

BURSA MALAYSIA BERHAD (“BURSA MALAYSIA” OR “COMPANY”)

- PROPOSED ESTABLISHMENT OF A SHARE GRANT PLAN OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY (EXCLUDING TRASURY SHARES) AT ANY POINT IN TIME (“PROPOSED SGP”)
- PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY (“PROPOSED AMENDMENT”)

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of Bursa Malaysia (“**Board**”), AmInvestment Bank Berhad (*a member of AmInvestment Group*) (“**AmInvestment Bank**”) is pleased to announce that Bursa Malaysia is proposing to establish a share grant plan (“**SGP**”) of up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point in time during the duration of the plan for the eligible employees and/or eligible executives of the Company (the “**Plan**”). The Company also proposes to amend the Memorandum of Association in order to extend the Plan to the eligible employees and/or executives of subsidiaries of the Company.

2. THE PROPOSED SGP

2.1 Background and Rationale for the Proposed SGP

Bursa Malaysia Berhad (“**Bursa Malaysia**” or the “**Company**”) has undertaken a review of its employees’ remuneration structure and wishes to introduce a new long-term incentive plan, namely the Proposed SGP, to replace the current employees’ share option scheme which will expire on 8 March 2010. The said current scheme was designed in conjunction with the Initial Public Offering (“**IPO**”) in 2005 to support the demutualisation of the exchange and to retain employees for a significant period to ensure that post demutualisation business objectives were met. The Company would like to introduce the Proposed SGP, given that the long term objectives of Bursa Malaysia have evolved since demutualisation. The Company believes that the Proposed SGP needs to be introduced to maintain competitiveness of Bursa Malaysia as an employer and sustain long term value creation for shareholders. In view of this, Bursa Malaysia proposes to establish and implement the Proposed SGP which will be valid for a duration of ten (10) years from the date the plan takes effect (“**Effective Date**”).

The Proposed SGP is intended to allow Bursa Malaysia to award shares in the form of a restricted share plan award (“**RSP Award**”) and a performance share plan award (“**PSP Award**”) to eligible employees to whom an offer has been made (“**Selected Employees**”) and/or eligible executives to whom an offer has been made (“**Selected Executives**”) for the achievement of identified performance objectives. This is consistent with the Company’s philosophy of attracting, retaining, motivating and rewarding Selected Employees and/or Selected Executives.

2.2 Details of the Awards

Offers made in writing by the committee ("**Offer**") under the Proposed SGP will comprise one or both of the following RSP Award and PSP Award ("**Awards**") and may only be accepted in such form and manner as may be prescribed in the Offer and must be accompanied by a non-refundable sum of Ringgit Malaysia One (RM1.00) only:-

(i) RSP Award

The RSP Award is essentially a share plan for the Selected Employees in recognition of their services as important contributors to the Bursa Malaysia and its subsidiaries ("**Bursa Malaysia Group**").

The Committee established by the Board of Directors of the Company to implement and administer the plan (the "**Committee**") may, from time to time during the period of the Proposed SGP, make Offers comprising RSP Awards to Selected Employees. The Committee will take into consideration amongst other things, the Selected Employee's position, ranking, performance, contribution and potential contribution to the Bursa Malaysia Group when making such Offers. Under the RSP Awards, fully paid-up Bursa Malaysia ordinary shares of RM0.50 each ("**Bursa Malaysia Shares**") will be vested in the Selected Employees at a future date(s) ("**RSP Vesting Date(s)**") provided that the conditions determined by the Committee in respect of a RSP Award ("**RSP Vesting Conditions**"), which includes the condition that the plan participant remains in employment with any corporation in the Bursa Malaysia Group (whether employed on a full time basis or serving under an employment contract for a fixed duration) are fulfilled unless the Committee determines otherwise.

(ii) PSP Award

The Company is also proposing to introduce the PSP Award for Selected Executives to promote attainment of higher performance goals and exceptional achievements by Selected Executives.

The Committee may, from time to time during the period of the Proposed SGP, make Offers comprising PSP Awards to Selected Executives. The Committee will take into consideration amongst other things, the Selected Executive's position, ranking, performance, contribution and potential contribution to the continued success of Bursa Malaysia Group when making such Offers. Pursuant to the PSP Award, Selected Executives will be offered the right to have Bursa Malaysia Shares vested in the Selected Executives at a future date ("**PSP Vesting Date**") provided that the conditions determined by the Committee in respect of a PSP Award are met ("**PSP Vesting Conditions**"). The Committee shall also determine the actual number of Bursa Malaysia Share(s) to be made available for purposes of the Plan ("**Plan Shares**") to be vested in a Selected Executive who has duly accepted an Offer ("**Plan Participant**") on the PSP Vesting Date after ascertaining the extent to which performance targets ("**Performance Targets**") and such other PSP Vesting Conditions as may be stipulated in the Offer, which includes the condition that the Plan Participant remains in employment with any corporation in the Bursa Malaysia Group (whether employed on a full time basis or serving under an employment contract for a fixed duration) are fulfilled unless the Committee determines otherwise.

The PSP Award is targeted at key senior management and executives (including Executive Directors) who are in the position to drive the growth of the Bursa Malaysia Group through superior performance as the Company believes that the PSP Award will be more effective in motivating Selected Executives to work towards Bursa Malaysia Group's pre-determined Performance Targets.

In implementing the Proposed SGP, the Plan Shares shall be satisfied by way of issuance of new Bursa Malaysia Shares. The reference price for each underlying Plan Share to be granted will be based on the fair value of the Plan Share, which will take into account, amongst others, the market price of Bursa Malaysia Shares as at/or prior to the date of the grant. For avoidance of doubt, the Plan Shares to be issued to the Selected Employees and/or Selected Executives will not require any payment to the Company by the Selected Employees and/or Selected Executives.

The Proposed SGP will be administered by the Committee, the members of which shall be duly appointed and authorised by the board of directors of Bursa Malaysia (“**Board**”). The Committee will have the discretion in administering the Proposed SGP including prescribing the RSP Vesting Conditions, the Performance Targets and other PSP Vesting Conditions as may be determined by the Committee and stipulated in the Offer. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the Committee (including any selection) pursuant to the By-Laws may be exercised in the Committee’s discretion having regard only to the terms of reference issued by the Board (where applicable).

2.3 Principal Features of the Proposed SGP

The principal features of the Proposed SGP are as follows:-

Features	RSP Awards	PSP Awards
General description	<ul style="list-style-type: none"> • Offers will be made to Selected Employees from time to time during the plan period. • Progressive vesting of the Plan Shares on the RSP Vesting Date(s) provided that the RSP Vesting Conditions are fulfilled. 	<ul style="list-style-type: none"> • Offers will be made to Selected Executives from time to time during the plan period. • Vesting of Plan Shares on the PSP Vesting Date provided that the PSP Vesting Conditions are fulfilled.
Plan Mechanics	<ul style="list-style-type: none"> • The Committee shall determine the number of Plan Shares to be granted to the Selected Employee after taking into consideration amongst other things, the Selected Employee’s position, ranking, performance, contribution and potential contribution to the success of Bursa Malaysia Group. • Number of Plan Shares to be vested is fixed on the grant date. 	<ul style="list-style-type: none"> • The Committee shall determine the number of Plan Shares to be granted to a Selected Executive after taking into consideration amongst other things, the Selected Executive’s position, ranking, performance, contribution and potential contribution to the success of Bursa Malaysia Group • Actual number of Plan Shares to be vested is dependent on the extent to which the Performance Targets and other PSP Vesting Conditions are fulfilled.
Vesting Conditions	<ul style="list-style-type: none"> • Remain in employment with any corporation in the Bursa Malaysia Group as at the RSP Vesting Date(s) (whether employed on a full time basis or serving under an employment contract for a fixed duration) and shall not have given a notice to resign or received a notice of termination as at the RSP Vesting Date(s). 	<ul style="list-style-type: none"> • Remain in employment with any corporation in the Bursa Malaysia Group as at the PSP Vesting Date (whether employed on a full time basis or serving under an employment contract for a fixed duration) and shall not have given a notice to resign or received a notice of termination as at the PSP Vesting Date. • Fulfillment of Performance Targets and other PSP Vesting Conditions.

Features	RSP Awards	PSP Awards
Eligibility	<ul style="list-style-type: none"> • Eligible Employee(s) 	<ul style="list-style-type: none"> • Eligible Executive(s)
	<p>Eligible Employee(s) and/or Eligible Executive(s) who meet the following criteria shall be eligible for consideration and selection as a Selected Employee and/or Selected Executive by the Committee:-</p> <p>(a) if he has attained the age of eighteen (18) years and is not an undischarged bankrupt;</p> <p>(b) if he is employed on a full time basis or if he is serving under an employment contract for a fixed duration and is on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;</p> <p>(c) if his employment has been confirmed in writing;</p> <p>(d) if he is an executive director of the Company, the specific allocation of Plan Shares granted by the Company to him in his capacity as an Executive Director under the Plan has been approved by the shareholders of the Company at a general meeting;</p> <p>(e) if he is not participating or entitled to participate in any other employee share or incentive scheme implemented by any other corporation which is in force for the time being provided that he may be eligible for consideration notwithstanding his participation or entitlement to participate if the Committee shall so determine; and</p> <p>(f) if he fulfils any other criteria and/or falls within such category as may be set by the Committee from time to time.</p>	
Quantum	<p>Subject to the By-Laws, the maximum number of Plan Shares which may be made available under the Plan shall not exceed in aggregate ten percent (10%) of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any point of time during the Plan Period ("Maximum Plan Shares Available")</p>	
Maximum Allowable Allocation and Basis of Allotment	<p>Subject to the By-Laws, the aggregate maximum number of Plan Shares that may be allocated to any one category/designation of Selected Employees and/or Selected Executives shall be determined by the Committee ("Maximum Allowable Allocation") provided that:</p> <p>(a) the aggregate allocation to Executive Directors and Senior Management shall not exceed fifty percent (50%) (or such other percentage as the relevant authorities may permit) of the maximum plan shares available; and</p> <p>(b) the allocation to any individual Selected Executive and or Selected Employee who, either singly or collectively through persons connected with the Selected Employee and or Selected Executive (as defined in the Listing Requirements), holds twenty percent (20%) or more of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company, shall not exceed ten percent (10%) (or such other percentage as the relevant authorities may permit) of the Maximum Plan Shares Available.</p>	

Features	RSP Awards	PSP Awards
	<p>No Selected Employee, Selected Executive and or Plan Participant, shall have vested in him any/such number of Plan Shares as would result in his acquiring/holding, together with any Bursa Malaysia Shares which are then already held by him, or by him and by persons associated with him, Bursa Malaysia Shares amounting to five per centum (5%) or more of the aggregate of the nominal amount of all the voting shares in the Company, without first obtaining the prior written approval of the Minister of Finance. A Plan Participant shall notify the Committee in writing before the applicable RSP Vesting Date and/or PSP Vesting Date if the vesting of any Plan Shares would have such result. Unless such notice is received prior to such RSP Vesting Date and/or PSP Vesting Date, the Committee, the Trustee and the Company shall be entitled to assume that there would be no contravention of this By-Law.</p> <p>Subject to the By-Laws, the Committee shall determine:</p> <p>(a) the number of Plan Shares to be granted to a Selected Employee and/or a Selected Executive after taking into consideration, amongst other things, the Selected Employee's and/or Selected Executive's position, ranking, performance, seniority, contribution and potential contribution to the continued success of the Bursa Malaysia Group;</p> <p>(b) the actual number of Plan Share to be vested in a Plan Participant on the PSP Vesting Date after ascertaining the extent to which the Performance Targets and such other conditions as may be stipulated in the Offer, are fulfilled.</p>	
<p>Ranking of and Rights Attached to the Plan Shares</p>	<p>The Plan Shares to be allotted and issued pursuant to the Plan and held by the Trustee shall rank pari passu in all respects with the then existing issued Bursa Malaysia Shares and shall be entitled to any rights, dividends, allotments and/or distributions ("Rights") which may be attached thereto and or declared, made or paid to the Company's shareholders. The Trustee shall only exercise the voting rights attached to such Plan Shares in such manner and extent as may be directed by the Committee in writing.</p>	

No proceeds will be raised by the Company pursuant to the Proposed SGP.

3. THE PROPOSED AMENDMENT

The Company proposes to amend its Memorandum of Association to facilitate the making of Offers to the eligible employees and/or executives of subsidiaries of the Company which involves the following:

Memorandum of Association	
Existing Clause 5(b)(xii)	Proposed New Clause 5(b)(xii)
<p>To provide or subscribe to superannuation fund or such other pension or other funds and to make or establish such arrangements or schemes for the benefit of employees of the Company, or otherwise, to assist any such employees, their widows, children and dependants.</p>	<p>To provide or subscribe to superannuation fund or such other pension or other funds and to make or establish such arrangements or schemes for the benefit of employees of the Company <u>and its subsidiaries, as the Company deems fit</u> or otherwise, to assist any such employees, their widows, children and dependants</p>

Rationale for the Proposed Amendment

The Proposed Amendment is undertaken to facilitate the making of Offers to the Eligible Employees and/or Eligible Executives of the subsidiaries of Bursa Malaysia pursuant to the Proposed SGP.

4. EFFECTS OF THE PROPOSALS

4.1 Share Capital

The Proposed SGP will not have an immediate effect on the issued and paid-up ordinary share capital of Bursa Malaysia until and unless new Bursa Malaysia Shares are issued in connection with the acceptance of Offers. The issued and paid-up ordinary share capital of Bursa Malaysia will increase progressively depending on the number of new Bursa Malaysia Shares which may need to be issued in connection with the acceptance of Offers.

For illustrative purpose only, assuming that the maximum Plan Shares available are fully granted and vested and such Plan Shares are satisfied by the issuance of new Bursa Malaysia Shares, the effect of the Proposed SGP on the issued and paid-up ordinary share capital of the Company as at 25 January 2010, being the latest practicable date (“LPD”) is shown in the table below:

	Number of Bursa Malaysia Shares ('000)	Share Capital (RM'000)
Issued and paid-up ordinary share capital as at LPD	529,071	264,536
Shares to be issued assuming full grant of Plan Shares	52,907	26,453
Enlarged issued and paid-up ordinary share capital	581,978	290,989

4.2 Net Assets and Gearing

The Proposed SGP will not have an effect on the net assets (“NA”) of Bursa Malaysia Group. The NA per Bursa Malaysia Share will not be affected until such time as new Bursa Malaysia Shares are issued in connection with the acceptance of the Offers. Any potential effect on the NA per Bursa Malaysia Share will depend on the number of Plan Shares granted which will only be determined at the point of the Offer.

The Proposed SGP will not have any significant effect on the gearing of Bursa Malaysia Group as Bursa Malaysia Group does not have any borrowings as at LPD.

4.3 Earnings

The Proposed SGP is not expected to have any immediate effect on the earnings of Bursa Malaysia Group until such time as the Offers are deemed accepted. However, the potential effect on the consolidated earnings per share of Bursa Malaysia Group in the future, as a consequence of the recognition of the expense at each date of Offer, would depend on various factors that affect the fair value of the granted Plan Shares and the number of new Bursa Malaysia Shares to be issued in connection with the acceptance of Offers.

With the adoption of the new Financial Reporting Standard 2 (“**FRS 2**”) as issued by the Malaysian Accounting Standards Board, which requires the recognition of an expense arising from the granting of Awards pursuant to the Proposed SGP, the future earnings of Bursa Malaysia Group may be affected, the quantum of which cannot be determined at this juncture as it is dependent on the number of Plan Shares to be granted on the grant date. The Board has taken note of the potential impact of FRS 2 on Bursa Malaysia Group’s earnings and will take proactive measures to manage the earnings impact in the granting of the Awards.

The expenses relating to the establishment of the Proposed SGP are estimated at approximately RM850,000.

4.4 Substantial Shareholders

The Proposed SGP is not expected to have any immediate effect on the shareholdings of the substantial shareholders until and unless new Bursa Malaysia Shares are issued in connection with the acceptance of Offers. Any potential effect on the substantial shareholders’ shareholdings in Bursa Malaysia would depend on the number of new Bursa Malaysia Shares issued at the relevant point in time.

5. APPROVALS REQUIRED

The Proposed SGP is subjected to:

- (i) the approval of Securities Commission, for the listing and quotation of new Bursa Malaysia Shares to be issued pursuant to the Proposed SGP at any point in time during the duration of the SGP;
- (ii) the approval of Securities Commission for the transfer of Bursa Malaysia Shares from the Trustee to the Plan Participants pursuant to the Proposed SGP at any point in time during the duration of the SGP; and
- (iii) the approval of the shareholders of Bursa Malaysia at an Extraordinary General Meeting of the Company (“**EGM**”) to be convened for the Proposals.

The Proposed SGP and the Proposed Amendment are not inter-conditional with each other.

6. APPLICATION TO THE RELEVANT AUTHORITIES

An application to the Securities Commission seeking approval for the Proposed SGP is expected to be made within one (1) week from the date of this announcement.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Dato' Yusli bin Mohamed Yusoff is deemed interested in the Proposed SGP by virtue of his eligibility for the Awards in his capacity as the Chief Executive Officer and Executive Director of Bursa Malaysia. Although the Proposed SGP and the Proposed Amendment are not inter-conditional with each other, Dato' Yusli bin Mohamed Yusoff has abstained and will continue to abstain from deliberating and voting on any subject matter pertaining to the Proposals and his entitlement under the Proposed SGP at the Board meetings of the Company and will continue to abstain from voting in respect of his direct and/or indirect shareholdings in Bursa Malaysia, on the resolutions pertaining to the Proposals and proposed allocations to him under the Proposed SGP at the EGM to be convened. Further, Dato' Yusli bin Mohamed Yusoff has also undertaken that he shall ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in Bursa Malaysia on the resolutions approving the Proposals and proposed allocations to him under the Proposed SGP at the EGM to be convened.

Save as disclosed above, none of the Directors, major shareholders or persons connected to them has any interest, direct or indirect, in the Proposals.

8. DIRECTORS' RECOMMENDATION

Having considered the financial effects and rationale of the Proposals, the Board (with the exception of Dato' Yusli bin Mohamed Yusoff who has abstained from expressing any opinion or recommendation relating to the Proposals and his proposed allocations under the Proposed SGP) is of the opinion that the Proposals are in the best interest of the Company.

9. ADVISER

AmInvestment Bank has been appointed to act as the adviser of the Company for the Proposed SGP.

This announcement is dated 11 February 2010.