

ပြည်ထောင်စုမြန်မာနိုင်ငံတော်အစိုးရ  
စီမံကိန်းနှင့် ဘဏ္ဍာရေးဝန်ကြီးဌာန

THE GOVERNMENT OF THE UNION OF MYANMAR  
MINISTRY OF PLANNING AND FINANCE

မြန်မာနိုင်ငံတော်ငွေရေးကြေးရေး  
အဖွဲ့အစည်းများဆိုင်ရာ နည်းဥပဒေများ  
RULES RELATING TO FINANCIAL INSTITUTIONS OF  
MYANMAR LAW

၁၃၅၂ ခုနှစ်၊ နှောင်းတန်ခူးလပြည့်ကျော် ၁၁ ရက်  
(9th April, 1991)

မြန်မာနိုင်ငံတော် ငွေရေးကြေးရေး  
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**RULES RELATING TO FINANCIAL INSTITUTIONS OF  
MYANMAR LAW**

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The Government of the Union of Myanmar

**Ministry of Planning and Finance**

Notification No. 32/91

Yangon, 11th Waning day of Tagu 1352 M.E.

(9th April, 1991)

In exercise of the powers conferred under section 91 sub-section (a) of the Financial Institutions of Myanmar Law, the Ministry of Planning and Finance with the approval of the Government makes the following Rules:—

CHAPTER I

**Title and Definition**

1. These rules shall be called the rules relating to the Financial Institutions of Myanmar Law.
2. The expressions contained in these rules shall have the meanings as contained in the Financial Institutions of Myanmar Law. In addition, the following expressions shall have the meanings given hereunder:—
  - (a) **Law** means the Financial Institutions of Myanmar Law;
  - (b) **Ministry** means the Ministry of Planning and Finance;
  - (c) **Central Bank** means the Central Bank of Myanmar.



## CHAPTER II

### Establishment

3. Financial institutions shall be established in accordance with the Law. The Central Bank may determine the classification of such financial institution in accordance with the type of services to be undertaken by it, within any of the categories classified in section 5 of the Law.

4. Interest entitlement period relating to deposit accounts maintained with the Credit Societies by its members as prescribed in section 7 of the Law may be published by the Central Bank from time to time.

5. The Financial institutions wishing to engage in activities in support of the financial services other than activities specifically prescribed for them, shall require prior approval of the Central Bank as prescribed in section 10 of the Law.

## CHAPTER III

### Licence to Operate

6. In applying for licence to operate under section 12 of the Law, the financial institutions shall apply in Form (CBM-01) prescribed in rule 4 of the Central Bank Rules, in accordance with section 14 sub-section (a) of the Law.



7. If a financial institution which has been permitted to engage in one type of business, wishes to extend its business classified under section 5 of the Law, it shall apply for permission, after paying a service charge of K 10,000 in Form (CBM-01) prescribed in rule 4 of the Central Bank Rules.

8. As prescribed under section 15 of the Law minimum paid-up capitals of new financial institutions in each type of business shall be as follows:—

(a) Commercial Banks	{ Internal and External banking transactions ... K 30 million Domestic banking transaction only ... K 15 million
(b) Investment or Development Banks	... K 60 million
(c) Finance Companies	... K 8 million
(d) Credit Societies	... K 2 million

9. Financial institutions shall pay licence fee prescribed under section 14 sub-section (e) of the Law to the Central Bank annually during the beginning month of the financial year of the Central Bank.

10. The period to be specified by the Central Bank under section 17 sub-sections (a) and (b) of the Law, shall not be less than 3 months.

11. In applying for permission for establishment, change in location of or closure of the branches, agency offices and other similar offices of the financial institution as required under section 19 of the Law, the financial institution shall pay a service charge of K 10,000 to the Central Bank and shall comply with the provisions of rule 11 of the Central Bank Rules.



12. The service charge is not payable for change in location under any of the following circumstances:—

(a) change of location within a Township;

(b) change of location from one Township to another specifically prescribed as not payable by the Central Bank.

13. Unless otherwise permitted by the Central Bank in particular cases, business hours and working days of financial institutions, its branches, agency offices and other similar offices shall be as prescribed under rule 28 of the Central Bank Rules.

#### CHAPTER IV

#### **Functions, Duties and Powers**

14. In accepting deposits under section 6 sub-sections (a) and (b) of the Law, the commercial banks and investment or development banks shall, if such deposits include foreign exchange, carry out in accordance with the existing law, rules and regulations as regards to foreign exchange.

15. The financial institutions may borrow or raise money inside or outside the State under section 25 sub-section (a) of the Law and may tender their own assets as security for such borrowing.



16. In lending money as prescribed under section 25 sub-section (b) of the Law, financial institutions:—

(a) may, with approval of the Central Bank, make advances to any bank which is in financial difficulties so as to prevent from or to facilitate its liquidation;

(b) may advance small loan, accept movable properties as security for such loan, dispose of the unredeemed property, or open branch offices for small loan business;

(c) shall carry out in accordance with the provisions under section 42 and section 43 of the Law regarding persons related to the financial institutions prescribed in section 39 of the Law;

(d) shall not engage in the followings:—

(i) making advances upon security of its own shares;

(ii) making advances directly or indirectly for those purposes not allowed by the Central Bank.

17. Instruments contained in section 25 sub-section (c) of the Law include instruments issued or guaranteed by the State, local authorities, foreign governments, any international organisation, any domestic or foreign financial institution, or any private organisation established in accordance with the Law.



18. In carrying out the provisions of section 25 sub-section (k) of the Law, the financial institutions may enter into contract of idemnity, suretyship or guarantee with security or otherwise; may guarantee or negotiate or manage the issuing of loans, debentures and shares.

19. In carrying out the provisions of section 25 sub-section (n) of the Law, the financial institutions may, with a view to generate profit out of the funds held by them, invest inside or outside the State as may be appropriate.

20. Under section 28 of the Law, any operation requiring a financial institution to deliver or to assume the risk of having to deliver financial assets in exchange for a claim, is credit operation. Such credit operation includes loans, advances, discounts of bill of exchange, lines of credit, payment orders and guarantees. Provided that only loans, advances and overdrafts are to be included in calculating the total loan portfolio as required under section 32 of the Law, and discounts of bill of exchange, lines of credit, payment orders, guarantees and inter-bank call loans are to be excluded from such calculation.

21. A financial institution may, in its discretion, and subject to such conditions as it may determine, accept the following as security for loans, advances and overdrafts:—

(a) demand or time deposits with it or with any other financial institution;

(b) precious metals such as gold, silver, diamond or documents of title to foreign exchange in any type;

(c) stocks, funds and securities in which a trustee is authorized to invest trust money by any existing law;

(d) negotiable securities issued or guaranteed by the Government including Treasury Bills;

(e) negotiable debentures or other negotiable securities issued under the authority of any existing law by a public body or a State-owned economic enterprise;



(f) goods or documents of title thereto and other movable properties or documents of title thereto which are deposited with or pledged, hypothecated, assigned or transferred to the bank;

(g) debentures and fully-paid shares of companies with limited liability;

(h) life insurance policies;

(i) accepted bills of exchange, promissory notes, and other credit instruments including letters of credit endorsed by the payees and joint and several promissory notes of two or more persons or firms unconnected with each other in partnership;

(j) immovable property or documents of title thereto;

(k) assets of a financial institution licensed by the Central Bank for the purposes mentioned in rule 15 sub-rule (a);

(l) guarantees.

## CHAPTER V

### **Business with Persons related to the Financial Institution**

22. A meeting of the Board from which a member is required to leave due to any situation contained in section 43 sub-section (b) of the Law, shall not be invalidated.

## CHAPTER VI

### **State-owned Financial Institutions**

23. (a) The general reserves of each State-owned Bank established under section 62 sub-section (a) of the Law, shall be established with the initial contribution of the State as follows:—

(1) The Myanmar Economic Bank ... K. 30 million

(2) The Myanmar Foreign Trade Bank. ... K. 10 million

(3) The Myanmar Investment and Commercial Bank. ... K. 10 million

(b) At the end of each financial year, 25 per cent of the net profit shall be set aside in multiples of one million in a general reserve account until such account amounts to 100 per cent of its paid-up capital. Provided that funds to be set aside for the general reserve shall be paid to the State if the balance in the general reserve account is equal to the paid-up capital of each Bank;



(c) With the permission of the Government the amount of funds to be set aside in the general reserve account may be increased to exceed the prescribed annual percentage or the total amount of the general reserve may be increased beyond the paid-up capital of the Bank concerned;

(d) The general reserve fund may be applied to meet any operating deficit of the Bank.

24. If the Government owns 100 per cent share of a financial institution, the said institution shall pay the balance of net profit as soon as possible at the end of the year to the State in multiples of one million after making provisions for reserves required in the conduct of its business at the end of the financial year.

25. (a) The financial institutions in which the State owns shares, shall prepare annual statement of accounts at the end of each year and they shall, within 6 months after the end of the financial year, submit the annual report together with the balance sheet and profit and loss account duly certified by the auditor, to the Government through the Ministry of Planning and Finance;

(b) After submitting the annual report as required under sub-rule (a) above, the financial institution shall publish it for general information in a manner prescribed by the Ministry.

26. Each State-owned financial institution shall be a body corporate with perpetual succession and a common seal and shall have power to sue and be sued in its corporate name.



27. Debts owed to the State-owned financial institutions shall be given priority over all other debts and taxes except those payable to the State and the Central Bank.

## CHAPTER VII

### Miscellaneous

28. Each financial institution shall have its own common seal and facsimile of which shall be registered with the Central Bank.

29. The financial institutions shall abide by the rules, regulations and directives issued by the Central Bank under section 91 sub-section (b) of the Law and may with the approval of the Board of Directors, make, revise or make additions to general regulations, service regulations and other necessary regulations of their own and copies of which shall be filed with the Central Bank. Such regulations if and when directed to do so by the Central Bank, shall be amended.

Sd/- *Brigadier-General Abel*  
*Minister,*

*The Government of the Union of Myanmar*  
*Ministry of Planning and Finance.*