

PASSION
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BEST

Towards the Development of Capital Markets in Myanmar

Bangkok, November 7, 2014

Establishment of Yangon Stock Exchange - Milestones

From 1990s until 2010

1993	Myanmar government and DIR signed MOU in assisting development of securities market
	Treasury bonds issuance started
1995	DIR supported drafting the Securities and Exchange Law
1996	Myanmar Securities Exchange Centre (MSEC) established jointly with Myanmar Economic Bank (MEB) and DIR
1997	Public company shares started trading at MSEC
1998	Asian Financial Crisis
2003	Banking Crisis in Myanmar
2008	Myanmar government formed Capital Market Development Roadmap (incl. establishment of the stock exchange by 2015)

Year 2010 onwards

2011 Nov.	Advancing economic reforms led by the newly elect President Thein Sein
2012 May	Central Bank of Myanmar (CBM), Japan Exchange (JPX) and DIR signed MOU in establishing the YSE
2012 Aug.	CBM and Japan Ministry of Finance Policy Research Institute (PRI) signed MOU in assisting legislation of securities law and regulations
2013 July	Securities and Exchange Law enacted
2014 Jan.	Myanmar Ministry of Finance and Japan Financial Services Agency (FSA) signed MOU in developing financial infrastructure
2014 Oct.- Dec. E	Securities and Exchange Commission (SEC) establishment expected
	YSE establishment expected
2015 Oct. E	YSE starts operation expected

Establishment of stock exchange – Present status

Securities and Exchange Commission (SEC)

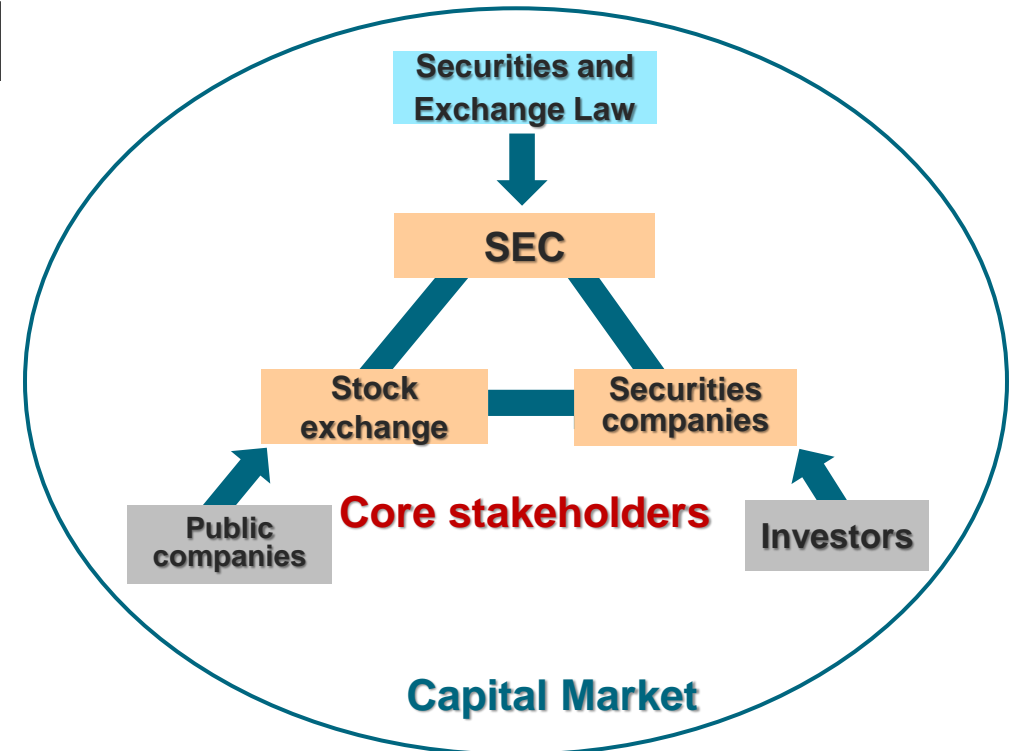
1. SEC is expected to be established in 2014.
2. Securities market related rules and regulations are also forthcoming.

Stock Exchange

1. YSE is expected to establish in 2014
2. Operating rules as well as listing requirements will be formulated and authorized by the SEC.
3. Implement IT systems

Securities companies

1. SEC will issue licenses to securities companies.
2. Securities companies reach out to potential investors.
3. Securities companies support listing of public companies.



Public companies

1. Daiwa has approached a number of companies potentially to be listed on the stock exchange.
2. Asian Green Development Bank (AGDB) and Myanmar Agribusiness Public Cooperation (MAPCO) are seeking public listing.

Expectations

- ✓ Provides alternative funding opportunities necessary for private sector development
- ✓ Facilitates a driver for financial market development as well as economic growth
- ✓ YSE start trading operations with listed companies from October 2015 as planned
- ✓ Double digit listed companies in 2-3 years stimulating an active securities market
- ✓ Rational privatization and listing of state owned economic enterprises

Challenges

- ✓ Adequate rules and regulations
- ✓ Educating market participants such as intermediaries and financial institutions
- ✓ Developing institutional investors and potential listed companies
- ✓ Modernizing bond market
- ✓ Open-doors to foreign investors

Comparison of 3 emerging ASEAN countries

	Lao PDR	Cambodia	Myanmar
Population (2013)	6.77 million	15.09 million	50.98 million
GDP (2013)	10.79 billion USD	15.51 billion USD	56.76 billion USD
GDP growth (2013)	8.03%	7.43%	8.25%
Stock exchange	Lao Securities Exchange	Cambodia Securities Exchange	Yangon Stock Exchange
Trading started	January 2011	April 2012	October 2015 E
Shareholders	Central Bank of Lao PDR 51%, KRX 49%	Ministry of Economy and Finance 55%, KRX 45%	Myanmar government and Japanese
Listed companies	3	2	n/a
Securities companies	2	11	n/a

Source: IMF, LSX, CSX, DIR