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It's time for a reality check

THE decision by the Central Limit Order Book (CLOB) investors to come up with their own proposals to resolve the issue is hardly surprising. After Bintang Melewar Sdn Bhd came out to bid against an earlier package offered by Effective Capital Sdn Bhd, it would have been only a matter of time before someone else joined the fray. Remember, this is not a bilateral or governmental issue but a private sector matter. There appears to be money to be made out of the situation and clearly - judging by the number and quality of proposals so far - there is a light at the end of the tunnel. What's interesting is that the Securities Investors Association of Singapore (SIAS) has decided to come up with two proposals instead of just one. This means the new body is very confident that there is more than one way of resolving the problem. SIAS, which hopes to represent all 172,000 CLOB investors, also seems quite sure that the issue can be overcome in line with the wishes of the Malaysian authorities. First Finance Minister Tun Daim Zainuddin has said that any solution to the impasse must not lead to a creation of another market similar to CLOB while the Kuala Lumpur Stock Exchange (KLSE) has said that any proposal to resolve the issue must be in line with the national objective of making KLSE the premier market for Malaysian securities. Mr David Gerald, the protem chairman of the SIAS, has even pledged that the new body would not do anything to disrupt the Malaysian stock market. What the investors want is a quick, amicable solution that will free up some RM10.5 billion of Malaysian shares which have been frozen for about eight months now.

The greater significance of the SIAS move is that it is a form of recognition by the CLOB investors themselves that their predicament or situation is not a bilateral matter to be left to the respective governments to deal with. It is possible that their initiative would make it more complicated for the authorities to decide but it will also give the investors more options to choose from. The important thing, however, is a solution to the problem and the need to recognise it for what it is. The authorities and media in Singapore should take the SIAS and CLOB investors' decision as a signal to stop treating the issue as a problem that the Malaysian Government must overcome. If anyone is to be held accountable for the predicament of the CLOB investors, it is those responsible for setting it up and encouraging the people to put away their savings in it without informing them of the full risks and implications of investing in CLOB.

Certainly, the Malaysian authorities had no part in establishing CLOB. Prime Minister Datuk Seri Dr Mahathir Mohamad stressed this again yesterday: "CLOB was not started by this Government, we have never participated in it and neither have we been responsible for it. We do not see why we should be responsible for it now." Singapore Prime Minister Goh Chok Tong may feel that political intervention may be needed, but the only sort of political intervention that could occur, will have to come from his side of the Causeway. However, if the Singapore Government or the organisations and people linked to it were responsible for the existence of CLOB and for promoting it to so many people despite Malaysia's consent, then it is obliged to facilitate the private sector in resolving the issue quickly and in an amicable manner. Of course, because of the nature of CLOB, any solution will have to take into account the interests and concerns of the affected parties in Malaysia.

The CLOB investors, through the SIAS, have come to terms with this. There is no reason why the KLSE and the Malaysian Government would want to prolong the issue as it brings no benefits whatsoever. The issue, in fact, has taken too much time and resources on both sides of the Causeway. These precious resources could have been channelled towards helping each other with economic recovery efforts. If everyone else, aside from the CLOB investors in Singapore, can come to terms with this, a solution for CLOB should be in sight.

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