

KCY Newsletter | Issue No. 58

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## Myanmar Legal Developments: A Year-in-Review for 2020

- A. **Significant Laws Enacted** - The Myanmar parliament passed a slew of significant laws in 2020, among which included the following:

No.	Law Name	Date of Enactment
1	The Insolvency Law	14 Feb 2020
2	The Law amending the Farmland Law	14 Feb 2020
3	The Second Amendment to the Myanmar Constitution	26 Mar 2020
4	The Geological Science Law	30 Mar 2020
5	The Law Amending the Myanmar Medical Council Law	30 Apr 2020
6	The Traffic Safety and Vehicle Administration Law	26 May 2020
7	The Industrial Zone Law	26 May 2020
8	The Union Supplementary Budget Appropriation Law for 2020-21 Fiscal Year	29 May 2020
9	The Law relating to the Drafting and Submission of State or Region Budget	5 Jun 2020
10	The Second Amendment to the Public Debt Management Law	30 Jul 2020
11	The Health Assistant and Public Health Supervisory Council Law	6 Aug 2020
12	The Law Amending the 1959 Tatmadaw Law	26 Aug 2020
13	The Animal Health and Livestock Development Law	26 Aug 2020
14	The National Library Law	26 Aug 2020
15	The National Planning Law for 2020-2021 Fiscal Year	26 Aug 2020
16	The Amendment to the Law Protecting the Privacy and Security of Citizens	28 Aug 2020
17	The Union Budget Law for the 2020-2021 Fiscal Year	28 Aug 2020
18	The 2020 Union Tax Law	2 Sep 2020

- B. Summary of Significant Laws** – Below is a summary of some of these enacted laws that would have an effect on commercial and investment activities in Myanmar.

### **The Insolvency Law**

The Pyidaungsu Hluttaw enacted the Insolvency Law on 14 February 2020 updating the regulatory framework that previously consisted of the provisions under the Myanmar Companies Law (2017), Burma Insolvency Act (1920), and the Rangoon Insolvency Act (1909). The Insolvency Law came into force on 25 March 2020, except for Part X relating to cross-border insolvency which will be effective only when the President issues a corresponding notification.

The Insolvency Law (2020) introduces rehabilitation and rescue as the new mechanism for the insolvency process. The companies may now go through the rehabilitation, if applicable, instead of immediately winding up upon insolvency – as it was the only option under the previous framework. The Insolvency Law (2020) places an emphasis on corporate rescue and rehabilitation processes to facilitate the rescue of businesses. The Insolvency Law (2020) also contains a separate corporate rescue and insolvency regime specifically tailored to the circumstances of the Micro, Small & Medium Enterprises (the “MSME”) sector. Similar to general corporate insolvency, MSMEs may appoint an insolvency expert as a Rehabilitation Advisor.

The Insolvency Law (2020) introduced a modernized insolvency regime to be in line with international developments and modern commercial practices. It also provides creditors with transparency and predictability with respect to the regulations and their rights whereby they can accurately assess their potential risks when extending loans and making investments. On the other hand, the Insolvency Law (2020) can also assist debtors to determine their options in the event of financial difficulties.

Our detailed newsletter (Issue No. 52) on the Insolvency Law can be downloaded at the link here: <http://kcyangon.com/media/>.

### **The Law Amending the Farmland Law**

The Law Amending the Farmland Law updates the expression “farmland” to include “silty land” and “shifting cultivation land”. Silty land is defined as stable land which submerges underwater and does not alter location, width, soil texture and structure by water current. Shifting cultivation land means a cultivated land where cultivation is not permanently made at the same place, and abandoned in rotation. The definition of alluvial land which is a kind of farmland, is also updated as unstable land that submerges underwater and is likely to alter its location, width, soil texture and structure by water current.

The amendment mainly seeks to provide a legal basis for issuing a certificate of use for the aforesaid farmland. The implementing rules for the amendment are yet to be issued by the Ministry of Agriculture, Livestock and Irrigation.

### **The Traffic Safety and Vehicle Administration Law**

The Traffic Safety and Vehicle Administration Law is a major overhaul of the Motor Vehicle Law (2015). In addition to administering motor vehicle inspection and registration, the law aims to maintain road traffic order, reduce socio-economic loss and injuries of the people due to the risk of traffic accident, facilitate the movement of road users and ensure the safe transport of dangerous goods.

The law removes the section on the importation, manufacturing and sale that was included in the Motor Vehicle Law (2015) because they are separately governed by the Automotive Policy published by the Ministry of Industry in May 2019, the notifications issued by the Ministry of Commerce (the

“MOC”) on the car sale center and car showroom and other relevant existing laws and rules such as the Myanmar Investment Law and Rules, among others.

The law also contains a framework on the issuance of a motor vehicle inspection license for which private parties may apply provided that the criteria are satisfied.

The penalties for non-compliance of the Law include a monetary fine from Kyats 30,000 to Kyats 1,500,000 and an imprisonment for a term up to three years. The Motor Vehicle Law (2015) has been repealed by the enactment of this Law.

### **The Industrial Zone Law**

Prior to the enactment of the Industrial Zone Law, there had been no law specific to the development of industrial zones as there is only the Special Economic Zone Law which governs the development of special economic zones (the “SEZs”) such as Thilawa SEZ, Dawei SEZ and Kyauk Phyu SEZ. The objectives of the Industrial Zone Law are to establish and implement industrial zones, to create competitive industrial businesses, to properly manage social and environmental impacts caused by industrial businesses and to promote economic growth, among others.

An “Industrial Zone” is defined as a land specified as an industrial zone through the issuance of a notification by the Union Government. With regards to the development of industrial zones, the developer shall meet the following criteria:

- (a) 60-70% of the land shall be industrial area;
- (b) 1-5% of the land shall be commercial area;
- (c) 20-25% of the land shall be public utilities and assistant area
- (d) 9-10% of the land shall be green belt area.

Under the law, investors may conduct the following businesses in the industrial zone:

- manufacturing of finished goods, related products, packaging products and value- added goods;
- transporting of raw materials and finished products, business relating to road maintenance and upgrade;
- trading of products manufactured by the investor;
- other services associated with the investment.

In terms of land use and the tax incentives and reliefs, developers and investors are entitled to the similar benefits provided under the Myanmar Investment Law (“MIL”) which is 50 years of land use with the possibility of two 10 year extensions upon approval by the Regional Committee, temporary importation of machines and equipment used for initial construction projects and exemptions from the income tax for a certain period determined by the Central Committee based on the following:

- establishment of industrial zone in less developed regions and investments therein;
- investments which create many job opportunities in regions with lower employment rates;
- investments which are capable of exporting agriculture and livestock-based products as valued-added products;



- investments which manufacture various agricultural machineries and equipment of good quality; and
- valued-added export business and investments which manufacture with innovation.

### **The Animal Health and Livestock Development Law**

The Animal Health and Livestock Development Law repeals the Animal Health and Development Law (1993). Under this law, the Livestock Breeding and Veterinary Department (“LBVD”) is tasked with overseeing, regulating and supervising the animal health services, livestock breeding business and the inspection of animals and animal related products. Additionally, LBVD is responsible for taking measures to prevent and control contagious disease and to prevent animal abuse/torture.

Anyone wishing to conduct commercial livestock farming, manufacturing, transporting, sale and distribution of animal feeds, animal products and veterinary medicine and commercial operation of slaughterhouse is required to obtain the approval from the relevant township LBVD in accordance with the prescribed requirements. A recommendation from LBVD is also required for the import and export of animals, animal products including meat and veterinary medicine. The recommendation is issued after LBVD conducts an inspection and finds that the applicant meets the requirements

Notably, the amount of fine imposed on contravening the provisions of AHLDL have increased up to a maximum of Kyats 15 million if compared to what is imposed under the Animal Health and Development Law (1993) which has a maximum fine of Kyats 5,000 only. If anyone convicted of committing the offence repeats the same, he/she will be subject to an imprisonment for a term up to 6 months in addition to monetary fines.

### **The 2020 Union Tax Law**

Under this law, the Special Goods Tax was made applicable to the manufacture, sale and importation of 14 specified commodities at the rates ranging from 5% to 80%.

Meanwhile, there was no change in Commercial Tax for the sale of goods and services, where the applicable rates continue to apply:

- 5% for sales of goods and service in general;
- 3% for sales value of property development; and
- 1% for sales of gold, whereas there is no input-tax offset allowance is provided for gold.

Exporting of the following products are subject to commercial tax with the respective rate:

- 8% for exporting of Electricity
- 5% for exporting of Crude Oil

Except for Electricity and Crude Oil, Commercial Tax for export is 0%, and the CT payment at the time of purchase or production can be offset.

### **Income Tax**

Corporate Income Tax was maintained at 25% on the net profits for the companies/entities established in Myanmar. Personal Income Tax related to salary income was exempted for tax payers whose income are below Kyats 4,800,000 per annum. The applicable tax bracket for Personal Income Tax remains unchanged, ranging from 5% to 25% base on the level of income.



For profits arising from the sale of capital asset, including land, building, vehicles and other capital assets, there is Capital Gain Tax of 10%. For companies in oil and gas sector, the rate is set from 40% to 45% depending on the amount of profit.

The tax progressive tax rate for undisclosed source of income is prescribed from a minimum of 6% to a maximum of 30%.

Under the Union Tax Law (2020), sales of gemstones will be assessed based on the actual sales price or the sales price as determined by the Myanmar Gemstones Enterprise, whichever is higher. Tax applicable to the import of gemstones will be assessed based on the landed cost. The applicable tax rates for gemstones are 11% for uncut jades, 9% for rubies, sapphires and other uncut gemstones, 5% for polished jades, rubies and jewelries made with them and, 5% for items made from gemstones.

The detailed newsletter on the Union Tax Law (2020) prepared by Myat and Associates, the Accounting & Tax Agency with which Kelvin Chia Yangon Ltd. has a collaborative relationship, can be downloaded at the link here: <https://bit.ly/37WnO24>.

- C. **Other significant issuances and directives** – Apart from laws, the Myanmar government also issued a number of notable issuances and directives that could affect commercial and investment activities in Myanmar. We have summarized these below.

#### **Myanmar Tourism Rules**

Published on 17 Nov 2020, the Myanmar Tourism Rules (the “MTR”) is the implementing rules issued under the Myanmar Tourism Law (2018). The Rules prescribes the detailed requirements and form for obtaining the approval and licenses for tour-related businesses such as tour operator business, hotel business, lodging house businesses, tourist transport business and tour guide business.

The Myanmar version of MTR can be downloaded on the Ministry of Hotel and Tourism’s website - <https://tourism.gov.mm/tourism-legislation>.

#### **Protection and Preservation of Cultural Heritage Regions Rules**

Published by the Ministry of Religious Affairs and Culture on 23 October 2020, the Protection and Preservation of Cultural Heritage Regions Rules (the “PPCHR”) confer the authority to the Region or State Cultural Heritage Regions Protection Committees formed under the Protection and Preservation of Cultural Heritage Regions Law (the “PPCHL”) to outlaw the construction of any building and remove any existing building (residential or commercial) which causes disturbance and damage to cultural heritage located in the areas identified as the cultural heritage region under PPCHL. Any application for the construction, extension, renovation of residential and commercial buildings, infrastructure development, flying of helicopters, hot air balloons, other flying objects with or without machine, planting of trees which can cause disturbance to sightseeing and the conduct of any activities that can damage the original topography shall require the approval of the relevant cultural heritage region protection committee.

The National Cultural Heritage Regions Protection Committee has also issued a separate notification regarding the development works for the Bagan Cultural Heritage Region. You can download the Myanmar version of PPCHR on the Myanmar Law Information System at the link here: <http://www.mlis.gov.mm/lsScPop.do?lawordListId=9589>.



## Television and Broadcasting Rules

There are 25 TV broadcasting services prescribed under the Television and Broadcasting Rules (the “TBR”), which include the following:

- Ground-based TV broadcasting service (free, paid, by region, nationwide)
- Cable TV broadcasting service (free, paid, by region, nationwide)
- Satellite TV broadcasting service (free, paid, nationwide, international)
- Ground-based radio broadcasting service (free only, by region, nationwide, international)
- Cable radio broadcasting service (free only, by region, nationwide)
- Satellite international radio broadcasting service (free only)
- Ground-based TV and radio broadcasting program distribution service (by region, nationwide)
- Cable TV and radio broadcasting program distribution service (by region, nationwide)
- Satellite TV and radio broadcasting program distribution service (by region, nationwide)

The TBR also set out the detailed criteria to be met by the licensees and also the technical standards and specifications for manufacturing, importing, distributing, using and selling ground-based TV sets and related equipment, antennas and towers, satellite receivers and radio broadcasting devices.

The technical standards for broadcast distribution services are also provided for in the TBR.

The official date for accepting the license application for any of the aforesaid TV and Broadcasting services is yet to be announced by the Television and Broadcasting Council.

Download the Rules (Myanmar Version) on the MLIS’s website:

<http://www.mlis.gov.mm/IsScPop.do?lawordListId=9593>

## Insurance Directives issued by the Insurance Business Regulatory Board

In March 2020, the Insurance Business Regulatory Board (the “IBRB”) issued a set of directives regulating insurance agents, bancassurance agents, application for new types of insurance products, reinsurance, and approving new types of insurance products to be offered by general insurance companies.

- *IBRB Directive 1/2020* – this Directive provides for the applications for insurance agent licenses, training of insurance agents, qualifications, and specifying the required qualifications for individual insurance agents as well as corporate insurance agents.
- *IBRB Directive 2/2020* – this Directive prescribes that similar to other corporate life insurance agents, financial institutions may act as a corporate life insurance agent for a maximum of two life insurance companies, and financial institutions acting as insurance agents for general insurance companies, may do so for a maximum of three insurance companies. This Directive 2/2020 also provides for the restrictions and prohibitions by which financial institutions acting as insurance agents are required to abide.
- *IBRB Directive 3/2020* – this Directive formalizes procedures for application of the IBRB’s approval for offering new forms of insurances or amending the terms and conditions of previously approved insurance policies. Directive 3/2020 prescribes that the Financial Regulation Department (the “FRD”), as the secretariat office of the IBRB, is required to



process the completed applications for offering new types of insurance policies within 90 days and obtain the final approval of the IBRB.

- *IBRB Directive 4/2020* – this Directive requires licensed insurers to prepare a plan for reinsurance for each fiscal year, and to submit such plan to the FRD at least 90 days before the commencement of each fiscal year. Such reinsurance plans should include analysis of related businesses, overall risk appetite, extent of required reinsurance protection, level of risk concentration, retention levels, mechanism of reinsurance, and type of reinsurance program. Directive 4/2020 prescribes the compulsory retention rate for licensed life insurers at 20%.
- *IBRB Directive 5/2020* – this Directive stipulates that while certain insurance companies were previously provided with provisional permits to operate in the Thilawa Special Economic Zone (the “TSEZ”), given that these companies have been issued insurance licenses to operate general insurance business in Myanmar under joint ventures with local general insurance companies since 28 November 2019, the IBRB has instructed that such companies halt underwriting new insurance policies from TSEZ effective 1 October 2020, and to maintain the liabilities of the existing insurance policies until the end of their respective policies’ terms.
- *IBRB Directive 6/2020* – this Directive provides for the Myanmar Insurance and licensed general insurance companies to be permitted to offer 1) Industrial Risk Insurance, 2) Construction All Risk Insurance, and 3) Bailee’s Liability Insurance throughout Myanmar, including in the TSEZ.

Our detailed newsletter (Issue No. 55) on the IBRB’s Directives above can be downloaded at the link here: <http://kcyangon.com/media/>.

#### **PPP Center’s Notification 1-2020, Procedures on Unsolicited Proposals**

The Myanmar’s Public Private Partnership Center (the “**PPP Center**”) issued the Notification 1/2020 on the Procedures on the Unsolicited Proposals on 2 October 2020 (the “**Procedures**”). The Procedures are applicable to proposals worth more than Kyats 2 billion submitted by the private sector directly to a government entity for a PPP project. Those worth less than Kyats 2 billion will be processed under the existing procedures issued by the President's Office.

Upon the submission of the proposals, the relevant government will review the financial statements for financial soundness, its track record and capability for the proposed project, all documents and information required under the President Office’s Notification 2/2018 on the Project Bank (the “**Project Bank Notification**”). If the project proposal is acceptable, the government may proceed with a Swiss challenge, standard tender process or direct negotiation for implementation. The procedures for a Swiss challenge shall be carried out in accordance with the Project Bank Notification.

The project proponent can directly negotiate with the relevant government department for the implementation of the project if is reputable and has adequate international experience regarding the proposed project. A directly negotiated project proposal must be submitted to the Union Government for approval.

The Myanmar version of the above Procedures can be downloaded on the MLIS’s website at the link here: <https://www.mlis.gov.mm/IsScPop.do?lawordSn=15155>.

Project Bank Notification (Myanmar and English Versions):

<https://projectbank.gov.mm/en/resources/>



Our detailed newsletter on the Project Bank Notification (Issue No. 47) can be downloaded at the link here: <http://kcyangon.com/media/>.

### **Central Bank of Myanmar Updates Offshore Loan Criteria**

In the beginning of 2020, the Central Bank of Myanmar (the “CBM”) updated the offshore loan criteria published on its website. A substantial difference compared to the previous version is that the minimum threshold for equity capital for non-MIC companies has been reduced from US\$500,000 to US\$50,000. Now the US\$500,000 threshold applies only to MIC companies. The updated criteria also revise the debt to equity ratio at 4:1 for MIC companies and 3:1 for non-MIC companies (the range is set between 3:1 and 4:1 for all companies).

The detailed offshore loan criteria can be viewed on the CBM’s website at the link here: <https://www.cbm.gov.mm/content/2066>.

### **CBM's Instruction, NBFi Interest Rate**

On 3 July 2020, the CBM issued the Instruction Letter No. 3/2020 prescribing the principals to be followed by non-bank financial institutions (“NBFIs”). It is provided that that loan agreements drawn up by NBFIs must indicate the loan amount, interest rate, repayment period and number of installments, the repayment schedule shall be included in the loan agreements, the payment of the principal and interest for each installment shall be separated and the commission fee and other service fees shall be clearly indicated if there is any. CBM will take effective action if NBFIs do not comply with the requirements under this instruction. The Instruction came into effect on 15 July 2020.

### **MOC Notification No. 68/2020 on Import Negative List**

The notification updates the list of commodities which require an import license for the importation. The notification repeals the previous import negative list (MOC Notification No. 22/2019) removing certain commodities from the import license requirements. In the previous list, 4613 commodities were subject to the import license requirement whereas only 3931 commodities are subject to the import license requirement.

### **MOC Notification No. 51/2020 on Export Negative List**

The MOC also updates the Export Negative List reducing the number of commodities subject to the export license requirement from 3345 to 1224. The MOC Notification No. 9/2018 on the Export Positive List has been repealed by this Notification.

### **MOC Notification No. 59/2020 on Prohibited Export Items**

Under the MOC Notification No. 59, 2020 dated 17 August 2020, the following items are specified as prohibited export items.

1. diamonds
2. crude oil
3. elephant ivories
4. Elephants, horses and endangered animals
5. arms and ammunition
6. antique objects





The items which are prohibited for export under any existing laws shall also be treated as prohibited export items.

### **MOC Notification No. 38/2020 on the Prohibited Import Items**

Notification No. 38/2020 removes alcohol from the list of prohibited import items. The items currently listed as prohibited import items are beer, cigarettes and the items which are prohibited for import under any existing laws.

### **MOC Procedures relating to the alcohol import**

Following the issuance of the Notification No. 38/2020 above, the MOC published the detailed procedures for the importation of foreign liquor. The procedures require the import to meet certain criteria which include the following among others:

- Must be a company incorporated in Myanmar
- Must have an importer/exporter registration certificate
- Must have a liquor license (wholesale license) called FL-11
- Must have an exclusive dealership with the manufacturer for each brand
- Must have relevant excise license issued by the General Administration Department for the distribution and storage of liquor
- The liquor must be imported from ports and air ports in Yangon only. The CIF value for one liter of liquor must be at least eight US dollars.

All of the MOC's notifications above can be downloaded on the MOC's website at the link here: <https://commerce.gov.mm/my/commands%20>.

### **Department of Trade's Announcement on Tradenet 2.0 System**

Starting from 5 January 2021, the import license application with the MOC is to be processed on Tradenet 2.0 System at <https://myanmartradenet.com/>. The relevant departments and organizations that are to issue the recommendations required for the import license application must also connect with Tradenet 2.0.

The following forms are available on Tradenet 2.0 System:

- Importer/exporter registration certificate (Known as Pa-Tha-Ka);
- Individual Trading Certificate;
- Retail/Wholesale Registration Certificate;
- Wine Importation Certificate;
- Duty Free Shop Certificate;
- Re-Export Certificate;
- Car Importation Certificate;
- Business Service Agency certificate;
- Export License;



- Import License

The user guide in English and Myanmar can be downloaded on the Tradenet website mentioned above.

### COVID-19 Tax Relief

On 17 June 2020, the Ministry of Planning, Finance, and Industry (the “**MOPFI**”) issued Notification No. 65/2020 (the “**Notification No. 65/2020**”) that outlines additional forms of tax relief that can be availed by businesses affected by the COVID-19 pandemic in Myanmar. This Notification was issued in line with the fiscal stimulus provided under Myanmar’s COVID-19 Economic Relief Plan and the President’s Executive Order Concerning the Union Tax Law as recently issued on 12 June 2020.

Meanwhile, on 12 June 2020, the President Office issued Executive Order No. 1/2020 in relation to the Union Tax Law (the “**Executive Order**”), in line with the fiscal stimulus set forth under Myanmar’s COVID-19 Economic Relief Plan (the “**CERP**”). The Executive Order is aimed at contributing to mitigating the impact of the COVID-19 situation on the private sector through improvements to investment, trade & banking sectors. In connection with this, the Ministry of Planning, Finance, and Industry (the “**MOPFI**”) issued Notification No. 65/2020 which outlines tax reliefs are available by the businesses affected by the COVID-19. The following tax reliefs are provided under the Notification.

- 10% non-refundable tax credit for incremental wages and salaries
- 125% deduction for incremental wages and salaries
- 10% non-refundable tax credit for incremental investments on capital equipment
- 125% depreciation for incremental investment on capital equipment

The detailed explanation and illustration are provided in our newsletter (Issue No. 56) which can be downloaded at the link here: <http://kcyangon.com/media/>.

### MOPFI Tax Compliance Updates for Non-Profit Organizations Starting FY 2020-2021

On 27 July 2020, the Internal Revenue Department (“**IRD**”) issued the Notification No. 79/2020, on Procedures for Registration and Recognition of Non-profit Organizations’ Tax Registration (the “**Notification No. 79/2020**”).

Notification No. 79/2020 came into effect from 1 October 2020, and it defines nonprofit organizations as “Organizations conducting educational programs, health programs, supporting the poor and those affected by natural disasters, non-governmental organizations, international non-governmental organizations, private foundations, civil society organizations and similar organizations”.

Notification No. 79/2020 stipulates that non-profit organizations are required to apply for a Taxpayer Identification Number for the purposes of withholding tax on payments where withholding tax is required in a transaction, and to conduct relevant tax filings. The Director General of the IRD will issue a Taxpayer Identification Number for the non-profit organization after reviewing the application for the Taxpayer Identification Number by the non-profit organization.

Our detailed newsletter on this (Issue No. 57) can be downloaded at the following link: <http://kcyangon.com/media/>.



### **SECM Notification No. 2/2020 on Corporate Governance**

The Security Exchange Commission of Myanmar (the “**SECM**”) issued Notification No. 2/2020 on Requirements for Effective Corporate Governance on 3 Dec 2020 (the “**Notification No. 2/2020**”). Notification No. 2/2020 is applicable to companies listed on Yangon Stock Exchange (“**YSX**”) and public companies with more than 100 shareholders. The objectives of the Notification No. 2/2020 are to enhance the effective corporate governance practices and clarify the corporate governance requirement for the listed companies and public companies with more than 100 shareholders, and to provide Directors, Executive Officers and shareholders with the right incentives to perform their roles within a framework of checks and balances. The Notification contains provisions on shareholders’ rights, composition of board of directors and board of directors’ meeting, audit committee, related party transaction and directors’ report and disclosure. The Notification will come into effect on 1 January 2021.

### **SECM's Notification No. 3/2020 on Related Party Transactions (RPT)**

SECM also issued Notification no. 3/2020 on the Instruction on Material Related Party Transactions for Listed Companies and Public Companies with More than One Hundred Shareholders on 3 December 2020 (the “**Notification No. 3/2020**”).

Notification No. 3/2020 provides that the Board of directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, at arm's length and are reasonable in the circumstances, and in compliance with applicable laws and regulations to protect the interests of company's shareholders and other stakeholders. The Board of Directors adopt a material RPT policy consisting of the following:

- Identification of related parties
- Materiality thresholds
- Approval of transactions below the materiality threshold
- Identification of conflicts of interest
- Disclosure requirement

Each company is required to maintain the register of related party transactions in the prescribed form and publish the RPT policy on its website. It is also required to report to its shareholders in its annual report on material RPT. Failure to comply with the provisions of Notification No. 3/2020 will be subject to one or more of the following actions taken by SECM:

- Reprimand;
- Public announcement of the reprimand and company's violation of requirements under this instruction;
- Other sanctions available under applicable legislation.



### About Kelvin Chia Yangon (KCY)

KCY has been in active operation in Myanmar since 1995, currently with offices in Yangon and Mandalay. KCY is the firm of choice for those seeking to navigate Myanmar’s fast-changing and complex regulatory landscape, a jurisdiction in which KCY has gained in-depth legal expertise from the numerous transactions it has handled.

### Our main practice areas

Foreign Investments | Incorporation and Company Maintenance | General Corporate and Commercial | Due Diligence | Mergers and Acquisitions | Joint Ventures and Production Sharing Agreements | Investment Funds | Energy/Oil and Gas | Natural Resources/Mining | Banking | Project and Project Financing | Manufacturing | Education | Agriculture | Real Estate | Infrastructure | Construction | Telecommunications | Compliance / Regulatory | Licensing and Permits | Labour and Employment | Immigration | Taxation | Insurance | International Arbitration | Intellectual Property | Special Economic Zones

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