
New era for company law in Myanmar [1]

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Increased flexibility for local and foreign investors, new protections for minority shareholders, and a more effective regulatory structure lie at the heart of Myanmar's new Companies Law.

Passed by the Parliament on 23 November 2017, the new Companies Law replaces an Act that was more than 100 years old with legislation that is world's best practice.

Key changes in the new law that will make business regulation more efficient and effective

include:

- Foreign investors will be able to own up to 35% of a local company before it is considered a 'foreign' company, giving greater scope for international investors to operate in Myanmar,
- Replacement of the former Memorandum and Articles of Association with a more flexible 'company constitution',
- Increased involvement by minority shareholders in company decision-making, thereby offering greater protection for small investors,
- Higher standards of conduct for company directors to ensure businesses are properly run, and
- A company can now be owned by one shareholder, and directors only need to meet a residency requirement rather than be Myanmar citizens, providing greater flexibility.

U Aung Naing Oo, Director General of the Directorate of Investment and Company Administration (DICA), told a recent briefing of business people, that the new Companies Law "introduces new corporate governance standards in Myanmar by enhancing the transparency of companies, increasing the accountability of directors and protecting minority investors".

"Many of these standards are in line with international practice, which we hope will help build stronger companies and more robust corporate practices," U Aung Naing Oo said.

"I hope the new law will be the start of a new era for corporate management in Myanmar and build a modern business environment for the 21st century," he said.

The new legislation will become operational in August 2018 following the design and development of a world-class online registry and appropriate training of DICA and related staff.

Together with the new Myanmar Investment Law, the new Companies Law represents an attractive and effective platform on which foreign and local investors can develop new businesses, create employment and contribute to Myanmar's growing economy.

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