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Office of the Securities and Exchange Commission of Myanmar

Capital Market Bulletin

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Attend the 37th ASEAN Capital Markets Forum-ACMF Chairs' Meeting and International Conference



The 37th ASEAN Capital Markets Forum-ACMF Chairs' Meeting and International Conference celebrated in Phnom Penh, Cambodia on 27 and 28 October 2022. The Myanmar delegation led by Deputy Minister for Ministry of Planning and Finance as well as Chairman of the Securities and Exchange Commission of Myanmar (SECM) U Maung Maung Win and Director General of SECM U Kyi Zin Tun attended. They discussed the recent development activities concerning Myanmar capital market in this meeting.

Local News

Commission Meetings



The meetings of Securities and Exchange Commission were held two times from October to December 2022.

Celebrating Happy New Year Gathering Ceremony



Happy New Year 2023 Eve Gathering Ceremony of SECM Office was celebrated on 28 December, 2022. Wishing a wonderful new year and brings numerous successes to all.

Held the 10th Domestic Bond Market Development Working Committee (DBMD-WC) Meeting



The 10th Committee Meeting was held virtually by the representatives and committee members from the Central Bank of Myanmar, Office of the Ministry of Planning and Finance, Treasury Department, Financial Regulatory Department, Myanmar Economic Bank and the office of SECM on 28 November, 2022.



Meetings of Commission Office

Yangon Stock Exchange (YSX)	Weekly
Executive Committee	Monthly
Securities Companies	Monthly
Acknowledgement Certificate Training Schools	Monthly
Staff's Durbar	Monthly

The Role of Securities Companies

The Securities Company is a limited company formed in accordance with the existing Law to carry out securities business.

A Public Company or an Organization issues the securities and offers them to the public when they need the capital either to extend the existing business or to start a new business firm. The company or organization can be called issuer which issues and delivers the securities.

The Securities Company advises after analyses the possibility on the expected amount value and price per each security of the issued company and has been cooperating with this company until the project has been already completed. The Securities Company is performing as an intermediary to be fair and stable trading while the issuer is offering these securities to the investors. Moreover, the Securities Company is also as a market player based on the strict self-discipline with the view of preventing conflict of interest.

The Securities Company shall carry out the following securities business in order to the clause 2 (a) and article 18 of the Securities Exchange Law 2013:

- (1) Securities Dealing;
- (2) Securities Brokerage;
- (3) Securities Underwriting;
- (4) Securities Investment Advisory Service;
- (5) Performing the function of depository and clearing of securities;



- (6) The business prescribed by notification as securities business by the Securities and Exchange Commission.

The Securities and Exchange Commission has been granting the securities business licenses since 2015 and there are six companies for licensing to do from number (1) to (4) and one company for number (4) only.

Securities Companies are participating as part of the important role into the capital market for conducive toward the market oriented economic system, supportive to collect the long-term investment, achieving the job opportunities and assisting to decrease inflation.

That's why; would kindly convey this brilliant information to the people who wish to freely and safely invest in the Stock Market and Government Bond Markets in Myanmar through the Securities Companies!

Mel Eaim Kaung

Reference: Securities Exchange Law 2013

<https://www.fsa.go.jp/en/newsletter/2006/09/01.pdf>

Key Benefits of investing on the stock

We all dream of having a grand standard of living where we can fully provide for our loved ones, and have financial security. Nevertheless, achieving our desire, we work much harder and find ways to earn more money. Some people think of investing in the stock market is risky but it can be profitable if we learn to do it properly. Financial experts have been saying that Invest in the stock market with discipline and patience over decades is the best way to build wealth. There are key benefits of investing on stock;

(a) Ownership and voting rights; A shareholder is an investor who owns one or more shares of stock in a public company, and this investor has the right to vote on major decision such as appointments to the board members, approve the directors' remuneration report and other resolutions at the company's annual and special shareholder meetings.

(b) Dividend; A dividend is a distribution of a company's surplus profits to its shareholders.

(c) Liquidity; Shareholders who own stock face a financial emergency, they can easily convert their stock to cash in a short time.

(d) Price Appreciation ; price appreciation is the increase in value of a company's shares over time .(For Instance, On May 28, 2020, EFR was listed on the Yangon Stock Exchange, at which time an investor purchased it for 2,300 Kyat. Thirty months later, that share price had risen to 2,750 Kyat, and the investor had made 450 kyt per share ,in other words, it is referred to as capital gain.

(e) Information access; Public companies have to disclose information about their

financial statements, business performance to shareholders timely. Timely disclosure is extremely vital to investors, who need access to accurate information for making investment decision. (f) Market Protection; The Securities and Exchange Commission of Myanmar is the primary regulator for the capital market in Myanmar and is responsible for protecting the rights of all investors.

In addition to the benefits mentioned above, Some of UK and US public companies offer shareholder perks. Depending on the company perks can include discounts on products and services, early access to new products, and invitations to exclusive events. For example (1)The London Stock Exchange listed Carnival Corporation is the largest cruise company in the world. It offers shareholders sail for 6 days of less, can get a \$50 onboard credit , 7-13 days, can get a \$100 credit and shareholders have to own 100 shares or more. (2)Similarly, InterContinental Hotels Group PLC (IHG) offers shareholders who own at least 100 shares, and they can get up to a 20% discount when booking directly with IHG.(3)Tokyo Stock Exchange listed Japan Airlines (JAL) offers 50% off flights to shareholders who own over 100 shares (and have a primary residence in Japan), and can get discounts 1 coupon per year (eligible for 1 way flights) for any flight on designated domestic routes.

Source - <https://www.investopedia.com>
<https://shareclub.io/blog>

Activities of Commission Office

Operational Activities

- ◆ Monthly published on SECM Website concerning with the trading of secondary market in government securities
- ◆ Participating in the 8th Director Certification Program (DCP) training of MIOD
- ◆ Inspection of Securities Companies were conducted two times
- ◆ Knowledge sharing program to a reporting entities two securities companies regarding AML / CFT

Human Resource Development

One official from SECM was sent to attend the following course at the Civil Service Academy (Lower Myanmar);

- ◆ Management course for mid-level officers advanced Diploma in Civil Service Management Course, No(8)

The officials from SECM were attended the following of Local, Foreign Webinars and Trainings on Virtual;

- ◆ Preparing for Your First Directorship
- ◆ Forward-Thinking Mindset for Business Leaders
- ◆ Directorship Series; Corporate Governance Essentials
- ◆ Director Certification Program (DCP)
- ◆ Delivering a Just Transaction to Net Zero Webinar
- ◆ Working Group (WG3) and Consultation Group Meeting
- ◆ ASEAN Corporate Governance Scorecard (ACGS) 2021 Invitation

Forward-Thinking Mindset for Business Leaders Webinar



30 officials from the SECM Office attended the Leadership Series: “Forward-Thinking Mindset for Business Leaders” Webinar hosted by MIOD with online on 25 November, 2022.

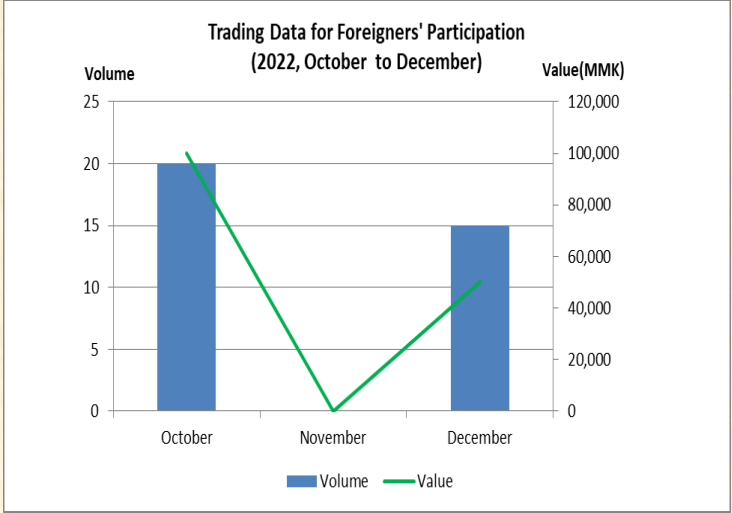
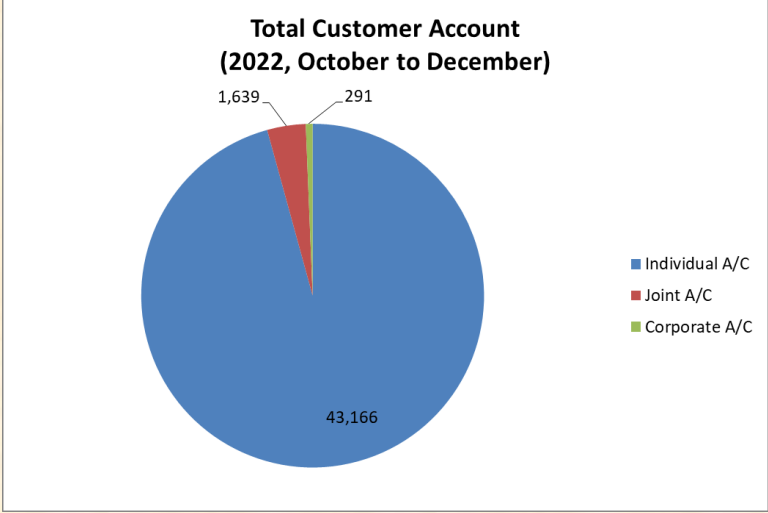
AML /CFT Knowledge Sharing



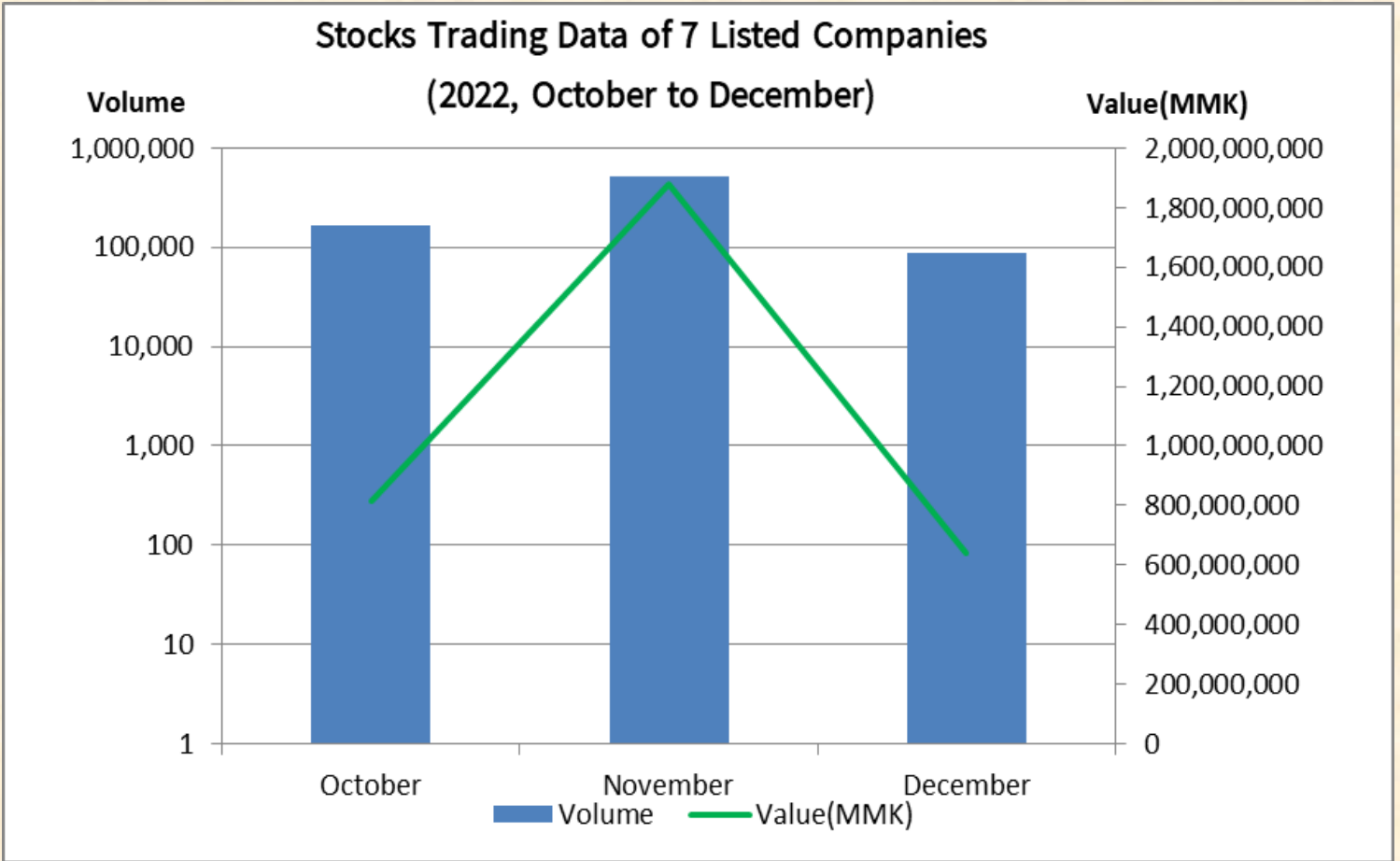
SECM Team met with (2) securities companies and gave a briefing on the topic of “Understanding AML/CFT in the Securities Market” in 2022 from October to December.

Market Data

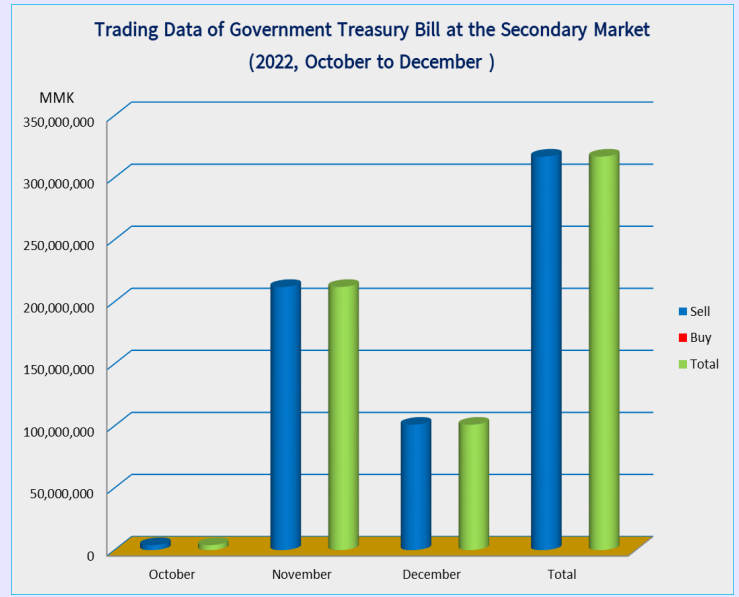
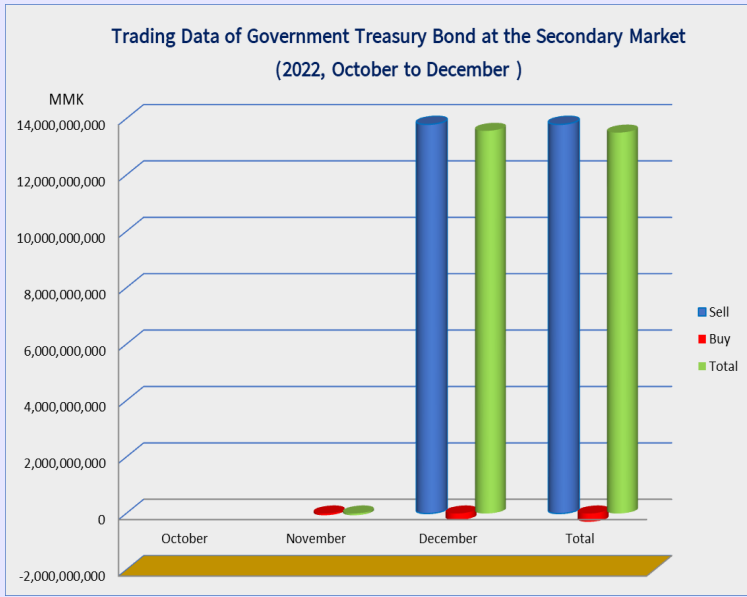
Opening the Securities Account and Trading Data for Foreigners' Participation



Stocks Trading Data of Listed Companies

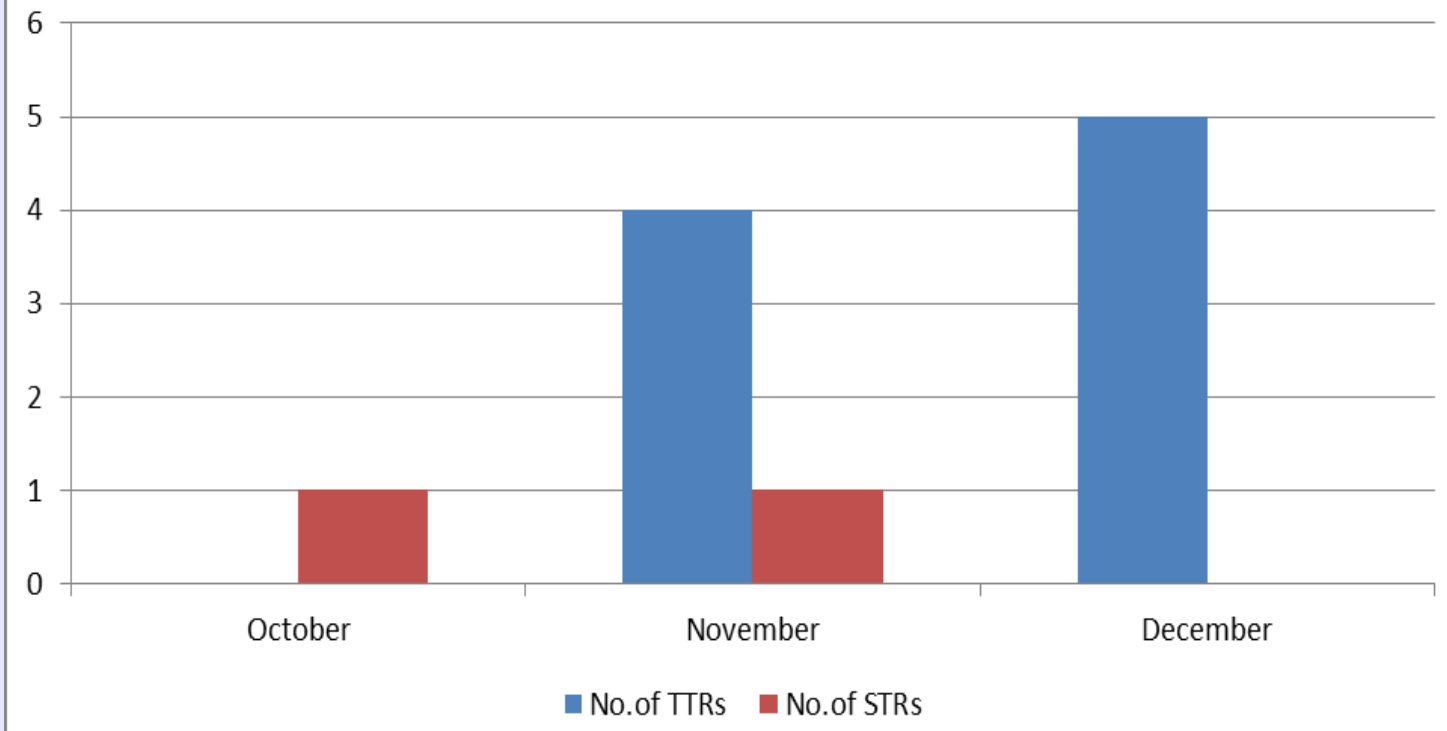


Trading Data of Government Securities



Market Participation

AML-CFT reported to MFIU by Securities Company (2022, October to December)



ASEAN's First Sovereign Sustainability Bond Issued by the Government of Thailand

In August 2020, the Thailand's Public Debt Management Office (PDMO) initially issued its Baht 30 billion (approximately US \$860 million) sustainability bond. This 15-year bond's funds were used to finance green infrastructure to get social and environmental benefits through the Mass Rapid Transit Orange Line (East) Project and social impact projects supporting the country's recovery from the COVID-19 pandemic, including public health measures, job creation through small and medium-sized enterprises, and local public infrastructure development.

This firstly bond issuance sold by an ASEAN member government was highly successful. Too much demand from investors generated bids totaling Baht 60.9 billion (almost US \$1.7 billion), or 3.05 times the announced offering. The bond was issued with an Interest rate of 1.585%, which was lower than the market yield of the existing 15-year benchmark bond.

The sustainability bond could fascinate the institutional investors including banks, asset management companies (AMC), financial institutions, insurance companies, and international investors. This bond is certified by the Climate Bonds Initiative as a green bond portion and listed on the Luxembourg Green Exchange. In addition, it has received the "Best Sustainability Bond" award along with the Government of Thailand as the "Best Issuer for Sustainable Finance" according to Asian financial magazine "The Asset". As of May 2022, the current outstanding amount of this bond was Baht 210 billion (approximately US \$6 billion).

Relating to this bond issuance, ADB supported through the ASEAN Catalytic Green Finance Facility by (i) providing inputs to the framework;(ii) facilitating an external review; and (iii) assisting in project selection, third-party certification, and annual reporting.

Reference - <https://www.adb.org/sites/default/files/publication/844911/green-social-sustainable-bonds-initiative-southeast-asia.pdf>

A Glance of Current Lao's Government Securities Secondary Market

The Lao's Government Securities Secondary Market was only the purchase of Arrears-Clearance Bonds from banks and no transaction between the Bank of Laos (BOL) and commercial banks since 2019. As a part of open market operations, the BOL offers repo and collateralized lending facilities to commercial banks; however, they have not been utilized.

The Treasury Bills and Budget-Balancing Bonds issued through securities firms have been listed on the Lao Securities Exchange (LSX) since December 2018. But there have been few transactions since then. There would be various reasons behind the lack of a secondary transaction, it is necessary to create enabling conditions for the central bank's market operations.

Normally, government securities are recognized as high-quality assets to be used for the central bank's money market operations. Market operations such as

repo and collateralized lending can be a driving mechanism of the secondary market. Then, interbank transactions can be developed by following the central bank transactions.

In addition, infrastructure for monitoring market circumstances, commercial banks' cash balances, and the Treasury Single Account are all need to be developed to facilitate market operations. Especially to attract foreign investors, much safer and more efficient payment and settlement systems for government securities need to be established that ADB stated in the publication titled "Developing a local currency Government Bond Market in an emerging economy after covid-19" in December, 2022.

Reference - <https://www.adb.org/sites/default/files/publication/845376/local-currency-government-bond-market-lao-pdr.pdf>