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Parliament - Mahathir

MAHATHIR TABLES SECURITY INDUSTRY BILLS

KUALA LUMPUR, Sept 29 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today tabled the Securities Industries (Central Depository) (Amendment) Bill 1998 to ensure transparency in security transactions in an effort to restore investor confidence in the country's stock market.

The proposed amendments are necessary to reinforce administrative measures taken by the Kuala Lumpur Stock Exchange (KLSE), the Securities Clearing Automated Network Services (SCANS) and the Malaysian Central Depository (MCD), he said.

Dr Mahathir, who is also First Finance Minister, tabled the bill at the Dewan Rakyat's special two-day sitting beginning today.

Explaining the rationale for the amendments, Dr Mahathir, who is also First Finance Minister, said the move was in line with the National Economic Recovery Plan.

It was also in keeping with the need to restore investor confidence in the market and as such administrative and legal measures would have to be taken immediately, he said.

"Towards this end, the procedures of the KLSE, MCD and SCANS have been amended effective last Sept 1," he said.

Among other things, the amendments aimed to enhance transparency and transactions of KLSE-listed shares and confine dealings to only at the KLSE or other legally recognised stock markets thus banning off-market transactions like the Central Limit Order Book (CLOB).

The amendments also seek to check misuse of nominees by requiring all equity holdings be made in the name of the beneficial owner or authorised nominee.

Dr Mahathir said the bill would also beef up enforcement capabilities of regulatory agencies to ensure prompt and effective actions against violators of the security procedures and rulings.

The proposed amendments cover 28 clauses, including new definitions, ruling against security withdrawals, mandatory deposits for fixed securities and ruling against off-market transactions.

Dr Mahathir said the amendments would also provide for penalties to be imposed on those contravening the rules and regulations governing security trading in Malaysia or trading involving shares of Malaysian companies.

According to the prime minister, the economic crisis had exposed various weaknesses in the securities industry which required to be rectified in order to restore confidence in the Malaysian capital market.

-- BERNAMA

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