

04 SEP 1997

Mahathir-Measures

RECENT MEASURES TO CURB MANIPULATION TO BE LIFTED

KUALA LUMPUR, Sept 4 (Bernama) -- All recent measures introduced to curb manipulation in the stock market will be lifted tomorrow as the government feels that such measures have been effective, Prime Minister Datuk Seri Dr Mahathir Mohamad said tonight.

Effective tomorrow, the 100 index-linked stocks, which forms the Kuala Lumpur Stock Exchange Composite Index, will no longer be categorised as "designated stocks", he told reporters after the Umno Supreme Council meeting here.

"We feel that our attempts to curb manipulation have been fruitful and the manipulators could no longer play around with the market," he said.

Dr Mahathir said he did not expect the measures, introduced only last week to curb manipulation, short-selling and scrip borrowings, to be effective in such a short time.

On a question that the stock market has yet to revive despite his statement that the manipulation was over, he said the downtrend today was mainly due to sentiment.

Dr Mahathir said three well-known foreign fund managers were already helping to prop up the market today.

Their involvement, despite the bearish conditions, reflected their seriousness to participate locally, he said.

Although the Composite Index today touched an intraday low of 675.15, the market managed to recoup its losses thereafter to end the day at 731.12 due to buying support.

The CI components were declared designated counters almost two weeks ago, meaning that only those who have valid shares in their Central Depository System accounts will be able to sell shares.

Meanwhile, Finance Minister Datuk Seri Anwar Ibrahim, who was also present at the news conference, said the decision to lift the ruling on designated counters was made after the matter was discussed with related agencies such as the Securities Commission, the KLSE and the private sector.

"Everything will be back to normal...there will be buying and selling of shares but we will still prevent short-selling and manipulation," he said.

He said there would be no curbs on foreign investors as they would be allowed to transact shares through the normal procedures but any kind of manipulation would not be allowed.

Dr Mahathir said: "Those who sell must have the shares in hand and those who buy must have the money. No more having the banks to assure loans or guarantees upon the delivery of the shares."

The Prime Minister said the players should have ownership of the shares when trading and not merely "loans or a bank undertaking to make delivery when required" which would result in the shares being traded repeatedly.

Economic Adviser to the Government Tun Daim Zainuddin, who was also present, said he would be meeting several fund managers tomorrow, some of whom have expressed interest to buy shares in the market.

On the depreciating Ringgit which touched the RM3 level today against one US dollar, Dr Mahathir said that the situation would recover and that it was just a question of time.

Anwar said that the government would monitor efforts to reduce the current account deficit, such as by reducing imports while other measures

relating to taxation would be announced in his 1998 Budget speech. --
BERNAMA

SHO AFY RM