

The Republic of the Union of Myanmar,
The Securities and Exchange Commission

Notification No 1/2015

(7th August, 2015)

The Securities and Exchange Commission in exercise of the power conferred under section 71(b) of Securities Exchange Law issued the notification in accordance with the provisions of the Electronic Transactions Law in order to carry out share trading smoothly and record Book-Entry Transfer.

1. The public company which was formed under the Myanmar Companies Act and is desirous to trade its share shall comply with this notification.

Book-Entry Transfer Institution

2. A Stock Exchange designated by the Commission shall conduct the Book-Entry Transfer Business as a Book-Entry Transfer Institution in accordance with this Notification and its business rules, as its Depository and Clearing business pursuant to the provision of Section 51 of the Securities Exchange Law.

3. The duties and functions of Book-Entry Transfer Institution are as follows:

(a) To prepare and maintain the Transfer Account Book relating to the Book-Entry Securities-

(i) An account for each Securities Company shall be opened and kept Separately;

(ii) The account of each Securities Company shall be subdivided into a Self Account and a Customer Account.

(b) A Book-Entry Transfer Institution may conduct the Shareholders' Agency Business. It includes the business related to administration of a securities holders' registry, preparation and keeping thereof on behalf of the Issuers;

(c) A Book-Entry Transfer Institution shall submit a draft of its business rules or any amendments thereof to the Commission for its prior approval.

(d) A Book-Entry Transfer Institution shall prepare its business rules concerning the Following matters-

(i) types of Book-Entry Securities;

(ii) matters related to Customers and accounts of Securities Company which acts

- as Account Management Institution;
- (iii) matters related to the Book-Entry Transfer Business;
 - (iv) matters related to the exercise of rights pertaining to Securities;
 - (v) matters related to the registry of securities holders;
 - (vi) other matters specified by the Commission to conduct the Book-Entry Transfer Business and Shareholders' Agency Business;
 - (vii) other matters which it deems necessary to conduct the Book-Entry Transfer Business and Shareholders' Agency Business.

The duties and functions of Account Management Institution

4. A Securities Company may, with the permission of the Commission, conduct the Book-Entry Transfer Business for its Customers as an Account Management Institution. The duties and functions of Account Management Institution are as follows:

(a) An Account Management Institution shall comply with the business rules of the Book-Entry Transfer Institution.

(b) A Securities Company which is desirous to carry out the securities depository and clearing business shall apply to the Commission for permit.

(c) An Account Management Institution shall open and keep separately an account of the Book-Entry Securities of each Customer.

Transfer Account Book

5. To each account in the Transfer Account Book of a Book-Entry Transfer Institution or Account Management Institution, the name of the person for whom such account is opened and other necessary matters prescribed by the business rules of the Book-Entry Transfer Institution shall be recorded in accordance with the business rules.

Issuers of Securities

6. (a) An Issuer shall give consent to a Book-Entry Transfer Institution to handle its Securities. The Issuer may not withdraw such consent.

(b) An Issuer shall not give such consent, mentioned in section (a) to any other Book-Entry Transfer Institutions.

(c) An Issuer shall comply with the business rules of the Book-Entry Transfer Institution which will handle its Securities.

Non-issuance of Share Certificates

7. (a) No certificates shall be issued for shares listed on a Stock Exchange. The share certificates representing shares to be initially listed on a Stock Exchange and any rights pertaining to such share certificates shall become void when such shares are newly recorded as

the Book-Entry Shares in the relevant accounts in the Transfer Account Book of the Book-Entry Transfer Institution in accordance with rule 8(a) and initially listed on a Stock Exchange.

(b) Ownership of rights pertaining to the Book-Entry Shares shall be determined by the records in the Transfer Account Books of the Book-Entry Transfer Institution and the Account Management Institutions.

(c) The provisions of Section 37 of the Securities Exchange Law shall not apply to the Book-Entry Shares.

Procedures for Book Entry

The procedures for Book Entry are as follows:

8. (a) In the case of initial listing of the securities or new issuance of Book-Entry Securities, the Book-Entry Transfer Institution and the relevant Account Management Institutions shall record an increase in quantity in each relevant account in its Transfer Account Book in accordance with the business rules of the Book-Entry Transfer Institution.

(b) In the case of transfer or transmission of the Book-Entry Securities to another person having an account in the Transfer Account Book, upon an application of a Customer or an Account Management Institution in whose account a change in quantity shall be recorded, the Book-Entry Transfer Institution and the relevant Account Management Institutions shall record in its Transfer Account Book without delay in accordance with the business rules of the Book-Entry Transfer Institution.

(c) In the case of cancellation, redemption or delisting of Book-Entry Securities, upon an application of the Issuer thereof, the Book-Entry Transfer Institution and the relevant Account Management Institutions shall conduct in accordance with the procedures stipulated in the business rules of the Book-Entry Transfer Institution. Upon deletion for delisting of shares, certificates for such shares shall be issued in accordance with the provisions of the Myanmar Companies Act.

Special Account

9. (a) In the case of initial listing of the Securities or new issuance of the Book-Entry Securities, and where the Issuer is unable to identify any holders of such Securities by the date specified by the Book-Entry Transfer Institution, the Issuer shall apply to the Book-Entry Transfer Institution to establish a special account where the ownership rights of such holders shall be recorded in accordance with the business rules of the Book-Entry Transfer Institution.

(b) In relation to any Book-Entry Securities recorded in a Special Account in accordance with the sub rule (a), book-entry transfer procedures may not be conducted until such Book-Entry Securities are first transferred from the Special Account to the Customer Account of the Account Management Institution.

Effect of Entries on Transfer Account Book

10. (a) Effect of book-entry

(i) The issuance of Book-Entry Securities shall become effective when the record of increases in quantity pertaining to such issuance is made in the accounts of the acquirers of such Book-Entry Securities pursuant to an application of the Issuer of Book-Entry Securities.

(ii) Transfer of Book-Entry Securities shall become effective when the record of an increase in quantity pertaining to such transfer is made in the account of the transferee pursuant to an application for the book-entry transfer.

(b) Presumption of Holding Rights

A Customer or an Account Management Institution shall be presumed to legitimately hold the rights pertaining to the Book-Entry Securities recorded in his account with an Account Management Institution or its Self Account with the Book-Entry Transfer Institution, respectively.

(c) Bona Fide Acquisition

(i) A Customer or an Account Management Institution in whose account a record of an increase in quantity in relation to Book-Entry Securities is made pursuant to an application for the book-entry transfer, excluding such record in Customer Account of Account Management Institution opened in the Book-Entry Transfer Institution, shall acquire the rights pertaining to the record of the increase in quantity of such Book-Entry Securities unless the customer or the Account Management Institution has knowledge or is grossly negligent about the ownership of such Book-Entry Securities.

(ii) If, as a consequence of the acquisition under item (i), the total number for Book-Entry Securities recorded in the Transfer Account Book of the Book-Entry Transfer Institution exceeds the total number of such Book-Entry Securities which have been already issued, the Book-Entry Transfer Institution or the Account Management Institution, which has made the over-recording, shall acquire such excess number of the Book-Entry Securities and shall waive in writing to the Issuer all rights pertaining to the Book-Entry Securities to the Issuer. The rights pertaining to the Book-Entry Securities shall be extinguished when the Issuer receives such written waiver.

(d) Creation of pledge for Book-Entry Securities

A pledge of Book-Entry Securities may be created and shall become effective when the record of an increase in quantity pertaining to such pledge is made in the pledge column of the account of the pledgee pursuant to an application by the pledger in accordance with the business rules of the Book-Entry Transfer Institution.

General Shareholders Confirmation

11. (a) In any of the cases stated below, a Book-Entry Transfer Institution shall notify the Issue of the names, addresses, number of Book-Entry Shares and other necessary matters of the shareholders as recorded in the Transfer Account Book in accordance with its business rules.

(i) In a case where the Issuer sets a record date, as of which the Issuer determines persons who are entitled to shares or may exercise shareholders' rights, and requests information on shareholders as of the record date.

(ii) In a case where the Issuer requests information on shareholders with a justifiable cause other than the case set out in item (i).

(iii) In other case as prescribed in the business rules of the Book-Entry Transfer Institution.

(b) Upon receiving a notice given under sub-rule (a), the Issuer of Book-Entry Securities shall treat the shareholders notified under sub-rule (a) of this rule as its shareholders according to the information so notified and shall enter such information in its register of members kept under the Myanmar Companies Act. In such case, the Issuer of Book-Entry Securities shall be deemed to have duly and fully complied with the requirements concerning a register of members, an index of members and a list of members and summary under the Myanmar Companies Act if it enters such information therein respectively even though it cannot fully enter the particulars thereof.

Individual Shareholders Confirmation

12. (a) When exercising any right of shareholder, a shareholder shall make an application to an Account Management Institution for its notifying the Issuer of the information of such shareholder recorded in its Transfer Account Book.

(b) Upon receiving the application set out in sub-rule (a), the Account Management Institution shall notify the Book-Entry Transfer Institution of the name, address, number of Book-Entry Shares and other necessary matters of such shareholder, and the Book-Entry Transfer Institution shall in turn notify the Issuer of such information in accordance with the business rules of the Book-Entry Transfer Institution.

(c) The shareholder whose information is notified to the Issuer of Book-Entry Securities under sub-rule (b) shall be entitled to exercise any right of shareholder according to such information.

Special Provision for Initial Listing of Shares

13. (a) An Issuer which is a public company and whose shares have been approved to be initially listed on the Stock Exchange shall give consent set out in sub-rule (a) of rule 6 to the Book-Entry Transfer Institution in relation to such shares.

(b) An Issuer which is a public company and whose shares have been approved to be initially listed on the Stock Exchange shall fix the persons entitled to such shares as of the day immediately preceding the day of initial listing on the basis of its shareholders registry.

(c) Any persons entitled to the shares which have been approved to be initially listed on the Stock Exchange may not transfer any of their shares during the period from the day designated by the Issuer to the day immediately preceding the day of initial listing. An Issuer whose shares have been approved to be initially listed on the Stock Exchange shall give a prior public notice at least seven days prior to the beginning of the above-stated period and shall refuse to register any transfer made in contravention of this sub-rule (c).

(d) the Issuer which is a public company and its shares are approved for initial listing in the stock exchange shall not apply sub-rules (b) and (c) if the followings occur:

- (i) if the Issuer withdraws its application for the listing;
- (ii) if the Stock Exchange withdraws its approval of the listing prior to the day of initial listing; or
- (iii) if the Issuer has already issued Book-Entry Shares.