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CIRCUIT-KLSE

KLSE CIRCUIT BREAKER TO BE IMPLEMENTED BY FIRST QUARTER OF 2002

KUALA LUMPUR, Oct 24 (Bernama) -- The Kuala Lumpur Stock Exchange (KLSE) is targeting to implement the circuit breaker mechanism in the first quarter of next year, its Deputy President II, Ungku A. Razak Ungku A.Rahman, said today.

The circuit breaker, announced by Prime Minister and Minister of Finance Datuk Seri Dr Mahathir Mohamad when unveiling the 2002 Budget on Oct 19, would help to moderate excess market volatility.

The circuit breaker would be triggered when the KLSE's composite index declines by more than 10 percent, 15 percent and 20 percent compared with the closing value on the previous day, Ungku Razak told a press conference here.

If the CI falls by more than 10 percent but less than 15 percent of the previous closing, trading is halted for one hour if triggered before 11.15 am or 3.45 pm.

However, trading is halted for the rest of the trading session if triggered at or after 11.15 am or 3.45 pm.

If the CI falls by an aggregate of 15 percent but less than 20 percent of the previous day's closing, trading is halted for an hour if triggered before 11.15 am or 3.45 pm.

He said that trading is halted for the rest of the trading session if triggered at or after 11.15 am or 3.45 pm.

If the CI falls by an aggregate amount of 20 percent or more, trading is halted for the rest of the day.

Ungku Razak said that the KLSE has historically dropped in excess of 10 percent 10 times.

Dr Mahathir had said that the circuit breaker would provide investors breathing space before resuming trading as well as maintain investor and market confidence, especially in an uncertain environment. -- BERNAMA

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