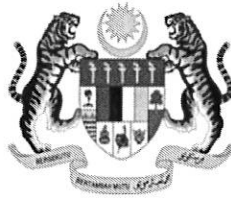


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KEYNOTE ADDRESS BY  
YB DATUK SERI JOHARI ABDUL GHANI  
MINISTER OF FINANCE II

MID AND SMALL CAP RESEARCH SCHEME LAUNCH

Date : 25 May 2017 (Thursday)  
Time : 3.00 PM  
Venue : Bursa Malaysia, Kuala Lumpur

SALUTATIONS

Assalamualaikum warahmatullahi wabarakatuh and a very good afternoon to all

Yang Berbahagia Tan Sri Amirsham Abdul Aziz  
Chairman of Bursa Malaysia Berhad

Yang Berbahagia Tan Sri Dato' Seri Ranjit Ajit Singh  
Chairman of Securities Commission Malaysia

Yang Berbahagia Datuk Seri Tajuddin Atan  
Chief Executive Officer of Bursa Malaysia Berhad

Distinguished guests, ladies and gentlemen.

INTRODUCTION

1. Firstly, thank you very much for inviting me today at the Mid and Small Cap Research Scheme launch this afternoon. It is indeed a great pleasure to be here to witness another watershed event for our capital market.

2. At the Government's end, we are committed to facilitate and ensure that the equity market and the capital market as a whole, will remain an important conduit to the broader economy and with this event today, it is my wish that the equity market will remain exciting and attractive to all spectrums of investors.

MID AND SMALL CAP RESEARCH SCHEME- UNEARTHING THE HIDDEN GEMS IN THE CAPITAL MARKET

Ladies and gentlemen,

3. The Small and Medium-sized Enterprise (SME) industry is an integral part of our economy. It plays a vital economic development role, connecting global supply and value chains to national economies. SMEs also make up the vast majority of the world's businesses, making a huge contribution to global growth. This is where the role of Mid and Small Cap Research Scheme can come in.

4. As we are all aware, the Mid and Small Cap Research Scheme was first revealed by YAB Prime Minister during the tabling of Budget 2017. Pursuant to which, a task-force headed by the Securities Commission Malaysia (SC) has been set up with the objective to oversee the operationalization of the scheme. Bursa Malaysia, Kumpulan Wang Persaraan (Diperbadankan) (KWAP), Association of Stockbroking Companies Malaysia (ASCM) and Malaysian Investment Banking Association (MIBA) are also part of the task force members.

5. I am pleased that this scheme is an industry led effort and it is driven not only by the Government but also by the regulator and industry players. For this, I must commend SC and Bursa Malaysia for their leadership and to other members of the task force, for your immense contributions to bring this initiative to fruition, as one of our continuous efforts in developing the market.

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6. After few months of meticulous planning and guidance by the task force, the scheme is now ready to be rolled out. I must say that everyone in the industry, be it the public listed companies, intermediaries and investors are all excited as this could be the beginning of bigger things that could take place in the equity market.

7. Indeed, the scheme will bring multitude of benefits to all involved in the equity market value chain. Most importantly, we aim to highlight and give due recognition to the Mid and Small Cap companies that have generally long been under-researched and hence, off the radar.

8. We are cognizant of the fact that there are many hidden gems amongst these companies and by initiating efforts for their coverage by Research Companies, we believe that investors' interest will be raised, liquidity will grow and the overall industry will ultimately benefit.

### COLLABORATIVE EFFORTS TO GET THE BALL ROLLING

Ladies and Gentlemen,

9. To get the ball rolling, the Government-linked investment companies (GLICs) will allocate additional funds of up to RM3 billion to be invested in potential Mid and Small Cap listed companies. These allocations may be outsourced partly or wholly to licensed external fund managers. The objective is clear - which is to help enhance liquidity and interest for these stocks.

10. As a start, the scheme will begin with 100 listed companies in the first year with more PLCs to be featured in the second year. Rest assured that these companies have been selected based on a series of quantitative and qualitative criteria. We believe that the Mid and Small cap universe has some interesting business models and exciting prospects that can be the impetus for improved valuations for this segment.

11. An important player in the value chain is the Research house. We believe Research Companies can play their part in raising investor awareness by producing top notch and high quality research reports for investors, be it for the retail or institutional investors. At the back of an uncertain external environment, investment ideas emanating from the research scheme can help to re-invigorate interest towards the local market.

12. I was informed that the Research Companies are also entrusted to carry out active promotion of this scheme. Indeed, constant and targeted engagements with investors can help them find value of accretive investments in this segment.

13. As for the brokers, they should take advantage of this scheme and maximize their marketing effort. This could be an avenue for them to provide a value-added service to their clients. I hope that the brokers can channel their best resources to promote the scheme to ensure its success.

14. For the public listed companies (PLCs), your role in ensuring the success of this scheme is particularly important especially in opening the door to analysts to know more about your company and hence, your prospects. This can lead to better value recognition and liquidity of your stocks.

15. Bursa Malaysia, apart from being the administrator of the scheme, must also do their marketing rounds, not only domestically but also internationally. With solid and continuous marketing effort by all parties, it is hoped that the scheme will be a resounding success.

INTRODUCTION OF DISTINCTIVE INDICES FOR MID AND SMALL CAP PLCs

Ladies and gentlemen,

16. To spur further interest and activity, distinctive indices for Mid and Small Cap listed companies will be introduced with the aim to raise the performance and enhance the visibility of this segment.

17. In conjunction with the official launch of the scheme, Bursa Malaysia will introduce the FTSE Bursa Malaysia ("FBM") MidS Cap Index, comprising of listed companies with market capitalization ranging from RM200 million to RM2 billion.

18. This will also be complemented by the introduction of the FTSE Bursa Malaysia MidS Cap Shariah Index. The index will cover Shariah compliant stocks according to Securities Commission's Shariah Advisory Council (SAC) screening methodology.

19. We hope that both indices can assist investors in making objective benchmarking that will eventually help raise our market participants' interest and participation in the Mid and Small cap stocks.

20. As for the investors, I urge everyone to make full use of the scheme not only to identify new investment opportunities that will provide good returns but also to build up the required knowledge of this high growth potential segment.

21. In the case of retail investors, they must seize this opportunity to learn more from research reports to make responsible and informed investing decisions. They should also take advantage of financial literacy initiatives by the regulators and industry. I call on all stakeholders to continue with such initiatives as it is important that every citizen has sound financial knowledge as we as a country, mature into a high income nation.

CLOSING

Ladies and Gentlemen,

22. The objective of this scheme is multi-pronged. By providing the visibility and enhancing the tradability of under-researched stocks, the scheme can indirectly facilitate listed companies gain better access to raise funds as well as increase M&A activities, which are critical in ensuring that our market remains vibrant and attractive.

23. Having said that, I hope that the scheme will be a success in its own right and rest assured that all elements to ensure its success are in place. The task-force established for this will be entrusted to monitor all matters related to its implementation and the objective it sets out to achieve.

24. With that, I thank all those involved and let's hope that the joint efforts by the government and industry, will lead to sustainable interest and demand in this segment.

25. Finally, thank you again for having me this afternoon and I wish everyone all the best. Thank you.