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Law on Anti-Money Laundering and Combating Financing of Terrorism

The Law on Anti-Money Laundering and Combating Financing of Terrorism (“**2020 AML-CFT Law**”) was promulgated on 27 June 2020. It replaces the Law on Anti-Money Laundering and Combating Financing of Terrorism promulgated in 2007 and amended in 2013 (“**2007 AML-CFT Law**”). The regulations issued under the 2007 AML-CFT Law remain in effect until there is a new set of regulations issued to replace them.

Similar to the 2007 AML-CFT Law, the 2020 AML-CFT Law establishes certain requirements and mechanisms to ensure that financial transactions in Cambodia are not improperly used for money laundering or terrorism activities. The reporting requirement under this 2020 AML-CFT Law also requires professional secrecy across all related industries.

Overall, compared to the 2007 AML-CFT Law, the 2020 AML-CFT Law provides more detailed information with respect to the following:

- Definition of assets in relation to Anti-Money Laundering (“**AML**”) and Combating Financing of Terrorism (“**CFT**”);
- Basis of crime;
- Risk-based Know Your Customer (“**KYC**”) requirements (i.e. inclusion of Ultimate Beneficiary Owner inquiries, steps to deal with suspected or confirmed money laundering or terrorism financing activities, and extra precautions on top of the requirements set out in the previous KYC procedures);
- Emergency measures to be taken by all relevant regulatory bodies including direct freezing of suspected assets and immediate retention of suspected assets, as well as actions to be taken by courts where a crime under the 2020 AML-CFT Law is found; and
- The referenced criminal penalties with respect to pre-existing and new crimes, namely the crimes of money laundering, refusal to provide information, delay in providing operational reports, breach of duty to disclose or failure to disclose information, breach of confidentiality duties and terrorism financing, as well as additional penalties for legal entities.

The scope of the 2020 AML-CFT Law has also been expanded to include trusts (recently introduced under the Law on Trusts 2019), real estate developers and companies.

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Furthermore, the 2020 AML-CFT Law provides extra legitimacy to the existing Cambodia Financial Intelligence Unit (“**CAFIU**”) by recognising its role separately from the National Bank of Cambodia, granting CAFIU a separate official logo and stamp for its official use, and further elaborating on the composition of CAFIU and its procedural functions.

The 2020 AML-CFT Law creates a new entity, which is the Committee on National Cooperation, to be responsible for the issuance of implementing regulations and enforcement of the same.

The 2020 AML-CFT Law directly endorses the United Nations Security Council’s Resolution Nos. 1267 and 1373 and any subsequent resolutions to be issued by the United Nations Security Council in relation to money-laundering and terrorist financing.

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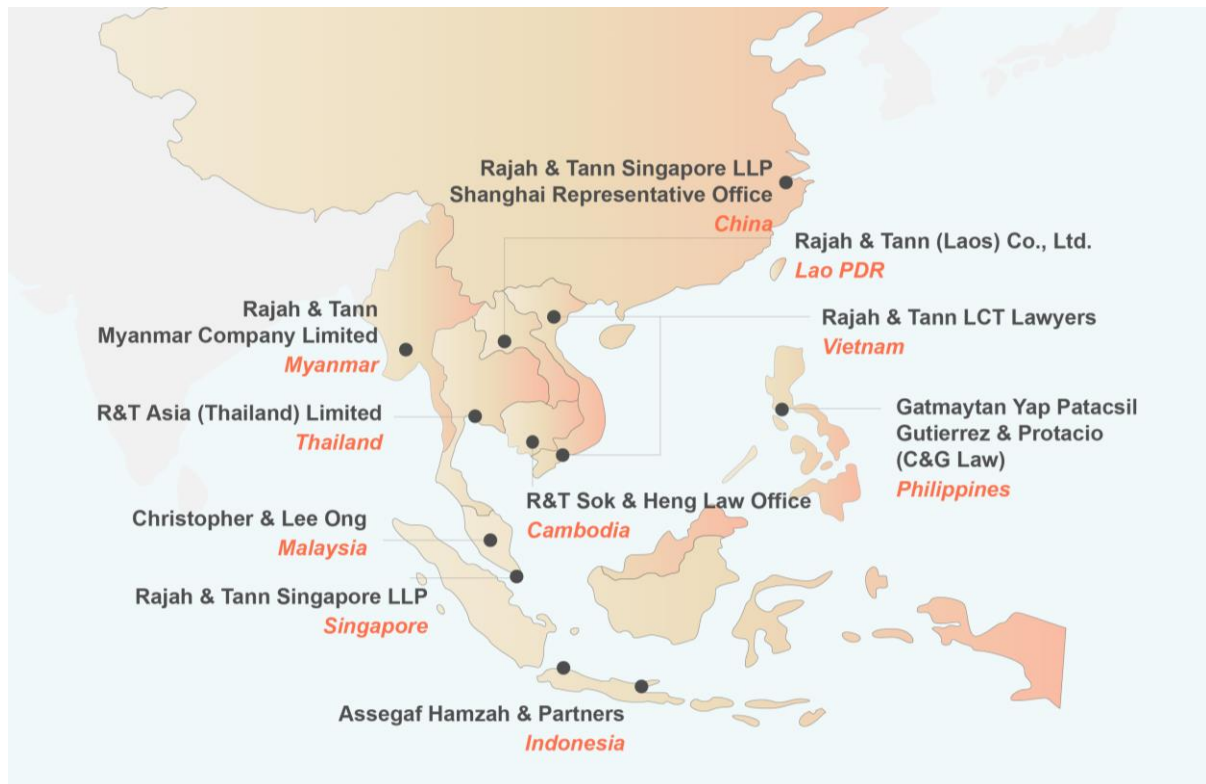
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