

The Government of the Republic of the Union of Myanmar

Ministry of Planning, Finance and Industry

The Securities and Exchange Commission

Instruction No. 1/ 2020

The 13<sup>th</sup> Waxing Day of Tabaung , 1381 M.E.

( 6 March, 2020 )

**Instruction for Allowing Foreigner Participation in Daily Share Trading of Listed Companies in Yangon Stock Exchange (YSX)**

1. Under Section 71 (b), Chapter X III of the Securities Exchange Law , the Securities and Exchange Commission of Myanmar (SECM) had already issued Notification 1/2019 of allowing Foreigner Participation in Daily Share Trading of Listed Companies in Yangon Stock Exchange on 12-7-2019. According to that notification, Commission (SECM) hereby issues this instruction regarding the opening of securities account and trading for foreigners.
2. Securities companies shall establish internal policy regarding securities account opening for resident and non-resident foreigners which follows this instruction and approved by BOD.
3. Securities companies shall adhere to the followings regarding the procedures of account opening and trading for foreigners.
  - (a) Securities company shall receive an application from foreigners who are defined as “resident” and “non-resident” in the foreign exchange management law.
  - (b) Securities company shall send customer information to YSX to check if the applicant is applying for or has another securities account.
  - (c) Securities company shall issue a “recommendation letter” to resident foreigners to recommend opening of a Myanmar Kyat (MMK) Current Account, namely “Resident Kyat Account for Securities” (R-KAS), and non-resident foreigners to recommend opening of MMK Current Account,

namely "Non-Resident Kyat Account for Securities" (N-KAS) and Foreign Currency (FC) Current Account, namely "Non-Resident Foreign Currency Account for Securities" (N-FAS), for securities trading after its Know Your Customer (KYC) process.

(d) The recommendation letter shall include:

(aa) Name and address of the applicant;

(bb) Date of Birth;

(cc) Passport Number or any kinds of official identification number issued by his/her home country;

(dd) Name of a local bank or a branch of foreign bank the applicant applies for opening a bank account for securities-trading

(ee) Information of bank account in Myanmar (if resident) or abroad (if non-resident)

(e) Securities companies shall have a written confirmation with foreigners that bank accounts in clause 3 (c) are used only for securities trading and transactions for other purpose are not allowed.

(f) Securities companies may open a securities account for resident foreigner who has R-KAS and non-resident foreigner who has N-KAS and N-FAS according to the above clause 3 (c) based on their own acceptance policy.

4. Securities companies shall obtain from a customer an account opening application information which can identify the customer.

(a) Foreign Individual:

(aa) Name;

(bb) Gender;

(cc) Date of Birth;

- (dd) Passport Number or any kinds of official identification number issued by his/her home country;
  - (ee) Resident status
  - (ff) VISA or any kinds of residence certification (if resident)
  - (gg) Permanent address in home country;
  - (hh) Current address in home country;
  - (ii) current address in Myanmar (if resident);
  - (jj) Bank account number abroad , N-KAS number and N-FAS number according to the above clause 3(c) (if nonresident);
  - (kk) MMK account number in Myanmar and R-KAS number according to the above clause 3(c) (if resident);
  - (ll) Contact phone number;
  - (mm) email address, (if customers change postal address, securities companies should obtain new postal address in Myanmar).
- (b) Foreign institution:
- (aa) Institution's name;
  - (bb) Established year;
  - (cc) Registration number;
  - (dd) Resident status;
  - (ee) names and addresses of directors, substantial shareholders and partners relevant based on the AML policy;
  - (ff) Registered address and postal address;
  - (gg) Bank account number abroad, N-KAS number and N-FAS number according to the above clause 3(c) (if nonresident);



(hh) MMK account number in Myanmar and R-KAS number according to the above clause 3(c) (if resident);

(ii) Authorization letter.

5. Securities companies shall obtain supporting documents to verify the information to identify the customer. Such documents shall include the followings.

(a) Individual: Any kinds of official identification documents issued by his/her home country, copies of passport (photo page), documentary evidence for residency, documentary evidence for ownership of bank accounts;

(b) Institution, company's (or) institution's registration certificate, documentary evidence for residency, BOD resolution or its equivalent to open the account, Identification documents of relevant Directors/ Shareholders/ Partners, documentary evidence for ownership of bank accounts, authorization letter.

6. Securities companies shall ensure foreign customers status to be up to date whether resident or non-resident by checking at least annually. Securities companies shall not accept any additional buy order from a foreign customer if its resident status is found to be changed, until the securities companies accept to change the customer status to status with R-KAS if changing to be a resident and with N-KAS and N-FAS if changing to be a non-resident after examining based on their own AML policy and customer acceptance policy.

7. In the case where a resident or non-resident foreigner has a securities account but demand to open another securities account, such foreigner shall close the existing securities account and transfer all the balance in this account to the new securities account. Securities companies and the Yangon Stock Exchange shall take necessary measure according to the procedure set by the Yangon Stock Exchange.

8. If applicants are securities brokers abroad, securities companies shall ensure following before opening the securities account:

- (a) the securities brokers abroad and their customers are under proper regulations at least equivalent to the Securities Exchange Law in Myanmar,
- (b) the securities brokers abroad are under the supervision of related authorities of home countries
- (c) obtain a copy of its brokerage license issued by the authorities and its notarized English translation, and
- (d) submit the copy of the license to the SECM with its notarized English translation.

9. Securities companies shall not allow resident and non-resident foreigners to open joint account.

10. Securities companies shall inform foreign customers in advance in the account opening process that voting rights shall not be granted for shares related to the foreign ownership above the pre-determined limit.

11. Securities companies shall have a written agreement to act as securities broker according to section 62 of the Securities Exchange Rules.

12. Securities companies shall collect information to provide fair and good faith service according to law 19 and Rules 68. Particularly, they shall collect information to provide service based on the level of knowledge and experience, assets, and investment objectives.

13. Securities companies shall notify a responsible person or group to handle complaints from customers.

14. Yangon Stock Exchange shall ensure any foreigners have one securities account at a time according to the information provided by securities companies except for the period that foreigners change their securities company to another securities company.

15. To control the foreign ownership according to Notification (1/2019), Yangon Stock Exchange (YSX) shall –

- (a) submit to the SECM the percentage of foreign ownership that each listed company shall allow;
- (b) report to the SECM the update of foreign ownership ratio of listed companies;
- (c) recognize foreign ownerships based on the record date;
- (d) shall make an agreement with the securities companies in order to retain the excessive amount in the case that the foreign ownerships exceed the amount specified by listed companies;
- (e) shall make an agreement with the listed companies concerning voting right will not be given in the case that the foreign ownerships exceed the amount specified by listed companies.

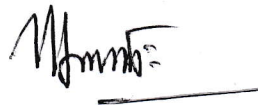
16. Yangon Stock Exchange shall report monthly to the SECM about gross amounts of shares bought and sold by, and total outstanding value of shares held by resident and non-resident foreigners, respectively. Securities companies shall report monthly to the YSX about necessary information for this purpose.

17. Securities companies shall comply with the anti-money laundering law, rules, the counter terrorism law, the countering the financing of terrorism rules, the control of money laundering law, the control of money laundry rules, AML order no. 45/2019 issued by the president office, AML/CFT instructions (3/2016) (1/2019) issued by the SECM. Securities companies shall follow the supervision of Myanmar Financial Intelligence Unit (MFIU) as well as the SECM.

18. In terms of daily share trading, investors shall follow the Securities Exchange law, the Securities Exchange rule, relevant notification and instructions under the supervision of SECM.



19. In terms of capital brought in/brought out for daily share trading purpose, investors shall follow the foreign exchange management law, foreign exchange management regulations, and directives of Central Bank of Myanmar (CBM) under the supervision of CBM.
20. In terms of tax filing, investors shall follow the existing tax laws and regulations under the supervision of Internal Revenue Department (IRD).
21. The Commission (SECM) may issue necessary directives with regard to allowing foreign participation in daily share trading of listed companies in Yangon Stock Exchange.
22. The actual start of trading by resident and non-resident foreigners shall be set at 20<sup>th</sup> March of 2020.



(Maung Maung Win)

Chairman

Securities and Exchange Commission of Myanmar

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Circulation to:

Yangon Stock Exchange

Listed Companies

Securities Companies