



# Annual Report 2018





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## About this report

This report is the first one published by the Securities Exchange Commission of Myanmar (SECM). It aims to demonstrate SECM's accountability towards its main stakeholders which are keen to develop Myanmar capital market: the Ministry of Planning and Finance, Securities Companies, Public Companies and, investors who are trusting Myanmar economic potential.

This report covers all the activities undertaken by the SECM since its inception in 2014. It includes different types of data: quantitative and qualitative. For the quantitative, the figures are related to the financial year which ended in September 2018, unless stated otherwise, and have not been audited by an independent third-party. For the qualitative data, the reporting period includes 2018 as a calendar year.

To structure this first report, we considered different frameworks:

- the Myanmar Sustainable Development Plan (MSDP) was used to identify how SECM's actions are contributing to delivering Myanmar national development vision. This annual report should be seen as SECM's answer to the following strategies: 1.4; 1.5; 2.5; 3.3; 3.4 & 3.5.
- the Global Reporting Initiative (GRI)<sup>1</sup> Standards to structure SECM's non-financial reporting.

Yever, a Myanmar consultancy, supported the SECM to prepare this document on a *pro bono* basis. It was approved by the Commission Members on the 17<sup>th</sup> of May 2019.

We encourage our stakeholders to share their feedback regarding this report. They can contact us by email: [ho@secm.gov.mm](mailto:ho@secm.gov.mm)

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<sup>1</sup> The GRI Standards can be downloaded here: <https://www.globalreporting.org/standards/>

## Chairman statement



Capital markets are a crucial component for building sound economies all across the globe. Our role, at the Securities and Exchange Commission of Myanmar (SECM), is precisely to support the establishment of a sound capital market in Myanmar. As a regulator, our primary responsibility is to build, promote and safeguard an asset which is critical for all the stakeholders involved: trust.

The SECM is still a very young organization, and we are still at the beginning of our journey. We know that we still have a lot to do to achieve our goal. Some may have some doubts about the relevance or the necessity to develop an efficient capital market in Myanmar: they may argue that Myanmar investors do not care about the quality of the disclosure, that it may create a new burden for the public companies in Myanmar, or that it is too early for our country.

On the contrary, we firmly consider that this is the right time to move forward. Why? 2018 is probably a fulcrum for Myanmar corporate landscape. On the legal side, the enforcement of the New Companies Law is a game changer. Foreign investors can now invest directly in Myanmar companies, and this will create new opportunities.

It will also contribute to raising the bar regarding corporate governance practices and disclosure among Myanmar companies. With the release of the Myanmar Sustainable Development Plan, the Myanmar Government details its roadmap for 2030. The liberalization, privatization, and modernization of Myanmar economy will rely on our ability to attract investors, from Myanmar and abroad, to optimize the capital allocation.

As a public organization, we have to transform the way we are conducting our activities, to become more efficient. Finally, our action is needed: as Myanmar regulator, we have to supervise the market, enforce the rules and regulations, and sanction those who are not complying with Myanmar laws.



To enhance our operations, the SECM started to work more closely with its partners to understand the current market practices better, and therefore to better protect the investors' interests. We began to work with international experts, and this will help us to encourage better practices taking into consideration the context of Myanmar.

These trends are positive and necessary, and they reflect my confidence in SECM's ability to achieve its mission. However, they are not sufficient to build trust. More and more people, all around the world, are distrusting public institutions. Myanmar is no exception to this global phenomenon. Therefore, to start building trust with our different stakeholders, we considered that it was the right time to disclose our first annual report. It is far from being perfect, and it is not our ambition to produce such a document. It is our answer to those who are skeptical about SECM's willingness to be more responsible and accountable.

Therefore, I hope you will be able to get a better understanding of our achievements since SECM's inception in 2014 with this report. As we encourage Myanmar companies to be more transparent, we decided to walk the talk and to disclose data which reflect today our work. I will be delighted to hear more from you, and I welcome your feedback: it will help us to enhance our disclosure in the future reports. My thanks and appreciation go to our stakeholders, and especially to our partners, SECM's Commission members, officers, and staff: their contribution is essential to achieve our ambition.

U Maung Maung Win  
Deputy Minister for Ministry of Planning and Finance  
Chairman of SECM



## Purpose

*The Securities Exchange Law was enacted in July 2013: it paved the way to develop Myanmar securities market, and it established the Securities Exchange Commission of Myanmar (SECM). Based on this law, the SECM started to operate in August 2014. Since then, the SECM has worked to structure, develop and promote Myanmar Capital Market together with its key stakeholders.*

### Highlights

- The modernization of the Myanmar Capital Market is the result of a long journey initiated in the 1990s
- In 2013, the Securities Exchange Law was enacted: it established the creation of the SECM which started to operate in 2014 to structure and regulate the Myanmar Capital Market
- The Yangon Stock Exchange was launched in 2015, and as of 31 December 2018, 5 companies were listed, and their market capitalization was MMK 554.6 billion

### Key figures



**6** securities companies and **1** investment advisory company are operating in Myanmar



**5** companies are listed on the Yangon Stock Exchange



**39** public companies do have more than 100 shareholders



**2** securities companies were fined



**4** Memorandum of Understanding were signed with different international partners



**67** people are working to serve SECM's mission



**6** complaints were addressed to SECM



**12** inspections were conducted



**554.6** billion MMK – total market capitalization of Myanmar companies listed on the YSX as of 31 December 2018.



## 1. Historical background

Steps	Developments
<p><b>Step 1</b> <b>The 1990s</b> <b>The early foundations</b></p>	<p>During the 1990s, the Myanmar Government started the process to modernize its financial market.</p> <ul style="list-style-type: none"> <li>• A joint-venture was formed in 1996 between the Myanma Economic Bank, a state-owned bank, and Daiwa Institute of Research from Japan: the Myanmar Securities Exchange Centre. Unfortunately, the financial crisis in Asia hampered the development of Myanmar Capital Market.</li> <li>• In 2006, an <i>ad hoc</i> Committee was formed by the Ministry of Finance and Revenue: the Capital Market Study Committee.</li> </ul>
<p><b>Step 2</b> <b>2008</b> <b>A pivotal year</b></p>	<p>In July 2008, following a presidential decree, the Ministry of Finance and Revenue initiated the Capital Market Development Committee to structure, plan and reform the State Economy. One of the major outcomes of this Committee was the development of the Securities Exchange Law (SEL) in 2013. The SEL is the legal cornerstone for the Capital Market in Myanmar, and it aims to:</p> <ul style="list-style-type: none"> <li>• protect investors through sound rules and regulations.</li> <li>• regulate the Myanmar Capital Market.</li> </ul> <p>According to the SEL, the SECM and the Yangon Stock Exchange were established. The law clarified the roles and responsibilities of the different market players.</p>
<p><b>Step 3</b> <b>2014</b> <b>onwards</b> <b>Moving forward</b></p>	<p>The SECM started its operations in August 2014, under the auspices of the Ministry of Finance. Its governance was clarified with the Notification 64/2014 issued by the Union Government: the SECM is chaired by the Deputy Minister of Ministry of Finance and today, 5 others Commission Members are tasked to steer the SECM's work.</p> <p>In 2015:</p> <ul style="list-style-type: none"> <li>• the YSX was established. The listing criteria were published, as other documents to regulate its business.</li> <li>• the SECM released its first notifications to provide further instructions for the issuers and the securities companies. They were related to the dematerialization of shares (1/2015), the public offering (2/2015) and business time and brokerage fees (3/2015).</li> </ul> <p>From 2015 onwards, the SECM and the YSX disclosed more rules and regulations. They can be found on their respective websites.<sup>2</sup></p> <p>The SECM decided to engage with different stakeholders to get access to expertise and to develop as efficiently as possible Myanmar Capital Market.</p>

<sup>2</sup> For SECM: <https://secm.gov.mm/en/lawsregulations/> and for YSX: <https://ysx-mm.com/> (they can be found under the regulations tab as of March 2019).





## 2. Vision, mission and responsibilities

### ***Vision of SECM***

**Towards dynamic and regulated Myanmar Securities market, developing together with the world's.**

Sound and efficient capital markets are critical for developing and sustaining modern economies which rely on trade and investments flows. As capitals are more fluid than ever, countries have to consider how to grow their national capital market by working on two streams simultaneously:

- (i) interconnecting their national capital market with regional and international ones, and
- (ii) setting clear rules and regulations based on international practices to ensure a safe and fair level playing field.

As a member of the ASEAN Capital Markets Forum, Myanmar is committed to contribute to the ACMF roadmap by structuring, developing and growing its national capital market.

### ***Mission of SECM***

**To maintain fair, secured, liquid securities market, protecting the investors, and raising the national economy.**

Trust is probably the most critical asset for developing capital market. Without it, investors will not dare to allocate their financial resources and businesses will not be able to fuel their expansion to seize opportunities: the consequence is a stagnant economy. Trust is a very fragile and volatile asset, especially in Myanmar.



### ***Our activities***

SECM's mission is very much related to the level of trust between the different market players: investors, issuers and the companies which are trading securities in the market.

To build a sound Capital Market in Myanmar, the SECM is working on two main fronts:

1. *Enhancing the policies for market development.*

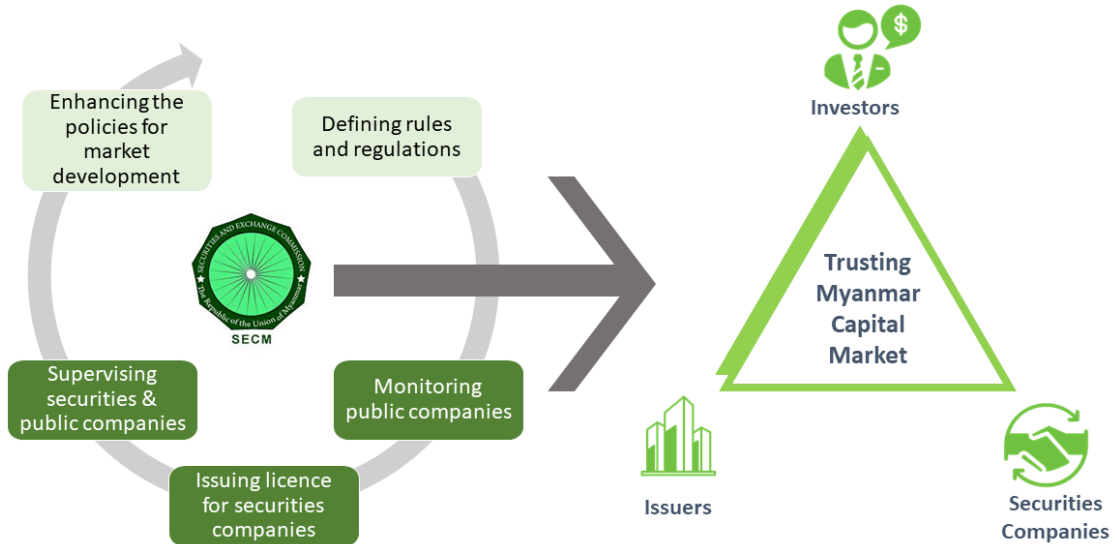
The Policy Department is SECM's team which is responsible for those matters. **Its 15 people are working closely with national and international organizations for market development, including the bond market, to reinforce the current framework of Myanmar Capital Market, and make it more transparent and effective.** Their activities are mentioned in light green below, and more details are provided on page 18.

2. *Monitoring and supervising the securities industry and public companies.*

The SECM has a team of 29 people working exclusively on it: 16 for issuing licence to the securities companies, issuing permit to Yangon Stock Exchange, supervising and monitoring all market participants including the Yangon Stock Exchange and public companies, 13 for conducting market surveillance, inspecting the securities companies and enforcing the violation of rules and regulations to safeguard the investors' interests ultimately, and promote Myanmar as a safe and reliable marketplace. Their task is highlighted in dark green below, and more information is available on page 21.

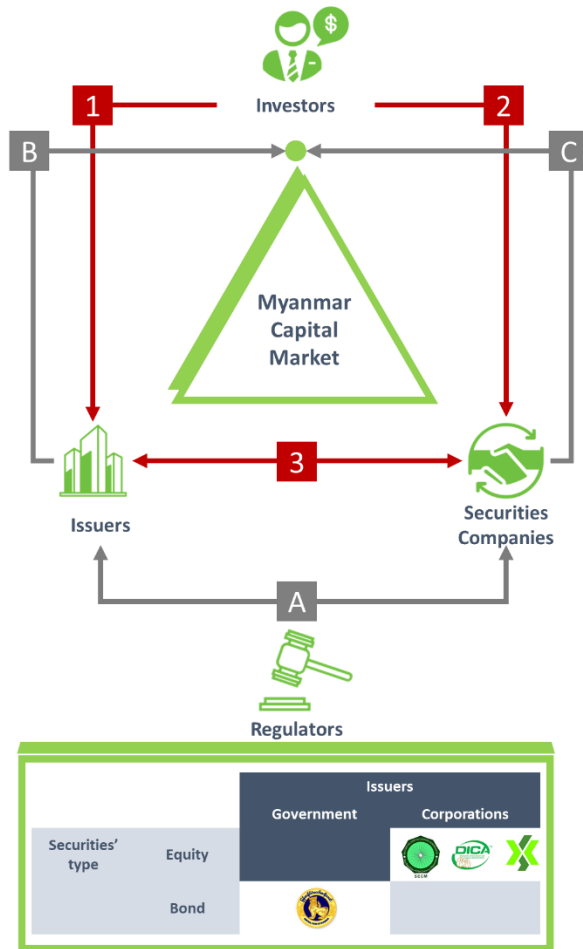


The synergies between these activities and SECM’s stakeholders and strategic objective are summarized in the following scheme:



### 3. Capital Market Ecosystem

Even nascent today, the Myanmar Capital Market is well structured. The scheme below summarizes the roles of each market player and its main relationships with others.



Investors who are considering Myanmar Capital Market can buy securities [1] from:

- the government which is issuing through the Central Bank of Myanmar treasury bonds.
- public companies which shares can be traded on the YSX if they are publicly listed. To proceed, they will have to use the services of securities companies [2], which will buy and manage on their behalf their shares [3].

Depending on the securities' type, the relevant Regulator will enforce the laws and regulations [A]. For the transaction of corporate securities, the SECM will especially monitor:

- the compliance of securities companies with the laws, rules, and regulations [C].
- the quality of the disclosure released by public companies [B].

For the time being, there is no issuance of corporate bonds: the SECM is working to offer this option to companies willing to fund their activities, and to investors who might be interested in diversifying their portfolio's assets.



To perform its duties, the SECM is also working closely with other key stakeholders:



*The Ministry of Planning and Finance (MOPF).* The SECM is not an independent organization yet, and it is supervised by the MOPF. The SECM can advise the Myanmar Government for all the matters related to securities. The Commission is also contributing to delivering the MSDP action plans, the ACMF roadmap. As such, it is a key body to develop and strengthen Myanmar economic market.

*Other Myanmar Governmental Organizations.* The SECM has to collaborate efficiently with:



- the Central Bank of Myanmar (CBM) regarding the Bonds issued by the Government, and for all the oversight of companies operating in the financial sector (banks and non-bank financial institutions).



- The Directorate of Investment and Company Administration (DICA) – Registration and Administration according to the New Myanmar Companies Law enforced since August 2018.



*International Organizations* - The SECM works closely with them to get access to technical expertise and to develop the skills and knowledge of its people. The SECM is currently partnering with the following entities: the Japan Financial Services Agency, the International Finance Corporation, the Organization for the Economic Cooperation and Development and the Korea Development Institute.



*International peers.* The SECM is engaging the ASEAN Capital Markets Forum (ACMF) which comprises capital market regulators from 10 ASEAN jurisdictions. ACMF focused on harmonization of rules and regulations before shifting towards more strategic issues to achieve greater integration of the region’s capital markets under the AEC Blueprint 2015. SECM also contributes to the ACMF roadmap, with, for example, a research to assess the current practices of Myanmar business on corporate governance against the ASEAN Corporate Governance Scorecard. SECM also contributes with its regional counterparts through the Mekong Capital Markets Cooperation (MCMC) which is composed by Cambodia, Laos PDR, Myanmar, Thailand, and Vietnam to cooperation and sharing information & knowledge for the development of the market.



*ASEAN Capital Market Conference 2018*



*9th Mekong Capital Market Cooperation Meeting (24/03/2019)*



## Corporate Governance

*The SECM has a two tiers governance system: chaired by the Deputy Minister of the Ministry of Planning and Finance, the Commission which oversees its activities and leads its transformation into a modern, independent and efficient regulating body. A management team is committed to implementing the roadmap and the action plans validated by the Members.*

### Highlights

- The SECM is a governmental institution, created by the Securities Exchange Law and managed by the Ministry of Planning and Finance.
- The Commission’s meetings are led by the chairman. Since its inception, the Commission Members have met 11 times to discuss strategic and operational matters.
- According to the Law, the SECM shall be an independent organization. However, for the time being, it works within the Ministry of Planning and Finance.
- Commission members and SECM staffs are complying with the Myanmar Code of Conduct for Public Servants.

### Key figures



**11** meetings have been held by the Commission Members since 2014



**50/50** our Commission is gender-balanced



**0** breach of our Code of Conduct was reported



## 1. Governance structure

As a government body tasked to develop and monitor the Myanmar Capital Market, SECM ultimate responsibility is to contribute to Myanmar economic development. To build and safeguard the trust between the different market players, we are committed to being:

- *Accountable.* We aim to publish our annual report each year to share our progress with the market,
- *Transparent.* We will embrace better corporate disclosure practices to demonstrate to capital providers that Myanmar can be considered as a safe place to invest. Our reporting objective is to share a balanced and nuanced view of our performance.

The SECM has a two-tiers organization, which is described below:







## 2. Commission Members

Our Commission members have a mix of skills which allows them to steer the SECM. Our Commission is gender-balanced, and they all have extensive experience and network which are essential to developing SECM corporate structure, values, and policies.



**U Maung Maung Win**

**Role:** Chairperson

**Appointed:** 7/06/2016

**Experience:**

- Deputy Minister of MOPF
- Former DG of Budget Department of MOPF
- Former Deputy Governor at the Central Bank
- Former GM of Myanmar Economic Bank



**Daw Khin Lay Myint**

**Role:** Member

**Appointed:** 19/08/2014

**Experience:**

- Former DDG of Budget Department of MOPF
- B. Econ (Statistics) and Diploma in Economic Planning from YUE
- Diploma in Accountancy from MAC



**U Htay Chun**

**Role:** Member

**Appointed:** 19/08/2014

**Experience:**

- MIC member
- Former DDG of DICA
- Myanmar certified lawyer
- B. Econ (Statistics) and Diploma in Economic Planning from YUE



**U Thein Myint**

**Role:** Member

**Appointed:** 06/02/2017

**Experience:**

- Former State Auditor General of Shan State
- Former DDG of Office the Auditor General
- Former Secretary of Myanmar Accountancy Council
- Patron of MICPA
- Certified Public Accountant
- B.Com (Industry and Trade) from YUE



**Daw Tin May Oo**

**Role:** Member

**Appointed:** 19/08/2014

**Experience:**

- Former Executive Director of MSEC
- Former Deputy Director of Project Appraisal and Progress Reporting Department, MOPF
- B.Econ (Agriculture Economics) from the Institute of Economics
- M.D.S, Institute of Social Studies, The Hagues, The Netherlands



**Daw Tin Tin Ohn**

**Role:** Secretary

**Appointed:** 16/09/2016

**Experience:**

- Former DDG of the Budget Department of MOPF
- Former auditor for the Office of Auditor General
- B. Econ (Statistics)
- Diploma in Accountancy from MAC



The Commission met 11 times and the attendance of each Member is disclosed below:

Name	Role	Attendance
U Maung Maung Win	Chairperson	100%
Daw Khin Lay Myint	Member	91%
U Htay Chun	Member	82%
U Thein Myint	Member	100%
Daw Tin May Oo	Member	91%
Daw Tin Tin Ohn	Secretary	91%

The Commission discussed and worked mostly on the following items:

- The initial setup and organization of the SECM office to start operating quickly. For instance, the commission approved the organizational chart, appointed the key persons to perform SECM activities and validated the necessary renovation work.
- The review and validation of the policy, rules, and regulations published by the SECM.
- The approval of various partnerships and memorandum of understanding with different organizations.
- The oversight of the market surveillance conducted by SECM’s teams, especially when non-compliance practices were identified.
- The validation of the training program to develop the skills of SECM people.
- The definition of SECM strategic objectives.

The Commission will continue to discuss these matters. The Members will start developing SECM’s risk management approach, succession planning, and policies to strengthen its corporate foundation and safeguard the sustainability of its operations. To do so, they will pay attention to develop SECM’s ecosystem.

### 3. Ethics



As a regulator, and as a government entity, the SECM strives to act responsibly and transparently.

The Commission members, the Directors, and employees have to comply with the Code of Conduct issued by the Myanmar Government. As of the 31 December 2018, no incident was reported.

To foster ethical practices in Myanmar Capital Market, the SECM has issued two specific instructions related to business ethics for market participants:

- With instruction 3/2016, securities companies, YSX, and over-the-counter market shall develop properly for Anti-Money Laundering governance and management mechanisms.
- With instruction 4/2016, securities companies and public companies are invited to develop sound policies and management systems to prevent insider trading.



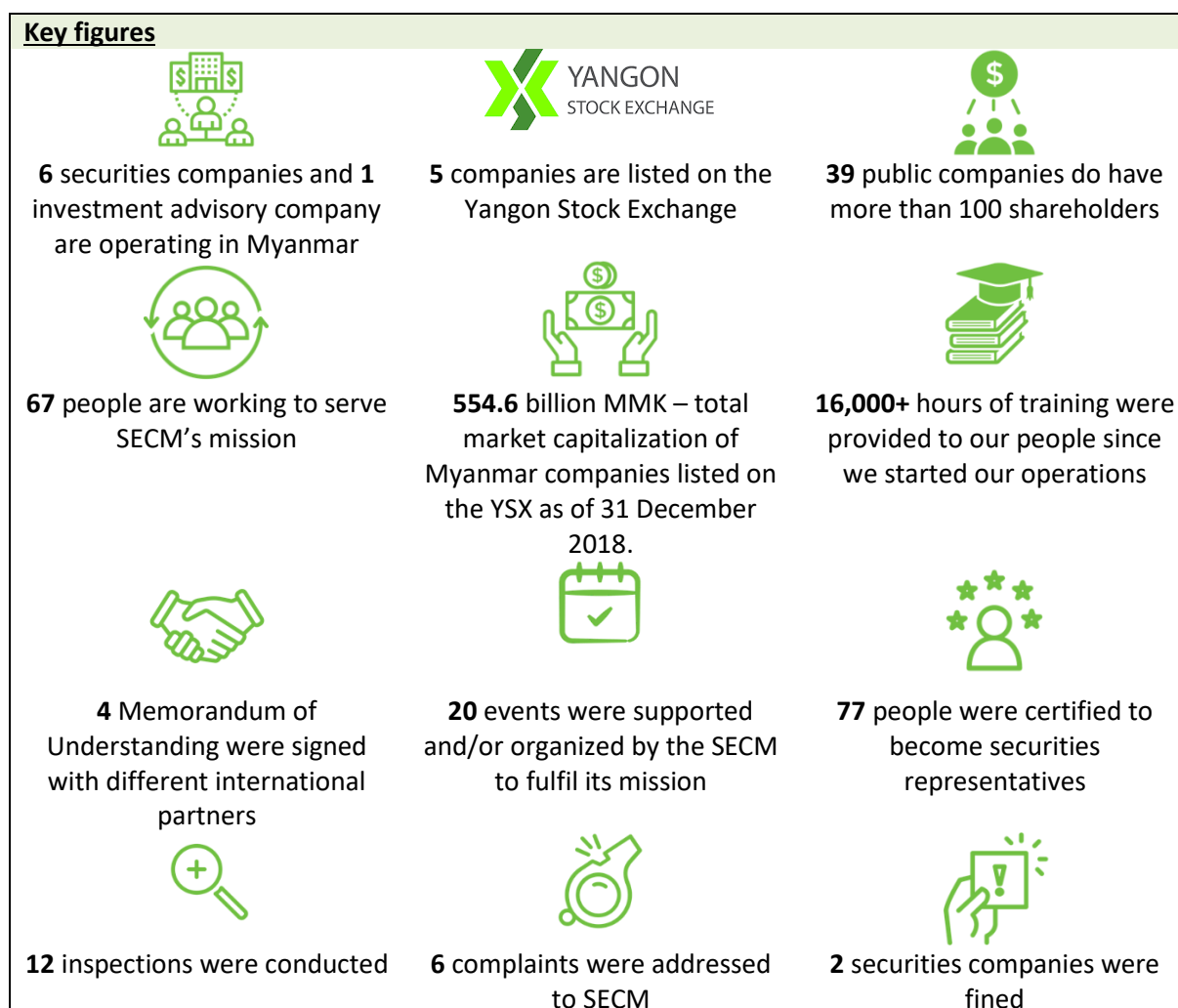
## Results

*The results achieved by the SECM are encouraging: the team is now four times larger compared to 2014, which allows us to perform more inspections to ensure that public and securities companies are complying with the laws, rules, and regulations. When non-compliance issues are identified, the Commission follows each case carefully to safeguard investors and shareholders’ interests. To develop, promote and foster sound corporate governance practices, the SECM is partnering with international organizations to build Myanmar capacities.*

### Highlights

- To clarify the market, the SECM issues various rules and regulations.
- The SECM partners with its regional peers to develop sound policies in Myanmar while ensuring their consistency with the best practices.
- The market is monitored closely by the SECM’s experts: sanctions are enforced to safeguard the investors’ trust in Myanmar Capital Market.
- SECM plans to develop the skills and expertise of its team to secure its ability to operate in the long term.

### Key figures

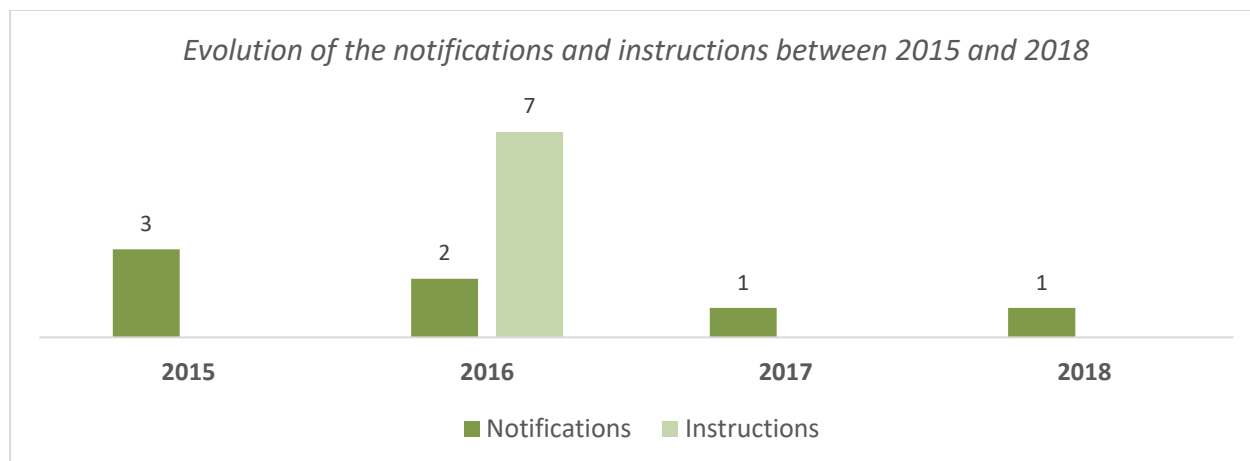




## 1. Enhancing Myanmar regulatory framework

### Defining better standards

In July 2015, the SECM issued the Securities and Exchange Rule. Afterward, the Commission started to release further instructions, notifications, and announcements, which are all available on the SECM website.<sup>3</sup> More than 20 publications were published between 2015 and 2018. The evolution and the details are provided in the chart below.



In order to bring more clarity in the market and promote trust upon the public companies by the investors, SECM issued the notification 1/2016 according to which public companies shall have to update their corporate disclosure continuously, so their investors can make more informed decisions.

### Partnering with the right stakeholders

The SECM is also partnering with different organizations to define better standards, and develop its capacities. Building this network is critical for its success. The major ongoing projects and collaborations are mentioned in the next page.



For instance, in December 2018, the SECM signed a renewed multilateral memorandum of Understanding of Mekong Capital Market Cooperation in December 2018 with its counterparts from Cambodia, Lao, Thailand and Vietnam.

Together, they are part of the Mekong Capital Markets Cooperation meeting which aims to uplift the different market practices in the Mekong region.

<sup>3</sup> See: <https://secm.gov.mm/en/lawsregulations/>






Ongoing collaborations	
	<p>The Japan Financial Services Agency (JFSA) has been supporting the SECM since its beginning. JFSA is bringing experts to develop SECM’s capacities.</p>
	<p>During FY16/17, a Memorandum of Understanding was signed with the IFC to reinforce SECM technical knowledge on Corporate Governance. Part of this program, the SECM initiated a project, in partnership with DICA, the YSX and the IFC. It aimed to use the ASEAN Corporate Governance Scorecard with Myanmar companies to assess their current maturity. The outcomes of this project will:</p> <ul style="list-style-type: none"> <li>• help the different players to enhance their practices related to corporate governance.</li> <li>• contribute to aligning Myanmar’s practices with its regional peers.</li> <li>• demonstrate Myanmar willingness to contribute to the ACMF efforts.</li> </ul>
	<p>During FY17/18, a partnership was signed with the Securities Exchange Commission of Thailand to reinforce the technical knowledge of the SECM and to benefit from the SECT experience on developing a Capital Market in the region.</p>



*3rd Top Management Market organized by SECM and SECT (23/03/2019)*



Ongoing collaborations	
	<p>With the support of the Asian Development Bank (ADB), the SECM contributed to the ASEAN+3 Bond Market Initiative. In 2018, the very first report covering Myanmar Bond Market was published. It is available online, and offer a very detailed outlook on Myanmar Bond Market.<sup>4</sup></p>
	<p>The SECM partnered with, under the 2017-2018 Knowledge Sharing Program (KSP), the Korea Ministry of Economy and Finance and the Korean Development Institute (KDI) to conduct a study to identify the best levers to develop the Myanmar Capital Market.</p>
	<p>In 2018, the MOU was signed with the Organisation for Economic Cooperation and Development (OECD) to develop a Code of Corporate Governance for Myanmar.</p>

### Promoting Myanmar Capital Market

Since the beginning of its operations, the SECM has supported 20 significant events to raise public awareness about capital market. For instance, the Commission supported the YSX Expo in September 2018 to engage more Myanmar investors and shareholders. The SECM was also involved in different programs to improve the efficiency and corporate governance practices of public companies.

The SECM is working closely with its different stakeholders to gather their feedback and insights: various meetings were held with the Myanmar-Japan Joint Committee for capital market development, with the SECT for sharing Thailand's experiences and technical know-how. Finally, the SECM is also supporting the fourth phase of the Asian Bond Markets Initiative (ABMI) to develop a bond market.<sup>5</sup>

<sup>4</sup> The report is available here: <https://asianbondsonline.adb.org/abmg.php>

<sup>5</sup> See: <https://aric.adb.org/initiative/asean3-asian-bond-markets-initiative>

## 2. Ensuring compliance with Myanmar rules and regulations

### *Market Oversight & Supervision department*

As of the 30 September 2018, 6 securities companies are authorized to trade securities in Myanmar. The SECM is responsible for issuing the licence for the securities companies and monitoring their compliance with the current rules and regulations.

With the large public companies, the SECM is working on two fronts:

- for the companies which are considering an Initial Public Offering (IPO) whether listed on the YSX or not, the SECM reviews and makes sure that their prospectus is aligned and consistent with SECM's standards. The SECM has received 8 prospectus since 2015. 4 companies have been approved to proceed IPO.
- for the public companies which have more than 100 shareholders, the SECM ensures that they are complying with the rules and regulations. The SECM is paying special attention to the respect of the requirements related to corporate disclosure, corporate governance practices, and especially with the respect of the shareholders' rights. As of 30 September 2018, 39 public companies have more than 100 shareholders; it was 32 at the end of FY17/18.





### Market Surveillance department

Any suspicion, or distrust with one of these companies might have some serious consequences on the market's confidence. To oversee the market, the SECM inspects systematically all the securities companies every year. This contributes to protect and safeguard the investors' right. The inspection always starts with a review of the current documents, policies, and data submitted by each securities company. Then, the SECM team assesses the practices of the company for several weeks. Finally, all the findings are combined in a report: in case of non-compliance, the SECM follows-up and requests the securities company to comply with SECM's instructions. All the securities companies were audited last year, and 16 non-compliance issues were identified. The SECM sanctioned 2 securities companies which had to pay a fine of MMK 5.5 million.

During the FY17/18, some companies sold shares without any valid license. Unfortunately, thousands of investors lost their capital. As a result of its work, the surveillance team identified 5 issues of non-compliance which were all resolved quickly afterward.

Therefore, to better protect investors, the SECM is:

- reinforcing its team. More expertise and manpower are needed to be able to better police the market.
- streamlining the collaboration with other governmental agencies especially the Central Bank of Myanmar, the Financial Investigation Unit (FIU) and the Ministry of Home Affairs.
- organizing events and seminars to raise the awareness of potential investors and the general public about the risks related to any type of investment.

As the market regulator, the SECM is also supervising the YSX activities. The Commission Members are regularly informed, especially on the progress made to expand the number of listed companies on YSX.

Between 2016 and the 31 December 2018, more than 7,641,471 shares were traded. This represents a total value of MMK 105 billion. YSX's main figures are summarized in the table below.<sup>6</sup>

	2018	2017	2016
<b>Number of listed companies</b>	5	4	3
<b>Market capitalization (billions of MMK)</b>	555	579	584
<b>Trading value (billions of MMK)</b>	12	22	71

<sup>6</sup> The figures are disclosed on the YSX's website: <https://ysx-mm.com/mktdata/market-summary/>





### 3. Developing our human capital

As an organization operating under the MOPF, the SECM has to comply with:

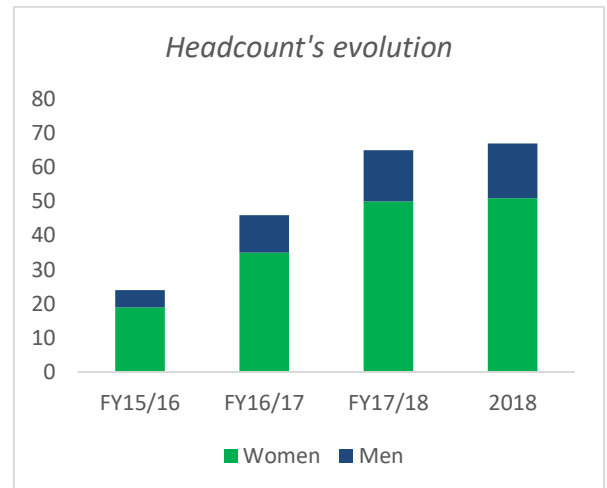
- the Civil Service Board’s process to recruit its officers.
- the Code of Conduct of the Public Servants (see page 16).

#### HR profile

SECM’s team expanded rapidly. When the SECM started its operation in 2014, it started with 15 people. The total number of people working for the SECM has been almost multiplied 3 times since 2015: 67 people were working for the SECM at the end of September 2018 versus 24 staff at the end of FY15/16.

This growth is a challenge in term of management. Regarding the diversity of our team:

- 76% of headcount are women.
- 66% of the headcount is young (below 36 years old).



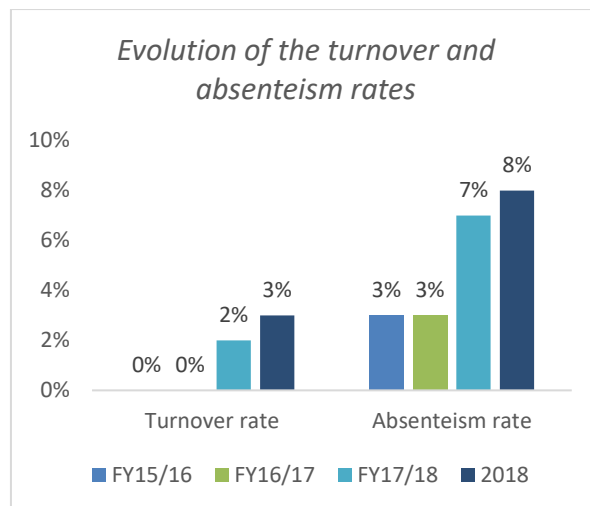


The SECM details the skills it needs to perform the jobs, and the MOPF selects and assigns the people directly to work for the SECM. Since 2015, the SECM recruited 26 people.

Therefore, the SECM may have to motivate the people who are part of its team and develop a stronger corporate culture.

The turnover rate is increasing. It was null during the first two years of SECM and then reached 2% for FY17/18 and 3% at the end of September 2018.

Likewise, our absenteeism rate was low during the first two years (3%) and then doubled to reach ultimately 8% at the end of September 2018.



The Commission Members can be reached easily by the SECM’s staff, should they want to express and share any concern.

Regarding the working conditions, no accident occurred during the previous years, fortunately.

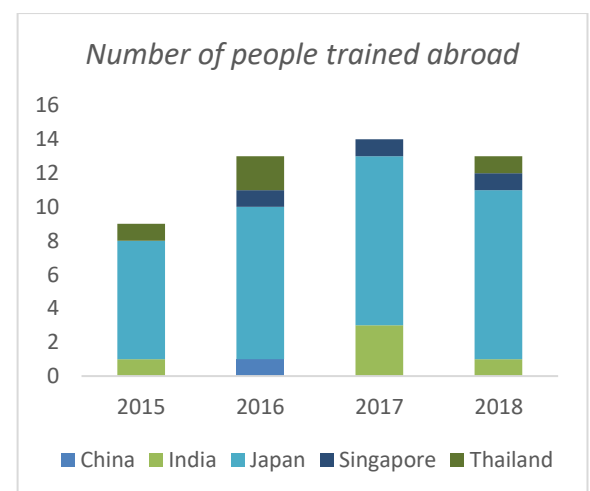
**Talent management**

To fulfill its mission, the SECM relies mostly on rare skills related to Capital Markets. Being able to recruit people with the right set of competencies is a challenge. Therefore, as the SECM is still a young organization, talented people can be promoted to assume more responsibilities quickly. As of the 30 September 2018, 32 people were given such an opportunity.

93% of SECM staff hold a university degree, of which 30% hold a master degree at least. However, to perform SECM’s duties, the level of knowledge and mastery requires to develop further the skills of our people. The Commission Members are regularly discussing this matter to define the priorities to develop SECM’s expertise.

Therefore, since 2015, the SECM has invested significantly on this matter. As a result, more than 16,000 hours of training mostly to develop their understanding and skills related to Capital Market: 68% of our training efforts were designed to achieve that goal.

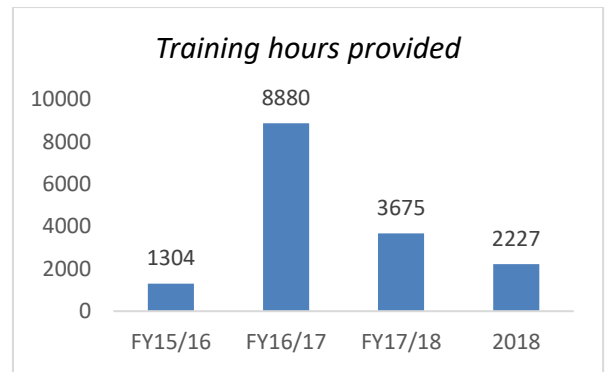
Our partners are helping us to build our capacities: 98% of the training hours were facilitated by them. 49 members of our headcount were sent abroad to get trained. For 73% of the people trained, they went to Japan to get a better understanding of Capital Market. In 2018, 13 people were sent in India, Japan, Singapore, and Thailand to learn from our counterparts.





On average, each SECM staff received 57 hours of training during FY 17/18.

To sustain our activities, we still have to invest significantly to develop SECM’s competencies and to explore new areas like data analytics, accounting, and legal.





# Reporting

## 1. Scope & methodology

This report was prepared under the guidance of the chairman and supervision of Commission Members and especially the working group responsible for developing this annual report and the data collection. The SECM benefited from Yever’s expertise, a Myanmar consultancy, to produce its first ever annual report.

The report covers the following period:

- FY15/16 from April 2015 until March 2016.
- FY16/17 from April 2016 until March 2017.
- FY17/18 from April 2017 until March 2018.
- 2018 from April 2018 until September 2018.

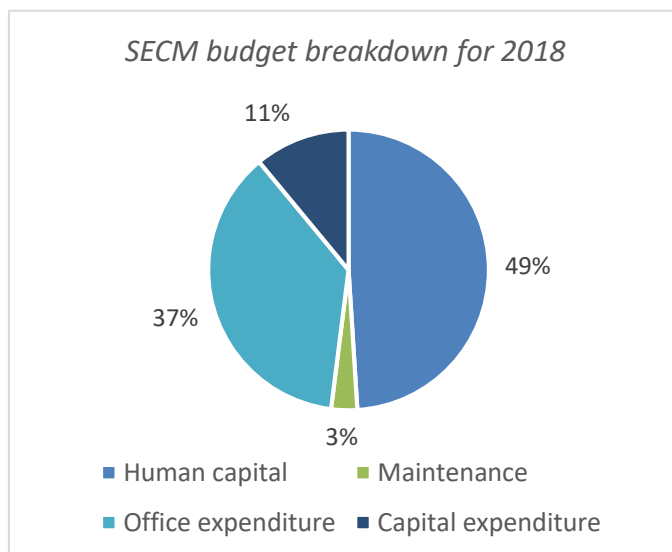
It covers all the operations of the SECM, which office is located 21-25 on Sule Pagoda Road, in Yangon.

The SECM has considered the Global Reporting Standards to start structuring its non-financial reporting.

## 2. Budget

SECM mini-budget for 2018 was MMK 242.363 million:

- The SECM allocated 49% of its budget for its human capital, especially the wages of its people.
- The expenditures related to its office accounted for 37% of the budget.
- To develop its assets, the SECM invested 11% of its budget.
- Finally, to maintain its equipment, the SECM spent 3% of the budget.





### 3. Market

KPIs	Unit	2018	FY17/18	FY16/17	FY15/16	GRI Standards
Number of securities companies	Number	6	6	6	5	102
Number of listed companies	Number	5	5	4	1	102
Number of large public companies (with at least 100 shareholders)	Number	39	32	32	32	102
Number of companies sanctioned	Number		1	1		102
Number of complaints	Number		6			102
Number of inspections (Securities companies)	Number		6	6		102
Fines	Millions MMK		0.5	5		102
Number of events organized /supported by the SECM	Number	9	6	2	3	102
Number of partnerships signed	Number	6	4	2	1	102

### 4. Human Resources

KPIs	Unit	2018	FY17/18	FY16/17	FY15/16	GRI Standards
Headcount	Number	67	65	46	24	102
Number of women	Number	51	50	35	19	102
Number of men	Number	16	15	11	5	102
Split by age						
20-35	Number	44	45	23	8	102
36-40	Number	7	5	8	5	102
41-50	Number	8	8	10	8	102
51-60	Number	8	7	5	3	102
Split by rank						
Directors	Number	3	3	2	1	102
Officers	Number	39	39	24	16	102
Staff	Number	25	23	20	7	102



KPIs	Unit	2018	FY17/18	FY16/17	FY15/16	GRI Standards
<b>Number of new hires</b>	Number	1	22	3	-	401
<i>Of which % of women</i>	%	100%	77%	67%	0%	405
<b>Number of people promoted</b>	Number	8	10	8	6	404
<i>Of which % of women</i>	Number	75%	80%	63%	100%	405
<b>Number of departures</b>	Number	1	2	-	-	401
<b>Turnover rate</b>	%	2%	4%	-	-	401
<b>Absenteeism rate</b>	%	7%	7%	3%	3%	403
<b>Total training hours provided</b>	Number	2227	3675	8800	1304	404
<b>Average hours of training per employee</b>	Number	33	57	83	54	404
<b>Number of work-related accidents</b>	Number	-	-	-	-	403
<b>Number of breach with the Code of Conduct of Public Servant</b>	Number	-	-	-	-	205