

Is it Difficult to Nab Manipulators?

The recent designation of a Mesdaq counter in the name of market vigilance has raised some other issues like inconsistencies on the part of the Securities Commission. Perhaps the commission should be more forthcoming with its findings.

IT IS SO easy for our market to come crashing down, isn't it?

Just a few weeks ago, foreign funds were streaming into the country, the local bourse was turning a little bullish and many stocks were being pushed to eight-year highs.

Then, it all came to a rude halt, no thanks to a combination of factors. The main ones were the meltdown in world bourses and the designation of a Mesdaq counter, Iris Corp Bhd.

On May 11, Bursa Malaysia announced that Iris, which had seen a 1,500% rise from 11 sen on Sept 12 last year to RM1.36 on May 11, would be a designated security (meaning one has to pay cash upfront to buy its shares).

When the local bourse opened on May 15 after an extended weekend, Iris went double limit down, pulling the rest of the market with it. The weak Dow did not help either.

Since then, there has been much debate among the broking fraternity on the decision by the Securities Commission (SC) to render Iris a designated stock. Was there enough justification to do so? What prompted the SC's move?

Perhaps, it knows something that we don't. It is learnt that the authorities had, in fact, been keeping an eye on Iris ever since its price doubled, tripled and kept surging ahead.

Sources say analyst reports and even press reports were scrutinised by the authorities. Also monitored were buy and sell calls on the stock.

Such surveillance augurs well for the market. It shows that the authorities are vigilant on possible market manipulation.

Indeed, SC Chairman Datuk Zarinah Anwar recently sent a stern warning to manipulators that their time was up.

It is the commission's job to protect market integrity. Of course, no one likes it when the market falls but in the long run, it will attract genuine investors and not manipulators.

But the big question here is whether it is easy to

identify market shenanigans. Perhaps not.

Even Zarinah was coy when asked about Iris, saying that where there is not very orderly trading on certain stocks, the SC will respond. So, there must be some evidence of irregularity that prompted the SC to designate the stock.

Of course, in most cases, the SC or other regulators do reveal the reasons for their actions. We have to give them the benefit of the doubt.

But if they had gathered some hard evidence, should they not bring the perpetrators to book? Would it not deter other such shrewd players? For example, in the case of Iris, a well-known stock market player's name has been bandied about.

Granted that it is not easy to proof insider trading or market manipulation, the SC should, nevertheless, try to be transparent where it can. Should the persistent rise in a stock's price be reason enough to take action?

The SC's actions, if veiled in secrecy, would only give rise to unhealthy talk and rumours. Even when the SC rejects a corporate proposal, no public explanation is given. Perhaps it is

communicated to the merchant bank, we don't know. Similarly, when a deal that raises eyebrows is approved, again questions are asked.

Indeed, such inconsistencies have given rise to accusations that its staff are demanding kick-backs for approving deals. Such talk is extremely damaging to the SC's reputation. Zarinah has asked those with evidence to come forward.

Let's face it, those who want to bribe their way to getting a deal approved would not come forward. Likewise, those who complain might be blacklisted and find any future proposals being delayed.

The commission should get to the bottom of these accusations. After all, it stands for governance, accountability and transparency. And that must be defended at all costs. **mb**

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