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Mahathir-ban

LIFTING SHORT-SELLING BAN NEEDS CAREFUL CONSIDERATION, SAYS PM

PETALING JAYA, March 3 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said lifting the ban on short-selling needs careful consideration for it can result in the stock market reverting to its downward trend.

"That needs to be reviewed very carefully...we always feel that since the (market) situation has somewhat returned to normal, we can stop something (the ban), which actually was beneficial.

"It's important that when things returned to normal, we should not be too hasty (in implementing) for it could lead to problems," he said when reporters approached him on the matter during his visit to the Limkokwing Institute of Creative Technology here.

Securities Commission (SC) chairman Datuk Dr Munir Majid recently said that the SC was reviewing the ban on short-selling of local stocks now that the Kuala Lumpur Stock Exchange had stabilised.

The KLSE permitted a regulated form of short-selling for 50 approved stocks from 1996. However, this was disallowed in August last year when there was a prolonged slide in share prices due to the regional currency turmoil.

Short-selling refers to the selling of shares which one does not own with the hope of buying them at a cheaper price later to secure a profit.

Under the regulated form of short-selling, participants had to have a share borrowing and lending facility in place so that no uncovered or "naked" short-selling can take place.

KLSE president Datuk Salleh Majid recently commented that the SC's review may mean that short-selling could be lifted.

He also said that the authorities were aware of the pros and cons of short-selling. -- BERNAMA

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