

Government Securities Trading
SOP : Standard Operation Procedure
(Discussion material for agenda structuring)

1. PURPOSE & SCOPE OF BUSINESS

The purpose of this SOP is to establish effective management and smooth operations with the secondary transaction of government securities.

1.1 Type of Securities

Following type of government securities shall be applied in this SOP.

1) Treasury Bond : 2 years, 3 years and 5 years

<Description>

- Issuer : The Government of the Republic of the Union of Myanmar
- Registrar : The Central Bank of Myanmar
- Myanmar Kyats denominated
- Standard fixed semi-annual coupon, paid each 15 May and 15 Nov
- Face value and final payment of coupon is paid on maturity
- Quoted to 3-decimal places on an annual yield to maturity basis (e.g. 9.876%)
- Priced per MMK 100,000 face (principal) value to 2-decimal places (e.g. MMK102,003.87)

Note: Since September 20, 2016, Treasury Bonds have been sold to state own banks, private banks, foreign banks and securities companies by auction system.

Note: In secondary trading, 5years Treasury Bond which has passed 2years and 3 years remained until maturity date shall be practically regarded the same financial product as 3years Treasury Bond.

Note: 2 years Treasury Bonds are currently suspended and all the past issued 2 years bonds have been redeemed already.

For the time being, Treasury Bills is not a scope under this SOP, since under the current practice in Myanmar, Treasury Bills are normally kept holding until maturity date.

1.2 Type of Trading

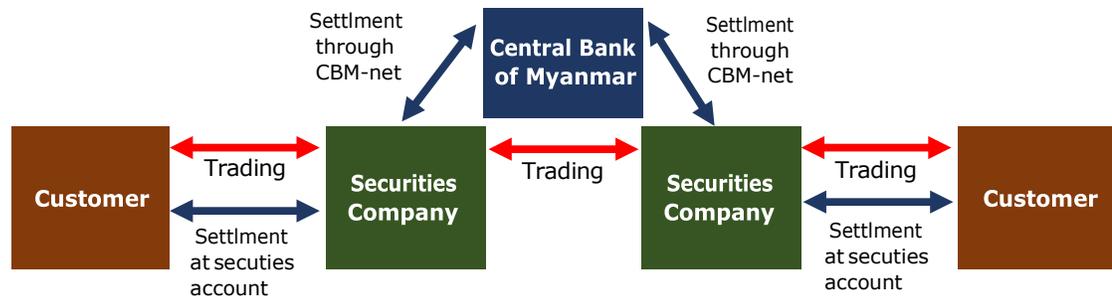
There are two types of trading in Treasury Bonds.

1.2.1 Customer Account Trading

Customer Account Trading is a transaction that is intended to bookkeeping a customer account after transacts the customer's order.

Bond trading differs from share trading in that there is no brokerage (brokers) between customers, and unlike share trading which shall carry out all transactions through stock exchange, bond trading is transaction directly between two parties. Securities company acts as a trading counterparty and thus trading spread is the source of the profit for the securities company instead of brokerage fee.

<Operational flow of **Customer Account Trading**>



1.2.2 Trading with own capital

There are four cases that securities company trade with their own capital.

- 1) Holding of government securities required by rules and regulations for securities companies.
- 2) Investment with surplus funds of the Company intends to gain coupon interest (Income gain)
- 3) Inventory held in prediction of customer orders.
 - Possible to occur unrealized loss depending on the market condition
- 4) Proprietary trading : Using the company's own capital aiming at capital gain
 - Possible to occur unrealized loss depending on the market condition

However, for the time being, only trading in 1), 2) and 3) will be applied for the Company. Since 4) has higher risk for securities companies, it needs to be considered with separate internal policy in the future.

1.3 Responsible person and department to be in charge

_____ is responsible for this business.

In addition, <6(six)> Dept. (Sales Dept., Trading Dept., Accounting Dept., Settlement Dept., Risk management Dept. and Compliance Dept.) are related to the business.

The head of each Dept. will report to_____in relation to the business.

2. TRADING PROCESS

2.1 Overview

Treasury Bonds are issued by MOPF (Ministry of Planning and Finance) through CBM (Central Bank of Myanmar).

The newly issued Treasury Bonds are bought by auction through a limited financial institution, called Primary market, and the participant is the first holder of each Treasury Bonds.

Secondary trading refers to buying and selling of the issued Treasury Bonds and the trading takes place between market participants (securities companies and investors). The securities company buys and sells the bonds as their own and offer or bid it to and from the market participants, which is different from trading of shares through Stock exchange.

The securities company announces the indicative price to other market participants on system separately agreed among market participants and promotes the activation of secondary trading transaction. However, the indicator price is only an indicative and does not commit the trading.

2.2 Process of Buy/Sell Order

2.2.1 Buy order from customer

If a buy order takes place from customer, the securities company is to be the counterparty who sells securities to the customer. (Customer: buyer, the Company: seller)

The Company will check its own inventory first and confirm to sell/offer the securities from its own inventory or to buy/bid from other market participants for deliver with the approval of the head of Trading Dept.

Apart from the above, the head of Trading Dept. is responsible to monitors the status of the company's inventory and increase to buy/bid the securities based on the predefined policies if there is any shortage with the company inventory.

When a customer buys an order, there are two circumstances as below.

1) To sell(/Offer) on the Company own Inventory

In case the Company holds inventory in advance for selling(/Offering) to customer, those inventory bonds are prioritized for selling(/Offering) in principle.

2) To sell(/Offer) on buying(/Bidding) from other securities company or investor

If the Company does not hold inventory enough to sell(/Offer) to customer, or the company regards not suitable to sell(/Offer) from its inventory, buying(/Bidding) from other securities company or other bondholders, then selling(/Offering) to the customer would be next option.

Securities company can also temporarily borrow from other securities company or investor who hold the same bond by "Repo Trading" if the company cannot buy(/Bid) from other securities or investor. It is necessary to

hold the securities by settlement date if the company does not have an inventory at the trading date.

2.2.2 Sell Order from customer

If a sell order takes place from customer, the securities company is to be the counterparty who buys securities from the customer. (Customer : seller, the Company : buyer)

It needs to be confirmed with the head of Trading Dept. to buy/bid as company inventory or sell/offer it to other securities companies or investors.

When a customer sells an order, there are two circumstances as below.

1) To buy(/Bid) for the Company own inventory

In case the Company lacks of predetermined amount of inventory, the Company may buy bonds for their own inventory for future sales to customers.

2) To buy(/Bid) on selling(/Offering) to other securities company or investor

If the Company holds sufficient inventory, Trading Dept. instructs Sales Dept. to look for buyer of the bonds.

2.3 Coupon Interest Payment

The first Coupon Interest payment on Treasury Bonds will be calculated on the basis that there is deemed to be a full semi-annual period between the Issue Date and the first Coupon Interest Payment Date.

If a Coupon Interest Payment Date is not a banking day, payment will be made on the next succeeding banking day without payment of additional interest.

2.4 Pricing mechanism

Prices are discovered with the reflecting of market participant's intention in the secondary market.

The price of Treasury bond generally depends on below factors;

- Monetary policy of CBM
- General economic conditions
- Debt management plan by the government
- Surplus money of investors

The formula for bond pricing is basically the calculation of the present value of the probable future cash flows which comprises of the coupon interest payments and the par value which is the redemption amount on maturity.

The bond pricing formula is mathematically represented as below.

$$Price = \left[\frac{C}{(1+YTM)^1} + \frac{C}{(1+YTM)^2} + \frac{C}{(1+YTM)^3} + \dots + \frac{C}{(1+YTM)^n} \right] + \frac{FV}{(1+YTM)^n}$$

$$Price = \sum_{i=1}^n \frac{C}{(1+YTM)^i} + \frac{FV}{(1+YTM)^n}$$

C (Coupon Rate): Interest rate paid by issuer for the amount borrowed.

YTM (Yield to Maturity): The rate of return on the bond if held till maturity.

FV (Face Value): Face Values are generally in 100,000 Kyats per bond. The principal is the number of bonds bought multiplied by the par value.

n (Years to maturity/Tenor): The time periods it takes for the bond to mature or get redeemed where the Issuer pays back the principal or face value (in the case of a single bond).

2.5 Roles and Responsibilities of each Department

Sales Dept. : Conduct solicitation to customers after explaining the benefits of Treasury Bonds and how it differs from stocks. The customer will conduct all bond transactions in the securities account. The securities account will be opened first if not holding an account yet.

Trading Dept. : Based on the order received from the customer through Sales Dept., the Trading Dept. will place the order after confirming the company inventory. If the inventory is not available, the order will be issued after confirming the Indicative Price of other securities company.

Settlement Dept. : Based on the information from Trading Dept., the Settlement Dept. will update the customer's securities account and hold the transferring of funds between securities companies on the CBM-NET.

Accounting Dept. : The Company account and the customer account will separate clearly based on the information from Trading Dept. and Settlement Dept. The transaction spread will be recorded as Revenue in P / L. And for B/S, the Company will regularly evaluate its holdings based on the accounting standards of the Company.

Risk Management Dept. : To monitor company's holdings based on internal policy, sharing trading conditions with Trading Dept. and imposing of restrictions on stockpiling.

Compliance Dept. : To monitor transactions based on internal and external regulations and rules. Compliance Dept. has to report the issue to management and regulator, when the department finds the breach of regulations and rules set by both the authorities and the Company.

3. REGULATIONS OF TRADING

All the staffs dealing with trading of government securities are required to be aware and well recognized laws and regulations applied to the business.

3.1 Roles of related government authorities

The Myanmar government is granted the authority to issue Treasury Bonds by the Union Budget Law. An agreement dated on Jan 20, 2015 between MOPF (Ministry of Planning and Finance) and CBM (Central Bank of Myanmar) sets out the terms for the delivery of services to MOPF by CBM. The agreement includes the appointment of an agent to act for MOPF to issue Treasury Bonds on behalf of the Myanmar government.

SECM (Securities Exchange and Commission of Myanmar) is the authorities for capital market and responsible to supervise all the securities companies. Although Treasury Bonds are not directly managed by SECM, securities companies are required to report to SECM for the Treasury Bonds business process and trading status.

3.2 Overview of the SE Laws and Rules

Treasury Bond is defined in the Securities Exchange Law("SE Laws") as "securities".

Article 2(a) The expression "Securities" includes the followings:

(i) treasury bills, treasury bonds, bonds and debentures issued or arranged to issue by the Government or any Governmental organization;"

A trading of Treasury Bond is allowed to securities company which holds "Securities Dealing" license. This is different from share transaction which is done as a securities brokerage business.

Article 2

(c) Securities Dealing means an engagement of securities company in buying and selling securities for its own account;

(d) Securities Brokerage means an operation of a securities company acting as an intermediary to carry out securities buying or selling orders on behalf of the customers in consideration of a commission, fee or other remuneration therefrom;

Treasury Bonds trading will start carrying out among agreed securities companies. However, trading market could be upgraded to be organized market in the future, where the market shall be regarded as "OTC (Over the Counter Market)" set in the SE Laws.

Article 2

(k) Over-the-Counter Market means an organized market for trading of unlisted securities;

According to Securities Exchange Rules ("SE Rules"), securities company is required to records documents for all the transaction including Treasury Bond trading.

SE Rules 52.(a) A securities company shall have the duty to keep the relevant accounts and records of the followings:

- (i) order vouchers;
- (ii) transaction date records;
- (iii) intermediary- and agency-related transaction records;
- (iv) transaction records relating to solicitation of subscription and other matter;
- (v) customer account ledgers;
- (vi) records of numbers of securities;
- (vii) statements of securities kept in custody;
- (viii) records concerning the results of separate-management audits;
- (ix) trading securities' account ledgers;
- (x) bond-repurchasing transaction account ledgers;
- (xi) written details of investment advisory contracts and the discretionary investment management business; and
- (xii) written details of investment advice and discretionary investment management.

SE Rules 53. A securities company shall keep the accounts and records set forth in rule 52 for ten years from the date those were prepared.

SE Rules 54. The accounts and records set forth in rule 52 may be prepared in an electromagnetic format as prescribed in the notification issued by the Commission.

3.3 Requirement for securities companies holding Treasury Bonds

In the Instruction (9/2016), SECM permits the securities company to purchase 10% of the paid-up capital through auction by CBM. In practice, all the securities companies are required to buy and hold Treasury Bonds with 10% of their paid-up capital. Trading Dept. needs to monitor the amount of bonds held in the Company account, and ensure that the amount shall not be under the required threshold.

3.4 Public Debt Management Law

The provisions on Treasury Bonds are mainly defined in the Public Debt Management Law (2016). However, the law basically is designed to clarify a control of government securities. In the law, Treasury Bonds are classified as one of the government securities. The issuance of Treasury Bonds is delegated to the MOPF, and the budget is organized by the MOPF's budget department.

3.5 Notification set by SECM

Notification regarding business management of trading of Treasury Bonds may be issued by SECM from the time to time. Staffs of the Company are required to check and follow all the revision on the regulations set by the authorities.

3.6 Credit Rating

At the moment, Treasury Bonds in Myanmar is not rated by any credit rating agency.

3.7 Tax

All Treasury bonds issued in Myanmar shall be subject to all taxes in line with the provisions of existing laws and rules of Myanmar.

At the present, no tax is imposed on income tax. In case of purchasing a bond at Face Value and hold it to maturity, there is no capital gain to be taxed. However, if the Company has a capital gain from trading, 10% of profits needs to be taxed.

3.8 Compliance

Compliance officer, reported person to SECM, is responsible to make sure all the laws, rules and internal policies to be followed, and any breach or mis-conduct need to be reported to_.

The same rules of KYC (Know-Your-Customer) and AML (Anti-Money-Laundering) as required in share trading are also applied to Treasury Bonds trading.

4. BUSINESS PROCEDURE

4.1 Sales Procedure

Sales Dept. performs both inbound sales and outbound sales for the Treasury Bonds business. In particular, the company needs to accurately hear the investment needs of the customers, explain the advantages and disadvantages of Treasury Bonds and promote to the customer.

The following investors are expected to be the customers of Treasury Bonds.

- Financial Institution (Banks, Insurance companies, etc.)
- Corporate Investors intends to manage plus funds from the business
- Individual Investors preferred to investment for stable income

Sales Dept. needs to hand over explanatory materials of Treasury Bonds to the investors or send them by email at the same time or before receiving orders from the customers.

Sales Dept. manages the type, Book Value, Maturity Date, Coupon of the Treasury Bonds on the database and monitors the status of the profit and loss of its customers.

4.2 Order Procedure

4.2.1 Buy order from customer

The following points need to be confirmed after receiving the buy order from customers.

- Securities account information
- Type of bond (MaturityDate)
- Principal (Face Value)
- Buying Price
- Trade Date

Note: Making sure all the money required to buy bonds are ready in the customer's securities account. In case money is not in the account, no order shall not be proceeded.

Besides, the following items have to be explained in advance.

- Payment date of coupon interest
- Maturity Date
- Risk of price fluctuation if selling before Maturity Date
- Settlement date(Trade date + 2 business days)

Note: Since the customers may not have sufficient knowledge of the Treasury Bond, the Company need to explain to customer until he/she understands well. In particular, the Company has to clarify the possibility of losses to its customers regarding to the selling before the maturity.

In the situation that enough inventory is not holding for the customer's buy order, Trading Dept. has to decide not to accept the customer's order or to buy from other securities company and sell it to the customer.

If the Company buys from other securities company or investors, following points need to consider to minimize the trading risk.

1. To keep the two Trade Dates closer to minimize the price difference between the price to sell (/ Offer) to the customer and the price to buy (/ Bid) by the Company.
2. The Company has to take over the transfer share from the buy (/bid) before the Settlement Date (Trade Date + <two> business days).

If the Company does not have the inventory and cannot immediately buy it from other securities company or investors, the Company has to notify the customer for not accepting the order. If the customer wants to wait until it can be bought, the Company needs to confirm the customer expected conditions regarding to the expired date of the order.

4.2.2 Sell Order from customer

Related to the customer's sell order, the following points need to confirm in advance.

- Securities account information
- Type of bond (Maturity Date)
- Principal (Face Value)
- Selling Price
- Settlement date (Trade date + 2 business days)

For the sell order requests from the customers, the Company will buy based on the indicative price of the Company. Risk Management Dept. has to notify the maximum holding amount and risk limit set by the Dept. of its own Treasury Bonds to Trading Dept. and Trading Dept. has to decide to buy within the range of the amount.

Trading Dept. needs to constantly monitors the inventory status and encourages outbound sales through Sales Dept. when the inventory becomes excessive.

4.3 Risk Management

Risk Management Dept. defines and implements its Risk Policy in Treasury Bonds Business. In particular, it sets a cap on the holding amount of the Treasury Bond to let Trading Dept. able to do daily trading flexibly. Risk related to the holding is not only the holding amount but also the changes of the price and tenor. It needs to make an easy to understand and simple policy that covers all the risks.

4.4 Securities Account Data Entry

The customer's bonds transactions are conducted in the securities account held by the customer. Transactions with other securities companies are also conducted into the account of that securities company.

Once the order is matched, Sales Dept. staff will be entering necessary information into the system.

4.5 Notice to Customer

The Sales Dept. notice a confirmation of agreement and settlement of the trading through electrical documents or other ways predetermined with the customer.

4.6 Settlement Procedure

Treasury Bond is traded and settled with T[+2] basis. T[+2] is a shorthand for trade date plus two business days indicating when securities transactions must be settled.

CBM will transfer Treasury Bonds as per instructions in the Rules / Guidelines for Central Securities Depository (CBM-NET CSD) issued by CBM. The trading system, Central Bank of Myanmar Financial Network System (CBM-NET), will be used for the transfer of funds and the custody and settlement of the Treasury Bonds on a Delivery versus Payment (DvP) basis. When transferred to other securities companies through CBM-NET, it must have minimum Face Value of 10 million Kyats and multiples of 10 million Kyats thereafter.

4.7 Registration to CBM

The issue of Treasury Bonds will be in scripless or book-entry form and be effected and evidenced by particulars of the Treasury Bonds being entered into the Register by CBM for securities companies.

Following particulars shall be entered into the Register;

- Name and address of the Bondholder;
- Face value of the Bonds held;
- Coupon Interest Rate payable on the Bonds;
- Coupon Interest Payment Dates on the Bonds;
- Maturity Date of the Bonds;
- Any other details that are required from time to time by MOPF;
- Any other details that may be specified from time to time by CBM.

4.8 Accounting procedure

Apply MFRS Financial Instruments Price Accounting

(as all securities companies are holding government securities already, need to confirm how it is evaluating at the financial year end)

4.9 Repo transaction

Repurchase Agreement (Repo) transaction may be used in secondary trading of Treasury Bond via CBM-NET.

Securities company A (Seller) sells Treasury Bond to Securities company B and simultaneously commits to buy them back at maturity of the transaction at an agreed price.

Securities company B (Buyer) buys Treasury Bond from Securities company A and simultaneously commits to sell them back at maturity of the transaction at an agreed price.

GMRA (General Master Repurchase Agreement) is generally used as an agreement between participants (ex. Securities company, investors) to enter into a Repo transaction.

Note: In December 2017, CBM issued Instruction for allowing financial institution to conduct bilateral Repo transaction up to 92 days in interbank market.

4.10 Failed Trade

Failed trade is the situation where securities are not delivered to or by counterparty on the predetermined settlement date.

4.10.1 In case the company is not able to deliver the securities in time

<Required action once occurred>

Notice of failed trading to counterparty : planned schedule for clearance of failed trading

Internal notice : Sales amount is reviewed on an account. Customer account needs to be adjusted accordingly

<Required action when clearance of failed trade would be expected >

Notice of clearance on failed trading to counterparty : Confirmation of settlement date. Confirmation of failed charge and way of payment

Internal notice: Confirmation of settlement and customer account adjustment.

4.10.2 In case the securities are not delivered by counterparty in time

<Required action once occurred>

Confirmation of failed trading to counterparty : Confirm the situation and planned schedule for clearance of failed trading

Internal notice : delayed delivery and suspension of payment. Customer account needs to be adjusted accordingly

<Required action when clearance of failed trade would be expected >

Notice from the counterparty : Confirmation of delivery date. Confirmation of failed charge and way of payment

Internal notice: Confirmation of settlement and customer account adjustment.

5. Glossary

Terms	Definition
Accrued Interest	Accumulated interest since principal investment or previous interest payment.
At a discount / par / premium	Pricing of a bond at less than / at / more than 100% of principal (face value).
Coupon or Nominal Rate	The interest rate the issuer agrees to pay on a predetermined time interval (often semi-annually). It is commonly expressed as a percentage of the principal (face value).
Delivery versus Payment (DvP)	Settlement method that guarantees the transfer of securities only happens after payment has been made. DVP stipulates that the buyer's cash payment for securities must be made prior to or at the same time as the delivery of the security.
Discount Rate	The rate at which future cash flows are converted to the present value.
International Securities Identification Number (ISIN)	A 12-character code that uniquely identifies a security and is issued by the Association of National Numbering Agencies (ANNA) or its designate in a particular country.
Liquidity	Refers to an asset's ability to quickly be liquidated or converted through buying or selling without causing a significant movement in the price and with minimum loss of value. The liquidity of a product can be measured by how often it is bought and sold or by how wide the gap is between the offered (asking) price and the bid (buying) price on average.
Over-the-Counter (OTC)	Stocks or bonds traded in direct negotiation between buyers and sellers, not at a securities exchange.
Face Value (Principal, Par or Redemption Value)	The amount that the issuer agrees to repay the bondholder at the maturity date.
Repurchase Agreement (RP or repo)	Financial instruments used in the money markets and capital markets. A more accurate and descriptive term is Sale and Repurchase Agreement, since what occurs is that the cash receiver (or repo seller) sells securities to the cash provider (or repo buyer) now in return for cash, and agrees to repurchase those securities from the cash provider for a greater sum of cash at some later date. That greater sum is all of the money lent and some extra money (constituting the implicit interest rate, known as the repo rate).
Term to Maturity	The number of years over which the issuer has promised to meet the conditions of a debt until it is redeemed.
Yield	The rate of return the holder earns on a financial instrument. As a bond's price fluctuates, its yield deviates from the coupon rate.

Yield Curve	The relationship between the interest rate (or cost of borrowing) and the time to maturity of the debt; the term structure of interest rates.
Yield to Maturity	Computed in the same way as the yield or the internal rate of return. The interest rate that will make the present value of the cash flows from the investment equal to the market price of the investment.

Appendix

1. About Treasury Bills

Outline of Auction for Treasury Bills

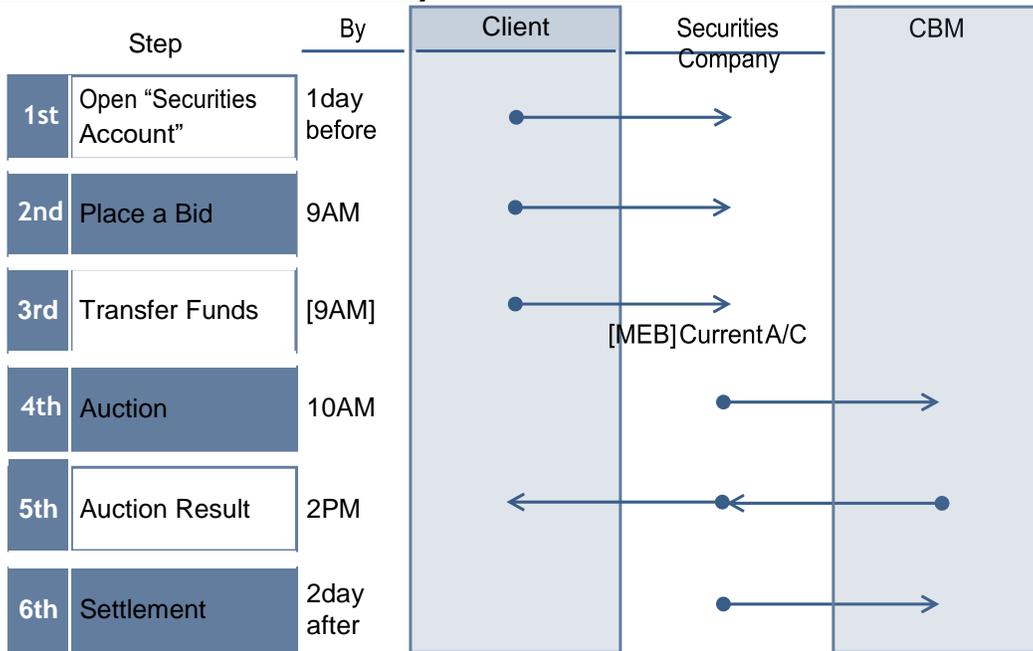
Denomination	<input type="checkbox"/> Minimum MMK 500 mil, there after MMK 10 mil
Price	<input type="checkbox"/> Generally over 90
Coupon	<input type="checkbox"/> No coupon *Issued on a discount to par basis
Time to maturity -Tenor	<input type="checkbox"/> 3 months : 77 to 105 days <input type="checkbox"/> 6 months : 168 to 196 days <input type="checkbox"/> 12 months : 350 to 364 days
Issue Date	<input type="checkbox"/> Wednesday, once or twice a month
Certificate	<input type="checkbox"/> No certificate, only on registrar

2. About Auction System

Outline of Auction for Government Bonds

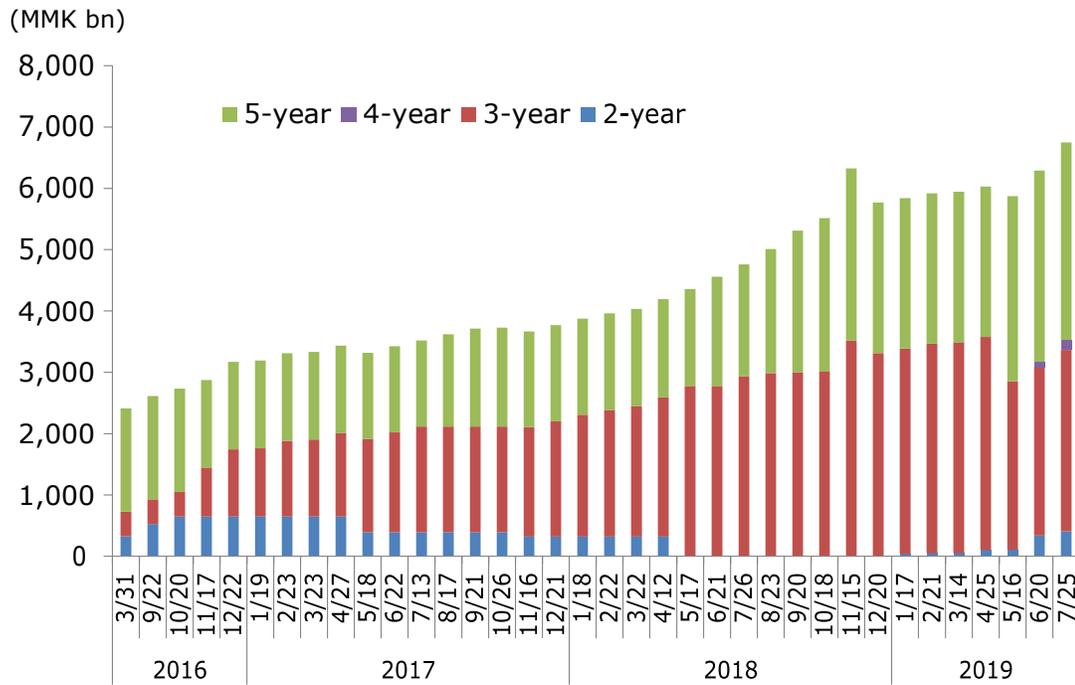
Denomination	<input type="checkbox"/> Minimum MMK 500 mil, thereafter MMK 10 mil
Price / Yield	<input type="checkbox"/> Can be over 100 <input type="checkbox"/> Can be less than Coupon <input type="checkbox"/> Accrued interest
Coupon	<input type="checkbox"/> 9.50% or 9.75% *Issued on reopen of 5 years bonds
Time to maturity -Tenor	<input type="checkbox"/> Variety of maturity tenors (time to maturity) from 1 year and above * Nearly 2, 3, 5 years
Issue Date	<input type="checkbox"/> Every Tuesday of third week, once a month
Certificate	<input type="checkbox"/> No certificate, only on registrar

Overall Process in Auction System for Government Bonds

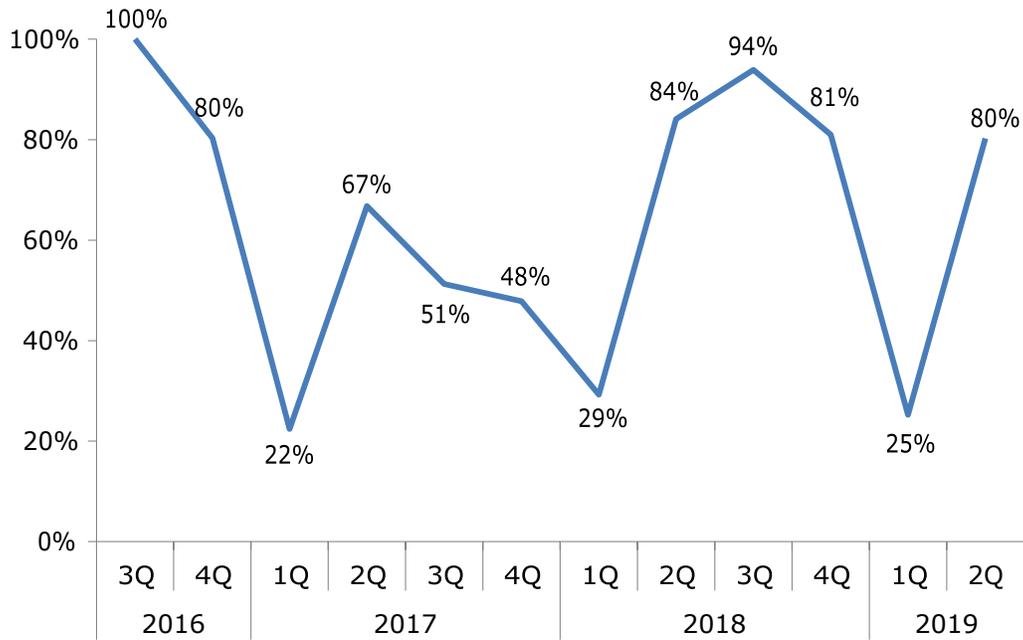


Summary of Government Bonds Auction

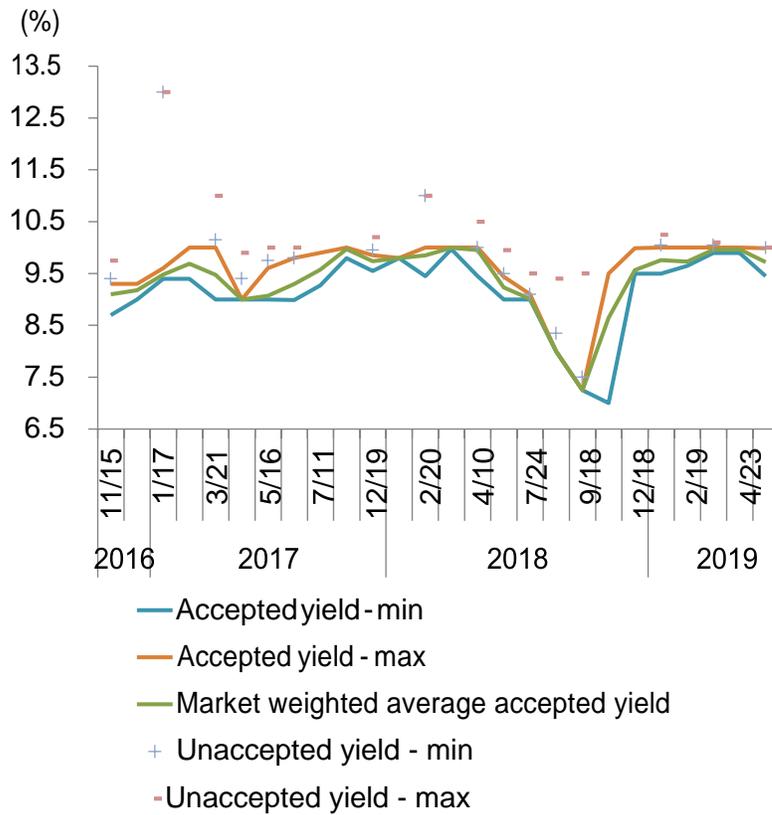
Outstanding Amount



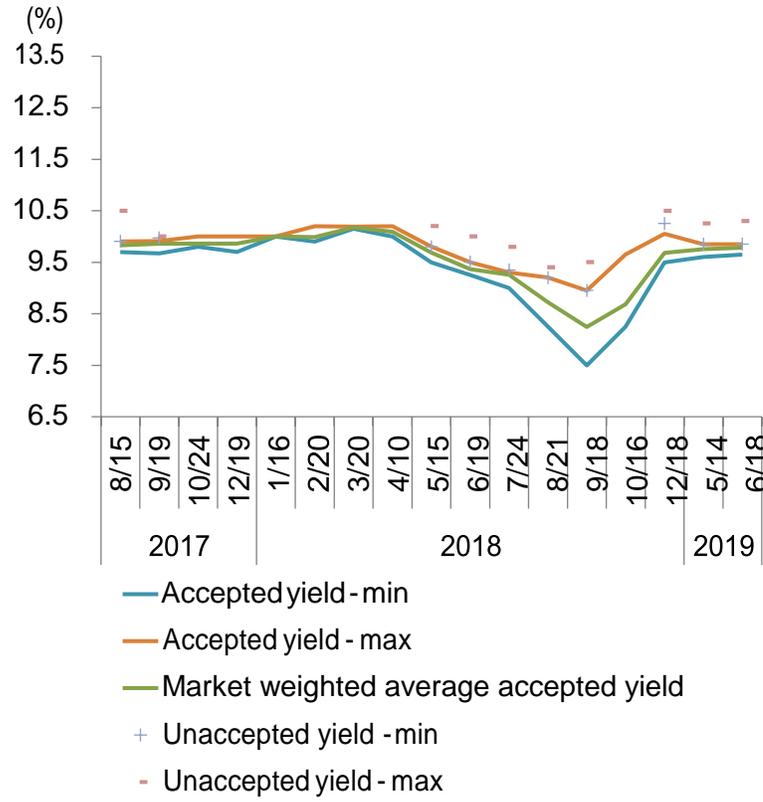
Amount sold/Amount offered



Yield for 3 Years Bonds



Yield for 5 Years Bonds



Investor Guidelines for Treasury Bonds Trading

This guideline gives procedure (method) and points to investors who place orders of Treasury Bonds through securities companies.

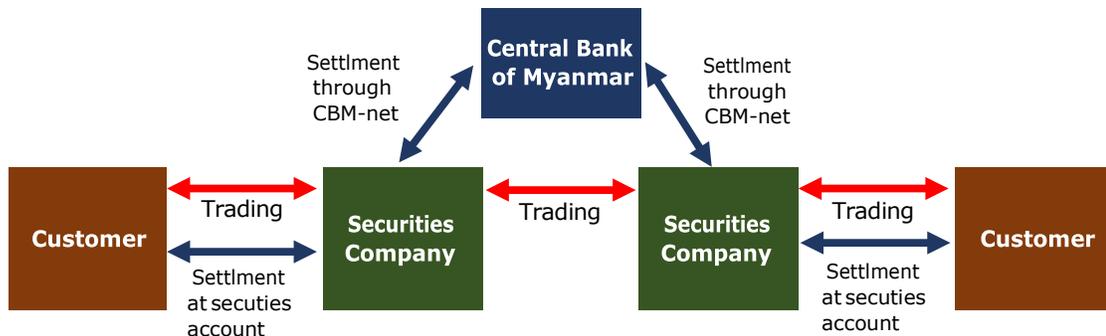
[General Description of Treasury Bond]

3-year and 5-year Treasury Bonds are issued at the present. Unlike investors who buy newly issued Treasury Bonds, investors who buy the bonds that have been already issued can buy bonds with a shorter maturity. 5-year Treasury Bonds which have passed 3 years and 2 years remained until maturity date shall be practically regarded the same financial product as 2-year Treasury Bonds.

- Issuer: The Government of the Republic of the Union of Myanmar
- Registrar: The Central Bank of Myanmar
- Myanmar Kyats denominated
- Standard fixed semi-annual coupon, paid each 15 May and 15 Nov
- Face value and final payment of coupon is paid on maturity
- Electric Register and scripless

[Trading Procedure]

- Newly issued Treasury Bonds are bought by auction through CBM (Central Bank of Myanmar) (primary trading), and the bond that has been already issued (secondary trading), are bought through securities companies.
- While in share trading market, the securities companies only act as brokers of trading and matching between buyers' and sellers' orders at YSX (Yangon Stock Exchange), in secondary trading of Treasury Bonds once securities companies receive orders from investors, the counterparties of the both buy and sell orders is always the securities companies.



- The securities company presents an indicative price to investors, and investors make a decision to sell or buy based on the price, however, the securities companies do not guarantee that they receive an order at the indicative price.
- Investors need to have securities accounts in order to make an order, and it is necessary to install enough fund to order in the securities accounts in advance.
- Investors are requested to provide the following information to place orders to the securities companies.
 1. Securities account information
 2. Type of bond (Maturity Date)
 3. Principal (Face Value)
 4. Buying/selling Price
 5. Trade Date

[Key Consideration for Trading Treasury Bond]

1. Risk of price fluctuation

Investors of Treasury Bonds need to understand that price of the bonds fluctuates given market participant's intention and demand / supply balance.

The bond price generally depends on below factors;

- Monetary policy of CBM
- General economic conditions
- Debt management plan by the government
- Surplus money of investors

2. Tax

All Treasury bonds issued in Myanmar shall be subject to taxation in line with the provisions of existing laws and rules of Myanmar.

At the present, no tax is imposed on coupon interest (income gain tax). In case investors obtain capital gain from trading, 10% of profit needs to be taxed.