

18/05/1999

Dr M: We are open to suggestions on CLOB

PRIME Minister Datuk Seri Dr Mahathir Mohamad said the Government was still open to suggestions on ways and means to solve the Central Limit Order Book, Singapore's over-the-counter market, problem.

"We are willing to entertain any solutions as long as they do not damage our stock exchange and share prices," Dr Mahathir said in Kuala Lumpur yesterday.

To date, only one offer has been made, from Singaporean Akhbar Khan who through Effective Capital Sdn Bhd has proposed to buy up the suspended Malaysian securities on CLOB at a premium of 45 per cent of the Sept 15 price - the date when they were last traded last year.

The proposal received a lot of flak from the Singapore media and investors, who made up the majority of the affected 172,000 CLOB depositors. Among other things, the investors felt that other proposals should be considered before the authorities settled on the offer by Effective Capital.

Dr Mahathir also reiterated that it was not for Malaysia to resolve the problems created by the suspension of the securities.

"As CLOB was created by Singapore in 1990, it is up to the country to resolve the problem."

However, Dr Mahathir added that Malaysia would co-operate if there was a reasonable solution.

He was speaking to reporters after opening the 21st World Ports Conference and Exhibition of the International Association of Ports and Harbours in Kuala Lumpur yesterday.

Dr Mahathir was earlier asked how the issue should be resolved and whether it could be settled in court.

Malaysia has never recognised CLOB which was set up a year after Malaysia and Singapore delisted their stocks from each other's exchanges.

An estimated RM10.5 billion worth of CLOB shares, based on current levels, are frozen in 170,000 accounts.

On settling the issue in court, Dr Mahathir said the question of which country had jurisdiction was unclear, "as CLOB was something legal in Singapore but not in Malaysia".

To another question on whether the matter should be included as part of the outstanding bilateral issues between Singapore and Malaysia, Dr Mahathir said he did not think so as the concerns were more on railway and water supply.

Dr Mahathir was also asked on foreign countries subscribing to Malaysia's US\$2 billion (RM7.6 billion) sovereign bond issue.

He said many of them had expressed interest, including Japan and Singapore.

Malaysia recently filed with the United States Securities and Exchange Commission a shelf registration statement under Schedule B of the US Securities Act of 1993 for the issuance of up to US\$3 billion in debt securities, of which up to US\$2 billion will be issued initially.

(END)