

Securities Commission's Retail Bond Framework Timely To Spur Bonds And Sukuk Market

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In response to the retail bonds and sukuk framework announced by the Securities Commission Malaysia today, Maybank Investment Bank Berhad views this move as timely and positive in spurring a new phase of growth for the Malaysian bonds and sukuk market.

The new framework is expected to benefit retail investors with access to a wider range of investment options, allowing investors direct access to the bonds and sukuk market. Traditionally, retail investors' participation has largely been limited to investment through bond funds or unit trust products.

The phased implementation of the retail bonds and sukuk framework will augur well for investor education and acceptance that would lead to developing a robust retail bonds and sukuk market.

The introduction of retail investors as a new investor class adds a new dimension of demand for bonds and sukuk, injecting further breadth and depth to the capital market. Historically, institutional investors have always underpinned the Malaysian bonds and sukuk market in providing liquidity and demand. The retail segment, which represents a sizeable share of the savings of the country and constituting an untapped liquidity pool, may now be accessed by corporate issuers.

“Maybank Investment Bank views the Securities Commission's initiative in announcing the framework to allow retail participation in the bonds and sukuk market as timely and positive. It exemplifies Securities Commission's continuing commitment towards the Capital Market Master Plan 2 which outlines the strategies to transform the competitive dynamics of the Malaysian capital market over the next ten years” said Tengku Dato' Zafrul, Chief Executive Officer of Maybank Investment Bank. He further added “Facilitation of greater retail

participation in the bond market is part of the Securities Commission's holistic efforts to promote capital formation.”

The late 1980s saw the birth of the bond market with the debut of the first corporate bond offering via Cagamas Berhad. This year will be a record breaking year for the Malaysian corporate bond market, with the highest volume of issuances to-date. The advent of a retail bonds and sukuk framework marks the next step in the growing maturity and sophistication of the Malaysian bond market.

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About Maybank Investment Bank Berhad

Maybank Investment Bank Berhad (“Maybank IB”), incorporated under the name of Asian & Euro-American Merchant Bankers Malaysia in 1973, was formed to undertake the full range of investment banking services. Maybank IB has one of the most extensive dealing networks in the country, supported by one of the best research houses. It has vast experience in undertaking large Initial Public Offerings of both domestic and international firms, and executing primary/private placements, share buybacks, and mergers & acquisitions. In addition, Maybank IB has a history of successfully arranging and advising on both conventional and Islamic bond issues. Maybank IB also provides equity and commodity solutions, which serve as a catalyst for product innovation and provide a platform to customise products and solutions for retail, corporate and institutional clients.

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