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Banking and Finance

Prakas No.001/12 date April 17, 2012 on The Official fee for Operating Business Regarding the Cambodian Securities Exchange (CSX). (L&R/Fin/Khm/2013).

On 17 April 2012, the Securities and Exchange Commission of Cambodia (“SECC”) issued a Prakas regarding the service fee for securities trading operations. The purpose of this Prakas is to determine the service fee for securities trading operations for the SECC in compliance with the 2007 Law on issuance and trading of non-government securities and the 2009 Sub-decree on the implementation of the law on issuance and trading of non-government securities.

Securities firms for the seller and the buyer shall pay a service fee for securities trading operations to the SECC through the Operator of Clearance and Settlement Facilities (“OCSF”) licensed from the SECC. The service fee to be charged is 0.02% par share value. The OCSF shall make a report regarding the service fee collected and pay it monthly to the SECC on the first week of the following month. Any person who violates this Prakas is subject to be fined in accordance with the applicable laws in Cambodia. The general director of the SECC is responsible to observe and audit in respect of the service fee collected.

Corporate

Prakas No. 162 on the Management of Organization and Arrangement of Commercial Exhibition. (L&R/Cor/Khm/2013)

The purpose of this Prakas is to manage and approve on the commercial exhibition request, which shall be submitted in advance to the Ministry of Commerce (MOC) before the official opening of the event. If there are any changes to the date, place, topic and name of the event, the organizer shall submit the new application to the MOC at least 45 days before the official opening of the event.

Interestingly, those companies, who wish to provide the service to arrange and organize the exhibition in the Kingdom of Cambodia, shall properly register its company with the MOC by identifying clearly in the company statute that it is an Exhibition Arrangement Service Company.

The ministry will not allow two similar exhibitions at the same date, place, and topic. Any similar applications submitted at the same time, the ministry will review and approve on a “first come first serve” basis. It is a one-time-permit and valid only for the event for which it is requested. In addition, the event is allowed to take place for a maximum of 7 days.

Prakas No. 158 (MOC) dated on July 31, 2013 on Management of Precious Stone Diamond Businesses. (L&R/Cor/Khm/2013).

The Prakas aims to manage all kinds of precious stone diamond businesses in the Kingdom of Cambodia. Seller, trader, and those who wish to operate such businesses are required to get an approval from the Ministry of Commerce (MOC) through the provincial and capital department of commerce where the enterprise is located. The approval is valid for one year and can be renewed by resubmitting the application within 30 days before the expiration date.

In addition, for those who already obtained the approval - they shall conduct business at the place approved by the authority and pricetags are required to appear on all their products.

On the other hand, for those who do not comply with the provisions of this Prakas – they shall be responsible before the law and subject to withdrawal of the approval letter before the expiration date, fined or jailed from 1 to 5 years.

Prakas No.159 date July 31, 2013 on The Price Label on All Kinds of Product and Service. (L&R/Bus/Khm/2013)

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On 31 July 2013, the Ministry of Commerce issued a Prakas on the Price Label on Products and Services in order to strengthen the mechanism of the development of free market and fair competition. Under this Prakas, all traders, merchants and service providers are obliged to label the price tag on their goods and services in Khmer currency. However, the price tag in foreign currency is permissible unless the owner of the products or services holds a Permission Letter issued by the Department of Trade Promotion. The validity of this Letter is 1 year and can be renewed at the request of the interested applicant. The applicant is required to submit the following documents:

- | | |
|--|----------|
| - Certificate of Incorporation/Business Permit | 1 copy |
| - Request Application for Foreign Currency Price Tag | 1 copy |
| - Identity card/Passport | 1 copy |
| - Patent Certificate (the latest year) | 1 copy |
| - Photo 4 x 6 | 3 copies |

Any persons who violate this regulation are subject to permanent business closure and/or subject to a fine from 50,000 riels to 500,000 riels.

Prakas No.163 date July 31, 2013 on The Control of the Business Activities and Commercial Service. (L&R/Bus/Khm/2013)

On 31 July 2013, the Ministry of Commerce issued a new Prakas No. 163 on the Management of Business Activities, Services and Trade. Under this Prakas, all merchants, traders and service providers who are not subject to pay tax on profit or have their business activities registered are required to obtain a Business Permission Letter from the Ministry of Commerce. The Business Permission Letter has 1 year validity and is renewable at the request of the interested applicants. To request this permission, the applicant shall submit the following documents:

- | | |
|--------------------------|--------|
| - Application Form | 1 copy |
| - Identity Card/Passport | 1 copy |
| - Invoice sample | 1 copy |
| - Photo 4 x 6 | 3 copy |

Any business conducted without a Business Permission Letter from the Ministry of Commerce is considered illegal, and is therefore subject to permanent closure and/or subject to a fine from 50,000 riels to 500,000 riels.

Real Estate

Prakas No. 074 dated February 12, 2013 on The Permission on Building Renovation. (L&R/Cst/Khm/2013)

This Prakas aims to provide the legality of the construction and ensuring the safety of renovation work. Either natural or legal entity is eligible to request a renovation permit except for irrigation construction, bridge and road construction, historical heritage construction and other construction related to the national defense sector. The renovation of building means any work on changing some parts of common building caused by damage including the changing of old parts.

For those buildings constructed before 1998, the request for renovation permit is not required for the construction permit. For those buildings constructed between 1998 until the date of issuance of this Prakas, the competent authority can issue the renovation permit to a construction owner but the construction owner shall enter a contract for ensuring the construction quality, safety of neighbors and public order.

The renovation permits shall be under the competency of General Department of Construction of MLMUPC or the Department of LMUPCC of Capital/Province or the Office of LMUPC of Khan/District following their own competency. However, the period of each competent authority shall take 15 (fifteen days) from the issuance of the receipt of application.

The renovation permit shall be considered for approval if there is no response from the competent authority within 20 days upon receipt of the application. The renovation permit shall be invalid if the renovation work does not process from 3 months from the signing date. Further, the renovation permit can be renewed one time if there are appropriate reasons. The service fee for issuance of construction permit shall follow the joint Prakas of MLMUPCC and Ministry of Justice.

If there are complaints against the renovation, a complainant can file their objection to the competent

authority authorizing that renovation. If there is no settlement, the complainant can forward the complaint to the court.

This Prakas consists of 22 articles and shall come into force from the sign date.

Inter-Ministerial Prakas No. 30 on Real Rights Registration Pertaining to Civil Code. (L&R/L&P/2013/Khm)

By this inter-ministerial Prakas, the procedure for submitting requests for registration and procedure for registration of real rights, are established. The procedures cover areas which enable implementing the provisions of the 2007 Civil Code pertaining to:

- application for real right registration,
- subject matter of the registration,
- content of the application form,
- methods of registration,
- steps for application for information consultation and for information confirmation document,

This Inter-ministerial Prakas provides in details for clarification and requirements for nine types of real rights which were established by the Civil Code:

1. Ownership right
2. Perpetual lease right
3. Usufruct
4. Easement
5. Statutory lien
6. Pledge
7. Hypothec
8. Revolving hypothec
9. Secondary rights relevant to real rights

It also gives the definition of certain technical terms, determines institutions in charge of such registration and specifies conditions for request to modify or correct information.