALAYSIA"). "FTSE®", "FT-SE®" and "Footsie®" are trade marks of the London Stock Exchange Plc (the "LSE") and The Financial Times Limited ("FT") and are used by FTSE under licence. "BURSA MALAYSIA", "Kuala Lumpur Composite Index" and "KLCI" are trade marks of BURSA MALAYSIA.

FTSE nor BURSA MALAYSIA nor LSE nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FBM KLCI and/or the figure at which the FBM KLCI stands at any particular time on any particular day or otherwise.'

c) Structured Warrants based on KLCI
Please refer to the relevant product issuers.

d) KLCI Index Linked Funds
Please refer to the relevant fund managers.

e) Funds using KLCI as performance benchmark
Fund managers have the option of using the new FTSE Bursa Malaysia KLCI or any other suitable index in the FTSE Bursa Malaysia Index Series as a benchmark. Please

refer to the relevant fund managers.

C11 What happens to the companies which are not eligible for the FTSE Bursa Malaysia KLCI?

In the addition to the FTSE Bursa Malaysia KLCI there are 7 other FTSE Bursa Malaysia indices which measure the performance of the Main Board in conventional and Shariah principles. Main Board companies are eligible for inclusion into any of these indices provided they meet the eligibility criteria set out in the Ground Rules of the FTSE Bursa Malaysia Index Series.

C12 Is every sector of the Malaysian industry represented in the FTSE Bursa Malaysia KLCI?

The FTSE Bursa Malaysia KLCI comprises the Main Board's largest 30 companies by full market capitalisation that meet eligibility requirements stated in the FTSE Bursa Malaysia Ground Rules. Sector representation is not a key requirement of the FTSE Bursa Malaysia KLCI.

C13 What will happen to the current FTSE Bursa Malaysia Large 30 Index?

The FTSE Bursa Malaysia Large 30 Index will be retired on 6 July 2009 when the FTSE Bursa Malaysia KLCI goes live on the same date.