

## **EPF's purchase of MRCB shares a case of insider trading?**

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Opposition MP Tony Pua today questioned Employees Provident Fund's (EPF) action of actively purchasing shares of Malaysian Resources Corporation Berhad (MRCB), suggesting that the pension fund could be engaging in illegal insider trading.

The DAP Petaling Jaya Utara said that the shares were purchased with the knowledge that EPF will participate in a joint venture with the government to develop a 3,000-acre plot belonging to the federal government in Sungai Buloh.

On March 30, Prime Minister Najib Razak announced that the government and the EPF will form a joint-venture to promote the development of the 3,000 acres of land in Sungai Buloh as a new hub in the Klang Valley.

Since the announcement, MRCB had been widely speculated in the financial circles that it is likely to be appointed the master developer for the mega-project, resulting in its shares spiking to 12.7 percent as of yesterday.

"It would be completely ridiculous for EPF to claim that it had no prior knowledge of the joint-venture project," said Pua.

"Discussions on the above joint venture must have been concluded well before March 30 as the 'rumours' of the project being awarded to EPF and MRCB have been circulating in the financial circles since the end of 2009," he said.

Investigation sought

He claimed that the EPF and MRCB had engineered the exercise to enable the pension fund to acquire substantial additional stakes in the government-linked company prior to the public announcement of the project, estimated to be around RM5 billion.

EPF currently owns 41.5 percent of shares in the debt-ridden MRCB.

"It raises the suspicion of illegal insider trading and market manipulation to the disadvantage of other public investors," Pua lamented.

azlanBursa Malaysia defines insider trading as the purchase or sale of a company's shares done by a person with knowledge of relevant but non-public material information regarding that company.

The insider is in a position to make massive gains by selling or buying shares before information that might affect the share price of the company's shares is made public.

Pua also urged the Securities Commission to investigate the transactions as the wrongdoer could be punished under the Capital Markets & Services Act 2007, where one is punishable by imprisonment not exceeding 10 years or a fine not less than RM 1 million.

EPF chief executive officer Azlan Zainol has told Reuters last week that while the pension fund was a big player in the stock market - up to 50 percent daily trading volume of Bursa Malaysia, it did not "manipulate the market".

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