

**The Republic of the Union of Myanmar**  
**Ministry of Planning and Finance**  
**Securities and Exchange Commission**  
**Announcement (3/2019)**  
**Announcement of Inspection Results for 2018**  
**5<sup>th</sup> Waning of Tagu 1381 M E**  
**24<sup>th</sup> April, 2019**

According to the Section 11(d) of the Securities Exchange Law, SECM conducted the second inspection on six securities companies for their operation during the period between August 2018 and January 2019. The summary results for the inspection are as follows:

**Stock Business**

- Insufficient compliance for the YSX business rules with regard to the causes and the process of share transfer outside YSX although they inform to YSX.
- Insufficient systematic record keeping of trading orders.
- Designated front office staff need to pay more attention on deposit and withdrawal of share trading because of using manual system for record keeping.

**Legal Required Document**

- Need to approve the correction of information on individual and corporate account opening application process because the investor has more than one trading account.
- Weak to comply with and supervise on their own internal manual and policies.
- Need to complete the information on the required document according to Securities and Exchange Rule Para. 52 (B).
- Insufficient expression of information on the advertisement (pamphlet) such as license number, compensation and risk in accordance with the notification no (2/2016) para. 10 issued by SECM.
- Need to approve and verify in person for the online trading account opening form.

## **Compliance**

- Need to comply with the instruction of the Securities Exchange Rule 70 Para. A Sub-para(i)and (iii), ensure that the monies and assets are applied solely for purpose as may be agreed to with the customer, keep the reserve fund not co-mingle money received on account of a customer with its own funds, limit the reserve fund amount, maximum amount of cash for the trading, express on the the internal policies and maunual.
- Weakness to clarify of the job description compliance officer, to keep the record of reports for submitting to senior officials, to comply with internal rules and policies.
- Need to recording and monitoring for the fake trade and wash trade in accord with the current market situation.
- Need to start the underwriting business other than the other businesses as if the underwriting license holders.

## **Information and Communication Technology System**

- Need to comply with internal rules for IT system and define specific job description for IT system.
- Need to organize the internal or external audit team for IT system.
- Insufficient information for contingency plan.