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MAHATHIR-CLOB

M'SIA AND SPORE CAN RESOLVE CLOB ISSUE, SAYS MAHATHIR

KUALA LUMPUR, June 18 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad is confident that Malaysia and Singapore will be able to resolve the ongoing Central Limit Order Book (Clob) issue as both countries are neighbours.

Nevertheless, he said Malaysia, which has always maintained that Clob was not a legal market, was not responsible for Clob.

"Clob was not our creature, it was set up by Singapore to frustrate our attempts to separate the two stock markets," he said during an interview with journalist Lorraine Hahn aired over CNN's Biz News programme this evening.

Hanh had asked Dr Mahathir on how an equitable solution could be worked out for shares of Malaysian companies which were suspended on Sept 15 last year following the announcement of selective capital controls on Sept 1.

As a result, these shares held through about 170,000 accounts on Clob which mostly belongs to Singaporeans were frozen.

Based on the strong-performing Malaysian bourse, the shares are said to be worth RM12 billion at current prices.

Malaysia has never recognised the trading of Malaysian shares on Clob since the exchange was established in 1990 after the delisting of Malaysia and Singapore shares from each other's stock exchanges.

"We noticed that Clob was responsible for the depressed value of the shares, so how do they expect to have benefits now that the shares have appreciated for something that they have contributed nothing at all?" Dr Mahathir asked.

"They (investors) used Clob through trustee companies, where literally hundreds of people own shares through trustee companies (and) as far as our registry is concerned, it is only one company," he said.

"But these companies do several things, one of which is to lend the shares that they hold to short sellers who then depress the value of shares and we suffer," the prime minister said.

Asked whether the Clob issue was a thorn in the side of relations between Malaysia and Singapore, he said that "there have always been thorns in the sides of Malaysia-Singapore relations, we can resolve all these things as are neighbours." -- BERNAMA

MR SHY