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Move to lift curbs on KLCI stocks hailed

MALAYSIAN corporate players lauded the Government's move to de-categorise the 100 index-linked counters of the Kuala Lumpur Stock Exchange Composite Index (KLCI) as "designated" stocks.

Malaysia Airlines executive chairman Tan Sri Tajudin Ramli said the move will definitely be a boost to the bourse.

"The move will benefit (companies) ... we will see an immediate reaction on the market," he told reporters in Kuala Lumpur after the opening of the Umno General Assembly by party president and Prime Minister Datuk Seri Dr Mahathir Mohamad.

After chairing the Supreme Council meeting on Thursday night, Dr Mahathir had said that the Government had decided to de-categorise the counters as it felt that all measures introduced recently to prevent manipulation and short-selling in the stock market had been effective.

The KLSE Committee on August 27 had resolved that the shares of the KLCI stocks be declared "designated securities" and be restricted to "delivery before sale" basis.

The lifting of the "designated" stocks means that the T+5 (trading plus five market days) settlement system would apply under which delivery and payment would have to be effected for both sell and buy trades.

Tajudin said that since the measure had achieved what it was intended to do, it was only logical that it be removed.

"It was aimed at reducing manipulation in the market, and if we have achieved that we no longer need the measure. We can continue with the expansion of our economy," he said.

Arab-Malaysian Group chairman Tan Sri Azman Hashim said the market will take time to heal.

Asked whether the measure was reverted due to pressure from financial institutions, Azman said that the measure "was taken for a purpose and (the purpose) has been achieved. So, it is time to withdraw it."

Asked to comment on the Government's "indecisiveness" when making policy decisions, Rashid Hussain Bhd chairman Tan Sri Rashid Hussain said that as a short-term measure, it was the right thing to do.

Asked if the move will help the market, he said: "I have not seen the market this morning, but I do believe (the outcome) is obvious."

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