



The Government of the Republic of the Union of Myanmar

Ministry of Planning, Finance and Industry

The Securities and Exchange Commission

Announcement No.(5 /2020)

Announcement of Inspection Results for 2019

12<sup>th</sup>, Waning Day of Kasone 1382 M.E.

( 18 May 2020)

1. According to the Section 11(d) and Section 38(d) of the Securities Exchange Law, SECM conducted the first inspection on Yangon Stock Exchange and the third inspection on six securities companies for their operation during the period between August 2019 and January 2020.
2. SECM has already noticed YSX and individual securities companies of the result of inspection with the obligation to respond properly and it hereby publishes main regulatory issues detected during the course of inspection.

#### **Yangon Stock Exchange**

- Need to strengthen internal control system such as setting up audit committee which has been approved by BOD Meeting on 13<sup>th</sup> June 2015.
- Need to recruit enough staff in accordance with YSX Organization Chart which has been approved by BOD Meeting on 30<sup>th</sup> June 2017.
- Insufficient information collection and reporting procedures in accordance with AML/CFT Instruction No.(3/2016) which has been issued by SECM.

#### **Securities Companies**

- Insufficient collection of required documents from individual and corporate customers at securities account opening application process
- Insufficient record of customers' and transaction information in line with the Para. (14) of the Notification No.(2/2016) of Securities Companies Regulations which has been issued by SECM.

- Insufficient compliance with YSX's Guideline of Non-Exchange Transaction Transfer (NETT) which has been issued by YSX.
- Insufficient compliance with the own manual and internal policy of a securities company.
- Insufficient information collection and reporting procedures in accordance with AML/CFT instruction No.(3/2016) which have been issued by SECM.
- Insufficient compliance with information expression on the advertisement in accordance with the Para. (10) of Notification No.(2/2016) of Securities Companies Regulations which has been issued by SECM.
- Need to comply with the updated information of the Notification No.(2/2019) of Amendment of the Fee of Securities Brokerage Business which has been issued by SECM.
- Need to clarify specific duties and responsibilities for a compliance officer and establish Compliance Manual fully in accordance with Section 72 (a) (v) of the Securities Exchange Rules.
- Need to appoint sufficient personnel to conduct business related to granted securities business licenses in an appropriate manner.