



**Listing Consulting Division,
YSX' s Listing Criteria,
FAQs by Potential Listing Companies & Listing Procedures
(*Mini Guidebook for Listing*)**

**Listing and Trading Participant Department
Yangon Stock Exchange Joint-Venture Co., Ltd.**



Listing Consulting Division

Establishment of Listing Consulting Division

Listing Consulting Division has been officially formed under Listing and Trading Participant Department in line with the approval of Yangon Stock Exchange Board of Directors Meeting which was held on 25th March 2018.

Its operations were started on 2nd April 2018.

Frequently Asked Questions (FAQs) version-1 was posted on Yangon Stock Exchange (YSX) website on 4th June 2018 in order for interested parties to easily understand about *general inquiries, listing criteria* and *listing on Yangon Stock Exchange (YSX)*.

Frequently Asked Questions (FAQs) version-2 was posted on Yangon Stock Exchange (YSX) website on 22nd October 2018 in order for interested parties to easily understand *cost of listing, reference price valuation, dematerialization process* and others.

Main Functions of Listing Consulting Division

- ❖ To facilitate the candidate companies (local and foreign) and related organizations thereof (securities companies, law firms, accounting firms, etc.).
- ❖ To illuminate the realizing about listing criteria, listing business regulations, listing examination procedures, and any other matters or issues relevant to listing on Yangon Stock Exchange (YSX).
- ❖ To flexibly respond the various questions and consultation matters arising in the process of listing preparation.
- ❖ To support the further development of Myanmar Capital Market.

Useful Links for Listing

[Business Rules] <https://ysx-mm.com/regulations/ysxregulations/>

Following contents are for listing companies on YSX;

- Securities Listing Business Regulations
- Enforcement Regulations for Securities Listing Business Regulations
- Table of Fees for Listing Companies
- Listing Criteria

[Manuals] <https://ysx-mm.com/regulations/manuals/>

Following contents are for listing companies on YSX;

- IPO and PO Business Operation Manual
- Initial Listing (Guideline)

[FAQs] Aforementioned FAQs are available here;

<https://ysx-mm.com/learning/faqs/listing-consulting/listing-consulting-summary/>



Minimum Listing Criteria of Yangon Stock Exchange

1. Yangon Stock Exchange (YSX) hereby issued the following Criteria for a Public Company to list on YSX in accordance with the Article 41 (b) of Myanmar Securities Exchange Law.

- (a) It shall be a registered company limited by shares in accord with the Myanmar Companies Law, conducting the business in line with the public company's features and procedures.
- (b) It shall have at least 100 shareholders and above.
- (c) Paid-up capital shall be the minimum of kyat 500 million on the date of application.
- (d) It shall have the profit at least 2 years during the period of before the date of application.
- (e) The business shall have the stable basic income and conduct in accordance with the existing laws.
- (f) The Board of Directors and the heads of the company shall be in good character and have 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.
- (g) The Board of Directors and the heads of the company shall not act any deceptive manners by the public for the interest of the company and self-interest.
- (h) Each Director of the public company shall not do any business which has the same interest carrying out by the public company, except with the approval of Shareholder meeting.
- (i) The company, the Board of Directors and the heads of such company shall not be included in the black list of any public and government organizations.

- (j) Book-keeping of accounts and auditing of the company shall be undertaken in accordance with the Myanmar Accounting Standards or International Financial Reporting Standards, and Myanmar Standards on Auditing or International Standards on Auditing.
- (k) The company shall fulfill tax duties in accordance with the existing tax laws of Myanmar.
- (l) The disclosure of relevant corporate information and the facts that the public should be known, shall be disclosed and submitted to the Securities Exchange Commission of Myanmar and Yangon Stock Exchange, besides it shall be disclosed and announced to the public by means of easily understandable and best suitable ways in timely manner. For disclosure of corporate information, it shall prescribe especially and precisely on the matters which have a considerable impact on investment decisions of the investors, such as the risk factors for the potential loss and the basic potential business activities.
- (m) It shall set up an effective system to comply with laws, rules and regulations by appointing the compliance officer.
- (n) It shall have business plan containing business design, business process environment and the risk factors.
- (o) It shall set up a system to prevent the insider trading.
- (p) It shall continuously operate and manage stably without any influence by keeping soundness of good corporate governance, internal management and internal control system.
- (q) It shall have rational expectation to get a profit base upon stable revenue.

2. The criteria above are minimum standards to be referred as a general guideline for public companies. YSX will grant listing permission only after YSX receives listing application submitted by a public company and YSX confirms the company's eligibility of listing in terms of protecting interests of general public through conducting examination.



Frequently Asked Questions by Potential Companies

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 Yangon Stock Exchange (YSX).

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

For details of listing criteria of Yangon Stock Exchange (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 Yangon Stock Exchange (YSX)?

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

(a) Smooth and Diversified Fundraising

Once listed on Yangon Stock Exchange (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) Enhanced 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 Yangon Stock Exchange (YSX) will examine the documents in order to check eligibility for listing. It takes a minimum of 45 working days for Yangon Stock Exchange (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 Yangon Stock Exchange (YSX).

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

Answer : No. As mentioned in above answer at Q.5, only public company limited by shares is allowed to list on Yangon Stock Exchange (YSX). Private company has to transform its status to public before it can be listed. Please consult with your legal advisor how a private company can be transformed into 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. “Questions relating to Listing”

Q.1 : Please explain about “*Initial Public Offering without Listing*” and “*Listing on Yangon Stock Exchange (YSX)*”.

Answer : “*Initial public offering without Listing*” hereby means, in order to invest from the public, the company offers the shares with its prospectus being compiled and getting the approval by SECM but it is not listed on Yangon Stock Exchange (YSX).

“*Listing on Yangon Stock Exchange (YSX)*” is that making freely trade in the market the shares of the company.

Q.2 : Please explain about the differences between “*Initial Public Offering without Listing*” and “*Listing on YSX*”.

Answer : After having the “*Initial Public Offering without Listing*”, it would encounter the situations such as not having the market, not being the reliable share price for the existing shareholders, additionally, not getting the chance to easily buy huge amount of shares by the investors.

There are some differences that “*Listing on Yangon Stock Exchange (YSX)*” enables the company’s shares can be freely and easily traded in the market and can trade with the disclosing daily market price, and the analyzing of the

timely disclosures that are corporate information from the listed company for the investors.

In other words, “*Initial Public Offering without Listing*” can be said to be an action to offer shares to the public even though the secondary market does not exist, and investors supposed such shares are considered to fall to an extremely inconvenient situation where their shares can’t be sold freely. In general, the primary market is inseparable from the secondary market, and that is why Yangon Stock Exchange (YSX) strongly recommends companies to consider for listing if they decided to conduct an IPO.

Q.3 : Can a company be listed on Yangon Stock Exchange (YSX) without an IPO? How does the company do?

Answer : Yes, the company can be listed on Yangon Stock Exchange (YSX) with its existing shares. The “*Disclosure Documents for Listing (DDL)*” that is similar to the “Prospectus” and the application documents designated by Yangon Stock Exchange (YSX) are submitted for listing. For instance, First Myanmar Investment Co., Ltd., Myanmar Thilawa SEZ Holding Public Co., Ltd., Myanmar Citizens Bank Ltd. and First Private Bank Ltd. are the companies listed in line with the aforementioned process.

Q.4 : Can a company be listed on Yangon Stock Exchange (YSX) with an IPO? How does the company do?

Answer : Yes, they can. In order to do so, the “Prospectus” must be submitted to Securities and Exchange Commission of Myanmar (SECM) and the application documents designated by Yangon Stock Exchange (YSX) must be applied to Yangon Stock Exchange (YSX). For instance, TMH Telecom Public Co., Ltd. is the company listed in line with the aforementioned process.

Q.5 : How is “*Floating Share*” defined?

Answer : “*Floating share*” means the rest of the shares except the shares held by the following shareholders.

- (a) A shareholder who owns 10% or more of the total number of shares;
- (b) A director of the issuer or a person equivalent thereto, the issuer, the spouse or blood relatives within the second degree of kinship of a director of the issuer, a director of the issuer, or a company whose majority of voting rights of total shareholders is owned by any entity and a related company of the issuer, or a director of such company.

Q.6 : Can a company make a listing application without appointing Securities Companies and Accounting Firms?

Answer : A listing applicant is required to appoint a lead managing securities company (in case of IPO, such securities company executes underwriting operations) and get audited by an accounting firm. Securities companies and accounting firms help the company in preparation for the listing with developing internal control systems, preparing financial statements and creating necessary documents for the listing application.

Q.7 : Please explain about the roles of Securities Companies and Accounting Firms?

Answer : The securities company chosen by the listing company has to do the “Due Diligence” to recommend for listing, and accounting firm needs to undertake conducting the financial documents in line with the instructions by Myanmar Accountancy Council in order to be listed on Yangon Stock Exchange.

Q.8 : How should a company re-establish its internal organizations while in preparation for listing?

Answer : The financial data should be generally conducted to be met in accordance with the guidelines of Myanmar Accountancy Council, and the

good corporate governance system should be developed in accordance with related laws, forming the relevant committees and making the required policies. The company should establish a sound and efficient structure where significant information is appropriately reported to directors. Specialists like legal advisors should be appointed if the company wants to get necessary advice.

Q.9 : Can a start-up company apply for the listing?

Answer : The company which wants to apply for the listing application must have at least two years consecutive business and meet the minimum (17) listing criteria in order to be allowed to submit the listing application.

Q.10 : Please explain about the things that YSX normally does in listing examination.

Answer : Normally, the listing examination is started by Yangon Stock Exchange (YSX) after receiving the listing applications and additional documents immediately. The questionnaires are made based on the contents of application documents and conduct interviewing the management or BOD members, and audit firm.

Part III. “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 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.

If the applicant company has more than two consecutive years of business operation track record in private status but not in the public status prior to the listing application date, the financial statements of private company is acceptable.

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 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 must maintain 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 Yangon Stock

Exchange (YSX). The procedure that the corporate information is published to its shareholders must have already been established at the time of listing application to Yangon Stock Exchange (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 IV. “Regarding Listing Examination”

Q.1 : What is a listing examination?

Answer : A listing examination is a scrutinized 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 (YSX) 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 that the timely disclosures of corporate information, and public relationship has to be duly

carried out later on after the listing. With the support from Securities Company and Law Firm, the team has to respond to the queries and questions raised by Yangon Stock Exchange (YSX).

Part V. “Questions relating to Fees”

Q.1 : What are the fees charged by Yangon Stock Exchange (YSX) to a listing applicant company?

Answer : The fees charged by Yangon Stock Exchange (YSX) to a listing applicant company can be basically categorized into two parts as one-time/ad-hoc fees and regular fees.

Please kindly see the following fee table:

One-time Fees	
Initial Listing Examination Fee (Initial Listing Applicant)	1,500,000 Kyats
Initial Listing Fee (Initial Listing Applicant)	Market capitalization as of the listing date * 0.05%
Additional Listing Fee (Listed Company)	Number of additional listing shares * issue price * 0.05%
Fee for Offering of New Shares (Initial Listing Applicant and Listed Company)	Number of offering shares * offering price * 0.04%
Fee for Offering of Existing Shares (Initial Listing Applicant and Listed Company)	Number of offering of existing shares * offering price * 0.01%

*Market capitalization means total number of outstanding shares * Market price.

Regular Fees	
Annual Listing Fee	Market Capitalization * 0.005% (Annually)
Shareholders Confirmation Fee	1,000,000 Kyats or Number of shareholders * 300 Kyats (Per notice)
Book-Entry Transfer Fee (Transfer from Special Account)	1,000 Kyats (Per transaction)

Please kindly refer to the following link for more details -

https://ysx-mm.com/wp-content/uploads/2016/04/ysxr04_en_042016_01.pdf

Q.2 : What is “Initial listing examination fee”?

Answer : Initial listing examination fee is charged to an initial listing applicant, meaning the fee charged for examining whether the applicant company meets the listing criteria ahead of being listed on Yangon Stock Exchange (YSX).

Q.3 : What is “Initial listing fee”?

Answer : Initial listing fee is charged to an initial listing applicant, meaning the fee charged for initiating transactions of its shares on the exchange after getting approval from Yangon Stock Exchange (YSX). It is calculated as of listing date (market capitalization * 0.05%).

Q.4 : What is “Additional listing fee”?

Answer : Additional listing fee is charged to a listed company, meaning the service fee charged for issuance of the additional shares via stock exchange again in order for the trading after it has approved by Yangon Stock Exchange (YSX) as a listed company (Number of additional shares * issue price * 0.05%).

Q.5 : What is “fee for offering of new shares”?

Answer : Fee for offering of new shares is charged to an initial listing applicant and a listed company, meaning the service fee charged for offering the new shares to the public at Yangon Stock Exchange (YSX) later on (Number of offering shares * offering price * 0.04%).

(For Example)

When an initial listing applicant makes initial public offering (IPO) at the time of listing, this company has to pay initial listing examination fee, initial listing fee and fee for offering of new shares.

(Specific Example of Fee Calculation)

Assume an initial applicant with following status:

- Number of shares issued before listing application : 500,000 shares
- Number of shares issued by IPO at the time of listing : 500,000 shares
- Total number of listed shares : 1,000,000 shares
- Public offering price : 1,500 Kyats
- Closing price on listing date : 2,000 Kyats

Assume of fee this company should pay at the time of listing is:

- Initial listing examination fee : 1,500,000 Kyats
- Initial listing fee : $1,000,000 \text{ shares} * 2,000 \text{ Kyats} * 0.05\% = 1,000,000 \text{ Kyats}$
- Fee for offering of new shares : $500,000 \text{ shares} * 1,500 \text{ Kyats} * 0.04\% = 300,000 \text{ Kyats}$
- Total fee : 2,800,000 Kyats

Q.6 : What is “fee for offering of existing shares”?

Answer : Fee for offering of existing shares is charged to an initial listing applicant and a listed company, meaning the service fee charged for offering the existing shares held by one of the major shareholders of the company to

the investors at once at Yangon Stock Exchange (YSX) (Number of offering of existing shares * offering price * 0.01%).

Q.7 : What is “fee for general shareholders confirmation”?

Answer : Fee for general shareholders confirmation means the service fee charged to a listed company that the company requests Yangon Stock Exchange (YSX) the information of all shareholders (name, address, amount of shares, etc.,) as of the record date. (1,000,000 Kyats or Number of shareholders * 300 Kyats). The “Record Date” is set once a year at least for the annual general shareholders meeting.

Q.8 : What is “book entry transfer fee (transfer from special account)”?

Answer : Book-Entry Transfer fee means the service fee charged to a listed company that the shareholders in the list of Special Account from a listed company to be traded in the market are transferred to the regular securities account once in the transaction (1,000 Kyats).

Q.9 : What is “Special Account”?

Answer : In order to trade at Yangon Stock Exchange (YSX), existing shareholders of a company to be listed have to open securities A/C (account) and be recorded his/her amount of shares in the A/C by the company's listing. Shares being missed above operation are recorded in a Special A/C of the company. Shares being recorded in a Special A/C cannot be traded at Yangon Stock Exchange (YSX) and transferred to others until the shareholders open securities A/C and transfer shares from the Special A/C. To transfer from a Special A/C, shareholders in the A/C have to give request instruction to the listed company and the listed company takes necessary operation among a securities company and Yangon Stock Exchange (YSX).

Part VI. “Questions relating to Price Valuation (Reference Price)”

Q.1 : What is the “reference price” of a listed company?

Answer : The “Reference Price” means the base price used for trading on the very first day of listing. The base price is set to the center of the order book at the opening of transactions, and the price to determine the “upper and lower limit price” of the day. The “Reference Price” is calculated by a lead managing securities company (an underwriter in the case of initial public offering (IPO)) chosen by the listing applicant company, and the offering price (issue price) becomes the “reference price” in the case of IPO.

Please kindly refer to the following link for more details -

https://ysx-mm.com/wp-content/uploads/2016/04/gl-mv_en_012016_01.pdf.pdf

Q.2 : How is the reference price calculated?

Answer : Generally, *Historical Price Method*, *Book Value Method*, *Comparison Method*, *Discounted Cash Flow* etc., can be utilized when the “reference price” of a listed company is calculated.

Q.3 : How should the reference price of a listing applicant company with an IPO be calculated?

Answer : The “reference price” of a listing applicant company with an IPO can be calculated by the lead underwriter (Securities company). The estimated share price to offer the public should be calculated by a lead securities company in line with the methods described in the Question No. 2 reasonably. Also, the securities company may just calculate the range of price firstly, and then execute the “book building”, where the exact price is determined based on actual requests from the investors on the number and price of shares they want to receive.

Q.4 : How should the reference price of a listing applicant company without an IPO be calculated?

Answer : The “reference price” of a listing applicant company without an IPO can be calculated by the securities company which conducted the recommendation letter to this company to be listed on Yangon Stock Exchange (YSX). The estimated share price should be calculated in line with the methods described in the Question No. 2 reasonably.

The explanations with the calculation methods must be attached in submitting.

Q.5 : How is the reference price of a listed company recognized and disclosed?

Answer : In the case with IPO, the “reference price” which is calculated with the methods mentioned in Question No.3 is finally resolved by BOD of the company, and final prospectus including such price is submitted to SECM. In the case without IPO, after resolved by BOD of the company, the “reference price” which is calculated with the methods mentioned in Question No.4 is evaluated by Yangon Stock Exchange (YSX) by submitting and getting the approval by Securities Exchange Commission. Afterwards, in both cases, the reference price is disclosed to the public in terms of the interest of general public.

Q.6 : When is the reference price of a listed company disclosed?

Answer : In the case of IPO, the “reference price” is disclosed on the Yangon Stock Exchange (YSX) web page after the final approval of prospectus is obtained from SECM. In this case, the final prospectus is also disclosed there at the same time. In the case of without IPO, the “reference price” that is approved by SECM is disclosed with the explanation, calculation methods, procedures of calculation and the price to the public on the Yangon Stock Exchange (YSX) web page on the day before listing.

Part VII. “Questions relating to Electronic Registration (Dematerialization)”

Q.1 : What is the “Process of Electronic Registration of the Securities” (Dematerialization Process)?

Answer : “Dematerialization Process” means the process of making stock certificates paperless and registering the right on the stock in the transfer account book.

Q.2 : Why does a listed company have to do the dematerialization process?

Answer : The listing company that will be listed on Yangon Stock Exchange (YSX) conducts the “Dematerialization Process” because the issuing shares before listing can be easily transferred with the electronic system in trading on the Stock Exchange.

Q.3 : When and how the dematerialization process of a listed company be done?

Answer : - “Dematerialization Process” is conducted the days between the approval date as a listed company by the BOD of Yangon Stock Exchange (YSX) and the date of listing. It takes about 2 weeks or 3 weeks based on the number of shareholders.

Yangon Stock Exchange (YSX) leads the process and the listed company with the securities companies conducts the contacting its shareholders.

Part VIII. “Others”

Q.1 : Can a company have 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 the shares mentioned in Q.5 of Part II, which are 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 Yangon Stock Exchange (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 Q.2 and Q.3 of Part III.

Listing Procedure

Listing on Yangon Stock Exchange (YSX) takes a 7-step from Preliminary Preparation to Listing Date and the process takes approximately 1 year and 6 months from Full-scale Preparation (2nd step).

Model Schedule



Preliminary Preparation (until more than 12 months prior to the listing date)

Appointment of Internal Teams

- An applicant company establishes internal teams to manage listing preparation.

Appointment of Experts

- Underwriter (Securities Company) : To coordinate whole IPO process and underwrite offering shares
- Legal Firm : To prepare Prospectus/ Disclosure Document for Listing (DDL)
- Accounting consultant : To support preparing financial disclosure documents
- Independent auditor : To audit financial disclosure documents

- Public and Investor relation advisor (If necessary) : To build a strategy and guide communications with stakeholders

Fundamental Preparation

- To start financial and legal due diligence
- To develop robust financial and business plan
- To adopt leading practice of corporate governance and reporting process
- To establish financial reporting procedure and to begin preparation of historical financial information
- To review and implement compliance control system

Full-scale Preparation (6 months)

Documentation

- To finalize summing up historical financial information
- To prepare prospectus for public offering or disclosure document for listing (DDL)

Company Restructuring

- To consider and restructure the ownership structure
- To start to commence planned financial and business plan
- To make necessary restructuring of management structure
- To implement financial reporting procedure

Final Preparation (4 months)

Preparation for Listing Examination

- To complete drafting the prospectus or DDL and listing application documents

Preparation for Offering Shares

- To prepare road show presentations for targeted potential investors

Listing Examination (at least 7 weeks)

Listing Application

- Applicant Company prepares all listing application documents and submits to YSX.

Application Document

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

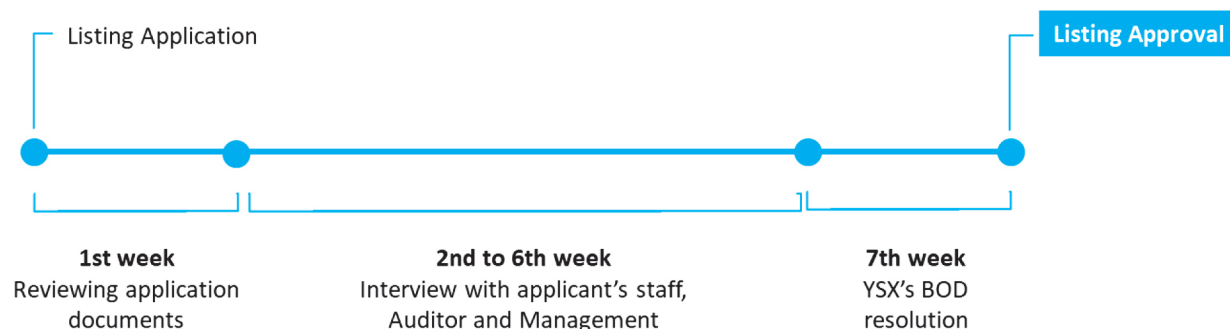
Listing Examination

- The examination takes at least 7 weeks, in general but the schedule may be extended depending on the company's situation.
- Listing examination is conducted through reviewing applied documents, interviewing with staff, Auditor and company's management and field examination as necessary.
- YSX judges listing eligibility of a company in terms of meeting the listing criteria such as business and financial soundness, corporate governance and internal management system.

Listing Criteria

(English)	https://ysx-mm.com/wp-content/uploads/2018/10/ysxr34_en_20181017_01.pdf
(Myanmar)	https://ysx-mm.com/wp-content/uploads/2018/10/ysxr34_mm_20181017_01.pdf

Model Schedule of the Examination (at earliest)



Listing Approval

- YSX makes an announcement of listing approval and a listing date of the applicant on YSX's website.

Offering Shares (8 weeks)

Procedure of Offering Shares

- To lodge prospectus with SECM and to receive an approval of offering shares.
- To offer shares to existing shareholders (rights offering) and general public (public offering) with providing prospectus through underwriter securities companies*.

** Multiple securities companies make up a syndicate group for offering as usual.*

Dematerialization of Issued Shares (8 weeks)

Procedure Preparation

- An applicant company and securities company make necessary arrangements of confirming procedure of dematerialization of the company's shares.

Opening Securities Account

- Existing shareholders of an applicant company make registration of shares into a securities account in a securities company having trading qualification.
- An applicant company, through securities companies, collects share certificates of existing shareholders who make registration of his/her owning shares into a securities account.

Data Verification

An applicant company and securities companies conduct data verification between the company's latest shareholders list and shareholders data registered in ICT system of securities companies.

Making a Special Account Shareholders List

- An applicant company makes a special account shareholders list for shareholders who haven't opened a securities account made registration of owning shares by closing date set by the company.

Listing on YSX

- An applicant company gets listed on Yangon Stock Exchange (YSX) on the listing date.

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

Listing and Trading Participant Department

Email : listing@ysx-mm.com

Listing Consulting Division

Email : consultingdiv@ysx-mm.com

Yangon Stock Exchange Joint-Venture Co., Ltd.

Telephone : 09-404060432

“Please contact [Listing Consulting Division, Listing and Trading Participant Department of Yangon Stock Exchange \(YSX\)](#) if you would like to get this Mini Guidebook.”

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