

**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.
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 @ Karunikaran a/l Ramasamy
 - (2) Encik Pushpanathan a/l S.A. Kanagarayar
 - (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.
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.
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 1
Resolution 2
Resolution 3**

Resolution 4

Resolution 5

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

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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.

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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.