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CLOB-ZAINAL

CLOB RESOLUTION MUST BOOST STABILITY OF MSIA AND SPORE EXCHANGES

By: Tham Choy Lin

SINGAPORE, April 23 (Bernama) -- The resolution of the Central Limit Order Book (CLOB) issue must boost the stability of the stock markets of both Malaysia and Singapore and not cause volatility on the two exchanges, the deputy director-general of the Institute of Strategic and International Studies (ISIS) economist Dr Zainal Aznam Yusof said.

It would "take a little bit more time" to work out details to the satisfaction of the two countries because there may be some legal issues involved, said Dr Zainal, who is also a member of the National Economic Action Council (NEAC).

"What is important is that any changes should add on to stability of stock markets on both sides.

"So there should not be any changes in the interim, that's my personal view, which could add on additional volatility," he said when replying to a question raised at the Asian Forum 1999 on "Asian Recovery and Financial Reform" organised by the Institute of Southeast Asian studies and Nomura Research Institute.

Yesterday, Prime Minister Datuk Seri Dr Mahathir Mohamad said the Kuala Lumpur Stock Exchange and the NEAC were studying how to manage the CLOB issue without disrupting the exchange and were now close to finding a solution.

KLSE chairman Datuk Azlan Hashim had said that while efforts were towards a quick resolution, he would not predict the timing.

Dr Zainal said the KLSE was "not doing badly" as it had tripled to 600-plus points with analysts predicting that the composite index could reach 750 to 800 by year's end.

He said the 800-mark was an important threshold and if it could be reached without significant changes, it would give the KLSE "a bit more time to work out a very good deal" on the CLOB issue.

CLOB was an over-the-counter (OTC) market based in Singapore where Malaysian shares were heavily traded until the trading of such shares were suspended last year.

Singapore's OTC market trading of Malaysian shares through CLOB reportedly totalled about 144 billion shares valued at S\$229 billion since it started trading Jan 2, 1990.--BERNAMA

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