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EXPEDITE ESTABLISHMENT OF BOURSE & MONETARY EXCHANGE IN LABUAN

By: A. Govind

LABUAN, March 7 (Bernama) -- The government should speed up the establishment of the proposed international stock exchange and a monetary exchange here if the island were to realise its full potential as international offshore financial centre (IOFC)

The call came from Chua Ma Yu and Datuk Joseph Ambrose Lee, two major corporate investors who had made substantial investments here.

Chua said the exchanges would guarantee the involvement of a thriving capital market, the most important factor in a successful IOFC.

With the completion of the RM350 million financial park and other infrastructure facilities, Labuan was now ready to take off as a full-fledged tax haven, he said.

He said although there were more than 60 offshore banks, trust and insurance companies as well as more than 600 offshore trading and non-trading companies, this had not generated an international presence of financial experts.

"Labuan now only serves as a booking office for offshore companies, accepting deposits and co-arranging syndicated loans," he said in a interview.

With the creation of the exchanges, the international financial market would be able to channel billions of ringgit of investment bound for other economies in the Asia Pacific, said Chua.

He said while the financial experts were aware of Labuan, many might still be assessing what business proposition and services could a relatively new tax haven Like Labuan offer compared with the other more favoured destinations like the Bahamas, Bermuda, Hong Kong and Luxembourg.

"We have to generate economic excitement by placing more products in the IOFC basket in order to attract the global inflow of funds," he said.

Chua said the proposed exchanges could stimulate active cross-border deals, international bond issues and share flotations.

Lee said the proposed setting up of the two exchanges announced by Prime Minister Datuk Seri Dr Mahathir Mohamad late last year meant that the development here would be primarily private-sector driven.

"We should be careful not to over-regulate and cause unnecessary anxiety," Lee said.

He said while the setting up of the Labuan Offshore Financial Services Authority (LOFSA) to act as one stop regulatory and licensing body was a good move, the private sector should also be involved in some stages of decision making.

He suggested that the 13 trust companies here, which formed a vital link with offshore trading companies, should be represented in LOFSA and the Labuan Development Authority (LDA).

Lee pointed that such companies in other offshore regime were well recognised and given true representation because of their role in creating critical mass.

According to industry sources, the proposed Labuan International Monetary Exchange would be a self-regulated body promoting financial brokerage network and a broad range of products. It will join Singapore as another Asean centre for international financial derivatives trading and risk management.

The stock exchange, on the other hand, will allow foreign multinationals to operate out of here, benefitting from fund capitalisation

and market access in the East Asean region. Once established, the Labuan exchanges would have round-the-clock trading links with major international exchanges. -- BERNAMA

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