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KHAZANAH'S FIRST BENCHMARK BOND TO BE ISSUED ON SEPT 18

KUALA LUMPUR, Sept 10 (Bernama) -- Khazanah Nasional Bhd's first benchmark bond issue of RM1 billion with a tenure of three years, which would be used to support the stock market, would be issued on Sept 18, 1997.

Khazanah Nasional, the government's investment arm, said the bond issue would be opened for tender on Bank Negara's Fully Automated System for Tendering (FAST) from Sept 11, 1997.

"It is hoped that with the growth of these benchmark issues, the secondary market for bonds will become more efficient and active," it said in a statement prior to the launching of the bonds tonight.

Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim is expected to launch Khazanah's benchmark bonds aimed at further promoting growth of the Malaysian debt market.

The bonds, as announced by Prime Minister Datuk Seri Dr. Mahathir Mohamad last week, would be used as part of a RM60 billion fund to support the Kuala Lumpur Stock Exchange (KLSE) which came under severe selling pressure recently but which has recovered markedly this week.

The signing to mark the launching would be between Khazanah Nasional, the issuer of the benchmark bonds, PB Trustee Services Bhd, on behalf of the bondholders and Bank Negara as the depository and paying agent.

The introduction of the Khazanah benchmark bond would also, in time, assist in the development of bond futures and options to add breadth to the financial derivatives market.

"And in line with the government's efforts to encourage greater savings among the public, unit trust companies and banking institutions would now be able to offer additional investment instruments in the form of bond funds and bond-related savings schemes," Khazanah Nasional said.

Khazanah Nasional, which is wholly-owned by the Minister of Finance (Incorporated), said it manages the government's assets to optimise returns and would be well placed to ensure that the proceeds of the benchmark issues are prudently reinvested so as to uphold and improve the risk rating of Khazanah Nasional at all times.

Among the main features of the Khazanah benchmark bond issuance programme, is that it would be a zero-coupon based on the concept of murabahah, fully guaranteed by the government, and would be issued on a quarterly basis with maturities of three, five, seven and 10 years.

Besides this, the issue size would not be less than RM500 million per issue and that it would not qualify for liquid assets status but they would be included in determining the volume of trading for purposes of netting off against eligible liability base.

There would be competitive bidding on the basis of price through the Principal Dealers on Bank Negara's FAST and would be traded on the Scripless Securities Trading System (SSTS). -- BERNAMA

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