

PREAH REACH KRAM

No. NS/RKM/0107/001

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 Government Securities as adopted by the National Assembly on 30 November 2006 at the fifth plenary session of the third legislature and as adopted by the senate as to its entire form and legality on 25 December 2006 at the second plenary session of the second legislature and whose meaning is as follows:

Law  
on  
Government Securities

CHAPTER 1  
GENERAL PROVISION

**Article 1.**

The purpose of this Law is to provide a framework for the efficient issuance and management of government securities to ensure that the Government's financing needs and payment obligations are met at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk, and to contribute to the development of the securities market in the Kingdom of Cambodia.

**Article 2.**

The definitions of terms used in this Law are listed as follows:

1. "Government securities" means bills and bonds and other instruments creating or acknowledging indebtedness and issued by or on behalf of the Government under this Law, including without limitation:

- (a) Treasury Bills with the maturity of less than one year;
- (b) Treasury Bonds with the maturity of one year and more;
- (c) Bonds on which yield is linked to another rate, such as the inflation rate or the exchange rate;
- (d) non-marketable savings bonds; and
- (e) other government securities

but not including securities issued by sub-national government and public enterprises, and any other government borrowing not made pursuant to this Law.

2. "Non-marketable securities" are those which, according to their terms, are payable only to the registered owners or recognized successors in title to the extent and in the manner provided in the applicable Prakas of the Minister of Economy and Finance, provided that the owners or recognized successors in title are entitled to call for redemption before maturity in accordance with the terms of such securities.

3. "Government securities certificate" means an executed written instrument, which guarantees the fulfillment of an obligation by the government of Cambodia and sets forth the terms, conditions, and stipulations of such obligation.

4. The term "accounts" means the general accounts and the special accounts of the National Treasury as prescribed in the [Public Finance Law of 1993] and other special

accounts established by a law of the Kingdom of Cambodia.

5. "Successor" means a person who inherits title and obligation in succession to a predecessor.

6. "Succession" means the transfer, by will or by law, of title and obligation of one or more predecessor.

7. "Other fund" means a special fund established by a law of the Kingdom of Cambodia only when it is required to operate a certain fund for a specified purpose and operated without conforming to the budgets of revenues and expenditures under the [Public Finance Law of 1993], excluding the government securities management fund under Article 7 of this Law.

8. "Government Securities Management Fund" means money provided by the Government and money received from private and public institutions through issuance of government securities. Such money shall be used for the purpose of principal and interest payment for the issued government securities. The Fund is not established for the humanitarian purposes.

9. "Heads of central government agencies" means heads of ministries under [the Law on the Organization and Functioning of the Council of Ministers of 1994] and other heads of government agencies which are duly empowered by a law and have duties equivalent to ministries.

10. "Maturity" means due date of a security.

11. "Minister" means Minister of Economy and Finance.

12. "Law on Central Bank" means the Law on the Organization and Functioning of the National Bank of Cambodia of 1996.

13. "Ministry" means the Ministry of Economy and Finance.

CHAPTER 2  
ISSUE AND OFFER OF GOVERNMENT SECURITIES

**Article 3.**

An issue and offer of government securities shall be carried out as follows:

(1) (a) Only the Minister may issue government securities at the expense of the Government Securities Management Fund under Article 7 of this Law. The Minister may buy, redeem, and refund any outstanding government securities at or before maturity. Principal of and interest on government securities is unconditionally guaranteed by the Government

(b) The National Treasury and the involving departments under the Minister shall be charged with matters related to government securities, unless the Minister explicitly delegates this authority to other government agencies.

(c) Except as otherwise provided for in other Laws, and subject to Article 23 of the Law on the Organization and Functioning of the National Bank of Cambodia of 1996 (hereafter referred to as the “NBC Law”), technical and operational matters concerning government securities may be undertaken by the National Bank of Cambodia under the Minister’s guidance as prescribed by the Anukret of this Law. The Governor of the NBC shall establish procedures to separate these functions from its monetary policy functions.

(2) If the head of a central government agency which manages accounts and other funds under other Laws wishes to issue government securities, he shall submit to the Minister a request for the issue of government securities.

(3) Local governments and public entities such as large state-owned enterprises other than Government may not issue public bonds without prior consent of the Minister.

(4) Government securities may be issued in domestic currency or foreign currency.

**Article 4.**

(1) The National Assembly shall approve the total amounts of issuance of government securities for each fiscal year.

(2) The amount of government securities to be issued in each fiscal year shall be submitted to the National Assembly as a part of [finance bill], under the [Public Finance Law of 1993], by the Prime Minister.

(3) The Prime Minister may request the National Assembly to approve the issue of amounts in addition to the total amounts approved during the regular session of the National Assembly, and along with such request, the Prime Minister shall provide a comprehensive explanation detailing the reasons for the necessity of such additional issue of government securities.

**Article 5.**

(1) Government securities shall be issued on the open market in such a way that the people of Cambodia will be afforded, to the extent practicable, an equal opportunity to participate in subscribing to the issued government securities.

(2) The Minister may, however, decide by Anukret that issuing government securities in a different way is in the public interest. Except as otherwise provided for in other Laws and regulations thereunder, matters concerning the issue of government securities including the method of issuance and interest rate shall be prescribed by the Anukret.

(3) Government securities shall be sold by competitive bidding in the primary market. When a part of a particular issue of government securities is unsold after sale by competitive bidding process, the Minister may use Government accounts under the Ministry of Economy and Finance (hereafter referred to as the “Ministry”) in order to purchase such securities on the same terms and conditions as they were sold through the competitive bidding process.

**Article 6.**

Matters related to government securities certificates, registration of government securities and the redemption of the principal of and interest accrued on government securities shall be provided for by Anukret.

CHAPTER 3  
GOVERNMENT SECURITIES MANAGEMENT FUND

**Article 7.**

(1) The Government shall establish a government securities management fund (hereinafter referred to as the “GSMF”) to effectively manage the issue and redemption of government securities and other related matters.

(2) The GSMF may be operated without conforming to the budgets of revenues and expenditures governed by the [1993 Public Finance Law].

**Article 8.**

(1) The Minister shall operate and manage the GSMF.

(2) The Minister may delegate his authority on matters related to the operation and management of the GSMF to the Governor of the NBC.

(3) The Governor of the NBC, as delegated in (2), shall submit to the Minister an annual report on the settlement of accounts of the GSMF before the end of February of the following fiscal year and such annual report shall contain the following:

1. report on the general condition of the GSMF and an analysis thereof
2. balance sheet
3. profit and loss statement
4. cash flow statement and its underlying documents
5. other documents related to the settlement of GSMF account

(4) The Anukret shall prescribe other matters related to the operation and management of the GSMF.

**Article 9.**

(1) The financial resources of the GSMF shall be the revenues from the following:

1. proceeds from issue of government securities
2. interest earned on deposits in accounts and other funds
3. annual settlement surplus
4. contributions from the Government
5. operating earnings of the GSMF

(2) The GSMF shall perform the following functions:

1. redemption of the principal of, and payment of interest on issued government securities
2. deposits of proceeds in accounts and other funds
3. payment for the necessary expenses accruing from the management of the GSMF
4. purchase of government securities and other public bonds and short-term deposit in or short-term loan to financial institutions with excess cash, if any. The Minister by Prakas may provide for other uses of such excess cash.

**Article 10.**

(1) The Minister shall devise the GSMF operation plan (hereafter referred to as “Operation Plan”) for the following fiscal year taking into account the need for the issue of government securities.

(2) The Minister shall submit the Operation Plan for deliberation and approval by the Council of Ministers.

**CHAPTER 4**  
**AUDIT OF AND ROLE OF THE STATE IN THE GSMF**

**Article 11.**

(1) [National Auditing Authority] may audit the Ministry in matters related to government securities and NBC for the matters delegated by the Minister under this Law.

(2) Internal audit department of the Ministry and the NBC shall regularly audit departments in charge of matters related to government securities and report the results to the Minister and the Governor of the NBC, respectively, for recommendations.

**Article 12.**

(1) For the purpose of deliberating on important policy issues with respect to the development of government securities markets, the Joint Committee of Government Securities Market Development may be established by the Royal Government at the request of the Minister. The Committee shall be composed of the Minister, the Governor of the NBC, any other heads of central government agencies, if appropriate, and experts from the private sector.

(2) The Minister may establish an ad-hoc expert task force to study ways and means of expediting the development of primary government securities market and developing an efficient secondary government securities market, and to make appropriate recommendations to the Minister.

**Article 13.**

With the prior deliberation of the Council of Ministers, the Prime Minister shall submit an annual report to the National Assembly on the Ministry’s public debt activities including without limitation information with respect to the total public debt, the net



public debt, maturity profile, principal and interest payments schedule, information on the holders of public debt, the operation of the GSMF, and an explanation of the overall financing strategy for the current fiscal year and for the succeeding 5 fiscal years.

**Article 14.**

(1) When necessary for the appropriate issuance and management of government securities, the Minister may request the heads of the relevant central government agencies to present him with relevant materials.

(2) The heads of the central government agencies shall, upon receiving such request for materials under paragraph (1) above, comply with such request, unless there exist any special reasons not to do so.

**Article 15.**

(1) Unless otherwise provided for in any other Law, the Government shall not pledge or create any mortgage or security interest over public assets or resources to secure their issues of government securities, and government assets and revenues shall be protected from seizures, attachments, embargoes, and the like.

(2) Claims against the Government for payment of an amount in respect of government securities shall be prescribed unless made within five years in the case of principal and two years in the case of interest from the date of maturity.

CHAPTER 5  
PENALTIES

**Article 16.**

A person who falsifies government securities by any means shall be punished in accordance with the existing law.

**Article 17.**

A person or government official who is involved in bidding process or other obligations required by this Law, and who fails to comply with duties set forth in the law shall be punished in accordance with the existing law.

CHAPTER 6  
TRANSITIONAL PROVISION

**Article 18.**

In case issued government securities are not redeemed as of the date of this Law coming into effect, the issued government securities shall be redeemed in accordance with the procedure set at the issuance.

CHAPTER 7  
FINAL PROVISION

**Article 19.**

All provisions contrary to this Law are hereby abrogated.

the Royal Palace, Phnom Penh, 10 January 2007

(His Royal Signature)

Norodom Sihamoni

No. PRS.0701.014

Has informed to

His Royal Highness for signature

Prime Minister

(Signature)

Hun Sen

Has informed to Samdech Prime Minister

Senior Minister, Minister of Economy and Finance

(Signature)

Keat Chhon

No. 31 CL

For Copy and Distribution

Phnom Penh, 12 January 2007

Deputy Secretary General of the Royal Government

(Signature and Seal)

KHUN CHINKENG