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## New Myanmar Companies Law Set to Modernise Corporate Landscape

In a long anticipated and welcomed move away from the century-old Myanmar Companies Act 1914, the new Myanmar Companies Law (“MCL”) was passed into law by President U Htin Kyaw on 6 December 2017. The MCL will come into force on such date to be announced by the President as the effective commencement date. Recent indications from the Directorate of Investment and Company Administration (“DICA”) are that the new law will come into effect on or around August 2018.

### What does it mean for foreign investors?

The new law will modernise Myanmar’s corporate landscape in line with international best practices. Among the major reforms introduced by the MCL, foreign investors will now be permitted to take up a 35% stake in local companies. Previously, a company with just one share held by a foreigner would be deemed a foreign company, thus attracting tight restrictions on its business activities, for example, restrictions on trading and distribution and leasing of land.

The MCL now stipulates that businesses with foreign stakes of more than 35% will be classified as foreign companies. Such liberalisation is a positive step toward encouraging foreign investment, opening up new business sectors and boosting M&A activity. This will also be a game changer for the Yangon Stock Exchange as foreign investors can now potentially access the local bourse which will help encourage fund-raising opportunities, better liquidity, and growth for Myanmar companies.

For more details on the key changes under the new MCL, please see our previous alert by clicking [here](#).

### What’s next?

It is expected that DICA will, in the coming months, circulate the supporting rules of the MCL to Parliament and various stakeholders as well as release notifications and other announcements that will offer greater clarity. DICA will also be undergoing a process of migration to an online registry and electronic filing system for companies before implementation of the MCL.

If you have any questions or require any additional information, please contact [Geraldine Oh](#) of ZICO Law Myanmar.

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