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Office of the Securities and Exchange Commission of Myanmar
Capital Market Bulletin

2023, April to June	Vol.2., No.2; July 2023	www.secm.gov.mm
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Deputy Prime Minister and Union Minister for Planning and Finance H.E. U Win Shein met SECM Officials



On June 20, 2023, the Deputy Prime Minister and Union Minister for Planning and Finance H.E. U Win Shein met with the commission members and the Office Staff at the Office of the Securities and Exchange Commission. In this meeting, he addressed the fact that the role of the commission is important for the development of the Myanmar capital market. Moreover, to verify the quality of listed public companies that issue and sell shares in accordance with the standards set by laws and regulations, and on the other hand, to protect investors in compliance with the laws. As civil servants, ensure to work with the Civil Service Rules and Regulations, human resource development, and employee welfare issues.

Local News

Meetings of the Commission



The meetings of Securities and Exchange Commission were held three times from April to June, 2023.

Celebrating the Ceremony of Contribution for Educational Grants and Stationery



On May 31, 2023, the Office of the Securities and Exchange Commission of Myanmar held a ceremony to provide educational grants and stationery to employees' children for the 2023-2024 academic year.

Holding the 1/2023 Domestic Bond Market Development Working Committee (DBMD-WC) Meeting



The 1/2023 Domestic Bond Market Development Working Committee (DBMD-WC) 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, Myanma Economic Bank, Yangon Stock Exchange, and the office of the SECM on May 30, 2023.

Discussing about Corporate Bond Market



The representatives from the Yangon Stock Exchange met with members and officials of the Securities and Exchange Commission regarding issues related to the corporate bond market on May 22, 2023.

Meetings of the Commission Office

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

Savings toward Investment

As mature earners, they can start saving and investing at any time. Before investing, money should be saved first. The interests can be further accumulated savings by opening a savings account with a low interest rate but a low risk of loss and saving for at least three to six months. During this period, the investment plan should be thought out and invest saving money in a suitable place.



The Individual Savings Account (ISA) is a system that exempts dividends earned from investing in stocks and mutual funds, as well as gains from selling appreciated stocks, from income taxes that would otherwise be levied. It was introduced in 1999 in the United Kingdom (UK) as a tax-free small investment scheme for domestic residents aged 18 and over. It is an individual account only, joint account opening is not allowed. Later, several improvements were made it easier to use. Investments in the ISA system have steadily increased and now see an increase of about 40%.

Japan introduced first the Nippon Individual Saving Account (NISA) program in 2014, after the success of the U.K. ISA. The NISA was modeled from the original U.K. ISA. It is the Japanese version of an ISA and N stands for Nippon which means Japan. And then the *Tsumitate* (Regular Savings) NISA, another type of NISA, followed in 2018. This program is Japan's new tax-exempt program for small investments, an effective aid to individuals' medium-to-long-term savings, and a new program that aims to create a channel of funds for potential businesses.

Historically, dividends and gains from the sale of stocks and mutual funds were taxed at 20% in Japan. However, after the bursting of the bubble economy, the tax rate was reduced to 10% in 2004 in an effort to stimulate the long-depressed Japanese stock market. When the tax rate was returned to its original level of 20% in 2014, the NISA was implemented as a temporary measure to mitigate the impact of such a drastic change*1. (*1 To be precise, the current tax rate is 20.315%.)

The NISA is intended for any resident of Japan aged 20 and more. With the NISA account, all individuals are eligible for an exemption of the 20% levy on income from capital gains and dividends from annual investments of up to one million Japanese yen (¥) (approximately US \$10,000) made over a five-year period as long as they reside in Japan. Under the current legislation, tax-exempt investment can be made through NISA for up to 10 years, starting in 2014, for a cumulative investment of ¥ 5 million (approximately US\$ 50,000).



Currently, there are two types of NISA: The *General* NISA and the *Tsumitate* NISA. Investors cannot enroll in both the *General* NISA and the *Tsumitate* NISA at the same time. So, they must choose only one. A user of the *Tsumitate* NISA needs to invest at least twice a year. It depends on the financial institution of the savings deposits, but usually, the user has to deposit a monthly contribution into his investment savings account. The *General* NISA is more popular among older generations, while the *Tsumitate* NISA appeals to younger generations.



Given the background of its birth, the NISA was destined to disappear at some point in the future. There have been persistent calls since its introduction for the system to be made permanent. Prime Minister Kishida has decided to make the system permanent through the new NISA, which is central to his asset-income doubling plan designed to encourage Japanese people to shift their money from cash and bank deposits into investments under the slogan “savings to investment”.

The new NISA will operate as a separate scheme from the current NISA, and invested money in a current NISA will not be converted into the new NISA. This is because the Japanese government wanted to complete the system development required to support operations of the new NISA, as soon as possible, in time for the launch in January 2024.

The *Tsumitate* NISA was designed for unsophisticated investors. The FSA of Japan carefully excludes products that might be volatile, complex, or expensive from its qualifying investment options to protect new investors. As of February 9, 2023, 188 Index Funds, 26 Actively Managed Funds (AMFs), and 7 *ETFs were approved as qualifying investment funds by the FSA. 86.3% of cash inflows went into Index Funds, while only 9.0% went into AMFs as of September 2022. So, found that the Index Funds are by far the most popular choice of investment in the *Tsumitate* NISA.

(*Exchange-traded funds (ETFs) are SEC-registered investment companies that offer investors a way to pool their money in a fund that invests in stocks, bonds, or other assets. In return, investors receive an interest in the fund.)

Each resident of Japan can invest up to ¥ 1.2 million a year for 5 years with the *Current General* NISA account. A maximum of ¥ 6 million can be invested within these

5 years, and dividends are tax-exempt. *Tsumitate* (Regular Savings) NISA accounts can invest up to ¥ 400,000 a year and go up to ¥ 8 million tax-free for 20 years.

As an example: let’s say, a young Japanese man in his 20s and 30s uses NISA to save up to ¥ 18 million to buy a house. If he withdraws money and buys a house when he reaches ¥ 18 million, the balance in his NISA account will be zero, but he will get back the ¥ 18 million lifetime investment limit value because he will receive dividends or other gains on the invested shares.



In addition, the employees of the company later in their 40s and 50s can use the NISA to accumulate their retirement provisions. Or when they retire in their 60s and receive a sizable amount of retirement benefit from their companies, they can put it into the NISA by using the ¥ 3.6 million annual contribution limit for each over a few years. Employees manage their investments and then gradually withdraw money from the NISA to fund their lives in retirement. Therefore, would like to be written a glimpse of the NISA program that can encourage the development of the capital market by making small investments from individual savings accounts to calm the future of employees.

Mel Eaim Kaung

Reference : New NISA as a Versatile Asset Builder; March 20, 2023

<https://investmentjapan.jp/japans-basic/3698/#:~:text=Under%20the%20current%20General%20NISA,holding%20period%20of%2020%20years>

<https://www.jsda.or.jp/en/activities/research-studies/files/NISA.pdf>

[https://www.investor.gov/introduction-investing/investing-basics/glossary/exchange-traded-fundetf#:~:text=Exchange%20traded%20funds%20\(ETFs\),an%20interest%20in%20the%20fund](https://www.investor.gov/introduction-investing/investing-basics/glossary/exchange-traded-fundetf#:~:text=Exchange%20traded%20funds%20(ETFs),an%20interest%20in%20the%20fund)

Activities of Commission Office

Operational Activities

- ◆ Uploading monthly trading data for Government Securities in the secondary market on the SECM website.
- ◆ Knowledge sharing program for reporting entities such as 1 securities company regarding AML / CFT Instructions by SECM on the Securities Industry.
- ◆ 7 onsite inspections for reporting entities regarding AML/ CFT.

Human Resource Development

7 staff from SECM were sent to attend the following course at the Civil Service Academy (Lower Myanmar);

- ◆ Basic Course for civil service officers, No. 218
- ◆ Basic Course for Junior officers, No. 125

The Officials from SECM attended the following of local and overseas webinars, meetings, and trainings;

- ◆ “9th Director Certification” Program organized by MloD (In person)
- ◆ “Emerging Trends Briefing” Webinar organized by MloD (Online)
- ◆ “Leadership Series: Servant First Leader” Webinar organized by MloD (Online)
- ◆ Technical training session on Forthcoming ISSB standards organized by ACMF (Online)
- ◆ Webinar on Version 2 of the ASEAN Taxonomy for Sustainable Finance organized by ACMF (Online)

Issuing Notification

The Commission published Notification No. 1/2023 on registration procedures for companies to be registered on the Pre-Listing Board (PLB) of the Yangon Stock Exchange. (Myanmar Version)

Participating in the ACMF-ISSB Joint Conference and Workshop



The ACMF-ISSB Joint Conference and Workshop were held with the cooperation of the ASEAN Capital Markets Forum and the Disclosure of International Financial Reporting Standards Board in Singapore on 27th and 28th June, 2023. The Myanmar delegation, led by the Director General of the SECM Office, U Kyi Zin Tun, attended.

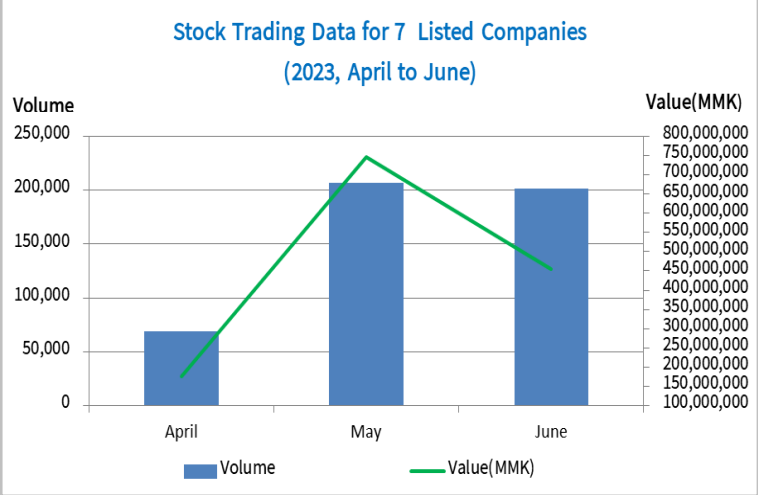
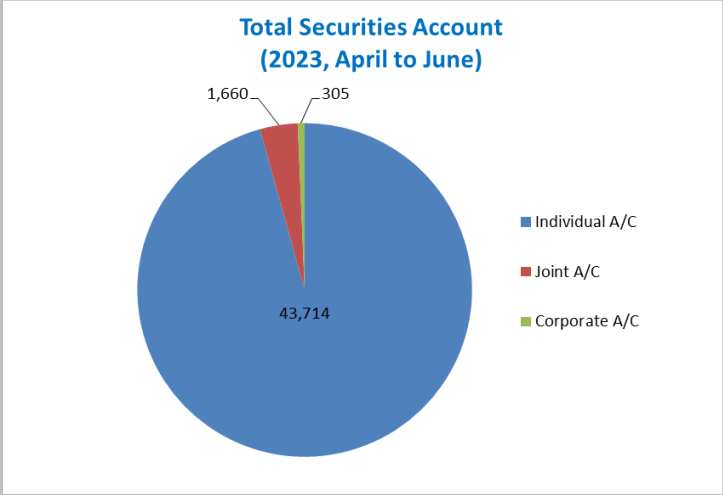
Holding the Corporate Governance Workshop



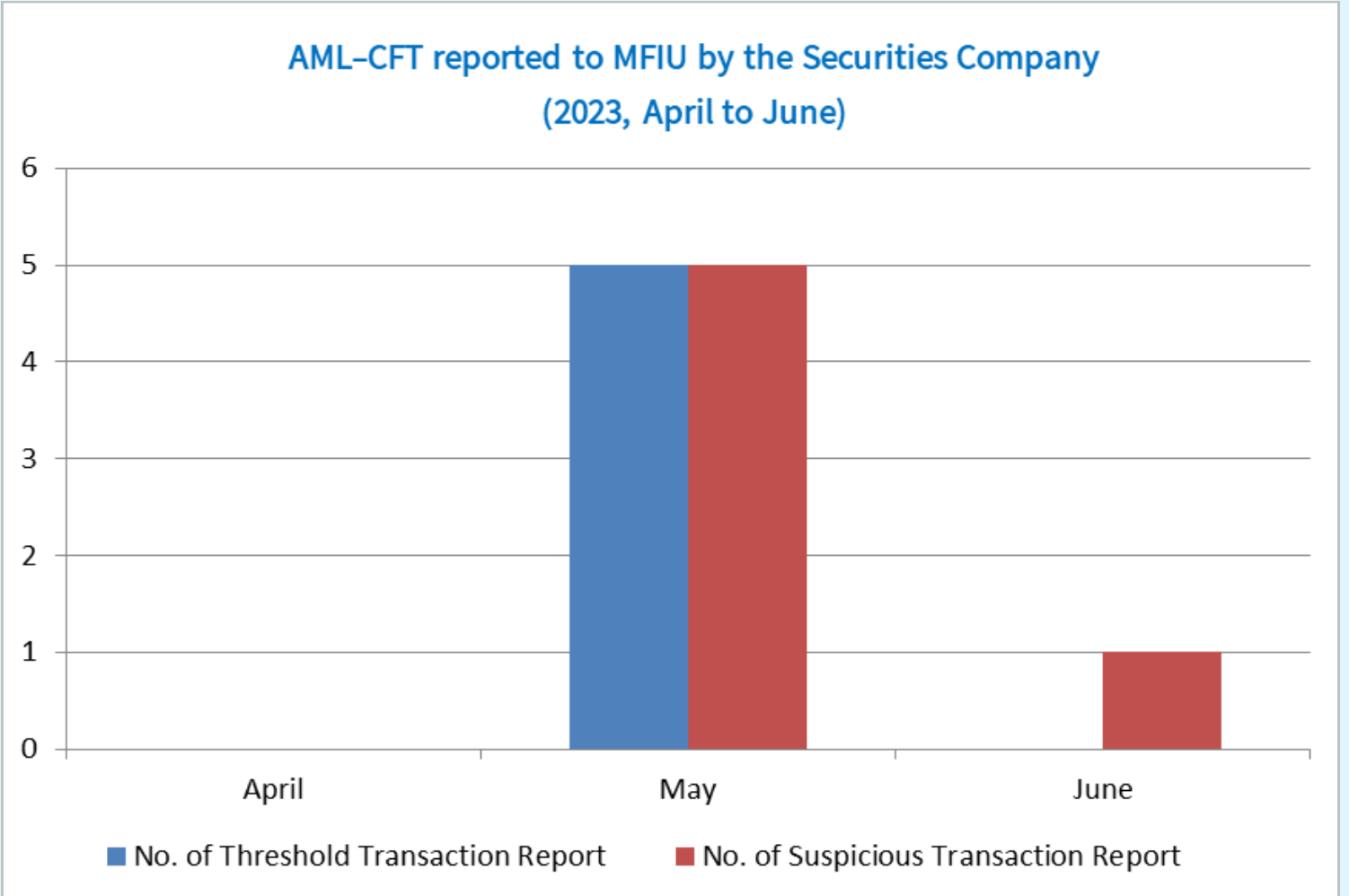
The internal workshop on Corporate Governance was held with the aim of enhancing the capacity of the staff at the SECM meeting room on June 15, 2023, and 18 officials participated in this event.

Market Data

Opening the Securities Account and Stock Trading Data of Listed Companies

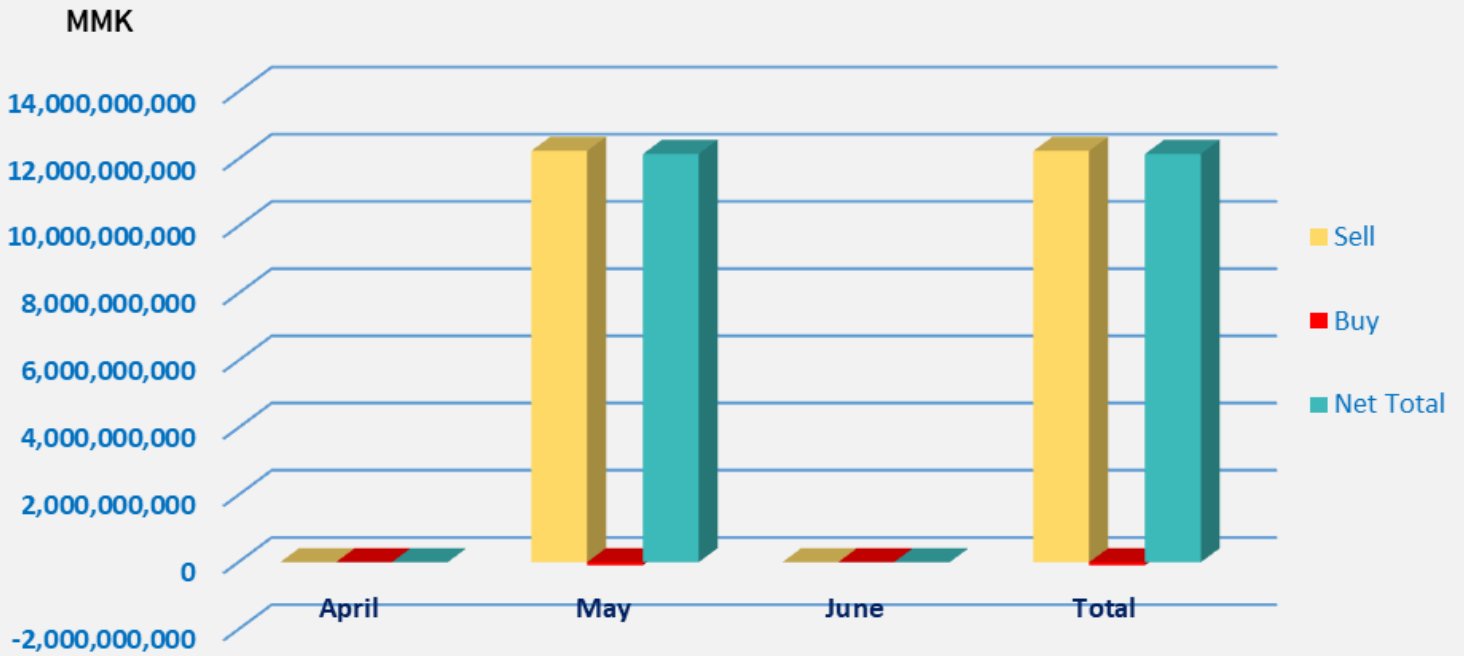


Market Participation

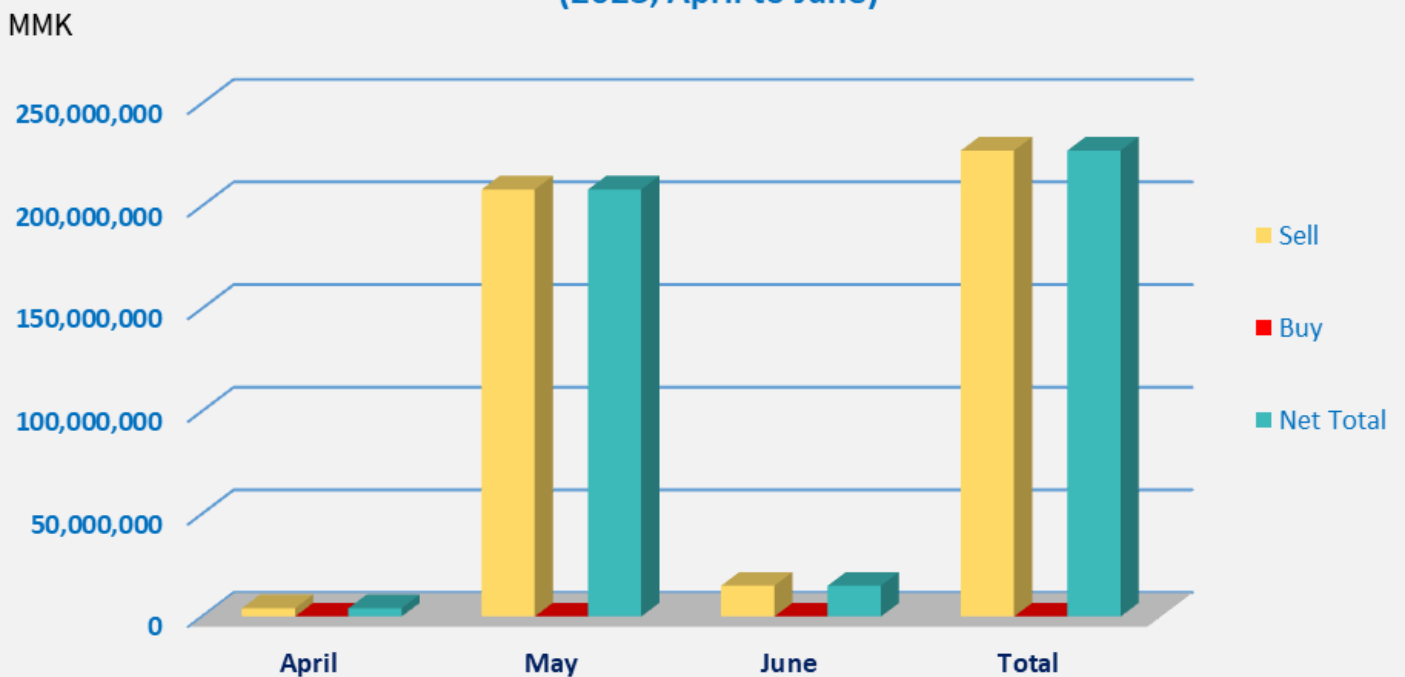


Trading Data of Government Securities

Trading Data of Government Treasury Bonds in the Secondary Market (2023, April to June)



Trading Data of Government Treasury Bills in the Secondary Market (2023, April to June)



Financial Services Activities of the Neighboring Countries

PM Anwar announces measures to boost the capital market, create more wealth for people in Malaysia

Monday, 19 Jun 2023 1:16 PM MYT

KUALA LUMPUR, June 19 — Reducing the stamp duty rate for shares traded on Bursa Malaysia Securities, promoting corporate ventures, and easing the listing process were among the measures announced by Prime Minister Datuk Seri Anwar Ibrahim today to beef up the capital market and create more wealth for the rakyat.

In the immediate term, the stamp duty rate for shares traded on Bursa Malaysia Securities will be reduced to 0.10 percent of contract value, effective starting in July from the current 0.15 percent, subject to a maximum cap of RM1,000 per contract.

Widening investor pool, structural reforms to boost listings

To attract a larger pool of investors to support financing for SMEs and the new economy, the Ministry of Finance (MoF) and SC will look at policies to facilitate and attract the setting up of family offices in Malaysia.

It will also look into promoting corporate venturing to drive greater domestic direct investment through more facilitative

tax and incentive policies, including “enabling tax losses from corporate venturing to be utilized by the parent company to set off other sustainable investments in the group,” said Anwar.

The MoF and SC will also work on widening the definition of sophisticated investors to include angel investors, venture capitalists, and private equity firms. “Finally, I recognize that longer-term market and structural reforms would be required for Malaysia’s capital market and economic transformation,” he said.

However, as a start, in order to encourage more companies to be listed on Bursa Malaysia, the SC, and Bursa Malaysia will implement reforms this year to make it easier and faster to list on the exchange by expediting the IPO process and reducing time to market to ensure Malaysia’s competitiveness and attractiveness, he said.

Ei Ei Khin

Reference: <https://www.malaymail.com/news/malaysia/2023/06/19/pm-anwar-announces-measures-to-boost-capital-market-create-more-wealth-for-people/75149>

Outstanding corporate bonds reach VND 1.1 quadrillion

According to the latest report of the Ministry of Finance, Vietnam (MOF), outstanding corporate bonds had reached up to 1.1 quadrillion Vietnamese dong (VND) by May 19, or 11.6 percent of 2022 GDP.

Meanwhile, the compilation of regulations on privately issued bond management has been going very slowly, affecting the development of new capital mobilization channels for enterprises.

According to MOF, since 2021 and before, the Enterprises Law did not clearly stipulate the management scheme for non-public companies, while the Securities Law did not clearly stipulate restrictions on private securities transactions.

As signs of market development began to emerge in 2018, MOF recommended the following points for applying solutions within the government's jurisdiction:

- (1) restricting transactions after one year of issuance;
- (2) requesting to expose information on the website of the Hanoi Stock Exchange to improve publicity and transparency; and
- (3) using administrative measures to control the volume of bonds issued (2020).

At the same time, the government proposed the amendments to the Enterprises Law and Securities Law, only allowing professional securities investors to issue and trade

corporate bonds. There must be bond issuance consultants and management supervision institutions because of the high number of bond issuers.

After one year of implementing the 2019 Securities Law, 2020 Enterprises Law, and Decrees 153 and 155 released in 2020, MOF found that many small individual investors deliberately broke the law to turn themselves into "professional securities investors" to be able to buy corporate bonds.

The ministry also found that issuance companies offered high bond interest rates to raise funds despite their weak financial capabilities. The government has issued Decree 65, amending some regulations on issuing and trading corporate bonds with stricter management measures to control risk.

In addition to the legal documents discovered by the police, as well as the Van Thinh Phat and SCB scandals, the volume of bond issuance has dropped significantly. In 2022, only VND337 trillion worth of bonds were issued, down 44.3 percent over 2021. Meanwhile, the amount of bonds bought back before maturity was VND220 trillion, up 57 percent.

The government has issued a decree allowing issuers to re-negotiate with bondholders on payment time rescheduling, payment of assets, and condition changes.

Reference: <https://vietnamnet.vn/en/outstanding-corporate-bonds-reach-vnd1-1-quadrillion-report-2150530.html>