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Banking

Prakas No.B7.10.172 (BNC) dated September 28, 2010 on the Internal Control of Bank and Financial Institutions (L&R/BNK/2010Khm&Eng) (Royal Gazette Year 10, No.91 December 12, 2010)

This Prakas contains 14 Chapters with 32 Articles. The overall purpose of the Internal Control System is to provide optimal conditions in terms of security, reliability and comprehensiveness to ensure that the institutions' operation, organization and internal procedures comply with relevant laws and regulations. The Prakas also improves the quality of financial and accounting information, ensures strict compliance with decision-making and risk-taking policies and procedures, and provides a check on the conditions in which such information is assessed, recorded, stored and available, in particular by ensuring that Audit Trail Systems and Procedures are effective.

The Banks and Financial Institutions must have internal control systems such as a control system for operation and internal control procedures, organization of accounting and informing processing systems, risk and result measurement systems, risk identification, measurement and monitoring systems as well as risk control systems that support corrective action, documentation and information systems.

In the following Chapters and Articles, the Prakas stipulate the powers and the responsibilities of the board, senior management, and any compliance functions which must be approved by the board. The board must report any designation, dismissal, removal or resignation of a compliance officer to the National Bank of Cambodia. This Prakas also determines the procedures for the prevention, resolution and procedures for whistle blowing and risk management policies.

Prakas No.B1.010.194 (BNC) dated November 26, 2010 on Adjustment of Articles 3, 4, 5, 12 and Article 13 of Prakas on Structure of the National Bank of Cambodia and Roles-Duties of the Subordinate Unites (L&R/BNK/2010Khm) (Royal Gazette Year 10, No.90 December 08, 2010)

The structure of the National Bank of Cambodia consists of the Secretariat General, Technical General, Inspection General, Direction General, and Cashier General. There are different departments such as the cabinet, the personnel department, the accounting department, the provincial and municipal department, the banking department, the supervision department, the exchange and management department, the issue department, the printing department, the internal audit department, the inspection department, the statistics department, the legal department and the licensing department, which are all subordinate to one of the Generals. Each General must fulfill the obligations and duties stipulated in the new article of the Prakas.

Circular No B7.10.001 SRN (BNC) on the Determination of the Investment Grade (R&R/Ban/2010Khm) (Royal Gazette Year 10, No.92 December 15, 2010)

To strictly implement the Law on Banking and Financial Institutions, the National Bank of Cambodia is to advise on an investment grade of the influential shareholders of the banking and financial institutions who have obtained operating licenses in the Kingdom of Cambodia. To be recognized by the National Bank of Cambodia, influential shareholders must obtain an investment grade from at least one of the three international rating agencies: Moody's Asia Pacific, Standard & Poor's Corporation and Fitch. The international rating agency grades range from Prime, High Grade, Upper Medium Grade, and Lower Medium Grade.

Commercial banks which have at least one influential shareholder of a banking or financial institution with an "investment grade" rating extended by an international rating agency must have minimum capital of at least KHR 50,000,000,000 (Fifty Billion Riel). Commercial banks must have at least KHR 150,000,000,000 (One Hundred Fifty Billion Riel) if the commercial bank has not been rated by an

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international rating agency or if the commercial banks want to establish a subsidiary regardless of rating investment grade.

A specialized bank must have KHR 10,000,000,000 (Ten Billion Riel) if the specialized bank has been graded by an international rating agency. If a specialized bank has not been graded by an international rating agency or if it wants to establish a subsidiary it must have capital of KHR 30,000,000,000 (30 Billion Riel).

Prakas, No.B7.10.182 Bro K (BNC) dated December 15, 2010 on the Calculation of Bank's Net worth (L&R/Ban/2010Khm&Eng) (Royal Gazette Year 10, No.92 December 15, 2010)

This Prakas provides for a method of calculation of a bank's net worth and voids the Prakas on Commercial Banks' Minimum Capital dated February 9, 2000 and the Prakas on the Calculation of Banks' Net Worth dated February 16, 2000. Despite the specific rules set out by this Prakas, the NBC might impose specific calculations on the bank.

Prakas No. B 12.09.218 (NBC) dated September 16, 2009 on the Structure, Duties and Function of the Financial Intelligence Unit. (L&R/Bnk/2010/Khm and Eng) (Royal Gazette, Year 10, No. 95, December 27, 2010)

The Financial Intelligence Unit (FIU)'s main duties are to collect information regarding suspicious money transactions and to analyze, evaluate and establish statistics for such instances. The FIU is bound by a confidentiality obligation in the performance of its duties. This Prakas establishes 4 offices under the supervision of the FIU which are: the Legal, Administrative and IT Division, the Transaction Report Analysis Division, the Compliance Monitoring Division and the Cooperation Division. The Legal, Administrative and IT Division of the FIU is in charge of coordinating and drafting legal instruments, general administration, and IT management. It is the Transaction Report Analysis Division that has the duty to process reports on suspicious transactions and forward it to the relevant authorities. The Compliance Monitoring Division is responsible for monitoring compliance with the obligations of the reporting institutions and for raising awareness of money laundering issues. The Cooperation Division will coordinate with national as well as international partners with regards to money laundering issues.

Prakas No. B12.010.206 (BNC) dated December 21, 2010 on the Anti-Money Laundering and Combating the Financing of Terrorism relating to all Reporting Entities not under the Supervision of the National Bank of Cambodia. (L&R/Bnk/2010/Khm and Eng) (Royal Gazette, year 10, No. 96, December 30, 2010)

This Prakas aims to apply the term "Reporting Entities" to the following institutions and professions, which are not regulated by the National Bank of Cambodia and are referred as "reporting entities" in the Law on Anti-Money Laundering and Combating the Financing of Terrorism: (a) non-bank financial institutions, including securities brokerage firms and insurance companies; (b) investment and personal funds, investment companies and companies for managing investment funds; (c) real estate agents, buildings and land; (d) post offices operating payment transactions; (e) lawyers, notaries, accountants, auditors, investment advisors and asset managers when they prepare or carry out transactions for their clients concerning the activities listed in Article 2 of this Prakas; (f) casinos and other gambling institutions; (g) non-governmental organizations and foundations engaging in businesses activities and fund raising; (h) trust companies and other services provider companies; and (i) any other institution or profession that is designated by the Cambodia Financial Intelligence Unit (CAFIU) to fall within the scope of the Law on Anti-Money Laundering and Combating the Financing of Terrorism and is not supervised by NBC.

This Prakas provides criteria to be followed by the reporting companies in order to meet their obligations. The main feature of this Prakas is to establish an obligation for the reporting entities to focus on a client when a singular financial transaction of an amount of US\$10,000 is made in any situation, including failure to provide required documents, which there is a suspicion of money laundering.

Furthermore, this Prakas prohibits the reporting institutions from entering into contracts with an institution or company which is not operating or does not have business in Cambodia. All financial transactions should be done through such reporting institutions.

Business

Instructive Circular No.07 (RGC) dated December 22, 2010 on Measures Governing Businesses Distributing Petroleum Products (L&R/Bus/2010Khm) (Royal Gazette Year 10, No.94 December 23, 2010)

This Instructive Circular requires that distribution of any petroleum products, such as gasoline, diesel, kerosene and black oil must be carried out through a licensed distributing station. It does not apply to small businesses situated in rural areas. It also highlights an obligation to apply for a license to establish and carry out a petroleum distributing business, and creates security and technical standards of compliance for licensed distributors.

Petroleum distribution outside of licensed distributing stations must be approved by the General Department of Customs and Excises of the Ministry of Economy and Finance. The Ministry of Economy and Finance must determine procedures regarding transportation, stock and administration of petroleum products.

Civil & Procedures

Instructive Circular No.029 (Interior) dated November 17, 2010 on Measures to Strengthen the Statistic and Civil Status work Implementation (L&R/Civ&Pro/2010/Khm) (Royal Gazette, Year 10, No.89, December 04, 2010)

This Instructive Circular aims to improve the implementation of civil status work which is being conducted by civil status officials in relation to birth, marriage and death certificates.

The circular describes some mistakes which have arisen from civil status officials don't follow the existing regulations and procedures in force. To eliminate these mistakes and in order to strengthen the civil status work, the Ministry of Interior regulates appropriate measures at Capital/Province, District/Municipal/Khan and Khum/Sangkat levels to improve the services. Moreover, the Ministry describes some activities that shall be prohibited for those authorities.

The Ministry also reminds the Capital/Provincial Halls to submit the civil status reports on the due date according to the Directive No 008 on the sustainable civil status registration after the end of the campaign of mobile civil status registration.

Education

Sub-Decree No. 151 (RGC) dated December 06, 2010 on Doctor Degree Education (L&R/Edu/2010/Khm) (Royal Gazette, Year 10, No. 89, December 04, 2010)

This Sub-Decree is created to set the conditions and the monitoring strategy for the effective training of a Doctorate Degree. It also aims to increase the unity in education and to encourage research in every field of studies. The Doctorate Degree certificates are divided in 3 types which are: Researching Doctorate Degree Certificate, Professionalism Doctorate Degree Certificate and Honorable Doctorate Degree Certificate.

Conditions for establishing a Doctorate Degree Education are to be fulfilled by the Higher Education Institution, professors and students. Conditions for progress into the Doctorate Degree Education are also clearly indicated in the Sub-Decree. The Sub-Decree also mentions the conditions to be carried out when graduating with a Doctorate Degree. In special cases in granting the Honorable Doctorate Degree, more special conditions for candidate are to be considered. In order to ensure the effectiveness of Doctorate Degree Education, a monitoring mechanism is created to follow up all transaction of the whole Doctorate Degree Educational System. This Sub Decree provides 1 year for other remaining Institutions that have already started the Doctorate Degree Education to improve their qualities as stated in the above conditions.

Finance

Royal Kram NS/RKM/1210/017 (RY) dated December 22, 2010 on the Law on the Financial Management for the year 2011. (L&R/Finc/2010/Khm) (Royal Gazette, year 10, No. 95, December 27, 2010)

This law predicts the amount of state income and public expenses for 2011 and also sets out a loan

limit for the Government. In particular, the law accords a specific amount of credit for the agricultural sector.

Inter-Ministerial Prakas No. 1192(MEF&MOJ) dated December 30, 2010 on the Determination of the Administrative Fee for the Provision of Criminal Record. (L&R/Adm/2010/Khm) (Royal Gazette, year 10, No. 96, December 30, 2010)

Upon the request of an applicant, the Ministry of Justice shall issue the applicant's criminal record within 20 working days (for a regular request) or 12 working days (for an expedited request). For an expedited request, the applicant must provide evidence in support of the application. Cambodian citizens shall pay an administration fee of 10,000 Riel for a regular request and 40,000 Riel for an expedited request while foreigners shall pay 250,000 Riel for a regular request and 500,000 Riel for an expedited request. The application and the criminal record shall be affixed with a tax stamp which will cost 1,000 Riel for an application and 1,200 Riel for the criminal record.

Labor & Social Affairs

Notification, No. 132 dated December 06, 2010 on Paying Contribution to the Work-Related Accident for the Enterprise, Garment and Shoes Factory in 2011 (L&R/La/So/2010Khm) (Royal Gazette Year 10, No.92 December 15, 2010)

The Ministry of Labor gives notice to the Directors of all Enterprises in the garment and shoes industry as well as to the owners of garment and shoes factories that contribution to the work-related accident scheme starts from January 2011 at the rate of 0.8%.

Taxation

Joint Prakas No.934 (MEF&MIME) dated November 08, 2010 on Taxation of Construction Sand and Sandy-Silt for Exportation to a broad (L&R/Tax/2010Khm) (Royal Gazette, Year 10, No.89, December 04, 2010)

By this Prakas, a grantee has a duty to pay an export tax of USD\$0.6/m³ to the government for construction relating to sand and silt for exportation abroad. This duty is controlled and calculated by an Inter-committee consisting of representatives from the Ministry of Mining and Energy, the Ministry of Economic and Finance and local authorities with specialize departments. This payment should be made at the treasury of the province's capital.

Prakas No.1198 (MEF) dated December 29, 2010 on the Modification of Custom Rate for Some Imported Goods. (L&R/Tax/2010/Khm) (Royal Gazette, year 10, No. 96, December 30, 2010)

By this Prakas, custom rates of 3 kinds petroleum was adjusted for import. Petroleum products for cars were reduced from

35% to 15%, diesel products were reduced from 15% to 0% and oil products from 7% to 0%.

Sub-Decree No.172 (MEF) dated December 29, 2010, on Modification of Special Tax Rates and Tax Rates for Some Exported Goods (L&R/Tax/2010/Khm) (Royal Gazette, year 10, No. 96, December 30, 2010)

This sub-decree is to both increase and reduce Special Tax Rates and Tax Rates for customs tariffs of some Exported Goods from Cambodia.

- Special tax rates have been increased from 10% to 20% for tax line 13 and reduced from 33.33% to 10% on tax line 6, detailed in Article 1 of this Prakas.
- Export tax rates have been increased from 10% to 20% for tax line 20 and reduced from 10% to 0% on tax line 7 detailed in Article 2 of this Prakas.
- Moreover, this sub-decree has also modified the export tax rates on rubber products and calculated a base tax called "tax multiply by unit" of tax rate 56 detailed in the Annex of this sub-decree.