
Capital Markets

SERC Issues Prakas on Reporting Obligations and Request for Approval of Central Counterparties and Derivatives Brokers

On 18 January 2021, the Securities and Exchange Regulator of Cambodia ("**SERC**"), previously known as the Securities and Exchange Commission of Cambodia (SECC), issued a new Prakas No. 001/21 SECC/P on the Obligations to Provide Reports, Notify, and Request for Approval of Central Counterparties and Derivatives Brokers ("**New Prakas**").

The New Prakas sets out the following obligations of central counterparties and derivatives brokers in accordance with the Law on the Issuance and Trading of Non-Government Securities and the Sub-Decree in relation to this, as well as relevant regulations:

- (i) the reporting obligations;
- (ii) the changes or occurrences which require notification to SERC; and
- (iii) the events or circumstances which require SERC's prior written approval.

The New Prakas is issued to monitor and supervise the central counterparties' and derivative brokers' observance and compliance with such obligations and to ensure transparency, accountability and good order among the stakeholders. The New Prakas applies to the central counterparties and derivatives brokers who have obtained licences / permits from SERC.

This Update provides a summary of the key features of the New Prakas.

Reporting Obligations

The New Prakas classifies the reporting obligations of the central counterparties and derivatives brokers into four categories:

1. *Weekly reporting obligation*: The weekly reports must be submitted no later than Monday of the following week.
2. *Monthly reporting obligation*: The monthly reports are required to be submitted no later than the 10th day of the following month.

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3. *Semesterly reporting obligation:* The semesterly reports shall be submitted no later than 45 days from the end of each semester.
4. *Annual reporting obligation:* The annual reports shall be submitted no later than the 31st of March of the following year.

Obligation to Notify

Central counterparties and derivatives brokers shall submit a written notice to SERC upon the occurrence of any of the following:

- A change in relation to their control or finance;
- A claim from or any change to their professional insurance contracts having been made;
- Involvement of the central counterparties and derivatives brokers, their holding companies/parent companies, subsidiaries, branches, representative offices, shareholders, co-owners, agents or senior officers in any criminal action, civil action;
- Imposition of transitional penalties on them or revocation or suspension of their licences / permits in any jurisdiction;
- Any circumstance or occurrence causing the central counterparties and derivatives brokers to be dissolved, insolvent, suspended or to have their derivatives trading ceased; and
- Their holding companies/parent companies or subsidiaries encounter or undertake any of the following:
 - A merger or transfer of the business in part or in whole;
 - Restriction or limitation on the issuance of cheque;
 - Resolution of dissolution;
 - Insolvency proceedings; or
 - Other circumstances which SERC requires written notice of.

Obligation to Request for Approval

Central counterparties and derivatives brokers must seek SERC's prior approval in cases of:

- Merger or sale of their companies or transfer of their business operations;
- Winding up, dissolution, suspension and cessation of derivatives trading; or
- Setting up of subsidiaries and/or representative offices.

Penalties

Failure to comply with the New Prakas will subject the errant central counterparty or derivative broker to administrative sanctions stipulated in Article 21 of the New Prakas and/or pecuniary fines detailed in Article 20.

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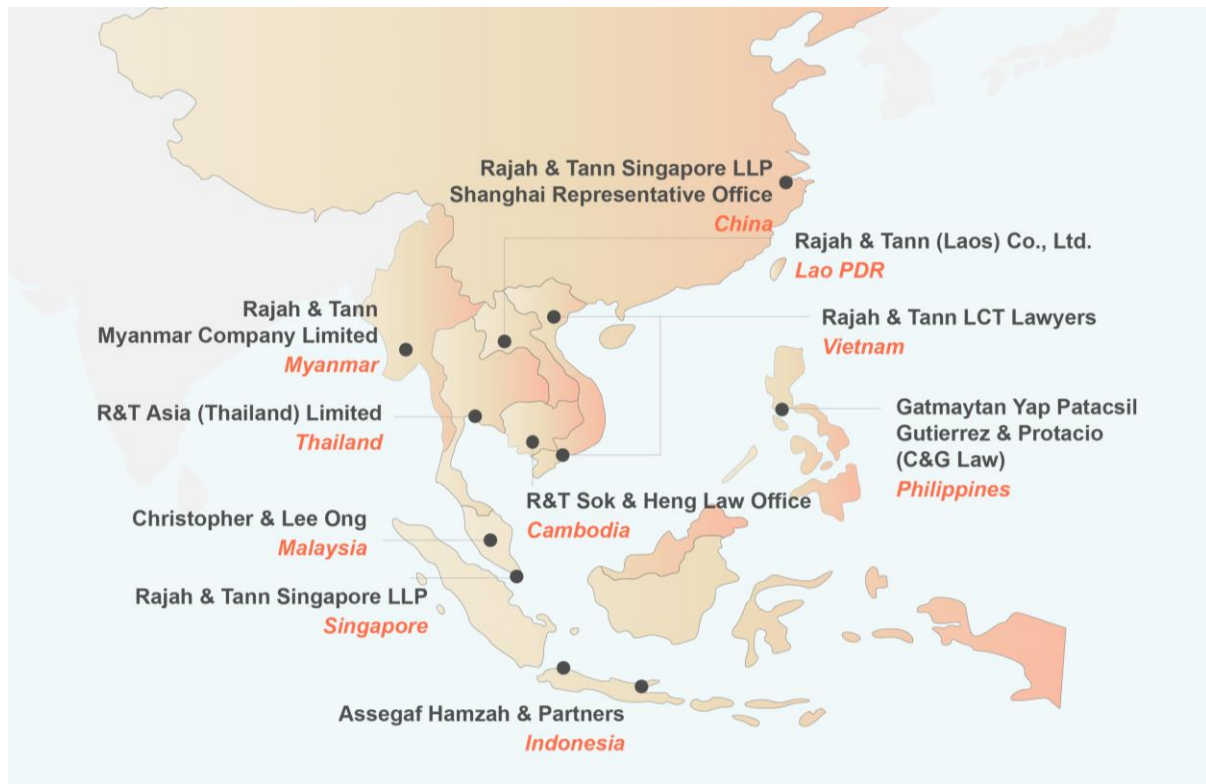
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