

PM: Disclose information on insider trading

Act responsibly, KLSE firms told

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KUALA LUMPUR, Tues. — Companies listed on the Kuala Lumpur Stock Exchange (KLSE) have a responsibility to promptly disclose information on activities that affect their performance, to help curb insider trading, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said such disclosures would also help create a mature and credible market which would enjoy the confidence of local and international investors.

He said one obvious way of minimising insider trading was for companies, their officers and people involved in any significant deal to act more responsibly.

This includes directors and management executives of listed companies who, in discharging their duties, have to be more responsible towards the investing public and minority shareholders.

Dr Mahathir said this when he opened the "Malaysia capital growth opportunities" convention and exposition at the Putra World Trade Centre.

He urged private and family-owned businesses to go public and be managed

professionally if they wanted to survive their founders.

He noted that Chinese family concerns, which prospered during the lifetime of their founders, had all disappeared.

"The same will happen to existing family companies unless they become public limited companies."

He warned that the authorities would not hesitate to take stern action against anyone implicated in unfair trading at the KLSE.

"When we read about big names in business being jailed in other countries, it serves us well to remember that the

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price to be paid for being greedy is very painful.

"Always say Ivan Boesky or (Michael) Milken whenever you are tempted."

Ivan Boesky, a corporate raider who once exhorted that "greed was good", was convicted of insider trading in the US.

Drexel Burnham Lambert Inc executive Michael Milken pioneered the risky, high-interest "junk bonds" concept which financed billions of dollars worth of corporate takeovers, but was convicted last year on 98 counts of fraud and insider trading.

Dr Mahathir, touching on the excessive rumour-mongering in the stock

market, said: "This is very unfortunate because the victims are usually the small players or the serious investors."

"Share prices should at least be related to company performance, if not to actual dividends or profitability."

"Otherwise, there will be too much rumour-mongering and unhealthy speculation."

Dr Mahathir said the Government hoped that with the increasing maturity of the stock market, excessive speculation would be progressively reduced.

Investors, he said, should instead base their decisions largely on fundamentals and to a reasonable degree insulate the Malaysian market from the performance of major world markets, which were much more influenced by certain events.

He said there was a need to make a more concerted effort to educate the investing public on the fundamentals of the stock market.

Well-informed and knowledgeable investors would certainly go a long way towards developing a healthy and progressive stock market, he added.

Dr Mahathir said the Government would encourage Malaysian broking firms to compete in the international market by tying up with foreign broking houses in future.

The firms could do this by beefing up their financial strength as well as enhancing their research and marketing efforts, he added.