

EXCHANGE TRADED FUNDS CONFERENCE

WEDNESDAY, 6 JUNE 2007

OPENING ADDRESS BY

OMAR MERICAN, CHIEF OPERATING OFFICER, BURSA MALAYSIA BHD

Yang Berbahagia Dato' Seri Hwang Sing Lue, Board of Directors, Bursa Malaysia Berhad

Distinguished speakers

Ladies and gentlemen

A very good morning to all.

It gives me great pleasure to welcome all of you to this conference on Exchange Traded Funds, or in short, ETFs. Your presence here today is a clear indication of the surging interest in the development of this relatively new product to our local capital market. I believe there is much to learn from this conference and I hope that delegates will look upon this conference not just as a source of education and information, but also for the establishment of new networks and strengthening of relationships. You will hear a great deal over the next two days about ETFs' opportunities and benefits so for now, let me just touch on a few key points.

The Malaysian capital market is going through exciting times. Our market has been very bullish and we are now seeing a fresh horizon of new possibilities. We are also seeing new products and new asset classes being introduced. However, while it may seem we are doing well, the truth is we could do better. Our market, albeit rated as one of the best performing in Asia, still lags behind in many areas compared to others in the region. Yes, trading activity remains active but our total market capitalisation and velocity can improve significantly. And while the maturity of our market creates opportunities for privatisation, the capital market will need to increase its attractiveness to continuously woo investors and issuers.

Ladies and gentlemen,

The truth is, low levels of liquidity have dogged the Malaysian market for some time. Although various measures have been undertaken to address the liquidity problem, we have only managed to do so with a limited degree of success. And much of the reason for that lies in the lingering skepticism among investors and fund managers about the accessibility of free floated stocks. This relates to shares with strategic holdings that dominate the market but only rarely change hands. Nonetheless, we are optimistic that the situation may improve for the better.

Today's ETF conference is significant in two respects. The first is in its objective to respond to the Government's recent announcement at Invest Malaysia 2007 to create ETFs with an initial fund size of RM3.5 billion. This will act as a tool to enhance market liquidity as well as boost retail participation. At the same event, our Prime Minister made an important call to the Government Linked Investment Companies or GLICs, in relation to placing out a portion of their portfolios in exchange for units in ETFs to be issued. It is anticipated that the reduced strategic shareholdings by GLICs will potentially improve our market's free float standing in the world map.

The second is the calibre of speakers you will be hearing from over the next two days. During the course of this conference, you will receive a wide range of significant updates from ETF specialists as well as fund managers and analysts internationally who are experienced from the many years they have spent in the industry. This two-day event will provide practical information on the principles and mechanics of ETF and highlight its merits as an investment alternative. Other interesting topics that will be discussed include ETF developments and investment strategies, its benefits and associated risks as well as the legal and regulatory framework of ETF.

Ladies and gentlemen,

Equity ETF is a fairly new investment product in our market. I am pleased to say that it will be rolled-out to Malaysian investors soon and its inclusion in our product offering represents the larger objective of increasing depth and breadth to the Malaysian capital market. However, we do not anticipate that the presence of ETFs in our market will stop there. Over time, we hope to see this product category grow in variety and size, providing increasing momentum for building greater liquidity within the equity market, consistent with the broad objectives of the Capital Market Masterplan.

On that note, I hope all of you will actively participate in the discussions and leave this conference with deeper insights to ETFs and its potential impact on Malaysia's capital market landscape. I wish all guests a productive discussion in the coming two days.

Thank you.

END