

**The Government of the Republic of the Union of Myanmar**

**Ministry of Planning, Finance and Industry**

**The Securities and Exchange Commission**

**Notification No. 1 / 2020**

**The 9th Waning of Kasone, 1382 M.E.**

**(15<sup>th</sup> May, 2020)**

**Provisions of the Offering of securities not required to submit prospectus**

In exercise of the power conferred by section 36 and subsection (b) of section 71 of the Securities Exchange Law, Securities and Exchange Commission of Myanmar (SECM) issued the necessary provisions of the offering of securities by public companies that prospectus shall not be submitted in accordance with the Securities Exchange Rule 107.

**The Background**

1. In the sub-section (a) of section 35 of the Securities Exchange Law, the public company shall submit the prospectus to the commission before public offering of its securities and obtain the approval of the commission.
2. However, if an offer is made in accordance with rule 107 of the Securities Exchange Rules, the approval of the Commission is not required.

**Provisions**

3. Relating to the provisions of sub rule (a) of rule 107 of the Securities Exchange Rules, the commission shall specify following as "qualified investors":
  - (a) Eligible Institutions:
    - (i) a bank licensed by the Central Bank of Myanmar (CBM) under the Myanmar Financial Institutions Law;

- (ii) a securities company licensed under the Securities Exchange Law;
    - (iii) Myanma Insurance;
    - (iv) a company holding the business license under the Myanmar Insurance Law;
    - (v) Such other entity as may be specified by the SECM, occasionally;
  - (b) other institutions:
    - (i) All entities licensed to operate in other countries as equivalent entities to the above sub section (a);
    - (ii) An international or multilateral development bank or other financial institutions;
  - (c) other investors:
    - Whose investment in the securities is at least 300 million kyats per purchase and such purchase of the securities is effected through solicitation of one of securities companies;
4. In relation to the provision stipulated in the subsection (b) of section 3 in this notification, the issuer shall notify the names of those other institutions to the Commission within 10 business days after the issuance.
5. In relation to the provision stipulated in the subsection (c) of section 3 in this notification, Securities Company shall:
- (a) obtain information from customers and solicit business in a manner that is appropriate in light of the customers' knowledge, experience, assets, and investment objectives;
  - (b) have an agreement with the investors at the transaction that the investors shall be treated as a qualified investor who has enough financial knowledge and experience to understand at[ risks entailed in the securities Concerned;

- (c) inform the name(s) of the qualified investor (s) to commission within 10 business days after the issuance.
- 6. In relation to issue the securities applying sub rule (a), (b) or (d) of rule 107 of the Securities Exchange Rules, the offeror of securities shall notify the followings to the would-be buyer:
  - (a) the securities offered have a restriction to subsequent transfer;
  - (b) Prospectus is not issued for the securities offered;
  - (c) Offering to the public of the securities is only allowed after a prospectus is submitted to and approved by the commission.
- 7. In relation to the provision stipulated in sub rule (c) of rule 107 of the Securities Exchange Rules, the commission hereby specifies the amount not to exceed 500 million kyats for all of the securities of the same kind being offered over a period of six months.
- 8. In case of the issuance of securities (except for corporate bonds or debentures without rights to convert to shares, rights to acquire shares or similar products), matters related to such transactions shall be notified to existing shareholders at least 35 days before the offer is made. Besides shall be informed to SECM with the specified format.
- 9. In case of corporate bonds or debentures, the issuance must comply with the requirements specified by SECM and shall be notified to the SECM within 10 business days after the issuance.
- 10. Any offer made in accordance with the rule 107 of the Securities Exchange Rules and this notification shall not be regarded as an offer of securities "to the public" under the Division 20 of the Myanmar Companies Law.
- 11. In the offering of securities in accordance with this notification, this notification and provisions containing in other relative laws shall be complied.

(Maung Maung Win)

Chairman

Securities and Exchange Commission of Myanmar

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Circulation to:

Yangon Stock Exchange

Listed Companies

Securities Companies