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No local bank or broker under probe

NO local bank or stockbroking company is under probe for alleged short-selling or for assisting foreign fund managers to manipulate the local bourse.

Both Prime Minister Datuk Seri Dr Mahathir Mohamad and his deputy and Finance Minister Datuk Seri Anwar Ibrahim quashed these "rumours" at separate press conferences yesterday.

Dr Mahathir was asked to comment on talk that corporate leader and banker Tan Sri Rashid Hussain and the Arab Malaysian banking group were among those under investigation.

Obviously riled by the fact that "even some calibre people choose to listen to rumours", the Prime Minister described the talk as "ill will against the country."

"Vicious ... what they want to see is the economy of this country destroyed. I don't know who they are but the locals spread the rumours very quickly," Dr Mahathir added.

"There has never been any truth in these rumours," he said after speaking to delegates ahead of today's Umno Youth and Wanita assemblies and tomorrow's Umno general assembly in Kuala Lumpur yesterday.

Anwar was also asked to comment on the matter after meeting Hong Kong Special Administrative Region chief executive Tung Chee-Hwa at the Prime Minister's Department in Kuala Lumpur.

"This is not right. It's just rumours," he told reporters.

Contrary to a news report on Monday that two banks and three stockbroking firms were under investigation, Anwar said there is no such probe.

The newspaper report had quoted sources as saying that these banks and stockbrokers were abusing short-selling privileges by allowing share scrip held by them to be used to depress an already bearish Kuala Lumpur Stock Exchange. The same report carried a confirmation by Deputy Finance Minister Datuk Dr Affifuddin Omar about the probe.

Dr Mahathir, in a special briefing for media editors last Thursday, said banks and stockbroking firms found defying a fresh ruling banning short-selling and shares lending would face action. The ruling, which involves the 100 counters that make up the KLSE Composite Index, took effect last Thursday.

The Prime Minister had stressed during the briefing that only those who defy the ruling after it has been made effective would face action. Those that have been short-selling before Thursday, when the activity was allowed, would not be affected.

Meanwhile, Tan Sri Azman Hashim, the chairman of the Arab-Malaysian banking group, denied the group was being investigated.

"The rumours are not true," he said when contacted by Bernama yesterday.

In a related development, KLSE executive chairman Datuk Nik Mohamed Din Nik Yusoff said the exchange may introduce more measures to beef up sentiments on the bourse.

"We will let you know if there are more measures to be introduced," he told reporters after an hour-long meeting with Anwar at the Prime Minister's Department.

On current measures taken to prop up the bourse, which included the call made by Dr Mahathir for local funds to enter the share market and allowing companies to buy back their shares, Nik Din said: "We do not know to what

extent they (the funds) have gone in. Give them some time... we cannot do everything overnight."

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