

MINORITY SHAREHOLDERS WATCH GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

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Stamp duty reduction seen to boost Bursa trading

KUALA LUMPUR: The reduction of stamp duty for shares traded on Bursa Malaysia will cut the cost of doing business and boost the stock market, industry observers said.

Any reduction in transaction costs will be welcomed by investors, but some pointed out that companies on Bursa Malaysia were unattractive.

Malaysia University of Science and Technology economist Dr Geoffrey Williams said local stocks have been performing poorly this year.

Hence, the cut in stamp duty solely was not going to halt the share price decline of listed companies.

These stocks are underperforming relative to alternative investment opportunities in other countries, Williams told the *New Straits Times* yesterday.

He said Bursa's liquidity remained low with few opportunities for investors to get a good position because of closely held shares and a dominance of government-linked investment companies compensating for a lack of other investors.

Corporate governance and environmental, social and governance risk in the country was high for many foreign investors and the exposure to companies that might be involved in corporate scandals, human rights vi-

olations and other reputation risks was excessive, he added.

Prime Minister Datuk Seri Anwar Ibrahim said yesterday the stamp duty for shares traded on the local bourse would be reduced from 0.15 per cent to 0.10 per cent of contract value.

He said this at the launch of the Capital Market Graduate Programme here.

Minority Shareholders Watch Group chief executive officer Devanesan Evanson said with the stamp duty reduction, it would be cheaper for companies to enter and exit the market, leading to increased trading.

He said the shortage of time to market for new initial public of-

ferings (IPOs) would spur new listings.

"Companies often time their listing debut to capture a prevailing positive sentiment in the market.

"But this positive sentiment can turn negative over time, resulting in companies either delaying their IPO, sometimes indefinitely, or scrapping their plans for the IPO. The longer the delay to the listing date of the IPO, the greater the chances of the positive sentiment turning negative."

He added that for debutants, a short time to market the IPO would result in a greater possibility of the IPO debutant enjoy-

ing a listing amid positive sentiments.

Bursa Malaysia chief executive officer Datuk Muhamad Umar Swift expressed confidence that the measures, along with the existing development initiatives, would boost market activity and create a dynamic and liquid market environment.

"A liquid and strong performing capital market has tremendous benefits to numerous stakeholders and the economy.

"The measures will widen affordable investment choices for the rakyat, and deepen investor interest in our market, leading to Bursa Malaysia being a destination of choice for fundraising."