

CHARLTONS

SOLICITORS



Myanmar Highlights

March 2015

DICA to consolidate Myanmar Foreign Investment Law and Myanmar Citizens Investment Law

The Myanmar Government has begun the process of drafting a new foreign investment law (**2015 FIL**) which will consolidate the existing 2012 Foreign Investment Law (**2012 FIL**) and the 2013 Myanmar Citizens Investment Law. The Directorate of Investment and Company Administration (**DICA**) is drafting the 2015 FIL with the assistance of the International Finance Corporation. The DICA has invited submissions from interested parties in relation to the 2015 FIL and has made a draft available on its website <http://www.dica.gov.mm>. The closing date for comments and feedback is 26 March 2015. (Source: <http://dica.gov.mm.x-aas.net/>, 5 March 2015)

MOSB to establish supply base in Mawlamyine to serve Myanmar's oil and gas sector

Myanmar Offshore Supply Base Ltd., (**MOSB**), a subsidiary of Singapore's 2 Fish Pte. Ltd., has announced that it plans to develop an integrated port and supply facility at Mawlamyine in Mon State, Myanmar. The facility will cover an area of 193 acres and will be home to companies providing services to operators of oil and gas fields in the Bay of Bengal. The port has a natural depth of between 26 - 42 feet (8 to 13 meters), so no riverbed dredging will be required at the site. (Source: http://www.rigzone.com/news/oil_gas/a/137440/MOSB_to_Set_Up_Supply_Base_in_Mawlamyine_to_Serve_Myanmars_Oil_Gas_Sector, 27 February 2015)

Myanmar tightens anti-money laundering rules

Myanmar is set to introduce new anti-money laundering rules (**AML Rules**) on 1 April 2015. Under the new AML Rules, which are yet to be approved by the parliament, individual

offenders can be fined or imprisoned for up to ten years, or both. Companies in breach of the AML Rules will face fines of up to Kyats 500 million (approximately US\$500,000). Company directors and/or shareholders found to be in breach of the AML Rules can be fined or imprisoned for up to seven years. The introduction of the AML Rules will help Myanmar in its attempts to meet the standards set out by the Financial Action Task Force (**FATF**) which is responsible for setting standards in relation to anti-money laundering and combating the financing of terrorism (**AML/CFT**). In a statement issued by the FATF on 27 February 2015, Myanmar was identified as one of three jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies. In the view of the FATF, Myanmar should therefore continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) ensuring an operationally independent and effectively functioning financial intelligence unit; and (4) strengthening customer due diligence measures. The FATF has encouraged Myanmar to address the remaining deficiencies and continue the process of implementing its action plan. (Source: <http://www.mmtimes.com/index.php/business/13260-anti-money-laundering-rules-coming-in-april.html>, 26 February 2015 and <http://www.fatf-gafi.org/countries/j-m/myanmar/documents/public-statement-february-2015.html>, 27 February 2015)

Construction and Housing Development Bank issues Kyats 80 billion worth of housing development loans since July 2014

The Construction and Housing Development Bank (**CHD Bank**) has announced that it issued over Kyats 80 billion (approximately US\$77.6 million) in loans to affordable housing project developers between July 2014, when it was issued with a banking licence, and the middle of February 2015. CHD Bank, which is directly supervised by the Ministry of Construction (**Ministry**), provides loans at a rate of 12% interest to construction companies working on affordable housing projects and the Ministry's Department of Human Settlement and Housing Development scheme. CHD Bank is currently seeking to raise additional capital overseas. (Source: <http://www.mmbiztoday.com/articles/chd-bank-issues-k80b-housing-development-loans>, 5 March 2015)

Millcon Plc's Myanmar plant to commence operations in 2016

Stock Exchange of Thailand listed Millcon Steel Plc (**Milcon**) is expected to commence operations at its new building materials facility in the Thilawa Special Economic Zone in 2016. Millcon CEO Mr Sittichai Leeswadtrakul said the new facility was due to be completed by the end of 2015 and would start operating early next year. Millcon has a 45% share in the Myanmar joint venture that owns the new facility; compatriot company General Engineering Plc owns 45% with their Myanmar joint-venture partners holding the remaining 10%. Millcon estimates the facility will generate 900 million Baht (approximately US\$27.6 million) in revenue in 2016 and 1.2 billion Baht (approximately US\$36.8 million) in 2018, when it will have reached full capacity. (Source: <http://www.bangkokpost.com/business/news/489464/milcon-myanmar-plant-due-in-2016>, 5 March 2015)

Yangon Stock Exchange invites expressions of interest in relation to the development of its ICT technology

The Yangon Stock Exchange (**YSE**) has invited expressions of interest in relation to the development, management and maintenance of its information and communication technology (**ICT**) systems. Application forms together with information on the YSE's ICT requirements were made available on the 5 March 2015. The closing date for applications is 26 March 2015. Applications should be submitted to the YSE's office at Nos. 21 - 25, 1st Floor, Myanmar Economic Bank Building, Yangon. The YSE is scheduled to launch in October 2015. The YSE is 51% owned by state-run Myanma Economic Bank,

30.25% by Daiwa Institute of Research and 18.75% by the Japan Exchange Group. (Source: <http://consult-myanmar.com/2015/03/05/ict-system-to-invite-open-tender-of-yangon-stock-exchange-for-information-and-telecommunication-system-companies-closing-date-26th-march-2015/>, 5 March 2015)

CHARLTONS

Best Boutique Firm 2014

Asian Legal Business Awards

This newsletter is for information purposes only.

Its contents do not constitute legal advice and it should not be regarded as a substitute for detailed advice in individual cases.

Transmission of this information is not intended to create and receipt does not constitute a lawyer-client relationship between Charltons and the user or browser.

Charltons is not responsible for any third party content which can be accessed through the website.

If you do not wish to receive this newsletter please let us know by emailing us at unsubscribe@charltonslaw.com

Hong Kong Office:

Dominion Centre
12th Floor
43-59 Queen's Road East
Hong Kong
Tel: + (852) 2905 7888
Fax: + (852) 2854 9596

Myanmar Office:

Charltons Legal Consulting Ltd
161, 50th Street
Yangon, Myanmar
email: myanmar@charltonslaw.com

www.charltonslaw.com