

19 OCT 2001

REACTION-MIA

"CIRCUIT BREAKER" SHOULD HAVE BEEN IMPLEMENTED EARLIER - MIA

KUALA LUMPUR, Oct 19 (Bernama) -- The Malaysian Investors' Association (MIA) said the implementaion of a "circuit breaker" mechanism in the trading system of the Kuala Lumpur Stock Exchange (KLSE) should have taken place much earlier "to smoothen and prevent any volatility in KLSE trades".

In a statement here today , MIA president Dr P.H.S Lim said the MIA had been actively promoting the usage of circuit breakers since 1997.

The concept, Dr Lim said, had been introduced at the New York Stock Exchange after the Oct 17, 1987 market crash.

During the tabling of Budget 2002 at Dewan Rakyat today, Prime Minister Datuk Seri Mahathir Mohamed said the government has agreed to implement the circuit breaker mechanism in the KLSE as part of the efforts to ensure stability in the stock market.

This mechanism has the capacity to halt trading activities temporarily when there are large declines during a trading day.

Dr Mahathir said the mechanism will provide investors with breathing space before stock market trading activities are resumed and it was also aimed at maintaining investor and market confidence, especially in an uncertain market environment.

Dr Lim said MIA viewed the reduction by one percent in the individual tax rate to 28 percent and the delimiting of bonus payments will encourage local spending and could increase consumer power by RM1 billion. -- BERNAMA

NN SEL