August 2026

FTSE Bursa Malaysia Index Series Enhancement

FAQ

v1.1

Overview

In April 2026, FTSE Russell launched a consultation on proposed enhancements to the FTSE Bursa Malaysia Index Series, including the FTSE Bursa Malaysia KLCI (FBMKLCI) and the FTSE Bursa Malaysia Mid 70 Index (FBM70). Following a review of the market feedback, FTSE Russell and Bursa Malaysia confirmed the enhancements to both indices, with implementation commencing as part of the December 2026 index review.

The FAQ provides an overview of the enhancements and their implementation.

FTSE RUSSELL
An LSEG Business

lseg.com/en/ftse-russell

Contents

1. What enhancements are being implemented to the FTSE Bursa Malaysia Index Series? 3
2. What are the reasons on the enhancement on FTSE Bursa Malaysia Index Series? 3
3. How will the FBMKLCI expansion be implemented? 3
4. How will the phased inclusion into FBMKLCI be reflected from a security perspective? 4
5. How will the additional 20 securities of the FBMKLCI be selected? 4
6. Which companies are indicatively expected to be added to the FBMKLCI? 4
7. What happens if a newly added FBMKLCI constituent fails to meet the index eligibility at a subsequent review? ... 5
8. Why is the FBMKLCI enhancement being implemented over two tranches? 5
9. Will the tranching factor applied to the additional 20 FBMKLCI constituents also be used in other indices within FTSE Bursa Malaysia Index Series? 6
10. Will the FBMKLCI index value change as a result of the enhancement? 6
11. Will the historical index value of the FBMKLCI change as a result of the enhancement? 6
12. How will the FBMKLCI performance be impacted after the enhancement? 6
13. What are the reasons for the FBMKLCI expansion without applying 10% capping? 6
14. How will the stock reduction be implemented into the FTSE Bursa Malaysia Mid 70 Index? 6
15. What is the index name of FTSE Bursa Malaysia Mid 70 Index after stock reduction? 7
16. Will the enhancement affect the FBMKLCI and the FBM70 derivatives products? 7
17. Will there be any price adjustment to index linked derivative products (i.e. FKLI, FKLM, OKLI or FMCI) on the Effective Date? 7

1. What enhancements are being implemented to the FTSE Bursa Malaysia Index Series?

Following a public consultation conducted between 31 March and 24 April 2026, FTSE Russell and Bursa Malaysia have confirmed a number of enhancements to the FTSE Bursa Malaysia Index Series, including the FTSE Bursa Malaysia KLCI (FBMKLCI) and the FTSE Bursa Malaysia Mid 70 Index (FBM70). These changes are designed to provide broader representation of Malaysia's equity market and improve sector diversification.

The following changes will be implemented, beginning with the December 2026 index review:

- FBMKLCI will be expanded from 30 to 50 constituents, increasing its representation of Main Market capitalisation from approximately 60% to 70%.
- FBM70 will be reduced from 70 to 50 constituents and will be renamed the FTSE Bursa Malaysia Mid Cap Index.

The enhancements will be implemented in two phases:

- Phase One (effective 21 December 2026): The 20 newly added FBMKLCI constituents will be included at 50% of their final index weight.
- Phase Two (effective 21 June 2027): The 20 new constituents will reach 100% of their final index weight, completing the transition to the enhanced FBMKLCI.

For further details, please refer to the announcement.

2. What are the reasons on the enhancement on FTSE Bursa Malaysia Index Series?

The enhancements are designed to ensure the FTSE Bursa Malaysia Index Series continues to reflect the growth and diversification of Malaysia's equity market. Specifically, the changes will:

- Increase market representation by expanding the FBMKLCI from 30 to 50 constituents.
- Enhance sector diversification and better reflect the evolving structure of Malaysia's economy.
- Maintain the FBMKLCI's relevance as a representative, investable and internationally recognised benchmark.
- Support the long-term development of Malaysia's capital market by providing a broader and more balanced benchmark for investors.

3. How will the FBMKLCI expansion be implemented?

The expansion of the FBMKLCI from 30 to 50 constituents will be implemented as part of the regular semi-annual index review. The additional 20 securities will be added via a two-phased implementation, beginning in December 2026 and concluding in June 2027. This phased approach is intended to facilitate an orderly transition, helping to reduce concentrated trading flows and support efficient portfolio rebalancing by market participants.

The tranching schedule and corresponding proportions of free float for the additional 20 securities are as follows:

	Tranche One	Tranche Two
Review Schedule	December 2026	June 2027
Implementation Effective Date	Open on Monday, 21 December 2026	Open on Monday, 21 June 2027
Tranching Factor (for 20 newly added constituents)	50%	100%
Index Weight (for 20 newly added constituents)	To be included at 50% of final index weight	To be increased to 100% of final index weight

4. How will the phased inclusion into FBMKLCI be reflected from a security perspective?

For illustration purposes, if a Bursa Malaysia listed security, Company A, with a free float of 35%, is scheduled to be added into FBMKLCI, it will be implemented as per the following tranches:

	Tranche One	Tranche Two
Review Schedule	December 2026	June 2027
Implementation Effective Date	Open on Monday, 21 December 2026	Open on Monday, 21 June 2027
Tranching Factor	50%	100%
Company A's Total Free Float Weight Added	17.5% (i.e. 35% x 50%)	35% (i.e. 35% x 100%)

5. How will the additional 20 securities of the FBMKLCI be selected?

The additional 20 securities will be selected based on their full market capitalisation ranking, subject to meeting the index eligibility criteria set out in the FTSE Bursa Malaysia Index Series Ground Rule.

The constituent selection will be based on data as of the close of business on the Monday four weeks prior to the review effective date of December 2026 index review, i.e. 23 November 2026. The final list of additional 20 constituents will be announced as part of the December 2026 semi-annual review results on 03 December 2026.

6. Which companies are indicatively expected to be added to the FBMKLCI?

The table below lists the indicative 20 companies that may be added to the FBMKLCI based on full market capitalisation ranking as of close of business on 30 June 2026. The final list will be announced as part of the December 2026 semi-annual review results.

Company	Local Code
Alliance Bank Malaysia	2488
Dialog Group	7277
Frontken	0128
Genting	3182
Genting Malaysia BHD	4715
IGB Real Estate Investment Trust	5227
IJM	3336
Inari Amertron	0166
KPJ Healthcare	5878
Malayan Cement	3794
Malaysian Pacific Industries	3867
QL Resources	7084
Sime Darby	4197
Sime Darby Property	5288
Sunway Construction Group	5263
Time Dotcom	5031
Unisem (M)	5005
United Plantations	2089
Vitrox	0097
Westports Holdings	5246

7. What happens if a newly added FBMKLCI constituent fails to meet the index eligibility at a subsequent review?

If a constituent that was added to the FBMKLCI as part of the phased expansion fails to meet the index eligibility requirements at a subsequent review (for example, the June 2027 review), it will be removed from the FBMKLCI in accordance with the FTSE Bursa Malaysia Index Series Ground Rules and index methodology. The constituent will not proceed to its full implementation weight in the index. The replacement stock will be added at its full free float weight in June 2027 review.

8. Why is the FBMKLCI enhancement being implemented over two tranches?

Based on the feedback received during the consultation and given the FBMKLCI's role as Malaysia's headline equity benchmark, FTSE Russell and Bursa Malaysia concluded that a phased implementation is the most prudent approach for transitioning to the enhanced methodology.

Implementing the enhancement in two phases allows market participants to adjust gradually, helping to reduce concentrated trading flows, minimise market impact and support an orderly portfolio rebalancing process. This approach is consistent with FTSE Russell's established practice for managing significant index transitions.

9. Will the tranching factor applied to the additional 20 FBMKLCI constituents also be used in other indices within FTSE Bursa Malaysia Index Series?

No, the tranching factor applied to the additional 20 securities during the phased implementation period will be used solely for the calculation of the FBMKLCI. It will not be applied or reflected in the calculation of any other indices within FTSE Bursa Malaysia Index Series. Accordingly, the constituents concerned will continue to be represented in other relevant indices based on their standard index weightings and methodology.

10. Will the FBMKLCI index value change as a result of the enhancement?

There will be no change to the index value following the enhancement. To be specific, the FBMKLCI index value as of close of 18 December 2026 (Friday) will be the open index value of 21 December 2026 (Monday).

11. Will the historical index value of the FBMKLCI change as a result of the enhancement?

No, the historical index values of the FBMKLCI will be retained.

12. How will the FBMKLCI performance be impacted after the enhancement?

After enhancement, the performance of FBMKLCI will continue to be determined by the performance of index constituents and their respective weightings. There is no correlation between methodology enhancement and the future index performance.

13. What are the reasons for the FBMKLCI expansion without applying 10% capping?

During the consultation, diverse opinions were received regarding the proposed capping mechanism. Some respondents supported the introduction of capping. Other respondents raised concerns about the potential implications of capping, including frequent rebalancing and restricting the contribution of performing constituents. After careful consideration of the feedback, FTSE Russell and Bursa Malaysia concluded that a capping mechanism will not be introduced for the FBMKLCI.

14. How will the stock reduction be implemented into the FTSE Bursa Malaysia Mid 70 Index?

The stock reduction for FTSE Bursa Malaysia Mid 70 Index from 70 to 50 constituents will be implemented in conjunction with the December 2026 index review. The reduction on 20 securities will be implemented in one step.

15. What is the index name of FTSE Bursa Malaysia Mid 70 Index after stock reduction?

Starting from December 2026 index review, the index name of FTSE Bursa Malaysia Mid 70 Index will be updated to FTSE Bursa Malaysia Mid Cap Index.

16. Will the enhancement affect the FBMKLCI and the FBM70 derivatives products?

For the existing futures and options linked to the FBMKLCI (i.e. FTSE Bursa Malaysia KLCI Futures “FKLI”, Mini FTSE Bursa Malaysia KLCI Futures “FKLM”, and Option on FTSE Bursa Malaysia KLCI Futures “OKLI”), the enhancement will not introduce changes to the contract specifications or product framework.

Due to the index name change from FTSE Bursa Malaysia Mid 70 Index to FTSE Bursa Malaysia Mid Cap Index, as advised by Bursa Malaysia, the linked futures (Mini FTSE Bursa Malaysia Mid 70 Index “FM70”) will be renamed to FTSE Bursa Malaysia Mid Cap Index Futures (FMCI). The existing contract specifications, trading parameters and final settlement methodology will remain unchanged.

For information on the index linked derivatives products, please contact Bursa Malaysia for details.

17. Will there be any price adjustment to index linked derivative products (i.e. FKLI, FKLM, OKLI or FMCI) on the Effective Date?

No. On 21 December 2026, the opening prices of index linked derivative products will continue from their respective closing prices on 18 December 2026. Please contact Bursa Malaysia for details.

For more information about our Indices, please visit lseg.com/en/ftse-russell.