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Office of the Securities and Exchange Commission of Myanmar

Capital Market Bulletin

2023, October to December

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Attended the 39th ASEAN Capital Market Forum (ACMF) Chairs Meeting, ACMF International Conference 2023 and ACMF –ISSB Workshop



The Myanmar delegation led by the Chairman of the Securities and Exchange Commission of Myanmar (SECM), Deputy Minister for the Ministry of Planning and Finance U Maung Maung Win participated in the 39th ASEAN Capital Market Forum (ACMF) Chairs Meeting, ACMF International Conference 2023 and ACMF – ISSB Workshop on the IFRS Sustainability Disclosure Standards in Bali, Indonesia on October 16 to 18, 2023.

Local News

Holding the 2nd Roundtable Discussion on Pre Listing Board



The second roundtable discussion on the Pre-Listing Board was held on October 6, 2023, at the Grand Hall of YSX. The Chairman of the SECM and Deputy Minister of the Ministry of Planning and Finance U Maung Maung Win attended and addressed the opening remarks. In this seminar, officials from the Securities and Exchange Commission, the Yangon Stock Exchange, securities companies, and invited public companies attended.

Participating in the YSX Stock Investment Virtual Series 2023 Discussion



In the Stock Investment Virtual Series 2023 program filmed and broadcast weekly by the Yangon Stock Exchange with U Than Aung, Founder and CEO of Maximax Solution Advisory Firm and Financial Consultant U Kyaw Myo Htoon. A Deputy Director of the Securities and Exchange Commission's Office took part in this discussion on the topic "Challenges and Influencing Factors for Myanmar Stock Investment."

Commission Meetings



The meeting of the Office of the Securities and Exchange Commission were two times from October to December 2023.

Supports for Employee Welfare



The Office of the Securities and Exchange Commission of Myanmar provided edible oils to all staff members.

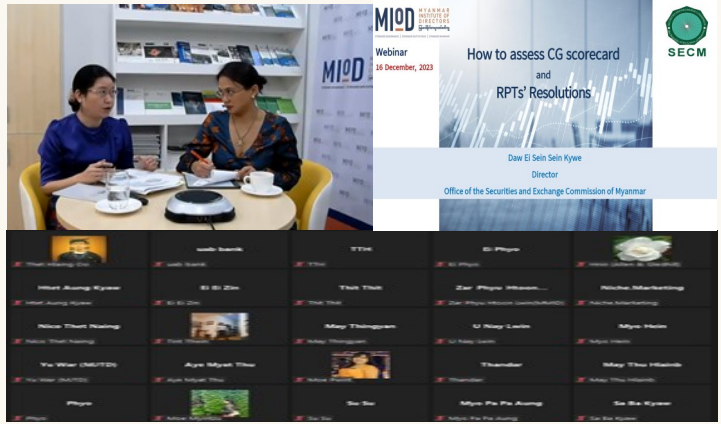
Local News

Attended a seminar jointly organized by Yangon Stock Exchange and Myanmar Legal MHM Limited



On 6 December 2023, at Prime Hill in Yangon, the Yangon Stock Exchange and Myanmar Legal MHM Limited jointly held a seminar to learn about the legal difficulties faced by companies to be listed on the Yangon Stock Exchange and what should be prepared in advance. In this seminar, the Secretary of the Securities and Exchange Commission of Myanmar, Legal Advisor and Officials attended.

Holding an Online Webinar on the CG Scorecard Assessment and RPTs' Resolutions



On 16 December 2023, an online webinar with the title of “How to Assess the CG Scorecard and Related Party Transactions’ Resolutions” was held by collaborating with the Office of the Securities and Exchange Commission of Myanmar (SECM) and the Myanmar Institute of Directors (MIoD). The fifty-five representatives from the public companies participated in this event.

New Year Eve Party



On 29 December 2023, family members of the SECM’s Office held the party and exchanged the memorial gifts for welcoming the happy new year 2024.

Meetings of Commission Office

Yangon Stock Exchange (YSX)	Weekly
Executive Committee	Monthly
Securities Companies	Monthly
Staffs Durbar	Monthly



Corporate bonds, Family businesses and Small & Medium Enterprises (SMEs)

On 7 November 1623, the Dutch East India Company (VOC) drafted a bond. The VOC and the Mississippi Company issued debt instruments (bonds) before they issued stocks.

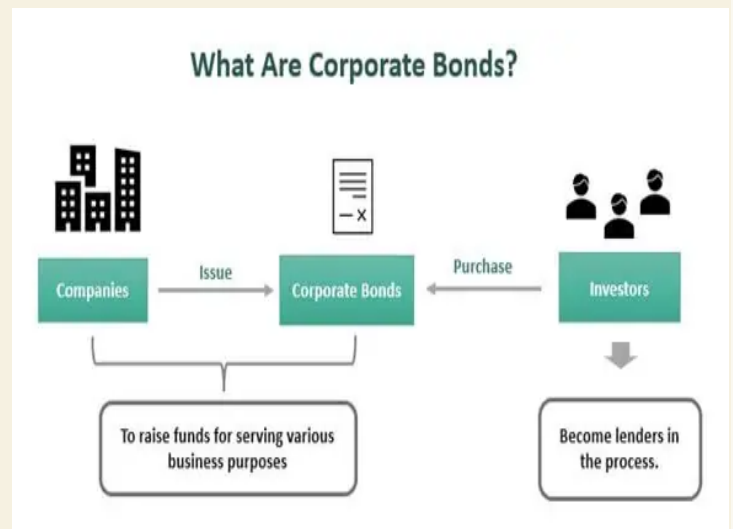
The governments and authorized corporations issued bonds to fund operations or to raise debt capital and seek growth opportunities. Issuers promise to repay the principal investment amount plus interest. The bond market is where the various debt instruments are sold by corporations and governments.

Governments and companies in emerging market economies usually issue bonds that provide growth opportunities but with greater risk than local bond or developed bond markets. Corporate bonds are issued in developing countries and by corporations in Asia, Latin America, Eastern Europe, Africa, and the Middle East .

Corporate bond and its nature

A corporate bond is one of the debt securities that is offered and sold to investors by a corporation or a company to raise capital for its business. Businesses that issued bonds must pay interest at fixed intervals and investors will get their investment back in full at the end of the fixed term. If investors want to resell before the maturity date, they can set the price at the yield agreed between the seller and the buyer in

the secondary market and they can get the difference between the original price and the market price as a profit. There are two types of bonds; A Secured Bond that is issued and sold with the issuer's assets as collateral to the guarantor or guaranteed organization and bond without collateral is called Unsecured Bond. Investors purchased corporate bonds based on issuer’s business prospectus, the future plans of the business, the prediction of income and profit and the likelihood of debt repayment.



Source : <https://www.wallstreetmojo.com/corporate-bonds/>

The collateralized corporate bonds issued by successful firms in investing are considered to have a lower risk of loss compared to unsecured bonds issued by other firms that investing in such successful businesses is called conventional investing with a high degree of safety. Investors around the world make sure to include investing in corporate bonds when

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creating their long term investment portfolio. Similarly, the retirees prefer to invest in bonds that have a low risk of losing their accumulated assets and earn regular interest income from it. Because the corporate bonds have a higher risk of loss when comparing to government bonds, the interest rates on corporate bonds are usually tending to be higher based on the issuer's type of business. The higher the interest rate is the greater the risk.

A lower risk type of investing in corporate bonds will also have lower returns. As the issuers' offerings widen amount, so do the types of bonds they can choose to invest in. In the event of bankruptcy of the issuing company, the bondholders will receive a preference refund. Buying bonds in the primary market is less accessible to ordinary investors. There is also a risk of loss due to fluctuations in market exchange rates and currency devaluations.

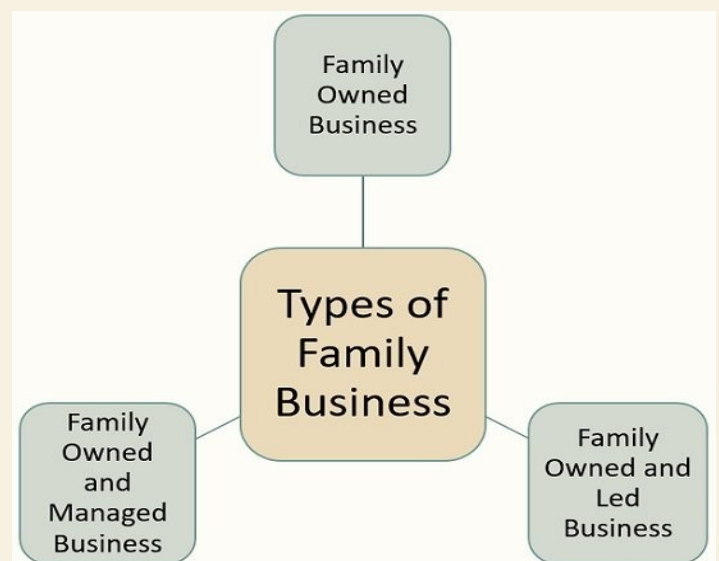
Seeking the investments of Family Business, Small and Medium Enterprises (SMEs)

Family business is a business where two or more family members are the founders of the business and hold majority shares of the business in order to manage and control the business. Family owned businesses often retain ownership by passing down or inheriting shares to future generations of the family.

Most of the family businesses can be much found in Asia and even some of them are mainstays of their respective countries. They have the nature of retaining their shares and monopolize the business control within their family members. They also do not want to

transform their company as a public company where has to share ownership and decision making rights in order to control the company's information as much as possible.

Bank Loans are the main source of external capital for family businesses. Getting a loan from a bank is because they want to build a long-term business relationship with a bank and minimize the leakage of their business information. That makes them to completely rely on bank loans to find the necessary capital for business expansion and long term sustainability. It is true that family business have a hard time raising capital while public companies are issuing and selling shares to raise their capital as listed companies in the capital market.



Source: <https://businessjargons.com/family-business.html>

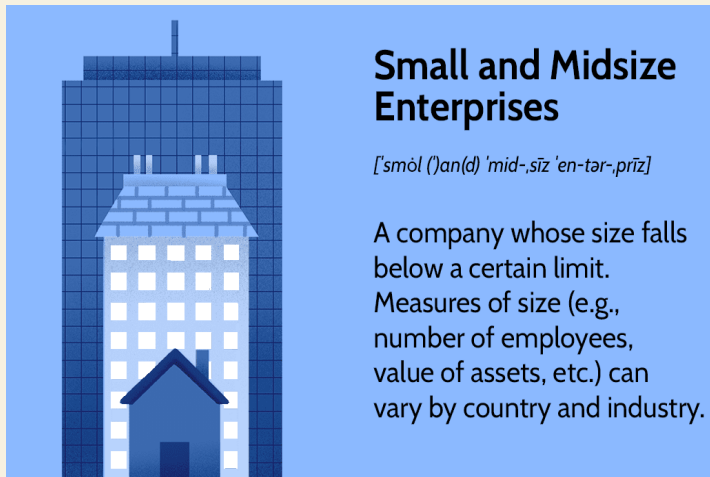
Like family businesses, Small and Medium Enterprises (SMEs) also depend on the bank loans and have a hard time finding capital by using other ways. In seeking the required funds, the family businesses and SMEs can find the capital by not only borrowing the loans from

To Page 6

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the banks but also issuing corporate bonds in the capital market. Also the cost of preparing to issue corporate bond is cost-effective comparing to issue equity. Due to the nature of corporate bonds are longer maturity and long identified period of interest payment, it can loosen the cash flow for the issuer.

Today, governments around the world are providing supports in various ways for the long term sustainability and development of the SMEs. This includes the ability of SMEs to seek required capital in the capital market. In some countries, the governments provide guarantee SMEs to issue mini bonds, easing requirements for SMEs to get access to the capital market, setting the interest rate and loan period in order to help SMEs in every possible ways as much as they can. However, investors need to aware that SME Bonds may carry a high risk of loss.



Source: <https://www.investopedia.com/terms/s/smallandmidsizeenterprises.asp>

In developing countries, SMEs act as an important sector in solving poverty and lack of employment opportunities. That is why it is necessary to have stable and sufficient capital financing for the development of SMEs. Credit Guarantee and Investment Facility (CGIF)

services are needed to provide protection for investors as SMEs are less likely to repay interest and debt on time. Regulators also need to enact the necessary terms and conditions such as the amount and interest rates that SMEs can issue, rules and regulations for timely repayment to investors, the operating period of the SMEs. Only then, investors will be able to invest their assets with trust.

In most countries, not only listed companies but also family businesses and SMEs issue and sell corporate bonds in accordance with the regulations set by the respective State's Securities and Exchange Commissions. Corporate bonds can be issued and sold without allocating ownership and decision rights to investors like shares, revealing only the information needed. Therefore, the issuance and sale of corporate bonds provides a new opportunity for those with surplus money to invest and seek the necessary capital for the sustainability of businesses.

Ye Wai Phyo

References – https://www.researchgate.net/publication/286534430_Capital_market_financing_of_family_enterprises
<https://humanidades.com/en/family-owned-business/>
<https://www.investopedia.com/terms/c/corporatebond.asp>
<https://www.google.com/urlsa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwjxZ2i1ayDAx-WuTmwGHWNzCCEQFnoECAgQAw&url=https%3A%2F%2Fso01.tci-thaijo.org%2Findex.php%2FCMJ%2Farticle%2Fdownload%2F241456%2F164747%2F>

Activities of Commission Office

Operational Activities

- ◆ Monthly Government Securities trading in the secondary market was uploaded on the SECM Website
- ◆ Lecture at the Online Basic Stock Investment Training Course 002/ 2023 opened by the Yangon Stock Exchange
- ◆ 2 Inspection of securities companies were conducted

AML / CFT Knowledge Sharing



On 2023 October 11, Knowledge Sharing Program for the SECM staffs regarding the anti-money laundering and terrorist financing and on December 26, meeting for the reporting entities concerning the questionnaires for off-site inspection on AML/CFT risk of the reporting entities in securities sector held in the meeting room at Securities and Exchange Commission of Myanmar.



Human Resource Development

Opening Ceremony of the Basic Course of Junior Officers 1/2023



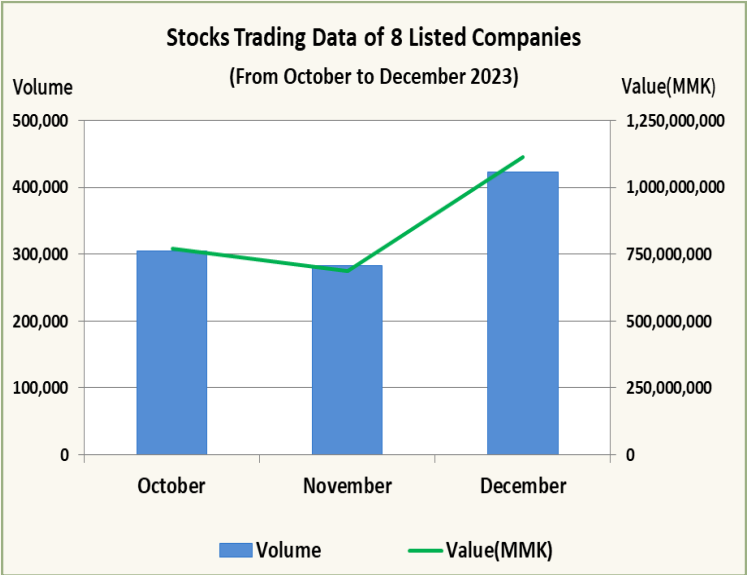
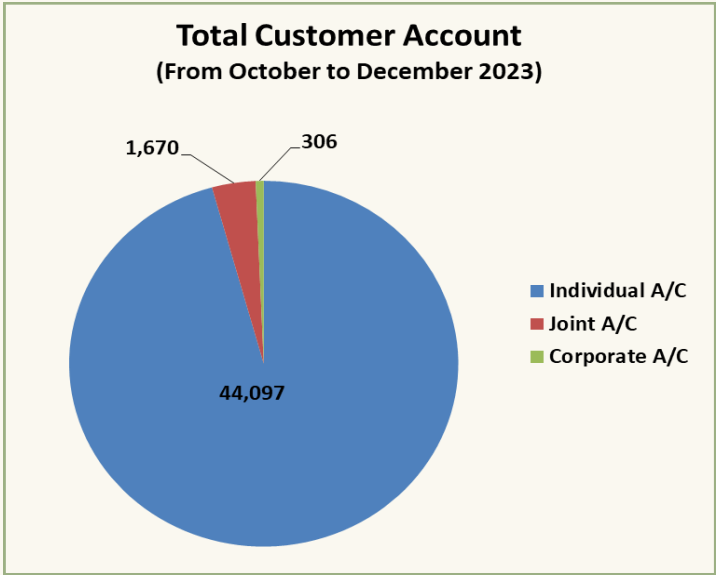
The opening ceremony of Basic course of Junior Officers 1/2023 was held on 18 October 2023 and eighteen staff members attended.

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

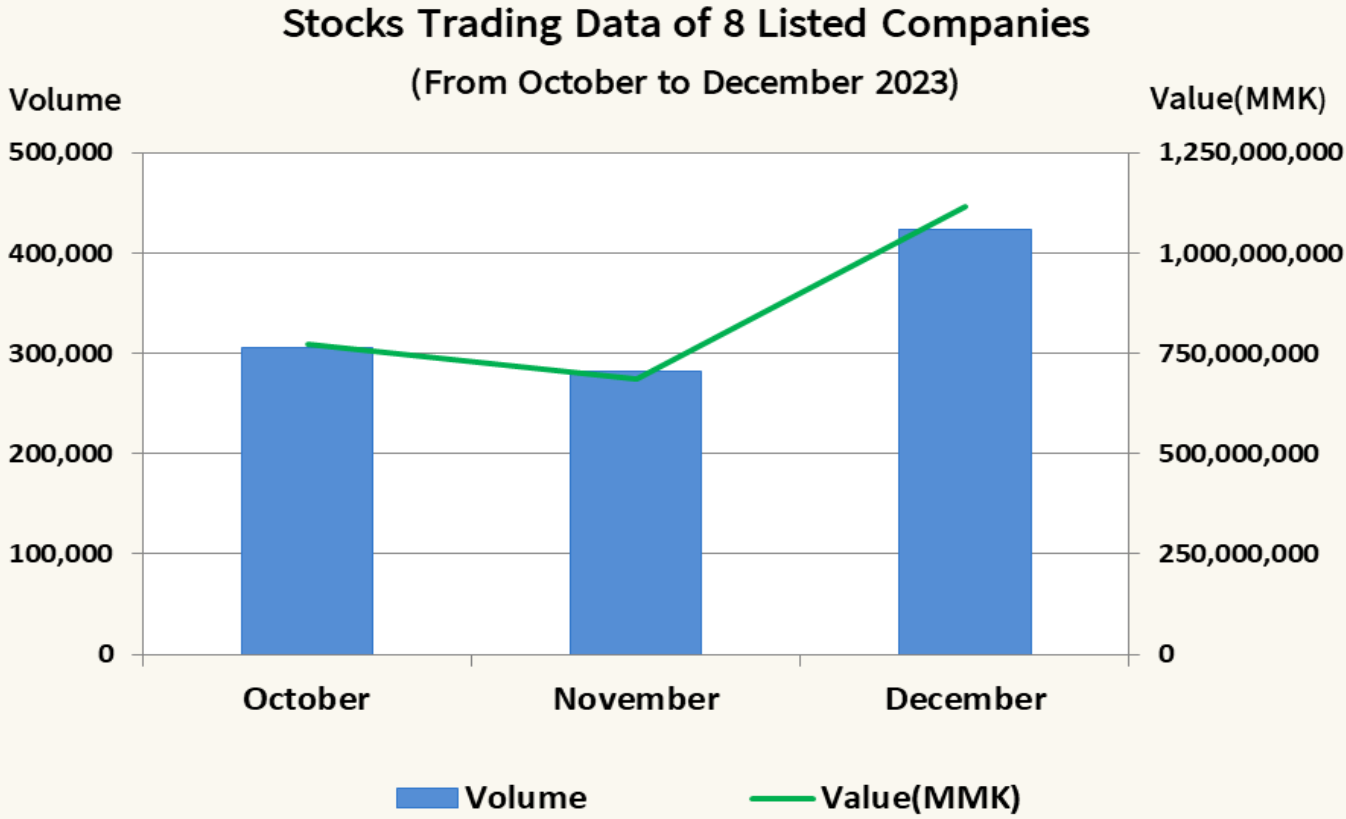
- ◆ Board/Company Secretary Essentials Program (Online)
- ◆ 11th Director Certification Program (DCP) (In person)
- ◆ Leadership Series: Mindful Leadership Webinar(Online)
- ◆ How to access CG Scorecard and RPTs' Resolutions Webinar (Online)
- ◆ Workshop on Implementation of Master Plan on ASEAN Connectivity 2025 (Online)
- ◆ 39th ASEAN Capital Market Forum (ACMF) Chairs Meeting | ACMF-ISSB Workshop on the IFRS Sustainability Disclosure Standards (Online)
- ◆ Sustainable Finance Policy Roundtable on Green Finance Transition Planning (Online)
- ◆ Workshop on Implementation of the ASEAN Strategy for Carbon Neutrality (Online)
- ◆ Regional Workshop on Development of ASEAN Smart City Investment Toolkit (Online)

Market Data

Opening the Securities Account and Trading Data for Foreigner's Participation

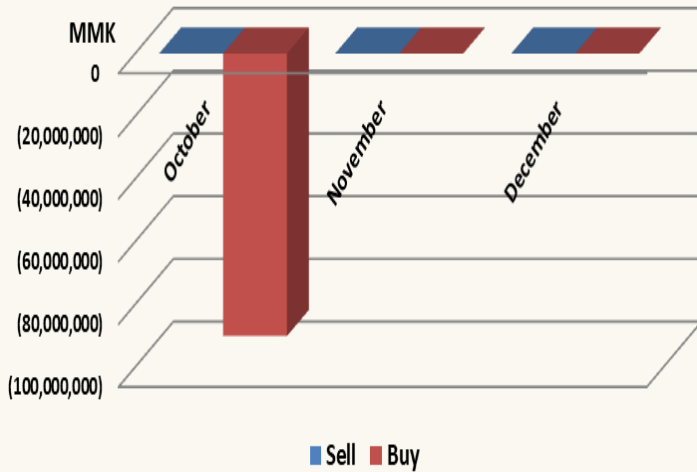


Stocks Trading Data of Listed Companies

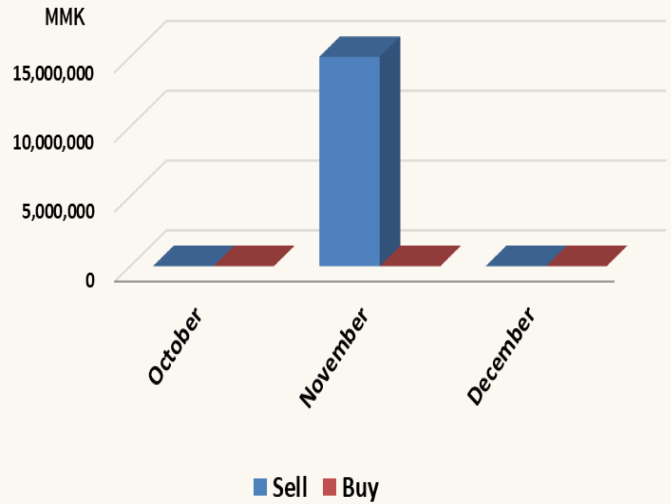


Trading Data of Government Securities

Trading Government T.Bond in Secondary Market
(From October to December 2023)

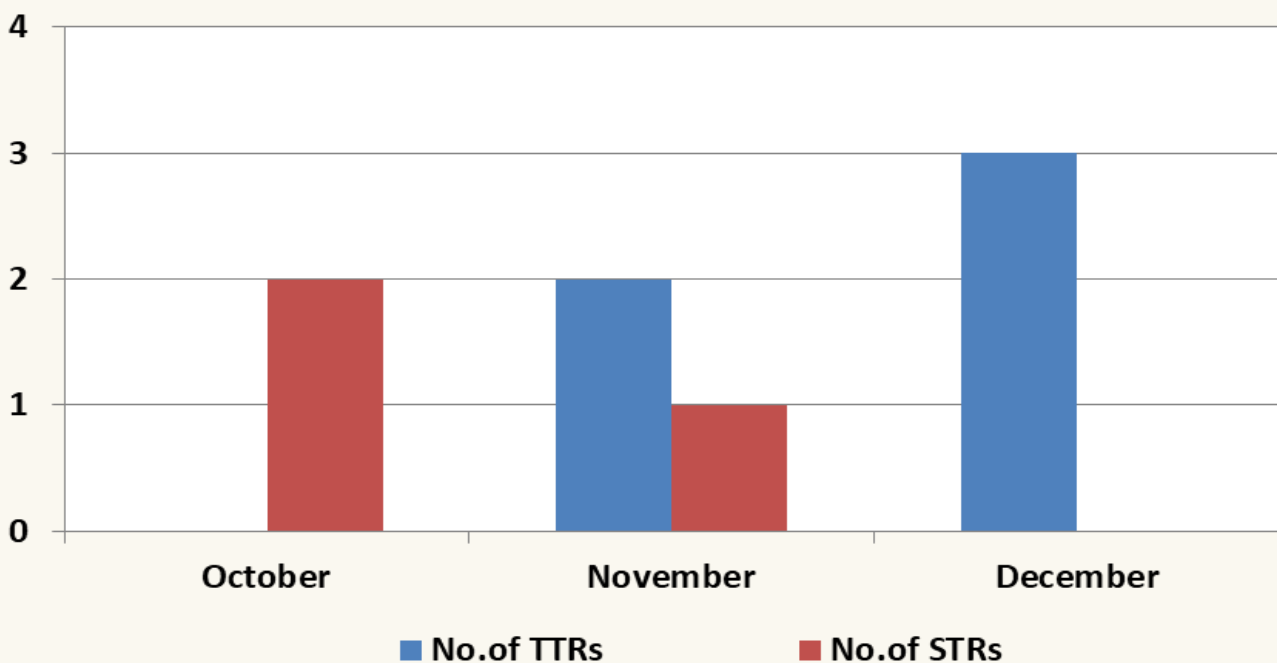


Trading Government T.Bill in Secondary Market
(From October to December 2023)



Market Participation

AML-CFT report to MFIU by Securities Company
(From October to December 2023)



Capital Market Development of the Neighboring Countries

The Cambodia Securities Exchange (CSX) reports strong growth in listing and trading securities

The Cambodia Securities Exchange (CSX) is witnessing a surge in new companies listing both equity and bond securities, despite the tense global economic situation. This is evidenced by the increase in daily trading volume and the number of new exchange accounts being opened, as stated by the local bourse.

Hong Sok Hour, CEO of the CSX, noted recently that there are 21 firms listed on the exchange, including 11 stocks and 10 corporate bonds, collectively raising \$349 million. In October 2023, the average daily trading volume for shares reached approximately 130,000 per day, with an average daily trading value of about \$210,000 and approximately 11,000 active investors participating. The total number of trading accounts with the CSX stood at approximately 44,000 as of October. Following the My First Stock 2023 exposition, there was an additional influx of about 3,000 online account openings and securities company counter transactions, bringing the total number of accounts to around 47,000.

Sok Hour stated, “We also anticipate a significant number of firms listing equity and corporate bonds, along with a series of sector-specific bonds [next year],” and “In 2024, we will maintain close collaboration with all stakeholders to introduce new financial instruments, which we refer to as joint ventures and new initiatives aimed at supporting and promoting the listing of potential companies, while enhancing the investment knowledge of the public,” he added.

Hean Sahip, Secretary of State at the Ministry of Economy and Finance, previously highlighted that between 2011 and 2022, the government had issued four sub-decrees, resulting in tax incentives for the securities sector. “Listed companies receive an income tax deduction of up to 50 per cent for the first three years and other tax liability exemptions. We will continue to provide support and foster the steady growth of the market,” he stated.

Sahip expressed support for the CSX expo, which has played a vital role in raising awareness and offering opportunities for the public to gain insights into investment opportunities within the exchange.

Sou Socheat, Director General of the Securities and Exchange Regulator of Cambodia (SERC), noted that the stock market has been making progress, especially with the increasing number of securities listed by local firms. He believes that reflects the stock market’s growing significance as an alternative source of capital. “The rise in the number of issuers demonstrates our recognition of potential companies understanding the benefits and potential of raising capital through the stock market to further expand their businesses” he said.

U Naing

Reference: <https://www.phnompenhpost.com/business/csx-reports-strong-growth-in-listing-and-trading-activity>

Thailand and Singapore Exchanges Link Depository Receipts

Depository Receipt (DR) is a certificate by which the shares of a foreign company can be traded on the local stock exchange.

The Stock Exchange of Thailand (SET) and Singapore Exchange Limited (SGX Group) have further strengthened investment links, expanding opportunities for investors to access securities of both countries via depository receipt (DR), under the collaborative project called Thailand-Singapore DR Linkage.

SET President Pakorn Peetathawatchai said: “The Thailand-Singapore DR Linkage is the first exchange-level DR cooperation in ASEAN, facilitating Thai investors to access Singapore securities directly via Thai stock exchange in local currency using their existing trading accounts, and vice versa. This marks the first milestone in our journey towards a more integrated and accessible ASEAN exchange market, enabling investors to trade ASEAN stocks via DR seamlessly across the entire region. We will continue to foster bilateral relationships with other exchanges in ASEAN to support the development of DR linkage.”

SGX Group Chief Executive Officer Loh Boon Chye said: “We are delighted that our DR Link with SET has successfully seen three SET-listed underlying DRs and one SGX-listed underlying DR introduced on SGX and SET respectively, with more to come in the pipeline. Collaboration between ASEAN exchanges amplifies the competitiveness of

the region which is essential for its sustained growth. The DR Link is a significant milestone that reflects the commitment between SGX Group and SET to enhance synergies between our markets. I look forward to deepening our relationship with SET and unveiling more products through this link so we can unlock more opportunities for investors.”

SET together with SGX Group commenced ASEAN’s first exchange-level DR cooperation in 2021. Under the collaboration, three DRs on Thai securities namely *Airports of Thailand pcl (AOT)*, *CP All pcl (CPALL)*, and *PTT Exploration and Production pcl (PTTEP)* have already been traded on SGX and, in turn, DR on Singapore Airlines Ltd. (SIA) debuted on the Thai stock market in September 2023. Moreover, the launch of additional DRs on Singaporean securities is on the pipeline.

Currently, SET has 18 DRs with underlying securities listed on SGX, Hong Kong Exchanges and Clearing Limited (HKEX), Ho Chi Minh Stock Exchange (HOSE) and the Euronext. Moreover, there are also five fractional depository receipt (DRx). The total market capitalization of the DR and DRx at the end of the third quarter of 2023 amounted to THB 17 billion (approx. USD 484 million), an increase of a whopping 28 percent from the same period last year.

Chew Nge

Reference: <https://www.marketsmedia.com/thailand-and-singapore-exchanges-link-depository-receipts/>