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Disclosure scheme may be reviewed before launch

SECURITIES Commission executive chairman Datuk Dr Munir Majid yesterday said the disclosure-based regime - slated to kick off on Jan 1, 2001 - may have to be reviewed closer to its launch date.

"We have to see how prepared all the participants are at that time and if all the necessary laws are in place," he said after a panel discussion during the second day of the Asean Business Forum in Kuala Lumpur.

He said he recommended that the date be changed if there was any valid reason why some of the necessary elements were not in place by then.

The disclosure-based regime would put the onus more on corporations and their advisers to ensure timely disclosure of information instead of it being handled largely by the regulatory authorities.

Earlier during his panel presentation, Munir reiterated the stand made by Prime Minister Datuk Seri Dr Mahathir Mohamad that currency trading needed to be regulated so as to be more transparent.

"From what little information we have received, the total volume of currency trade exceeds 70 times the value of actual trade between nations.

"These traders also do not seem to be complying with any disclosure standards to report either to investors or to any regulatory body.

"Data received from rating agency Micropal shows redemptions making up only five per cent of trade for the various hedge funds in the period between 1990 and 1996."

He also said any trading restrictions imposed by the Kuala Lumpur Stock Exchange were based on very objective criteria.

The companies placed under trading restrictions are Sime Securities Sdn Bhd, Capitalcorp Securities, Kin Khoo & Co Sdn Bhd, MBF Northern Securities Sdn Bhd and Labuan Securities Sdn Bhd.

Dr Munir said it was KLSE's duty to ensure the liquidity of stockbroking firms, especially in terms of their settlements, adding that the exchange also had to make sure that the clearing house was paid for shares bought by clients.

He said so far the KLSE had not experienced any settlement failure.

"I also want to emphasise that the trading restrictions are limited to only net sale positions where purchases must be paid in cash upfront," he said, adding that this has indeed been used in the past by the KLSE to ensure better management in stockbroking firms.

Another panelist, Political and Economic Risk Consultancy Singapore regional manager Dr Bruce Gale, said Asian economies now must anticipate the entry of foreign interests to help them recover.

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