

- **Annex of the Prakas No 006/11 SECC Prk dated on May 03, 2011 on the Implementation of the Operating Rules of Securities Market of the Cambodia Securities Exchange**
- **Annex of the Prakas No 001/12 Duplicate 3 SECC Prk dated on April 17, 2012 on the Implementation of Amendment of Transaction Fee in the Operating Rules of Securities Market of the Cambodia Securities Exchange**

# **Operating Rules of Securities Market of the Cambodia Securities Exchange**

## **Chapter I General Provisions**

### **Article 1.- Purpose**

The purpose of the Operating Rules of Securities Market is to prescribe the matters necessary for the trading of securities at the Cambodia Securities Exchange (hereinafter written as “the CSX”) granted the approval in accordance with the Law on the Issuance and Trading of Non-Government Securities and relevant regulations.

### **Article 2.-Definitions**

The terms used in these rules are defined in this article and in the glossary of the annex of the Law on the Issuance and Trading of Non-Government Securities and the Anukret on the Implementation of Law on the Issuance and Trading of Non-Government Securities and relevant regulations.

-“**Member**” shall refer to the securities firm, which obtains license from the Securities and Exchange Commission of Cambodia (hereinafter written as “the SECC”), and which is the member of the Operator of Securities Market, of the Operator of Securities Clearing and Settlement Facility and of the Operator of Securities Depository and has rights to use the trading system and other computer system of the CSX.

-“**Order**” shall refer to the order for purchase or sale of securities by a member for trading at the CSX.

-“**Opening price**” shall refer to the first traded price of securities on each trading day at the CSX .

-“**Closing price**” shall refer to the last traded price before the closing of the trading session on each trading day, including the special quotation.

-“**Special quotation**” shall refer to, in cases of the issues that are not executed until the market closing time, the “Best offer” in case where offer price is lower than the base price or the “Best bid” in case where bid price is higher than the base price.

-“**Customer account transaction**” shall refer to the buying or selling of securities upon receiving a trade entrustment from a customer.

-“**Own account transaction**” shall refer to the buying or selling of securities for the member’s own account.

-“**CSX computer system**” shall refer to the computer system operated by the CSX for the purpose of intermediating securities transaction. -“**Member computer system**” shall refer to the

computer system of a member, which is permitted to transmit the orders to the CSX computer system.

-"**Abnormal trades**" shall refer to the trades in which the price or trading volume of securities fluctuates abnormally in the Market.

-"**Unfair trading**" shall refer to the trades that change market prices artificially by unfair means such as using undisclosed information, insider information, market manipulation, or dissemination of the market quotation information.

-"**Market surveillance**" shall refer to the monitoring and analyzing the transactions of securities in the market, the status of orders and quotations for such transactions or the announcements related to disclosure document, rumors, news reports, etc.

### **Article 3.-Types of Securities to Be Traded**

Equity securities shall be permitted for trading at the CSX by complying with these Operating Rules.

The securities transactions among the members shall be intermediated by the CSX.

### **Article 4.-Validity of Orders**

An order shall be valid from the time it is received by the CSX trading system to the time it is executed during the trading session of the same day.

Notwithstanding Para.1, the validity of an order shall be suspended when trading of a specific issue is suspended during the trading hours.

### **Article 5.-Correction or Cancellation of a Submitted Order**

The member may correct or cancel the price or quantity of a submitted order. When there is a correction of the price or an increase in the quantity of the order, the time stamp of receiving order in the trading system of the CSX shall be changed to the correction time.

The correction or cancellation of an order shall be made only if the concerned order has not yet been executed.

## **Chapter II Equity Securities Market**

### **Article 6.-Trading Hours**

The trading hours shall be from 8:00 am to 11:30 am.

Trade shall be executed 02 (two) times per day, at 9:00 am, and 11:30 am.

### **Article 7.-Trading Days**

Trading days shall be from Monday to Friday, except public holidays.

### **Article 8.-Order Procedures**

In case where a member places an order to the CSX, the member shall conduct the following procedures:

- 1- Check for the available cash or securities in order to ensure the settlement or trading related to the concerned order;
- 2- Identify the detail order information as prescribed in the article 9; and
- 3- Place the order through the CSX system.

## Article 9.- Detailed Order Information

The orders placed into the CSX trading system by the member, shall include each of the following details:

- 1- Issue name;
- 2- Quantity;
- 3- Price;
- 4- Classification for bid or offer orders;
- 5- Classification for customer account transaction or own account transaction;
- 6- Member's ID number;
- 7- Investor's ID number;
- 8- Order number;
- 9- Account number;
- 10- In case of the orders for cancellation or correction, the classification thereof and original order number;
- 11- Investor classification code; and
- 12- In case of foreign investors, the nationality code and investor classification code.

## Article 10.- Order Unit, Tick size, and Trading Unit

The order unit for equity securities shall be 01 (one) share.

The tick size shall be determined as the following:

- 1- KHR 50: Issues with the price per share less than KHR 50,000;
- 2- KHR 250: Issues with the price per share equal to or higher than KHR 50,000, but less than KHR 500,000; and
- 3- KHR 500: Issues with the price per share equal to or higher than KHR 500,000.

The minimum trading unit for equity securities per transaction shall be 1 (one) share.

## Article 11.- Base Price

The base price of equity securities, unless otherwise determined by the SECC, shall be determined as the following items:

- 1- In case of issues other than those mentioned in Items 2 through 5, it shall be the closing price of the previous trading day;
- 2- In case of initially listed issues, the first trading price determined pursuant to the article 16 of these rules;
- 3- In case of the issues undergone ex-dividend (equity securities dividend), the price obtained using the following formula:

Total of market capitalization before dividend / Number of equity securities after dividend

**N.B.:** Total of market capitalization before dividend = Closing price x Number of equity securities before dividend

- 4- In case of the issues undergone ex-rights, the price obtained using the following formula:

[Total of market capitalization before capital increase + (Issuing price of equity securities x Number of equity securities additionally allocated to shareholders)] / Number of equity securities after capital increase

5- In case of the issues undergone split off (Split, merge and capital reduction), the price obtained using the following formula:

$$\text{Split ratio} = \frac{\text{Closing price of the previous day} \times \text{Split ratio}}{\text{Number of equity securities before split} / \text{Number of equity securities after split}}$$

The price pursuant to Para.1 shall, when they are less than the price unit, be rounded up to the price unit.

### **Article 12.- Daily Price Change Limit**

The daily price change limit shall be equal to the amount calculated by adding or subtracting 5% of the base price, and the amounts obtained less than the price unit of the base price shall be down. However, in cases where the base price is less than KHR 1,000, the daily price change limit shall be KHR 50.

Notwithstanding Para.1, no daily price change limit shall be set for the issues scheduled to be delisted, which are permitted to be traded for a fixed period of time before delisting.

In case where an equity security was delisted or suspended for a prolonged period of time, the relisting or resuming of trading of that equity security shall have base price as defined in the Article 16 of these rules.

### **Article 13.-Principle of Auction**

All trades shall be executed through a single-price auction.

Priority of bid and offer orders in a single-price auction shall be determined in accordance with the following guidelines:

1-The lower offers shall have priority over higher offers, and higher bids shall have priority over lower bids; and

2-In case of the same price orders, the orders received earlier shall have priority over the orders received later.

Notwithstanding Para. 2, in case of simultaneous orders, the priority of bid and offer orders shall be determined as the following:

1- The following orders shall be treated as simultaneous orders:

- a. In case where the bid price is at the upper limit (base price + 5%); and
- b. In case where the offer price is at the lower limit (base price -5%).

2-Among the simultaneous orders pursuant to point 1 of Para. 3, the orders for customer accounts shall have priority over the orders for members' own accounts. In this case, the order with larger quantity has priority over the orders with smaller quantities. In case of the same quantity orders, the order received earlier by the trading system of the CSX has priority.

3- Quantity of each simultaneous order noted in point 2 of Para. 3 shall be distributed sequentially as shown in the following:

- a. 100 times the minimum trading unit; b. 500 times the minimum trading unit;
- b. 500 times the minimum trading unit;
- c. 1,000 times the minimum trading unit;
- d. 50 % of the residual quantity. In this case, the quantity below the minimum trading unit should be rounded to the minimum trading unit; and
- e. The total residual quantity.

#### **Article 14.-Method and Mechanism of Trade Execution**

Trade shall be executed at a specific price (hereinafter referred to as “the matched price”) where the aggregated quantity of offer orders and aggregated quantity of bid orders match in accordance with the following priorities:

- 1- First priority: The total quantity of offer orders whose prices are lower than the matched price and the total quantity of bid orders whose prices are higher than the matched price;
- 2- Second priority: In case of bid and offer orders that are submitted at the matched price, the quantity shall be executed as the following:
  - a. Total quantity of either bid or offer order; and
  - b. At least 01 (one) trading unit of the other party.

In case where there are two or more matched prices, it shall be any of the following prices:

- 1- The last price, in case where there is a price that is equal to the last price; and
- 2- The price that is closest to the last price, in case where there is no price that is equal to the last price.

#### **Article 15.-Correction of Transaction Errors**

In case where the CSX has made an error in the course of intermediating the securities transaction or where a member has made an error in the course of placing orders, the transaction details in such cases may be corrected.

Transaction errors shall be classified into either errors made by the CSX or errors made by the member.

The CSX shall correct the transaction errors by the following methods:

- 1- In case of transaction errors made by the CSX: the CSX shall make the correction according to the original order information, and have the concerned member took over the concerned securities as an own account transaction. And in case there is a loss resulted from the errors correction, CSX shall compensate equivalent amount of the loss to the concerned member.
- 2- In case of transaction errors made by a member: the errors shall be corrected after the concerned member takes over the concerned errors as own transaction. In this case, the concerned member shall submit to the CSX an application for correcting the transaction errors, together with a statement of causes or a documentary evidence, by 12:00 at noon of the next trading day.

#### **Article 16.-Base Price of Initially Listed Issues**

The base price for the trading of initially listed issues shall be between 90 % and 150 % of the price determined in the disclosure documents registered at the SECC (IPO price).

### **Chapter III Market Management**

#### **Article 17. Publication of Market Data**

The CSX shall make public the following market data:

- 1- Opening prices and closing prices; and
- 2- Total trading volume and value.

The CSX may make public the information that is useful for making investment decisions for the protection of investors.

#### **Article 18.-Matters to be Notified to Members**

The CSX shall notify each of the following matters to its members:

- 1- The CSX operating rules and the amendment thereof;
- 2- Initially listed issues, additional listing, delisting, and issues suspended from trading;
- 3- Temporary closing of market, suspension of market, and changes in trading hours;
- 4- Admitted Members, members that have withdrawn or been expelled from its membership;
- 5- Members suspended from trading and termination of such suspension;
- 6- Trading details (including the name of issue, trading quantity and value, buy/sell classification, indication of own account transaction or customer account transaction).

The CSX shall maintain the records relating to orders, correction of transaction errors, and trading details for a period of ten (10) years.

#### **Article 19.- Members' Computer Systems**

The members shall make their computer systems in compliance with the relevant Laws and regulation, and these rules.

#### **Article 20.- Date of Action for Ex-Entitlement**

The date of action for ex-dividends or ex-rights shall be 01 (one) trading day prior to the record date on which a person who exercises the right is determined.

#### **Article 21.- Market Representative**

Each member shall appoint at least 01 (one) market representative, who will be trained by the CSX to use the CSX's trading system, and to work on the CSX's trading floor. Each member shall submit an appropriate application to the CSX for registering the market representatives. Only the market representatives shall be allowed to use the member computer system located on the trading floor of the CSX.

## **Chapter IV Surveillance of Securities Trading**

#### **Article 22.-Preventative Actions of the CSX**

To maintain a fair trade environment and to protect investors, the CSX may undertake preventative actions against unfair trading practices of the companies listed on the CSX.

#### **Article 23.-Stock Watch**

The CSX shall conduct market watch to identify the suspicious issues of abnormal trading.

The identification of suspicious issues of abnormal trading shall be made by the CSX by taking into accounts such matters as trading manners, price fluctuation, securities trading volume, and relationship between the market price and trade, and the details of rumors.

**New Article 24.-Securities Transaction Fees**

The members shall pay securities transaction fee in relation to services provided pursuant to these rules.

Calculation method for transaction fee, payers and time of payment are as follows:

- 1- Rate: The fee for the equity securities trading service shall be levied on the amount of value of trade settled (the amount of fee obtained shall be rounded up to the first decimal place) at the rate of 15/10,000 (fifteen-ten thousandths) or 0.15%.
- 2- Payers: securities firms which are members of the CSX.
- 3- Time of Payment: 8:30 am on the settlement day.

For 2012, equity securities transaction fee pursuant to above Para. 2 Point 1 shall be reduced by 50% to 7.5/10,000 or 0.075% (seven point five-ten thousandths).

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