



SECM

INTRODUCTORY PRESENTATION

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SECM

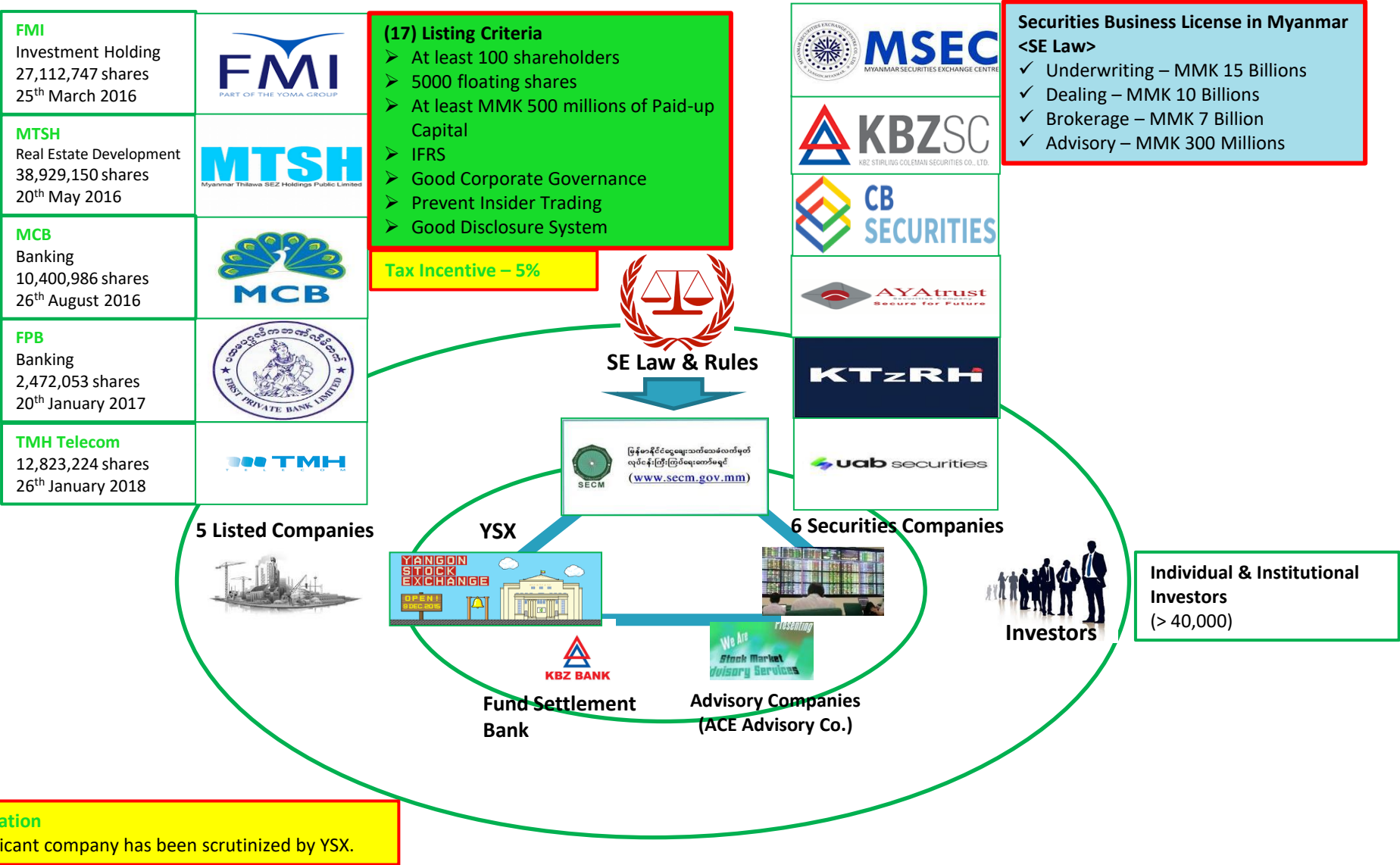
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Outlines



- I. Formation of Securities Industry in Myanmar**
- II. Current Situation of Capital Market Development**
- III. Regulatory Update for Market**
- IV. Recent Policy Coordination and Capacity Development**
- V. Challenging process of market revitalization action plan**

I. Formation of Securities Industry in Myanmar



II. Current Situation of Capital Market Development

Key figures



6 securities companies and **1** investment advisory company are operating in Myanmar



73 people are working to serve SECM's mission



4 Memorandum of Understanding were signed with different international partners



14 inspections were conducted



5 companies are listed on the Yangon Stock Exchange



689.3 billion MMK – total market capitalization of Myanmar companies listed on the YSX as of 23 September 2019.



37 events were supported and/or organized by the SECM to fulfil its mission



10 complaints were addressed to SECM



45 public companies do have more than 100 shareholders



17,000+ hours of training were provided to our people since we started our operations



123 people were certified to become securities representatives



2 securities companies were fined

II. Current Situation of Capital Market Development- contd.

| KPIs | Unit | 2018 | FY17/18 | FY16/17 | FY15/16 | GRI Standards |
|-----------------|--------|------|---------|---------|---------|---------------|
| Headcount | Number | 67 | 65 | 46 | 24 | 102 |
| Number of women | Number | 51 | 50 | 35 | 19 | 102 |
| Number of men | Number | 16 | 15 | 11 | 5 | 102 |
| Split by age | | | | | | |
| 20-35 | Number | 44 | 45 | 23 | 8 | 102 |
| 36-40 | Number | 7 | 5 | 8 | 5 | 102 |
| 41-50 | Number | 8 | 8 | 10 | 8 | 102 |
| 51-60 | Number | 8 | 7 | 5 | 3 | 102 |
| Split by rank | | | | | | |
| Directors | Number | 3 | 3 | 2 | 1 | 102 |
| Officers | Number | 39 | 39 | 24 | 16 | 102 |
| Staff | Number | 25 | 23 | 20 | 7 | 102 |

III. Regulatory Update for Market



- **Foreigner Participation Notification No.(1/2019)**
 - Allow Foreigner Participation in Daily Share Trading of Listed Companies in Yangon Stock Exchange
 - Not only resident foreigner but also non resident foreigner
 - Notify about the percentage of foreign ownership to be allowed in their companies
 - Ensure the permission of the relevant supervisory organization has obtained in accordance with the existing laws in making such notification.
- **Domestic Bond Market Development Working Committee**
 - Form under Ministry of Planning and Finance led by DDG of SECM and members, CBM, Union Minister's Office, Treasury for developing secondary bond market in Myanmar
- **Myanmar Corporate Governance Assessment 2018**
 - 24 Myanmar companies reviewed by CG Assessment supported by IFC in collaborating with SECM, DICA and YSX based on ASEAN CG Scorecard and provides concrete recommendations for improvements to close the gap with other ASEAN capital markets, and boost the economic development of Myanmar
- **Drafted Notification on Corporate Governance of Public Companies with More Than One Hundred Shareholders**
 - Advisory Committee is under the process to issue CG Notification for public companies with more than 100 shareholders for improvement of CG standard and better practices.
- **Final Report on ABMI-Myanmar TA Phase IV**
 - Thank to ABMI TA Phase IV, we have finalized the Road Map for Myanmar Bond Market Development including standard operating procedures for second bond market development

IV. Recent Policy Coordination and Capacity Development



Policy Initiative and Coordination

- ❑ *Roundtable Meeting*, a platform initiated by Chairman in Mar 2019 by quarterly basis to develop policy for the market expansion through communicating with market participants including CBM, DICA, IRD, YSX, SCs, LCs, UMFCCI, MICPA by means of *challenging process of market revitalization action plan*
- ❑ *LIST* (Listing + Investment Strategy and Timeline) *for Myanmar Future*, a market revitalization plan proposed by the JFSA and approved by SECM in Jan 2018, and presided 5 times of “Myanmar-Japan Joint Committee” throughout 2018
- ❑ *Directive for purchase of Government Treasury Bonds by Securities Companies* on 10th Sept 2019, all foreign insurers in Myanmar shall purchase new Government Treasury Bonds through licensed securities companies up to 30 % of their paid up capital

Capacity Development of SECM

- ❑ *Coordinated several training*, “Accounting”(with KPMG), “ Inspection on Securities Companies” (with JFSA), “Market Surveillance” (with JFSA), “Information Dissemination/ESOP” (with JICA in Japan), “IPO” (with IPO Consultants in Japan), “CIS” (with SECT), “Corporate Governance” (with IFC), “Corporate Governance Assessment” (with OECD & IFC), “Developing Quality Securities Markets Seminar” (with ADB), “ SOP for secondary bond market development” (with ABMI), “Director Certification Program” (with MIOD)

V. Challenging process of market revitalization action plan

- ✓ Establish a Government-led Market Management System
- ✓ Smooth Foreigners' Participation
- ✓ Increase the Number of Listing through “Public Company Registration Board(tentative)”
- ✓ Accelerate the Efforts of Securities Companies

Establish a Government-led Market Management System

- Set capital market development as an issue in “Myanmar Sustainable Development Plan” and enhance social status of listed companies
 - ✓ Submit addendum to MSDP by consulting with focal department
 - ✓ Set a transparency criterion in government procurement policy documents
 - ✓ Negotiate for publishing listed companies’ financial results by the government-run-news-papers
- Sequence of measures: 1) Foreign Participation, 2) “Prelisting Board”, 3) Tax incentives. Keep updating the “medium and short-term ways forward for market revitalization”
 - ✓ Request relevant parties to invite listed companies to important meetings / Share important meeting opportunities at RT
- Strengthening tax incentives for listing companies shall be provided at the stage where a certain number of companies will have registered with the upcoming “Board”

Smooth Foreigners' Participation

- Issue immediately an instruction/guidelines for foreign investors in cooperation with relevant authorities including IRD and CBM for matters related to procedures of fund repatriation and taxation for foreigners
 - YSX develops and publish an investment guide for foreign investors
 - Disseminate the guide in cooperation with SCs
- Work together with market stakeholders and foreign governmental institutions to hold a series of seminars for foreign investors.
 - SECM/YSX hold a series of seminars for foreign investors
 - SECM hold meetings with foreign investors including MPE&VC association to collect information to improve regulation
 - SECM hold meetings with listed companies and SCs to collect information to improve regulation
 - Improve the regulation based on the discussion
 - YSX negotiates with vendors to develop a way for dissemination of market information to overseas, with the support of securities companies
- Identify additional arrangement necessary for foreign investors and funds to invest in Myanmar market.

Increase the Number of Listing through “Prelisting Board”



- Establish “Prelisting Board” as a first step to the ladder toward listing. Only compliance of corporate disclosure shall be required for the registration.
 - SECM/YSX hold meetings with SCs and candidate companies to register
 - Implementation and increase the number of registration and listing
 - YSX and SCs set their own KPIs to increase the number of registered companies and listed companies
 - YSX sets KPIs for STF to speed-up their business and strengthen the capacity of STF coordinating with JICA
- YSX shall strengthen the capacity of Special Task Force and streamline the listing procedures.
 - Raise awareness of the board and help public companies prepare to register and listing
- Securities companies, accounting firms and law firms shall persuade and negotiate potential listing companies by emphasizing the benefits of listing and improvement of their corporate structures as well as the fairness and rationality of the cost.
- Work together to obtain supports and commitment from the large companies and SOEs
 - SECM/YSX identify well-known companies and possible SOEs.
 - Hold dialogues with identified companies

Accelerate the Efforts of Securities Companies



- SCs are the frontline of the market expansion
 - SECM/YSX continuously share the progress in each effort in the RTs; the number of A/C openings and IPO advisory contracts
- SECM/YSX request SCs to set their own KPIs and share their progress in the RTs
- Focus in the medium and short-term:
 - 1) the number of companies that are listed on YSX or registered with the upcoming "Prelisting Board",
 - 2) the number of investors and amount of investment,
 - 3) develop good practices of investment and underwriting based of future business prospects, and
 - 4) develop and implement a series of measures to increase market liquidity

THANKS FOR YOUR KIND ATTENTION