

# Higher foreign equity for stockbroking firms

KUALA LUMPUR, Mon. — The limit for foreign equity in stockbroking companies is to be increased from 30 to 49 per cent, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said this was in view of the significant role the foreign partners of stockbroking companies could play in promoting and "internationalising" Malaysian stocks.

Dr Mahathir said the Malaysian market had been by-passed because of lack of exposure.

"We hope that through

foreign participation in the Corporatisation Programme, the image of local stockbroking companies will be enhanced," he said when opening the 10th Asian Securities Analysts Council and 7th East Asian Stock Exchanges conferences here.

"These corporatised stockbroking companies, especially those with significant foreign participation, will hopefully capture a larger share of foreign business and promote the Malaysian stock industry."

Dr Mahathir said that government efforts to

strengthen the securities market had helped encouraged a steady inflow of foreign institutional funds.

He said that interest of foreigners and locals to invest had increased considerably during the first quarter of this year, reflecting their growing confidence in the economy.

"With the strong fundamentals already in place, the Government is quite certain that the economy will expand faster to record a real GDP growth of more than five per cent by the end of the year," he said.

"And our optimism is not without support. Some economists have expressed the view that growth this year may even be in the region of six to seven per cent."

Dr Mahathir said the Government's move to corporatise the stockbroking industry was to strengthen it and enable it to take the lead in making the KLSE an international stock exchange.

To speed up the corporatisation, Dr Mahathir said, the Government issued new licences to the three

largest domestic banks — Malayan Banking, Bank Bumiputra and UMBC — late last year.

"While it is accepted that the banks are relatively new in this business, we have reason to believe that in time, they will demonstrate their leadership in the industry," he added.

Dr Mahathir said the KLSE had one of the highest market capitalisations in Asia and had been identified as one of the five largest emerging markets among developing countries by the International

Finance Corporation.

"Now is the opportune time for investors, particularly foreign investors to tap the potential of the Malaysian stock market.

"Towards this end, let me assure the foreign investors that the Government will endeavour to assist them in any way possible to overcome bureaucratic and other obstacles.

"The Government may even consider the liberalisation of the corporatisation process to further boost its stockbroking industry," he added.