

The Republic of the Union of Myanmar

Ministry of Planning and Finance

Instruction No.(1 /2023)

2nd Waxing Day of Wagaung 1385 ME

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**Instruction for Reporting Entities of the Securities Industry on Transparency in
Beneficial Owner Information of Anti-Money Laundering and Countering the
Financing of Terrorism**

In exercising the power described in Section 69(c) of the Anti-Money Laundering Law and Section 71(b) of the Securities Exchange Law, the Ministry of Planning and Finance, with the approval of the Central Board on Anti-Money Laundering, hereby issues an instruction to compile adequate and accurate information related to the Beneficial Owner of reporting entities in the securities industry.

Chapter (1)

Title and Definition

1. Expressions in this instruction shall have the same meaning as in the Anti-Money Laundering Law and the Securities Exchange Law. In addition, the following expressions shall have the meaning set forth:

- (a) Legal person means an organization that has established business or owned financial assets and has permanent contact with financial institutions other than a person. In this context, company, corporation, joint venture, groups, foundational organizations, partnerships, associations, community organizations, and similar associations are included.
- (b) The legal arrangement means the actions relating to the beneficial owner involved in the legal arrangements in which those persons who ultimately own the legal arrangements, those who exercise ultimate effective control, and the natural person on behalf of a transaction are being conducted.

Chapter (2)

Backgrounds

2. Reporting entities in the securities industry shall understand that company, organization, trust, and legal persons and arrangements have been applied as places of attraction to be misused for illicit purposes, including money laundering (ML), bribery and corruption, tax fraud, terrorist financing (TF), and other illegal activities.

3. The reporting entities of the securities industry shall properly compile the list of company, organization, and trust which are conducted based on trust, the sources which may be available for entities of legal persons and legal arrangements concerned, and information about legal persons and beneficial owners, and submit them to the supervisory authorities in order to reduce the risk of AML/CFT. The reporting entities of the securities industry shall effectively cooperate with supervisory authorities in identifying the persons who are concerned about the legal person and beneficial owner regarding suspicious accounts and assets.

4. In accordance with the standards on transparency set by the Financial Action Task Force (FATF), reporting entities of securities companies shall make sure that adequate, accurate, and updated information on the beneficial owner of the company, organization, trust, legal persons, and legal arrangements is available and can be accessed by the supervisory authorities in a timely manner.

5. When the reporting entities of the securities industry conduct Customer Due Diligence requests on company, organization, trust, legal persons, and legal arrangements that include their related business activities, the information of the beneficial owner shall be effectively conduct in the process of AML/CFT activities.

Chapter (3)

The Misuse of Legal Person, Companies, and Legal Arrangements

6. The reporting entities of the securities industry may face the following disguised circumstances of ML/TF due to the lack of identifying and scrutinizing adequate, accurate, and updated beneficial owner information that facilitates ML/TF by disguising:

- (a) participation of the identity of known or suspected criminals in the operation of the securities industry, acting as beneficial owner, exercising the ultimate control of the company;
- (b) concealing the true purpose of an account or property contributed by a company, organization, persons, legal persons and legal arrangements who presents criminals.
- (c) use of funds or property contributed by a company, organization, persons, legal persons, and legal arrangements who presents criminals in AML/CFT matters.

7. The reporting entities of the securities industry shall know and include the following factors in the method of being obscure relevant to the beneficial owner of the company and organization:

- (a) shell companies (which can be established with various forms of ownership structure), especially in cases where there is foreign ownership that is spread across jurisdictions.
- (b) complex ownership and control structures involving many layers of shares registered in the name of another company and organization.
- (c) bearer shares and bearer share warrants;
- (d) unrestricted use of the company, organization as directors,
- (e) formal nominee shareholders and directors where the identity of the nominator is undisclosed.
- (f) trust and other legal arrangements which enable a separation of legal ownership and beneficial owner.
- (g) use of intermediaries (e.g., trust and company service provider) in forming company and organizations, including professional intermediaries.

8. The reporting entities of the securities industry shall be aware that criminals often create, administer, control, and own when different aspects of company and organizations implicate numerous countries, and a financial investigation shall be conducted, making it impossible to participate and cooperate from different countries and disguising assets obtained through corruption and bribery to enter the official currency system.

9. The reporting entities of the securities industry shall know that the company and organizations make their structure more complicated, and the company and organizations may be presented higher money laundering and terrorist financing risks when it is found that they are suspected of misuse in identifying on the information of beneficial owner. Moreover, if necessary, the reporting entities of the securities industry shall conduct a joint investigation with supervisory authority.

10. The reporting entities of the securities industry shall know and make necessary undertakings by knowing that trusts can also be used in another jurisdiction to create trusts and disguise the origins of criminal proceeds, which may include disconnecting the beneficial owner, settlor, and protector.

11. The reporting entities of the securities industry shall understand that the availability of beneficial owner information for company and organizations can be easily used by identifying relevant supervisory authorities and can reduce the risk of using them as attractive hiding places for criminals.

12. The reporting entities of the securities industry shall understand that sophisticated schemes to launder the proceeds of crime often use a range of different corporate vehicles rather than just a single corporate vehicle. To provide transparency and complete information related to the beneficial owner, company, organizations, legal person, and legal arrangements shall follow to obtain it accurately.

Chapter (4)

Effective Mechanisms to Combat the Misuse of Company, Organizations, Legal Persons, and Legal Arrangements

13. The reporting entities of the securities industry shall take measures to prevent the misuse of money laundering and terrorist financing to ensure that there is adequate, accurate, and timely information on the beneficial owners of company, organizations, and legal arrangements that can be obtained or accessed in a timely manner by supervisory authorities.

14. The reporting entities of the securities industry shall be aware not to misuse money laundering and terrorist financing in which company and organizations are able to issue bearer shares, and allow nominee shareholders or nominee directors.

15. The reporting entities of the securities industry shall take measures to prevent the misuse of criminals' purposes by companies and organizations. There is adequate, accurate, and timely information on the settlor, trustee, and beneficial owners that can be

obtained or accessed in a timely manner by supervisory authorities in order to comply with regulations on money laundering and terrorist financing.

Chapter (5)

Measures to be taken for Enhancing the Transparency and Legal Arrangement of Legal Persons, Company, and Organizations

16. The reporting entities of the securities industry shall ensure, as a necessary prerequisite, that basic information on company and organizations itself is obtained and recorded by the company registry, and the information must be publicly accessible.
 - (a) the company name;
 - (b) proof of incorporation;
 - (c) legal form and status;
 - (d) the address of the registered office;
 - (e) a list of directors.
17. The reporting entities of the securities industry shall be required to obtain a timely record of their shareholders, members, categories of share issued, voting right, and the number of shares held by each shareholder.
18. The reporting entities of the securities industry shall compile and maintain the information of beneficial owners as follows:
 - (a) Identifying those who exercise control of the company and organization and who ultimately have a controlling ownership interest in the company and organization.
 - (b) Where beneficiary and controller are not identified under (a) above, the persons involved in responsible persons and the position of senior managing officials should be identified.
 - (c) To identify the beneficial owner, an individual or a few owners who 25% or more of the ownership interest in a company, organization.
 - (d) Beneficial Owner who exercises control and has a property directly through a person by identifying in the financing of the enterprise, family relationship, and helping companies that was late to pay the loan.
 - (e) To obtain the information of the directors involved in a company, organization.
 - (f) To obtain the information of a senior management member, including the responsible person of the company, organization.
19. The reporting entities of securities industry shall implement the following measures with regard to nominal shares and nominal directors of company and organizations:
 - (a) identifying nominal shares and nominal directors;
 - (b) converting nominal shares and nominal directors into registered shares or share warrants (for example, through dematerialization);

- (c) immobilizing nominal shares and nominal directors by requiring them to be held with a regulated financial institution or professional intermediary; and/or
 - (d) requiring shareholders with a controlling interest to notify the company, and the company to record their identity;
 - (e) requiring nominee shareholders and directors to disclose the identity of their nominator to the company and to any relevant registry, and for this information to be included in the relevant register, and/or
 - (f) requiring nominee shareholders and directors to be licensed, for their nominee status to be recorded in company registries, and for the nominees to maintain information identifying their nominator, and make this information available to the supervisory authorities upon request.
20. The reporting entities of the securities industry shall take the following measures with regard to nominal shareholders and nominal directors of company and organizations:
- (a) compiling information related to nominal shareholders and directors if those persons are appointed by company and organizations;
 - (b) inserting the list of trusts, service providers who are needed to be comply with provisions of AML/CFT Law and the persons who have taken in action;
 - (c) using all possible means to prevent the trick of presenting as illegal nominal beneficial owners, the families, friends and organizations that are concerned with the criminal ,at the companies.
21. The reporting entities of the securities industry shall obtain information related to the beneficial owner from the following sources:
- (a) Sources of information related to the beneficial owner of the company and organization;
 - (i) company registries,
 - (ii) financial institutions,
 - (iii) Designated Non-Financial and Business Professions,
 - (iv) company and organizations themselves,
 - (v) national authorities,
 - (vi) tax authorities,
 - (vii) securities exchange commissions.
 - (b) information on the beneficial owners of a company and organization are obtained by that company and organization available at a specified location in their country; or
 - (c) performance for revealing information about beneficial owners involved in company and organizations by a supervisory authority in a timely manner.

- (d) The specified places that can provide information about beneficial owners when the company and organizations are established and changes in shareholder and director.
 - (e) The specified places that can provide information timely on changing of control of the company due to changes in share holding
22. The reporting entities of the securities industry shall take the following measures concerning the beneficial owners of the company and organizations itself:
- (a) requiring companies or company to obtain and hold up-to-date information on the company's beneficial owner and reporting when the supervisory authorities request adequate, accurate, and updated information.
 - (b) The reporting entities of the securities industry shall set the policy to take necessary measures in accordance with the company's constitution when shareholders present false or lied information about beneficial owners.
 - (c) requiring companies or company to obtain and hold up-to-date information on the companies' shareholders, beneficial owners, directors, senior management, and reporting when the supervisory authorities request it in an accurate and timely manner.
 - (d) The reporting entities of the securities industry shall conduct Customer Due Diligence on the participants in the company, organizations, beneficial owners, and customers in accordance with the instruction.

Chapter (6)

Understanding Anti-Money Laundering and Countering the Financing of Terrorism and Enhancing transparency of Legal arrangements

23. The reporting entities of the securities industry shall take measures to prevent the misuse of legal arrangements for ML/TF by ensuring that legal arrangements are sufficiently transparent and that there is adequate, accurate, and updated information on express trusts, settlors, trustee and beneficiaries that can be obtained or accessed in a timely manner by supervisory authorities.
24. Trusts enable property to be managed by one person on behalf of another and have a wide range of legitimate uses, including the protection of beneficiaries, the creation of investment vehicles and pension funds, and the management of gifts, bequests, or charitable donations. The entities shall have been registered with relevant supervisory authorities.
25. The reporting entities of the securities industry, including trusts and similar entities, shall be subjected to AML/CFT measures.
26. The reporting entities of the securities industry shall conduct ML/TF risk assessments on correspondent legal arrangements, knowing that associated risks can be inherited by the entities. In doing so, the risk assessment must be based on geographic

area, services delivered, distribution channels, and the threat and vulnerabilities of legal arrangements.

27. The reporting entities of the securities industry shall report Threshold Transaction Reports and Suspicious Transaction Reports of Trustees to supervisory authorities.

28. The reporting entities of the securities industry shall keep records of the trust's regarding AML/CFT for up to 5 years. The Customer Due Diligence processes of the reporting entities in the securities industry shall incorporate the legal person and legal arrangements.

29. The reporting entities of the securities industry shall report cross-border wired remittance transactions amounted to USD 10,000 and above and Suspicious Transaction Reports including legal person and legal arrangements to supervisory authorities.

30. The reporting entities of the securities industry shall keep the registration and settlor information when the client communicated with them to conduct legal arrangement.

31. The reporting entities of the securities industry shall record the attached personal declaration form that can be obtained or accessed in a timely manner by supervisory authorities.

32. The reporting entities of the securities industry shall have the right to obtain information about the beneficial owner of the correspondent legal person and legal arrangements for the purpose of AML/CFT.

33. Company and Organization shall contact the supervisory authorities of other jurisdictions so as to obtain the information about the beneficial owner of foreign legal person and their legal arrangements.

34. The reporting entities of securities industry that failed to comply with the provisions set in this instruction shall take action in accordance with the Securities Exchange Law, the Anti-Money Laundering Law, and Anti-Terrorism Law.

Personal Declaration Form

1. Name of Reporting Entities of Securities Industry
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2. Full name of the candidate
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3. Family Name (if any)
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4. Date and place of birth
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5. Gender
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6. National Identification Card No./ Passport and issue country (To submit the certified copy)
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7. (a) Citizenship
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(b) Resident of (country) since (year)
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8. (a) Present business address
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(b) Present residential address

(c) Last two addresses during the
past 10 years

(i)
(ii)

9. Phone number and email address

10. Professional and academic qualifications:

Particulars	Year obtained
(a) Highest academic qualifications

(b) Special awards or honors (if any)

(c) Training courses and seminars attended

(d) Membership in professional

organizations

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11. Occupation and employment (present or most recent and for the past 10 years)

Name of business	Name of employer	Business location	Position held	Commencement year of service

12. Companies or corporations where you have been a director, officer, shareholder, manager or supervisor during the last 10 years. Give relevant dates:

13. Have you, in Myanmar or elsewhere, been dismissed from any office or employment, or subjected to disciplinary proceedings by your employer or barred from entry to any profession or occupation? If so, give particulars:

14. Do any of the past and present business affiliations maintain a business relation with the concerned stock exchange/securities company? If so, give particulars such as share or ownership percent:

15. Have you ever applied for a licence or equivalent authorisation to carry on any business activity in Myanmar or in any other country?

Has such application been permitted, refused or withdrawn after it was made? Has any authorisation been revoked? If so, give particulars:

16. State whether the corporation with which you are, or have been, associated as a director, officer, shareholder or manager has ever applied for a licence or equivalent authorisation to carry on any financial business? If so, give particulars. If any such application was permitted or was refused or was withdrawn after it was made or any authorisation revoked, give particulars.

17. State whether any of your past or current employer (s) or institution in which you were affiliated as a director, officer, shareholder or manager has ever been under investigation by any regulatory body or imposed with any administrative penalty or placed under receivership or insolvent liquidation by court of law. If so, give particulars:

18. Do any of the past and present business affiliations of the family maintain a business relation with the concerned stock exchange / securities company? If so, give particulars such as share or ownership percent of the family:

Name

Relationship

(a) Spouse

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(b) Children

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(c) Parents

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(d) Brothers and sisters

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19. Have you failed to settle any debt, or have you ever been ordered by court to satisfy any debt or adjudicated bankrupt by court in Myanmar or elsewhere? If so, give particulars:

20. Have you, in connection with any related entity or its members, been adjudged by a court in Myanmar or elsewhere, civilly liable for any fraud, misfeasance or other misconduct by you towards such entity or towards members thereof? If so, give particulars:

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21. In carrying out your duties have you ever acted on the directions or instruction of any individual or entity that are not related with such duties? If so, give particulars:
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22. Do you, directly or indirectly, have a business relationship with the concerned Reporting Entities of Securities Industry? If so, give particulars:
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23. How many shares in the concerned Reporting Entities of Securities Industry are registered in your names or the names of a related party? If applicable, give name(s) in which registered and class of shares:
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24. Do you or does any related party, hold any shares in the concerned Reporting Entities of Securities Industry as trustee or nominee? If so, give particulars:
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25. Are any shares owned by you or your related party in the concerned Reporting Entities of Securities Industry legally charged or pledged to any party? If so, give particulars:

26. The following documents are required to be submitted with the submission.

- (a) A certified statement of assets and liabilities.
- (b) Latest tax compliance certificate or certified true copy of income tax returns.
- (c) Two letters of character references from individuals other than relatives who have personally known the candidate.
- (d) Letters duly certified from concerned institutions with whom the candidate has had dealings for the last five years on his/her performance.
- (e) A personal profile of the candidate.

I certify that all the information contained in this Form is complete and accurate.

Signature:

Name:

Date: