

Draft of Myanmar Companies Law

On 20th July 2017, the latest draft of the Myanmar Companies Law (the “**Bill**”) was submitted to the Amyotha Hluttaw (the Upper House of the Parliament).

The Bill is designed to bring Myanmar companies law up to international standards and boost confidence of foreign investors. If approved, the Bill will repeal the outdated Companies Act 1914 and the Special Companies Act 1950.

One of the main problems faced by foreign investors under the current law is the definition of the “foreign company”. Currently if only one share in a company is owned by a foreign person, such company is a foreign company. Under the Bill, if a foreign person “owns or controls, directly or indirectly, an ownership interest of more than the prescribed ownership amount” is a foreign company. The ownership amount will be specified at a later stage in implementation rules. It is expected to be no less than 35%.

The Bill also eliminates the requirement for foreign companies to obtain a permit to trade from the Directorate of Investment and Company Administration (“**DICA**”). This change will enhance the ease of doing business in Myanmar for foreign companies.

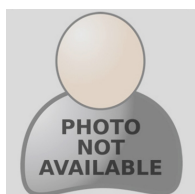
Additionally, the Bill provides for options of shareholding structures, including preference shares and convertible notes which should allow the creation of complex and secured shareholding structures.

The full English version of the Bill as published by the DICA for public consultations can be seen [here](#). Once the final version of the Bill is approved, we will prepare a detailed legal brief and publish it in our Newsletter.

AUTHOR



Kowit Somwaiya
Managing Partner | **Bangkok**
kowit.somwaiya@lawplusltd.com



- | **Bangkok**

-

LawPlus Ltd.

Unit 1401, 14th Floor, Abdulrahim Place 990

Rama IV Road, Bangkok 10500, Thailand

Tel: +662 636 0662

Fax: +662 636 0663

LawPlus Myanmar Ltd.

Unit No. 520, 5th Floor, Hledan Centre

Corner of Pyay Road and Hledan Road, Kamayut Township,

Yangon, Myanmar

Tel: +95 (0)92 6111 7006

and +95 (0)92 6098 9752