

Clearing and Settlement Business Operation Manual

March, 2016

Ver. 1.0

Yangon Stock Exchange Joint-Venture Company Limited

-Revision History-

Version	Revision Date	Pages	Contents
1.0	March 2016	-	Newly created

Contents	Remarks
<p>I. Introduction</p> <p>This Business Operation Manual shall stipulate business operations related to the delivery and receipt of securities and funds for clearing and settlement of stock trading on the YSX market between YSX and trading participants.</p>	
<p>II. Outline of Stock DVP Settlement</p> <p>1. Settlement method</p> <p>Settlement of stock transactions executed on YSX shall be conducted by DVP settlement.</p> <p>2. Handling of securities and fund settlement</p> <p>(1) Securities settlement</p> <p>Delivery and receipt of securities for settlement shall be conducted via book-entry transfer at YSX.</p> <p>(2) Fund settlement</p> <p>Payment and receipt of money for settlement of stock transactions shall be conducted via account transfer at a fund settlement bank designated by YSX.</p>	
<p>III. Payment and Receipt of Money and Securities for DVP Settlement</p> <p>1. Trading day (Day T = Day S-3)</p> <p>(1) Distribution of "settlement schedule (money) notice" (after 4:00 pm)</p> <p>YSX shall send file on the amount of money for payment and receipt for settlement on Day T through "settlement schedule (money) notice."</p> <p>The same data is also sent on Day T+1 and T+2 after 4:00 pm.</p>	

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<p>(2) Distribution of "settlement schedule (securities) notice" (after 4:00 pm) YSX shall send file of the quantity of securities for delivery and receipt for settlement on Day T via "settlement schedule (securities) notice." The same data is also sent on Day T+1 and T+2 after 4:00 pm.</p> <p>2. The day prior to the settlement day (Day T+2 = Day S-1)</p> <p>(1) Preparing transfer instructions for securities settlement A delivering participant and a receiving participant shall prepare to send, to YSX (CCP), transfer instructions to transfer securities between the Self Accounts and the Customer Accounts for the next business day by 3:00 pm. YSX confirms securities balance of delivering participants for the settlement of the next day.</p> <p>YSX shall create an instruction for transfer from the participant's Self Account to YSX's CCP account.</p> <p>(2) Issuing a transfer instruction for fund settlement</p>	<p>* A trading participant that may cause a failure on securities delivery on T+3 (S) date shall notify YSX of such possibility by phone.</p> <p>If a participant finds any mistakes in the file of transfer instruction sent to YSX, participant contacts with YSX by phone and submits "Transfer request correction, cancelation application" to YSX.</p>

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<p>YSX shall send the instruction for a fund transfer from a paying participant to YSX by 1:00 pm.</p> <p>Fund Settlement bank confirms the balance of paying participant for the settlement of the next day after 1:00 pm.</p> <p>In case fund settlement bank or YSX finds the shortfall of balance as a result that fund settlement bank confirms the balance of paying participants after 1:00 pm, fund settlement bank shall request to increase its balance to the required amount by 3:00 pm to the paying participant.</p> <p>3. Settlement day (Trading Day+3 = Settlement Day)</p> <p>(1) Delivery of securities</p> <p>YSX shall transfer the securities, to be delivered to YSX, to participants' Self Accounts and shall transfer them to the YSX account at 9:30 am.</p> <p>(2) Payment of Money</p> <p>Transfer scheduled money shall be transferred from the paying participant's fund settlement account to the YSX's settlement account by the operation of fund settlement bank.</p>	<p>The paying participant remits the balance requested in accordance with the request from fund settlement bank.</p> <p>A paying participant that may cause a temporary fund shortage shall notify YSX of the possibility to use settlement collateral.</p> <p>Only Self Account for trading participant shall be used for the transfer between trading participant and YSX.</p> <p>Trading participants shall make efforts to conclude an overdraft agreement with the fund settlement bank in order to realize smooth fund payment in case of fund shortage.</p>

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<p>(3) Receipt of securities</p> <p>A receiving participant shall receive securities from the YSX account at or before or at 12:00 pm. (The transfer instruction shall be created by YSX.)</p> <p>a) Handling in case of inability to deliver securities</p> <p>In cases where a delivering participant is not able to deliver securities by the cutoff time (9:30 am), such participant may issue a due bill (hereinafter "DB") to YSX, and YSX may deliver such DB to the receiving participant.</p> <p>In this case, the settlement of securities shall be deemed to have been completed by delivery of the DB.</p> <p>b) Notice on DB Issuance</p> <p>The delivering participant that issues a DB and the receiving participant that will receive the DB shall receive from YSX a notice on the DB.</p> <p>(4) Receipt of money</p> <p>The receiving participant shall receive money via book-entry transfer at the fund settlement bank at or after 12:00 pm.</p>	
<p>IV. Handling of DB</p> <p>1. Handling of DB</p> <p>(1) Handling in case of inability to deliver securities</p> <p>In cases where a delivering participant is not able to deliver securities by the cutoff time (9:30 am), the delivering participant may issue a DB to YSX, and YSX may deliver the DB to the receiving participant.</p> <p>(2) Designation of DB recipients</p>	

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<p>Recipients of DBs (hereinafter "DB recipients") shall be designated from among receiving participants in descending order of the quantity of securities to be received on the day of DB issuance by YSX.</p> <p>The delivering participant issuing DB and the recipient participant receiving DB are provided the notice of DB issuance by YSX.</p> <p>(3) DB Issuance</p> <p>A delivering participant being not able to deliver securities by the cutoff time (9:30 am) shall issue a DB to YSX after making a DB issuance request to YSX, and YSX shall deliver such DB to the DB recipient.</p> <p>When making such request, the delivering participant shall prove that it was not able to deliver securities due to unavoidable reasons.</p> <p>Securities settlement shall be deemed to have been completed with the issuance of the DB.</p> <p>(4) Settlement cutoff date for DB</p> <p>Settlement of the DB shall be carried out by the fifth business day counting from the day of DB issuance.</p> <p>However, in cases where a Record date arrives between the day of the DB issuance and the settlement cutoff date, the delivering participant must carry out the settlement of the DB by the business day prior to such Record date, unless approval is obtained from the DB recipient.</p> <p>2. Operations pertaining to DB issuance</p> <p>(1) Notice regarding fail</p> <p>YSX shall send "Notice regarding Fail" to the delivering participant that caused the fail by FAX.</p> <p>The notice shall contain the following information:</p>	<p>The number of DB recipients shall be minimized.</p> <p>DB issuance is prohibited on the day prior to the delisting day.</p> <p>Record date is decided by each listed company in accordance with its Articles of Association.</p>

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<p>a) Settlement day b) Name of the delivering trading participant c) Issue name and code d) Closing price on the previous day e) Quantity of securities not delivered f) Amount of money not paid (required amount of DB-related deposit)</p> <p>(2) Request for DB issuance A delivering participant that will issue a DB shall request a DB issuance (“Request for Issuance of Due Bill”) to YSX by FAX.</p> <p>(3) Deposit of DB-related Deposit YSX shall calculate the required amount of DB-related deposit and notify the delivering participant that issues the DB of it (“Notice regarding Required Amount of DB-related Deposit”) by FAX. The delivering participant shall deposit the DB-related deposit in the bank account designated by YSX by 11:00 am.</p> <p>The delivering participant shall send to YSX "Notice regarding Deposit of DB-related Deposit" by FAX, and contact YSX by telephone.</p> <p>(Calculation of the required amount of DB-related deposit) Quantity of issued DB * Closing price on the previous day</p>	<p>DB issuance shall be conducted via notice by the delivering participant on issue name, quantity of shares, reasons for issuance and other matters that YSX deems necessary.</p>

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<p>YSX's bank account for DB-related deposit Name of Bank (Bank code): KBZ BANK LTD. (KBZBMMMY) Name of Branch (code): KANAR ROAD BRANCH (219) Type of Deposit: Current account Account Holder: Yangon Stock Exchange Joint-Venture Company Limited Account Name: YSX J-V Co. Ltd. (Collateral Account) Account Number: 21910321900111401</p> <p>(4) Designation of DB recipients YSX shall designate DB recipients from among receiving participants in descending order of the quantity of securities to be received until the quantity of DB is fulfilled, and notify the receiving participant to be designated of the designation in advance of DB issuance by phone.</p> <p>(5) Completion of DB issuance When YSX confirms deposit of DB-related deposit and approves a DB issuance, the delivering participant shall have completed the procedures for DB issuance. YSX shall send "Notice regarding DB Allocation" to the delivering participant and the DB recipient by FAX.</p> <p>The notice shall contain the following information.</p> <ul style="list-style-type: none"> a) Settlement date b) Name and code of the delivering participant c) Name and code of the receiving participant d) Issue name and code e) Closing price of the previous day f) Original settlement quantity of shares 	

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<p>g) Quantity of shares not delivered h) Cutoff date for DB Settlement i) Others</p> <p>If necessary, DB recipient may correct transfer instructions between self-account and customer account based on the securities to be received and send the application to YSX by 11:30 am.</p> <p>3. Operations of DB settlement</p> <p>(1) Application for DB settlement A delivering participant that issued a DB shall send "Notice regarding DB Settlement" to YSX by FAX and contact YSX by telephone by 12:00 pm on the day prior to the day the delivering participant intends to conduct settlement of the DB.</p> <p>(2) Approval of settlement of DB and notice to DB recipient YSX shall check and approve the application for settlement of the DB, and then contact the DB recipient by telephone.</p> <p>(3) Instruction of book-entry transfer of shares related to settlement of DB Where YSX has approved settlement of the DB, YSX shall create transfer instructions pertaining to settlement of the DB (instruction from the delivering participant to YSX, and that from YSX to the DB recipient).</p>	<p>If the delivering participant has issued DBs to two or more DB recipients, the delivering participant shall notify YSX, giving priority to DBs earlier issuance dates and smaller amounts.</p> <p>The transfer shall be conducted in a way other than settlement of exchange transactions.</p> <p>The delivering participant issuing the</p>

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<p>(4) Book-entry transfer of shares for settlement of DBs</p> <p>YSX shall transfer securities from the Self Account of the delivering participant that issued DBs to the YSX account, and from the YSX account to the Self Account of DB recipients at around 9:30 am on the day of settlement of DB-related securities.</p> <p>* If DB recipient participant needs to transfer the shares to its Customer Account, the participant has to send a transfer instruction, from the Self Account to the Customer Account, to YSX by 3:00 pm of one working day prior to the transfer date.</p> <p>(5) Return of DB-related deposit</p> <p>Where settlement of the DB is completed, YSX shall return the DB-related deposit to the settlement account of the delivering participant that had issued the DB by the day after the settlement day.</p> <p>4. Authentication fee and securities borrowing fee</p> <p>(1) Authentication fee for DB</p> <p>If a delivering participant issues a DB, the participant shall pay to YSX authentication fees per DB issuance.</p>	<p>DB shall prepare a securities transfer instruction to its Self-account for settlement of DB-related securities by 3:00 pm on the previous day of DB settlement.</p> <p>YSX refunds DB deposit to the account of participant in the fund settlement bank.</p> <p>Payment of the authentication fee shall be made in tandem with other monthly fees.</p>

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<p>(2) Securities borrowing fees A delivering participant that issued a DB shall pay securities borrowing fees per day to YSX. YSX shall deliver the fees to the receiving participant.</p> <p>The calculation period for the securities borrowing fees shall be from the day following the day of DB issuance to the day of settlement of DB-related securities.</p> <p>(3) Payment of authentication fees and securities borrowing fees Payment and receipt of authentication fees and securities borrowing fees for any given month shall be collectively conducted in the next month.</p> <p>5. Other procedures</p> <p>(1) Procedures for dividends and rights When settlement of the DB is conducted after the day prior to the record date, the delivering participant that issued the DB and the DB recipient shall conduct coordination regarding treatment of dividends and other rights, and the delivering participant shall deliver "Dividends/Rights, etc. Delivery Notice" to the DB recipient.</p>	<p>Calculation and payment of the securities borrowing fee shall be conducted in tandem with calculation and payment of other fees (monthly).</p> <p>In cases where settlement of the DB is conducted on the Record date, delivery of "Dividends/Rights, etc. Delivery Notice" shall be not required.</p>
<p>V. Special Operations</p> <p>1. Delisting</p> <p>(1) Handling of DB A delivering participant that issued a DB shall complete settlement of the DB by the final settlement day of the issue to be delisted.</p>	<p>DB issuance shall be prohibited on the final settlement day.</p>