



Listing and Trading Participant Department
Listing Consulting Division

FAQs by Potential Listing Companies
(Version 1)

Part I. **General Inquires**

Q.1) What is “Listing criteria”?

Answer: “Listing criteria” is a set of basic requirements or standards for a public company looking forward for listing on Yangon Stock Exchange (YSX). A listing applicant must meet the listing criteria before those shares are officially listed and traded on YSX.

Listing criteria differ among stock exchanges in the world, however, it serves the same purpose which is to ensure qualify shares for the investors.

For detail of listing criteria of YSX, please kindly see at_

https://ysx-mm.com/wp-content/uploads/2018/10/ysxr34_en_20181017_01.pdf

Q.2) What is listing on a stock exchange?

Answer: It refers to the company’s shares being admitted on the board of stock exchange that are officially traded by a large number of investors including individuals and institutional investors in the market. Once a company’s shares are listed, the shares will be available for investment to general public.

Q.3) Why should public companies list on Yangon Stock Exchange (YSX) and what are the benefits of listing on YSX?

Answer: By listing on Yangon Stock Exchange (YSX), your company can:

(a) Smooth and Diversified Fund raising

Once listed on YSX, your company will have access to direct finance by capital increase by issuing shares at a market price through publicly offering stock, etc. Our highly liquid market can bring more efficient and diverse fund-raising capacity for your company to grow further.

(b) Enhance Corporate Value

Coverage by media, including market news of newspapers, will allow your company to enhance its corporate and product reputation in Myanmar. The company will be able to retain and attract excellent people as well.

(c) Improve its Internal Management System and Enhance the Employees' Motivation

Corporate disclosure will allow investors and other third parties to examine your company's corporate management. Therefore, your company has obligations to continue to improve and strengthen its management system as well as its internal management. Becoming a listed company will also help boost the morale of the officers and employees of the company.

Q.4) How does a company list on Yangon Stock Exchange (YSX)?

Answer: With the support and advice from a designated Securities Company, Accounting Firm and Legal Firm the issuing company makes application for listing along with necessary documents prescribed by Yangon Stock Exchange (YSX). Listing and Trading Participant Department from YSX will examine the documents in order to check eligibility for listing. It takes a minimum of 45 working days for YSX to review the documents and give approval for listing.

Q.5) Which type of incorporation or company can be listed on the board of Yangon Stock Exchange (YSX)?

Answer: Yangon Stock Exchange (YSX) accepts listing application only from public companies limited by shares. The company also has to meet the minimum 17 listing criteria set by YSX.

Q.6) Can private limited company be listed on the stock exchange?

Answer: No. As mentioned above, only public company limited by shares are allowed to list on Yangon Stock Exchange (YSX). Private company has to transform status to public before it can be listed. Please consult with your legal advisor how a private company can be transformed to public.

Q.7) Which documents should the applicant company prepare to submit to Yangon Stock Exchange (YSX)?

Answer: An applicant company is required to submit the following documents to Yangon Stock Exchange (YSX):

- (a) Initial listing application
- (b) Written oath regarding initial listing application
- (c) Minutes of board of directors meeting regarding initial listing application
- (d) Certificate of registered matters
- (e) The Constitutions
- (f) Prospectus or Disclosure Document for listing
- (g) Recommendation letter
- (h) Plans for public offering or secondary distribution (in the case of conducting public offering or secondary distribution)
- (i) State of share distribution (in the case of not conducting public offering or secondary distribution)
- (j) Document on computation of market capitalization
- (k) Letter of Commitment

Moreover, the applicant company has to submit the following additional materials:

- (a) Annual Reports (Two years)
- (b) Company Business Rules
- (c) AGM minutes (Two years)
- (d) Notice of Convocation of AGM (business year of listing application)
- (e) Top 10 major shareholders
- (f) Organizational chart and Employee structure chart
- (g) Organizational chart of corporate group including parent company
- (h) List of major business partners
- (i) List of related party transactions (business year before listing application)
- (j) Business plan (from the business year of listing application)
- (k) Annual budget and budget management document for business year of listing application

The financial statements for the previous business year and resolution for the listing have to be approved by the shareholders meeting.

For listing application documents, please kindly see at –

https://ysx-mm.com/wp-content/uploads/2016/04/at-nl_en_042016_01.zip

Q.8) Can a listed company be delisted?

Answer: A listed company on Yangon Stock Exchange (YSX) can be delisted on the following case scenarios;

- (1) The listed company has decided to commence bankruptcy proceedings pursuant to the provisions of the Companies Law or has fallen into a state equivalent thereto;

- (2) The listed company imposes restrictions on transfer of its shares
- (3) The listed company has ceased to entrust shareholder services (limited to operations related to the preparation of its shareholder register)
- (4) The stock of the listed company has ceased to be handled by a designated book-transferred institution or fallen into a state equivalent thereto;
- (5) The exchange deems that delisting of the stock is appropriate for the public interest or investor protection.

The listed company would be voluntarily delisted without happening the aforementioned cases.

Part II. Regarding Listing Criteria of Yangon Stock Exchange (YSX)

Q.1) Listing Criteria-1: What does a public company mean?

Explanation: An applicant company shall be a registered company limited by shares in accordance with the Myanmar Companies Law (2017) and conducting the business in line with the public company's features and procedures set out by the relevant laws, rules and set out by the relevant laws, rules and regulations.

Q.2) Listing Criteria-2: What does the description of 100 shareholders mean?

Explanation: The number of shareholders of an applicant company is expected to be at least 100. However, this has to be satisfied by the day of listing on Yangon Stock Exchange (YSX) and does not necessarily need to meet at the time of listing application.

An applicant company which plans to do Initial Public Offering or Secondary Offering at the time of listing which in turn could increase in the number of shareholders would be considered as having met this criteria.

Q.3) Listing Criteria-3: What does the description of 500 million kyat minimum paid-up capital mean?

Explanation: Applicant company shall have a minimum paid-up capital of at least 500 million kyats (MMK 5,000 lakhs) as of the initial listing application date.

Q.4) Listing Criteria-4: How can an applicant recognize the criteria which reads as “It shall have the profit at least 2 years during the period of before the date of application.”?

Explanation: The total comprehensive income or net income after tax of the applicant company for the last 2 years had to be positive.

The starting point from which to count back “the last two years” is the end of the last fiscal year. To illustrate an example, if an applicant company is filing application for listing on Yangon Stock Exchange (YSX) on August 2018, the aggregate result of comprehensive incomes for FY 2017-2018 and FY 2016-2017 has to be in profit. (Even if either of FY 2017-2018 or FY 2016-2017 is not in profit, the company is understood to be satisfying this prescription in cases where the aggregate result of both FYs is in profit.) Total comprehensive income means that the total income in consolidated statement of comprehensive income of a company that prepares consolidated statement of comprehensive income, or non-consolidated statement of comprehensive income in which case an applicant company does not need to make consolidated statement.

The audit opinions of accounting auditors on financial statements and consolidated profit and loss statements for the last two years must be “unqualified opinion” or “qualified opinion”.

Additionally, the applicant company must have more than two consecutive years of business operation track record prior to the listing application date.

Q.5) Listing Criteria-5: How can a potential applicant company recognize the criteria which reads as “the business shall have the stable basic income and conduct in accordance with the existing laws”?

Explanation: The potential applicant company can be reasonably expected to maintain stable profit based on the previous financial records and its current business operations. It is required to have a revenue base that can be expected to maintain stable profit for a foreseeable long term.

Q.6) Listing Criteria-6: How can a potential applicant company recognize the criteria which reads as “the BODs and the heads shall be in good character and have had not been having any punishment by a court, in addition, have not been facing any lawsuits. They shall perform their duties and responsibilities with well-prepared, in good-faith and fairly in line with the laws”?

Explanation: The board of directors and heads of management of the applicant company maintains good character in its business environment. They must have never faced any punishment by a court and must have never been faced any lawsuits in conjunction with conducting business of the company.

In addition, they shall perform their duties and responsibilities with well-prepared, in good-faith and fairly in line with the existing laws and regulations in Myanmar.

Q.7) Listing Criteria-7: How can a potential applicant company recognize the criteria which reads as “the BODs and the head of the company shall not act any deceptive manners by the public for the interest of the company and self-interest”?

Explanation: The applicant company’s business must be properly executed in accordance with existing laws, regulations and internal regulations. Effective systems for compliance with laws and regulations are properly established and

operated, and acts that are likely to constitute a material breach of laws and regulations are not being carried out.

Q.8) Listing Criteria-8: How can a potential applicant company recognize the criteria which reads as “each director shall not do any business which has the same interest carrying out by the public company, except with the approval of shareholder meeting”?

Explanation: Without getting the approval of shareholder meeting, the same interest of another company such as the company in same business filed, doing same business segment, etc. shall not be carried out by the board of directors of the applicant company.

Q.9) Listing Criteria-9: How can a potential applicant company recognize the criteria which reads as “the company, BODs and heads shall not be included in the black list of any public and government organizations”?

Explanation: The applicant company, its Board of Directors and any of its directors in management must not be in the black list maintained by the government organizations.

Q.10) Listing Criteria-10: How can a potential applicant company recognize the criteria which reads as “the book-keeping of accounts and auditing shall be undertaken in accordance with Myanmar Accounting Standards or International Financial Reporting Standards and Myanmar Standards on Auditing or International Standards on Auditing”?

Explanation: It means that the applicant company shall comply with Myanmar Financial Reporting Standards or International Financial Reporting Standards.

Any financial statement disclosed by the applicant company shall be attached with an “unqualified opinion” or “qualified opinion” by the auditor. When there is a “qualified opinion”, the reason must be appropriately disclosed.

Q.11) Listing Criteria-11: How can a potential applicant company recognize the criteria which reads as “the company shall fulfill tax duties in accordance with existing tax laws of Myanmar”?

Explanation: It means that the applicant company has to show its duties which has to or had to fulfil with the compliance of existing tax laws in Myanmar.

Q.12) Listing Criteria-12: How can a potential applicant company recognize the criteria which reads as “disclosure of relevant information in timely manner”?

Explanation: Once listed on Yangon Stock Exchange (YSX), the applicant company must disclose its corporate information in a timely manner in accordance with the rules and regulations prescribed by YSX. The procedure that the corporate information is published to its shareholders must have already been established at the time of listing application to YSX and operated by the applicant company accordingly. It is required to manage corporate information, such as facts that significantly influence its operations, and it must be able to disclose such corporate information in a timely and appropriate manner to shareholders and public transparently.

For outline of disclosure requirement, please kindly see at –

https://ysx-mm.com/wp-content/uploads/2016/10/gl-td_en_14102016.pdf

Q.13) Listing Criteria-13: How can a potential applicant company recognize the criteria which reads as “it shall set up an effective system to comply with laws, rules and regulations by appointing the compliance officer”?

Explanation: The compliance officer is appointed by the applicant company and set up proper internal control system that is operating to enhance the corporate governance, its board of director regulations, accounting regulations and other internal regulations.

Q.14) Listing Criteria-14: How can a potential applicant company recognize the criteria which reads as “it shall have business plan containing business design, business process environment and the risk factors”?

Explanation: Business plan of the applicant company shall be prepared properly based on its business model, future prospects of the business, business environment, risk factors, etc.

The business plan shall be based on the future business development strategies and policy of the company and shall, preferably, incorporate at least key assumptions and indicators. Also, the business plan shall span three business years starting from the date of listing application, and is, preferably, reviewed at least once every business year.

Q.15) Listing Criteria-15: How can a potential applicant company recognize the criteria which reads as “it shall set up a system to prevent the insider trading”?

Explanation: The system to prevent the insider trading shall be appropriately established and implement it accordingly. The reason is that buying or selling of shares on non-public information is a legal violation and it severely damages trust in the applicant company once it is listed. Therefore, it is important to establish frameworks to prevent insider trading.

Q.16) Listing Criteria-16: How can a potential applicant company recognize the criteria which reads as “it shall continuously operate and manage stably without any influence by keeping soundness of good corporate governance, internal management and internal control system”?

Explanation: Management activities of the applicant company shall be carried out continuously in a stable manner. The directors have to execute their duties appropriately as per the law. It is necessary to confirm the details and check its impacts on the soundness of the applicant company's management operations.

Therefore, the systems and procedures to ensure appropriate execution of the duties and responsibilities by the directors of the applicant company shall be properly established and implement it accordingly.

Q.17) Listing Criteria-17: How can a potential applicant company recognize the criteria which reads as “it shall have rational expectation to get a profit base upon stable revenue”?

Explanation: The applicant company shall be reasonably expected to maintain stable profit according to the previous business history and submitted business plan.

Part III. [Regarding Listing Examination](#)

Q.1) What is a listing examination?

Answer: A listing examination is a scrutinize and thorough check to examine whether the applicant company is qualified to be listed on the bourse of Yangon Stock Exchange (YSX) and whether it meets the listing criteria in accordance with the listing business regulations. Listing and Trading Participant Department of Yangon Stock Exchange conducts the listing examination.

Q.2) How long does the listing examination take?

Answer: The listing examination takes at least 45 working days (about 7 weeks). However, it depends on the response to the queries by Yangon Stock Exchange (YSX) during the examination period and preparation for the applicant company.

Q.3) How does Yangon Stock Exchange (YSX) conduct the listing examination?

Answer: Listing application along with required documents inclusive of recommendation letter from Securities Company must be submitted at the time of making the application to Yangon Stock Exchange (YSX) and Listing and Trading Participant Department conducts the listing examination.

Q.4) How should the applicant company prepare for the listing examination by Yangon Stock Exchange (YSX)?

Answer: An effective team for the listing examination should be set up by the applicant company in order to correspond with Yangon Stock Exchange (YSX); Securities Company and Law Firm. The reason is the timely disclosures of corporate information, public relationship has to duly carried out later on after the listing. With the support from Securities Company and Law Firm, the team has to response to the queries and questions raised by YSX.

Part IV Others

Q.1) Can a company has different classes of shares to be listed?

Answer: Only ordinary shares are allowed to be traded on Yangon Stock Exchange (YSX) currently.

Q.2) How should the applicant company realize the Lock-up period?

Answer: If an applicant company has issued shares or subscription warrents to any specific entity within 6 months before the date of the initial listing application, such applicant shall affirm with the allotted party that, as a general rule, the allotted party shall hold the allotted shares or subscription warrents (including shares obtained by exercise of such subscription warrents) until 3

months elapse from the day of listing. The applicant company shall also submit such affirmation in writing.

Q.3) Is this fine to impose Restriction on transfer of shares?

Answer: No restrictions are expected to be imposed on transfers of shares by the day of listing (excluding cases where such restrictions are imposed pursuant to laws and regulations).

Q.4) Are there any floating shares and floating market capitalization amount which the applicant company needs to satisfy for listing?

Answer: Yes, according to “Securities Listing Business Regulations” of Yangon Stock Exchange (YSX), the number of floating shares must be at least 5,000 shares and floating market capitalization of at least 500 million Kyats has to be satisfied as of the listing date.

(Floating shares means, out of shares pertaining to a listing application, shares excluding those owned by an entity that owns 10% or more, etc.

For details, please refer to Section 2 of “Enforcement Regulations for Securities Listing Business Regulations” of YSX.

Q.5) Is it necessary for an applicant company to satisfy all listing criteria and requirements at the time of submitting the listing application to Yangon Stock Exchange (YSX)?

Answer: No. “100 shareholders”, “5,000 shares” and 500 million Kyats floating shares” are items which must be satisfied as of the listing date. These items are enough to be satisfied as the result of the Public Offering at the timing of listing in cases where the applicant company doesn’t fulfill them when submitting the listing application.

Please also refer to II Q.2 and IV Q.4.

“If you have further queries or have questions about listing on YSX, please feel free to contact us to get free consultation anytime.”

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