



Understanding the Capital Markets and YSX

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- Part. III About Yangon Stock Exchange
- Part. IV Initial Public Offering and Listing @ YSX
- Part. V Trading Mechanism
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Part (I)

Introduction to Financial Markets

Financial market

- Financial market is a mechanism that allows people to easily buy and sell (trade) financial securities (such as stocks and bonds), commodities (such as precious metals or agricultural goods), and other fungible items of value at low transaction cost and at prices that reflect the efficient market hypothesis.
- Financial markets have evolved significantly over several hundred years and are undergoing constant innovation to improve liquidity.
- In finance, financial markets facilitate -
 - The raising of capital (in the capital markets)
 - The transfer of risk (in the derivative markets)
 - International trade (in the currency market)

The Financial Markets can be divided into different subtypes:

- ❖ **Capital Market which consist of:**
 - Stock Market, which provide financing through the issuance of shares or common stock, and enable the subsequent trading thereof.
 - Bond Market, which provide financing through the issuance of Bonds, and enable the subsequent trading thereof.
 - The capital market consist of primary market and secondary market .
- ❖ **Commodity Market** , which facilitate the trading of commodities.
- ❖ **Money Market** , which provide short term debt financing and investment.
- ❖ **Derivative market**, which provide instruments for the management of financial risk.
- ❖ **Foreign Exchange Market** , which facilitate the trading of foreign exchange.

Characteristic of good financial market

A. Availability of information

- Demand and supply, price, timely and accurate information

B. Liquidity

- Ability of investor to buy and sell a securities quickly not substantially different from previous transaction

C. Transaction Cost

- Low transaction cost

D. Information Efficiency

- Prices adjust quickly to new information regarding supply or demand



Part (II) Capital Market

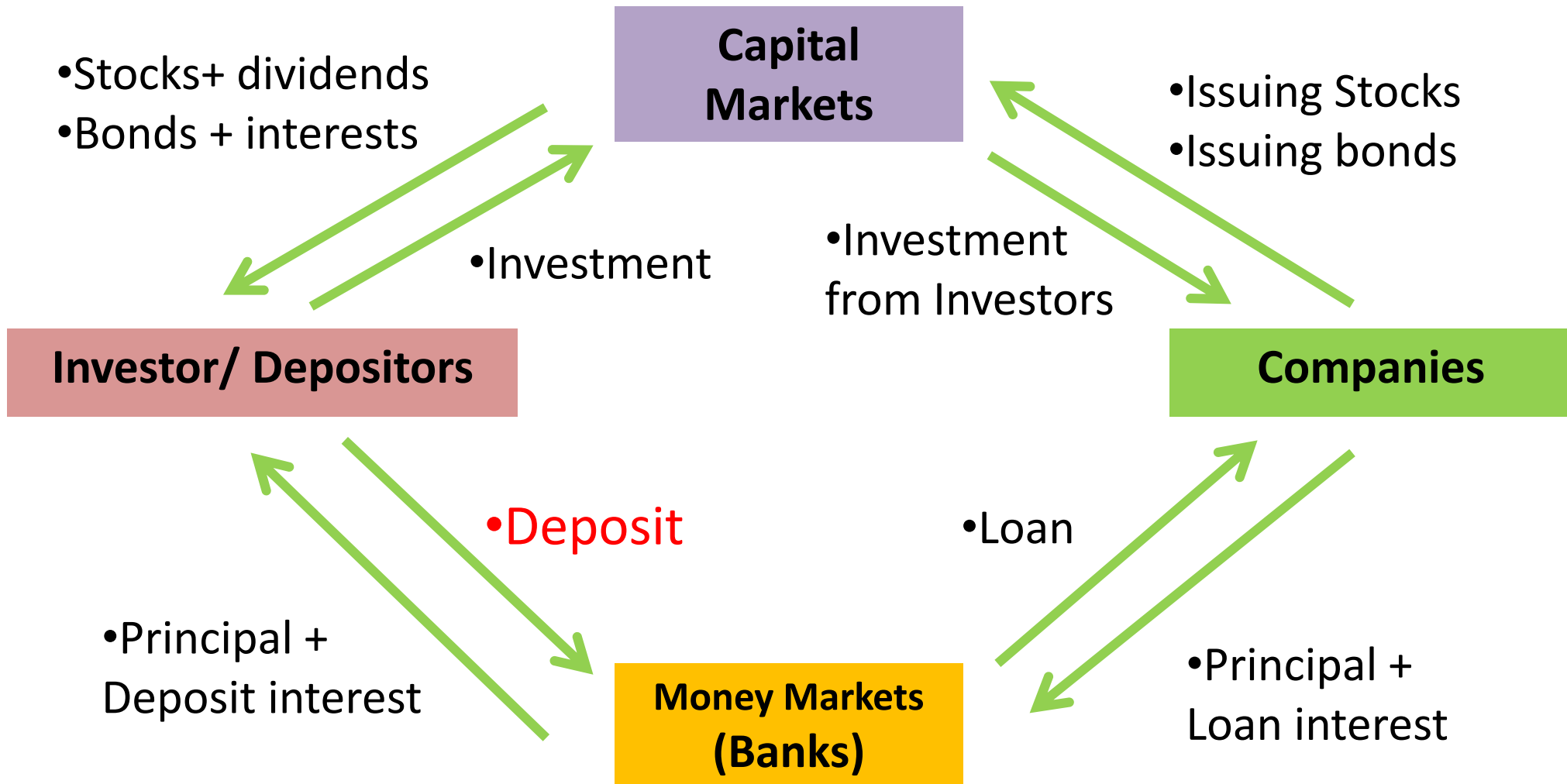
Capital Markets

- Capital Market is defined as a market in which money is provided for periods longer than (1) year.
- Capital market is a market for securities (debt or equity), and other financial instruments where governments and business enterprises (companies) can raise long-term funds.
- Efficient capital markets create access to long-term finance, and are the foundation for a thriving private sector—the key driver of jobs and economic growth.





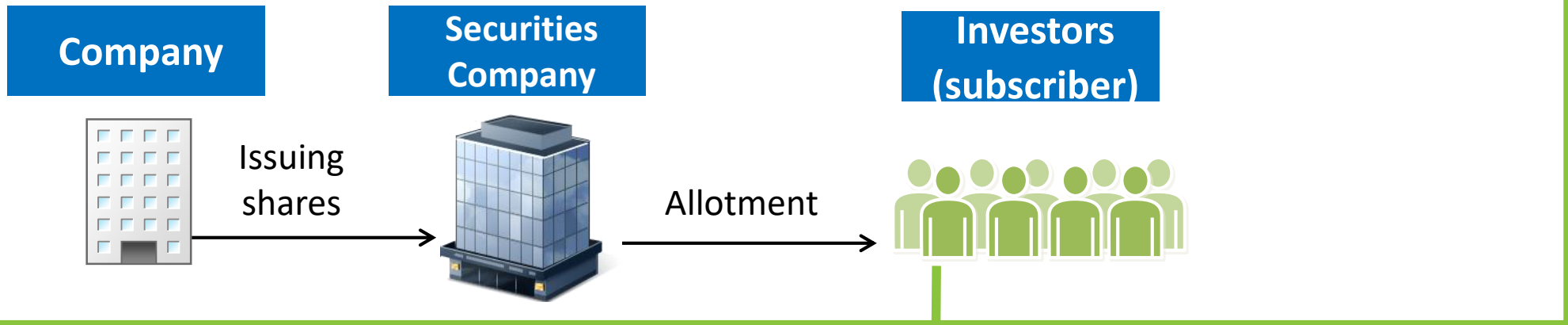
Banks and Capital Markets



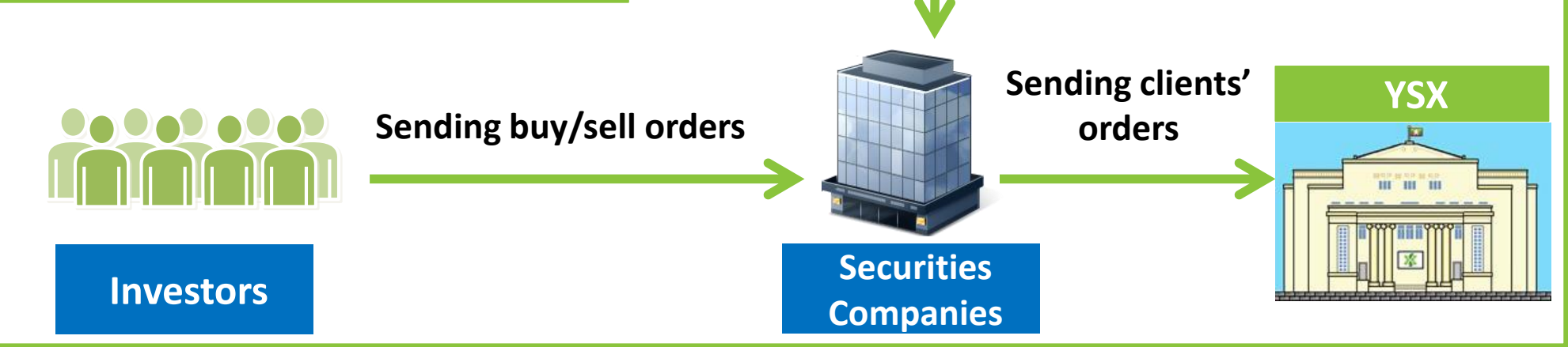
Primary and Secondary Market



Primary Market



Secondary Market



Motivation for trading stocks



Dividends (income gain)



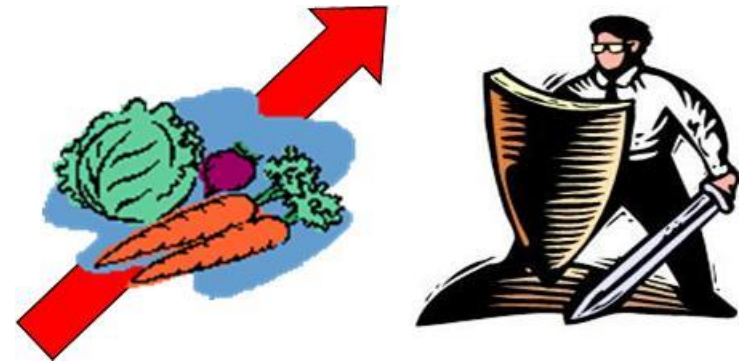
Capital gain



Voting right



Hedge against inflation



Risks for a Loss



No dividends



Capital loss

Buy 20,000 Kyats



Sell 10,000 Kyats

Company credit Risk



Country risk

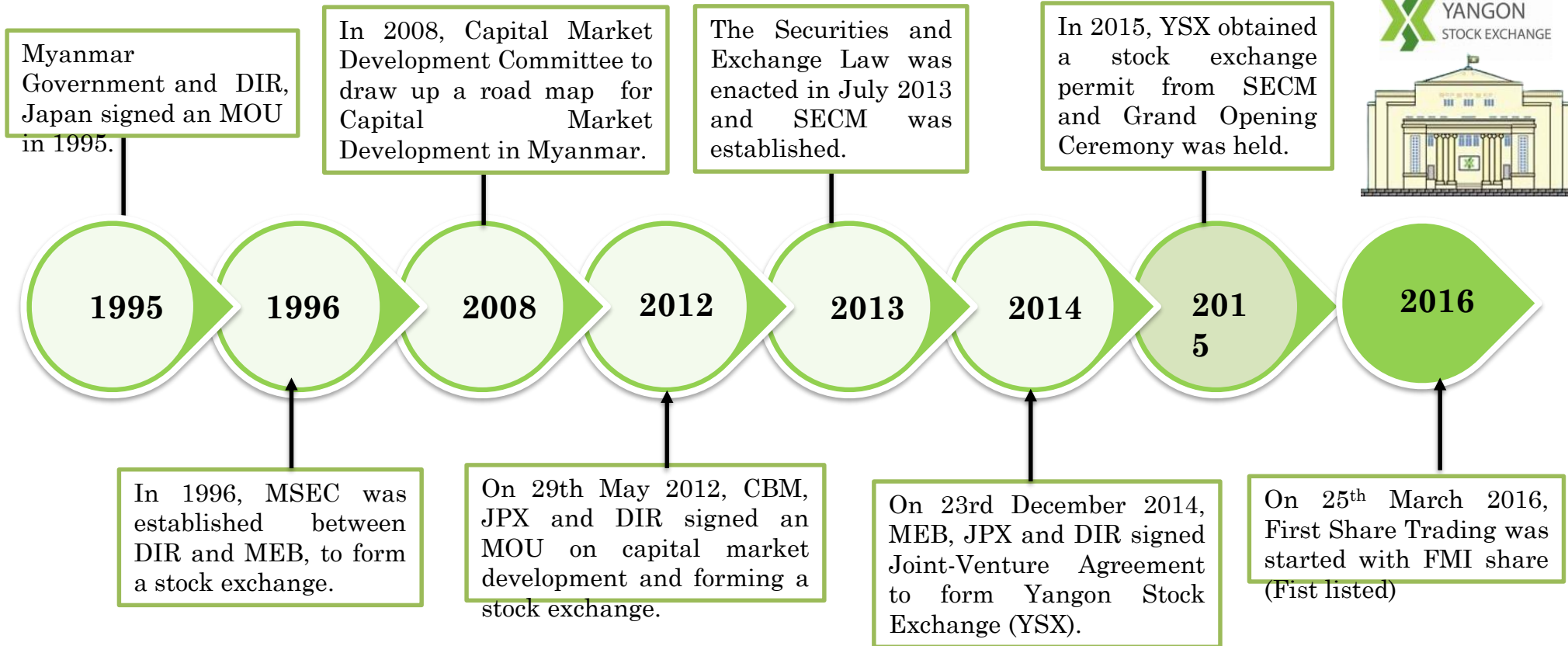




Part-III
About Yangon Stock
Exchange



Establishment of Yangon Stock Exchange (YSX)



Corporate Profile of YSX



Company Name	Yangon Stock Exchange Joint-Venture Company Limited (YSX)		
Authorized Capital	100 billion Kyats		
Paid-in Capital	32 billion Kyats		
Sharing Holding Ratio	Myanma Economic Bank - 51.00% (16.32 billion Kyat) Daiwa Institute of Research - 30.25% (9.68 billion Kyat) Japan Exchange Group - 18.75% (6.00 billion Kyat)		
Board of Directors	U Win Naing Oo	Managing Director	Myanma Economic Bank (MEB)
	Daw Phyu Phyu Htay	Director	Myanma Economic Bank (MEB)
	Daw Lwin Mie Mie Htay	Director	Myanma Foreign Trade Bank (MFTB)
	Mr. Koichi Hyuga	Director	Daiwa Institute of Research Limited (DIR)
	Mr.Masahiro Takada	Director	Japan Exchange Group Inc. (JPX)
Office Location	24-26 Sule Pagoda Road, Kyauktada Township (former CBM building)		
Website/ Facebook	https://ysx-mm.com/		

Functions of a Stock Exchange



- 1. Trading Platform:** Stock exchanges provide a centralized marketplace where buyers and sellers can trade securities such as stocks, bonds, and other financial instruments.
- 2. Listing and Fundraising:** Stock exchanges provide a platform for companies to list their shares and raise capital from public investors.
- 3. Price Discovery:** Stock exchanges play a crucial role in determining the prices of securities.
- 4. Liquidity:** Stock exchanges enhance the liquidity of securities by bringing together a large number of buyers and sellers in one marketplace.



Functions of a Stock Exchange

- 5. Regulatory Oversight:** Stock exchanges enforce regulatory and compliance standards to ensure fair and transparent trading practices.
- 6. Investor Protection:** Stock exchanges work to protect the interests of investors by imposing listing requirements, disclosure obligations, and corporate governance standards on listed companies.
- 7. Market Surveillance:** Stock exchanges monitor trading activities to detect and prevent market manipulation, insider trading, and other fraudulent practices.
- 8. Benchmarking:** Stock exchanges serve as benchmarks for the performance of listed companies and the broader market.



Part - IV
Initial Public Offering (IPO)
and Listing @ YSX



IPO / Listing on YSX

Myanmar Company can choose one option from following based on its requirements.

IPO without Listing

- If offering shares to Investors, **need to submit prospectus to SECM and needs its approval before launching the offering**
- If a company is not ready for Listing/ doesn't meet Listing criteria, it still can raise funds
- **E.g. MAPCO, MAEX, Yangon Bus Public Co., Ltd., Amata Holdings Public Co., Ltd (* become 7th listed company on 3rd June 2021)**

IPO with Listing

- If offering shares to Investors and **applying for Listing** , need to submit prospectus to both SECM and YSX and needs their approval for offering and Listing
- **E.g. TMH Telecom Public Co., Ltd.**

Listing without IPO

- Need to **submit Disclosure Document for Listing (DDL) to YSX** and needs its approval for Listing
- Can raise funds through POs after successful Listing at YSX whenever the company plan for expansion or in needs of capital
- **E.g. FMI, MTSH, MCB, FPB**



Advantages of listing/registration on the YSX market

1. Improving fund-raising capabilities

- The YSX market is the public securities market that ensures liquidity, fairness, and reliability in Myanmar. Companies can raise funds through public offerings on the YSX market. As a result, the company's equity capital will be enhanced, its financial position will be strengthened, the company's growth will be accelerated.

2. Increase in company name recognition and credibility

- Becoming a listed company increases opportunities for media coverage and improves the name recognition. Having satisfied the listing examination criteria, the company's credibility from financial institutions and business partners will also be enhanced.
- In addition, continuous disclosure of corporate information in accordance with the Securities and Exchange Law and stock exchange regulations will give the company an advantage in various business transactions as a company that ensures management transparency.



3. Advantages in securing human resources

- Increased social credibility and name recognition will lead to securing of excellent human resources. Employees will also be more motivated. Listing on the YSX market greatly accelerates the company's growth in terms of human resources.

4. Strengthening corporate governance

- In the process of preparing for listing, a company is required to establish a business management system appropriately for a listed company. By establishing an internal control system to fulfill listing criteria, efficient and organized company operations are realized. Corporate governance will be enhanced and a management foundation for future corporate growth will be established.



5. Realization of founder's profit

- The founder of the company and the shareholders who invested in the company can realize capital gains from the sale of shares at the time of listing or after listing. The founder of the company can enjoy founder's profit. In addition, as shares are traded on the YSX market and a fair share price is created, the cash value of the shares is increase and shareholder wealth is created.
- Exit Strategy of founders and venture capitalists who contributed start up fund to company.



Tax Incentive

A listed company can enjoy the benefits of



- *Saving from 5% tax incentive*

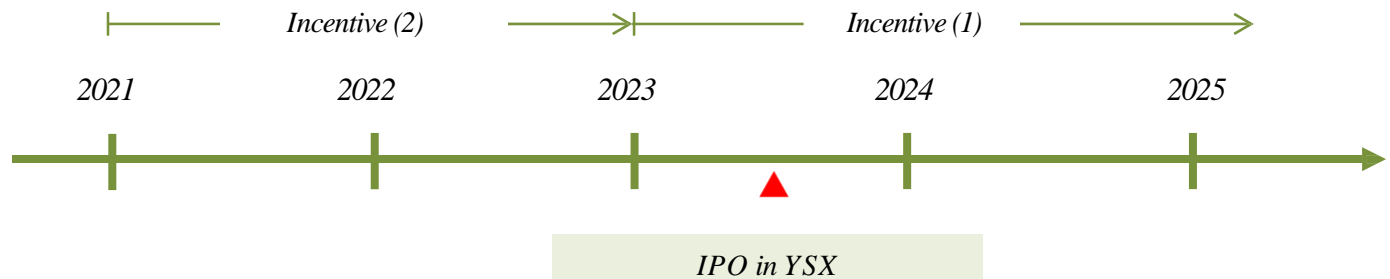
Government is offering tax benefits to listed companies

Tax incentive 1

Corporate income tax reduction 5% for all companies listed on YSX

Tax incentive 2

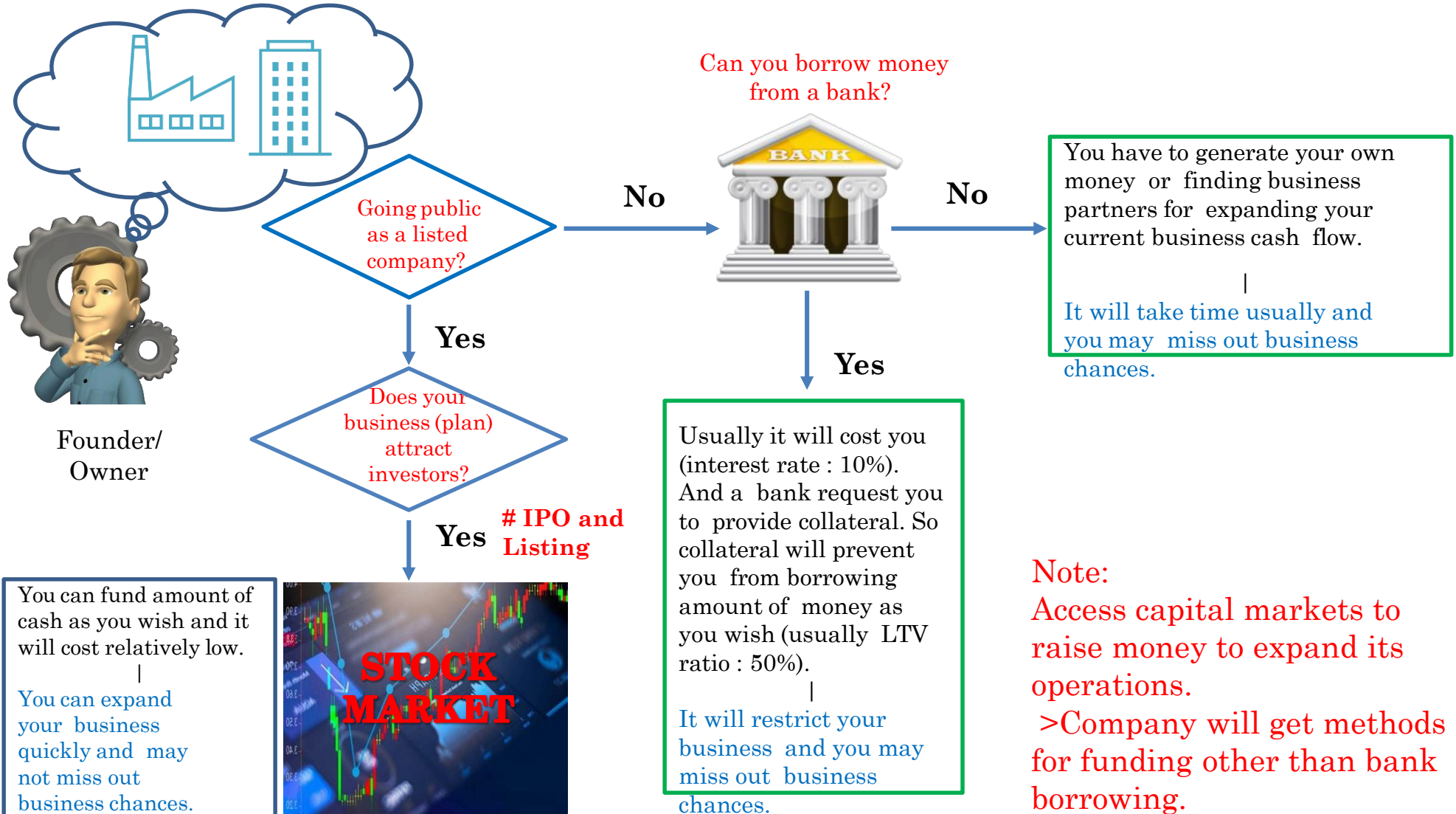
Exemption from penalty and prosecution for declaration of real income and payment of income tax for 2 years immediately prior to date of IPO



Fund Raising Options in Myanmar



If the company wants to expand its businessraise fund through Bank or Stock Market.



Fund Raising Options in Myanmar (Cont')



A listed company can enjoy the benefits of Raise additional funds through issuance of more shares

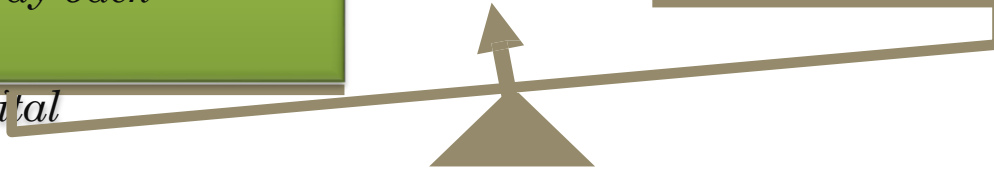
What makes capital market more attractive

Capital Market

- *Dividend can be paid based on your decision*
- *No need of Collateral*
- *No need of interest payment*
- *No burden to pay back investments*
- *Unlimited capital*

Bank Loan

- *Higher bank interest rate (10%)*
- *Need collateral*
- *Burden from loan repayment obligation (Need to repay loan in 1 year)*
- *Limited capital*





YSX'S LISTING CRITERIA

- o Yangon Stock Exchange (YSX) issued (17) Criteria for a Public Company to list on YSX in accordance with the Article 41 _ (b) of Myanmar Securities and Exchange Law.

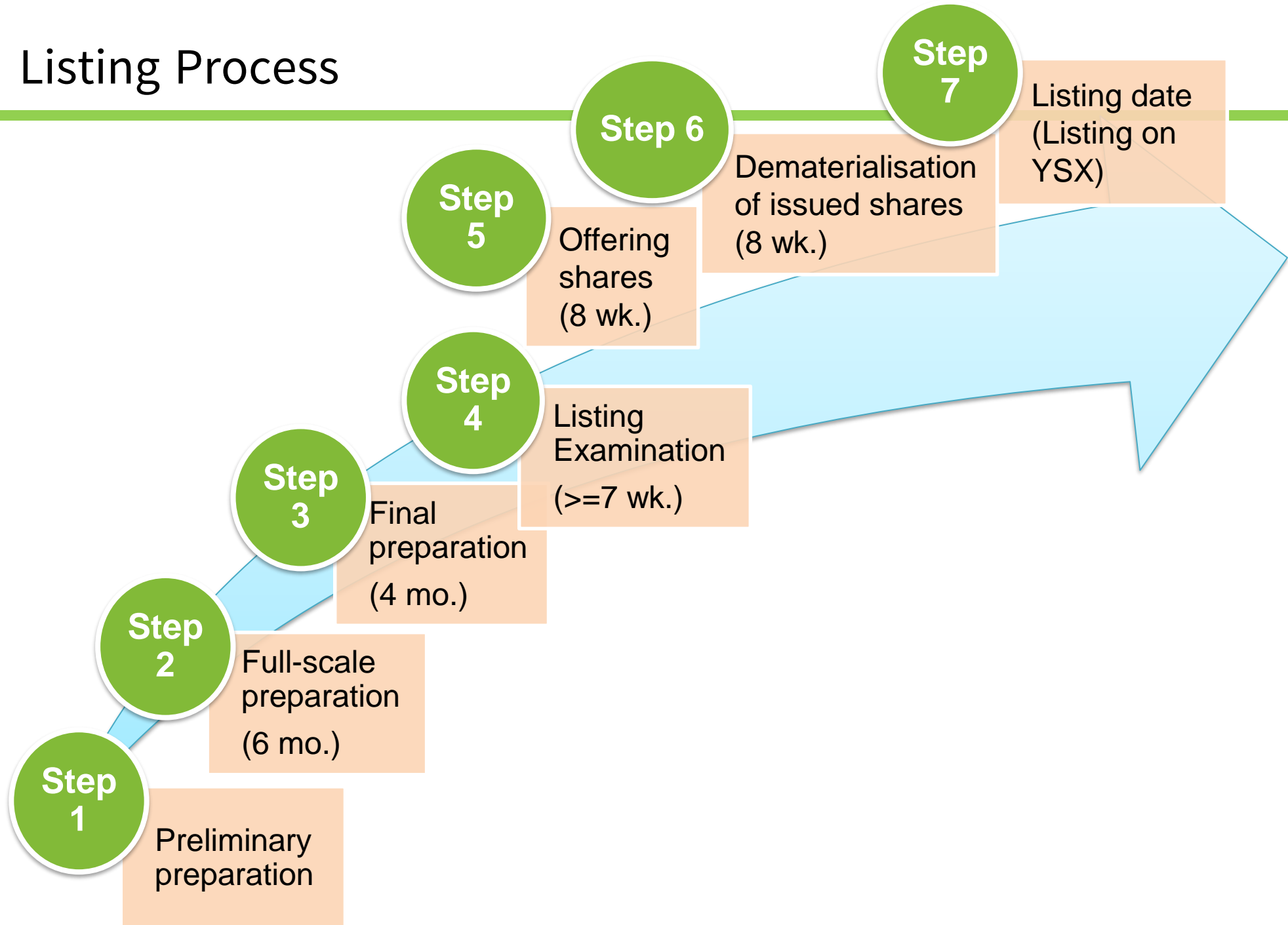
Formal criteria

1. Public company (MCA & SCA)
2. At least 100 shareholders
3. Paid up capital of 500 million Ks
4. Profit for at least 2 years
5. Not included in the black list for BOD and heads of company
6. Accounting Standard (MFRS)
7. Fulfill existing tax duties

Substantial criteria

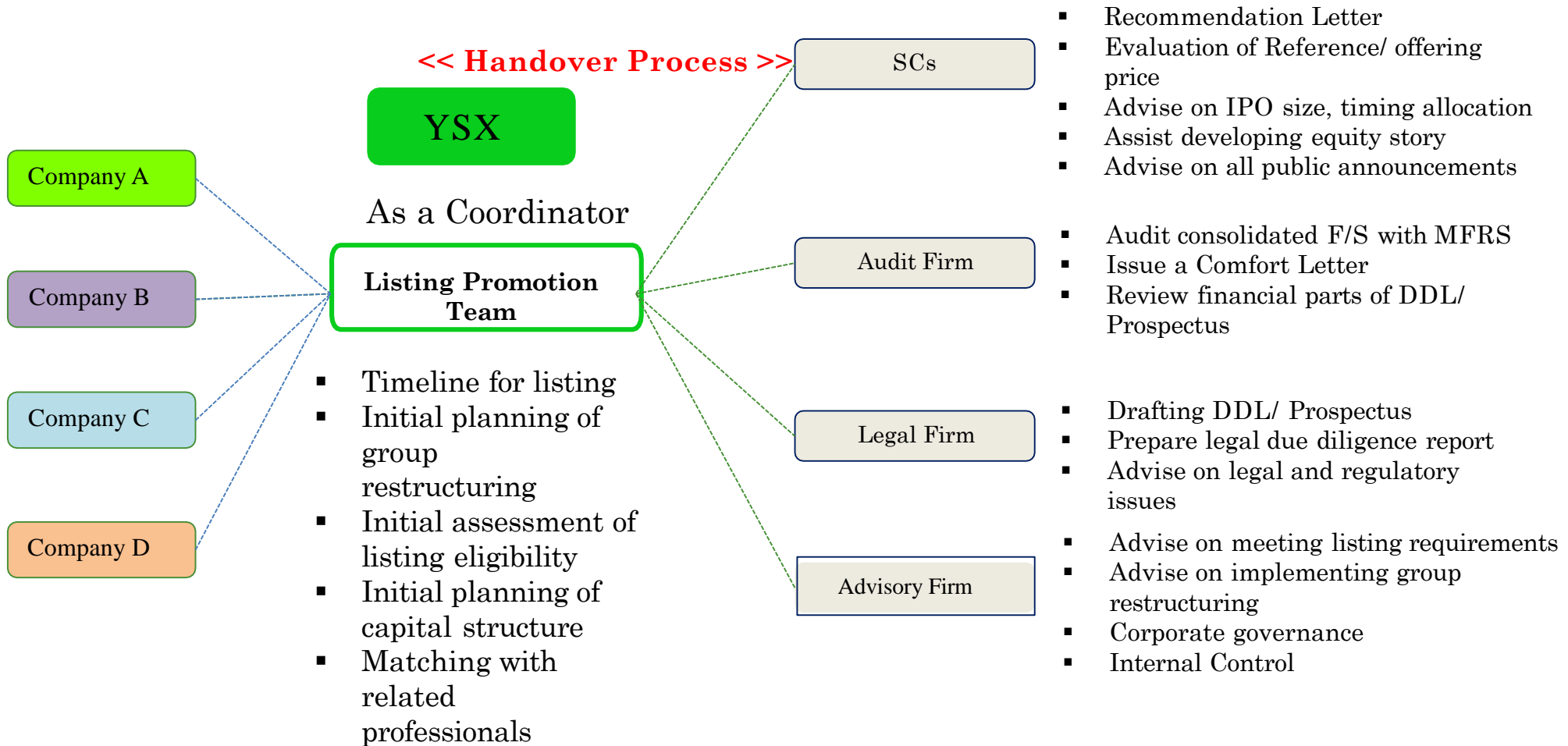
1. Stable basic income
2. Good character & not facing any lawsuits for BOD
3. Not act any deceptive manners for BOD
4. Not do any business in the same interest for BOD except approval of shareholder meeting
5. Disclose corporate information
6. Appoint compliance officer
7. Business plan
8. Prevent insider trading
9. Consecutive operating business
10. Rational expectation to get the profit

Listing Process





Key Parties For IPO and Listing Process



*** As very first step, company need to select one Securities Company to go through IPO and Listing Process.

*** YXS will do handover process if company management team committed to start preparation.

Listed Companies of YSX



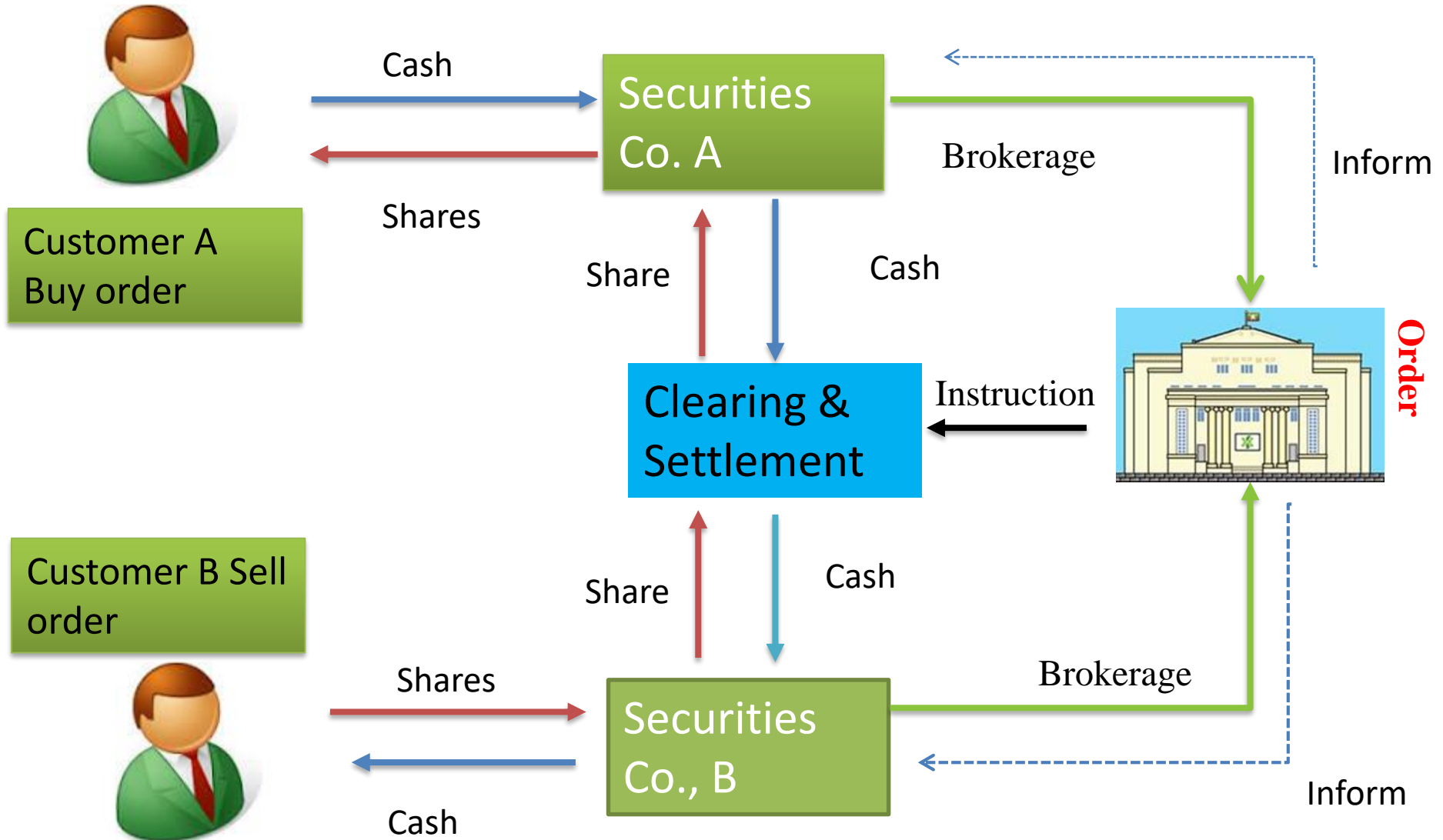
Company Name	First Myanmar Investment Public Co., Ltd. (FMI)	Myanmar Thilawa SEZ Holdings Public Co.,Ltd. (MTSH)	Myanmar Citizens Bank Limited (MCB)	First Private Bank Limited (FPB)	TMH Telecom Public Co., Ltd. (TMH) ※IPO	Ever Flow River Public Co., Ltd. (EFR)	Amata Holding Public Co., Ltd. (AMATA)	Myanmar Agro Exchange Public Co., Ltd. (MAEX)
Code	00001	00002	00003	00004	00005	00006	00007	00008
Type	Real Estate, Financial service, Health care etc.	SEZ Developer	Bank	Bank	Telecom Infra	Logistics Service Provider	Hotel and Tourism	Wholesale Market Developer
Listing Date	Mar 25, 2016	May 20, 2016	Aug 26, 2016	Jan 20, 2017	Jan 26, 2018	May 28, 2020	June 3, 2021	July 3, 2023
Issued shares	33,109,694	38,929,150	10,400,986	29,664,613	12,823,224	19,977,223	10,497,598	23,804,946
Share price (29-12-23)	8,700 MMK	2,850 MMK	7,900 MMK	1,600 MMK	2,500 MMK	2,000 MMK	4,800 MMK	1,750 MMK
Market Cap. (29-12-23) Bil Kyat	288	111	82	47	32	40	50	41



Part (V)

Trading Mechanism

How Stocks are Trading



Trading Rule and types of orders

- **Order type**
 - Market Order
 - Limit order
- **Matching mechanism**
 - Price priority System
 - Time Priority System

Trading Hour of YSX



YSX adopts period “Call Auction” mechanism, 7 matching in a day started from 26th March, 2020.

Order Acceptance Time	9:30 am to 1:00 pm
Matching Times	10:00 am
	10:30 am
	11:00 am
	11:30 am
	12:00 am
	12:30 pm
	1:00 pm

Daily Price Limit and Tick Size



Base price (MMK)		Price limit (MMK)
From (\geq)	Below ($<$)	
2,000	4,000	500
4,000	10,000	1,000
10,000	20,000	2,500
20,000	40,000	5,000
40,000	100,000	10,000
100,000	200,000	25,000

Reference: [Enforcement Regulations for Trading Business Regulations](#)

Order price (MMK)		Tick size (MMK)
Above ($>$)	Up to (\leq)	
0	1,000	10
1,000	4,000	50
4,000	10,000	100
10,000	40,000	500
40,000	100,000	1,000
100,000	400,000	5,000

Reference: [Enforcement Regulations for Trading Business Regulations](#)

Stock Trading Mechanism (XYZ Stock)



Total Sell	Sell	Price	Buy	Total Buy
	300	Market Orders	150	
1450	100	2450	50	200
1350	200	2400	200	400
1150	100	2350	100	500
1050	50	2300	600	1100
1000	150	2250	250	1350
850	200	2200	100	1450
650	350	2150	200	1650

MYANPIX Stock Index



MYANPIX (Myanmar Stock Price Index), is YSX-calculated stock price index, which represents price fluctuation of an overall stock market and becomes basic tools to describe Myanmar's stock market for investors. MYANPIX started to be calculated from 25th March 2016, the first trading date of YSX.

Index profile

Index Name	MYANPIX (Myanmar Stock Price Index)
Type	Market capitalization-weighted index
Constituent	All the ordinary stocks listed on the YSX
Base date	25th March 2016
Base point	MMK 1,000*
Latest base market value	MMK 1,762,080,796,913.3600 (from 21st Feb. 2023)

MYANPIX Stock Index











Part (VI) Trading Participants

Trading Participants of YSX (Securities Companies)



SECM issued Securities Business Licenses to (6) Securities Companies on March 13, 2016 and YSX grants them trading participant qualification according to section 4 of the Trading Participant Business Regulations.

Securities Company	TP ID	About
	TP00001	Myanmar Securities Exchange Centre Co., Ltd (MSEC) is a joint venture company equally contributed its capital by Myanma Economic Bank (MEB) under Ministry of Planning and Finance and Daiwa Securities Group Inc. of Japan.
	TP00002	KBZ Stirling Coleman Securities Co., Ltd. KBZSC is a joint venture between the KBZGroup of companies which is one of the well-known conglomerate in Myanmar and Stirling Coleman Holdings of Singapore
	TP00003	CB Securities Limited. (CBSC) is a wholly-owned subsidiary of Co-Operative Bank (CB Bank), one of the oldest and largest private banks in Myanmar.
	TP00004	AYA trust Securities Co., Ltd. is a securities and investment banking arm of AYA Financial Group, the partner with PhillipCapital (Singapore), SAC Capital (Singapore) and TCS (India).
	TP00005	KTZ Ruby Hill Securities Co., Ltd. (KTzRH) is a joint venture between Myanmar most well-known consumer products provider the Loi Hein Group and Thailand one of the best securities trading house KT-ZMICO.
	TP00006	UAB Securities Limited. (uabsc) is an affiliate of United Amara bank which is one of a leading financial Institution in Myanmar.

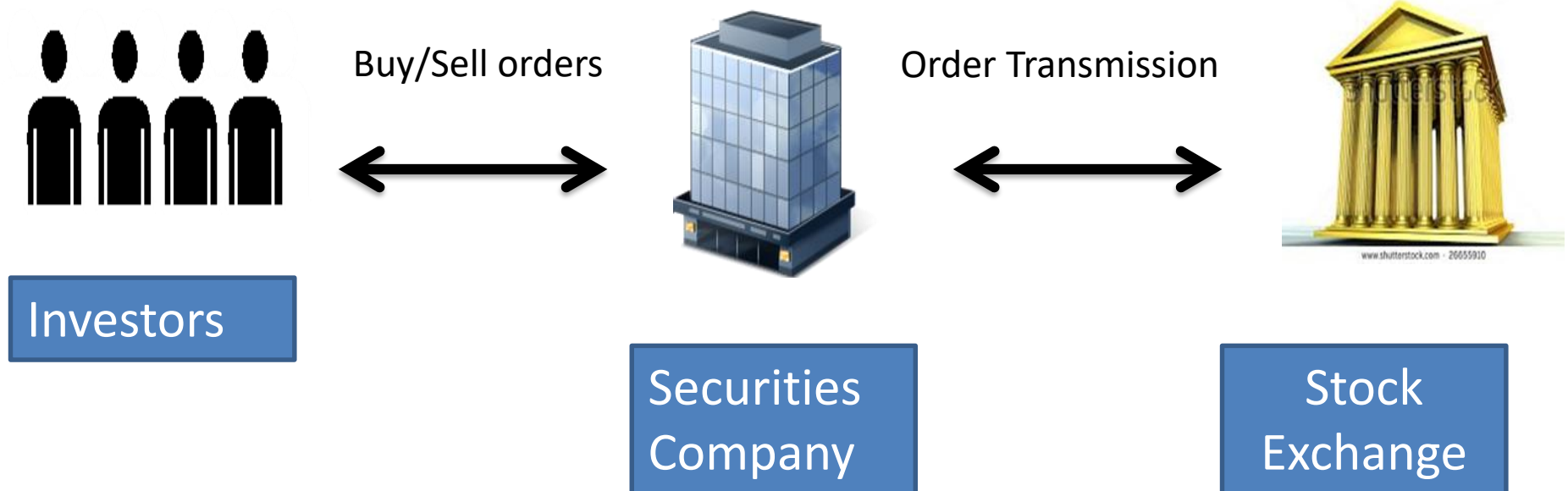
Function of a securities company

- Required to obtain securities business license issued by the Securities and Exchange Commission.
 - Brokerage
 - Dealing
 - Underwriting
 - Investment advisory
- Supervised by the SEC and report business and financial situations to SEC regulatory.



Brokerage Business

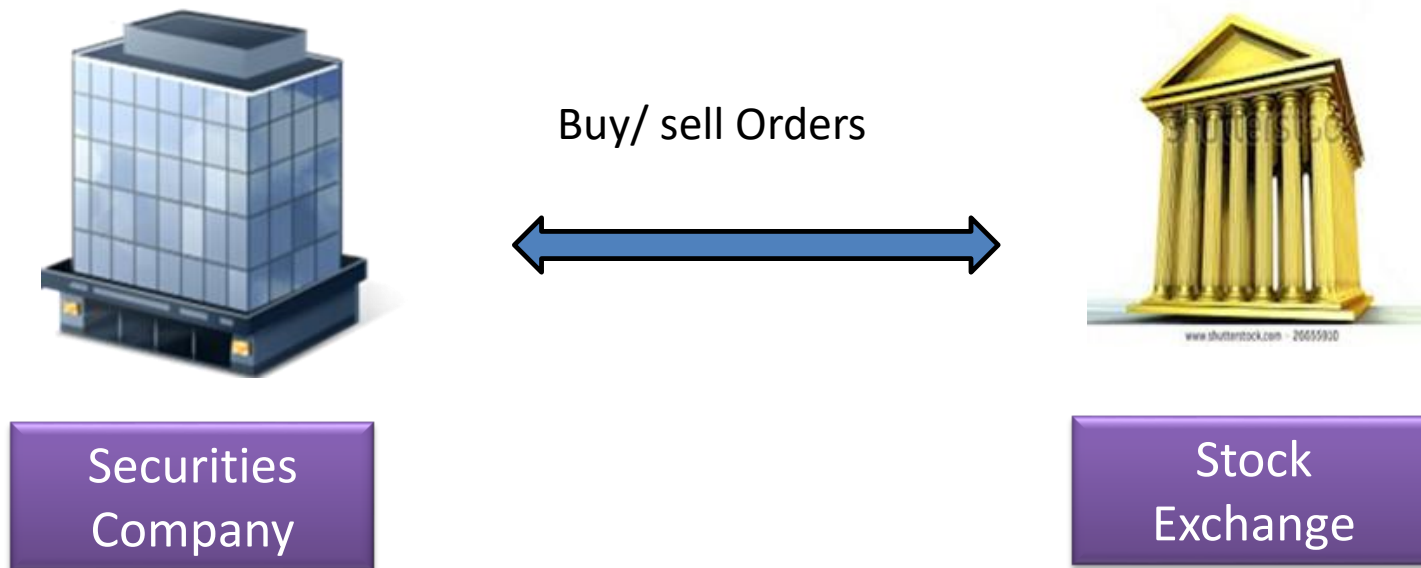
- When an investor wants to buy or sell , the investor places buy/sell orders to a securities house.
- The securities Company acts as a broker for the investor to place orders to the Stock Exchange.
- Securities Companies get brokerage commission from investors.



Dealing Business



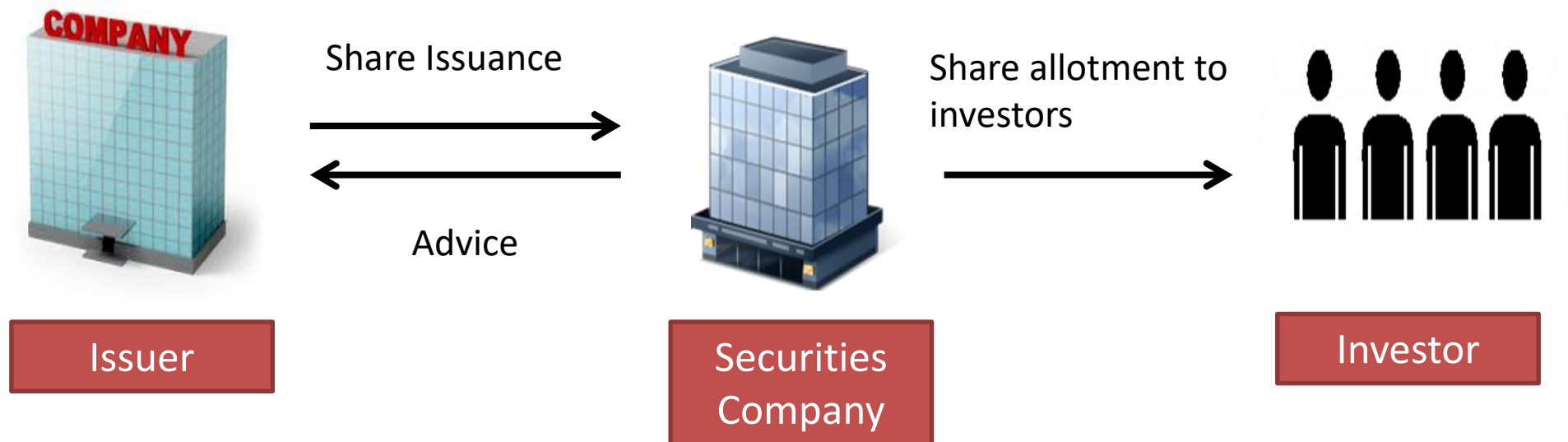
- Dealing means buying and selling shares or bonds on their own account.
- Securities companies act as investors in the market.





Underwriting Business

- Securities companies buy newly issued shares or bonds from Companies (underwriting).
- These shares and bonds will be sold to investors.
- Securities Companies take risks of underwriting , issuers for shares or bonds pay underwriting commission to securities Companies.





Securities
Company

Research and Analysis

Financial Planning

Pricing

M&A

Portfolio Management

Risk Management and Hedging

Compliance and Regulatory Oversight



Part (VII) Regulatory Framework

Law and Regulations on Stock Market



- The Securities Exchange Law
 - ❖ Pyidaungsu Hluttaw enacted on 31st July 2013
- The Securities Exchange Rule
 - ❖ MOPF issued the SE Rules on 27th July 2015
- According to Chapter 3, Article 4 of SE Law, the Securities and Exchange Commission of Myanmar (SECM) was formed under Ministry of Planning and Finance

Law and Regulations on Stock Market



- Continuous Disclosure
 - ❖ SECM notification 1/2016
- Allowing Foreigners Participation in Daily Share Trading of Listed Companies in YSX
 - ❖ SECM Notification No 1/2019

Law and Regulations on Stock Market



- Requirement for Effective Corporate Governance
 - ❖ SECM Notification 2/2020
- Instruction on Material Related Parties Transaction for Listed Companies and Public Companies with more than 100 shareholders
 - ❖ SECM Instruction 3/2020
- Amendment of AML Instruction for Securities Companies , YSX and OTC Market
 - ❖ SECM Instruction 1/2023



Other Related Laws and Regulations

- The Myanmar Companies Law 2017 is the primary law dealing with the incorporation and operation of companies in Myanmar. It was enacted on 6 December 2017 and came into force on 1 August 2018.
- Anti-Money Laundering Law of 2014 (“AMLL”). The MOHA issued the Anti-Money Laundering Rules under the AML by issuing Notification No. 1201/2015 on 11 September 2015.



Thanks for your attention!

If you need further information , please visit our website as below.

<https://ysx-mm.com/>
www.facebook.com/ysx.myanmar