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ជាតិ សាសនា ព្រះមហាក្សត្រ

គណៈកម្មការមូលបត្រកម្ពុជា

SECURITIES AND EXCHANGE COMMISSION OF CAMBODIA

N 012/10 SECC

PRAKAS

ON

ACCREDITATION OF VALUATION COMPANY PROVIDING SERVICES IN SECURITIES SECTOR

2010

Unofficial Translation

KINGDOM OF CAMBODIA

Nation Religion King

PRAKAS

ON

**ACCREDITATION OF VALUATION COMPANY PROVIDING
PROFESSIONAL SERVICES IN SECURITIES SECTOR**

Deputy Prime 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/0908/1055 on 25 September 2008 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Preah Reach Kram No. 02/NS/94 on 20 July 1994 promulgating the Law on the Organizing and Functioning of the Council of Ministers;
- Having seen the Preah Reach Kram No. NS/RKM/0196/18 on 24 January 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen the Preah Reach Kram No. NS/RKM/0702/011 on 08 July 2002 promulgating the Law on Corporate Account, Their Audit and Accounting Profession;
- Having seen the Preah Reach Kram No. NS/RKM/0605/019 on 19 June 2005 promulgating the Law on Commercial Enterprise;
- Having seen the Preah Reach Kram No. NS/RKM/0107/001 on 10 January 2007 promulgating the Law on Government Securities;
- Having seen the Preah Reach Kram No. NS/RKM/1007/028 on 19 October 2007 promulgating the Law on the Issuance and Trading of Non-Government Securities;
- Having seen the Anukret No. 97/ANKR/BK on 23 July 2008 on the Conduct and Organization of the Securities and Exchange Commission of Cambodia;
- Having seen the Anukret No. 54/ANKR/BK on 08 April 2009 on the Implementation of the Law on the Issuance and Trading of Non-Government Securities;
- Having seen the Prakas No. 142/SHV/PRK/OH on 13 February 2007 on Professional Certificate and Licensing to Valuers, Appraiser and Estate Agents
- In accordance with the approval made by the plenary session of the Securities and Exchange Commission of Cambodia on 08 November 2010

CHAPTER I

GENERAL PROVISIONS

ARTICLE 1.- Purpose

The purpose of this Prakas is to prescribe the requirements, procedures and obligations of a valuation company and its independent valuers applying for accreditation from the Securities and Exchange Commission of Cambodia (SECC) to provide professional services in the securities sector pursuant to the Law on Issuance and Trading of Non-Government Securities and Anukret on Implementation of Law on Issuance and Trading of Non-Government Securities.

ARTICLE 2.- Definitions

Unless the context requires otherwise, the terms using in this Prakas shall have the meaning defined in this Article or the glossary annexed to the Law on Issuance and Trading of Non-Government Securities and Anukret on Implementation of Law on Issuance and Trading of Non-Government Securities:

- 1- "Valuation Standard" means the valuation standard that is applicable in the Kingdom of Cambodia for accredited valuation companies and its independent valuers use in valuation.
- 2- "Valuation Company" means a property valuation company established in accordance to applicable laws and regulations in the Kingdom of Cambodia.
- 3- "Independent Valuer" means an employee of a valuation company who has obtained a professional certificate from Ministry of Economy and Finance.
- 4- "License" means the license to a property valuation services issued by the Ministry for Economy and Finance.
- 5- "Professional Certificate" means the certificate to a property valuation services issued by the Ministry of Economy and Finance.
- 6- "Valuated Entity" means a company that its assets were valued by a valuation company accredited by SECC pursuant to regulation related to public issuance of securities.

CHAPTER II

REQUIREMENTS AND PROCEDURES FOR ACCREDITATION OF VALUATION COMPANY AND INDEPEDENT VALUER

ARTICLE 3.- Requirement for Accrediting a Valuation Company

A valuation company that applies for accreditation from the SECC shall satisfy the following requirements:

1. Shall obtain a company registration certificate from the Ministry of Commerce;
2. Shall obtain the license from Ministry of Economics and Finance;
3. Shall have been established and engaged in business activities in the Kingdom of Cambodia for at least 03 (three) years up to the date of filling the application for accreditation to the SECC;
4. Shall have undertaken two or more valuation engagements for assets of value greater than 8,000,000,000 (eight billion) riels during the past 12 months before filling the application;
5. Shall have a minimum capital of 500,000,000 (five hundred million) riels;
6. Shall have at least 02 (two) independent valuers who fully satisfy the conditions prescribed in Article 5 of this Prakas;
7. Shall have a good reputation in business;
8. Shall have sufficient internal controls and procedures to ensure that the requirements of this Prakas are complied with and the valuations conducted have gone through a thorough valuation process;
9. Shall submit the application to the SECC to provide professional services in the securities sector according to Article 4 of this Prakas.

ARTICLE 4.- Application for Accreditation of Valuation Company

A valuation company that applies for accreditation shall complete the application form determined by the SECC together with the following documents:

1. A certified copy of company registration certificate;
2. A certified copy of license issued by Ministry of Economy and Finance;
3. A list of independent valuers and enclosed with their curriculum vitae, which

summarize work duration and experiences;

4. Audited financial statements for the last 03 (three) years preceding the date of application;

5. The report of business operation for the last 03 (three) years specifying the history and scope of the company;

6. A statement relating to internal documents or procedures, checklists and processes followed by the company's independent valuers in carrying out and preparing valuation activities;

7. A statement of any material changes to the business operation and financial results for the last 03 (three) years;

8. A statement of any material changes related to the independent valuers including the increase or decrease in the number of independent valuers and violations of provisions and the code of ethics by the independent valuers for the last 03 (three) years;

9. Tax registration number;

10. The bank confirmation notified valuation company's capital

11. Other documents requested by the Director General of the SECC.

ARTICLE 5.- Requirements for Accreditation of Independent Valuer

An independent valuer of a valuation company that applies for accreditation from the SECC shall satisfy the following requirements:

1. Shall obtain a professional certificate issued by the Ministry of Economy and Finance;

2. Shall have a minimum of 03 (three) years experience in asset valuation;

3. Shall have a good reputation in business activities;

4. Shall submit the application to the SECC to provide professional services in the securities sector according to Article 6 of this Prakas.

ARTICLE 6.- Application for Accreditation of Independent Valuer

An independent valuer who applies for accreditation shall fill the application form determined by the SECC together with the following documents:

1. A Certified copy of degrees (minimum bachelor degree) and other certificates related to the real estate business;

2. A certified copy of professional certificate issued by Ministry of Economy and Finance;
3. A criminal record issued by competent authorities;
4. Other documents requested by the Director General of the SECC.

ARTICLE 7.- Notification to the Applicant

The Director General of the SECC shall notify on accredited or not accredited valuation company and its independent valuers within 45 (forty-five) days after receiving the completed documents.

ARTICLE 8.- Validity of Accreditation

The validity of accreditation of the valuation company and its independent valuers shall equal to the remaining validity of the license or professional certificate issued by Ministry of Economy and Finance. At least 45 (forty five) days before the validity of accreditation expired, the valuation company and its independent valuers that intend to resume providing services shall renew the validity of accreditation to the SECC.

In the case of a valuation company and its independent valuers have not renewed the validity of their accreditation before 45 (forty five) days of the accreditation expired as stated in the first paragraph of this Article, the valuation company and its independent valuers shall reapply for accreditation and be liable for penalties as stated in Article 28 of this Prakas.

CHAPTER III

REQUIREMENTS FOR ACCREDITED VALUATION COMPANY AND ITS INDEPENDENT VALUERS TO OPERATE

ARTICLE 9.- The Selection of Valuation Company and its Independent Valuers

All securities firms, investment advisory firms, securities market operators, clearance and settlement facility operators, securities depository operators, issuing

companies, professional accounting firms and other companies that conduct a business in the securities sector shall select valuation companies and its independent valuers that are accredited and formally published by the SECC.

ARTICLE 10.- Restrictions on Valuing

A valuation company and its independent valuers are not allowed to conduct a valuation in the following cases:

1. The valuated entity or its officers, directors or senior officers, are related entities of the valuation company or its independent valuer;
2. Having any material financial relation with the valuated entity, other than payment for the valuation service;
3. Having any interest in current or future economic activity with the valuated entity;
4. Having any interest in share equity with the valuated entity;
5. Having other relations, as determined by the SECC, that may cause the conflict of interest with the valuated entity.

CHAPTER IV

OBLIGATIONS OF THE ACCREDITED VALUATION COMPANY AND ITS INDEPENDENT VALUERS

ARTICLE 11.- Standard Application

The valuation company and its independent valuers shall comply thoroughly with the following standards:

1. Valuation standards;
2. Guideline on valuation standards issued by the SECC;
3. Code of ethics;
4. All other related rule and regulation.

ARTICLE 12.- Professional Insurance

An accredited valuation company and its independent valuers shall have professional insurance before starting their business operation in securities sector.

ARTICLE 13.-Valuation of Issuer

The valuation company and its independent valuers accredited by the SECC shall comply with the valuation in accordance to regulation related to securities issuance.

ARTICLE 14.- Information in Valuation Report

The valuation company and its independent valuers accredited by the SECC shall prepare a valuation report including, but is not limited to, the following information:

1. The source and nature of information;
2. The valuation method;
3. The data collection method;
4. Reasons for choosing particular comparable assets;
5. Assumptions used in valuation;
6. Economic conditions, legal factors, the use of the assets and any other factors that can affect the value of the asset;
7. The sale condition of assets;
8. The financial condition of the asset;
9. The market condition of the asset;
10. The exchange rate, capitalization rate, vacancy and collection loss rate and other relevant factors and assumptions;
11. Procedures and mechanism of on-site inspection of the asset;
12. Reconciliation of asset valuation;
13. Any other significant factors influencing the assets valuation.

ARTICLE 15.- Accuracy of Valuation

The accredited valuation company and its independent valuers shall affirm the accuracy of valuation of the assets in according to applicable guideline and valuation standards. In case of valuation of the assets requires other professionals' assistance, the valuation company and its independent valuers shall seek assistance from professionals such as quantity surveyors, geologists, foresters, mining engineers and other professional as necessary.

ARTICLE 16 .- The Follow Up of Valuation Model

An accredited valuation company and its independent valuers shall research on both national and international of valuation standards as well as follow up the valuation model.

ARTICLE 17.- Obligation to Report

An accredited valuation company and its independent valuers shall have the following obligations to report to the SECC:

1. Being requested by the Director General of the SECC to explain or provide information and data related to valuating activities;
2. Detecting any asset, which is being valued, does not fulfill legal terms;
3. Upon termination, discontinuance or cessation of providing professional services in the Securities Sector.

ARTICLE 18.- Rights to Provide Information or Report

The valuation contract with the valuated entity shall state the rights and obligations of the valuation company and its independent valuers in providing information or any valuation report to the SECC.

ARTICLE 19.- Submitting Business Report

The accredited valuation company shall submit annual business report in securities sector to the SECC within 03 (three) months after the end of each year.

ARTICLE 20.- Providing Additional Information

In case the Director General of the SECC requires the valuation company to review some doubtful points, the valuation company shall review as requested by the Director General of the SECC by providing the additional information and documents immediately.

CHAPTER V FEES AND CHARGES

ARTICLE 21.- Application Fee for Accreditation of Valuation Company

A valuation company shall pay the application fee for accreditation and documents processing of 1,000,000 (one million) Riel and annual accreditation fee of 2,000,000 (two million) Riels.

A valuation company shall pay the application fee for renewal of accreditation and documents processing of 500,000 (five hundred thousand) Riel and annual accreditation fee of 2,000,000 (two million) Riels.

ARTICLE 22.- Application Fee for Accreditation of Independent Valuer

An independent valuer shall pay the application fee for accreditation and documents processing of 500,000 (five hundred thousand) Riel and annual accreditation fee of 1,000,000 (one million) Riels.

An independent valuer shall pay the application fee for renewal of accreditation and documents processing of 250,000 (two hundred and fifty thousand) Riel and annual accreditation fee of 1,000,000 (one million) Riels..

ARTICLE 23.- Payment for Application Fee and Documents Processing and Accreditation Fee

Payment for application fee and documents processing and annual accreditation fee to the SECC are not refundable even though application accredited, not accredited or suspended, or cancelled accredited status.

CHAPTER VI SUSPENSION AND CANCELLATION OF ACCREDITATION

ARTICLE 24.- Suspension of Accreditation

The Director General of the SECC may suspend the accreditation of valuation company and its independent valuers in the following cases:

1. Non-compliance with Article 11 in this Prakas
2. The SECC detects that information in application form and attached documents have fault or untruthful;
3. The valuation company has failed to have a sufficient number of 02 (two) accredited independent valuers for the period of 03 (three) consecutive months;
4. Having lawsuits against valuation result;
5. Professional certificate or license from Ministry of Economic and Finance has been suspended.

ARTICLE 25.- Withdrawal of Accreditation

The Director General of the SECC may withdraw the accreditation of the valuation company and its independent valuers in the following cases:

- 1- For the valuation company:
 - a- Company registration certificate, or license issued by Ministry of Economy and Finance has been revoked;
 - b- Upon the expiry of the suspension duration stated in Article 24 of this Prakas, with the reason of the valuation company's suspension is not settled;
 - c- The valuation company has made falsified valuation information or against rule and regulation;
 - d- Having contravened the obligations stated in Chapter IV of this Prakas.
- 2- For the Independent Valuer:
 - a- Certificate of Membership of Independent Valuer has been revoked;
 - b- Upon the expiry of the suspension duration stated in Article 24 of this Prakas, with the reason of the independent valuer's suspension is not settled;
 - c- The independent valuer has made falsified valuation information or against rule and regulation;
 - d- Having contravened the obligations stated in Chapter IV of this Prakas.

ARTICLE 26.- Impermissible Business Activities during Suspension or Cancellation of Accredited Status

A valuation company and its independent valuers whose accreditation has been suspended or canceled as stated in Article 24 and Article 25 of this Prakas shall terminate the business activities in the securities sector from the date of issuing a written notice of

suspension or cancelation from the Director General of the SECC. The valuation company and its independent valuers may resume the business after receiving a written notice from the Director General of the SECC.

CHAPTER VII

PENALTIES

ARTICLE 27.- Administrative Sanctions

The valuation company and its independent valuers contravene any provisions of this Prakas may receive the following administrative sanctions:

- 1- A warning;
- 2- A correction order;
- 3- Suspension or withdrawal of accredited status.

ARTICLE 28.- Transactional Sanction

Without considering on the sanction defined in the Law and regulations in used in the Kingdom of Cambodia, A valuation company that contravenes any provisions of this Prakas may be liable for a cash penalty from 20,000,000 (twenty million) to 50,000,000 (fifty million) Riel.

An independent valuer who contravenes any provisions of this Prakas may be liable for a cash penalty from 10,000,000 (ten million) to 20,000,000 (twenty million) Riel.

In case an accredited valuation company and its independent valuers apply for renewal of accreditation to the SECC later than 45 (forty-five) days before the validation of accreditation expires, the valuation company may be liable for a cash penalty for late apply 500,000 (five hundred thousand) Riels per day and independent valuer may be liable for cash penalty for late apply 200,000 (two hundred thousand) Riels per day for late renewal application.

CHAPTER VIII

TRANSITIONAL PROVISION

ARTICLE 29.- The Implementation of Valuation Standard and Valuation Guideline

In case SECC not yet issued guideline on valuation standards as stated in Article 11 of this Prakas, a valuation company and its independent valuers shall comply with the valuation standards and guideline issued by Ministry of Economy and Finance.

ARTICLE 30.- Exemption

Within 02 (two) years after the effectiveness of this Prakas, the Director General of the SECC can propose to review and approve from the SECC to exempt some requirements of accreditation in this Prakas as necessary with a reasonable explanation.

CHAPTER IX FINAL PROVISIONS

ARTICLE 31.- Adoption of Guidelines

The SECC may issue guidelines for facilitating the understanding and enforcement of the requirements of this Prakas to related parties, securities market participants and the public.

ARTICLE 32.- Abrogated

All provisions contrary to this Prakas are hereby abrogated.

ARTICLE 33.- Application

The Director General, Deputy-Director General of the SECC, Securities Issuance Department, other Departments and other units of the SECC and related parties shall implement this Prakas after the date of signing.

Phnom Penh, December 15th, 2010

Signature and Seal

KEAT CHON

Copy and Distribution:

- Ministry of Royal Palace
- Secretariat of Constitutional Council
- Secretariat of Senate
- Secretariat of National Assembly
- Secretariat of Royal Government
- Cabinet of Samdach Akak Moha Sena Padei Techo **Hun Sen**
Prime Minister of the Kingdom of Cambodia
- Cabinet of His/hers Excellencies Deputy Prime Ministers
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- Ministry of Commerce
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- Other relevant ministries and institutions
"For notification and cooperation"
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"For implementation"
- Royal Gazette
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