

Phnom Penh, 30 March, 2022

JOINT GUIDELINE

On

**REGISTRATION AND ADDITIONAL AUTHORIZATION OF TRUSTEE OF
COLLECTIVE INVESTMENT SCHEME AND CUSTODIAN AGENT IN THE
SECURITIES SECTOR**

Having seen Preah Reach Kram No. NS/RKM/0121/003, dated 16 January 2021, promulgating the Law on the Organization and Functioning of the Non-Bank Financial Service Authority, 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 Preah Reach Kram No. NS/RKM/01119/002, dated 2 January 2019, promulgating the Law on Trust, Having seen Anukret No. 113 ANKR.BK, dated 14 July 2021, on the Functioning and Organization of the Regulators of Non-Bank Financial Service Authority, Having seen the Anukret No. 54/ANKR/BK on 8 April 2009 on the Implementation of the Law on the Issuance and Trading of Non-Government Securities, Having seen Anukret No. 114 ANKR.BK, dated 2 August 2019, on the Trust Registration, Having seen Prakas No. 003/18 SECC.Pr.K, dated 29 May 2018 on licensing and supervision on collective investment scheme, Having seen Prakas No. 002/18 SECC.Pr.K, dated 29 May 2018 on accreditation as Custodian Agent in the Securities Sector and Having seen Prakas No. 003 SFA.Pr.K, dated 26 January 2022, on the Rules for Supervision, Organization and Functioning of Trust as well as other relevant regulations and to determine the conditions for registration and application for additional authorization as well as other obligations of the trustee of collective investment scheme and custodian agent in the securities sector, the Securities and Exchange Regulator of Cambodia (SERC) and the Trust Regulator (TR) have decided to issue joint guidelines on registration and additional authorization of trustee of collective investment scheme and custodian agent in the securities sector as below:

Chapter I

Registration of Trustee of Collective Investment Scheme and Custodian Agent in the Securities Sector

1. Application

Applicant who has applied for license as trustee from the **SERC** and obtain approval in principle for this license from the **SERC**, shall apply for registration of Trustee Operator in the Securities Sector from the **TR** in respect of the determined forms by the Director General of the **TR** and submit as the following:

- A. A certified copy of approval in principle from **SERC**
- B. A certified copy of the latest Article of Association

Applicant who has obtained license as trustee from the **SERC**, shall apply for registration of Trustee Operator in the Securities Sector from the **TR** within the period specified in Article 71 of the Prakas on Rules for Supervising, Organizing and Functioning of Trust in respect of the determined forms by the Director General of the **TR** and submit as the following:

- A. A certified copy of license from the **SERC**
- B. A certified copy of the latest Article of Association

Applicant who has applied for accreditation as Custodian Agent in the Securities Sector from the **SERC** and obtain approval in principle for this accreditation from the **SERC**, shall apply for registration of Safeguard keeping person of trust fund in securities sector from the **TR** in respect of the determined forms by the Director General of the **TR** and submit as the following:

- A. A certified copy of approval in principle from **SERC**
- B. A certified copy of the latest Article of Association

Applicant who has obtained accreditation as Custodian Agent in the Securities Sector from the **SERC**, shall apply for registration of Safeguard keeping person of trust fund in securities sector from the **TR** within the period specified in Article 71 of the Prakas on Rules for Supervising, Organizing and Functioning of Trust in respect of the determined forms by the Director General of the **TR** and submit as the following:

- A. A certified copy of accreditation from the **SERC**
- B. A certified copy of the latest Article of Association

2. Registration Validity

Registration Validity as Trustee operator in securities sector is an indefinite period of time in accordance with the validity of the license of Trustee from the SERC according to this joint guideline.

Registration Validity as Safeguard keeping person of trust fund in securities sector is an indefinite period of time in accordance with the validity of the accreditation as Custodian Agent in the Securities Sector from the SERC according to this joint guideline.

3. Application, Processing, and Registration Fee

Applicant who apply for registration of Trustee Operator or Safeguard keeping person of trust fund in securities sector from the **TR**, shall pay:

- Application fee of 20.000 (twenty thousand) Riels per form
- Processing fee of 1.000.000 (one million) Riels
- Registration Fee of 4.000.000 (four million) Riels from the date of registration.

For the next year, Applicant shall pay yearly registration fee to the **TR** at least 30 days before the date of registration.

4. Suspension/Revocation of Registration

Director General of the **TR** may suspend or revoke the registration as a Trustee operator in securities sector in case of any situations below:

- A. Director General of the **SERC** suspended or revoked an approve in principle
- B. Director General of the **SERC** terminated the business of a Trustee of CIS
- C. Director General of the **SERC** suspended or revoked a license
- D. Applicant cannot comply with the condition as set forth in point 3 of Chapter 1 of the Joint Guideline.

Director General of the **TR** may suspend or revoke the registration as a Safeguard keeping person of trust fund in securities sector in case of any situations below:

- A. Director General of the **SERC** suspended or revoked an approve in principle
- B. Director General of the **SERC** terminated the business of a Custodian Agent in securities sector
- C. Director General of the **SERC** suspended or revoked an accreditation
- D. Applicant cannot comply with the condition as set forth in point 3 of Chapter 1 of the Joint Guideline.

5. Obligation to notify of changes or modifications of information

Applicant who has obtained license as trustee from the **SERC** and has obtained accreditation as Custodian Agent in the Securities Sector from the **SERC** and registered with the **TR** according to this joint guideline shall notify by written letter to the **TR** about the modification or changing the Article of Association including composition of board of director, shareholder structure, capital, name or location of company within 7 (seven) working days after getting approval decision from the **SERC**.

6. Obligation in business operations

Applicant who has obtained license as trustee from the **SERC** and has obtained accreditation as Custodian Agent in the Securities Sector from the **SERC** and registered with the **TR** according to this joint guideline shall maintain financial status, submit report, notify, request for approval and implement Code of Conduct under the regulations of the **SERC** in accordance with the laws and regulations in force of the securities sector.

7. Supervision

Applicant who has obtained license as trustee from the **SERC** and has obtained accreditation as Custodian Agent in the Securities Sector from the **SERC** and registered with the **TR** according to this joint guideline shall be under supervision, including on-site supervision under the regulations of the **SERC** in accordance with the laws and regulations in force of the securities sector.

Chapter II

Additional Authorization

1. Application

Trustee of CIS business that intends to carry out the other trust operations out of CIS business in securities sector as set forth in Article 14 of Prakas "Rules for Supervising, Organizing and Conducting Trust" shall apply for additional authorization from the Director General of the **TR** and shall fulfill requirements as below:

- A. Shall submit application in respect of determined forms and attached documents to the **TR**
- B. Shall submit "Non-objection letter" from the **SERC** for requesting for additional authorization
- C. Shall have more minimum capital to meet a required minimum capital for requesting an additional authorization for Public Trust operation with the **TR** by obtaining a prior approval from the **SERC**.

- D. Shall lodge a security bond equal to 15% (fifteen percent) of minimum capital in the account of the **TR** at the National Bank of Cambodia (**NBC**).
- E. No separate Director, CEO, Head of operation, Compliance officer and Accounting specialist in trust fund are required from approved person recognized by the **SERC** (Accounting in Fund specialist can be in charge as an Accounting specialist in trust fund) AND all these persons shall attend the training and pass an examination and shall attend the continuous program education (CPE) before examination result is expired which organized by the **TR**
- F. Shall have Individual Trustee at least one per one trust operation for additional authorization
- G. Shall meet and comply all other requirements as set forth in this Joint Guideline.

Custodian Agent in securities sector that intends to carry out the other safeguard keeping of Trust fund out of operation in securities sector as set forth in Article14 of Prakas “Rules for Supervising, Organizing and Conducting Trust” shall apply for additional authorization from the Director General of the **TR** and shall fulfill requirements as below:

- A. Shall submit application in respect of determined forms and attached documents to the **TR**
- B. Shall submit “Non-objection letter” from the **SERC** for requesting for additional authorization
- C. Shall be not required to gain more minimum capital from the **SERC**
- D. Shall lodge a security bond equal to 15% of minimum capital in the account of the **TR** at the **NBC**.
- E. No separate Head of operation, Compliance officer and Accounting specialist in trust fund are required from approved person recognized by the **SERC** (Head of Finance can be in charge as an Accounting specialist in trust fund) and all these persons shall attend the training and pass an examination and shall attend the continuous program education (CPE) before examination result is expired which organized by the **TR**.
- F. Shall meet and comply all other requirements as set forth in this Joint Guideline.

Custodian Agent in Securities sector as Commercial Bank that intends to carry out the other safeguard keeping of Trust fund out of operation in securities sector is not been required to lodge a security bond equal to 15% of minimum capital.

The Director General of the **TR** may refuse to grant or renew additional authorization if the applicant is unable to meet the requirements in accordance with part 1 of this chapter 2 and the Prakas “Rules for Supervising, Organizing and Conducting Trust”.

2. Additional authorization Validity

An authorization to carry out the other trust operations out of CIS business or safeguard keeping of Trust fund out of operation in securities sector shall expire 2 (two) year as from the date on which it is issued according to this joint guideline.

A renewal authorization that has been renewed shall continue in force for a further period of 3 (three) year, commencing on the date upon which the existing authorization would have expired.

3. Application, Processing, and Registration Fee

Trustee who apply for additional authorization to carry out the other trust operations out of CIS business in securities sector from the **TR**, shall pay:

A. For additional authorization/renewal for Trustee:

- Application fee of 20.000 (twenty thousand) Riels per form
- Processing fee of 2.000.000 (two million) Riels
- Additional authorization of 4.000.000 (four million) Riels from the date of registration.
 - For public trust operation amount of 16,000,000 (sixteen million) riels for initial 2 (two) years and 24,000,000 (twenty four million) riels for license renewal 3 (three) years
 - For commercial trust operation amount of 12,000,000 (twelve million) riels for initial 2 (two) years and 18,000,000 (eighteen million) riels for license renewal 3 (three) years
 - For social trust operation amount of 8,000,000 (eight million) riels for initial 2 (two) years and 12,000,000 (twelve million) riels for license renewal 3 (three) years.
 - For individual trust operation amount of 8,000,000 (eight million) riels for initial 2 (two) years and 12,000,000 (twelve million) riels for license renewal 3 (three) years.

B. For license/license renewal for individual trustee :

- Application fee of 20.000 (twenty thousand) Riels per form
- Processing fee of 400.000 (four hundred thousand) Riels
- Individual trustee license of 2,000,000 (two million) riels for initial (two) years and 3,000,000 (three million) riels for license renewal 3 (three) years.

Custodian Agent in securities sector that intends to carry out the other safeguard keeping of Trust fund out of operation in securities sector from the **TR**, shall pay:

C. For additional authorization/renewal for Custodian Agent:

- Application fee of 20.000 (twenty thousand) Riels per form
- Processing fee of 2.000.000 (two million) Riels
- Additional authorization of 4.000.000 (four million) Riels from the date of registration.
 - For public trust operation amount of 16,000,000 (sixteen million) riels for initial 2 (two) years and 24,000,000 (twenty four million) riels for license renewal 3 (three) years
 - For commercial trust operation amount of 12,000,000 (twelve million) riels for initial 2 (two) years and 18,000,000 (eighteen million) riels for license renewal 3 (three) years
 - For social trust operation amount of 8,000,000 (eight million) riels for initial 2 (two) years and 12,000,000 (twelve million) riels for license renewal 3 (three) years.
 - For individual trust operation amount of 8,000,000 (eight million) riels for initial 2 (two) years and 12,000,000 (twelve million) riels for license renewal 3 (three) years.

Applicant shall pay the fee as set forth in this Article when submit the application at the TR.

The fee as set forth in this Article shall be non-refundable to applicant even if the application is refused.

4. Obligation in business operations

Trustee and Custodian Agent in the Securities Sector has been obtained an additional authorization from the **TR** shall separately comply obligations in business operations, maintain financial status, submit report, notify, request for approval and implement Code of Conduct under the regulations between the **SERC** and the **TR** in accordance with the laws and regulations in force.

5. Business Separation

Trustee shall separate between Company's operations and investment trust under CIS business and investment trust property out of CIS business. Operations of Trustee and investment trust under CIS business in securities sector and the establishment shall be under the **SERC**.

Custodian agent shall separate between Company's operations, assets under Custodial account in Securities sector, trust operation and investment trust property out of operation securities sector. Operations of Safeguard keeping/Custody services and Assets under Custodial account in Securities sector and the establishment shall be under the **SERC**.

6. Record Keeping

Trustee and Custodian Agent in the Securities Sector has been obtained an additional authorization from the **TR** shall prepare and maintain records keeping, documents, data and accounting records for each business separately in accordance with the laws and regulations in force.

7. Supervision

Trustee and Custodian Agent in the Securities Sector has been obtained an additional authorization from the **TR** shall be separately supervised including on-site supervision under the regulations between the **SERC** and the **TR** in accordance with the laws and regulations in force.

Trustee and Custodian Agent in the Securities Sector has been obtained an additional authorization from the **TR**, request to suspend or revoke business or be subjected to penalty by the **SERC** or the **TR**, the **SERC** and the **TR** shall check and cooperate to exchange information in advance to protect conflict of interests of customers and/or beneficiaries.
