
Banking & Finance

Law on Organization and Functioning of Non-Banking Financial Services Authority

The Law on Organization and Functioning of Non-Banking Financial Services Authority ("**Law**") was promulgated on 16 January 2021. Under the Law, a Non-Banking Financial Services Authority ("**Authority**") is created to regulate and supervise the non-banking financial sector in Cambodia.

The Authority is established to: (i) enhance and ensure the effective implementation of regulations relating to the non-banking financial sector; (ii) monitor the development in the non-banking financial sector; and (iii) promote the development and utilization of financial technology in the non-banking financial sector. The non-banking financial sector includes, but is not limited to, insurance and private pension, securities, social security, trust, accounting and audit, real estate, pawnshop and transfer as security.

The scope and authority as regulator of the Ministry of Economy and Finance ("**MEF**") in relation to non-banking sector as well as those as regulator of the Securities and Exchange Commission of Cambodia ("**SECC**") and the National Accounting Council are to be transferred to and consolidated within the Authority.

This Update provides a summary of the key features of the Authority.

Roles and Duties of the Authority

The Authority:

- (a) Acts as the regulator of the non-banking financial sector;
- (b) Initiates non-banking financial sector development policies and strategies as well as non-banking financial technology to the government;
- (c) Determines, monitors, and observes the implementation of non-banking financial sector development policies and strategies;
- (d) Enhances market confidence, supports investors, and prevents financial crime within the non-banking financial sector by initiating investigations, collecting information from relevant persons, and taking action on freezing of assets or bank account balances of relevant persons in the event of suspicion of non-banking financial crime in accordance with the law in force;
- (e) Contributes in the maintenance of and strengthening the stability of the financial sector; and
- (f) Encourages development of financial innovation.

The Authority shall be governed by the Non-Banking Financial Authority Council ("**Council**").

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Composition of the Council

The following persons make up the Council:

- (a) the Minister of Economy and Finance (Chairman);
- (b) a Representative from MEF (Vice-Chairman);
- (c) a Representative from MEF (member);
- (d) a Representative from the National Bank of Cambodia (member);
- (e) a Representative from the Council of Ministers (member);
- (f) a Representative from the Ministry of Commerce (member);
- (g) a Representative from the Ministry of Justice (member);
- (h) the Secretary General of the Authority (member);
- (i) the Director General of the Insurance Regulator of Cambodia (member);
- (j) the Director General of the Securities Regulator of Cambodia (member);
- (k) the Director General of the Social Security Regulator (member);
- (l) the Director General of the Trust Regulator (member);
- (m) the Director General of the Accounting and Audit Regulator (member);
- (n) the Director General of the Real Estate and Pawnshop Business Regulator (member); and
- (o) three Independent experts nominated by MEF (members).

The Vice-Chairman and members of the Council have a mandate of 5 years. The Council may establish various commissions as may be necessary via the decision of the Chairman of the Council.

Roles and Duties of the Council

The Council:

- (a) Examines and initiates the non-banking financial sector development policies and strategies as well as non-banking financial technology;
- (b) Puts forth strategic plans and action plans to implement non-banking financial sector development policies and strategies;
- (c) Examines and monitors the implementation of strategic plans and action plans of the Authority;
- (d) Examines and decides on the preparation of Prakas(s), Sarachor(s) and Instructions in order to manage the non-banking financial sector;
- (e) Examines and decides on conditions, procedures, and rules to issue, suspend and terminate licenses and/or certificates, approvals, accreditations, and registrations in the non-banking financial sector;
- (f) Promotes and enhances the implementation of and compliance with the provisions of the Law;
- (g) Monitors the fulfilment of roles and duties of subordinated regulators;

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- (h) Examines and approves budget plan for the operation of the Authority and the regulators and subordinated entities of the Authority; and
- (i) Examines and decides the internal rules of the Authority.

Subordinated Entities of the Authority

The subordinated entities of the Authority and their respective duties and responsibilities are set out below.

1.	General Secretariat	The General Secretariat shall act as the Officer of the Authority.
2.	Insurance Regulator of Cambodia	The Insurance Regulator of Cambodia shall carry out the duty of MEF as provided for in the Law on Insurance dated 4 August 2014 and other relevant laws and regulations applicable to the insurance sector.
3.	Securities Regulator of Cambodia	The SECC shall be transformed to the Securities Regulator of Cambodia pursuant to the Law. The Securities Regulator shall carry out the duties of the SECC as provided for in the Law on the Issuance and Trading of Non-Government Securities promulgated on 19 October 2007 and other relevant laws and regulations applicable to the securities sector.
4.	Social Security Regulator	The General Secretariat for the National Social Protection Council shall be transformed to the Social Security Regulator pursuant to the Law, which will henceforth take on the duties of National Social Protection Council set out in the Law on National Social Security Fund promulgated on 2 November 2019 and other relevant laws and regulations related to the social security sector.
5.	Trust Regulator	The Trust Regulator shall carry out the duties of MEF as provided for in the Law on Trust promulgated on 2 January 2019 and other relevant laws and regulations applicable to the trust sector.
6.	Accounting and Audit Regulator	The National Accounting Council shall be transformed to the Accounting and Audit Regulator in accordance with the provisions of the Law, which

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		will henceforth carry out the duties of the National Accounting Council provided for in the Law on Accounting and Auditing promulgated on 11 April 2016 and other relevant laws and regulations related to accounting and audit.
7.	Real Estate and Pawnshop Business Regulator	The Real Estate and Pawnshop Business Regulator shall carry out the duties and obligations stipulated in Article 5 of the Law on Financial Management for the Year 2007 promulgated on 29 December 2006 and other relevant laws and regulations related to real estate, pawnshop and transfer as security sector.

In addition to the above, the Authority will also create its own Internal Audit Unit.

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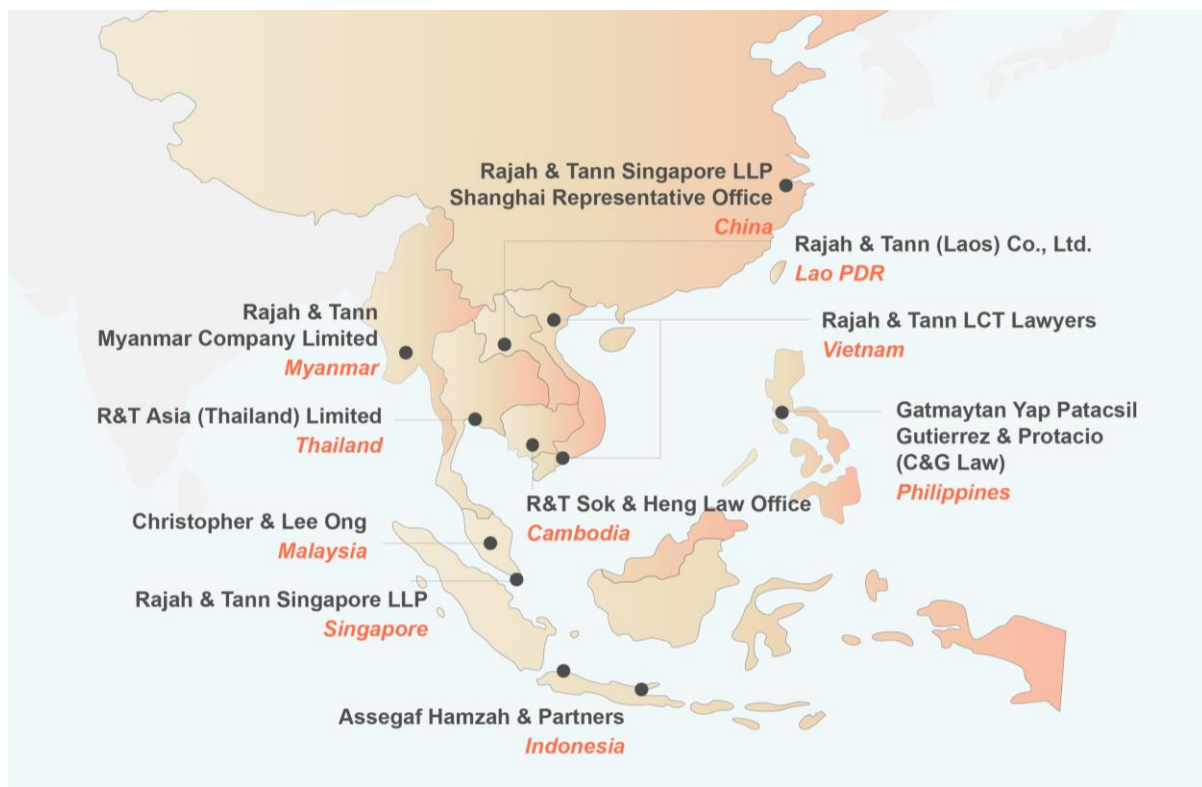
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