

# Trading Participant Business Regulations

## Chapter 1 General Provisions

### Section 1. Purpose

1. The trading participant Business Regulations shall specify the necessary matters concerning trading participants of the Exchange in accordance with the provisions of Section 2, Paragraph 1 of the Trading Business Regulations.
2. Any amendment to this Business Regulations shall be made by resolution of the Board of Directors; provided, however, that this shall not apply to minor amendments.

### Section 2. Trading Participants

A trading participant means an entity that holds a trading qualification to trade securities in the Exchange market.

### Section 3. Ensuring Fair Price Formation and Smooth Circulation

A trading participant shall strive to maintain and enhance the function of the financial instruments exchange market by ensuring fair price formation and smooth circulation in the Exchange market.

## Chapter 2 Obtaining Trading Qualifications

### Section 4. Application for Obtaining Trading Qualifications and Approval

1. An entity intending to obtain trading qualifications shall submit an application to obtain trading qualifications to the Exchange as prescribed by the Exchange.
2. The Exchange shall give approval on obtaining trading qualifications to a securities company that holds any of the license specified in Article 23 Items (a) through (c) of the Securities Exchange Law or is expected to hold such license before the date of obtaining trading qualifications, and is deemed appropriate in examinations as prescribed by the Exchange.
3. The Exchange shall specify the date for the approval for obtaining trading qualifications in the preceding paragraph.

### Section 5. Performance of Regulations for Obtaining Trading Qualifications

1. When the Exchange gives approval to an applicant for obtaining trading qualifications in accordance with the provisions of Paragraph 2 of the preceding section, the Exchange shall have the successful applicant pay admission fee, conclude a trading participant consent, deposit trading participant security money, clearing funds and collateral, and perform other procedures deemed necessary by the Exchange before the date specified by the Exchange in the provisions of Paragraph 3 of the preceding section (where this falls on a non-business day, it shall be moved up accordingly; the same shall apply hereinafter).
2. The admission fee shall be specified in the Exchange Regulations.
3. If a successful applicant does not perform the procedures prescribed by the Exchange in the preceding Paragraph 1 before the date specified by the Exchange in the provisions of Paragraph 3 of the preceding section, the Exchange shall regard it as withdrawal of the application.

### Section 6. Date of Obtaining Trading Qualification

If a successful applicant performs the procedures prescribed by the Exchange in the provisions of the preceding Paragraph 1, the Exchange shall grant trading qualification to the applicant on the date specified by the Exchange in accordance with the provisions

of Section 4, Paragraph 3.

## Chapter 3 Obligations of Trading Participants

### Section 7. Conclusion of Trading Participant Consent

A trading participant shall conclude with the Exchange a trading participant consent prescribed by the Exchange.

### Section 8. Representative of Trading Participant

A trading participant shall appoint a representative from among its directors who is thought to be suitable to act on behalf of the trading participant for matters related to the Exchange and notify the Exchange of such person.

### Section 9. Joint or Controlling Relationship with Director or Other Entity

1. The Exchange may request, following hearings and showing reasons, a trading participant to change the joint or controlling relationship of the director with another entity if the Exchange recognizes that the relationship with said entity lacks credibility or is deemed to be inappropriate in terms of the purpose of the Exchange as well as its market operations; provided, however, that a hearing may be replaced by the submission of statements by the trading participant.
2. The Exchange may request for the change specified in the preceding paragraph even if a trading participant does not attend the hearing without valid reason.
3. A trading participant may file an objection in writing with the Exchange by indicating a reason within ten (10) days from the date of receipt of the notice of a disciplinary action or regulatory measure.
4. The Exchange shall immediately change the request in Paragraph 1 or cancel it where it deems it appropriate after receiving the filing in the preceding paragraph.

### Section 10. Liaison Office

A trading participant shall designate as a liaison office its head office or one (1) of its sales offices that is conveniently located for communications with the Exchange to receive notifications from the Exchange.

### Section 11. Payment of Trading Participation Fees

A trading participant shall pay trading participation fees to the Exchange as prescribed by the regulations of the Exchange.

### Section 12. Deposits by Trading Participant

1. A trading participant shall deposit with the Exchange the following funds in cash as prescribed by the regulations of the Exchange:
  - (1) Trading participant security money for ensuring the fulfillment of obligations pertaining to trading participation fees prescribed in the provisions of Section 11;
  - (2) Clearing funds for ensuring the fulfillment of obligations pertaining to clearing and settlement of transactions in the Exchange market; and
  - (3) Collateral for smooth settlement.

### Section 13. Prohibition on Transfer, etc. of Rights to Claim Redemption of Deposits

A trading participant may not transfer, consent to transfer or offer to pledge to any other entity its rights to claim redemption of trading participant security money, clearing funds or collateral.

#### Section 14. Locus of Responsibility regarding Use of Market Facilities

The Exchange shall not be liable to indemnify a trading participant for any damage due to the trading participant's use of Exchange market facilities, unless such damage is a result of willful intent or gross negligence by the Exchange.

#### Section 15. Notification Matters

1. Trading participants must notify the Exchange using a method specified by the Exchange before conducting any of the following acts.
  - (1) Abolishment (including the case of not submitting an application of license) or suspension of operations related to license specified in Article 23, Items (a) through (c) of the Law);
  - (2) A merger in which the trading participant will be dissolved or a merger to establish a new corporation;
  - (3) Dissolution due to a reason other than merger or bankruptcy proceedings;
  - (4) Transfer of all of the business to another corporation due to demerger;
  - (5) Transfer of all of the business; and
  - (6) Other acts specified by the Exchange.

#### Section 16. Reporting Matters

Trading participants shall immediately report matters to the Exchange as set forth by the Exchange if they fall under any of the cases specified by the Exchange.

#### Section 17. Investigation of Trading Participants

The Exchange may request a trading participant to provide reports or materials for reference on the business and financial position of such trading participant, or inspect its operations or financial position or books, documents or other objects where it deems necessary for the operation of the Exchange market.

#### Section 18. Restriction of Order Acceptance from Officers or Employees of Another Trading Participant

No trading participant shall accept from an officer or an employee of another trading participant an order to buy or sell securities in the Exchange market, while knowing that such officer or employee is an officer or employee of such other trading participant; provided, however, that this shall not apply to cases where consent has been obtained from such other trading participant.

### Chapter 4 Waiving Trading Qualifications

#### Section 19. Application for Waiving Trading Qualification

1. A trading participant intending to waive its trading qualification (hereinafter referred to as a "waiver applicant") shall submit an application for waiving trading qualification to the Exchange.
2. A waiver applicant shall be required to clear all of its unsettled transactions; provided, however, that this shall not apply to cases where the Exchange deems it unnecessary to clear unsettled transactions.

#### Section 20. Measures for Suspending Securities Trading, etc. by Waiver Applicants

When the Exchange receives from an application for waiving trading qualification, the Exchange shall suspend trading by the waiver applicant from the following business day

(where this falls on a non-business day, it shall be moved down accordingly); provided, however, that this shall not apply to cases where the Exchange deems it unnecessary to suspend trading.

#### Section 21. Approval for Waiver of Trading Qualification

The Exchange shall specify a future date for the approval of waiver of trading qualification.

#### Section 22. Procedures for Waiver of Trading Qualification

1. The Exchange shall refund the funds in the following items to a trading participant that has waived its trading qualification according to the periods specified therein; provided, however, that where the Exchange deems necessary, it may suspend any refund until the grounds for such suspension becomes void.
  - (1) Trading participant security money:  
Two (2) months after the date for waiver of trading qualification
  - (2) Clearing funds and collateral:  
From the date for waiver of trading qualification
2. A trading participant that will be waiving its trading qualification shall perform the procedures as prescribed by the Exchange.

### Chapter 5 Disciplinary Actions and Regulatory Measures against Trading Participants

#### Section 23. Disciplinary Actions against Trading Participants

1. The Exchange may conduct hearings with a trading participant that is deemed to have fallen under any of the following items and take the disciplinary actions specified therein subject to the approval of Securities and Exchange Commission of Myanmar (hereinafter referred to as "SECM").
  - (1) Where the trading participant obtained its trading qualification by unfair means:  
Revoke trading qualification
  - (2) Where the trading participant is unable to perform payment and is in a situation where recovery is not easy:  
Revoke trading qualification
  - (3) Where the trading participant fails to comply with the consent regarding securities trading on the Exchange market:  
Suspend or restrict securities trading on the Exchange market for a period of up to six (6) months or revoke trading qualification
  - (4) Where the trading participant fails to pay or deposit money with the Exchange as specified by the Exchange:  
Suspend or restrict securities trading on the Exchange market for a period of up to six (6) months or revoke trading qualification
  - (5) Where the trading participant refuses to participate in or hinders or avoids inspection conducted in accordance with the provisions of Section 17, fails to submit reports or materials prescribed in the provisions of Section 17 or submits false reports or materials, or refuse to participate in or hinders or avoids investigations conducted in accordance with the provisions of Section 28, Paragraph 2:  
Impose a fine up to two hundred and fifty million (250,000,000) Kyats, issue a warning, or suspend securities trading on the Exchange market for a period of up to six (6) months or revoke trading qualification
  - (6) Where the trading participant fails to submit the notification prescribed in the provisions of Section 15 or the report prescribed in the provisions of Section 16, or

submits false notifications or reports:

Impose a fine up to two hundred and fifty million (250,000,000) Kyats, issue a warning, or suspend securities trading on the Exchange market for a period of up to six (6) months or revoke trading qualification

- (7) Other cases where the trading participant violates laws and regulations, violates regulatory disposition of an administrative authority imposed pursuant to laws and regulations or the Memorandum of Association and Articles of Association, Trading Business Regulations or other rules of the Exchange or disciplinary actions based thereon, or conducts an act in violation of the Rules Concerning Just and Equitable Principles of Trade:

Impose a fine up to two hundred and fifty million (250,000,000)Kyats, issue a warning, or suspend or restrict securities trading on the Exchange market for a period of up to six (6) months or revoke trading qualification

2. When taking the disciplinary actions prescribed in the provisions of the preceding paragraph, the Exchange may concurrently impose the following:
  - (1) A fine; and
  - (2) Either of the following:
    - a. Suspend or restrict securities trading on the Exchange market; or
    - b. Issue a warning.

#### Section 24. Regulatory Measures against Trading Participants

1. Where a trading participant has fallen under any of the following items specified by the Exchange, the Exchange may, after conducting a hearing and giving reason, suspend or restrict securities trading on the Exchange market and other measures deemed necessary by the Exchange, subject to the approval of SECM.
  - (1) Where a trading participant does not comply with the request to change its joint or controlling relationship with its director or other entity made in accordance with the provisions of Section 9; and
  - (2) Where more than half of the voting rights held by all shareholders has come to be held by a person who is considered inappropriate in light of operations of the Exchange market, or when the trading participant has become a subsidiary of such person.
2. Where a trading participant has fallen under any of the following items specified by the Exchange, the Exchange may, after conducting a hearing and giving reason, suspend or restrict securities trading in the Exchange market until the grounds for such regulatory measure become void:
  - (1) When the amount of capital falls below seven billion (7,000,000,000) Kyats;
  - (2) When the financial conditions has become or is likely to be deteriorating significantly; or
  - (3) When business operation system is found to be inappropriate as trading participants.
3. Where the Exchange deems that a trading participant has become or is likely to be unable to make payment, the Exchange may, after conducting a hearing and giving reason, suspend securities trading by the trading participant in the Exchange market until the grounds for such regulatory measure become void.
4. Where a trading participant decides to conduct any of the matters specified in Section 15, Items 1 through 5 other than applying for waiver of trading qualification, the Exchange may, after conducting a hearing and giving reason, suspend securities trading by the trading participant in the Exchange market until the grounds for such regulatory measure become void.
5. A trading participant that has been suspended from securities trading in the Exchange market in accordance with the provisions of the preceding two (2) paragraphs may, with

the approval of the Exchange, trade securities on the Exchange market to the extent necessary for clearing unsettled transactions.

#### Section 25. Removal of Regulatory Measures

1. A trading participant that has been suspended from securities trading in the Exchange market for an indefinite period in accordance with the provisions of the preceding section may, when the grounds for such regulatory measure become void, apply for the removal of such regulatory measure with supporting documents explaining the situation.
2. The Exchange shall approve an application made in accordance with the provisions of the preceding paragraph if it deems it appropriate to remove such regulatory measure.
3. If a trading participant that has been suspended from securities trading in the Exchange market for an indefinite period is unable to obtain approval in accordance with the provisions of the preceding paragraph within one (1) year of the start of the regulatory measure, the Exchange may revoke its trading qualification.

#### Section 26. Filing Objections against Disciplinary Actions or Regulatory Measures

The provisions of the provisions of Section 9, Paragraphs 1 and 2 shall apply mutatis mutandis to the hearings of Sections 23 and 24, and the provisions of Section 9, Paragraphs 3 and 4 shall apply mutatis mutandis to the disciplinary actions of Section 23 and the regulatory measures of Section 24.

#### Section 27. Regulatory Measures against Trading Participants subject to Administrative Dispositions

Where a trading participant is subject to administrative dispositions based on laws and regulations and has any or all of its business suspended or its license revoked or suspended, the Exchange shall, taking into account the content of the administrative disposition, suspend or restrict securities trading of the trading participant on the Exchange market or revoke its trading qualification.

### Chapter 6 Arbitration

#### Section 28. Arbitration

1. In the case where a trading participant involved in a dispute requests the Exchange to arbitrate such dispute between or among trading participants with respect to securities trading or other transactions, the Exchange shall arbitrate the dispute in accordance with regulations specified by the Exchange; provided, however, that the Exchange may decide not to arbitrate the dispute if it deems it inappropriate to arbitrate the dispute due to its nature or that one of the parties involved has intentionally requested the arbitration for an improper purpose, or when one of the parties involved refuses to cooperate in arbitration.
2. In the case where the Exchange arbitrates a dispute, it may investigate trading participants involved in the dispute regarding matters necessary for arbitration.
3. The procedure for requesting for arbitration, method of arbitration and other necessary matters related thereto shall be separately prescribed by the Exchange.

### Chapter 7 Miscellaneous Provisions

#### Section 29. Decisions on Other Necessary Matters

Other than matters defined in this Business Regulations, the Exchange may, in cases where it deems urgent and necessary in the light of operations of the Exchange market, impose

necessary and appropriate Business Regulations on the operations of a trading participant.

#### Section 30. Comprehensive Provision

In addition to the matters prescribed in this Business Regulations, the Exchange may prescribe measures where it deems necessary in relation to the operation of the Exchange market.

#### Supplementary Provisions

This Business Regulations shall be implemented on 12th March, 2016.