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M'SIA WILL PROPOSE SPECIFIC MARKET FOR CURRENCY TRADING

KUALA LUMPUR, Oct 8 (Bernama) -- Malaysia, which has been given the responsibility by the International Monetary Fund (IMF) and World Bank to undertake efforts towards introducing prudential regulations in currency trading, will propose a specific market to be established for currency trading.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the setting up of such a specific market for currency trading was vital as the present rules governing currency trading were not transparent to the extent that they allow for abuses in trading for manipulative and speculative purposes.

"We know all transactions have a specific market. If you want to sell shares there is a place (stock market), If you want to sell commodities there is a place (commodity market)...if you want to sell anything there is a place and the traders must be registered."

But in currency trading today, there is not much transparency, he said when asked by reporters at the lobby of Parliament house here today.

Of late, Malaysia had been voicing out for the need for supervision and transparency in foreign currency trading because the lack of these mechanisms had allowed for the currencies of certain countries to be attacked by manipulators and speculators for their own gains.

Dr Mahathir said the mandate given by the IMF and World Bank had given fresh impetus to Malaysia in its quest for greater transparency in forex trading so that it could not be easily manipulated.

He said his deputy, Datuk Seri Anwar Ibrahim, who is also the finance minister, has been given the responsibility to forward the proposals, including mechanisms which could curb manipulation in forex trading.

"One of the proposals is for the setting up of a specific market to trade in currency. In this way, we will know who is trading, with whom he is trading, where is the money coming from and how much credit is given by the bank," he said.

The prime minister said these things ought to be known "before we could trade."

Dr Mahathir said all these while the forex transactions were somewhat hidden and this had been admitted by the foreign currency traders themselves.

Dr Mahathir said he had read in a local business daily today that one of the hedge-fund currency traders proudly admitted that it was difficult to track them down.

The prime minister said the trader's statement was contradictory to what was said by international financier George Soros, who stated that his quest was for an "open society".

Dr Mahathir said if it was true that Soros aimed for an open society, then he should not have engaged in hedge fund trading which was done in secretive manner.

Hedge funds are international funds subscribed by wealthy individuals who aimed for above-average returns by betting heavily on global currencies, a move which could destabilise currency markets.

The prime minister said with the lack of transparency in hedge fund transactions, there appeared to be some double standards here when on one hand some quarters had called for openness and transparency while for some people including Soros, they could undertake transactions secretly. --

BERNAMA

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