



LEGAL
PARTNERS
ACROSS
ASIA

Kelvin Chia Yangon Ltd (KCY)

Level 8A, Union Financial Center, Corner
of Mahabandoola Road and Thein Phyu
Road, Botahtaung Township, Yangon.

(951)8610348/8610349

csg@kcyangon.com

www.kcpartnership.com

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Central Bank of Myanmar Issues Instructions on Conversion of Foreign Currency Balances into Myanmar Kyat

On 3 April 2022, the Central Bank of Myanmar (the “**CBM**”) issued Notification No. 4/2022 (“**Notification No. 4/2022**”) instructing all licensed banks holding Authorized Dealer Licenses (the “**AD Banks**”) to implement the following with respect to foreign currency balances in their custody:

- (a) From 4 April 2022, AD Banks are to convert all income (whether arising from trade or non-trade sources) received from overseas sources into Myanmar into Myanmar Kyats within one working day from receipt of such funds, except as otherwise allowed as an exemption under Order No. 12/2022 (the “**Order No. 12/2022**” also issued on 3 April 2022, see further discussion below),
- (b) The conversion of foreign currency into Myanmar Kyats as described above shall be done at the rate of MMK1,850 to US\$1, while the conversion of other foreign currencies shall be made at the rates prescribed by the CBM based on the foregoing MMK:US\$ conversion rate, provided that any rate changes are to be further notified by the CBM,
- (c) From 4 April 2022, outbound transfers of foreign currency from Myanmar (including ordinary account transfers previously exempt from CBM approval under the Foreign Exchange Management Law (the “**FEML**”)) are to be made only with the approval of the Foreign Exchange Management Department of the CBM, and further instructions will be issued by the CBM in relation to this matter,
- (d) All AD Banks are to convert the foreign currencies in accounts opened prior to 3 April 2022 in accordance with the foregoing subparagraph (a) and (b), and the CBM will issue specific instructions to the AD Banks in relation to this matter.

Order No. 12/2022 repeats the instructions in Notification No. 4/2022 and additionally states that the failure to abide by its stipulations is punishable by penalties under the FEML, and which, under Section 44-A, may involve imprisonment of not more than one year, monetary fine, or both.

Both Notification No. 4/2022 and Order No. 12/2022 are, by their terms, expected to be further supplemented and clarified by further issuances from the CBM.

About Kelvin Chia Yangon (KCY)

KCY has been in active operation in Myanmar since 1995, currently with offices in Yangon and Mandalay. KCY is the firm of choice for those seeking to navigate Myanmar's fast-changing and complex regulatory landscape, a jurisdiction in which KCY has gained in-depth legal expertise from the numerous transactions it has handled.

Our main practice areas

Foreign Investments | Incorporation and Company Maintenance | General Corporate and Commercial | Due Diligence | Mergers and Acquisitions | Joint Ventures and Production Sharing Agreements | Investment Funds | Energy/Oil and Gas | Natural Resources/Mining | Banking | Project and Project Financing | Manufacturing | Education | Agriculture | Real Estate | Infrastructure | Construction | Telecommunications | Compliance / Regulatory | Licensing and Permits | Labour and Employment | Immigration | Taxation | Insurance | International Arbitration | Intellectual Property | Special Economic Zones

Our Partners



Cheah Swee Gim
Director of Kelvin Chia Yangon
Senior Partner of Kelvin Chia Partnership
cheah.sweegim@kcpartnership.com



Pedro Jose F. Bernardo
Principal Foreign Attorney of Kelvin Chia Yangon
Partner of Kelvin Chia Partnership
pedro.bernardo@kcpartnership.com



Khin Leimar Ban Aye
Principal Legal Manager of Kelvin Chia Yangon
Partner of Kelvin Chia Partnership
klm@kcyangon.com



Lyra Miragrace Flores Bisnar
Principal Foreign Attorney of Kelvin Chia Yangon
Partner of Kelvin Chia Partnership
lmc@kcyangon.com

Yangon Office: Level 8A, Union Financial Center (UFC), Corner of Mahabandoola Road and Thein Phyu Road, Botahtaung Township, Yangon.

Mandalay Office: Room No. A-3 (2nd Floor) | Win Yin Mon Condo | 67th Street (31st x 32nd Street) | Chan Mya Thar Zan Township | Mandalay.