

PRAKAS
On
Transaction of Settlement Accounts



Article 1.-

Definitions stated in Article 2 of the NIPTL are incorporated into this Prakas, unless hereafter modified or where the context requires otherwise:

1. **“Bank”** means a “bank” as defined in Article 2 of the NIPTL but does not include the NBC;
2. **“Bilateral bank payment”** means a payment from one bank to another;
3. **“Settlement”** means the process of payment out of or into a settlement account;
4. **“Single bank payment”** means a payment between a bank and the NBC; and
5. **“Third-party processor”** means a provider of a facility for the communication of payment orders on behalf of banks.

Article 2.-

1. A clearing and settlement is to take place on each banking day in Cambodia for the exchange of payment orders relating to single and bilateral bank payments.
2. To take part in the clearing and settlement, an interbank payment order will reflect a payment transaction on behalf of a customer or participating bank. A payment order submitted by a customer directly to a third-party processor as instructed by its bank is deemed to be the bank’s own payment order carrying out the customer’s instructions.
3. Participants in the clearing and settlement are banks. The interbank settlement of the clearing takes place on banks’ settlement accounts maintained in the NBC.
4. Banks are bound by this Prakas and any operating procedure and directive issued thereunder,
5. This Prakas applies only to credit transfers, and to payment transactions and settlement accounts denominated in riel or US dollars.

Article 3.-

1. To be included in the settlement, each payment order must be either for a single or

- bilateral bank payment out of and/or into a settlement account. The payment order must contain an irrevocable and unconditional instruction for a payment in either riel or US dollar, and not be subject to any restriction or limitation, except that it may be value-dated as prescribed in an operating procedure. It must comply with specifications prescribed in operating procedures and addressed either to a bank or to the NBC.
2. Subject to the provisions of this Prakas, a payment order which complies with paragraph (1) of this Article will be executed by the NBC by posting a debit and/or credit to a settlement account(s). Each payment order which does not comply with paragraph (1), or that cannot be directed due to insufficient or incorrect data, authentication failure or any other reason, and each payment order which was wrongly delivered, should be returned to the sending bank, according to a unique sorting code, to be allocated, to that end, by each participating bank.

Article 4.-

Each bank operating in Cambodia that wishes to participate in the domestic settlement of payment orders must open and maintain a settlement account on the books of the NBC and must have it open and operational on such terms and conditions as specified by the NBC.

Article 5.-

1. For each bank the following payments, each initiated by a payment order, can be made into and out of the settlement account:
 - (i) single bank payments
 - (ii) bilateral bank payments
2. The NBC will not debit a settlement account or allow a cash withdrawal from it unless there is sufficient balance to cover the debit amount or withdrawal.
3. A single bank payment such as a cash withdrawal or deposit will be posted by the NBC to the bank's settlement account. Payment out of a settlement account to the NBC is carried out by posting a debit to the bank's settlement account. Payment by the NBC into a settlement account is carried out by posting a credit to the bank's settlement account. A single bank payment becomes final, irreversible and irrevocable when the respective debit or credit is posted to the bank's settlement account.
4. A bilateral bank payment may be initiated by a payment order issued to the NBC and instructing it to debit the paying bank's settlement account and credit another bank's settlement account. Payment is carried out by posting a debit to the paying bank's settlement account and a corresponding credit to the other bank's settlement account. A bilateral bank payment becomes final, irreversible and irrevocable when the respective debit and credit are posted to the banks' settlement accounts.
5. Advice confirming a debit or credit posted to a settlement account under this Article shall be sent by the NBC to each bank participating in the single or bilateral bank payment.

Advice shall be sent not later than at such time after the conclusion of the daily clearing as prescribed in an operating procedure.

6. A debit for a cash withdrawal by a bank must promptly be posted by the NBC to that bank's settlement account as soon as the withdrawal is made.
7. For each payment transaction, settlement is completed as soon as any resulting debit or credit, posted to the settlement account of a bank, party to the payment, becomes final, irreversible and irrevocable.

Article 6.-

1. Payment order instructing the NBC to carry out a single or bilateral bank payment may be submitted by a bank to the NBC either individually or as part of a batch.
2. The NBC will carry out payment for each payment order submitted to it (i) only against available funds in the paying bank's account and (ii) at any time before the end of the daily clearing as specified in an operating procedure. For a value-dated payment order as prescribed in an operating procedure, this time shall be on value date.
3. Where adequate funds for payment out of a settlement account are not available to the paying bank, the NBC, at its discretion, may either reject or place the payment order in a pending queue, and advise the instructing bank accordingly. A payment order placed in a pending queue will be executed by the NBC in the sequence of its input and without advance notice only when funds in the paying bank's settlement account become available. The NBC may reject an unexecuted payment order any time before it is executed and will advise the instructing bank accordingly. A bank's payment order that has been neither executed nor rejected during the daily clearing is canceled by operation of law at the conclusion of that daily clearing as prescribed in an operating procedure.
4. Where no adequate funds are available for a whole batch of payment orders, for the purpose of the immediately preceding paragraph, the NBC may treat each payment order included in the batch as transmitted individually. The NBC shall place each such payment order for execution against available funds, queuing, or rejection, in any sequence it deems fit.
5. Unless rejected, or put in a pending queue by the NBC as provided in paragraph (3) above, a bank's payment order given to the NBC is irrevocable and may not be canceled by the bank. For a payment order in a pending queue, cancellation by the instructing bank is effective only when given to the NBC in a manner, time, and according to a procedure stipulated or approved by the NBC, enabling it to act on it before debiting the bank's settlement account.
6. The NBC shall reject any payment order that is not properly authenticated, contains insufficient bank or beneficiary details, or is in breach of this or any other Prakas, operating procedure, or order.
7. A canceled or rejected bank's payment order cannot be executed unless resubmitted as a new payment order by the instructing bank.

Article 7.-

An operating procedure may allow a sending bank to designate a payment order governed by this rule as “priority payment.” Subject to the availability of funds in the paying bank’s settlement account, the NBC will endeavor to process such a “priority payment” as soon as it receives the payment order so designated.

Article 8.-

1. For the settlement of amounts owed among banks at the completion of an interbank multilateral clearing cycle, a list setting out the debit or credit position for each bank, shall be submitted to the NBC on behalf of all participating banks. The NBC shall carry out settlement by (i) making single bank payments from each bank in a debit position, in the amount of the bank’s debit, and subsequently, (ii) making single bank payments to each bank in credit position, in the amount of the bank’s credit. No debit or credit posted to a settlement account under this Article becomes final, irreversible and irrevocable before all proper debits are posted to settlement accounts of all banks in a debit position and all proper credits are posted to accounts of all banks in a credit position. Single bank payments under this paragraph may be made into and out of a designated blocked account maintained at the NBC.
2. The NBC shall not carry out settlement under paragraph (1), and seek further instructions for the completion of the settlement under paragraph (1), unless,
 - (i) It first verified that the total amount owed by all banks in a debit position is equal to the total amount owed to all banks in credit position, and
 - (ii) For each bank in a debit position, adequate funds for payment out of its settlement account are available to carry out a single bank payment in the amount of the debit.
3. Rules governing an interbank multilateral clearing to be settled under this Article, including the procedures upon non-compliance with any of the conditions under paragraph (b), shall be set out either by the NBC, or by an agreement among all participating bank approved by the NBC.

Article 9.-

1. The NBC may adopt operating procedures, including on specifications for payment orders, time-tables, and procedures governing the clearing and settlement.
2. The Governing Board of the NBC will publish from time to time, its fee schedule prescribing fees and charges for services provided under this Prakas.

Article 10.-

The General Director, the General Secretariat, the General Inspection, the General Cashier and all Departments of the National Bank of Cambodia, and all Banking and Financial Institutions under the NBC's supervisory authority shall strictly implement this Prakas.

Article 11.-

This Prakas shall have effect from the signing date.

Phnom Penh, December 13, 2006

Governor
Signed and sealed: **CHEA CHANTO**