



Directive for the Enhanced Customer Due Diligence Measures of Anti-money Laundering and Combating Financing to Terrorism in Securities Industry

18th November 2019

Introduction

1. In exercising the power set out in the Section 69 Sub-section(c) of the Anti-Money Laundering Law and Section 71 Sub-section(b) of the Securities Exchange Law, the Securities and Exchange Commission of Myanmar (SECM) issues the Directive for the Enhanced Customer Due Diligence Measures of Anti-Money Laundering and Combating Financing to Terrorism for Securities Companies, Stock Exchange and Over-the-counter market supervised by the SECM.

Conducting Enhanced Customer Due Diligence

2. The Commission issued instruction (3/2016) on Anti-Money Laundering Directive for Securities Companies, Stock Exchange, and Over-the-Counter Market dated 11 March 2016.

3. As a matter of enhanced customer due diligence in securities industry the reporting entities such as securities companies, stock exchange and Over-the-counter market established under the Securities Exchange Law shall-

- (a) develop and adopt measures to identify, assess, monitor, manage and mitigate money laundering and terrorist financing risks including the risks associated with new products or technologies;
- (b) keep the risk assessment and underlying information up to date and readily available for the SECM to review at its request;
- (c) pay special attention to conduct due diligence measures when the risk of money laundering and terrorist financing is identified as high risk of money laundering as a result of the risk assessment, conducting enhanced customer due diligence measures consistent with the identified risk, and determining whether or not the transactions or other activities are unusual or suspicious;

(d) conduct simplified due diligence measures consistent with the level of risk, if the customer is identified as low risk according to the risk assessment of money laundering or terrorist financing;

(e) not apply simplified due diligence measures on the customer under above (d) if the customer is suspected of money laundering or terrorist financing, or identified as high risk;

4. The reporting entities shall conduct customer due diligence on beneficial owners, and domestic or foreign politically exposed person or international politically exposed person, and their family members and closed associates and take reasonable measures to verify the identity of such persons in accordance with sub-section(d), section(19), Chapter (8) of the Anti-Money Laundering Law,

Record keeping requirement

5. According to the Section 23 of the Anti-Money Laundering Law, reporting entities shall keep the following records;

(a) Copies of all records obtained through the customer due diligence process;

(b) Including documents evidencing the identities of customers and beneficial owners, records and business correspondence, for at least five years after the business relationship has ended;

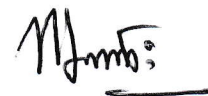
(c) copies of reports sent and related documents for at least five years after the date the report was made to the Financial Intelligence Unit;

Penalty and Actions

6. The reporting entities fail to comply with the requirements of this Directive shall be liable to the penalties and sanctions as per Section 37 of the Anti-Money Laundering Law and Chapter XI of the Law.

General

7. The reporting entities of the securities industry shall be followed strictly by the Anti-Money Laundering Order which has been issued by the Office of the President, Order No.(45/2019) dated 14th November 2019.



(Maung Maung Win)

Chairman

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Distribution

Yangon Stock Exchange

Securities Companies

Copy to

Ministry of Home Affairs

Ministry of Planning and Finance

Union Attorney General's Office

Central Bank of Myanmar

Anti-Money Laundering Central Board

Financial Intelligence Unit