

PRAKAS
ON
MONEY CHANGER LICENSE OR AUTHORIZATION

Article 1.-

The objective of this Prakas is to manage money changer operations carrying out in the Kingdom of Cambodia.

Article 2.,

Definitions:

1. **Domestic Currency** refers to the Riel issued by the National Bank of Cambodia.
2. **Foreign Currency** refers to currencies or mean of payment established by foreign government.
3. **Money Changer Operations** refer to the operations of buying and selling domestic currency in exchange for foreign currencies or buying and selling a foreign currency in exchange for others.

Article 3.-

Money changer operations include:

- Buying and selling banknotes.
- Buying traveller checks

Article 4.,

- 1- Any person who wants to run a money changer operation shall apply for a license or authorization at the National Bank of Cambodia.
- 2- The applicants shall:
 - a. Have minimum paid-up capital of KHR 80 million (eighty million Riel) kept in account at the National Bank of Cambodia permanently and it will generate interest set forth by the National Bank of Cambodia.
 - b. Have the rights to participate in the Riel auction conducted by the National Bank of Cambodia.
 - c. Have the rights to participate in the training on detecting counterfeit money organized by the National Bank of Cambodia

Article 5.-

- 1- The application for license must include:
 - a. The legal name and address
 - b. Evidence of paid-up capital
 - c. Other information required by the National Bank of Cambodia

- 2- The application for authorization shall include:
 - a. Name and permanent address of the applicant
 - b. Operation address approved by the territory authority, district or commune.
 - c. Other information required by the National Bank of Cambodia

Article 6.-

- 1- Upon receiving an application, NBC shall issue or refuse issuing the license or authorization at her discretion in 45 days.
- 2- License or authorization cannot be transferred to another person.
- 3- License can be used for three years starting from the issuing date.
- 4- Authorization can be used for one year starting from the issuing date

Article 7.-

- 1- The license applicant shall pay fees as follows:
 - a. Application fee of KHR 100,000 (one hundred thousand Riel);
 - b. Annual license fee of KHR 1,200,000 (one million and two hundred thousand Riel) to be paid before January 15 every year.
 - c. Within 30 days before the expiration of the license, operator shall apply for the license renewal.
 - d. In case of failing to renew the license in time, the operator shall be fined KHR 20,000 (twenty thousand Riel) per day. If the operator fails to renew the license within 30 days, the National Bank of Cambodia shall not accept the renewal application.
- 2- The authorization applicant shall pay fees as follows:
 - a. Application fee of KHR 100,000 (one hundred thousand Riel)
 - b. Annual authorization fee of KHR 200,000 (two hundred thousand Riel)
 - c. Within 30 days before the expiration of the authorization, operators shall apply for authorization renewal.
- 3- Any person who applies for license during the year shall pay the fees calculated with time proportion to the end of the year.
- 4- The license or authorization shall own by the operator.
- 5- In case of running multiple operations in many locations or addresses, each location or address shall be licensed or authorized by the National Bank of Cambodia and shall not operate in a other different location.
- 6- Any change in address, location of operation, ownership, close of operation, and opening new location, operator shall report immediately in writing to the National Bank of Cambodia. In all above changes, operation shall not be allowed before getting the written approval from the National Bank of Cambodia.

Article 8.-

- 1- The holder of license or authorization:
 - a. Shall display operational trade name “ប៊ូឡូកាត” in Khmer and in English

“Authorized Money Changer”

- b. Shall display the license at all time in the approved premise which is easily noticeable
- c. Shall display to the public the quotation list of the daily exchange rate between Riels and Dollars and between Dollars and other currencies.
- d. Shall apply for approval from the National Bank of Cambodia prior to commencing business at the new address.

2- The license or authorization holder shall comply with the code of conducts attached to this Prakas.

Article 9.-

The National Bank of Cambodia may suspend or revoke the license or authorization, if the holder:

- a. Violates the meaning of this Prakas and its attachment
- b. Does not cooperate with the National Bank of Cambodia or relevant authority on their duty of examination or investigation
- c. Engages in fraud and intentional misrepresentation
- d. Speculate by manipulating the exchange rates
- e. Discloses information that lead to the misunderstanding or losing confidence of the public on the national currency
- f. Is convicted of a violation of Law on an Anti-money Laundering and Combating the Financing of Terrorism.

Article 10.-

Any holder of license or authorization who fail to comply with the provision of this Prakas shall be penalised according to article 70 of the Law on Organization and Conduct of the National Bank of Cambodia.

Article 11.-

The Prakas No B998-393 PRK, dated August 5, 1998 on the Management of Foreign Exchange Dealers is hereby repealed.

Article 12.-

The General Direction, 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 supervisory authority of the National Bank of Cambodia shall strictly implement this Prakas.

Article 13.-

This Prakas shall have effect from the signing date.

Phnom Penh, 19 October 2009

The Governor

Signed and sealed: **Chea Chanto**

APPENDIX TO PRAKAS No B 9-09-230 Prokor

Dated 19 October 2009

THE CODE OF CONDUCT FOR MONEY CHANGER OPERATION

1- SCOPE

This code of conduct shall apply for all money changers operating in Cambodia. Money changer shall, at all times, comply with this code of conduct.

The National Bank of Cambodia (NBC) is the regulatory and supervisory authority, and under its jurisdiction, the Money changers are regulated and shall be sanctioned for any offenses against laws, regulations, and non compliance with the principles set forth in this Code of Conduct.

Any person who operates its business as money changer shall apply for approval (license or authorization) from NBC before starting money changing operation.

2- MONEY CHANGER OBLIGATION

- i- A licensed or authorized money changer shall be required to have:
 - a. A receipt which states that serial numbers, trade name, address, and phone number. Each serial number shall have duplicated pages in which first page is for customer and the second page is for own documentation. Money changer shall provide receipt to customer for all transactions
 - b. A special receipt for seizing counterfeit banknote or traveler check. Each serial number shall have three pages in which the first one is for customer, the second one with the counterfeit banknote is for NBC, and the third one is for own documentation.
 - c. Qualified employees who can provide receipt, record, and report to NBC.
- ii- In general, money changer shall provide service in fair and professional manner by committing no fraud or taking advantage of customer's low level of knowledge of detecting counterfeit or calculating the amount to be received

3- PROHABITED ACTIVITIES

Money changer shall be strictly prohibited from:

- Providing money transfer services
- Providing forward foreign exchange
- Providing securities brokerage service
- Accepting deposit from the public
- Providing loan to the public
- Providing mean of payment to the public
- Advertising that can make the public misunderstood that he or she provides the above services
- Dealing counterfeit banknotes

Any activity against the law shall be liable to criminal prosecution and his or her license or authorization shall be revoked.

4- DUE DILIGENCE

Money changer shall provide due diligence for all transactions by requesting customer's official identification. The official identifications shall be national identification card, passport, and other identification card with photo.

This due diligence shall be applied for:

- Customer with transaction over USD 10,000 (ten thousand US dollars)
- Customer who makes smaller transaction for several times without clear purposes.

The customers who make transactions with clear purpose for tax payment, salary payment, or agricultural product purchases, etc. the due diligence shall be applied in a better way.

If customer refuses to disclose the identification, money changer can refuse to provide the service.

5- COUNTERFEIT BANKNOTE

In all transactions, money changer shall detect counterfeit banknote and traveler check. If counterfeit banknote and traveler check were detected, money changer shall provide receipt to customer and send the counterfeit to NBC.

Money changer shall detect his or her own banknote in order to prevent counterfeit from circulation.

The counterfeit attached by receipt shall be immediately sent to NBC. The original page shall be given to the customer, the second page for bookkeeping and the third page is for own documentation. The receipt shall record clearly customer identification, address, residential country, type and number of identification card, date and place of issue.

If customer sells a large amount of counterfeit or small amount but for many times, money changer shall report this to the concerned authority and NBC or the nearest NBC branch.

Knowingly issuing or re-issuing counterfeits and complicity to facilitate circulation of counterfeit banknote are liable to criminal prosecution and license or authorization shall be revoked. Therefore, Money Changer is required to exercise utmost care and to refrain from facilitating circulation of counterfeit banknote and traveler check.

6- VIGILANCE AND REPORTING OBLIGATION: ANTI-MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM

Money changer is the active participant in the foreign exchange market. Therefore, money changer is considered to be a reporting person under the law on anti-money laundering and combating financing of terrorism. In this context, money changer has to comply with this law by implementing customer due diligence and reporting the transaction with amount over the limit set forth by the financial intelligence unit.

The purpose of the obligation is to prevent money changer from participating with purpose or without purpose in the activity related to money laundering and financing of terrorism which is the criminal activity set forth in criminal law. Money changer shall comply strictly with

regulation and law in order to refrain from illegal activities and to be a good citizen.

The procedure for anti-money laundering and financing of terrorism will be provided by the financial intelligence unit.

Money changer shall report on a monthly basis the follows:

- a. All transactions shall be recorded as shown in table 1
- b. All transaction with the amount over USD 10,000 (ten thousand US dollars) shall be reported as shown in the table 2. Any person who transact frequently amounted to over USD 10,000 (ten thousand US dollars) is also reported in the same manner.

Daily transaction report of the money changer shall be sent to NBC (Exchange Management Department and Financial Intelligence Unit) by the second week of the following month.

7- BOOKKEEPING AND RECORDING

- (i) Money changer shall maintain bookkeeping and recording in compliance with tax obligation, professional standard, and requirement by regulations and other law
- (ii) Bookkeeping and recording of foreign exchange transaction is the obligation.
- (iii) A licensed money changer shall have a general ledger for recording all foreign exchange transactions. The said general ledger shall be kept at the place of operation and can be examined by the authority if needed. Document required by NBC for on-site examination are as followings:
 - a. A copy of daily dealing receipts in its order of serial number and date
 - b. A copy of receipt issued for customer when there is a counterfeit banknote or traveler check
 - c. A copy of suspicious transaction sent to NBC

All records shall be maintained for 5 years.

8- NBC SUPERVISION AND EXAMINATION

The examination team of NBC can conduct on-site examination on money changer without prior notice.

Money changers shall cooperate and facilitate the examination process and provide all bookkeeping, records, and other transactions' evidence material requested by the team.

If money changer obstructs the examination process or refuse to cooperate, such behaviors shall be liable to sanctions determined by the NBC.

9- ACCEPTANCE OF THE CODE OF CONDUCT

Money changer shall clearly understand and strictly implement all articles set forth in this code of conduct.