

Securities and Exchange Commission of Cambodia
No. 004/16 SECC/Pr.K.

PRAKAS
On
the Implementation of the Operating Rules of Securities Liquidity
Providing of Cambodia Securities Exchange

Senior Minister,
Minister of Economy and Finance, and
Chairman of the Securities and Exchange Commission of Cambodia

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Preah Reach Kret No. NS/RKT/0913/903 on 24 September 2013 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Preah Reach Kret No. NS/RKT/1213/1393 on 21 December 2013 on the Amendment and Adjustment to the Composition of the Royal Government of Cambodia;
- Having seen the Preah Reach Kret No. NS/RKT/0416/368 on 04 April 2016 on the Amendment and Adjustment to the Composition of the Royal Government of Cambodia;
- Having seen the Preah Reach Kram No. 02/NS/94 on 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 on 24 January 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen the Preah Reach Kram No. NS/RKM/0107/001 on 10 January 2007 promulgating the Law on Government Securities;
- Having seen the Preah Reach Kram No. NS/RKM/1007/028 on 19 October 2007 promulgating the Law on the Issuance and Trading of Non-Government Securities;
- Having seen the Anukret No. 97 ANKr. BK on 23 July 2008 on the Organization and Functioning of the Securities and Exchange Commission of Cambodia;
- Having seen the Anukret No. 54 ANKr. BK on 08 April 2009 on the Implementation of the Law on the Issuance and Trading of Non-Government Securities;
- Having seen the Prakas No. 011 SECC PrK on 01 December 2009 on the Grant of Approval to the Operator of a Securities Market, the Operator of a Securities Clearing and Settlement Facility, and the Operator of a Securities Depository;

- Having seen the Prakas No. 004 SECC PrK on 18 March 2010 on the Prime Principle of the Operating Rules of a Securities Market, a Securities Clearance and Settlement Facility, and a Securities Depository;
- Having seen the Prakas No. 003/11 PrK on 03 May 2011 on the Implementation of the Membership Rules
- In reference to the request for approval on the Operating Rules of Securities Liquidity Providing of Cambodia Securities Exchange on 18 April 2016;
- In reference to the approval made by the Securities and Exchange Commission of Cambodia during the plenary session on 02 August 2016;

HEREBY DECIDES

Article 1.-

To set forth the implementation of the Operating Rules of Securities Liquidity Providing of the Cambodia Securities Exchange as enclosed in the annex of this Prakas.

Article 2.-

Director General of the Securities and Exchange Commission of Cambodia, the Department of Securities Market Supervision, the Department of Legal Affairs, all other departments and unit of the Securities and Exchange Commission of Cambodia, the Cambodia Securities Exchange, members and participants of the Cambodia Securities Exchange, and relevant persons shall effectively implement this Prakas according to their roles from this signing date onwards.

Phnom Penh, 17 August 2016

(Signature and Seal)

Dr. Aun Pornmoniroth

Recipients:

- Office of the Council of Ministers
- Ministry of Economy and Finance
- Ministry of Commerce
- Ministry of Justice
- National Bank of Cambodia
- General Secretariat of Royal Government
- Cabinet of Samdech Akka Moha Sena Padei Techo Hun Sen
Prime Minister of the Kingdom of Cambodia
- Cabinets of Excellencies Deputy Prime Ministers
- All ministries and relevant institutions
- As prescribed in Article 2 “to implement”
- Royal Gazette
- Archives-records

Annex of the Prakas No 004/16
dated on August 17, 2016

Operating Rules
On Securities Liquidity Providing of Cambodia Securities Exchange
Chapter 1
General Provision

Article 1. Purpose

The purpose of the Operating Rules is to prescribe the mechanism, procedure, rights and obligations necessary for managing the liquidity providing to securities listed and traded in the Cambodia Securities Exchange (CSX) performed by CSX's members called "**Liquidity Providers**" in accordance with the Law on the Issuance and Trading of Non-Government Securities and Anukret on the Implementation of the Law on Issuance and Trading of Non-Government Securities and relevant existing regulations.

Article 2. Types of Securities Permitted

Equity securities listed on the CSX shall be permitted for liquidity providing.

Chapter 2
Registration and Cancellation of Liquidity Provider Status

Article 3. Qualification Requirement

CSX's member who wishes to become a liquidity provider shall fulfill the following requirements:

- Be a securities underwriter or securities dealer;
- Have adequate system and at least one employee to carry out the liquidity providing activities;
- Have a supervisory and internal control mechanism.

Article 4. Registration

A member wishing to be a liquidity provider shall submit an application to the CSX by specifying the name of covered securities.

The registration shall be valid for a period of 2 (two) years, starting from the approval date of registration. The liquidity provider, who intends to renew its status, shall file another application of registration to the CSX at least 30 (thirty) days before the expiration date.

CSX shall make decision on the application no later than 5 (five) working days from the date of receiving the complete application and shall immediately make public announcement if providing approval. After granting the registration, CSX shall provide the list of liquidity providers to Securities and Exchange Commission of Cambodia (SECC) no later than 3 (three) working days.

The liquidity provider shall start performing its obligations under these Rules no later than 3 (three) working days from the approval date.

The liquidity provider shall post a public announcement indicating the name of the concerned securities and inform its customers when it provides advice on such securities.

Article 5. Registration Cancellation

The liquidity provider status on a security shall be automatically canceled in the event that the membership in the CSX of the liquidity provider is terminated or the covered security is delisted.

If the liquidity provider wishes to resign, it shall give a written notice to the CSX not less than 30 (thirty) days prior to the proposed date of resignation.

CSX shall immediately notify in writing and attach documents related to such resignation as prescribed in paragraph (2) of this article to the Director General of SECC and shall immediately make public announcement about such cancellation.

Chapter 3

Obligations and Incentives

Article 6. Obligations Related To Placing Bid and Ask Orders

The liquidity provider must enter and maintain bid and/or ask orders in the order book of CSX in order to ensure that prices are continuously available in the trading system and to ensure the liquidity.

When the best bid and/or best ask spread in the market does not exist or exceeds 10 (ten) tick sizes, the liquidity provider is obliged to submit, within 5 (five) minutes from the occurrence of the event, bid and/or ask orders in order to make the spread less than or equal to 10 (ten) tick sizes.

When there are only one-side orders at the buy side, the spread shall be calculated by subtracting the upper limit price from the best bid. When there are only one-side orders at the sell side, the spread shall be calculated by subtracting the best ask from the lower limit price.

Bid/ask order of liquidity provider shall be:

- At least 100 (one hundred) shares of each security per order;
- Submitted during the continuous trading session; and
- Placed with a separate account designated specifically for the liquidity providing activities.

Article 7. Exemption from Obligations Related To Placing Bid and Ask Orders

The liquidity provider shall be exempted from the obligations mentioned in article 6 in the following cases:

- 1) The best bid and best ask spread is less than or equal to 10 (ten) tick sizes.
- 2) The liquidity provider's trading volume of the day exceeds 2,000 (two thousand) shares of the concerned security.
- 3) Bid orders exist at the upper limit or ask orders exist at the lower limit price.
- 4) The dissemination of news triggering a price swing of the covered securities, which is considered as abnormal, following the written request by the liquidity provider and the CSX's consent.

- 5) Malfunction of the CSX's trading system.
- 6) The trading of securities covered by liquidity provider is halted or suspended.
- 7) The membership of liquidity provider in the CSX is suspended.

Article 8. Notification on Inability of Obligations Performance

The liquidity provider shall notify the CSX immediately if it is unable to fulfill its obligations related to placing bid and ask orders and later when it is able to resume them. The CSX shall notify the SECC when the liquidity provider is unable to fulfill its obligations.

Article 9. Incentives

The liquidity provider shall be entitled to an exemption of the CSX's fees (Trading, Clearing & Settlement and Book-Entry fees).

The CSX may decide to provide other incentives to the liquidity provider as it deems necessary to promote the liquidity providing activities.

Chapter 4

Monitoring and Prohibition

Article 10. Monitoring on Liquidity Provider

The CSX shall conduct regular monitoring on liquidity providing activities to ensure fair trading practices in the market and shall report to the Director General of the SECC in case there are abnormal activities in the liquidity providing.

The CSX shall conduct quarterly performance assessment on liquidity provider on such aspects as contribution to the spread improvement, fulfillment of the obligations, and timely placement of quotations. In case the liquidity provider fails to perform its obligations in 2 (two) consecutive quarters, the CSX may terminate or suspend the liquidity providing activities for at least 1 (one) year. The CSX shall provide the SECC with the performance assessment report on liquidity providing and relevant documents no later than 10 (ten) working days after completion of evaluation.

Article 11. Prohibition

The liquidity provider must avoid any act or practice which is likely to lead to a false or misleading appearance with respect to the market price or active trading, or to give rise to market manipulations.