

PREAH REACH KRAM

No. NS/RKM/1007/028

We

**Preahkaruna Preahbath Samdech Preah Boromneath Norodom Sihamoni
Samanphoum Cheatsasna Rakhatkateya Khemrarotheas Puthinthreathoreamohaksat
Khemreachnea Samohopheas Kampuchekreachroathboranaksanti Sopheakmonglea
Sereyvibolea Khemarasreypireas Preah Chao Krong Kampuchea Thipdey**

- Having seen the constitution of the Kingdom of Cambodia
- Having seen the Preah Reach Kret No. NS/RKT/0704/124 of 15 July 2004 on the Appointment of the Royal Government of the Kingdom of Cambodia
- Having seen the Preah Reach Kram No. 02/NS/94 of 20 July 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 of 24 January 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance
- Having seen the proposals of the Samdech Prime Minister of the Royal Government of Cambodia and Minister of Economy and Finance

HEREBY PROMULGATE

The Law on the Issuance and Trading of Non-Government Securities as adopted by the National Assembly on 12 September 2007 at the extraordinary session of the third legislature and as adopted by the senate as to its entire form and legality on 04 October 2007 at the extraordinary session of the second legislature and whose meaning is as follows:

LAW

ON

**THE ISSUANCE AND TRADING OF
NON-GOVERNMENT SECURITIES**

CHAPTER 1 GENERAL PROVISIONS

Article 1 – Objective

The objective of this law is to regulate the securities exchange, clearing and settlement system, securities depositories and other operators in the securities markets who trade or provide financial services including public limited companies or registered legal entities that issue securities. The law contributes to socio-economic development through capital mobilization from the public or securities investors in order to meet the need for finance for investment.

Article 2 – Purpose of this Law

The purposes of the law:

1. develop and maintain the confidence of public investors in the Kingdom of Cambodia by protecting their lawful rights and ensuring that the offer, issue, purchase and sale of securities are carried out in a fair and orderly manner;
2. promote the effective regulation, efficiency and orderly development of the securities market in Cambodia;
3. encourage the mobilization of variety of saving tools through buying of securities and other financial instruments;
4. encourage foreign investment and participation in the securities market in the Kingdom of Cambodia; and
5. assist in facilitating the privatization of commercial enterprises currently owned and managed by the Government of the Kingdom of Cambodia.

Article 3 – Scope of the Law

The law shall cover non-government securities transactions in the Kingdom of Cambodia

Article 4 – Definitions

Terminologies used in this law are defined in the glossary which is annexed herewith.

CHAPTER 2 CAMBODIA SECURITIES AND EXCHANGE COMMISSION

Article 5 – Mandate of the Cambodia Securities and Exchange Commission

Cambodia Securities and Exchange Commission (hereafter referred to as CSEC" shall be established under this law consisting of a Chairperson and 08 (eight) members which shall be appointed under sub-decree. CSEC Members shall have mandate of 05 (five)

years. CSEC members may be discharged or transferred from the positions prior to the expiry of their appointment. CSEC members may be reappointed at the request of CSEC Chairperson after their term of appointment has expired.

Article 6 – Composition of the Cambodia Securities and Exchange Commission

Chairperson of CSEC shall be the Minister of Economy and Finance. The composition of CSEC members shall consist of the following:

- | | |
|--|-------------------|
| 1. Representative from the Ministry of Economy and Finance | 01 (one) person |
| 2. Representative from the National Bank of Cambodia | 01 (one) person |
| 3. Representative from the Ministry of Commerce | 01 (one) person |
| 4. Representative from the Ministry of Justice | 01 (one) person |
| 5. Representative from the Cabinet of Council of Ministers | 01 (one) person |
| 6. Director General of CSEC | 01 (one) person |
| 7. Experts in securities | 02 (two) persons, |

who are neutral in their positions and shall be selected and proposed by the Ministry of Economy and Finance.

The candidacy of the director general of CSEC shall be selected and proposed by the Minister of Economy and Finance to the head of the Royal Government of Cambodia. Experts who serve as CSEC members shall hold post graduate degrees, be competent and have appropriate qualifications to carry out their duties, as well as have experience in one or more fields relating to business, company management, securities market, law, economics, accounting and other related fields.

Article 7 – Functions of the Securities and Exchange Commission of Cambodia

CSEC shall have the following functions:

1. to regulate and supervise securities markets, both government and non-government, in the Kingdom of Cambodia;
2. to enforce policy with respect to securities market;
3. to formulate conditions for granting approvals to the operators of a securities market, clearance and settlement facility, and securities depository;
4. to formulate conditions for granting license to securities companies and securities company representatives;
5. to promote and encourage compliance with the requirements of this law;
6. to play a role as an institution to examine and solves complaints against licensed legal entities' decision affecting the benefits of participants or investors;
7. to consult with any qualified person to develop policies for the purpose of developing a securities market in the Kingdom of Cambodia;
8. to fulfill other duties prescribed by sub-decree.

Article 8 – Function of Director General of CSEC

Director general of CSEC shall have the following functions:

1. to supervise the staff and officers responsible for providing administrative support to the CSEC with respect to the development, regulation and supervision of securities market in the Kingdom of Cambodia;
2. to report on a regular basis and make recommendation to the Chairperson and all members of CSEC on all matters relating to the development, regulation and supervision of securities market in the Kingdom of Cambodia including the proposals for amendment of law and related regulation ;
3. to examine proposals to make public offers of securities and approve the proposals complying with the requirements of this law and other regulation set by CSEC;
4. to examine disclosure documents required to be lodged with the CSEC in relation to a proposed public offer of non-government securities to ensure compliance with the requirements of this law and other regulation of the law on commercial enterprises and to approve and register the documents that satisfy all requirements;
5. to supervise continuous disclosure to the securities market of financial and non-financial information regarding the activities of public limited companies and permitted entities that issue non-government securities to public investors;
6. to monitor compliance by public limited companies and permitted entities that issue non-government securities to public investors with the requirements of related laws and take appropriate enforcement action in cases of a material breach;
7. in relation to securities markets, clearing and settlement facilities and securities depository, director general of CSEC shall:
 - a.) check and review applications for licenses and grant approvals where the applicant satisfies the requirements of this law and other rules and regulations determined by CSEC;
 - b.) check and review and approve any amendments to the operating rules of an approved market, facility or depository;
 - c.) to monitor the activities of the approved operator of an approved market, facility or depository for compliance with their approval and the law and other rules and regulations determined by CSEC;
 - d.) to investigate any suspected material breach of an approved entity's approval, or a breach of a requirement of this law, and take appropriate enforcement action, including the suspension or revocation of an approval;
 - e.) before an approval and revocation of the approval, director general shall make consultation with the plenary session of CSEC;
8. in relation to securities firms and representatives of securities firms, director general of CSEC shall:

- a.) review applications for licenses and grant licenses where the applicant satisfies the requirements of this law and other rules and regulations determined by CSEC;
 - b.) monitor the activities of license holders for compliance with the conditions of their operating licenses, including financial conditions;
 - c.) to monitor compliance with the business conduct requirements of this law and law on commercial enterprises;
 - d.) consider applications to authorize an entity to act as a self-regulatory organization for securities dealers or investment advisers and grant such authorization if the applicant meets the determined requirements;
 - e.) monitor compliance by any self-regulatory organization with the terms of their authorization; and
 - f.) investigate any suspected material breach of a licensee's license or authorization, or breach of any other requirement of this Law, and take appropriate enforcement action, including the suspension or revocation of a license or authorization; and
9. to take all reasonable steps, as permitted under this law, to detect and suppress illegal, unethical and improper practices in relation to dealings in securities business.

Article 9 – Powers of the director general in managing CSEC

For the purpose of carrying out its functions under this law, the director general shall have the following powers:

- 1. to delegate any powers to individual staff of the CSEC or any other person with prior approval of the Minister of Economy and Finance;
- 2. if the director general of CSEC has reason to believe that an offence has been committed under this law the director general may designate its staff to conduct investigation into the affairs of:
 - a.) any approved or licensed person;
 - b.) any person that offers securities to the public for sale or subscription;
 - c.) any public limited company or permitted entity whose securities are listed or quoted on the securities market; and
 - d.) any other person.
- 3. to gather evidence from persons under investigation;
- 4. to immediately report its findings to the Chairperson and members of CSEC, including any recommended enforcement action;
- 5. to refer any report that recommends prosecution of an offence to the Public Prosecutor;
- 6. to conduct surveillance of any approved securities market;
- 7. to publish the names and activities of persons that have been convicted of an offence under this law or been the subject of disciplinary action by the CSEC;
- 8. to revoke or suspend a license, approval or registration granted by the CSEC
- 9. Other powers provided under Article 45 of this law.

Article 10 – Special rights of CSEC

Officers of CSEC have legal capacity as judicial police and have functions as prescribed in penal procedure code in relation to the roles and functions of judicial police.

Article 11 – Organization and functioning of the CSEC

Organization and functioning of the CSEC shall be provided by a sub-decree. CSEC shall have its own separate budget.

CHAPTER 3 OFFER AND ISSUE OF SECURITIES

Article 12 – Issuance and public offer of securities

No person can issue and make public offer of new securities unless the person is approved by CSEC in relation to proposed public offer in accordance with law and any requirements provided by CSEC. The person must pay any application fee prescribed in accordance with this law.

Article 13 – Examination on the proposal of issue and public offer of securities

CSEC director general must examine every proposal submitted under Article 12 of this law and advise the person who submitted the proposal within 3 (three) months from the submission day on whether CSEC considers the proposal to be in the interest of the public of Cambodia.

Article 14 – Conditions for the proposal of issue and public offer of securities

For the purpose of determining whether a proposal to which this Chapter applies is in the interest of the public of Cambodia, the director general of CSEC shall have regard to:

1. the quality of the governance and financial history of the issuer of the securities;
2. the needs of the securities market and the capital market generally in Cambodia, including the need to develop viable markets;
3. the likelihood of the success of the proposed issue and public offer, including the existence of an underwriting agreement or a proposal to enter into an underwriting agreement which would ensure that all the securities offered for subscription or sale under the proposed public offer would be issued or sold;
4. the requirements for listing securities on a relevant securities market;
5. the requirements for issuing a disclosure document in accordance with this Chapter; and

6. any other matter that the director general of CSEC regards as relevant to protecting the public interest in relation to the proposal.

Article 15 – Approval of proposed issue and offer of securities

If the SECS approves a proposal submitted under Article 12 of this law, the person or persons who made the proposal may proceed to implement the making of a public offer of securities under the proposal in accordance with this law.

Article 16 – Public offer of securities

A person must not make a public offer of securities in Cambodia unless:

1. the securities to which the offer relates would be or have been issued by a public limited company registered in Cambodia or a permitted entity that is prescribed in accordance with existing laws and regulation; and
2. except where the offer is an exempt offer as prescribed by sub-decree in accordance with this law, the terms of the offer and a disclosure document in relation to the offer which complies with the requirements of this law and any other requirements prescribed in accordance with this law shall have been approved in advance by director general of CSEC and, in the case of the disclosure document, registered by CSEC.

Article 17 – Application for approval and registration of disclosure document

A person who proposes to make a public offer of securities may apply for approval of the proposed offer and approval and registration of a disclosure document in relation to the proposed offer to CSEC. The person shall:

1. lodge an application in the prescribed form, which includes a copy of the terms of the proposed public offer of securities and a disclosure document that meets the requirements of this law and any requirements prescribed in accordance with this law; and
2. pay the prescribed fee for lodgment of such an application.

Article 18 – Registration and approval of disclosure document

The director general of CSEC may approve and register a disclosure document lodged with the CSEC only if it is satisfied that the document meets the requirements of laws and any requirements prescribed in accordance with this law.

Article 19 – Refusal of disclosure document

The refusal of disclosure document shall be processed as follows:

1. If the director general of CSEC is not satisfied that a disclosure document lodged for approval meets the requirements of this law or any requirements prescribed under this law, he/she shall advise the applicant in writing, giving:
 - a. its reasons;
 - b. an opportunity for the applicant or the issuer of the securities to provide further explanation of the merits of the proposed public offer; and
 - c. an opportunity for the applicant or the issuer of the securities to amend the disclosure document.
2. If the disclosure document is amended and the director general of CSEC is still not satisfied that it complies with requirements of this law or any requirements prescribed under this law, the director general of CSEC shall advise the applicant in writing as soon as possible that the disclosure document has been refused registration.

Article 20 – Supplementary disclosure document

During the life of the disclosure document, the issuer of the disclosure document or the issuer of the securities to which the disclosure document relates, as the case may be, must lodge a supplementary or replacement disclosure document with CSEC for approval and registration, if the issuer of the disclosure document or the issuer of the securities to which the supplementary disclosure document relates becomes aware that:

1. there has been a significant change affecting a matter contained in the lodged disclosure document;
2. a significant new matter has arisen which would have been required under this law or a requirement prescribed under the law had the matter arisen when the disclosure document was prepared; or
3. the disclosure document contains a significant statement that is false or misleading or there is a significant omission from the disclosure document,

The issuer of the disclosure document or the issuer of the securities to which disclosure document relates must not publish the supplementary or replacement disclosure document unless CSEC has approved and registered the supplementary or replacement disclosure.

Article 21 – Suspension or cancellation of registered disclosure document

The director general of CSEC may suspend the registration of disclosure document in the public interest if he/she is satisfied that a registered disclosure document, including a supplementary or replacement disclosure document:

1. contains any significant information that is false or misleading or omits any significant information; or

2. does not comply with this law and any requirements prescribed under this law.

The suspension of the registration of the disclosure document shall be made for a specified period not exceeding 01 (one) month and, following the period of suspension, the director general of CSEC may cancel the registration of the disclosure document if not satisfied that the issue that gave rise to the suspension has been adequately addressed.

Article 22 – Additional requirements relating to the offer or issue of securities

Other requirements relating to the regulation and supervision of the public offer and issue of securities may be prescribed pursuant to this law by CSEC.

CHAPTER 4 CONDUCT OF SECURITIES MARKET

Article 23 – Requirement to be approved as the operator of a securities market, clearance and settlement facility or securities depository

A person must not operate a securities market (including a securities exchange), a clearance and settlement facility or a securities depository unless the person has been approved by the director general of CSEC to operate the market, facility or depository in accordance with this law or any other effective laws. This Article shall not apply to the National Bank of Cambodia that may operate clearance and settlement facilities or securities depository.

Article 24 – Application to operate a securities market, clearance and settlement facility or securities depository

An application to operate a securities market, clearance and settlement facility or security depository shall be processed as follows:

1. A person may make an application for approval to operate a securities market, a clearance and settlement facility or a securities depository by lodging an application with CSEC in the form prescribed and paying the fee prescribed by CSEC.
2. The director general of CSEC must give a copy of an application it receives under paragraph (1.) of this article to the Chairperson and members of CSEC with advice about the application as soon as practicable after the lodgment of the application.
3. The director general of CSEC may require an applicant to supply such further information as it considers necessary and may refuse to proceed with the application until such information is supplied.

Article 25 – Approval of application

Approval given to an application to operate a securities market, clearance and settlement facility or security depository shall be as follows:

1. Director general of CSEC, following a decision made by the plenary session of CSEC, shall grant an approval to a person to operate a securities market, clearance and settlement facility or securities depository if he/she is satisfied that the application meets the requirements prescribed in accordance with this law.
2. The director general of CSEC shall not refuse to grant an approval without first giving the applicant the reasons in writing and giving the applicant an opportunity to be heard.
3. If the director general of CSEC grants an approval under paragraph (1.):
 - the approval shall be subject to any conditions prescribed in accordance with this law; and
 - at any time during the life of the approval, the director general of CSEC may, following the decision made by CSEC, impose additional conditions on the approval, or vary or revoke such additional conditions.

Article 26 – Securities market to have access to a clearance and settlement facility

Before the director general of CSEC may grant approval for an application to operate a securities market, the applicant must satisfy the CSEC that the securities market which the applicant proposes to operate will have access to adequate clearance and settlement arrangements for transactions conducted on the securities market.

Article 27 – Suspension and revocation of approval

The director general of CSEC shall have following power to regulate the operator of a securities market, clearance and settlement facility or security depository:

1. If, after the grant of an approval under this Chapter, the director general of CSEC is satisfied that the operator of the securities market, clearance and settlement facility or securities depository has contravened a condition of the approval or a requirement of this law and any requirement prescribed in accordance with this law, the director general of CSEC may do any of the following:
 - a. direct the person holding the approval to comply with the condition or requirement;
 - b. impose further conditions or restrictions on the approval;

- c. suspend the approval until the holder of the approval has shown substantial compliance with the condition or requirement; or
 - d. revoke the approval.
2. The director general of CSEC shall not take action under paragraph (1.) without first consulting CSEC through plenary session and giving the holder of the approval reasons in writing and an opportunity to be heard.

Article 28 – Operating rules and procedures of approved securities market, clearance and settlement facility, or securities depository

A person shall not put into practice the operating rules and procedures of securities market, clearance and settlement facility, or securities depository unless they are approved by CSEC. The operating rules and procedures of an approved securities market, clearance and settlement facility or securities depository must adequately address the matters prescribed in accordance with this law.

Article 29 – Additional requirements relating to conduct of secondary market

The sale or purchase of securities issued in accordance with this law shall be regulated by such additional requirements imposed by CSEC.

Article 30 – Compliance with the requirements and additional requirements of the approval

A person, directed by the director general of CSEC in accordance with Article 27 (1.) of this law to comply with the requirement or additional requirements of the approval, shall follow the direction within a specified period determined by the director general of CSEC.

**CHAPTER 5
LICENSE OF SECURITIES FIRMS AND REPRESENTATIVES**

Article 31 – Licensing a securities firm and representative of a securities firm

No person, except an exempt securities dealer or in respect of an exempt securities transaction as prescribed by sub-decree, shall conduct a securities business or hold himself out as conducting a securities business in the form of a securities firm unless the person has been licensed by the director general of CSEC.

No person shall act or hold himself out as a representative of a permitted securities firm that is licensed under this law to conduct a securities business unless the person has been

licensed by the director general of CSEC as a representative of the securities firm in accordance with this law.

Article 32 – Application for license

Application for license shall be processed as follows:

1. A person may make an application for a license to operate a securities business or act as a securities representative by lodging an application with the director general of CSEC in the form prescribed and paying the prescribed fee determined by CSEC.
2. The director general of SECS may require an applicant to supply such further information as it considers necessary and may refuse to proceed with the application until such information is supplied.

Article 33 – Consideration of application

A decision made for granting license and requirements of license must be considered as follows:

1. The director general of CSEC may grant a license to an applicant to operate a securities business or carry out the activities of a securities representative if he/she is satisfied that the applicant meets the requirements prescribed by CSEC. During the life of the license, if the conditions as prescribed by CSEC vary, the applicant shall continue to comply with the varying conditions.
2. The director general of CSEC shall not refuse to grant an applicant a license without first giving the applicant the reasons in writing and giving the applicant an opportunity to be heard.
3. If the director general of CSEC grants a license under paragraph (1.):
 - the license granted shall be subject to any provisions and conditions prescribed by CSEC;
 - the license granted shall be subject to such conditions or restrictions as he/she considers appropriate, including conditions restricting the license holder to carrying out particular categories of activity that may be carried out under the type of license sought; and
 - at any time during the life of the license, the director general of CSEC may, following the decision made by CSEC, impose additional conditions on the license or vary or revoke such additional conditions.

Article 34 – Suspension and revocation of license

Measures taken against license holders include the following:

1. If, after the grant of a license under this Chapter, the director general of CSEC is satisfied that the license holder has contravened a condition of the license or a requirement imposed by CSEC or any requirement prescribed in accordance with this law, the director general of CSEC may do any of the following:
 - direct the license holder to comply with the condition or additional requirement;
 - impose restrictions on the license;
 - suspend the license until the license holder has shown substantial compliance with the condition or requirement; or
 - revoke the license.
2. The director general of CSEC shall not take action under paragraph (1.) without first giving the license holder reasons in writing and an opportunity to be heard.

Article 35 – Conditions of license and grant of license to investment advisor, securities dealers and other participants

Conditions of license and the grant of license to investment advisor, securities dealers and other participants in a securities market, clearing and settlement facilities or securities depository shall be imposed and made by CSEC.

Article 36 – Register of license holders

The director general of SECS shall create and keep the register of licenses it grants in such form as it considers appropriate specifying any necessary information.

Article 37 – Compliance with conditions and additional conditions of license

A person who receives a direction from the director general of CSEC under Article 34 (1.) of this law to comply with a condition or requirement of a license must comply with the direction within the time specified by the director general of CSEC.

CHAPTER 6 CORPORATE GOVERNANCE AND CONTROL OF ISSUER

Article 38 – Governance requirements with respect to public limited companies or other permitted entities

Public limited companies or other permitted entities that have issued or sold securities to the public members in the Kingdom of Cambodia shall strictly adhere to existing laws and regulations and any requirements with respect to the governance of a public limited company as prescribed by CSEC for the interest of the conduct of the securities market and protection of the investing public.

Article 39 – Adoption of corporate control requirements

Corporate control requirements may be prescribed by CSEC in order to regulate:

- the acquisition of control over the voting shares in a public limited company or permitted entity that has issued voting shares to members of the public. The prescribed requirements ensure that the acquisition of control over the voting shares in the company or entity takes place in a fair and informed way, and
- the disclosure of the ownership of a substantial holding of voting shares of a public limited company or permitted entity that has issued voting shares to members of the public. The prescribed requirements ensure that the holders of the voting shares in a public limited company or permitted entity know the identity of owners of a substantial holding of voting shares in the company or permitted entity.

CHAPTER 7 PROHIBITED BEHAVIOUR IN RELATION TO SECURITIES

Article 40 – Insider dealing

An insider of a public limited company or permitted entity includes:

- the general managers, directors, management and staff of the company or permitted entity and shareholders in the company or entity that hold at least 5 (five) percent of the issued voting capital of the company or entity and any other individual whose relationship with the company or entity gives them possession or access to confidential information regarding the activities of the company or entity; and
- the Chairperson, members, director general, directors and staff of CSEC and other concerned officers of the Royal Government or staff of an entity approved or licensed by the director general of CSEC as intermediaries in the

securities market who, due to their position, are in possession of or have access to confidential information regarding the activities of the company or entity.

Insider information means any information in relation to securities that have been or and will be issued by a public limited company or permitted entity which has not yet been made generally available but which, upon disclosure to members of the public, would be likely to have a material effect on the price or other trading aspects of those securities.

An insider as defined in Paragraph 1 must not:

- take advantage of insider information as prescribed in Paragraph 2, either directly or indirectly, when dealing in securities of the public limited company or permitted entity for the purpose of making a profit or avoiding a loss; or
- provide insider information to another individual or legal entity for the purpose of enabling that individual or legal entity to make a profit or avoid a loss.

Article 41 – False trading and market manipulation

A person must not knowingly or recklessly:

1. Do, or omit to do an act, if that act or omission has or is likely to have the effect of creating a false or misleading appearance of active trading in securities traded on a securities market conducted in Cambodia; or
2. Enter into a fictitious or artificial transaction or arrangement in relation to securities if that transaction results in:
 - the price for trading in securities on a securities market conducted in Cambodia being maintained, inflated or depressed; and
 - fluctuations in the price for trading in securities on a securities market conducted in Cambodia.

Article 42 – False or misleading statements

A person must not make a statement, or disseminate information if:

1. the statement or information is false in a material particular or is materially misleading;
2. the statement or information is likely to:

- induce persons in Cambodia to subscribe for, buy or sell securities;
or
 - have the effect of increasing, reducing, maintaining or stabilizing the price of trading in securities on a securities market conducted in Cambodia.
3. When the person makes the statement or disseminates the information:
- the person does not care whether the statement or information is true or false; or
 - the person knows or ought to have known that the statement or information is false or misleading.

CHAPTER 8 DISPUTE RESOLUTION AND SANCTIONS

Article 43 – Mediation of dispute

For any dispute arising in relation to the conduct of securities business the disputing parties may submit the case to CSEC for mediation before filing a lawsuit to a court, except a criminal case.

Article 44 – Procedure for mediation and dispute resolution

After receiving a lawsuit, CSEC shall interrogate both parties about subject matters of the dispute and makes efforts to mediate them in accordance with laws, rules and regulations.

Result of mediation shall be kept in a record made by CSEC stating whether or not both parties agree with the mediation. The mediation record must be signed by CSEC and all parties concerned each of whom must be provided with a copy of the record.

Any agreement reached in the presence of CSEC shall be effective for being executed.

In case the mediation has failed, each party may refer an unsettled mediation record to a competent arbitral tribunal or appeal to a competent court. Valid period of the appeal to the arbitral tribunal or the court shall be of 90 (ninety) days, otherwise the rights to appeal will lose.

Article 45 – Additional measures taken by CSEC

Adding to the measures taken by CSEC issued in accordance with this law CSEC may take additional actions as follows:

1. In case of a breach of this law or regulations prescribed in accordance with this law or a breach of other relevant laws the director general of CSEC may:

- Issue a warning letter to a person who has contravened any provisions of this law and other related laws;
 - Issue an order to a person who has contravened any provision of this law and other relevant laws requiring them to compensate any damage, occurred according to the offensives committed on a specific date, pursuant to this law or other relate laws ;
 - Request a competent court to issue a warrant requiring the person who has contravened any provision of this law or other related laws to compensate any damage occurred at the discretion of the court.
 - Take measure of transactional fine or impose administrative punishment against the person who has contravened any requirement of the laws. Type of administrative punishment shall be determined by CSEC.
 - Temporarily suspend or terminate the work of the director general, directors, management, or senior staff of the licensed company or permitted entity.
 - Select and grant power to a competent person to oversee business activities or other related activities of a licensed legal entity or permitted entity. The person must submit reports to the director general of CSEC in an accordance with the contract made with the director general of CSEC; and
 - Restrict or terminate any specific or general activity conducted by a licensed legal entity or permitted entity whether or not those activities have been conducted according to the requirements of the license or approval granted by the director general of CSEC.
2. In case the CSEC is satisfied that a licensed legal entity or permitted entity may become insolvent or have financial problem the director general of CSEC may use its power to appoint or request a court to appoint a competent person as a provisional administrator in order to manage and re-run or liquidate the legal entity in accordance with the Insolvency Law of the Kingdom of Cambodia or other rules and regulations prescribed in sub-decree in accordance with this law. In case there is a conflict between the provisions of this law and the Insolvency Law the provisions of this law shall be referred to.

Article 46 – Right to complaint about decision made by CSEC

A person who is not satisfied with any measure taken or decision made by CSEC may file their complaint to a competent court for review of the measure taken or decision made.

CHAPTER 9 PENALIES

Article 47 – Illegal issuing and offering securities

Any person who issues and offers securities without approval from CSEC shall be liable to a term of imprisonment 1 (one) to 5 (five) years and to a fine of 2,000,000 (two millions) Riels to 10,000,000 (ten millions) Riels.

Any legal entity who commits offenses as stated in Paragraph 1 above shall be liable to a fine of 20,000,000 (twenty millions) Riels to 500,000,000 (five hundred millions) Riels.

Article 48 – Illegal public offer of securities

Any person who makes a public offer of securities in Cambodia without fulfilling the requirements prescribed under Article 16 of this Law shall be liable to a term of imprisonment of 1 (one) to 5 (five) years and to a fine of 2,000,000 (two millions) Riels to 10,000,000 (ten millions) Riels.

Any legal entity who commits offenses as stated in Paragraph 1 above shall be liable to a fine of 20,000,000 (twenty millions) Riels to 500,000,000 (five hundred millions) Riels.

Article 49 – Act concerning additional disclosure document or substitute disclosure document

A person or company, who proposes registration of disclosure document, or any securities issuer who has contravened requirements stipulated in Paragraph 1 of Article 20 of this Law or disseminates additional disclosure document or supplementary disclosure document without the approval of and registration at CSEC shall be liable to a term of imprisonment of 1 (one) to 5 (five) years and to a fine of 2,000,000 (two millions) Riels to 10,000,000 (ten millions) Riels.

Any legal entity who commits offenses as stated in Paragraph 1 above shall be liable to a fine of 20,000,000 (twenty millions) Riels to 500,000,000 (five hundred millions) Riels.

Article 50 – Illegal operation of securities market, clearance and settlement facility or securities depository

Any person who operates a securities market, clearance and settlement facility or securities depository without approval of the director general of CSEC in accordance with this law or other existing laws shall be liable to a term of imprisonment of 1 (one) to 5 (five) years and to a fine of 2,000,000 (two millions) Riels to 10,000,000 (ten millions) Riels.

Any legal entity commits offenses as stated in Paragraph 1 above shall be liable to a fine of 20,000,000 (twenty millions) Riels to 500,000,000 (five hundred millions) Riels.

Article 51 – Illegal operating rules and procedures of securities market, clearance and settlement facility or securities depository

Any person who put into practice the operating rules and procedures of securities market, clearance and settlement facility, or securities depository without approval by CSEC shall be liable to the CSEC's transactional fine of 20,000,000 (twenty millions) Riels to 200,000,000 (two hundred millions) Riels.

Article 52 – Operate securities business without a license

Except for exempt securities dealers or those involved in operation of exempt securities, any person, who conducts a securities business or hold himself out as conducting securities business in the form of a securities firm, or any person, who act or hold himself out as a representative of a securities firm to conduct a securities business, without a license granted by the director general of CSEC shall be liable to a term of imprisonment of 1 (one) to 5 (five) years and to a fine of 2,000,000 (two millions) Riels to 10,000,000R (ten millions) Riels.

Any legal entity who commits offenses as stated in Paragraph 1 above shall be liable to a fine of 20,000,000 (twenty millions) Riels to 500,000,000 (five hundred millions) Riels

Article 53 – Non-compliance with the CSEC's instruction

Any person who contravenes the provisions of Article 30 and 37 of this law shall be liable to the CSEC's transactional fine of:

- a. 5,000,000 (five millions) Riels to 50,000,000 (fifty millions) Riels in case the person is an individual.
- b. 20,000,000 (twenty millions) Riels to 200,000,000 (two hundred millions) Riels in case the person is a legal entity.

Article 54 – Offenses as insider trading, false trading and market manipulation, false or misleading statements

Any person who contravenes the provisions of Article 40 (3), Article 41 with intention, and Article 42 of this law shall be liable to a term of imprisonment of 5 (five) to 10 (ten) years and to a fine of 20,000,000 (twenty millions) Riels to 100,000,000R (one hundred millions) Riels.

Any legal entity who commits offenses as stated in Paragraph 1 above shall be liable to a fine of 50,000,000 (fifty millions) Riels to 1,000,000,000 (one thousand million) Riels

Article 55 – Additional punishments applicable to natural persons

For offenses as stated in this law, one or more additional punishments may be publicized as follows:

1. Prohibition from entering profession forever or for a period not exceeding 5 years if the offense has been committed in doing the professional work or in an occasion of doing the professional work;
2. Prohibition from driving all kinds of vehicle for a period not exceeding 5 years
3. Prohibition from residence for a period not exceeding 10 years for criminal offences, and 5 years for misdemeanor
4. Prohibition of convict from entering and residing in the territory of the Kingdom of Cambodia forever or for a period not exceeding 5 years
5. Confiscation of any instruments, materials or items that were used to commit the infraction or were intended to be used to commit the infraction
6. Confiscation of items or fund involved in the infraction
7. Confiscation of earnings or properties yielded by the infraction
8. Confiscation of utensils, materials and furnishings in the premises where the infraction was committed
9. Confiscation of one or more vehicles of verdict
10. Closure of establishment that was utilized for the preparation or commitment of the infraction forever or for a period not exceeding 5 years
11. Prohibition from conducting business in the premise that opens to or is used by public forever or for a period not exceeding 5 years
12. Exclusion from securities market
13. Posting of the passing of sentence for a period not exceeding 2 months
14. Publication of the passing of sentence in the print media
15. Broadcasting the passing of sentence by means of audiovisual communication for a period not exceeding 8 days.

Article 56 – Legal persons’ responsibilities for criminality

Legal persons shall be criminally liable, in relation to the offences prescribed in this law, for the offenses committed by organization or representatives for its benefits.

Criminal liability of the legal person does not exclude the criminal liability of natural persons involving in those offences.

Article 57 – Additional punishments applicable to legal persons

A legal person who commits the offenses as prescribed in this law shall be liable to one or more additional punishments as follows:

- Dissolution;
- Being placed under court inspection
- Prohibition from practicing one or more activities

**ANNEX TO THE LAW ON THE ISSUANCE AND TRADING
OF NON-GOVERNMENT SECURITIES
GLOSSARY TO BE USED IN THIS LAW**

Substantial Share Holding: means, in relation to the total number of voting shares that a person or related party or associate of the person has control over in a public limited company or permitted entity, a percentage of 5% (five) or more of the total voting shares in the company.

Underwriting Agreement: means an agreement, including a sub-underwriting agreement, under which a person that is licensed under this Law to conduct a securities business undertakes to subscribe for or purchase all or a portion of securities that have not been subscribed or purchased pursuant to a public offer of the securities for subscription, purchase or sale by the closing date for public subscriptions, purchases or sales, whether on a firm commitment or best efforts basis.

Securities Firm: means a company or partnership that is licensed in accordance with this Law to conduct a securities business.

Public Limited Company: means a company that is incorporated and registered in accordance with the Law on Commercial Enterprises for the purpose of issuing securities to members of the public.

Partnership: means a general or limited purpose business association formed by individuals and registered in accordance with the Law on Commercial Enterprises.

Company: means a private or public limited company incorporated and registered under the Law on Commercial Enterprises.

Securities and Exchange Commission of Cambodia: means a legal entity established under this Law to manage and regulate securities business.

Court: means a competent court established in the Kingdom of Cambodia to hear and determine civil or criminal actions arising under this Law.

Securities Representative: means a person who is employed by or acts by arrangement with a securities firm to perform any of the functions of the securities firm for which a license under this Law is required. It shall include any director general, director, officer or employee of a company or any partner or employee of a partnership who performs any of these functions on behalf of the securities firm.

Securities Market: means a market, exchange or place at which, or a facility by which, offers to acquire or dispose of securities are regularly made or accepted.

Dematerialized Form: in relation to securities means a form of evidencing legal title to such securities which is generated or stored in electronic, digital or computerized form, with the capacity to be displayed and printed in a human readable form.

Buy: means all kinds of purchases made either directly or through electronic means or by subscription.

Permitted Entity: means a legal entity, other than a public limited company incorporated in Cambodia, that is permitted in accordance with the provision of this Law and other regulation to offer and issue securities to members of the public in Cambodia.

Person: means an individual or legal entity, including a company and partnership.

Related Entity: in relation to a company that makes a public offer of securities for subscription, purchase or sale means any of the following:

- (a) a founding shareholder of the company;
- (b) a close relative of a founding shareholder of the company;
- (c) a director of the company or of a subsidiary or holding company of the company;
- (d) a close relative of such a director; and
- (e) a subsidiary or holding company of the company or a subsidiary company of a holding company.
- (f) an individual or other legal entity stated in this Law or sub-decree.

Securities Depository: means a service by which a person agrees with another person (the client) to provide a service, whether or not the client is acting on behalf of any other person or persons, to:

- (a) hold or register the legal interest in securities or other financial instruments on behalf of, the client or another person nominated by the client;
- (b) have custody of the title to a security or other financial instrument, whether it is in the form of a certificate of title or in dematerialized form, as permitted by the operating rules of the securities depository, for or on behalf of the client or another person nominated by the client; or
- (c) provide such other services and facilities as are incidental to the provision of the services referred to in paragraphs (a) and (b).

Exempt Securities Transaction: means a transaction conducted by a specified person or category of persons for the subscription, purchase, issue, sale or transfer of securities as not requiring the person or category of persons to comply with the requirements of this Law.

Clearance and Settlement Facility: means a system that enables the parties to a transaction for the sale or purchase of securities to meet their obligations to each other, by verifying the details of the transaction and securing payment of the purchase price to the seller in exchange for the transfer of the securities to the purchaser.

Interest in a Managed Investment Scheme: means a legal interest, whether direct or indirect, in a scheme that has the following features:

- (a) people contribute money or money's worth to acquire rights (interests) to benefits produced by the scheme (whether the rights are actual, prospective or contingent and whether they are enforceable or not);
- (b) any of the contributions are to be pooled, or used in a common enterprise, to produce financial benefits, or benefits consisting of rights or interests in property, for members who hold interests in the scheme (whether as contributors to the scheme or as people who have acquired interests from holders) and the members do not have day-to-day control over the operation of the scheme (whether or not they have the right to be consulted or to give directions).

Securities Dealer: means a dealer who conducts securities business.

Exempt Securities Dealer: means a person who conducts any of the activities referred to in the definition of “securities business” and is prescribed by sub-decree or prakas as not being required to comply with the requirements of this Law.

Voting Shares: in a public limited company or permitted entity means any issued shares in the company or entity that confer voting rights on the registered holder of the shares.

Non-government Securities: means securities that are issued by a public limited company or other legal entity permitted to offer and issue securities to members of the public in Cambodia in accordance with laws, including:

- a) ownership securities such as share;
- b) debt securities such as bond;
- c) Interest in a Managed Investment Scheme;
- d) future instrument or derivative instrument related to securities based on a), b) and c) above;
- e) other financial instrument determined as securities.

Equity Security: means any legal interest in or right to shares in the share capital of a public limited company or similar foreign entity and includes voting and non-voting shares, partly paid shares and preference shares.

Bearer Security: means a security, the ownership of which is determined by physical possession rather than registration of the owner on a securities register maintained by or for the issuing entity.

New Securities: means a security that has not been previously issued or sold by the issuing company at the time a public offer in relation to the security is made in accordance with this Law.

Debt Securities: means an instrument issued by a person that evidences or acknowledges indebtedness of that person with respect to money lent to, or deposited with, or otherwise owing by, that person whether secured over other property or not.

Minister: means the Minister of Economy and Finance.

Operating rules of a securities market, clearance and settlement facility or securities depository: means the rules and procedures which govern membership of and participation in the market, facility or depository service and includes (1) the articles of incorporation of the operator of the market, facility or depository; and (2) the listing rules of a securities market.

Associate: means a person with whom the first person has an existing business relationship.

Close Relative: means a husband, wife, child, parent, sister or brother of the person with whom the relationship exists.

Self Regulatory Organization: means an organization that governs their members in a way of their business conduct.

Damage: mean compensation for damages.

Public Offer: means an invitation or offer to members of the public to subscribe for or purchase securities and includes: (1) an offer of securities for subscription, purchase or sale made to any section of the public, however selected; (2) an offer of securities for subscription, purchase or sale made to individual members of the public selected at random; (3) an offer of securities for subscription, purchase or sale made to a person who has become known to the person or entity making the offer as a result of an advertisement that was intended to promote the offer or invite the person to seek information or advice about investment in securities generally; and (4) the distribution of an advertisement, disclosure document or application form in relation to the subscription, purchase or sale of securities,

but does not include:

- a personal offer of securities for subscription, purchase or sale that is made only to a related entity or associate;
- a personal offer that is made to no more than 30 persons; or
- an invitation to a person to enter into an underwriting or sub-underwriting agreement with respect to an issue of securities.

Private or Personal Offer: mean an offer that:

1. may only be accepted by the person to whom it is made; and
2. is made to a person who is likely to be interested in the offer, having regard to: (a) previous contact between the person making the offer and that person; (b) a professional or other connection between the person making the offer and that person; or (c) statements or actions by that person that indicate he is interested in offers of that kind.

Exempt Offer: means a public offer of securities that is prescribed by sub-decree or prakas as not being required to comply with the requirements of this Law.

Insolvent: means not having enough money to pay outstanding debt.

Public Investor: means a member of the public in the Kingdom of Cambodia including a natural person or legal entity, who has the financial and legal capacity to invest in non-government securities issued and made public offer in the Kingdom of Cambodia by a limited company or permitted entity which is not an associate or subsidiary or related legal entity of that company.

Securities Business of a Person: shall include the following activities:

- (a) buying or selling securities as agent for another person;
- (b) buying or selling securities with the person's own funds in the person's own name;
- (c) providing advice about investment in securities to public investors or publishing investment analysis related to securities; and
- (d) entering into an underwriting agreement with a company that makes a public offer of securities for subscription, purchase or sale, or entering into a sub-underwriting agreement with such a person.

Continuous Disclosure Document: means disclosure of information at any time during the life of a public limited company or permitted entity as required by the occurrence of a specified event or category of event.

Disclosure Document: means a written notice or statement about background of company, company financial statement, however described, inviting applications or offers to subscribe for or purchase securities, or offering securities for subscription or sale, and includes a supplementary or replacement disclosure document.

Derivative Instrument: in relation to securities means a contract that confers rights or obligations with respect to an underlying security, including the right or obligation to purchase, sell or subscribe for securities at a future date, regardless of whether the person intends to exercise that right or actually exercises that right.