

KLSE

MAIN BOARD

Year high Year low Stock code

FINANCE

196	145	6467	ACF Hlg
1600	900	1015	AMMB #
436	320	5185	Affin
250	135	1325	Amanah Capital
850	410	5088	Apex*
600	410	5312	Arab Fin
700	402	5312F	Arab Fin
368	214	2585	Arab-M'sian Corp
123	67	4057	Asian Pac Hlg
		4979	BHL
304	238	5258	Bank Islam
248	175	4499	Berjaya Capit
400	310	2852	Cahaya Mata S
1340	920	1023	Commerce As
280	190	6181	Gadek Capital
95	560	5819	H Leong Bank
120	540	1082	H Leong Cl
430	257	5274	HLG Capital
1020	810	5002	Hock Hua
1080	815	5002F	Hock Hua-Fn
895	406	6688	Hwang-DBS
		1112	Idris Hyd 50¢
	95	3379	Insas
108	354	6394	Jerneh Asia
384	255	1058	John Hancock
580	324	6483	K & N Kenanga Hlg
410	310	8508	K L City Corp
590	408	5096	KAF Seagroatt
284	211	1139	Killinghall 50¢
225	122	6491	Kumpulan Fima
500	396	8621	LPI Capital
600	474	6459	M'sian National Re
170	740	1198	MAA
880	585	1163	MBA
AM93	160	1171	MBS
138	98.5	1228	MBf Capital
		1236	MBf Hlg
		1201	MGI Corp
		5525	MIDF
		2275	MNI Hlg
		4936	Malpac
		1155	Maybank #
		5053	OSK
		5045	Omega
		1295	PBB 50¢
		1295F	PBB Fn 50¢
		4782	Pacific
		6009	Pacific & Orient
		4782F	Pacific Fn
		4871	Pan Malaysia Capital

FINANCIAL MARKETS IN MALAYSIA

LOW CHEE KEONG

Editor



Malayan Law Journal



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YAB Dato Seri Dr Mahathir

For your vision & dedication
in reforming global financial
markets in the interests of
the majority.

with warmest regards

Chen Kaop
Oct 25th 2000



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Financial Markets in Malaysia



To

My loving, understanding and highly supportive wife

POH MEI

&

TAK YIP

*our bubbly and adorable son who will one day no doubt
be an active participant of the financial markets*



FINANCIAL MARKETS IN MALAYSIA

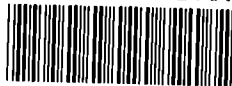
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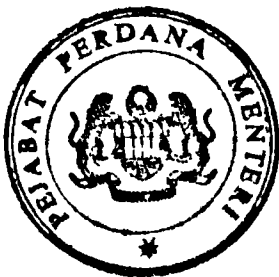


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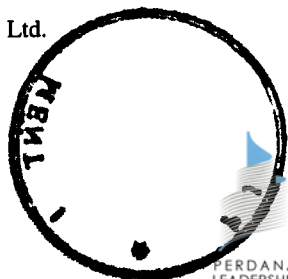
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Foreword

Tun Daim Zainuddin

Minister of Special Functions and Minister of Finance

Many traditional analysts frowned upon our decision to impose selective capital controls on 1 September 1998. A number even ventured further to predict that Malaysia would be the last to recover from the effects of the Asian financial crisis with a common chorus being how we would be left on the fringe, without access to international capital as a result of our unorthodox policies. However, we persevered with the implementation of our policies which, although unconventional, were nonetheless designed with the primary objectives of strengthening further the resilience of our economy as well as facilitating a speedy and sustained non-inflationary economic recovery, while simultaneously sheltering the masses, especially the poor, from the full impact of the financial crisis. These policies have borne the desired results. The economy, which contracted by 7.5% in 1998, grew by 5.4% in 1999, while the external payments current account recorded an unprecedented large surplus, leading to a strong increase in the nation's external reserves. Inflation has decelerated and remained subdued, while the benchmark Kuala Lumpur Stock Exchange Composite Index has almost quadrupled by February 2000, from its lows in September 1998.

Today, many of the analysts who viewed the policy measures we introduced in September 1998 with considerable skepticism have heralded the success of our bold initiatives introduced a mere 18 months ago. While we have projected our economy to grow at 5.8% in 2000, some of the same analysts as well as the International Monetary Fund have projected an even higher growth rate for Malaysia this year. This and the decision by Morgan Stanley Capital International to reinstate Malaysia into its key developing market indices at full weightings from 31 May 2000 and the decision by all the leading international credit rating agencies to restate our sovereign debt rating as investment grade are tacit acknowledgements of the success of our policies. Further testimony of the same can be drawn from a recently published survey by the International Monetary Fund which concluded that 'capital controls may prove useful in managing specific risks associated with international capital flows'. There is now clear evidence of the return of confidence of investors on the Malaysian economy as reflected in rising inflows of portfolio capital.

Nevertheless, we are conscious of the challenges confronting the nation in the new millennium, amidst increasing liberalization and globalization as well as rapid advancements in technology. We recognize the need to further strengthen our competitive edge in order to maintain sustainable growth and economic resilience. In this regard, a Master Plan will be developed to transform Malaysia into a knowledge-driven economy.

Critical to the success of this transformation is developing an enlarged pool of knowledge-based workforce. For the financial markets, this is of utmost importance as a service-based industry rests, ultimately, upon the quality of information, which in turn depends on the quality of people. Enhancing the quality of market regulators, intermediaries and investors is therefore especially important if we are to develop and strengthen our position as a regional financial centre.

The quality of market participants, and through it the competitiveness of the financial markets, can be raised through education, accessibility of information, and by unfettered access to sound reference materials. In this regard, Professor Low Chee Keong is to be commended for coming up with the idea for *Financial Markets in Malaysia*, taking stock of the recent changes in the economy and the financial market environment.

It has been my privilege to write this foreword. This work, in the hands of Professor Low, is both timely as well as perceptive. The compendium of papers brings together the views and expertise of principal regulators and intermediaries, and presents a lucid and highly readable account of the matrix upon which financial markets rest. It is an invaluable source of reference which I would recommend to all those with interest in this expanding relationship between economics, finance and law.

Prime Minister's Department
Putrajaya
February 2000