

**THE BUMIPUTRA CORPORATE STRATEGIES IN
MALAYSIAN SECURITIES INDUSTRY WITH SPECIAL
EMPHASIS ON THE BUMIPUTRA STOCK EXCHANGE**

**A Paper Submitted To The
School Of Accountancy, Institut Teknologi MARA
In Partial Requirement Of The Requirements For
Advanced Diploma In Accountancy**

Date : 13 May, 1985
By : Abd. Raman bin Abu Samah
For : ACC 555, ATTACHMENT
Adviser : Faiz Ghouse

1.0 INTRODUCTION

The Malaysian Securities Industry is still relatively young as compared to that of developed countries like the United States, Japan and Great Britain. A Stock Exchange, therefore, has a crucial role to play in the capital formation so necessary for the growth of, and investment in the dynamic corporate sector.

With the rapid growth of the corporate sector in Malaysia and thus the economy, there is a necessity to see that wealth is evenly distributed, where the Bumiputras are given a meaningful stake in the corporate sector to eliminate racial stereo-typing by occupation and economic functions. Hence, corporate restructuring along the lines of the New Economic Policy (NEP) poses new challenges to corporate planners. In the floatation of public companies, it becomes necessary to reserve a specified quota of new shares for Bumiputras and Bumiputra institutions.

The Bumiputra Stock Exchange (BSE) was set up not to compete with the Kuala Lumpur Stock Exchange (KLSE) but merely to provide an alternative for the Bumiputra companies that are not qualified to be listed in the latter to participate in the stock market catering only for the Bumiputra investors. The Bumiputra companies listed on the BSE will be groomed and later when they are already successful, they may have the option to be promoted to the KLSE.

ACKNOWLEDGEMENTS

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE GENERAL MANAGER OF AMANAH SAHAM MARA BERHAD, ENCIK ALWI BIN ISMAIL FOR HIS KIND PERMISSION TO LET ME UNDERGO MY PRACTICAL TRAINING AT ONE OF HIS DEPARTMENTS, THE BUMIPUTRA STOCK EXCHANGE (BSE).

I AM INDEBTED TO MY IMMEDIATE SUPERVISOR, THE MANAGER OF BUMIPUTRA STOCK EXCHANGE, TUAN SYED AHMAD LABIB BIN HAJI SYED ABU BAKAR WHO HAS BEEN MOST HELPFUL AND WILLING TO SPARE HIS INVALUABLE TIME COACHING ME IN THE PRACTICAL ASPECTS OF THE STOCK MARKET OPERATIONS ESPECIALLY WHERE BUMIPUTRAS ARE ACTIVELY INVOLVED.

I AM ALSO GREATLY INDEBTED TO THE MANAGER'S PRIVATE SECRETARY, CIK ZAIMUN BTE ROSLAN, THE MARKETING OFFICER, ENCIK DZULKHEFLI BIN ISMAIL AND ALL OTHER STAFFS OF BSE FOR THEIR SUPPORT AND CONCERN IN COMPLETING THIS PAPER.

LAST BUT NOT LEAST, MY SPECIAL THANKS GOES TO THE ADVISER-IN-CHARGE, MR. FAIZ GHOUSE FOR HIS CONSTRUCTIVE COMMENTS AND GUIDANCE ABOUT THE SCOPE OF THIS PAPER WHILE IT WAS IN THE MAKING.

Contents

Page

ESIS

ACKNOWLEDGEMENTS	i
1.0 INTRODUCTION	1
2.0 BUMIPUTRA UNIT TRUSTS	2
2.1 THE CONCEPT OF UNIT TRUSTS	2
2.2 THE PERMODALAN NASIONAL BERHAD (PNB)	4
2.3 THE AMANAH SAHAM NASIONAL (ASN)	4
2.4 THE AMANAH SAHAM MARA BERHAD (ASMB)	6
2.5 THE BUMIPUTRA STOCK EXCHANGE (BSE)	7
BSE Versus PNB/ASN And ASMB	8
The Role Of BSE	9
2.6 THE LISTING PROCEDURES TO QUOTE ON THE BSE	10
Documentation	10
Application Letter	11
Quotation	11
Board Lot/Marketable Parcel	11
Processing Time	12
Processing Fees	12
Compliance Of The Securities Industry Act, 1983 And The Companies Act, 1965	12
Permission To Include The Words "Bumiputra Stock Exchange (BSE)" In The Prospectus	12
Issuing House	13
The Advertisement Of Prospectus & Official Application Form	13

2.7	THE PRE-REQUISITES TO PARTICIPATE ON THE BSE	13
2.8	THE OBSTACLES HINDERING THE PROGRESS OF BSE	14
	The Proposals To Activate The Operations Of BSE	15
2.9	ACHIEVING THE 30 PER CENT NEP TARGET BY 1990	16
	Pegging	17
	A Special Bumiputra Board In The Premise Of KLSE	18
	Equity Ownership Through Mergers And Acquisitions	19
3.0	A COMPARATIVE STUDY OF THE KLSE AND THE BSE	19
3.1	SIMILARITIES	19
	Capital Market	20
	Trading Location	20
	Administrative Structure	20
	Serves As An Up-To-Date Information Centre	21
3.2	MAJOR DIFFERENCES	21
	Implications Of The Securities Industry Act, 1983 (SIA)	21
	The Capital Issue Committee (CIC)	21
	Pre-Requisites Of The Regulatory Bodies In Corporate Investments	23
	- Floatations Of New Companies	23
	- Rights Issue	24
	- Mergers And Acquisitions	24
	Body Of Memberships	25
	Trading Procedures At The BSE	25
	The Speculative Elements Of The Securities Market	26
	Supply And Demand Of Securities	27