

**The Government of the Republic of the Union of Myanmar**

**Ministry of Finance**

**Notification No. (1806/ 2015)**

**The 11th Waxing Day of Second Waso, 1377 M.E.**

**(27 July, 2015)**

The Ministry of Finance hereby issues the following rules with the approval of the Union Government in exercising the power conferred by sub-section (a) of section 71 of the Securities Exchange Law.

**Chapter I**

**Title and Definitions**

1. These rules shall be called the Securities Exchange Rules.
2. The expressions contained in these rules shall have the same meanings contained in the Securities Exchange Law. In addition, the following expressions shall have the meanings given below:
  - (a) Law means the Securities Exchange Law;
  - (b) Discretionary investment management business means the business prescribed, by notification, as the discretionary investment management business by the Commission under the law;
  - (c) A major shareholder means a person who owns more than 20 % of voting rights of the company concerned;
  - (d) A responsible person is a person responsible for management of a company other than any member of the board of directors of the said company.

## Chapter II

### Commission

3. A commission member shall be a competent person having the recognized status and experience in the fields of finance, securities business, economics, law or accountancy.
4. (a) A person who has the following qualifications shall be appointed as a chairman or a Commission member under section 4 of the law:
  - (i) a Myanmar citizen who has at least the age of 45 years;
  - (ii) a person who is not insolvent;
  - (iii) a person who has not been convicted by a final decision of a court and sentenced to a term of imprisonment, except the offences committed negligently or minor offences;
  - (iv) a person who is not serving in a political party or a person who served in a political party and he has resigned such position not less than one year;
  - (v) a person who is not related to the securities business, and he serves currently in the securities business under the supervision of the Commission;
  - (vi) a person who does not serve currently as a director, an officer or a staff in any securities business at the time of appointment of the Commission, or is not a shareholder who owns more than 5 % of the equity interest in a securities business under the supervision of the Commission;
  - (vii) a person who is not a director, an officer or a staff, or not a shareholder who owns more than 5 % of the equity interest of a listed company;
  - (viii) a person who is not unsound mind;

- (ix) a person who has integrity and probity.
  - (b) During the transitional period, the Union Government may appoint the chairman and members of the Commission allowing exemption from the provisions of sub rule (a) as may be necessary.
- 5.
  - (a) The Union Government may appoint the Director General of the office of the Commission as an ex officio secretary of the Commission and a Commission member.
  - (b) The functions and duties of the secretary of the Commission are:
    - (i) to arrange the meetings of the Commission;
    - (ii) to perform other necessary matters directed by the Commission.
- 6. A Commission member shall perform his functions and duties independently. A Commission member shall not be removed during his tenure, except for reasons provided in sub-rule (a) of rule 4.
- 7. During the term of office, the chairman and members of the Commission shall:
  - (a) devote their full time and energy to the functions and duties of the Commission, and not engage in other jobs for which they receive remuneration, or undertake a profit-making business, or engage in other business for the purpose of obtaining monetary gain, except in such cases as permitted by the Union Government;
  - (b) refrain from voting on any matter related to his business interest which is the subject of the Commission action and also disclose such interest to the Commission, in the case of a permission given by the Union Government.
- 8. The term of the Commission members shall be two years. At the end of the first two years, the Commission members who will retire shall be selected by voting. After the first retirement in rotation, the Commission members who

will retire shall be selected from the longest-serving members. If there is only one longest-serving member in the Commission, such member shall retire, and any other person who will retire shall be selected from the second longest-serving members by voting.

9. A Commission member who has retired upon the expiry of the tenure of office may be reappointed but any Commission member shall not serve more than three consecutive terms. The Union Government shall consider to continue to serve the functions and duties of the Commission when reappointing the Commission member.
10. When two Commission members retire in rotation, the new Commission members shall be appointed within 90 days from the date of such retirement.
11. Any Commission member may resign on his own volition by submitting his intention to resign in writing to the Union Government 90 days prior to his intended date of resignation.
12. The Union Government shall appoint a new Commission member when an office of any Commission member becomes vacant due to the expiry of his term or removal of the Union Government or death or voluntary resignation.
13. The newly appointed Commission member shall serve the remaining term of his predecessor in relation to the vacancy of removal of the Union Government or death or voluntary resignation.
14. The Union Government may remove any Commission member during his tenure of office when he performs his duty negligently or commits moral offence or crime or is not eligible for any of qualifications under sub-rule (a) of rule 4 unless exempted by sub-rule (b) of rule 4.
15. Three Union Ministers selected by the Union Government shall conduct a hearing for the member concerned, and obtain the advice of the Commission

prior to the decision of removal for removing a Commission member under rule 14.

16. The Commission shall set the systems for keeping the confidential information that is obtained in the course of duties of the chairman of the Commission, any Commission member, and officers or staff of the office of the Commission.
17. The Union Government shall determine the emolument of the chairman and members of the Commission.
18. The chairman of the Commission shall convene the meetings of the Commission. Any Commission member may request the chairman to convene a meeting if he considers that it is necessary. In the absence of the chairman or if the chairman cannot perform his duties, the Commission member who is appointed in accordance with a resolution of the Commission shall perform the duties of the chairman in respect of the meetings of the Commission.
19. Only if more than half of the Commission members are present, a meeting is valid.
20. The approval of decisions shall require the approval by the majority of Commission members including the chairman who are present at the meeting. When there is an equity of votes, the chairman shall have a casting vote.
21. (a) The Commission shall have the power and duties to formulate policies for management, supervision, development and assistance that are necessary measures for matters concerning the securities, securities businesses, Stock Exchange, Over-the-Counter Market and its related businesses, organizations related to securities business, issuing or offering of securities for sale to the public, smooth and efficient transactions and settlement of dematerialized securities and

prevention of unfair trade practice in securities. Such power shall include:

- (i) the issuance of notifications, orders, directives and procedures under the law;
  - (ii) the determination of license fees, renewal fees and other necessary fees;
  - (iii) the determination of administrative fine;
  - (iv) the issuance of notifications, orders, directives and procedures relating to the duties of a Working Committee;
  - (v) laying down guideline for any issues to be arisen from the enforcement of the law;
  - (vi) the implementation of any activities according to the objectives of the law.
- (b) The notification concerning smooth and efficient transaction and settlement of dematerialized securities issued by the Commission under clause (i) of sub-rule (a) of rule 21 shall include the following facts:
- (i) the ownership of securities that are listed or to be listed on the Stock Exchange to be evidenced and transferred by using the information technology in scripless manners or other securities;
  - (ii) processes for registration, transfer, or deregistration relating to the securities contained in clause (i);
  - (iii) regulations and by laws of the process contained in clause (ii) for the responsible persons or the persons involved in such processes;
  - (iv) matters relating to the registration of the holders of the securities contained in clause (i);

- (v) other matters in relation to the shareholders of the securities contained in clause (i);
  - (vi) other necessary matters for achieving smooth and efficient transaction and securities clearing by using the information technology.
- 22. On granting any type of the license, the Commission shall impose terms and conditions, and may amend or alter the terms and conditions as necessary during the term of the license.
- 23. The Commission may delegate any of its functions or powers under the law, these rules, and notifications, orders, directives and procedures issued by the Commission to any of the following persons:
  - (a) any Commission member;
  - (b) any Committee established by the Commission;
  - (c) any officer of the office of the Commission.
- 24. The Commission shall clarify the specific matter to be delegated in a written form when a delegation of its functions or power is made.
- 25. The Commission shall pass a decision in writing if it decides to impose a fine for contravention of the law, these rules, and notifications, orders, directives and procedures issued by the Commission. The details of the fine shall be stipulated in the notifications, orders, directives and procedures issued by the Commission.
- 26. If it is found that a securities company violates rule 71 or a license holder violates rule 103, the Commission shall have the power to direct such company or person to rectify such act or to refrain from doing such act within a specified period as the Commission considers appropriately.
- 27. Where any evidence is found that the condition or operation of a securities company or a license holder is likely to cause detriment to the interests of

the general public or to the protection of investors, the Commission shall have the power to order such securities company or license holder to:

- (a) rectify such condition or operation within a period of time stipulated by the Commission;
  - (b) take measures to rectify its management or take other action including to comply with stipulations of the Commission for such purpose within the stipulated period.
28. Where the director or responsible persons for the operation of any securities company or license holder fails to comply with the order of the Commission under rule 26 or 27, the Commission shall have the power to order such securities company or license holder to remove directors or responsible persons for its operation who have caused such events. Such securities company or license holder shall appoint other persons to replace the persons removed within 30 days from the date of removal.
29. In revoking a license of a securities company or license holder, the Commission shall inform the order in writing to the securities company or license holder, post such order in a prominent place at the office of the securities company or license holder, publish in the gazette, and publicize in an appropriate way.
30. (a) The Stock Exchange shall submit drafts of the new constitution, business regulations or any amendments to the Commission at any time, and obtain its written approval after the Stock Exchange is granted. The Commission shall publicize its approval or disapproval within 60 days from the submission of the Stock Exchange.
- (b) The Commission may direct the Stock Exchange to issue the additional regulations, or revoke, alter or amend the existing regulations when any evidence is found that the business regulations of the Stock

Exchange dissatisfy the obligations under rule 153. The Commission may allow the Stock Exchange to represent relating to such matters.

31. The Commission may, at its own discretion or at a request of an officer, supply to a police officer or any officer copies of any accounts, documents, statements, other references and information that is obtained or are in its possession or any record of examination made under the law. The information supplied to the police officer or any officer for the purpose of administrative actions shall not be used for the purpose of criminal procedures. Such supply to a police officer or any officer shall exclude information obtained from foreign authority under the cooperation between Myanmar and foreign authority.
32. The office of the Commission shall be formed with the arrangement of the office of the Union Government.
33. The office of the Commission shall have its head office in Yangon. The office of the Commission may establish its branches or representative offices as necessary anywhere.
34. The salary and other emolument for the officers and staff of the office of the Commission shall be in accordance with the civil service regulations and by laws of the government for public services.
35. The power and duties of the office of the Commission are:
  - (a) implementing the Commission's resolutions;
  - (b) taking action with the resolution of the Commission against any person violating the provisions of the law, these rules, and notifications, orders, directives and procedures issued by the Commission;
  - (c) accepting fees paid under the law;
  - (d) performing any other acts stipulated by these rules and notifications, orders, directives and procedures issued by the Commission.

36. The office of the Commission is responsible for disclosing information on the public company, securities company, Over-the-Counter Market, Stock Exchange, organization related to securities business or information on any violation and administrative fine imposed on the violators of the law, these rules, and notifications, orders, directives and procedures issued by the Commission, and any other information obtained in the performance of duties to protect the interests of the general public or investors. No information shall be disclosed if such disclosure is inconsistent with section 15 of the law.
37. Fees stipulated in notifications, orders, directives and procedures issued by the Commission, other fees received by the office of the Commission, and income derived from the operation of the Commission and the office of the Commission shall be regarded as the income of government organizations under the government financial regulations.
38. The office of the Commission shall establish a suitable accounting system for its operation, and have a regular internal audit. The account of the office of the Commission shall be operated in accordance with the financial regulations.
39. The office of the Commission shall be audited by the office of the Union Auditor General. The report shall be submitted to the Ministry of Finance of the Union Government during the transitional period.
40. The office of the Commission shall compile and submit an annual report on its operation to the Ministry of Finance of the Union Government during the transitional period within four months of the end of the financial year.

## Chapter III

### Securities Company

41. The applications for a license under section 25, sub-section (b) of section 26, section 27 of the law and sub-rule (b) of rule 75 and the granting a license shall be undertaken under the law, these rules and notifications, orders, directives and procedures issued by the Commission.
42. The name of a securities company shall include the expression “securities company” and the expression “limited” or ‘Ltd’ at the end of its name.
43. No person other than a securities company shall use “securities company” or any other name or expression of the similar meaning in the operation of its business.
44. A securities company may establish a branch office only with the approval of the Commission. The application and permission for getting approval shall be in accordance with these rules and stipulations issued by the Commission.
45. The company operating securities business with a license or authorization of the same kind in a foreign country may establish a representative office with the approval of the Commission. The representative office shall not operate the securities business. But it may operate the specific business stated in the approval of the Commission.
46. A securities company shall maintain adequate financial resources, including capital adequacy and liquid assets requirements, in accordance with notifications, orders, directives and procedures issued by the Commission.
47. The Commission may, by notification, prescribe the minimum paid-up capital of the securities company for operation of its business under section 23 of the law.
48. No securities company shall:
  - (a) reduce its capital without the approval of the Commission;

- (b) sell or buy securities on behalf of a customer without receiving an order to sell or buy from the customer, and a notification of such transaction issued by the Commission;
- (c) accept buying or selling orders from customers outside its head office or branch offices without the Commission's approval;
- (d) buy or hold shares, except the following matters:
  - (i) those acquired in respect of securities dealing, securities underwriting or other securities businesses allowed by notifications, orders, directives and procedures issued by the Commission;
  - (ii) those acquired upon a permission of the Commission in accordance with notifications, orders, directives and procedures issued by the Commission;
- (e) be engaged in any of the businesses other than the licensed securities businesses and the businesses related to the following:
  - (i) businesses incidental to the following securities businesses, which can be operated without a separate approval from the Commission:
    - (aa) the securities investment advisory business and the discretionary investment management business;
    - (bb) lending or borrowing of securities, or acting as a intermediary or representative relating to lending or borrowing of securities;
    - (cc) lending of money secured by collateral of securities in custody from customers;
    - (dd) acting as a representative for customers in relation to securities;

- (ee) providing information or advice relating to securities;
  - (ff) acting as a representative in securities business for other securities company only where such securities business is the type of business that can be operated by the representative;
  - (gg) consultation on corporate conversion, restructuring or reorganization;
  - (hh) consultation on business or management other than sub-clause (gg);
  - (ii) other businesses incidental to the securities business prescribed in the notification issued by the Commission from time to time; and (ii) any other business obtained the prior approval of the Commission;
- (f) relocate its head office or branch offices without the approval of the Commission;
  - (g) advertise its business, which is not in conformity with notifications, orders, directives and procedures issued by the Commission;
  - (h) sell securities to a customer in operating the securities underwriting without delivering a copy of the prospectus published under sub-section (b) of section 35 of the law together with a copy of materials expressed in clause (ii) of sub-rule (a) of rule 108 if not included in the prospectus either in a printed form or in electronic form to such customer upon or prior to the sale of securities.
49. No securities company shall alter or amend its Memorandum of Association or Articles of Association without the prior approval of the Commission.
50. No securities company shall appoint or allow any person to perform as a director or responsible person, who:

- (a) is in insolvency;
  - (b) has been convicted by a court;
  - (c) has been a director or responsible person of a financial institution revoked its license unless an exemption has been granted by the Commission;
  - (d) is a director or a responsible person of any other securities companies;
  - (e) has been removed from a position of a director or responsible person under rule 28 or the provisions of other laws;
  - (f) is a government official with responsibility to supervise securities companies or an officer of the office of the Commission except in cases where an appointment is made with the approval of the Commission for the purpose of assisting in the operation of a securities company;
  - (g) does not have educational and professional qualification stipulated by the Commission's notification;
  - (h) has other prohibited characteristics stipulated by the Commission's notification.
51. A securities company shall appoint directors or responsible persons to manage the business of the securities company after receiving the approval of the Commission. The Commission may withdraw its approval if it is found that a director or responsible person who violates any prohibition contained in rule 50 subsequent to the Commission's approval. The securities company shall submit a proposal for replacement of the person removed to the Commission within 15 days from the date of the withdrawal.
52. (a) A securities company shall keep the following accounts and records:
- (i) buy or sell orders;
  - (ii) transaction date records;
  - (iii) transaction records related to an intermediary or representative;

- (iv) transaction records relating to solicitation of subscription and other matters;
  - (v) customer account ledgers;
  - (vi) records of numbers of securities;
  - (vii) statements of securities kept in custody;
  - (viii) records concerning with 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 contracts;
  - (xii) written details of investment advice and discretionary investment management.
- (b) The relevant accounts and records shall, where appropriate, include the following information:
- (i) the name of the customer, person authorized to transact business on behalf of him;
  - (ii) the amount of purchase or sales;
  - (iii) the date and time of transaction;
  - (iv) the price of the transaction;
  - (v) the individual, financial institution and securities company that handled the transaction.
53. A securities company shall keep the accounts and records stipulated in rule 52 for 10 years from the date those were compiled.
54. The accounts and records expressed in rule 52 may be compiled in an electronic form stipulated in the notification issued by the Commission.

55. A securities company shall compile accounts in accordance with the relevant Myanmar accounting standards, and complete the compilation of accounts within a period stipulated by the Commission.
56. A securities company shall submit the audit report to the Commission within three months of the end of the financial year. Such audit reports shall contain the stipulated facts by the Commission. The following documents shall be attached to the audit report of the securities company:
  - (a) the financial statements consisting of a balance sheet and a profit and loss account prescribed under the Myanmar Companies Act;
  - (b) documents stipulated by these rules and the Commission.
57. (a) In auditing, an auditor of a securities company shall have to undertake the following:
  - (i) any matter which, in his opinion, adversely affects or may adversely affect the financial position of the securities company to a material extent;
  - (ii) any matter which, in his opinion, constitutes or may constitute a contravention of any provision of the law or an offence related to fraud or dishonesty;
  - (iii) any irregularity that has or may have a material effect upon the accounts, including the monies or other assets of any customer of securities company, the auditor shall immediately thereafter send a report on such matter or irregularity to the Commission. Where the securities company is a trading participant of a Stock Exchange, a copy of the report shall be submitted to the Stock Exchange.
- (b) The Commission may assign all or any of the following duties to an auditor of a securities company:

- (i) a duty to submit to the Commission such additional information in relation to his audit as the Commission considers necessary;
- (ii) a duty to enlarge or extend the scope of his audit of the business and affairs of the securities company;
- (iii) a duty to perform any other examination or establish any procedure in any particular case;
- (iv) a duty to submit a report to the Commission on any of the matters expressed in clauses (ii) and (iii).

58. A securities company shall submit a business report to the Commission within three months of the end of the financial year. The business report shall include the following facts:

- (a) the date and number of the registration;
- (b) the categories of business operated;
- (c) an overview of business during the financial year;
- (d) information on directors, officers and staff;
- (e) details of business during the financial year, including securities dealing, brokerage, underwriting and offerings, securities lending or borrowing, separate management of securities, investment advisory business and discretionary investment management business;
- (f) information on head office and branch offices;
- (g) financial statements consisting of a balance sheet and a profit and loss account.

59. A securities company shall publish particulars or disclose any other information concerning with the securities company within the period of time stipulated by the Commission. Such publications or disclosure shall be displayed in a prominent place at the office of such securities company or publicized in an appropriate manner. A report together with a copy of such

publications or disclosure of such information shall be submitted to the Commission.

60. The Commission may stipulate any securities company to present any report or submit any document for any period or from time to time prescribed by the Commission. An explanation to elaborate or clarify such reports or documents may be demanded under notifications, orders, directives and procedures issued by the Commission. Such explanations shall be complete and accurate.
61. A securities company shall perform its function within the date and time stipulated by the Commission.
62. A securities company shall, in acting as securities broker or representative based on customer's account, conclude an agreement with customers who appoint them.
63. A securities company shall compile a contract note and deliver it to the customer without delay when it concludes a contract for the transaction of securities on behalf of a customer. In the contract note, the following facts shall be included:
  - (a) the contract date of the transaction;
  - (b) the statement of a purchase or a sale;
  - (c) the name of securities traded;
  - (d) the quantity;
  - (e) the price.
64. A securities company may provide the information in an electronic form after receiving the approval of a customer.
65. The securities company wishing to discontinue operating a securities business having a license shall seek the approval of the Commission. The Commission may specify terms and conditions in granting an approval.

66. Any securities company, in seeking an approval from the Commission to discontinue and cease the operation of a securities business or whose license is revoked by the Commission, shall complete the purchase, sale or exchange of securities, settlement and delivery of the outstanding securities and its other securities business within the period of time stipulated by the Commission, and return all customers' assets and money held in trust to such customers.
67. Upon dissolution of a securities company, the approval of the Commission is required for the appointment of a liquidator.
68. A securities company or its officers or staff shall provide fair and good faith service in the following manners, except as exempted by the notification issued by the Commission:
  - (a) not making any representation expressly or implicitly by the use of deceptive, fraudulent or misleading advertising and complying with the terms and conditions stipulated by the Commission in advertising;
  - (b) ensuring the suitability of the information and advice to be provided to a customer according to the level of knowledge and experience and investment objectives of the customer;
  - (c) informing a customer or potential customer about the financial risks in relation to trades executed by the securities company;
  - (d) not making promise to compensate a customer for loss or provide a customer with special benefit when soliciting business and not compensating a customer for loss or not providing a customer with special benefit regardless of whether such promise has been made;
  - (e) not operating transactions improperly on its own account based on customer information;

- (f) soliciting business appropriately by way of obtaining information from customers in light of the customer's knowledge, experience, assets, and investment objectives;
  - (g) providing an explanation of the securities to be sold upon requested by a customer and such explanation shall be suitable for the level of knowledge, experience, assets and investment objectives of the customer;
  - (h) except for the cases where a contract note is delivered under rule 63, delivering a document describing the details of the contract to the customer without delay when a contract with a customer comes into effect;
  - (i) not engaging in any act which may mislead its customers or the general public including any matter concerning with the price, value and nature of the securities;
  - (j) not engaging in any act stipulated in the notification issued by the Commission which may cause damage or constitute an unfair treatment to its customers or other affected person;
  - (k) not accepting orders for trading securities from a customer if it is found that such customer commits or may commit the prohibited acts contained in Chapter IX of the law;
  - (l) managing the relevant customer's assets entrusted in connection with the securities business separately from its or his own assets and other customers' assets.
69. Any securities company which fails to comply with such manners contained in rule 63 or 68 shall be liable to a fine specified by the Commission.
70. (a) A securities company, in respect of monies received or retained to be accountable in operating business, shall:

- (i) ensure that the monies and assets are applied solely for the matter agreed with the customer;
  - (ii) hold the money in trust for the interest of the customer;
  - (iii) not co-mingle money received on account of a customer with its own funds.
- (b) A security company shall record and maintain customers' monies and assets separately for each customer, and the Commission may issue notification on any other matters relating to the handling of customers' monies or assets by the securities company or license holder.

71. A securities company shall:

- (a) implement measures necessary for the prevention of committing the prohibited acts contained in Chapter IX of the law by itself or by its customers;
- (b) not operate the securities underwriting business with extremely inappropriate terms and conditions including the quantity and price of securities issued;
- (c) undertake an appropriate examination of the issuer's financial condition, business performance and any other information to make a judgment on the appropriateness of the securities underwriting business;
- (d) comply with any action to be undertaken or not to be undertaken which is stipulated by the Commission.

## Chapter IV

### License

72. (a) A person who intends to obtain a business license expressed in section 25 of the law shall submit a written application containing the following facts to the Commission: (Such person shall be hereinafter referred to as “an applicant.”)
- (i) name or trade name;
  - (ii) the amount of paid up capital;
  - (iii) location of offices including head office and branch offices;
  - (iv) name, education and experience of directors and responsible persons;
  - (v) name, education and experience of compliance officers;
  - (vi) the type of license applied for;
  - (vii) the type of the applicant's other business (if any);
  - (viii) the facts stipulated by the Commission.
- (b) The following documents shall be attached to the license application in accordance with sub-rule (a):
- (i) a written pledge that the applicant does not meet any of the criteria expressed in sub-rule (b) of rule 73;
  - (ii) the Memorandum and Articles of Association;
  - (iii) a document describing methods of business;
  - (iv) the documents stipulated by the Commission.
- (c) The Commission may, after receiving an application for the grant of a license, conduct such inquiry at any time as it may be necessary to have none of the grounds for the refusal to grant the license applied, including financial, criminal and professional background enquires into the applicant, his directors, any shareholder who holds more than 10%

of the voting shares of the applicant, and the responsible person of the applicant.

73. (a) The Commission shall, upon an application for a license under section 25 of the law having been filed, examine whether the application conforms to the criteria listed in the following:
- (i) whether the applicant has the financial resources, including capital adequacy and liquid assets requirements and the minimum amount of the paid-up capital, stipulated by the Commission depending on the category of securities business under section 25 of the law as a sufficient financial basis to operate it in Myanmar;
  - (ii) whether the applicant has sufficient knowledge and experience for conducting the securities business;
  - (iii) whether the granting of the securities business license meets the economic needs of the Myanmar including the needs in the geographical area, and of the investing public.
- (b) The Commission shall refuse to grant a license for a securities business under section 25 of the law if any of the following criteria are met:
- (i) the application is not in conformity with the law, these rules and the provisions stipulated by the Commission;
  - (ii) the applicant fails to comply with any other requirement of the law or these rules relating to the application for a license;
  - (iii) the application for a license, or the documents or electronic records to be attached thereto, includes any fake statement or false record on important matters;
  - (iv) a company falls under any of the following:

- (aa) a securities company that has obtained its license under section 23 of the law and its license has been revoked under the provisions of the law;
- (bb) a company which has been sentenced to a fine for violating the provisions of the law, the Myanmar Companies Act and the Financial Institutions of Myanmar Law or other laws specified in the notification by the Commission;
- (cc) a company whose additional business is found to be against the interests of the general public;
- (dd) a company whose other business does not fall under any of the businesses stipulated by clause (i) of sub-rule (e) of rule 48 and it is found to cause hindrance to the protection of investors due to difficulties in managing the risks of loss relating to the said business;
- (ee) a company which involves any person who falls under sub-clauses (a) to (f) of clause (v) of sub-rule (b) among its major shareholders;
- (ff) a company which involves any person who falls under any of the followings among its major shareholders:
  - (11) a person who falls under sub-clause(a) of clause (iv) of sub-rule (b);
  - (22) a person who has been sentenced to a fine for violating the provisions of the laws prescribed in sub-clause (b) of clause (iv) of sub-rule (b);
- (gg) a company which intends to use the same trade name that another securities company has already used or a

- trade name that may be misidentified as another securities company;
- (hh) a company which has engaged in any business practices that the Commission considers to be deceitful or oppressive or otherwise improper whether unlawful or not, or which otherwise reflect discredit on its method of operating business;
  - (ii) a company which has operated itself in such a way as to cast doubt on its competence and soundness of judgment;
  - (jj) a company which is in insolvency;
  - (kk) a company which is in the course of being wound up or otherwise dissolved;
  - (ll) a company whose execution against it in respect of a judgment debt has been returned unsatisfied in whole or in part;
  - (mm) a company which has a receiver, a receiver and manager, a judicial manager or an equivalent person appointed, in respect of any property of such company;
  - (nn) a company which has entered into a compromise or scheme of arrangement with its creditors, that is still in operation.
- (v) any director or responsible person of a company falls under any of the following persons:
- (aa) a decrepit person or a person under curatorship;

- (bb) a person who has received a decision of commencement of bankruptcy proceedings and has not yet obtained a restoration of rights ;
- (cc) a person who has been sentenced to simple imprisonment or severe punishment;
- (dd) a company which has obtained its license under section 23 of the law, and its license has been revoked under the provisions of the law and a person who is a director or a responsible person of such company within 30 days prior to the date of revocation;
- (ee) a person who has obtained the license under section 23 of the law, and his license has been revoked under the provisions of the law;
- (ff) a director or a responsible person of the applicant who is ordered for dismissal or removal under the provisions of the law.

74. The securities investment advisory business that requires the securities investment advisory business license under sub-section (d) of section 23 of the law shall be the investment advisory business, whereby a person provides for a fee to another person with investment advice on the value of securities or on investment decisions based on analysis of the value of securities under a contract or an agreement between them, irrespective of whether such advice is provided orally, in writing or otherwise. Advice in writing shall exclude newspapers, magazines, books or others which are issued to be sold to many and unspecified persons and to be bought as needed. "Investment decisions" means making decisions on types, issues, amounts or prices of

securities to be invested as well as whether the securities shall be purchased or sold, by any method and at any time.

75. (a) The securities company which has obtained any category of the license contained in section 25 of the law may operate the discretionary investment management business with the approval of the Commission.
  - (b) Any limited liability company whose liability is limited by shares and that is in conformity with the qualifications and terms and conditions contained in this Chapter may apply for a discretionary investment management business license to the Commission prescribed in the notification issued by the Commission under this Chapter.
  - (c) The Commission may allow or refuse the issuance of license on receiving the application for the discretionary investment management business, after scrutinizing it in conformity with the qualifications and terms and conditions prescribed in this Chapter.
  - (d) The Commission shall issue the license prescribing the terms and conditions if it is granted under sub-rule (c).
76. (a) A company which intends to obtain a securities investment advisory business license prescribed in sub-section (b) of section 26 of the law or a discretionary investment management business license prescribed in sub-rule (b) of rule 75 shall submit a written application for the license containing the following facts to the Commission:
    - (i) name or trade name;
    - (ii) the amount of paid up capital;
    - (iii) location of offices including head office and branch offices;
    - (iv) name, education and experience of directors and responsible persons;

- (v) name, education and experience of compliance officers;
  - (vi) the type of the applicant's other business( if any);
  - (vii) facts stipulated by the Commission.
- (b) The following documents shall be attached to the license application in accordance with sub-rule (a):
- (i) a written pledge that an applicant does not meet any of the criteria as provided under sub-rule (b) of rule 77;
  - (ii) the Memorandum of Association and Articles of Association;
  - (iii) a document describing methods of business;
  - (iv) documents stipulated by the Commission.
- (c) A person who intends to obtain a securities investment advisory business license expressed in sub-section (b) of section 26 of the law shall submit to the Commission a written application for the license containing the following facts:
- (i) name, education and experience;
  - (ii) location of offices including head office and branch offices;
  - (iii) type of the applicant's other business (if any);
  - (iv) facts stipulated by the Commission.
- (d) The following documents shall be attached to the license application in accordance with sub-rule (c):
- (i) a written pledge that the applicant does not meet any of the criteria as provided under sub-rule (b) of rule 77;
  - (ii) a document describing methods of business;
  - (iii) documents stipulated by the Commission.
77. (a) The Commission shall, upon an application for a securities investment advisory business license under sub-section (b) of section 26 of the law or a discretionary investment management business license expressed

in sub-rule (b) of rule 75 having been filed, examine whether the applicant has the knowledge and experience to operate securities investment advisory business or discretionary investment management business, as the case may be, fairly and appropriately.

- (b) The Commission shall refuse to grant a license for securities investment advisory business under sub-section (b) of section 26 of the law or discretionary investment management business expressed in sub-rule (b) of rule 75 if any of the following criteria are met:
  - (i) the application is not in conformity with the law, these rules or provisions issued by the Commission from time to time;
  - (ii) the applicant has failed to comply with any requirement of the law or these rules relating to the application for a license;
  - (iii) the application for a license, or the documents or electronic records to be attached thereto, include any fake statement or false record on important matters;
  - (iv) a company falls under any of the following:
    - (aa) a company which has obtained its license under section 23 of the law, and its license has been revoked under the provisions of the law;
    - (bb) a company which has been sentenced to a fine for violating the provisions of the law, the Myanmar Companies Act and the Financial Institutions of Myanmar Law or other laws stipulated by the Commission's notification;
    - (cc) a company whose additional business is contrary to the interests of the general public;

- (dd) a company which does not have sufficient knowledge and experience for operating the license business in a fair and competent manner;
- (ee) a company which has engaged in any business practices that the Commission considers to be deceitful or oppressive or otherwise improper whether unlawful or not or which otherwise reflect discredit on its method of operating business;
- (ff) a company which has operated itself in such a way as to cast doubt on its competence and soundness of judgment;
- (gg) a company which is in insolvency;
- (hh) a company which is in the course of being wound up or otherwise dissolved;
- (ii) a company whose execution against it in respect of a judgment debt has been returned unsatisfied in whole or in part;
- (jj) a company which has a receiver, a receiver and a manager, a judicial manager or an equivalent person appointed, in respect of any property of such company;
- (kk) a company which has entered into a compromise or scheme of arrangement with its creditors, that is still under the process;
- (v) a person falls under any of the following:
  - (aa) a person who has obtained its license under section 23 of the law, and his license has been revoked under the provisions of the law;

- (bb) a person who has been sentenced to a fine for violating the provision of the law, the Myanmar Companies Act and the Financial Institutions of Myanmar Law or other laws stipulated by the Commission's notification;
- (cc) a person whose additional business is contrary to the interests of the general public;
- (dd) a person who has not paid the deposit for business;
- (ee) a person who does not have sufficient knowledge and experience for conducting the license business in a fair and competent manner;
- (ff) a person who has engaged in any business practices that the Commission considers to be deceitful or oppressive or otherwise improper whether unlawful or not or which otherwise reflect discredit on its method of operating business;
- (gg) a person who has operated itself in such a way as to cast doubt on its competence and soundness of judgment;
- (vi) a person who applies for the license under sub-section (b) of section 26 of the law or any director or responsible person among juridical persons who applies for the license under sub-section (b) of section 26 of the law or under sub-rule (b) of rule 75 falls under any of the following persons;
  - (aa) a decrepit person or a person under curatorship;
  - (bb) a person who has received a decision of commencement of proceedings as an insolvency and has not yet obtained a restoration of rights ;

- (cc) a person who has been sentenced to simple imprisonment or more severe punishment;
  - (dd) a company which has obtained its license under section 23 of the law, and its license has been revoked under the provisions of the law and a natural person who is a director or a responsible person of such juridical person within 30 days prior to the date of revocation;
  - (ee) a person who has obtained the license under section 23 of the law, and its license has been revoked under the provisions of the law;
  - (ff) a director or a responsible person, of the applicant, who is ordered for dismissal or removal under the provisions of the law.
78. (a) A person who intends to obtain a business license expressed in section 27 of the law shall submit to the Commission a written application for the license containing the facts:
- (i) name;
  - (ii) date of birth;
  - (iii) career history as a representative;
  - (iv) name of the securities company in which he represents.
- (b) The following documents shall be attached to the license application in accordance with sub-rule (a):
- (i) curriculum vitae;
  - (ii) a written pledge that the applicant does not meet any of the criteria for disqualification as provided under sub-rule (b) of rule 79;

- (iii) a certificate of passing an examination approved by the Commission;
    - (iv) the documents stipulated by the Commission;
    - (v) a recommendation from a securities company.
  - (c) If the applicant has passed an examination in a foreign country that is equivalent to that expressed in clause (iii) of sub-rule (b), said clause shall not apply. But, the applicant shall attach the certificate as of such examination to the application.
79. (a) The Commission shall, upon an application for securities company's representative business license under section 27 of the law having been filed, examine whether the applicant has the knowledge and experience to conduct securities company's representative business fairly and appropriately.
- (b) The Commission shall refuse to grant a license for security company's representative business under section 27 of the law if any of the following criteria for disqualification applies:
- (i) the application is not met in accordance with the provisions of the law or these rules;
  - (ii) the applicant has failed to comply with any other requirement of the law or these rules relating to the application for a license;
  - (iii) the application for a license, or the documents or electronic records to be attached to it, includes any fake statement or false record on important matters;
  - (iv) a person falls under any of the following:
    - (aa) a decrepit person or a person under curatorship;

- (bb) a person who has received a decision of commencement of the proceedings as an insolvency and has not yet obtained a restoration of rights;
- (cc) a person who has been sentenced to simple imprisonment or severe punishment;
- (dd) a company which has obtained its license under section 23 of the law, and its license has been revoked under the provisions of the law and a person who is a director or a responsible person of such company within 30 days prior to the date of revocation;
- (ee) a person who has obtained the license under section 23 of the law, and his license has been revoked under the provisions of the law;
- (ff) a director or a responsible person, of the applicant, who is ordered for dismissal or removal under the provisions of the law;
- (gg) a person who has been revoked his securities company's representative business license;
- (hh) a person who is granted securities company's representative business license of another securities company;
- (ii) a person who has engaged in any business practices that the Commission considers to be deceitful or oppressive or otherwise improper whether unlawful or not or which otherwise reflect discredit on his method of conducting business;

- (jj) a person who has operated itself in such a way as to cast doubt on his competence and soundness of decision;
  - (v) a person who is not satisfied by the Commission as to the record of past performance or expertise of the applicant having regard to the nature of the duties which he may perform in connection with the holding of the license;
  - (vi) other circumstances are likely to lead to the improper business operation by, or reflect discredit on the manner of the business operation of, the applicant or any person employed by or associated with him for the purpose of his business;
  - (vii) the Commission has reason to believe that the applicant does not perform the regulated activity efficiently, honestly or fairly;
  - (viii) the Commission considers that granting or renewing the license is contrary to the interests of the general public;
  - (ix) a person who is not satisfied by the Commission as to his educational background or other qualification or experience having regard to the nature of the duties he is to perform in connection with the holding of the license;
  - (x) the applicant who has not passed the examination certified by the Commission.
- (c) The applicant who has passed an examination in a foreign country that is equivalent to the examination expressed in clause (x) of sub-rule (b) shall not apply clause (x) for a business license expressed in section 27. However, the applicant shall attach a certificate of such examination to the application.
80. (a) A document mentioning the method of business operation of any securities company or license holders stated in sub-section (b) of

section 26 of the law or sub-rule (b) of rule 75 shall include the following facts:

- (i) basic regulations concerning with the business operation;
- (ii) methods of business operation;
- (iii) methods of allocating business;
- (iv) structure for resolving complaints;
- (v) types of securities handled (if any);
- (vi) methods of controlling risks of losses with respect to trading and brokerage operations (if any) ;
- (vii) the name of responsible persons of underwriting business (if any);
- (viii) maximum risk of losses that may be undertaken from underwriting business;
- (ix) methods of separate management of customer assets (if any);
- (x) facts and methods of investment advisory business or discretionary investment management business( if any) ;
- (xi) structure for managing conflicts of interest within group of companies (if any);
- (xii) structure for managing conflicts of interest relating to other businesses (if any).

(b) "Separate management" mentioned in these rules means separation of customers' assets entrusted in connection with the securities business from its or his own assets and other customers' assets in accordance with sub-rule (l) of rule 68 and clause (i) of sub-rule (b) of rule 100.

81. Where it is necessary to enhance the orderly development of securities market, the Commission has the power to determine terms and conditions

with which the license holder shall be required to comply with the operation of the securities business.

82. A securities company or a license holder who is not its representative may establish a branch office only with the approval of the Commission. The application for and the granting of such approval shall be in accordance with these rules and stipulations issued by the Commission.
83. The Commission may, by notification, prescribe the minimum amount of paid-up capital to be provided by a holder of a discretionary investment management business license expressed in sub-rule (b) of rule 75.
84. In the case of sub-rules (a) and (b), a securities company or a license holder who is not its representative holding a discretionary investment management business license expressed in sub-rule (b) of rule 75 shall not:
  - (a) reduce its capital without the approval of the Commission;
  - (b) engage in any business other than the licensed discretionary investment management business and the following businesses:
    - (i) businesses incidental to the discretionary investment management business listed below which can be operated without the approval of the Commission, but which shall be subject to requirements as may be stipulated by the Commission in accordance with notifications, orders, directives and procedures issued by the Commission:
      - (aa) lending or borrowing of securities or acting as an intermediary or representative relating to lending or borrowing of securities;
      - (bb) lending of money secured by collateral of securities in custody from customers;

- (cc) acting as a representative for customers in relation to securities;
    - (dd) providing information or advice relating to securities;
    - (ee) acting as a representative in discretionary investment management business for a securities company or any other license holder operating discretionary investment management business;
    - (ff) consultation on corporate conversion, restructuring or reorganization;
    - (gg) consultation on business or management other than sub-clause (ff);
    - (hh) other businesses incidental to the discretionary investment management business as prescribed in the notification issued by the Commission.
    - (ii) any other businesses operated with the prior approval of the Commission;
  - (c) relocate its head office or branch offices without the approval of the Commission;
  - (d) advertise its business, unless such advertisement is run in accordance with notifications, orders, directives and procedures issued by the Commission.
85. A securities company or a license holder who is not its representative shall :
- (a) maintain accounts and records relating to the securities business that sufficiently explain the transactions and financial condition of its business, and maintain profit and loss accounts, and balance sheets to be true and fair that are prepared from time to time, in accordance with rules 86 to 89;

- (b) maintain an accounting records and ledgers to be audited;
  - (c) submit the audit report to the Commission in accordance with rule 90 if it is a company;
  - (d) submit a business report to the Commission in accordance with rule 92.
86. (a) A securities company or a license holder who is not its representative shall maintain the following accounts and records:
- (i) buy or sell orders;
  - (ii) transaction date records;
  - (iii) customer account ledgers;
  - (iv) records of numbers of securities;
  - (v) records concerning with the results of separate management audits (if any);
  - (vi) written details of investment advisory contracts and discretionary investment management contracts;
  - (vii) written details of investment advice and discretionary investment management.
- (b) The relevant accounts and records shall, where appropriate, include the following information:
- (i) the name of customer, a person authorized on behalf of the customer;
  - (ii) the amount of purchase or sales;
  - (iii) the date and time of transaction;
  - (iv) the price of the transaction;
  - (v) the individual, financial institution and securities company that handled the transaction.

87. A securities company or a license holder who is not its representative shall keep such accounts and records stipulated in rule 86 for 10 years from the date those were compiled.
88. The accounts and records expressed in rule 86 may be compiled in an electronic form stipulated in the notification issued by the Commission.
89. A securities company or a license holder who is not its representative shall appropriately compile account in accordance with the relevant Myanmar accounting standards, and complete the compilation of accounts within a period stipulated by the Commission.
90. A securities company or a license holder who is not its representative shall submit an audit report to the Commission within three months of the end of the financial year. Such audit reports shall include stipulated facts by the Commission. The following documents shall be attached to the audit report of such license holder:
  - (a) the financial statements consisting of a balance sheet and a profit and loss account prescribed under the Myanmar Companies Act;
  - (b) documents stipulated by these rules and the Commission.
91. (a) Where auditing, an auditor of a license holder shall have to undertake the following:
  - (i) any matter which, in his opinion, adversely affects or may adversely affect the financial position of the license holder to a material extent;
  - (ii) any matter which, in his opinion, constitutes or may constitute a contravention of any provision of the law or an offence involving fraud or dishonesty;
  - (iii) any irregularity that has or may have a material effect upon the accounts, including the monies or other assets of any customer

of the license holder, the auditor shall immediately thereafter send a report on such matter or irregularity to the Commission.

- (b) The Commission may assign all or any of the following duties to an auditor of a securities company or a license holder who is not its representative:
- (i) a duty to submit to the Commission such additional information in relation to his audit as the Commission considers necessary;
  - (ii) a duty to enlarge or extend the scope of his audit of the business and affairs of the license holder;
  - (iii) a duty to perform any other examination or establish any procedure in any particular case;
  - (iv) a duty to submit a report to the Commission on any of the matters expressed to in clauses (ii) and (iii).

92. A securities company or a license holder who is not its representative shall submit a business report to the Commission within three months of the end of the financial year. The business reports shall contain the following facts:
- (a) the date and number of the registration;
  - (b) the categories of business operated;
  - (c) an overview of business during the financial year;
  - (d) information on directors, officers and staff;
  - (e) details of business during the financial year, including separate management of securities, investment advisory business and discretionary investment management business;
  - (f) information on the head office and branch offices;
  - (g) financial statements consisting of a balance sheet and, a profit and loss account.

93. A securities company or a license holder who is not its representative shall publish particulars or disclose any other information concerning with the license holder within the period of time stipulated by the Commission. Such publications or disclosure shall be displayed in a prominent place at the office of such license holder or known to the general public in appropriate manner. A report together with a copy of such publications or disclosure of such information shall be submitted to the Commission.
94. The Commission may stipulate any license holder who is not a securities company to present any report or submit any document for any period prescribed by the Commission or from time to time. An explanation to elaborate or clarify such reports or documents may be demanded under notifications, orders, directives and procedures issued by the Commission. Such explanations shall be complete and accurate.
95. A securities company or a license holder who is not its representative shall perform its functions and duties within date and time stipulated by the Commission.
96. Any license holder who is not a securities company, wishing to discontinue operating a licensed securities business shall seek the approval of the Commission. The Commission may determine terms and conditions granting an approval.
97. A securities company or a license holder who is not its representative, seeking the approval of the Commission to discontinue its operation, or whose license is revoked by the Commission, shall complete its securities business within the period of time stipulated by the Commission.
98. A securities company or a responsible person of license holder who is not its representative or officers or staff shall not only be efficient and fair but also provide service in good faith in dealing with its customers.

99. A securities company or a license holder who is not its representative or its officers or staff shall provide fair and good faith service in the following manners except as exempted by the notification issued by the Commission:
- (a) not making any representations, expressly or implicitly, by the use of deceptive, fraudulent or misleading advertising and complying with the terms and conditions stipulated by the Commission in advertising;
  - (b) ensuring the suitability of information and advice to be provided to a customer according to the level of knowledge and experience and investment objectives of the customer;
  - (c) informing a customer or potential customer about the financial risks in relation to trades operated by the license holder;
  - (d) not making promise to compensate a customer for loss or to provide a customer with special benefit when soliciting business and not compensating a customer for loss or not providing a customer with special benefit regardless of whether such promise has been made;
  - (e) not operating transactions improperly on its own account based on customer information;
  - (f) soliciting business appropriately by way of obtaining information from customers in light of the customer's knowledge, experience, assets and investment objectives;
  - (g) providing an explanation of the securities selling upon requested by a customer, and such explanation shall be suitable for the level of knowledge, experience, assets and investment objectives of the customer;
  - (h) delivering a document describing the details of the contract to the customer without delay when a contract with a customer comes into effect;

- (i) not engaging in any act which may mislead its customers or the general public including any matter concerning the price, value and nature of the securities involved;
  - (j) not engaging in any act stipulated in the notification issued by the Commission which may cause damage or constitute an unfair treatment to its customers or other affected person.
100. (a) A license holder who is not a securities company's representative but includes a securities company or its officers or staff shall not operate the securities investment advisory business or the discretionary investment management business in the following manners, except as exempted by the notification issued by the Commission:
- (i) providing service in respect of a transaction between a customer and itself or himself, or a transaction among customers;
  - (ii) providing service without credible grounds, for the purpose of securing the interest of itself or himself or any third party other than the relevant customer, by using fluctuations in the price, indicator, figure or amount of consideration based on the customer's transaction;
  - (iii) handling a transaction under terms and conditions that are different from ordinary terms and conditions and detrimental to the customer's interest;
  - (iv) trading on its or his account by using the information concerning the transaction to be conducted on the account of the relevant customer in connection with its or his service providing;

- (v) receiving or causing any third party closely related to itself or himself to receive, deposit of money or securities from a customer;
  - (vi) lending money or securities to a customer, or performing an intermediary, brokerage or representative in respect of lending of securities to a customer by any third party;
  - (vii) entrusting the whole or significant part of the authority of investment to any other person in respect of the discretionary investment management business.
- (b) A license holder who is not a securities company's representative but includes a securities company or its officers or staff shall perform the following in respect of the securities investment advisory business or the discretionary investment management business:
- (i) managing the relevant customer's assets separately from its or his own assets and other customers' assets in respect of the discretionary investment management business;
  - (ii) delivering a document describing the condition of the discretionary investment management business to the customer regularly in respect of the discretionary investment management business.
101. Any license holder who fails to comply with rule 99 or 100 shall be liable to an administrative fine specified by the Commission.
102. In respect of monies received or retained by him or in his business which is liable to account to his customer, a securities company or a license holder carrying out the discretionary investment management business shall:
- (a) ensure the customer's monies and assets are applied solely for the purpose as may be agreed to with the customer;

- (b) hold the money in trust on the benefit of the customer;
  - (c) not combine customer's money with its own funds;
  - (d) record and maintain customer's monies and assets separately for each customer, and the Commission may issue the notification on any matters relating to the handling of customer's monies or assets by the securities company or license holder.
103. A securities company or a license holder who is not a representative of a securities company shall:
- (a) implement the measurement for the prevention of prohibited acts provided under Chapter IX of the law by itself or by its customers;
  - (b) comply with any action to be undertaken or not to be undertaken which is stipulated in notifications, orders, directives and procedures issued by the Commission.

## Chapter V

### Issuing Securities

104. Under section 35 of the law, prospectuses relating to the issue of securities other than the shares or bonds of public companies shall have the same meaning in accordance with section 2 (1) (14) of the Myanmar Companies Act, and such prospectuses shall be prepared as prescribed in the Myanmar Companies Act and this Chapter. Any necessary replacement of technical terms shall be specified in notifications, orders, directives and procedures issued by the Commission.
105. For the purpose of sub-section (a) of section 35 of the law, "public offering" means a communication to person in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be

offered, so as to be enable an investor to decide to buy or subscribe for the securities in question.

106. A public company which has conducted or will be conducting a public offering under section 35 of the law after the date specified by the Commission shall ensure to trade its unlisted shares only at the Over-the-Counter Market which is formed or may be formed under the law unless approved in writing is given by the Commission.
107. The approval of the Commission under sub-section (a) of section 35 of the law is not required if the following matters shall be in accordance with notifications, orders, directives and procedures issued by the Commission:
  - (a) the offer is addressed to qualified investors only and subsequent transfer of all or any part of the securities so offered is prohibited except for transfer of all or any part of the securities to other qualified investors;
  - (b) the offer is addressed to fewer than 50 persons excluding the number of qualified investors, and subsequent transfer of the securities so offered is prohibited except for transfer of all of the securities in a single transaction;
  - (c) the total consideration for same kind of securities being offered within six months shall not exceed the amount specified in the notification by the Commission;
  - (d) the offer is addressed to existing or former directors or employees by their employer and subsequent transfer of the securities so offered is prohibited except for transfer of all or a part of the securities to other existing or former directors or employees.
108. (a) Applying for the approval of the Commission under sub-section (a) of section 35 of the law, a public company shall submit to the

Commission a copy of the prospectus provided in sub-section (b) of section 35 of the law with the following:

- (i) a copy of its Memorandum of Association and Articles of association;
  - (ii) a copy of its audited balance sheet and profit and loss account for each of the two financial years immediately preceding the issue of the prospectus if not included in the prospectus;
  - (iii) a copy of its auditors' report attached to the balance-sheet and profit and loss account;
  - (iv) a copy of the report of directors under section 131 (A) of the Myanmar Companies Act;
  - (v) other information which is specified with the notifications, orders, directives and procedures issued by the Commission.
- (b) with respect to the prospectus provided in sub-section (b) of section 35 of the law:
- (i) the public company may include the information of materials provided in clause (ii) of sub-rule (a) and may substitute it for a report by its auditors required for a prospectus under section 93 (1A) of the Myanmar Companies Act;
  - (ii) the public company may omit the information related to the pricing of the securities and certain other information provided in the notification issued by the Commission.

109. According to section 35 of the law, the significant facts of the company contained in the prospectus shall include the following:

- (a) a summary of the company's affairs including the information about the history and development of the company, its parent and subsidiary companies, its related companies and its employees;

- (b) business overview including the performance of the company's business, the activities and principle markets, the principal risks and uncertainties that facing in the company, significant contracts, researches and developments;
  - (c) a statement of the company's plant and equipment including the information about its investment of equipment, its main plant and equipment;
  - (d) a statement of the company including the information about major shareholders, dividend policy, organizational structure and governance system; and
  - (e) where a listing is sought on a Stock Exchange in Myanmar, a declaration from the board of directors of the public company that the public company will fulfill all the requirements and comply with business regulations and by laws of the Stock Exchange.
110. The Commission may approve a public offering if it is satisfied the following:
- (a) containing the necessary information in the prospectus;
  - (b) complying with other requirements imposed by the law, these rules and the notifications, orders, directives and procedures issued by the Commission and the Myanmar Companies Act.
111. Except as provided in the provisions of rule 112 or in the notification issued by the Commission, a public company or any person acting on its behalf without obtaining the approval of the Commission for its public offering under sub-section (a) of section 35 of the law shall not invite any investor to subscribe for or buy any of its securities concerned, or shall not allot, issue or sell its securities concerned to any investor.
112. (a) Notwithstanding anything contained in the provisions of rule 110, the Commission may issue the preliminary approval of public offering

when the submitted prospectus does not contain the information related to the pricing of the securities and certain other information provided in the notification issued by the Commission. The term “preliminary approval” does not mean the final approval under sub-section (a) of section 35 of the law but means the provisional approval only.

- (b) Under the preliminary approval of the Commission, a public company or any person acting on its behalf may invite investors to subscribe for or buy its securities concerned, but may not allow, issue or sell its securities concerned to investors.
  - (c) When the public company having the preliminary approval submits to the Commission the supplementary prospectus which contains the remaining necessary information to obtain the approval of the Commission for its public offering under sub-section (a) of section 35 of the law, the Commission may issue the public company the approval under sub-section (a) of section 35 of the law.
  - (d) As for the form of the supplementary prospectus prescribed in sub-rule (c) and its publication by the person making the public offering sub-rules (b) and (c) of rule 117 shall be applied correspondingly.
113. The Commission shall publish a detailed list of its approval or preliminary approval of public offerings during the previous 12 months and the prospectus and other material particulars related to those public offerings on its website.
114. After the approval or the preliminary approval of public offering, a copy of the prospectus, a copy of the supplementary prospectus, together with a copy of facts mentioned in clauses (i) to (iv) of sub-rule (a) of rule 108 submitted to the Commission under rule 108 and sub-rule (c) of rule 112

shall be made available to the public for at least three years by the Commission as follows:

- (a) in the printed form at the head office of the Commission;
- (b) in the electronic form on the Commission's website, at the beginning of offering.

115. A prospectus in which a public company may include the information of materials provided in clause (ii) of sub-rule (a) of rule 108, and may substitute it for a report by its auditors required for a prospectus under section 93 (1A) of the Myanmar Companies Act, is considered to be published for the purpose of sub-section (b) of section 35 of the law published the following:

- (a) by insertion in newspapers circulated throughout Myanmar;
- (b) in the printed form to be made available, free of charge, to the public at the registered office of the issuer and at the offices of the securities companies placing or selling the securities;
- (c) in the electronic form on the issuer's website.

116. Any prospectus shall be published after the public offering has been finally approved by the Commission under sub-section (a) of section 35 of the law or sub-rule (a) of rule 112.

117. (a) After the Commission approves a public offering, the person making that the offer may submit a supplementary document to the Commission before the close of the public offering, if:

- (i) there is a false or misleading statement in the prospectus;
- (ii) there is any information omitted that should have been included in it;
- (iii) there is a new circumstance that has arisen after submitting it to the Commission, and that is materially adverse on the investor.

- (b) At the beginning of a supplementary document, the following shall be included:
  - (i) a statement that it is a supplementary prospectus;
  - (ii) an obvious statement of supplements in the prospectus;
  - (iii) an obvious statement of any previous supplementary document that has been submitted to the Commission dealing with the public offering;
  - (iv) a statement that is in order to be read together with the supplementary prospectus and any previous supplementary document in dealing with the public offerings.
- (c) The person making a public offering shall:
  - (i) inform potential investors of the lodgment of any supplementary document instead of the prospectus;
  - (ii) provide the supplementary document to the potential investors.
- (d) The Commission may direct that no securities is allotted, issued or sold in any of the following cases by an order in writing served on the person making the public offering:
  - (i) when the Commission is of the opinion that a prospectus submitted to the Commission, contains a false or misleading statement or there is an omission of any information that is required to be included;
  - (ii) when the Commission is of the opinion that the prospectus does not comply with the requirements of the law;
  - (iii) when the Commission is of the opinion that it is in the interest of the general public to do so.

## Chapter VI

### Continuous Disclosure

118. (a) The following companies shall submit an annual report, a half-yearly report, and an extraordinary report to the Commission in accordance with the provisions of this Chapter:
- (i) a listed company in the Stock Exchange;
  - (ii) a public company whose securities are traded on the Over-the-Counter Market;
  - (iii) a public company which obtained the approval of the Commission under sub-section (a) of section 35 of the law;
  - (iv) a public company having the number of investors specified in the notification issued by the Commission.
- (b) An annual report, a half-yearly report and an extraordinary report provided in sub-rule (a) shall be compiled in both Myanmar and English.
- (c) When submitting an application under sub-rule (a), a public company shall have an exemption in the matters with the approval of the Commission:
- (i) if the company has been wound up;
  - (ii) if the company has suspended to carry on its business for a certain period;
  - (iii) if the total number of securities holders of the company are lesser than the number specified in the notification issued by the Commission.
119. An annual report mentioned in sub-rule (a) of rule 118 shall be submitted to the Commission not later than three months after the end of the financial year. However, the Commission may extend the period in case of any

inevitable ground which is found to preclude the company from submitting the report within such period.

120. In the annual report mentioned in sub-rule (a) of rule 118, the following shall be included:
  - (a) its balance sheet and profit and loss account of the previous financial year adopted by the company at the general meeting;
  - (b) auditor's report attached to the balance sheet and profit and loss account;
  - (c) the material particulars of the company which is required to be contained in the prospectus under sub-section (b) of section 35 of the law and rule 109.
121. A half-yearly report mentioned in sub-rule (a) of rule 118 shall be submitted to the Commission not later than three months after the end of the first six months period of the financial year. However, the Commission may extend the period in case of any inevitable ground which found to preclude the company from submitting the report within such period.
122. In the half-yearly report mentioned in sub-rule (a) of rule 118, the following shall be included:
  - (a) its balance sheet as at the end of the first six months of the current financial year;
  - (b) its profit and loss account for the first six months of the current financial year;
  - (c) auditor's report or review report if its half-yearly report has been audited or reviewed by auditors;
  - (d) interim director's report or interim management statement providing an explanation of material events and transactions that have taken place during the relevant period and their impact on the financial

position of the company and its controlled undertakings, and a general description of the financial position and performance of the company and its controlled undertakings during the relevant period.

123. An extraordinary report mentioned in sub-rule (a) of rule 118 shall be submitted to the Commission promptly in accordance with the notification issued by the Commission.
124. (a) The Commission shall notify the general public about an annual report, a half-yearly report and an extraordinary report submitted under sub-rule (a) of rule 118. The annual report shall be published for at least five years, the half-yearly report for at least three years, and the extraordinary report for at least one year:
- (i) in the printed form at the main office of the Commission;
  - (ii) in the electronic form on the Commission's website.
- (b) A public company required to submit its annual report, its half-yearly report and its extraordinary report under sub-rule (a) of rule 118 shall notify these reports to the general public, and make publicly available, free of charge, as for an annual report for at least five years, as for half-yearly report for at least three years and as for an extraordinary report for at least one year as follows:
- (i) in the printed form to at the registered office of the company;
  - (ii) in the electronic form on the company's website.
- (c) A listed company shall notify the general public about its annual report, its half-yearly report and its extraordinary report at the Stock Exchange where its securities are listed in accordance with the business regulations and by-laws of the Stock Exchange.
125. (a) The public company shall submit the amendment to the Commission when a public company found that the insufficient statements or any

statement or document needed to amend in an annual report, a half-yearly report or an extraordinary report.

- (b) The Commission may order the company to submit its amendment report when the Commission found that any deficiencies in formalities or insufficient statements on significant facts in an annual report, a half-yearly report or an extraordinary report.
  - (c) The Commission may order the company to submit its amendment report when the Commission found that any false or misleading statement or lack of essential information in an annual report, a half-yearly report or an extraordinary report.
  - (d) An amendment submitted to the Commission under sub-rule (a), (b) or (c) shall be notified the general public, and made publicly available in the same way as those prescribed under rule 124.
126. Any person shall not make any false or misleading statement or omit essential information in a report or other documents required to submit to the Commission by the law, rules and specifications issued by the Commission.
127. A listed company shall notify the Commission in writing within two weeks after the occurrence of following change or event:
- (a) change in the registered address or business address of the listed company;
  - (b) a responsible person or director of the listed company who has been ceased from their duties;
  - (c) the name and facts of new responsible person or director of the listed company.
128. A listed company and its directors shall keep accounting records and other records that mentioned the transactions and financial position of the listed

company and its related companies. The true and fair profit and loss accounts and balance sheets and any documents shall compile timely in order to attach with the above mentioned records. Such records have been audited regularly.

129. A listed company shall keep records mentioned in rule 128 together with the relevant operation for seven years after the completion of operations.
130. (a) If an auditor of the listed company considers that it is necessary, he shall submit a written report of the professional opinion immediately on the matters, in carrying out duties:
  - (i) in the case of a breach or non-compliance with the law or rules, submit to the Commission;
  - (ii) in the case of a breach or non-compliance with any of the listing requirements of a Stock Exchange, submit to the Stock Exchange and Commission;
  - (iii) in any other case which adversely affects to the financial status of the listed company, submit to the Stock Exchange and Commission.
- (b) The Commission may provide the following for an auditor of a listed company at any time during or after an audit:
  - (i) submitting additional information in relation to its audit specified by the Commission;
  - (ii) enlarging or extending the scope of its audit of the business and affairs of the listed company;
  - (iii) carrying out any specific examination or establishing any procedure in any particular case;
  - (iv) submitting a report on any matter referred to clauses (i) to (iii);

- (v) submitting an interim report on any matter referred to clauses (i) to (iv), and the Commission may specify the time within which any of such requirements shall be complied with by the auditor, and may specify the remuneration which the listed company pay to the auditor in respect thereof.

## Chapter VII

### Stock Exchange

131. A Stock Exchange shall be established as a limited liability company incorporated in Myanmar whether a joint venture company or not in accordance with the existing laws relating to Myanmar companies after obtaining a permit from the Commission. The operation of the Stock Exchange in relation to a stock market are to:
- (a) organize and provide method and system for the trading of securities on the stock market established by the Stock Exchange;
  - (b) act as clearing house, securities depository for listed securities and render other services on securities data or similar activities;
  - (c) undertake any other business other than sub-rules (a) and (b) with the approval of the Commission.
132. (a) An association which intends to form the Stock Exchange shall submit an application containing the following information to the Commission:
- (i) trade name;
  - (ii) location of offices including the head office and branch offices;
  - (iii) name of directors and responsible persons;
  - (iv) name of shareholders or trade name;
  - (v) other details as provided in the notifications, orders, directives and procedures issued by the Commission.

- (b) The Memorandum of Association and Articles of Association of the juridical person who intends to form the Stock Exchange, the business regulations of the Stock Exchange, and other documents provided by the notifications, orders, directives and procedures issued by the Commission shall be attached to the application under sub-rule (a).
  - (c) If the Memorandum of Association and Articles of Association are compiled in the form of an electronic record when attaching documents under sub-rule (b), other documents provided by the notifications, orders, directives and procedures issued by the Commission may submit in the form of an electronic record.
133. (a) The Memorandum of Association and Articles of Association of the Stock Exchange shall contain the following matters in addition to the matters listed in the existing laws of Myanmar relating to Myanmar companies:
- (i) matters related to investigation of the status of observance of the laws and regulations and by-laws, dispositions given by government agencies based on the laws, regulations and by-laws or the Memorandum of Associations and Articles of Association of the Stock Exchange or other rules, or the fair and equitable principles of transactions by the trading participants on the Stock Exchange;
  - (ii) matters related to the compilation of regulations and by-laws; and
  - (iii) matters related to the Stock Exchange markets.
- (b) A Stock Exchange shall specify the details in its regulations and by-laws on the following matters concerning with each Stock Exchange market established by the said Stock Exchange:

- (i) matters relating to the trading participants;
- (ii) matters relating to reserve funds;
- (iii) regulations and by-laws relating to the listing and delisting;
- (iv) the type and business hours of sales and purchase of securities;
- (v) the starting, ending and suspension of sales and purchase of securities;
- (vi) the methods of conclusion of a contract of sales and purchase of securities;
- (vii) the transfer and settlement in relation to trades executed on the Stock Exchange;
- (viii) any other matter in relation to the sales and purchase of securities.

134. No person other than the Stock Exchange shall use the name or expression of the “Stock Exchange” or other words of similar meaning in the operation of its business.
135. In forming the Stock Exchange as a joint venture under sub-section (a) of section 38 of the law, the expression “member securities companies” in sub-section (a) of section 39 of the law shall be considered as shareholders of the Stock Exchange. The expression “a member” in sections 41 and 42 of the law shall be considered as a trading participant.
136. For the purpose of these rules, a securities company acting as a securities brokerage or representative for the trading of securities in the Stock Exchange shall be a trading participant of the Stock Exchange.
137. Except as specified by the notification issued by the Commission or by the business regulations of the Stock Exchange as not hindering fair and smooth sale or purchase of any listed securities, a securities company shall not conduct any sale or purchase transaction of any listed securities outside the

Stock Exchange market on its own account or on account of others, or cause any sale or purchase transaction of the listed securities executed outside the Stock Exchange market when providing the securities intermediary service for such transaction.

138. A board of directors of the Stock Exchange shall comprise no more than five persons appointed by the Commission and no more than five persons elected by shareholders of the Stock Exchange. The chairman and the Managing Director shall be elected among the directors with the approval of the Commission.
139. The persons appointed by the Commission shall have an experience in the operations of the Stock Exchange and securities or financial businesses.
140. The emolument of the chairman, secretary and directors of the Stock Exchange shall be determined at the annual general meeting of shareholders of the Stock Exchange.
141. The directors of the Stock Exchange including the Managing Director shall not be:
  - (a) a person who is insolvent;
  - (b) a person who have been sentenced to a term of imprisonment, except for the offences committed through negligence or minor offences;
  - (c) a political official or a person who holds any position in a political party;
  - (d) a director who has been discharged by a resolution of the Commission.
142. The tenure of the director of the Stock Exchange is two years. When one year of the first term of office has elapsed, two of the directors appointed by the Commission and two directors elected by shareholders of the Stock Exchange shall be retired by the decision at the meeting of the board of directors of the Stock Exchange.

143. The directors who retire upon the expiration of the term of office may be reappointed but shall not hold the term of office for more than two consecutive terms.
144. Apart from the expiration of the term of office, the office of the director of the Stock Exchange shall be vacated upon the following:
  - (a) death;
  - (b) resignation;
  - (c) removal by the resolution of the Commission;
  - (d) application of any criteria contained in rules 139 and 141.
145. When a vacancy is occurred in the post of a director in the Stock Exchange, before the expiration of the term, the Commission or the shareholders of the Stock Exchange shall appoint or elect another person at the vacancy. The tenure of the newly appointed person shall only be till the expiry of the predecessor.
146. The Managing Director of the Stock Exchange shall:
  - (a) receive salary and other emolument as specific by the board of directors of the Stock Exchange;
  - (b) be able to work full-time for the Stock Exchange;
  - (c) hold office for a term of not exceeding four years and may be reappointed after its expiration but shall not hold office for more than two consecutive terms unless approved in writing is given by the Commission.
147. The resolution of the board of directors of the Stock Exchange for appointing or removing the Managing Director of the Stock Exchange shall be passed by not less than three-fourths of the votes of all directors of the Stock Exchange.
148. The Managing Director of the Stock Exchange shall have the power to manage the operation of the Stock Exchange and staff in accordance with the

policy and regulations and by laws of the board of directors of the Stock Exchange.

149. The Managing Director of the Stock Exchange shall be responsible to the board of directors of the Stock Exchange in the management of the operation of the Stock Exchange.
150. The Managing Director of the Stock Exchange shall be the representative business of the Stock Exchange when communicating with third party, and may authorize any person to perform any act in the operation of the Stock Exchange to the extent that is not contrary to the regulations, by-laws and policies specified by the board of directors of the Stock Exchange.
151. If a Managing Director of the Stock Exchange has become vacant or the Managing Director may not fulfill his duty, the board of directors of the Stock Exchange shall appoint one of the directors or the responsible persons of the Stock Exchange in the post of the Managing Director temporarily. Such person shall have the duty and power of the Managing Director of the Stock Exchange.
152. The board of directors of the Stock Exchange shall have the power and duty to set policies, issue necessary regulations and by laws on matters concerned, supervise the operations of the Stock Exchange and perform any other function including setting policies and procedures for the smooth and efficient operation for trading, clearing and settlement of materialized or dematerialized securities in accordance with notifications, orders, directives and procedures issued by the Commission.
153. The business regulations of the Stock Exchange shall:
  - (a) not cause damage to or not prejudice the interests of the general public;

- (b) be sufficient to protect the investors and to maintain the investor confidence.
154. The board of directors of the Stock Exchange shall have the power to:
- (a) register the securities to be traded in accordance with regulations, by-laws, stipulations and processes set by the Stock Exchange;
  - (b) suspend temporarily the trading of any listed securities or the trading of all listed securities in the Stock Exchange at a specified period when it is recognized that smooth transactions and fair price formation is not to be or is not likely to be for such securities;
  - (c) prohibit temporarily any trading participant from trading in listed securities on the Stock Exchange at a specified period deemed as reasonable when it is recognized that trading of such trading participant prevents smooth transactions and fair price formation of securities in the stock market and when the business of such trading participant significantly damages the interest of the investors;
  - (d) withdraw the listed securities from the Stock Exchange in accordance with regulations, by-laws, stipulations and processes.
155. The board of directors of the Stock Exchange may delegate its power to the Managing Director or the person appointed by the board of directors of the Stock Exchange with its resolution in accordance with sub-rules (b) and (c) of rule 154.
156. The Stock Exchange shall announce the acceptance and withdrawal of listed securities in a prominent place at the Stock Exchange Office and shall disclose these matters to the general public in advance.
157. The board of directors of the Stock Exchange shall have the power to instruct to supervise a listed company in the Stock Exchange which violates or is going to violate any provision of the law, rules, and notifications, orders,

directives and procedures issued by the Commission or the business regulations of the Stock Exchange, to perform the operation of the Stock Exchange systematically and to comply with regulations and by-laws in order to protect the interest of investors.

158. The board of directors of the Stock Exchange may exercise the power under sub-rule (b) or (d) of rule 154 when a listed company of the Stock Exchange fails to comply with the order of the board of directors of the Stock Exchange.
159. The board of directors of the Stock Exchange shall have the power to form a sub-committee in order to perform any matter of the Stock Exchange. The members of the sub-committee shall receive emolument as specified by the board of directors of the Stock Exchange.
160. The board of directors of the Stock Exchange shall submit a balance sheet and an annual profit and loss account duly certified by the auditor to the annual general meeting of shareholders of the Stock Exchange within four months from the end of the financial year.
161. The annual general meeting of shareholders of the Stock Exchange shall appoint an auditor from the persons nominated by the board of directors with the prior permission of the Commission and shall determine the emolument for such auditor. The appointment of the auditor shall be in accordance with the provisions of the Myanmar Companies Act. The auditor shall be a licensed auditor under the Myanmar Accountancy Council Law and shall not be a director, Managing Director, officer or staff of the Stock Exchange.
162. The auditor shall have the power to examine all accounts and documents of the Stock Exchange and request explanation from the directors, Managing Director, officers and staff of the Stock Exchange.

163. The board of directors of the Stock Exchange shall submit a balance sheet, an annual profit and loss account, reports and other necessary documents to the Commission in accordance with the notifications, orders, directives and procedures issued by the Commission.
164. The Stock Exchange or any person authorized by the board of directors of the Stock Exchange shall instruct a listed company to announce the information in accordance with regulations, by-laws, stipulations and procedures as provided by the board of directors of the Stock Exchange for the interest of the general public and in order to protect the investors.
165. In order to avoid the damage impact on the general public or the economy of the State, the Commission shall have the power to:
  - (a) suspend temporarily the trading of all listed securities in the Stock Exchange for a specified period as reasonable;
  - (b) instruct the board of directors or the Managing Director of the Stock Exchange to comply with any action as the Commission considers appropriate.
166. The Commission shall, in exercising the power under rule 165, issue a written order and such order shall be posted in a prominent place at the Stock Exchange Office and announced to the public in the appropriate manner.
167. The Stock Exchange shall, if any trading participant is suspended upon disqualification, permit trading participant to complete its transactions.
168. (a) A Stock Exchange shall inform immediately the Commission when notice aware of the following:
  - (i) any matter which adversely affects, or is likely to adversely affect, the ability of any trading participant to meet its obligations in respect of its business of dealing in securities including the ability of any trading participant to comply with

- the minimum financial requirements as required under the law and these rules, and notifications, orders, directives and procedures issued by the Commission;
- (ii) any irregularity, breach of any provision of the law, these rules and notifications, orders, directives or procedures issued by the Commission or regulations and by-laws of the Stock Exchange or any other matter which, in the opinion of the Stock Exchange, indicates or may indicate, that the financial standing or financial integrity of any trading participant, or of the directors or responsible person of the trading participant is in question or may reasonably be affected.
- (b) When a Stock Exchange reprimands, fines, suspends, expels or otherwise disciplines against trading participant, the following facts shall be given to the Commission in writing within seven days:
- (i) the name and address of the business of the trading participant;
  - (ii) the reason for and the nature of the action taken;
  - (iii) the amount of the fine (if any);
  - (iv) the period of suspension (if any);
- (c) the Stock Exchange shall notify the Commission without delay after suspending or cancelling the trading of listed securities in accordance with sub-rule (b) of rule 154.

## **Chapter VIII**

### **Over-the-Counter Market**

169. Not less than three securities companies cooperated as members of the Over-the-Counter Market may apply to the Commission to establish an Over-

the-Counter-Market. If the permission of the Commission is obtained, they may establish an Over-the-Counter-Market.

170. (a) Any person who intends to obtain the permission for the Over-the-Counter Market shall submit to the Commission an application containing the following:
- (i) name of the Over-the-Counter Market;
  - (ii) location of the offices including the head office and branch offices;
  - (iii) name of the member of securities companies founded the Over-the-Counter Market;
  - (iv) name of directors and responsible persons;
  - (v) capital and sources of capital;
  - (vi) regulations and by laws of the Over-the-Counter Market;
  - (vii) the Memorandum of Association and Articles of Association of the Over-the-Counter-Market;
  - (viii) other documents concerning with the Memorandum of Association and Articles of Association of the Over-the-Counter Market;
  - (ix) other details as specified in the notifications, order, directives and procedures issued by the Commission.
- (b) The Memorandum of Association and Articles of Association, other regulations and by-laws of the Over-the-Counter Market and other documents specified by the notifications, orders, directives and procedures issued by the Commission shall be attached to the application in accordance with sub-rule (a).
- (c) When attaching documents provided in sub-rule (b), electronic records, which shall be limited to those specified by the notifications,

orders, directives and procedures issued by the Commission, may be attached in place of written documents if the Memorandum of Association and Articles of Association are compiled in the form of an electronic record.

171. (a) The Memorandum of Association and Articles of Association of the Over-the-Counter Market shall contain the following matters in addition to the matters listed in the existing laws of Myanmar relating to Myanmar companies:
- (i) purpose;
  - (ii) name;
  - (iii) location of offices including the head office and branch offices;
  - (iv) matters related to member securities companies;
  - (v) matters related to general meetings;
  - (vi) matters related to directors and responsible persons;
  - (vii) matters related to the meeting of the board of directors and other meetings;
  - (viii) matters related to the execution of business operations;
  - (ix) matters related to the compilation of regulations and by-laws;
  - (x) matters related to the Over-the-Counter Market;
  - (xi) matters related to the investigation of the status of observance of the law, regulations and by-laws, dispositions given by government agencies based on the law, regulations and by-laws, or the Memorandum of Association and Articles of Association of the Over-the-Counter Market or other regulations, or the fair and equitable principles of transactions by member securities companies of the Over-the-Counter Market;
  - (xii) matters related to membership fees;

- (xiii) matters related to accounting and assets; and
  - (xiv) methods of public notices.
- (b) If the Over-the-Counter Market intends to change its Memorandum of Association and Articles of Association of the Over-the-Counter Market, it shall obtain the approval of the Commission.
- (c) When there is any change in the location of offices including the head office and branch offices or the name of directors and responsible person and the name of current member securities companies, the Over-the-Counter Market shall inform or submit to the Commission without delay. In the matters related to preparation, change or abolishment of regulations and by laws of the Over-the-Counter Market shall comply with the same.
172. The Over-the-Counter Market shall specify in detail in its regulations and by-laws which are:
- (a) matters relating to the trading participants;
  - (b) matters relating to the reserve funds;
  - (c) criteria and methods of registration of securities traded, and revoke thereof;
  - (d) the type and business hours of sales and purchase of securities;
  - (e) the starting, ending and suspension of sales and purchase of securities;
  - (f) methods of concluding securities transaction contracts;
  - (g) delivery of and other settlement methods for securities traded;
  - (h) other required matters relating to securities trading that are not included in the above.
173. The application for and the issuance of permit shall be in accordance with notifications, orders, directives and procedures issued by the Commission.

174. The Over-the-Counter Market shall submit its regulations and by-laws to the Commission at the commencing of the market for the prior approval. In addition, the Over-the-Counter Market shall submit regulations and by-laws, subsequent alteration and modification that related to the members to the Commission for the prior approval.
175. The Over-the-Counter Market shall ensure the commitment of the current members of the Over-the-Counter Market complying with the provisions of the law, rules and notifications, orders, directives and procedures issued by the Commission and regulations and by-laws of the Over-the-Counter Market. When they have been a contravention of or non-compliance with the law, rules and notifications, orders, directives and procedures issued by the Commission, and regulations and by-laws of the Over-the-Counter Market, the Over-the-Counter Market shall punish the member as follows:
- (a) fine;
  - (b) temporary prohibition from trading in the Over-the-Counter Market;
  - (c) termination of membership.
176. The Over-the-Counter Market shall be dissolved when any of the circumstances occur:
- (a) any event mentioned in the Memorandum of Association and Articles of Association of the Over-the-Counter Market as the basis for dissolution;
  - (b) a resolution by the members at its general meeting with three-fourths or more of the voting shares resolving to dissolve the Over-the-Counter Market;
  - (c) the number of members has been reduced to less than three and the Commission issues an order for it to be dissolved;

- (d) the insolvency of the Over-the-Counter Market of where it suspends payment of any debt it has incurred;
  - (e) the revocation of the permit issued to the Over-the-Counter Market by the Commission under section 48 of the law.
177. The dissolution under sub-rule (b) of rule 176 shall be effective when the approval is given by the Commission.
178. After the dissolution of an Over-the-Counter Market, the remaining assets of the Over-the-Counter Market shall be distributed under the relevant provisions of the Myanmar Companies Act unless otherwise specified in the Memorandum of Association and Articles of Association of the Over-the-Counter Market or regulations and by-laws applicable to members.
179. The provisions of rules 30,136, 141, 142, 143, 144, 165 and 166 shall apply mutatis mutandis.
180. If the provisions of the rules mentioned in rule 179 specify as the power and duties of the Stock Exchange, such provisions shall be considered as the duties and power of the Over-the-Counter Market.
181. The provisions of rules 148, 149, 150, 152, 154, 156, 157, 160,161, 164 and 168 shall apply mutatis mutandis.
182. If the provisions of the rules mentioned in rule 181 specify as the power and duties of the Stock Exchange, the board of directors or the Managing Director of the Stock Exchange, such provisions shall be considered as the duties and power of the Over-the-Counter Market, the board of directors or the Managing Director of the Over-the-Counter Market, appropriately.

## Chapter IX

### Prohibited Acts

183. Prohibited acts under sub-section (a) of section 49 of the law shall include:

- (a) spreading false or misleading information with the intention of influencing prices for the trading of securities;
  - (b) compiling or distributing documents displaying false prices with the intention of displaying or distributing them;
  - (c) compiling or distributing documents containing false or misleading statements on important matters concerning securities to be issued with the intention of displaying or distributing them.
184. Internal information in sub-section (c) of section 49 of the law refers to the facts concerning the issuers of securities or securities that have not been publicized may influence on investment decisions made by investors.
185. Disclosing or providing internal information shall not include the public disclosure of internal information.
186. The provisions of sub-section (c) of section 49 of the law shall not apply to the following:
- (a) where a person with the right to receive shares or warrants under the Myanmar Companies Act obtains shares or warrants through the exercise of the said rights;
  - (b) buying or selling of shares or warrants based on a share purchases request under the Myanmar Companies Act or any legal obligation;
  - (c) buying or selling of shares outside the securities market operated by the Stock Exchange or the Over-the-Counter Market by persons in the possession of the same internal information, except the case where both parties to the transaction know that the subsequent transaction following the transaction will violate sub-section (c) of section 49 of the law;
  - (d) where a person has concluded a written contract with the issuer to buy or sell securities issued by the said issuer before knowing internal

- information and then conducts the said transaction through performance of the said contract during a period from 10 days prior to the date specified in the contract or until the deadline for executing the transaction specified in the contract;
- (e) where the securities bought or sold are corporate bonds or warrants relating to corporate bonds, cases other than those in which the internal information has led to the emergence of fears that the issuer will be dissolved or default on the debt;
  - (f) a series of buying and selling transaction in accordance with rule 187;
  - (g) where a person who has made a decision to buy or sell securities or another person who acts in concert with the said person buys or sells the securities knowing internal information that the said person has made a decision to buy or sell the securities.
187. The provisions of sub-section (d) of section 49 of the law shall not apply to a series of buying and selling transactions on the securities market operated by the Stock Exchange or the Over-the-Counter Market which stabilizes the market with the aim of facilitating offerings of new or existing securities and made in accordance with the notifications, directives, orders and procedures issued by the Commission under the law.

## **Chapter X**

### **Appeal**

188. Any person intends to appeal under section 53 of the law shall submit to the Commission an appeal in which contains:
- (a) name and trade name of the appellant;
  - (b) name of the directors and responsible persons of the appellant if the appellant is an association;

- (c) decision relating to the appeal;
  - (d) purpose and reasons of the appeal.
189. After receiving an appeal, the Commission may deliver a copy of such appeal to the Stock Exchange, and demand to submit a written explanation within a reasonable period.
  190. After receiving the written explanation, the Commission may deliver a copy of explanation to the appellant, and ask for the appellant to submit a rebuttal within a specified period.
  191. The Commission may ask for an opinion from an appropriate person based on his expertise and experience upon a petition from the appellant or the Stock Exchange or by its own authority.
  192. The Commission may verify the facts at a reasonable place, in response to a petition from the appellant or the Stock Exchange or by its own authority.

## Chapter XI

### Penalties

193. Any securities company which violates or fails to comply with rule 42, 44,46, 47, 48, 49, 50, 51, 56, 57, 58, 59, 60, 61, 62, 65 or 66 shall be liable to a fine specified in notifications, orders, directives and procedures issued by the Commission.
194. Any license holder who is not a securities company violates or fails to comply with rule 82, 83, 84, 90, 91, 92, 93, 94, 95, 96 or 97 shall be liable to a fine specified in notifications, orders, directives and procedures issued by the Commission.
195. In cases where any securities company or license holder violates or fails to comply with the notifications, orders, directives and procedures issued in accordance with rules 26, 27 and 28, the director or any responsible person

for the operation of such securities company or licence holder shall be liable to a fine specified in the notifications, orders, directives and procedures issued by the Commission when it is proved by the authority that such persons has involved in the offence by such securities company or licence holder.

196. The Over-the-Counter Market which contravenes or fails to comply with sub-rule (b) of rule 154 or 167 or 175 or contravenes or fails to comply with the order issued by the Commission under rule 166 and sub-rule (a) of rule 165 shall be liable to a fine specified in the notifications, orders, directives and procedures issued by the Commission when it is proved by the authority that such person has involved in the offence.
197. Any person who contravenes or fails to comply with the order issued by the Commission under rule 166 and sub-rule (b) of rule 165 shall be liable to a fine specified in the notifications, orders, directives and procedures issued by the Commission.

## Chapter XII

### Miscellaneous

198. For the purpose of carrying out the provisions of these rules, the Ministry or the Commission may issue notifications, orders, directives and procedures as may be necessary.

Win Shein

Union Minister

By Order,

(Dr. Mg Mg Thein)

Deputy Minister