

E MAHATHIR: FORGET YOUR GET-RICH-QUICK MENTALITY

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KUALA LUMPUR, OCT. 29 (BERNAMA ES)-- PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD RELAUNCHED THE KUALA LUMPUR COMMODITY EXCHANGE TODAY WITH A STERN WARNING TO THOSE PARTICIPATING IN THE FUTURES INDUSTRY TO PURGE THEMSELVES OF THE GET-RICH-QUICK MENTALITY.

" THE EXCHANGE IS NOT A PLAYTHING OR A CASINO. IT IS A VITAL PART OF A MODERN MERKET ECONOMY," HE ADDED.

" THOSE WHO PARTICIPATE IN IT MUST FORGET THEIR GET-RICH-QUICK IDEAS. THEY MUST REGARD THEIR PARTICIPATION AS A SERIOUS VOCATION THAT RERQUIRES RESPONSIBILITY AND ETHICAL PRACTICES."

HE SAID INTEGRITY IS THE BIGGEST CAPITAL IN THIS KIND OF MARKET.

" WE CAN HAVE LAWS AND RULES AND COMMISSIONS AND COUNCILS TO KEEP EVERYONE IN LINE BUT THIS WILL BE TO NO AVAIL IF A TRADER IS DETERMINED TO CHEAT," HE ADDED.

" HENCE, THE VALUE OF INTEGRITY. THE TRADERS AND BROKERS AND ALL WHO ARE INVOLVED IN THIS EXCHANGE MUST HAVE INTEGRITY.

" IT IS IMPORTANT THEREFORE THAT EVERYONE BE VERY CAREFULLY SCREENED , THAT ERRING MEMBERS BE DISCIPLINED AND A KEEN EYE BE MAINTAINED ALL THE TIME FOR ANY SIGN OF MANIPULATION."

HE SAID IF ONE ANALYSES CAREFULLY, ONE MUST CONCLUDE THAT WHAT IS BEING TRADED IS THE INTEGRITY OF THE PARTICIPANTS.

THE REVAMPED KLCE WILL SEE THE REVIVAL OF THE CRUDE PALM OIL FUTURES MARKET WHICH IS THE ONLY ONE IN THE WORLD.

THE CRUDE PALM OIL FUTURES MARKET BECAME DORMANT SINCE FEBRUARY LAST YEAR BECAUSE OF MASSIVE DEFAULTS ALTHOUGH RUBBER FUTURES ARE STILL BEING TRADED AT THE EXCHANGE.

UNDER THE NEW EXCHANGE, THE MOST DISTINCTIVE FEATURE WILL BE THE GUARANTEE OF ALL CONTRACTS EXECUTED ON THE FLOOR AUTOMATICALLY BY THE NEW MALAYSIAN FUTURES CLEARING CORPORATION.

PREVIOUSLY, DEALS WERE ONLY GUARANTEED THE FOLLOWING DAY AND THIS LED TO A DEFAULT OF 763 LOTS OF CRUDE PALM OIL FUTURES BY SEVEN BROKERS LAST FEBRUARY.

THE THEN KUALA LUMPUR COMMODITY CLEARING HOUSE DEREGISTERED THE LOTS WHEN IT FOUND THAT THE BROKERS DID NOT HAVE ENOUGH MARGINS WITH THE KLCCH TO COVER THOSE CONTRACTS.

DATUK SERI DR. MAHATHIR SAID THE KLCE AND THE MALAYSIAN FUTURES CLEARING CORPORATION SHOULD TAKE APPROPRIATE ACTION TO PREVENT ANY UNDESIRABLE OR UNTOWARD DEVELOPMENT WHICH MIGHT JEOPARDISE THE INTEGRITY OF THE MARKET.

HE WARNED THAT MANIPULATION WAS A SERIOUS CRIMINAL OFFENCE UNDER THE COMMODITIES TRADING LEGISLATION AS SUCH THE GOVERNMENT WILL NOT TOLERATE ANYONE ATTEMPTING TO UNDERMINE THE MARKET.

THE COMMODITIES TRADING COMMISSION, WHICH REPLACES THE COMMODITIES TRADING COUNCIL WILL BE EQUIPPED WITH APPROPRIATE POWERS TO OVERSEE THE OPERATIONS OF THE EXCHANGE AND TO INTERVENE IN THE MARKET IN AN EMERGENCY SITUATION.

'WE HOPE THAT INTERVENTION BY THE COMMISSION WILL BE NECESSARY ONLY RARELY+', HE SAID.

HE ADDED THE GOVERNMENT RECOGNISES THAT COMMODITY FUTURES TRADING PLAYS AN IMPORTANT ROLE IN THE ECONOMY AND THIS IS EVIDENT FROM THE \$2.2 MILLION SOFT LOAN GIVEN AS START-UP EXPENDITURE OF THE EXCHANGE.

DATUK SERI DR. MAHATHIR ADDED THE GOVERNMENT IS AWARE THAT THE EXCHANGE NEEDS INTERNATIONAL PARTICIPATION, AS SUCH IT HAS AGREED TO ALLOW INTERNATIONAL COMMODITY TRADING FIRMS TO BECOME MEMBERS OF THE KLCE.

IT ALSO PROVIDES FLEXIBILITY IN RELATIONS TO THEIR EQUITY STRUCTURE BY ALLOWING THEM TO HOLD MORE THAN 50 PER CENT SHARE.

HE HOPED WITH THESE INCENTIVES AND FINANCIAL ASSISTANCE FROM THE GOVERNMENT, THE INDUSTRY WILL RESPOND POSITIVELY TOWARDS THE CREATION AND DEVELOPMENT OF A VIABLE COMMODITIES FUTURES TRADING IN THE COUNTRY.

THE EXCHANGE, THE CLEARING HOUSE AND THE GOVERNMENT HAVE DONE THEIR UTMOST TO ENSURE THAT THE NEW TRADING SYSTEM IN THE KLCE WILL RUN SMOOTHLY IN ACCORDANCE WITH THE PHILOSOPHY OF SELF REGULATION, HE SAID.

ADEQUATE SAFEGUARDS ARE PROVIDED TO PROTECT THE USERS OF THIS EXCHANGE AND THE PUBLIC WITH CHANGES IN LINE WITH THE PRACTICES OF OTHER COMMODITY EXCHANGES IN THE WORLD, HE SAID.

DATUK SERI DR MAHATHIR ALSO HOPED THAT THE KLCE WILL SERVE THE NEEDS OF THE ASEAN REGION AND ALSO INTERNATIONAL TRADERS THROUGHOUT THE WORLD.

HE ADDED THE KLCE IS NOW IN A GOOD POSITION TO PLAY ITS ROLE IN MAKING KUALA LUMPUR A MAJOR WORLD CENTRE OF COMMODITY TRADING.

THE ESTABLISHMENT OF THE EXCHANGE IN 1980 WAS AIMED AT MAKING MALAYSIA THE FIRST DEVELOPING COUNTRY TO HAVE A MODERN COMMODITIES MARKET SO THAT MALAYSIA WILL NO LONGER BE DEPENDENT ON THE FUTURES MARKETS OF EUROPE AND THE UNITED STATES TO DETERMINE PRICES FOR ITS COMMODITIES.

HE SAID IT IS HOPED THAT THE KLCE WILL EXPAND TO PROVIDE TRADING FACILITIES NOT ONLY FOR PRIMARY COMMODITIES BUT ALSO FOR FINANCIAL FUTURES AND STOCK INDICES IN THE LONG RUN.--BERNAMA ES