



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 84 - 28th January 2021

Dear Readers,

Welcome to a new edition of our newsletter!

1. Guidelines on the establishment and operation of non-bank financial institutions

There are currently [26 licensed non-bank financial institutions](#), traditionally referred to as “finance companies”, that finance the purchase or hire-purchase of goods such as cars, trucks or farming equipment. Differently from microfinance companies, their licenses are not restricted to certain townships and there is no ceiling on the amount that they may lend. The minimum capital for setting up a traditional finance company appears to be Ks. 3 billion (approx. USD 2.26 million); the maximum interest rate seems to be set by the Central Bank depending on the types of goods that are financed and the financing terms and conditions.

All existing 26 finance companies are 100% Myanmar-owned. It is, however, permissible for foreigners to set up a finance company, either alone or in a joint venture with a Myanmar national, and to acquire shares in an existing finance company.

Against this background, it is interesting that the Central Bank issued [Notification 1/2021](#) on 26th January 2021 on the “establishment, operations and business conduct” of non-bank financial institutions. The notification should improve clarity for investors wishing to engage in this business type as previous guidance was based on the (since repealed) Financial Institutions of Myanmar Law from 1990 and did not always fit the new Financial Institutions Law from 2016.

The Financial Institutions Law divides non-bank financial institutions into (i) finance companies, (ii) leasing companies, (iii) factoring companies, (iv) providers of credit tokens and (v) providers of money services. The notification, however, only covers (i)-(iii).

In order to set up a non-bank financial institution, the applicant will, among others, have to show the origin of the paid-up capital, prepare a feasibility study and a business plan for three years, show adequate risk management, disclose any agents, branches and outsourcing arrangements, identify any person with an interest of more than 10% in the institution, and certify that the proposed directors are fit and proper.

2. Electricity and energy news

- (a) [MIC permits granted for several solar projects](#) (presumably winners of last year’s solar tender)



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- (b) [PTTEP set to invest USD 2 billion in Myanmar gas fields and power plant](#)
- (c) [TTCL to develop LNG-to-power project in Yangon](#)
- (d) [B. Grimm, others to operate power plant in Amata's industrial park](#)

3. Market access and other news

- (a) [Prudential, Yoma Bank cleared to offer bancassurance](#)
- (b) [EU to provide additional EUR 5 million to Myanmar's garment workers](#)
- (c) [Italian-Thai Development removed from Dawei SEZ project](#)
- (d) [CVC Capital Partners agrees to buy Irrawaddy Green Towers](#)
- (e) [Hotel operator to become seventh company to be listed at the Yangon Stock Exchange](#)
- (f) [Amata's industrial park and Korean industrial park in Hlegu inaugurated](#)
- (g) [Myanmar's first and only credit bureau seems to have started operations](#)

We hope that you found this information useful.

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About Lincoln Legal Services (Myanmar) Limited

Lincoln Legal Services (Myanmar) Limited provides the full range of legal and tax advisory and compliance work required by investors. We pride ourselves in offering result-oriented work, high dependability and a fast response time at very competitive prices. Please do not hesitate to contact us:

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