

Cambodian government paving the way for the issuance of government bonds on the CSX

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On 21 December 2020, the Senate has approved the Draft Law on Government Securities in order to make way to replace the current Law on Government Securities, issued by Royal Code No NS/RKM/0107/001 on January 12, 2007, which remains in force as of today. It is expected that the government will promulgate the draft law in 2021 with the possibility of issuance of bonds by 2023.

Both the existing law as the draft law allows the government to prepare bonds to issue on the local securities market Cambodia Securities Exchange (“CSX”) to collect funds from the public investment. However, the draft law aims to enhance the common framework for the management on issuance, trading, and the efficient, accountable and transparent management of government securities.

Furthermore, the intention is to ensure the sustainability of the public debt management including the enhancement of the cash need of the government, the response to the financial need for the development of economy and society, the development of the capital and financial market and the support of the necessary and priority projects resulting in the reduction of the reliance on existing sources, such as foreign borrowings.

Government securities come with lower risk compared to the other debt instruments, since they are backed by the government and represent the national economy.

There are currently 13 listed firms in the Kingdom of Cambodia 7 stock-listed and 6 corporate bond-listed. Recently, the listed companies have raised a combined \$253 million. In addition, as of last year, there were 5 central counterparties in the derivatives market, 27 derivatives brokers, 5 fund management companies and 5 trustees licensed by the Securities and Exchange Commission of Cambodia.

AUTHOR'S PROFILE



Mustafa Kocadag

Partner/Head of
M&A and Securities Market



Ly Socheata

Legal Assistant/Practice Group
M&A and Securities Market

Phone : +855 (0) 23 224 337
Fax : +855 (0) 23 224 136
Website : www.hbslaw.asia
Email : info@hbslaw.asia

HBS Law
SOMA Tower (4th & 5th floors)
#2C, St. 120, Phsar Thmey 2 (120202)
Khan Daun Penh ,Phnom Penh, Cambodia.