

## Enforcement Regulations for Trading Participant Business Regulations

### Section 1. Purpose

These Enforcement Regulations shall specify matters decided by the Exchange in accordance with the Trading Participant Business Regulations (hereinafter referred to as "the Business Regulations").

### Section 2. Application for Obtaining Trading Qualifications

1. An entity intending to obtain trading qualifications shall make an application for obtaining trading qualifications referred to in Section 4, Paragraph 1 of the Business Regulations by submitting the prescribed application form for obtaining trading qualification to the Exchange.
2. The documents enumerated in each of the following items and other documents deemed necessary by the Exchange must be attached to the trading qualification obtaining application form in the preceding paragraph:
  - (1) The Memorandum of Association and Articles of Association;
  - (2) A copy of the minutes of the board of directors meeting pertaining to the application for obtaining trading qualification;
  - (3) A business report;
  - (4) An audit report by an accounting auditor with respect to the calculation documents attached to the document prescribed in the preceding item; and
3. An applicant shall pay to the Exchange a qualification examination fee specified in Table of Fees for Trading Participant (1) by the day specified by the Exchange.

### Section 3. Examinations on Obtaining Trading Qualifications

The Exchange shall conduct examinations prescribed in Section 4, Paragraph 2 of the Business Regulations for matters enumerated in each of the following items regarding an applicant and other matters that the Exchange deems necessary for the public interest or the protection of investors.

#### (1) Management system

The applicant shall maintain a sound management system that can be expected to sufficiently maintain public confidence in the Exchange market, such as not being controlled or influenced by any party that the Exchange deems inappropriate in light of its market operations.

#### (2) Financial basis

The applicant shall be expected to, by the day of obtaining trading qualifications, have capital of at least 7 billion (7,000,000,000) Kyats, achieve stable profitability as a trading participant, and be in an appropriate financial condition from the perspective of the Exchange's stable operations.

#### (3) System for executing business

The applicant shall have an appropriate system for executing business with regard to order acceptance, order execution, delivery settlement, loss risk management, as well as compliance with laws and regulations, regulatory dispositions by administrative authorities pursuant to laws and regulations, and the Memorandum of Association, Articles of Association, Trading Business Regulations and other and regulations of the Exchange, and the Rules Concerning Just and Equitable Principles of Trade.

### Section 4. Admission Fees

The amount of admission fees prescribed in Section 5, Paragraph 2 of the Business Regulations shall be specified Table of Fees for Trading Participant (2). However, in the

event that an applicant obtains trading qualification as a result of a corporate merger or demerger, the admission fees shall be zero (0) Kyat.

#### Section 5. Trading Participant Consent

The trading participant consent prescribed in Section 7 of the Business Regulations shall be as per Exhibit 1.

#### Section 6. Trading Participant Fees

1. Trading participant fees prescribed in Section 11 of the Business Regulations shall consist of basic fees, trading fees and cancellation fees.
2. The amount of basic fees, trading fees and cancellation fees shall be specified in Table of Fees for Trading Participant (3), however, that the basic fees for a trading participant during the month containing the day on which it obtains or waives trading qualifications shall be calculated on a pro rata on a daily basis.
3. The deadline for paying trading participant fees prescribed in Paragraph 1 to the Exchange shall be the last day of every month (where this falls on a non-business day, it shall be moved down accordingly), on which payment shall be made for basic fees for the current month, and trading fees and cancellation fees for the previous month.

#### Section 7. Amount of Trading Participant Security Money

1. The amount of trading participant security money prescribed in Section 12 of the Business Regulations shall be the total of the amounts enumerated in each of the following items; provided, however, that in cases where the Exchange deems necessary, it may temporarily change the amount of trading participant security money.
  - (1) The amount of the basic fees for one (1) month, out of the trading participant fees of such trading participant as of the end of the last fiscal year of the Exchange; and
  - (2) The amount equivalent to twice (2×) the average monthly trading fees, out of the trading participant fees of such trading participant for the last fiscal year of the Exchange.
2. Notwithstanding the provisions in the preceding paragraph, the amount of trading participant security money required for a new trading participant shall be determined by the Exchange on a case-by-case basis.
3. The amount of trading participant security money required for a new fiscal year shall apply from the day determined by the Exchange.

#### Section 8. Amount of Clearing Funds

The amount of clearing funds prescribed in Section 12 of the Business Regulations shall be fifty million (50,000,000) Kyats; provided, however, that in cases where the Exchange deems necessary, it may temporarily change the amount of clearing funds.

#### Section 9. Amount of collateral for settlement

The amount of collateral as prescribed in Section 12 of the Business Regulations shall be fifty million (50,000,000) Kyats; provided, however, that in cases where the Exchange deems necessary, it may temporarily change the amount of collateral.

#### Section 10. Notification Matters

Other acts specified by the Exchange as prescribed in Section 15, Item 6 of the Business Regulations shall be those enumerated in each of the following items, on which notification shall be made by attaching documents deemed necessary by the Exchange to the prescribed notification form:

- (1) A merger in which the trading participant will survive;
- (2) Transfer of the whole or part of the business to another corporation due to a demerger;
- (3) Succession of the whole or part of the business from another corporation due to a demerger;
- (4) Sale of a part of the business;
- (5) Purchase of a business in whole or in part;
- (6) Purchase of a business in whole or in part from another trading participant;
- (7) Purchase of business in whole or in part from its wholly-owned subsidiary;
- (8) Change in the company name; or
- (9) Change in directors.

#### Section 11. Reporting Matters

Cases specified by the Exchange as prescribed in Section 16 of the Business Regulations shall be those enumerated in each of the following items and other cases set forth by the Exchange, and documents deemed necessary by the Exchange shall be attached to the prescribed report:

- (1) Where the trading participant has made an application for license of security business, when the applicant has received the license or has become unable to receive the license, when the license is revoked or suspended, or when the license is subject to conditions or such conditions are changed;
- (2) Where the trading participant has determined or changed the methods of operations;
- (3) Where the trading participant has become insolvent or fallen in a state of being likely to become insolvent;
- (4) Where a revision is made to the Memorandum of Association and Articles of Association (excluding cases where the company name is changed);
- (5) Where the board of directors adopted a resolution concerning change in the amount of capital;
- (6) Where there is a change in the top ten (10) major shareholders (meaning the top ten (10) shareholders by shares held in its own name or under the names of others);
- (7) Where the trading participant has become subject to inquiry, inspection, official detention, official inspection, search, attachment, regulatory disposition or punishment is made pursuant to the provisions of laws and regulations, or where it was given a hearing or a vindication opportunity pertaining to regulatory dispositions under the provisions of laws and regulations;
- (8) Where the trading participant has received an improvement order, etc. from an administrative authority due to the inspection referred to in the preceding item, or where it has submitted a report on business improvement measures, etc. to an administrative authority;
- (9) Where a lawsuit regarding a criminal case pertaining to a violation of laws and regulations involving the trading participant was filed or a sentence, etc. was passed (including appeal);
- (10) Where the trading participant has learned of a fact that, in relation to securities trading in the Exchange market, an act in violation of laws and regulations or the Memorandum of Association, Articles of Association, Trading Business Regulations and Brokerage Consent Standards and any other regulations was committed;
- (11) Where the trading participant has filed a civil lawsuit (excluding lawsuits in which the target amount of a lawsuit is less than one billion (1,000,000,000) Kyats; the same shall apply hereinafter) or such a lawsuit has been filed against the trading

- participant, or a statement, etc. has been passed on such a lawsuit;
- (12) Where the trading participant has prepared a business report;
  - (13) Where the trading participant has prepared an explanatory document, including matters concerning the state of operation and assets, to be made available for public inspection;
  - (14) Where the trading participant has changed its head office or other business offices; or
  - (15) In addition to the cases enumerated in the preceding items, where the trading participant has made an application, notification, report, or submission of material to the President, the Finance Minister, or the SECM, and the Exchange deems it necessary for such application, etc. to be reported.

#### Section 12. Application for Waiver of Trading Qualification

1. An application for waiving trading qualification referred to in Section 19 of the Business Regulations shall be made by the applicant intending to waive its trading qualification by submitting the prescribed application form for waiving trading qualification to the Exchange.
2. The following documents must be attached to the trading qualification waiver application form referred to in the preceding paragraph.
  - (1) A copy of the minutes of the board of directors meeting pertaining to the application for waiver of trading qualification;
  - (2) Materials concerning handling of customers in connection with waiver of trading qualification;
  - (3) A written oath regarding matters deemed necessary by the Exchange for the operation of the market; and
  - (4) Other documents deemed necessary by the Exchange.

#### Section 13. Fee pertaining to Waiver of Trading Qualification

A trading participant shall pay to the Exchange a procedural fee pertaining to waiver of trading qualification specified in Table of Fees for Trading Participants (4) by the day specified by the Exchange pursuant to the provisions of Section 22, Paragraph 2 of the Business Regulations.

#### Section 14. Violation of Rules Concerning Just and Equitable Principles of Trade

An act in violation of the Rules Concerning Just and Equitable Principles of Trade prescribed in Section 23, Paragraph 1, Item 7 of the Business Regulations mean acts prescribed in the following items, which undermine the credibility of the Exchange or damages the trust in the Exchange or its trading participants in light of operations of the Exchange market.

- (1) Interference with or hindrance to the business of the Exchange or that of other trading participants;
- (2) Conducting a fraudulent act, dishonest or improper act, or extremely careless or negligent business practices in connection with securities trading;
- (3) Buying up and amassing a shareholding, and using its status as a large shareholder to sell the stock to a party related to the issuing company of the stock despite such party's intention to its own advantage, or accepting entrustments of orders to buy shares of such stock for the account of an entity that intends to perform a similar act.
- (4) Other acts which are lacking in terms of investor protection or undermine the fairness of transactions

Supplementary Provision

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

Supplementary Provision

This amending Enforcement Regulations shall be implemented on 31st March, 2016.

Letter of Consent

DD MM YYYY

To Managing Director  
Yangon Stock Exchange Joint-Venture Company Limited.

The company hereby consents to the following matters as a trading participant of the Yangon Stock Exchange Joint-Venture Company Limited (hereinafter referred to as "the Exchange")

1. The company shall abide by the Memorandum of Association, the Articles of Association, Trading Business Regulations, and other regulations and regulations as currently constituted and as may be established or amended in the future by the Exchange (hereinafter collectively referred to as the "regulations"), and comply with the regulations and the Rules Concerning Just and Equitable Principles of Trade.
2. The company shall abide by the Exchange's decision to revoke trading qualifications, suspend or restrict securities trading, impose fines, and any other disciplinary actions, regulatory dispositions, or measures that the Exchange may take in accordance with the regulations.
3. In the event that the company waives its trading qualification, it shall accept all responsibility for such waiver and shall not inconvenience the Exchange, other trading participants and customers.
4. In the event that the Exchange notifies the company of amendments to this consent and the company does not raise an objection by the predefined deadline, the company shall be deemed to have consented to such amendments.

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Signature

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Company Seal

Name  
Title  
Company Name  
Company Address  
Company Phone Number