

Overseas brokers can be members

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KUALA LUMPUR, Tues. — International commodity brokers will be allowed to be members of the Kuala Lumpur Commodity Exchange and to hold a controlling stake in their locally incorporated trading firms.

Datuk Seri Dr Mahathir Mohamad, who announced this today, said the Government had agreed to provide flexibility in the conditions relating to equity structure by allowing international commodity trading firms to hold more than 50 per cent equity.

"The Government is fully aware that a commodity market needs international participation in order to play its role effectively," he added when speaking at the launching of the revamped KLCE.

Market integrity

He added that the Government recognised that commodity futures trading played an important role in the economy, and it had given financial assistance to the KLCE.

So far, the Government has given a loan of \$2.2 million for the KLCE to meet its start-up expenses.

Dr Mahathir said the KLCE and the new clearing house, Malaysian Futures Clearing Corporation Sdn Bhd, would incur large expenses for training, promotion and marketing to be undertaken locally and internationally to ensure the efficient running of the Exchange.

"We hope that with these incentives and financial assistance from the Government, the in-

Hope for a positive response to incentives

dustry will respond positively towards the creation and development of a viable commodities futures trading in the country."

He added that with the revised trading arrangements, the five-year-old KLCE had entered into a new area in commodities futures trading.

Dr Mahathir urged producers, refiners and traders to make full use of the market, which he hoped would also serve the needs of the Asean region and international traders throughout the world.

Referring to the 18-month crisis of confidence triggered off by a massive default in crude palm oil futures contract, he said this should serve as a reminder and a lesson for all concerned on the importance of maintaining market integrity at all times.

"Equally, it has provided the opportunity to remove weaknesses and deficiencies through the newly refurbished Exchange and Clearing House."

He expressed confidence that with these awareness and changes, the KLCE would be in a good position to play its role in making Kuala Lumpur a major centre of commodity trading in the world.