

The Securities Exchange Law
(2013, Law No. 20 of Pyidaungsu Hluttaw)
9th waning of Waso 1375 M.E
31st July, 2013

Hereby enacts the following Law :

Chapter I
Title and Definition

1. This Law shall be called **the Securities Exchange Law**.
2. The following expression contained in this Law shall have the meanings given hereunder:
 - (a) The expression “Securities” includes the followings:
 - (i) treasury bills, treasury bonds, bonds and debentures issued or arranged to issue by the Government or any Governmental organization;
 - (ii) treasury bills, treasury bonds, bonds and debentures issued by the international organizations, foreign governments and their institutions;
 - (iii) shares, stocks, bonds and debentures issued or arranged to issue by the public companies and rights, options and warrants relating to such shares, stocks, bonds, debentures;
 - (iv) other securities and instruments prescribed by notification as securities by the Securities and Exchange Commission;
 - (b) **Securities Business** means the business of carrying out any of the followings:
 - (i) Securities Dealing;
 - (ii) Securities Brokerage;
 - (iii) Securities Underwriting;
 - (iv) Securities Investment Advisory;

- (v) Securities Depository and Clearing;
- (vi) the business prescribed by notification as securities business by the Securities and Exchange Commission.
- (c) **Securities Dealing** means an engagement of securities company in buying and selling securities for its own account;
- (d) **Securities Brokerage** means an operation of a securities company acting as an intermediary to carry out securities buying or selling orders on behalf of the customers in consideration of a commission, fee or other remuneration therefrom;
- (e) **Securities Underwriting** means a function of underwriting of all or part of the securities from a company for sale to the public or to assist the issuer in distribution of securities to the public;
- (f) **Securities Investment Advisory** means a function of providing investment advice in securities for a fee;
- (g) **Securities Depository and Clearing** means a function of receiving securities deposited by customers, safe keeping of customers' securities, delivery of securities to customers, giving assistance to customers to exercise the rights regarding their ownership of securities and the functions for the settlement and delivery of traded securities including related services provided;
- (h) **Securities Market** means a market or a place where the securities business is carried out regularly. In such expression, it also includes a system that carries out the securities business regularly;
- (i) **Securities Company** means a company limited, formed in accordance with the existing Law to carry out securities business;
- (j) **Stock Exchange** means an organized market for trading of eligible securities to be listed in the Stock Exchange providing the system and method of trading securities;
- (k) **Over-the-Counter Market** means an organized market for trading of unlisted securities;

- (l) **Share** means share in the share capital of the public company.
In such expression it also includes stock except when a distinction between stock and share is expressed;
- (m) **Warrant** means a security entitling the holder to buy the underlying stock at some specified date at a specified price;
- (n) **Contract note** means the explanation which includes details about the confirmation of the trading of securities sent to the customer and issuing companies by the securities company which carries out as broker or agent in respect of trading securities;
- (o) **Listed Securities** mean securities registered or authorized for trading in the Stock Exchange;
- (p) **Licence** means the securities business licence issued by the Commission under this Law;
- (q) **Commission** means the Securities and Exchange Commission formed under this Law;
- (r) **Ministry** means the Ministry of Finance, the Union Government.

Chapter II

Objectives

3. The objectives of this Law are as follows:
- (a) to enable to support the development of the market-oriented economic system effectively;
 - (b) to emerge the securities market systematically that may be able to collect and obtain capitals which are necessary for long term for the development of the national economy;
 - (c) to develop economic sectors by promoting the efficiency of State and private financial enterprises;
 - (d) to supervise the securities business in order to be operated smoothly and properly;

- (e) to enable to protect the persons who participate in the securities market in accordance with the law;
- (f) to assist the national financial policies by encouraging so as to promote financial investments of the general public.

Chapter III
Formation of the Commission and
Duties and Powers of the Commission

- 4. The Union Government:
 - (a) shall form the Commission comprising a minimum of five suitable persons;
 - (b) shall select and appoint Chairman and Secretary out of the Commission members simultaneously in forming the Commission;
 - (c) may determine and allow remuneration to the Commission members who are not services personnel.

- 5.
 - (a) Relating to the tenure of office of the members of the Commission, each two Commission members shall resign in turn once in two years in accord with the stipulations.
 - (b) The Union Government may substitute the suitable person for the vacant Commission member or may reappoint any member of the Commission whose tenure of office has expired.
 - (c) The member of the Commission shall continue to carry out his functions and duties although his tenure of office has expired before the Union Government substitutes and appoints a new member of the Commission.

- 6. The Chairman of the Commission shall act as the head of the management of the Commission.

- 7. The Commission:
 - (a) may issue or refuse to issue licence after scrutinizing the application to issue securities business licence;

- (b) may suspend the licence subject to a time limit or revoke the licence if the licence-holder violates any duty and term and condition;
 - (c) may extend the term of licence after scrutinizing the application for renewal;
 - (d) shall collect licence fees and fine in accord with the stipulations.
8. The Commission may:
- (a) issue permit or refuse to issue permit after scrutinizing the application to establish Stock Exchange;
 - (b) suspend the permit subject to a time limit or revoke the permit if the Stock Exchange violates any of the duties and terms and conditions to be complied with;
 - (c) revoke the permit issued to the Stock Exchange if any of the following conditions arises:
 - (i) termination of the business of the Stock Exchange due to any cause;
 - (ii) dissolution of the Stock Exchange;
 - (iii) decreasing the number of member securities company below the fixed minimum number which shall be included in Stock Exchange;
 - (iv) carrying out business that is distinctly detrimental to the interests of the general public and to the protection of investors in the manner of prohibited acts referred to the Chapter IX.
9. The Commission may:
- (a) give permission after scrutinizing the submission for appointing auditor of the securities company and of the Stock Exchange;
 - (b) give permission to the constitution of the Stock Exchange and the amendment of such constitution in accord with the stipulations.
10. The Commission may grant a permit if the securities companies apply collectively to establish the Over-the-Counter Market for trading unlisted securities together with the constitution in accord with the stipulations.

11. The Commission:
 - (a) may submit necessary advice in respect of matters relating to the securities business to the Union Government;
 - (b) may form necessary working committees, bodies and determine the functions and duties;
 - (c) may issue directives to the securities company or the Over-the-Counter Market or the Stock Exchange as may be necessary;
 - (d) shall supervise the securities business and shall carry out the inquiries and inspections from time to time;
 - (e) shall carry out other functions and duties assigned by the Union Government.

12. The Commission shall supervise the following organizations and persons so as to keep the accounts relating to their business in accord with the relevant Myanmar accounting standards and may call for and obtain necessary accounts, documents, statements, other references and information from them;
 - (a) Public company;
 - (b) Securities company;
 - (c) Over-the-Counter Market;
 - (d) Stock Exchange;
 - (e) Persons who are carrying out or had carried out as responsible person, member, staff and agent of any public company, securities company, Over-the-Counter Market and Stock Exchange;
 - (f) licence -holder or lawyer, auditor and agent of such licence-holder.

13. The Commission may carry out research and development for securities business and communicate with the organizations of other countries that supervise the securities business and businesses, departments, organizations related to such organizations to make securities business compatible to international standard.

14. The Commission has the right to summon and examine any relevant person and take the evidence if there is cause to believe that persons who carry out securities business violate this law and any prohibition contained in the rules, regulations, by-laws, notifications, orders, directives and procedures issued under this law or fail to comply with any responsibility to be obeyed and if there is cause to believe that they commit cheating or immoral act relating to securities business.

15. Any member or staff of the Commission shall, with the exception of revealing, displaying or declaring under any existing law, keep information obtained in performing the functions and duties of the Commission confidential without revealing, displaying or declaring.

Chapter IV **Securities Company**

16. A person desirous to establish a securities company and carry out the securities business shall form and register the company in accord with the existing law relevant with the Myanmar companies.

17. In forming the securities company:

- (a) It shall include the expression “Securities” in the name of the company;
- (b) it shall be formed as a limited company whose liability is limited by shares;
- (c) it shall have authorized capital and a minimum of paid-up capital in accord with the stipulations;
- (d) it shall be in conformity with rules, regulations, by-laws, notifications, orders, directives and procedures issued under this Law.

18. The securities company has the right to carry out the securities business permitted according to licence category if it obtains any category of licence issued by the Commission.

19. The responsible persons and staff of the securities company shall not only have capability, and fairness in dealing with the customers but also provide service in good faith.

20. The securities company shall:

- (a) compile and maintain accounts and records relating to the securities business of the company in accord with the stipulations;
- (b) obtain permission of the Commission before appointing an auditor in accord with the existing laws relevant with the Myanmar Companies;
- (c) submit the audit report to the Commission in accord with the stipulations;
- (d) not reduce the authorized capital without prior permission of the Commission;
- (e) submit the business report in accord with the stipulations to the Commission;
- (f) send a contract note in respect of a transaction of sale or purchase of securities, in accord with the stipulations, to the person or organization for whom the securities company executed the transaction.

21. The securities company shall refrain from the prohibited acts contained in Chapter IX, which affect the interests of the general public and the protection of investors in carrying out the securities business.

22. The securities company shall:

- (a) keep a reserve fund out of the net profit in accord with the stipulations after the end of each financial year;
- (b) utilize reserve fund only for the matter to compensate any damage relating to carry out securities business. It shall obtain prior permission of the Commission if it is required to expend for other matters.

Chapter V
Licence

23. The categories of the licence are as follows:
- (a) securities dealing business licence;
 - (b) securities brokerage business licence;
 - (c) securities underwriting business licence;
 - (d) securities investment advisory business licence;
 - (e) securities company's representative business licence;
 - (f) securities business licence prescribed by notification issued by the Commission.
24. The Commission shall determine the necessary qualifications and terms and conditions according to the categories of the licence.
25. The securities company only may apply to the Commission in accord with the stipulations to obtain one or more of the following categories of licence:
- (a) securities dealing business licence;
 - (b) securities brokerage business licence;
 - (c) securities underwriting business licence.
26. (a) The securities company which has obtained any category of the licence contained in section 25 may carry out the securities investment advisory business without obtaining separate business licence.
- (b) Any person who is in conformity with stipulated qualifications and terms and conditions may apply to the Commission to obtain a securities investment advisory business licence in accord with the stipulations.
27. A person desirous of carrying out as the representative of a securities company may apply in accord with the stipulations to the Commission attached with

recommendation of such company to obtain the representative business licence of the securities company.

28. The Commission:

- (a) may allow or refuse to issue the licence on receiving the application for licence under section 25, sub-section (b) of section 26 and section 27 after scrutinizing whether or not it is in conformity with the qualifications and terms and conditions prescribed according to categories of licence.
- (b) shall issue the licence prescribing terms and conditions if it is granted under sub-section (a).

29. The licence holder shall apply to the Commission a minimum of 30 days prior to the expiry of the term of licence if he is desirous to continue to carry out the permitted securities business when the term of licence is expired.

30. The Commission may allow or refuse to extend the term of licence after scrutinizing the application to extend the term of licence under section 29.

31. The Commission shall determine the licence fee, licence renewal fees, fine and the term of licence.

32. The licence-holder:

- (a) Shall abide by the rules, regulations, by-laws, notifications, orders, directives and procedures issued under this Law;
- (b) Shall abide by the terms and conditions of the licence.

33. The licence-holder shall:

- (a) surrender the licence to the Commission within 30 days from the expiry date of the licence if the term of licence was expired and the securities business is discontinued;
- (b) if the securities business is suspended during the term of licence, inform

such suspension within seven days and surrender the licence to the Commission;

- (c) carry out the securities business after obtaining the prior permission of the Commission if it is desirous to merge with other business organization or to liquidate securities company voluntarily;
- (d) suspend the business during the period of attachment of warrant on the assets of the said company or sequestration by appointment of a receiver by the Court.

34. The Commission may suspend the licence subject to a time limit or revoke the licence when any of the following conditions is caused by the licence-holder:

- (a) violating any of the terms and conditions of the licence or failing to perform any function and duty to be complied by the licence - holder;
- (b) sub-leasing the licence or transferring the licence by any means;
- (c) violating any of the prohibitions contained in this Law or the rules, orders, directives and procedures issued under this Law or failing to perform the functions and duties under such provisions by the licence- holder;
- (d) death, lunacy or being declared as a bankrupt;
- (e) causing detriment to the interests of the general public and to the protection of investors in the manner of prohibited acts referred to the Chapter IX;
- (f) compiling and submitting the financial and business account falsely;
- (g) being convicted under an offence of cheating, misappropriation, theft, breach of trust or offence relating to morality;

Chapter VI

Issuing Securities

35. A public company shall:
- (a) submit to the Commission the procedure of a public offering before public offering of its securities and obtain the approval of the Commission. The Commission shall decide within **60** days;
 - (b) when offering to the public, publish the prospectus containing the material particulars of the company together with its memorandum and articles of the association.
36. The Commission may prescribe the terms and conditions relating to the issue of new securities by the public companies.
37. The public company shall, on request by the purchaser after the transaction of the securities in the securities market has been executed, change and register the ownership of its securities when it receives a contract note sent by the relevant securities company.

Chapter VII

Stock Exchange

38. The Stock Exchange
- (a) is a legal entity which is formed as the limited liability company or joint-venture under the existing laws relevant with the Myanmar Companies after being granted permission by the Commission;
 - (b) shall have the duty to organize and supervise the trading of its listed securities;
 - (c) shall carry out the functions in accord with the provisions contained in this Law;
 - (d) shall be under the management and supervision of the Commission.

39. (a) A board of directors of the Stock Exchange, comprising not more than five persons appointed by the Commission and not more than five persons elected by member securities companies to serve as directors, shall be formed in accordance with the constitution of the Stock Exchange.
- (b) The Commission, when appointing the board of directors of the Stock Exchange, shall select the persons who have an excellent knowledge of, and experience in, the operations of the Stock Exchange, securities or financial businesses .
- (c) The board of directors of the Stock Exchange shall select a director to be the chairman.
- (d) The Chairman may assign a director out of the board of directors as a secretary.
- (e) Necessary Committee and bodies may be formed in the Stock Exchange.
- (f) The necessary staff shall be appointed for the board of directors of the Stock Exchange.
40. The Stock Exchange shall:
- (a) carry out the securities business only at the place stipulated by the Commission;
- (b) appoint the auditor with the prior permission of the Commission;
- (c) submit the audit report to the Commission annually;
- (d) abide by the rules, regulations, by-laws, notifications, orders, directives and procedures issued under this Law.
41. The duties of the board of directors of the Stock Exchange are as follows:
- (a) administering the securities business;
- (b) determining the listing criteria for securities to be traded on its Stock Exchange;
- (c) registering the securities which will be traded on its Stock Exchange;
- (d) compiling the records of securities transaction executed at its Stock Exchange;
- (e) compiling the record of the relevant facts and data of the member securities companies;

- (f) determining the membership fees to be paid by member securities company, listing fees, reserve funds and other service fees and maintaining and managing such funds systematically in accordance with the constitution and the business rules;
- (g) appointing necessary staff and assigning duties thereof;
- (h) inspecting and supervising whether the business operation of the member securities companies are correct or not.

42. The powers of the board of directors of the Stock Exchange are as follows:

- (a) granting or refusing the application of a securities company for membership of its Stock Exchange after scrutinizing it;
- (b) determining a minimum number of member securities company for the Stock Exchange;
- (c) determining the rights and duties of member securities companies;
- (d) suspending trading on its Stock Exchange temporarily and prohibiting trading of securities of any member temporarily if there is sufficient grounds;
- (e) suspending or cancelling the membership of the securities company which is not appropriate to continue to participate in the Stock Exchange;
- (f) settling and resolving disputes arising between the members or between any member and other persons relating to the securities trading.

43. If the Stock Exchange desires to amend its constitution or business rules, or draft the new constitution, it shall execute them in accord with the stipulations after getting the prior permission of the Commission.

Chapter VIII

Over-the-Counter Market

44. The securities companies not less than three companies which are desirous to establish Over-the-Counter market, by applying collectively to the Commission, may establish Over-the-Counter market after obtaining permission.

45. (a) At the establishment of the over-the-counter market with the permission of the Commission under section 44, a board of directors comprising not more than 5 members elected by the member securities companies shall be formed.
- (b) The board of directors of the over-the-counter market shall select a chairman out of the board of directors.
- (c) The Chairman of the over-the-counter market may appoint a director out of the board of directors as a secretary.
46. The Over-the-Counter market established in accordance with the permission of the Commission shall have the right to operate perpetually and right to sue and be sued in its own name and seal.
47. The Over-the-Counter market shall abide by the rules, regulations, by-laws, notifications, orders, directives and procedures issued under this Law.
48. The Commission may suspend the permit subject to a time limit or revoke the permit issued to the Over-the-Counter market if the performance of the Over-the-Counter market is distinctly detrimental to the interests of the general public and to the protection of investors in the manner of prohibited acts referred to the Chapter IX.

Chapter IX Prohibited Acts

49. The prohibited acts detrimental to the interests of the general public and to the protection of investors are as follows:
- (a) involving directly or indirectly in any act, such as cheating, deceiving, making false statements or concealing important information, which seriously causes deception or influence on the activities of public offering of securities, listing, selling, buying, trading, investing and services in securities and securities market;
- (b) making disclosure of untruthful information in order to incite or entice other persons to buy or sell securities or making disclosure of insufficient or

- untimely information that seriously affects the price of the securities in the market;
- (c) using internal information to buy or sell securities for its own account or for other persons or disclosing or providing internal information or giving advice to other persons to buy or sell securities based on undisclosed internal information;
 - (d) conspiring in buying or selling securities by creating false demand and supply, or buying or selling continuously or using trading methods by conspiring with others or by enticing others in order to manipulate the price of securities.

Chapter X

Depository and Clearing of the Securities

50. (a) The securities company shall, if it is desirous to carry out the depository and clearing business of the securities, apply to the Commission in accord with the stipulations in order to obtain permit;
- (b) The Commission may issue the permit or refuse to issue the permit, by specifying terms and conditions, after scrutinizing the application under sub-section (a).

51 . The Stock Exchange may, if it is desirous to carry out the depository and clearing business of the securities, carry out without obtaining permit of the Commission. But it shall inform to the Commission on doing so.

52. The Ministry may, if necessary, assign any suitable governmental department or organization to carry out the depository and clearing business of the securities by prescribing terms and conditions.

Chapter XI

Appeal

53. (a) The person, who is not satisfied with decision passed by the power of the board of directors of the Stock Exchange under section 42, may appeal to the Commission within 30 days from the date of such decision is passed.
- (b) The Commission may confirm or amend the decision of the board of directors of the Stock Exchange or may pass other suitable decision after scrutinizing the appeal under sub-section (a).

Chapter XII

Prohibitions and Penalties

54. Any person shall not act by violating the prohibited acts under Chapter IX, which are detrimental to the interests of the general public and to the protection of investors.
55. Any person shall not:
- (a) carry out any securities business without licence;
 - (b) establish a Stock Exchange or an Over-the-Counter Market without the permit of the Commission or carry out the functions of such Stock Exchange or Over-the-Counter Market or carry out the similar functions of such Stock Exchange or Over-the-Counter Market;
 - (c) use the title of the authorised Stock Exchange or Over-the-Counter Market without permission of the Commission or impersonate as a member of such Stock Exchange or Over-the-Counter Market.
56. Any licence-holder shall not sub-lease or transfer the licence in any manner.
57. Any responsible person of the securities company shall not allow any person or organization other than its licensed representative to operate the securities business in the name of its company.

58. Any member or staff of the Commission shall, with the exception of revealing, displaying or declaring the information obtained in performing the functions and duties of the Commission under any existing law, not reveal, display or declare the information to the person who is not concerned.

59. Any responsible person or staff of the securities company shall not participate in other securities company, other company or other economic enterprise without permission of the Commission.

60. Any person who violates prohibition contained in section 54 shall, on conviction, be punished with imprisonment for a term not exceeding 10 years and may also be liable to fine.

61. Any person who violates any prohibition contained in section 55 shall, on conviction, be punished with imprisonment for a term not exceeding five years or with fine or with both.

62. Any licence-holder who violates prohibition contained in section 56 shall, on conviction, be punished with imprisonment for a term not exceeding five years or with fine or with both.

63. Any responsible person of securities company who violates prohibition contained in section 57 shall, on conviction, be punished with imprisonment for a term not exceeding five years or with fine or with both.

64. Any member or staff of the Commission who violates prohibition contained in section 58 shall, on conviction, be punished with imprisonment for a term not exceeding three years or with fine or with both.

65. Any responsible person or staff of securities company who violates prohibition contained in section 59 shall, on conviction, be punished with imprisonment for a term not exceeding three years or with fine or with both.

66. Any person who violates any prohibition contained in rules, regulations, by-laws, notifications, orders, directives and procedures issued under this Law shall, on conviction, be punished with imprisonment for a term not exceeding one year or with fine or with both.

Chapter XIII

Miscellaneous.

67. During the transitional period before the securities market can be distinctively established and systematically operated in accordance with this law in Myanmar:

- (a) The Union Government shall determine a transitional period. If it is necessary, such transitional period may be extended;
- (b) The Union Government shall assign the Ministry to supervise the Commission and the securities business during the transitional period;
- (c) The Ministry may issue necessary notifications, orders, directives in the supervision of the securities business during the transitional period;
- (d) Notwithstanding anything contained in the provisions of the Financial Institutions of Myanmar Law, the Ministry may allow the Myanma Economic Bank to form a joint venture company with a non-financial institution, and the said joint venture company to operate the functions of a Stock Exchange and an Over-the Counter Market.

68. The expenses of the Commission and the office of the Commission shall be born by the fund allocated to the Union Government.

69. The offences contained in this Law are determined as cognizable offences.

70. No court shall have jurisdiction on any offence under this Law without prior permission of the Commission.

71. In implementing the provisions contained in this Law :

- (a) The Ministry may, with the approval of the Union Government, issue necessary rules, regulations, by-laws after coordination with the Commission;
- (b) The Ministry and the Commission may issue necessary notifications, orders, directives and procedures .