

**The Government of the Republic of the Union of Myanmar**

**Ministry of Finance**

**Securities and Exchange Commission**

**Notification (2/2016)**

**3<sup>th</sup> Waxing of Tabaung 1377 ME**

**11 March, 2016**

**Securities Companies Regulations**

1. Under Section 71 (b), Chapter X III of the Securities Exchange Law (Law), the Securities and Exchange Commission of Myanmar (SECM) hereby issues a notification for securities companies.
2. A securities company shall notify SECM of a change in any matters contained in a written application for license or contained in documents attached thereto within two weeks from the change.
3. A securities company which intends to obtain SECM's approval for establishment of a branch office under section 44 of the Securities Exchange Rules (Rules) shall submit a written application for approval containing the following matters to the Commission:
  - (i) trade name;
  - (ii) the location of the head office;
  - (iii) the date of commencement of business at the new branch office;
  - (iv) the number of existing branch offices and other information on branch offices in Myanmar;
  - (v) the address of the new branch office subject to the application; and
  - (vi) the reason for establishing the new branch office.
4. When a securities company intends to relocate its head office or branch office, it shall submit to SECM a document describing the current address, the new address after relocation, and the reasons for relocation, and shall obtain approval as provided in section 48 (f) of the Rules in advance.
5. Where a securities company violates any of the provisions of section 48 of the Rules, it shall promptly submit a document describing the details of the violation to SECM.
6. When a securities company intends to reduce its capital, it shall submit to SECM a document describing the current amount of capital, the amount of capital after reduction, the reasons for capital reduction, and the influence of capital reduction on its securities business, and shall obtain approval as provided in section 48 (a) of the Rules in advance.
7. A securities company whose assets are subject to attachment or sequestration provided in section 33 (d) of the Law shall promptly submit a document describing the details to SECM.
8. A securities company shall put aside the amount of 2.5% of annual net profits as reserve funds under section 22 (a) of the Law at the end of each financial year:
9. A securities company may buy or hold shares acquired in respect of collateral for lending money in accordance with section 48 (e) (i) (c) of the Rules.
10. A securities company shall conduct its advertisement provided in section 48 (g) of Rules in the following manners.
  - (a) A securities company shall indicate its trade name, its license number, fee, compensation the customer pays and risk of the investment in its advertisement.
  - (b) A securities company shall not make an indication that is significantly contradictory to facts or

seriously misleading with regard to the outlook of profit in its advertisement.

11. Section 68 (d) of the Rules shall not apply where the premise, compensation for loss or provision of special benefit is made in the following cases.

- (a) in order to compensate in whole or in part a loss incurred by a customer from an illegal or unjust act conducted by a securities company or any of its directors, officers and employees; or
- (b) with a prior approval from the Commission granted in the interests of the general public or the investors protection.

12. A securities company or its officers or employees shall not engage in the following acts provided in section 68 (j) of the Rules;

- (a) an act to refuse or an unreasonable delay in the performance of all or part of the obligation under the contract for a securities transaction.
- (b) an act to solicit a customer in such a way that customer would be disturbed.

13. Section 68 (l) of the Rules shall not apply to the securities in the custody of a securities company under lending of money secured by collateral of securities in accordance with section 48 (e) (i) (c) of the Rules.

14. In the case where selling and buying order, transaction date records, customer account ledgers, and statements of securities kept in custody, which are prescribed in section 52 (a) of the Rules, are prepared in an electromagnetic format, the documents shall be displayed with a list of the items set forth in Annex on the computer.

15. (a) The audit report referred to in section 56 of the Rules shall be prepared clearly and concisely, stating the matters set forth in the following items and in accordance with the Myanmar Financial Reporting Standard.

- (i) the subject of audit;
- (ii) the liability of the management;
- (iii) the liability of the certified public accountant or audit firm that conducts the audit;
- (iv) opinions;
- (v) additional information;
- (vi) the relationship of interest between the company and the certified public accountant or audit firm that conducts the audit, which should be clearly indicated.

(b) The audit report must be signed by a certified public accountant or the representative person of an audit firm with the date of preparation indicated therein.

16. (a) A securities company shall prepare and submit the business report referred to section 58 of the Rules in a form specified by SECM.

(b) A securities company shall keep the business report for five years from the day it is submitted to SECM.

17. The period provided in section 59 of the Rules is 4 months.

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Name of Document	Items
1) Selling and Buying Order	Client Name, Security Name, Operation Type (Sell or Buy), Order Quantity, Filed Quantity Order Date, Order Time, Transaction Date, Transaction Time, Order Price Type, Order Price, Counter Party
2) Transaction Date Records	Client Name, Trade Date, Trade Type, Security Name, Price, Quantity, Value Date,
3) Customer Account Ledgers	Client Name, Balance Date, Instrument Name, Quantity, Price, Trade Date, Cash Balance
4) Statements of Securities kept in custody	Client Name, Balance Date, Securities Name, Quantity, Trade date, Stock Balance