



The Government of the Republic of the Union of Myanmar

Ministry of Planning and Finance

The Securities and Exchange Commission

Announcement No.( 1 /2023)

Announcement of Inspection Results for 2020

1<sup>st</sup> Waning of First Waso 1385 M.E

( 3 July 2023)

1. According to Sections 11(d) and 38(d) of the Securities Exchange Law, the Securities and Exchange Commission (SECM) conducted a second inspection of the Yangon Stock Exchange (YSX) and a fourth inspection of the securities companies from December 2021 to March 2023 of their business condition for 2020.
2. The Yangon Stock Exchange and securities companies' inspection results have already been clarified, and the SECM announced the following regulatory compliance issues:

**Yangon Stock Exchange**

- Need to appoint an internal audit team by identifying and implementing the AML/CFT process with three lines of defense in accordance with the strategic objectives of AML/CFT
- Need to submit the AML/CFT risk assessment analysis to the Commission once a year
- Need to draw up a Business Continuity Plan(BCP)
- Need to establish internal policies on Corporate Governance
- Need to establish internal policies on risk management

**Securities Companies**

- Need to appoint a compliance officer in some securities companies by section 28(b) of Anti-Money Laundering law and para 10 of instruction No. 3/2016 issued by SECM
- Need to appoint a compliance officer and an internal auditor who are required to separate assignments to strengthen AML/CFT process

- Need to have photographic records of the training for AML/CFT for employees
- Need to scrutinize in accordance with risk-based management guidelines for AML/CFT issued by Commission and report the AML/CFT risk assessment regularly report to the Commission once a year
- Need to undertake the securities account open applications be complied in accordance with the provisions of instructions 3/2016 and 2/2020 issued by the Commission, to systematically assign duties and responsibilities, and when verifying the bank account information, whether the joint bank account holder participates in the insider list of the listed companies
- Need to amend the business rules of securities companies in accordance with notifications, instructions, guidelines issued by Commission occasionally, and business regulations issued by YSX
- Need to comply with internal policy on accepting foreigners in accordance with the instruction issued by Commission
- Need to comply with the Financial Manual in accordance with Rules 56 and 58 of the Securities and Exchange Rules, the date of submission of the audit report and business report, and para 8 of Notification No. 2/2016 issued by SECM, the need to include 2.5% of the annual net profit to be reserved as a contingency reserve fund at the end of a fiscal year
- Need to request the recommendation of the approval of the Board of Directors regarding the securities trading by Directors who may receive insider information of the listed companies and need to establish the internal manual and policies in accordance with the instructions and guidelines issued by the Commission
- Need to establish internal manuals for trading government securities

Securities and Exchange Commission of Myanmar