

08 JUL 1999

CLOB-PROPOSAL

SES PROPOSAL TO KLSE ON CLOB SHARES SENT THIS WEEK

SINGAPORE, July 8 (Bernama) -- The Stock Exchange of Singapore (SES) has sent a proposal for the staggered release of Malaysian shares once traded over the republic's Central Limit Order Book (Clob) to the Kuala Lumpur Stock Exchange (KLSE).

Quoting sources, The Business Times here today reported that the proposal was sent earlier this week but gave no further details.

The paper said it contains a detailed timetable for the staggered release of the shares from the Singapore Central Depository to the Malaysian Depository, following which the shares can be traded on the KLSE.

The proposal was meant to address the concerns of the Malaysian authorities that an en masse migration of shares to Kuala Lumpur will lead to a large scale dumping of the stocks by Singapore-based investors, thus setting back the Malaysian share market after its steady gains during the last few months.

Last month, the SES wrote to the KLSE offering to work out a win-win solution which will not disrupt the Malaysian market and keep within the agreement signed last year between the two securities' depositories on the migration of Malaysian shares.

Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad was reported to have said that Kuala Lumpur was open to any proposal which will not unsettle the KL bourse.

But the SES plan, if accepted by KLSE, can scuttle the three private sector offers for the CLOB shares, the paper said.

It said the overwhelming majority of CLOB shareholders had already rejected the cash offer by Effective Capital. The offers by Bintang Melewar and Telekom-UEM are not expected to fare much better as their purchase prices for the stocks are pegged at significant discounts to the current market prices.

Telekom Malaysia and United Engineers Malaysia (UEM) are the third consortium after Effective Capital Sdn Bhd and Bintang Melewar Sdn Bhd to attempt to resolve the CLOB issue after Malaysian shares traded on that exchange were suspended following Malaysia's selective capital control measures last September.

Trading of the shares on CLOB was never recognised by the authorities in Malaysia who said short selling on CLOB had nearly caused a collapse of the KLSE, an allegation Singapore has denied.

The shares held by 172,000 investors, comprising mostly Singaporeans, are now worth RM14.5 billion. Malaysians hold about 20 percent of the shares. -- BERNAMA

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