



Key Reforms in Myanmar Companies Law

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Objectives of Companies Law reform

1. **Modernise** the law to align with international practices and legal developments
2. **Create** a clear, transparent, consistent and stable framework for companies
3. **Clarify** the law and simplify procedures to provide certainty for companies and DICA
4. **Improve** corporate governance
5. **Improve** transparency and accountability for companies through an electronic registry system
6. **Assist SMEs** by lowering compliance burden and increasing flexibility for managing companies








1. Easier to establish companies

-  **Minimum number of shareholders** in a private company has been lowered from 2 to 1 so that single shareholder companies can now be formed.
-  **Minimum number of directors** in a company has been lowered (1 director for private companies and 3 directors for public companies).
-  **Residency requirement for directors**
 -  Private companies must have at least one director who is ordinarily resident in Myanmar
 -  Public companies must have at least one director who is a Myanmar citizen ordinarily resident in Myanmar







2. Greater flexibility to do business

-  **Business objectives** has been removed so companies have power to conduct all business activities in accordance with all relevant laws and regulations.
-  DICA will not vet business activities
-  **Company constitution** will be the set of internal company rules and can be prepared on company's requirements
-  **Share capital flexibility** - Companies can issue different types of shares based on funding needs
-  Restrictions on capital such as “authorised capital” and “par value” of shares have been removed



3. Enables foreign investment

Foreign ownership in local companies will be permitted up to 35% (higher ownership will become a “foreign company”)

-  No restrictions on share transfers between foreign and local shareholders
-  Company status may change from “foreign” to local company
-  Incorporation certificate will not state whether a company is foreign or local; it will only be shown on companies registry
-  No “Permit to Trade” for foreign companies

Branch offices can be set up in Myanmar as “overseas corporations” registered by DICA

-  Overseas corporations may conduct business



4. Reduce regulatory burden

Small companies have been given exemptions from holding annual general meetings and audited financial statements.

- “Small company” must have less than 30 employees and annual revenue of less than 50 million kyats
- Does not include public companies and their subsidiaries







Reduced court involvement with companies no longer required to seek court approval for share capital changes or late filings

Electronic submission of company filings will be permitted in the registry and lower registration fees



5. Improve Corporate Governance

Directors duties have been clearly stated in the law to improve corporate governance


-  Duty of care and diligence (“business judgement” rule)
-  Duty of good faith
-  Duty not to misuse position or information; duty to disclose interests
-  Duty not to engage in reckless trading
-  Duty to comply with law and constitution
-  Duty not to incur obligations unless company can perform

Minority shareholder protections have been added to allow shareholders to bring legal action on behalf the company and to sue for unfair oppressive conduct



6. Better regulation and compliance

DICA will continue as company registrar and regulator with mandate to register companies, monitor compliance with the law,

 Power to issue penalty notices, undertake investigations and bring proceedings for offences




Encourage greater compliance by companies through the use of transparent regulatory notices, tracking compliance electronically and better public education and awareness

Better enforcement of the law as the new law provides for pecuniary penalties, disqualification order, compensation order and other penalties for offences under the law.








7. Myanmar Electronic Companies Registry (MyCR)

Myanmar Electronic Companies Registry (MyCR) is being set up to:

-  Establish an up-to-date electronic public registry of all company information
-  Streamline and simplify all company registrations and filing processes through electronic services
-  24-hour electronic public access to company registry, company searches and automatic enforcement

MyCR will handle:

-  Registration of all companies (and entities)
-  Submission of all filings to the Registrar
-  Annual returns
-  Automated compliance notices
-  Online payment of registration fees and filing fees



“Thank You”

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