

Market Liquidity Improvement Framework

June 2022

Yangon Stock Exchange

1. Purpose

Yangon Stock Exchange (YSX) shall implement the following measures for the purpose of revitalizing the YSX market.

2. Establishment of Liquidity Provider (LP) program

Item	Contents	Remark
1. Purpose of the program	○ YSX shall establish the LP program for the purpose of encouraging smooth trading and improving market liquidity by promoting self-trading of trading participants.	
2. Application for LP	○ Trading participants who apply for this program should submit an application form to YSX together with Internal Control Structure (ICS) for self-trading.	○ Submission of the form is a simple procedure with just one sheet of paper mentioning desirous to apply for the program, and signed by the person in charge of trading. ○ Explanatory document of ICS for self-trading is attached for

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<p>3. Role of LP</p> <p>4. Incentives for LP</p>	<p>○The participant shall qualify as an LP after confirming the ICS for self-trading of the applicant by YSX.</p> <p>○The role of LP is to execute self-account orders and provide liquidity to the YSX market.</p> <p>○YSX shall discount trading fee for self-trading depending on the amount of monthly self-trading conducted by LP.</p>	<p>easy reference to construct.</p> <p>○ Three discount tiers of trading fee for self-trading are as below-</p> <ol style="list-style-type: none"> 1. 100% discount for average daily self-trading value is over MMK 1 million. 2. 50% discount for average daily self-trading value is more than MMK 0.5 million to MMK 1 million. 3. 30% discount for average daily self-trading value is up to MMK 0.5 million.

Item	Contents	Remark
5. Development and reporting of ICS for self-trading	<p>○LP should establish ICS for self-trading for the sake of managing risks related to self-trading business and preventing illegal trading such as front-running.</p>	<p>○ LP's self-trading conducted at block trading is also eligible for incentives as stated above.</p> <p>○ YSX shall calculate monthly discounted trading value of LP by aggregating the self-trading value based upon the Invoicing dates for the month.</p> <p>○ In case of amending such ICS for self-trading, an LP shall promptly submit the amended ICS for self-trading to YSX.</p>
6. Effective Period	<p>○ The effective period of LP program shall be until the announcement for the termination of the program by YSX.</p>	<p>○ YSX shall announce the termination of LP program in advance.</p>

3. Supplementary Amendment to Block Trading

Item	Contents	Remark
<p>1. Purpose of the supplementary amendment</p>	<p>○ YSX shall relax the restriction for Block Trading by inserting supplementary amendment so as to provide more business opportunities for LPs as well as encouraging smooth trading and improving market liquidity for general investors.</p>	
<p>2. Supplementary amendment point</p>	<p>○ Current : minimum quantity is 10,000 shares</p> <p>○ After amendment : minimum quantity is 10,000 shares (or) <u>minimum value of trading shares is 30 million MMK</u></p>	<p>○ Enforcement Regulations for Trading Business Regulations</p> <p>○ Guideline of a Block Trade</p>

4. Enforcement of Framework

The above measures shall come into effect on September 1st, 2022.

Explanatory Document of Internal Control Structure for Self-Trading

1. Risk Control Structure for Self-Trading

Please explain the following points regarding the risk control structure which has been developed internally.

- (1) Basic policy of self-trading
- (2) Personnel structure of self-trading department
- (3) Internal procedures for self-trading: such as approval, execution and report
- (4) Upper limit of investment amount and the reason for the limit
- (5) Loss-cut rules which have been prescribed internally and the background for the rules
- (6) Measures to control self-trading: such as how the SC keeps track with realized and unrealized profits/losses in a timely manner, how the SC monitors business operations and stays within the risk allowance and how the SC handles with the situation where it suffers losses beyond its loss limit.

2. Preventive Structure Against Illegal Trading

Please explain the internal structure and procedures to prevent illegal trading such as market manipulation, insider trading and front running.

1. Segregation of departments in charge of brokerage and dealing
2. Administration structure of brokerage order information: such as preventive measures against leakage of brokerage order information and prohibition of fraud use of such information
3. Systematic firewall of information

Signature of the applicant, name, designation, official seal, and date etc..