

Kingdom of Cambodia

Nation Religion King

* * * * *

Securities and Exchange Commission of Cambodia

No. 018/17 SECC/Pr.K.

PRAKAS

On

the Implementation of the Operating Rules

of Securities Clearing and Settlement

* * * * *

**Senior Minister, Minister of Economy and Finance, and
the Chairman of the Securities and Exchange Commission of Cambodia**

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Preah Reach Kret No. NS/RKT/0913/903 dated on September 24, 2013 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Preah Reach Kret No. NS/RKT/1213/1393 dated on December 21, 2013 on the Amendment and Adjustment to the Composition of the Royal Government of Cambodia;
- Having seen the Preah Reach Kret No. NS/RKT/0416/368 dated on April 04, 2016 on the Amendment and Adjustment to the Composition of the Royal Government of Cambodia;
- Having seen the Preah Reach Kram No. 02/NS/94 dated on July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Preah Reach Kram No. NS/RKM/0196/18 dated on January 24, 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen the Preah Reach Kram No. NS/RKM/0107/001 dated on January 10, 2007 promulgating the Law on Government Securities;
- Having seen the Preah Reach Kram No. NS/RKM/1007/028 dated on October 19, 2007 promulgating the Law on the Issuance and Trading of Non-Government Securities;
- Having seen the Anukret No. 97/ANKr/BK dated on July 23, 2008 on the Organization and Functioning of the Securities and Exchange Commission of Cambodia;
- Having seen the Anukret No. 54/ANKr/BK dated on April 08, 2009 on the Implementation of the Law on the Issuance and Trading of Non-Government Securities;
- Having seen the Prakas No. 011 SECC PrK dated on December 01, 2009 on the Grant of Approval to the Operator of a Securities Market, the Operator of a Securities Clearing and Settlement Facility, and the Operator of a Securities Depository;
- Having seen the Prakas No. 004/SECC/PrK dated on March 18, 2010 on the Prime Principle of the Operating Rules of a Securities Market, a Securities Clearance and Settlement Facility, and a Securities Depository;

- Having seen the Prakas No. 005/11 SECC/Prk dated on May 03, 2011 on the Implementation of the Operating Rules of Securities Clearing and Settlement;
- In reference to the request of the amendment of the Prakas No. 005/11 SECC/Prk dated on May 03, 2011 on the Implementation of Operating Rules of Securities Clearing and Settlement of the Cambodia Securities Exchange dated on January 05, 2017;
- In reference to the approval made by the Securities and Exchange Commission of Cambodia during the plenary session dated on December 05, 2017;

HEREBY DECIDES

Article 1.-

To set forth the implementation of the Operating Rules of Securities Clearing and Settlement of the Cambodia Securities Exchange (CSX) as enclosed in the annex of this Prakas.

Article 2.-

The Prakas No. 005/11 SECC/Prk dated on May 03, 2011 the Implementation of the Operating Rules of Securities Clearing and Settlement and Article 2 of the Prakas No.003/2017 SECC/PrK dated on January 09, 2017 on the Implementation of the Amendment of the Operating Rules of the Cambodia Securities Exchange are hereby abrogated.

Article 3.-

Director General of the Securities and Exchange Commission of Cambodia, Director Department of Securities Market Supervision, Director Department of Legal Affairs, all other departments and unit of the SECC, the Cambodia Securities Exchange, members and participants of the Cambodia Securities Exchange, and relevant persons shall effectively implement this Prakas from this signing date onwards.

Phnom Penh, December 26, 2017

**Senior Minister, Minister of Economy and Finance
and the Chairman of the Securities and Exchange Commission of Cambodia**

(Signature and Seal)

Recipients:

- Office of the Council of Ministers
- Ministry of Economy and Finance
- Ministry of Commerce
- Ministry of Justice
- National Bank of Cambodia
- General Secretariat of Royal Government
- Cabinet of Samdech Akka Moha Sena Padei Techo Hun Sen
Prime Minister of the Kingdom of Cambodia
- Cabinets of Excellencies Deputy Prime Ministers
- All ministries and relevant institutions “for information”
- As prescribed in Article 3 “to implement”
- Royal Gazette
- Archives-records

Dr. Aun Pornmoniroth

Annexe of Prakas No. 018/17

dated 26th December 2017

on

Operating Rules of Securities Clearing and Settlement

of the Cambodia Securities Exchange

* * * * *

Chapter I

General Provisions

Article 1.-Purpose

The purpose of the Operating Rules of Securities Clearing and Settlement is to prescribe the matters necessary for securities clearing and settlement at the Operator of Securities Clearing and Settlement Facility of the Cambodia Securities Exchange (hereinafter written as “the **CSX**”) in accordance with the Law on the Issuance and Trading of Non-Government Securities, Anukret on the Implementation of the Law on Issuance and Trading of Non-Government Securities and related regulations in force.

Article 2.-Definitions

The terms used in these rules are defined in this article and in glossary of the annex of the Law on the Issuance and Trading of Non-Government Securities, the Law on the Government Securities, Anukret on the Implementation of the Law on Issuance and Trading of Non-Government Securities and related regulations in force.

- **Member** shall refer to securities firms licensed by the Securities and Exchange Commission of Cambodia (hereinafter written as “the **SECC**”) and allowed to use the whole facility of the Operator of Securities Clearing and Settlement Facility of the **CSX**.

- **Participant** shall refer to Cash Settlement Agent, Securities Registrar, Securities Transfer Agent, Issuing Entity, Listed Entity etc, which have been allowed to use in part facility of the Operator of Securities Clearing and Settlement Facility of the **CSX**.

- **Cash Settlement Agent** shall refer to the commercial banks accredited by the **SECC** as prescribed in the Prakas on the Accreditation of the Cash Settlement Agent.

Article 3.-Clearing and Settlement Operations

The trading of listed securities shall be settled through the regular settlement. The regular settlement is the settlement which shall be done 2 (two) business days after the trading day (T+2).

Chapter II

Settlement between the Operator of Securities Clearing and Settlement Facility and Members or Participants

Article 4.-Settlement Obligations of Members or Participants

The Members or Participants of the Operator of Securities Clearing and Settlement Facility of the **CSX** shall settle the traded transactions on the settlement date.

The Members or Participants of the Operator of Securities Clearing and Settlement Facility of the **CSX** shall not transfer its settlement obligations to other Members or Participants.

Article 5.-Date of Clearing and Settlement between Members or Participants

Unless otherwise determined by the **SECC**, the settlement shall be conducted 2 (two) trading days after the traded day (T+2). The closing day shall not be included in the trading day.

Article 6.-Designation of Cash Settlement Agent

The Members or Participants shall designate a Cash Settlement Agent accredited by the **SECC** to carry out the cash settlement obligations.

Article 7.-Settlement Account Opening for Cash Settlement

A Member or Participant of the Operator of Securities Clearing and Settlement Facility of the **CSX** shall open the cash account in its own name at a Cash Settlement Agent, as prescribed in the Article 6 of these rules to carry out the cash settlement obligations.

After opening the cash account or changing the cash account, the Member or Participant shall report the name of its Cash Settlement Agent and its account number to the Operator of Securities Clearing and Settlement Facility of the **CSX** at least five 5 (Five) business days before its expected trading day.

The Operator of Securities Clearing and Settlement Facility of the **CSX** shall open the cash settlement account at the Cash Settlement Agent to carry out the cash settlement obligations.

The cash settlement shall be conducted by cash transfer from the Members or Participants' cash account to the Operator of Securities Clearing and Settlement Facility of **CSX**'s cash settlement account. The Operator of Securities Clearing and Settlement Facility of the **CSX** shall transfer the received cash to the Members or Participants who shall receive the settled cash.

Article 8.-Securities Account Opening for Securities Settlement

A Member or Participant shall open a securities account in accordance with the Operating Rules of Securities Depository of the Operator of Securities Depository to carry out the securities settlement obligations.

The Operator of Securities Clearing and Settlement Facility of the **CSX** shall open the securities settlement account at the Operator of Securities Depository to carry out the securities

settlement obligations.

The securities settlement shall be conducted by book-entry transfer from the Members or Participants' securities account to the Operator of Securities Clearing and Settlement Facility of the CSX's securities settlement account. The Operator of Securities Clearing and Settlement Facility of the CSX shall transfer the received securities to the Members or Participants who shall receive the settled securities.

Article 9.-Good Faith Deposit

Before placing the client's orders or owned orders, the Members shall ensure on securities good faith deposits as following required:

1. At least 100% (one hundred percent) of the amount of cash for bid order. For the bid order of equity securities, the cash could be from the ask orders which have been successfully executed.

2. At least 100% (one hundred percent) of the quantity of securities for asks order. For the ask order of equity securities, the securities could be from the bid orders which have been successfully executed.

The Members shall ensure that the amount of cash and the quantity of securities required as the good faith deposits shall be kept or frozen for the settlement or until the orders become invalid.

Article 10.-Procedures for Clearing and Settlement Operations

The Operator of Securities Clearing and Settlement Facility of the CSX shall calculate the quantity of securities and the amount of cash to be settled by Member or Participant by netting the securities and cash of each Member or Participant to be settled in the same day.

The Operator of Securities Clearing and Settlement Facility of the CSX shall notify the following matters to the Members or Participants on the clearing and settlement dates:

1. The dates of clearing and settlement;
2. The quantity of each securities to be settled by Members or Participants or on behalf of their clients;
3. The amount of cash to be settled by Members or Participants or on behalf of their clients.

The quantity of securities and the amount of cash to be settled shall be calculated by the following methods:

1. In case of securities: obtained by clearing the total sold quantity and total purchased quantity per issue for the concerned Member or Participant;
2. In case of cash: obtained by clearing the total purchased value and the total sold value of concerned Member or Participant.

The Member or Participant shall transfer the securities and cash to be settled to the accounts of the Operator of Securities Clearing and Settlement Facility of the CSX before 8:30 AM on the settlement date and the Operator of a Securities Clearing and Settlement Facility of the CSX shall transfer those securities and cash to the beneficial Members or Participants after 8:30 AM on the same settlement date.

Article 11.-Submitting Settlement Documents

The Operator of Securities Clearing and Settlement Facility of the **CSX** shall provide settlement instructions including the details of the securities and cash to be settled to Members or Participants after the market closed through computerized system.

Member or Participant shall verify the securities and cash to be settled in the settlement instructions, and shall settle in compliance with the determined schedules.

Member or Participant shall submit the settlement documents which include the settlement details and settlement schedule, etc. to the Operator of Securities Clearing and Settlement Facility of the **CSX** after settlement.

Article 12.-Disciplinary Measures against Settlement Failure

In case any Member or Participant has failed to settle a trade, the Operator of Securities Clearing and Settlement Facility of the **CSX** may cancel the trade in whole or in part at the Operator of Market of the **CSX** or/and suspend trade of that Member or Participant for a determined period of time.

In case of shortage of cash to settle, the Operator of Securities Clearing and Settlement Facility of the **CSX** may use any means to guarantee the settlement unless otherwise defined.

In case of shortage of securities to settle, the Operator of Securities Clearing and Settlement Facility of the **CSX** shall settle securities by borrowing the same securities from other Member or Participant. If securities lending and borrowing is impossible, the settlement shall be cancelled.

In case that the Operator of Securities Clearing and Settlement Facility of the **CSX** cannot find any means to complete the settlement, as prescribed in the paragraphs 2 and 3 above, the Operator of Securities Clearing and Settlement Facility of the **CSX** may take action as prescribed in the paragraph 1 of this Article.

Article 13.-Settlement Representative

Each Member or Participant shall appoint and register at least 1 (one) settlement representative who shall be trained by the Operator of Securities Clearing and Settlement Facility of the **CSX**, and has rights to carry out its settlement operations on behalf of its Member or Participant with the Operator of Securities Clearing and Settlement Facility of the **CSX**.

The settlement representative appointed by Member may be the market representative in accordance with the Operating Rules of Securities Market of the **CSX**.

Chapter III

Clearing and Settlement Service Fees

Article 14.-Clearing and Settlement Service Fees

The Members or Participants shall pay clearing and settlement service fees to the Operator of Securities Clearing and Settlement Facility of the **CSX** in accordance with the following rates and schedules:

1. The fee of clearing and settlement services shall be levied on the value of traded

securities (the clearing and settlement service fee shall be rounded to the first decimal) at the rate of 2.5/10,000 (two point five-ten thousands) or 0.025% (zero point zero two five percent) for equity securities and 1.25/10,000 (one point two five-ten thousands) or 0.0125% (zero point zero one two five percent) for debt securities;

2. The payer is the Members or Participants of the Operator of Securities Clearing and Settlement Facility of the **CSX**;
3. Payment schedule of the service fee is at 8:30 AM on the settlement date.
