



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 138 - 6 December 2023

Dear Readers,

Welcome to a new edition of our newsletter.

Official exchange rate (at least partly) abolished

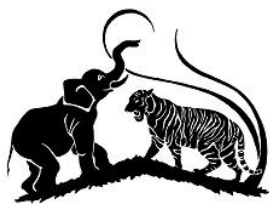
This is to inform you that the Central Bank under the State Administration Council (“SAC”) on 5 December 2023 notified private banks that it (at least partly) gave up on the official exchange rate and instructed banks to convert foreign currency at the market rate. Please find the Central Bank letter reproduced below in the gray box in an English translation.

Recent news suggests that the background of this move is that the SAC’s Foreign Exchange Supervisory Committee reportedly stopped selling dollars to fuel importers at the official rate of MMK 2,100 to the dollar.

The market rate currently hovers somewhere around MMK 3,300 to the dollar.

Preliminary reading of the Central Bank letter suggests the following implications. The next days will show if this preliminary reading bore out.

- Reference to “online trading” suggests that banks will still have to conduct the sale and purchase of foreign currency through the [online trading platform](#) established by the Central Bank end of June 2023.
- It was difficult already for importers in need of foreign currency to purchase it at the official exchange rate. It may now be impossible.
- Conversely, exporters - who have to [sell 50% of their export earnings](#) to their bank - may now be able to sell these 50% at the market rate instead of the official exchange rate.
- Foreign currency account holders receiving remittances from abroad should insist that their bank credits and/or pays out this money in MMK at the market rate, if the bank is unable to credit and/or pay out foreign currency.
- The remittance of foreign currency abroad still requires approval from the Foreign Exchange Supervisory Committee (some exceptions apply).
- Money changers and banks exchanging foreign currency in cash (as opposed to bank transfers) are probably still obliged to use the official exchange rate of MMK 2,100 to the dollar.



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CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

**Republic of the Union of Myanmar
Central Bank of Myanmar**

Letter no. FE-1/2937

Date: 5 December 2023

To:

Authorised Dealer Banks

Subject: **Foreign exchange rate**

1. Authorised dealer (AD) banks may, when making transactions in the foreign currency market (online trading), freely operate according to the market rate derived from the exchange rate submitted by those who want to sell and those who want to buy foreign currency in the market; the exchange rate will not be set by the Central Bank of Myanmar.
2. It is hereby notified that, when transferring foreign currency purchased in the market to a destination abroad, the transfer shall be done according to the procedures specified by the Foreign Exchange Supervisory Committee.

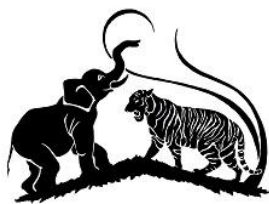
On behalf of the Governor
Zaw Myint Naing, Vice Governor

Copies: *[omitted]*

We hope that you have found this information useful.

Sebastian Pawlita
Managing Director

Nyein Chan Zaw
Director



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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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