

Understanding Shariah Investing on Bursa Malaysia-i

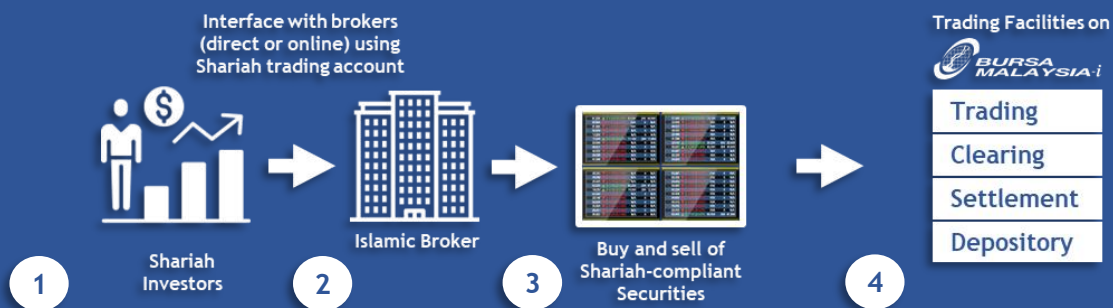
What is Bursa Malaysia-i?

Bursa Malaysia-i offers a comprehensive range of exchange-related facilities including listing, trading, clearing, settlement and depository services, leveraging on the existing infrastructure with enhancements to incorporate Shariah-compliant features.

Bursa Malaysia-i provides investors seeking Shariah-compliant securities a new landscape that they may access the Exchange's services, either directly or online via Islamic brokers, where investors would be able to experience comprehensive end-to-end Shariah investing.

Through the Islamic brokers, investors will be able to access Shariah-compliant securities listed on Bursa Malaysia and the trade and post-trade services will be conducted in accordance with Shariah principles on Bursa Malaysia-i platform.

Diagram 1: Shariah Investing Landscape on Bursa Malaysia-i



1. An investor and/ or trader **must have or open Shariah trading account** with an Islamic Broker to trade Shariah-compliant securities on Bursa Malaysia-i platform.
2. Through Islamic broker, an investor or trader may buy and/ or sell Shariah-compliant securities on Bursa Malaysia.
3. The trading of Shariah-compliant securities will be conducted by Islamic broker and channeled through Bursa Malaysia-i platform.
4. The trading, clearing, settlement and depository activities on Bursa Malaysia-i platform are conducted in accordance with Shariah principles.

Diagram 2: The differences between trading with Islamic brokers before and after the establishment of Bursa Malaysia-i



Instruments:

Investment instruments listed on the Main, ACE and LEAP Market of Bursa Malaysia Securities Berhad are screened by the Shariah Advisory Council of Securities Commission Malaysia to determine their Shariah-compliant status.



Trade:

Islamic brokers and conventional brokers have segregated trading channels.



Clearing:

Post-trade clearing of trades done via the Islamic Brokers are undertaken by Bursa Malaysia Securities Clearing Sdn Bhd and are guaranteed Shariah-compliant.



Settlement:

Settlement of trades between the Islamic brokers and Bursa Malaysia are done through Islamic Financial Institutions.



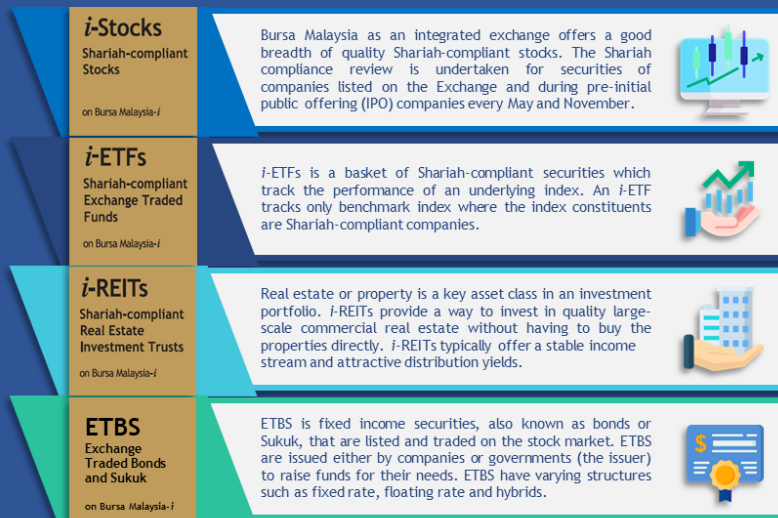
Depository:

Shariah-compliant securities in an investor's CDS account are tagged with "SP" coding which indicates "Shariah-compliant securities".

Shariah-compliant Instruments

The platform supports Shariah-compliant products that listed on Bursa Malaysia, which include stocks (*i*-Stocks), Exchange Traded Funds (*i*-ETFs), Real Estate Investment Trusts (*i*-REITs) and Exchange Traded Bonds and Sukuk (ETBS), which allow investors to build a multi-asset Shariah-compliant portfolio that can be benchmarked against Shariah indices. Investors may choose to invest in any of these Shariah-compliant instruments (*Diagram 3*).

Diagram 3: List of Shariah-compliant Instruments

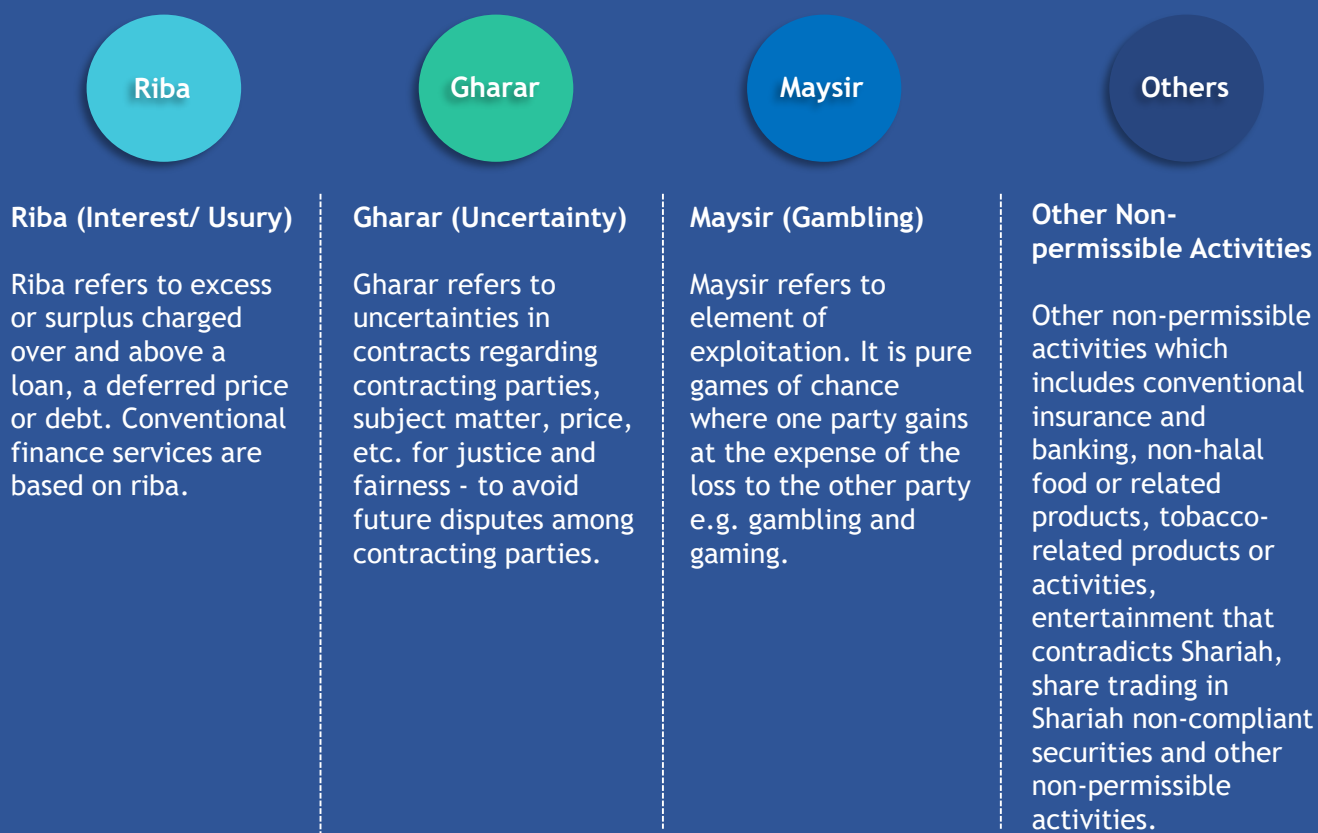


What is Shariah Investing?

Shariah Investing emphasises the need for investors to undertake an end-to-end Shariah-compliant investing activities. Shariah Investing ensures that the overall investment and trading activities of investors are in accordance with the established and parameterised Shariah principles.

In general, Shariah-compliant investments should not include these prohibited elements (*Diagram 4*).

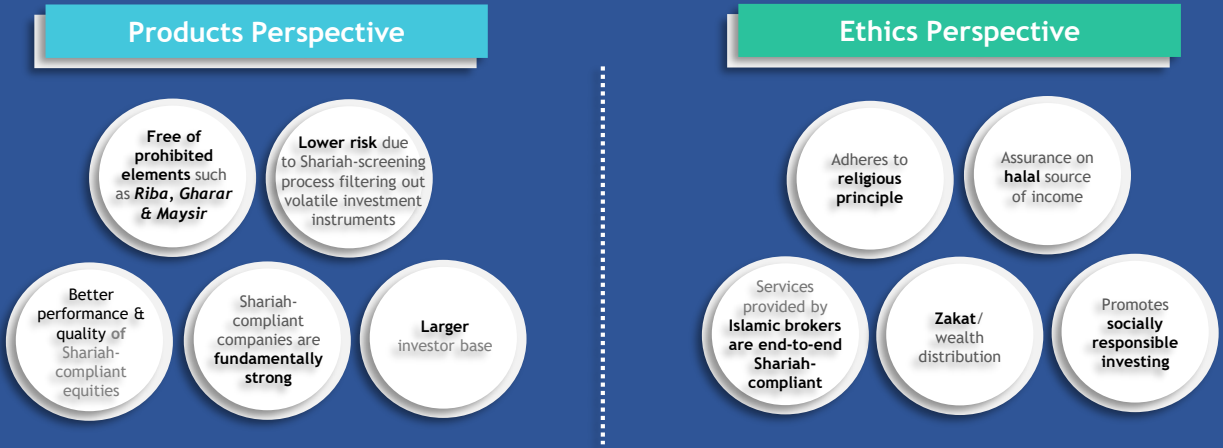
Diagram 4: Prohibited Elements in Shariah Investing



Why Shariah Investing?

Shariah investing is clearly demarcated and defined with standard-setting bodies setting clear guidelines based on acknowledged Shariah principles. The Shariah principles guide many aspects including the type of investments allowed. Here are some benefits of Shariah investing based on ethics and products perspectives (*Diagram 5*).

Diagram 5: Benefits of Shariah Investing: Ethics & Products Perspective



Best Practices for Shariah Investing

In pursuit of developing a framework for end-to-end Shariah investing on Bursa Malaysia-i for trading of Shariah-compliant capital market instruments, Bursa Malaysia has developed a comprehensive **Best Practices for Shariah Investing** for the investors.

Investors who trade and invest in Shariah-compliant securities on Bursa Malaysia are encouraged to undertake their activity via a registered Islamic broker that conducts its stockbroking business in accordance with Shariah principles, whether on a full-fledged or ‘window’ basis.

Please obtain a copy of the Best Practices for Shariah Investing from www.bursamalaysia.com



How to Start Trading on Bursa Malaysia-i?

