

## **LAW ON GOVERNMENT SECURITIES**

The Law on the Government Securities (“**LGS**”) 2007 which was in force over a decade was deemed obsolete and abrogated by the new Law on the Government Securities (LGS), promulgated on 26 December 2020. The enactment of the LGS is viewed as yet another milestone for Royal Government of Cambodia (“**RGC**”) to issue the securities in order to raise more capital from private sector, both domestic and foreign investors, so as to boost the national economy and diversify the government financing sources.

### **Purpose and Scope of Application**

The LGS is applicable to the issuance, trading, and management of the government securities in and outside the territory of Cambodia. This law aims at providing a legal framework to administer the issuance and trading of government securities with transparency, accountability, effectiveness, efficiency, and to ensure the sustainability of the state debt management.

### **Definition of Government Securities under LGS**

“Government Securities” means bills and bonds and other financial instruments, which confirm the acknowledgement of the debt, issued on behalf of the RGC under this law including without limitation to:

- a) Treasury Bills (or T-Bill) has the maturity of less than one year with no interest rate and tradable on the market;
- b) Treasury Bonds (T-Bond) has the maturity of one year and more with interest rate; and
- c) Other government securities.

### **Definition of Government Securities under LGS**

The total amount of issuing government securities is determined under the Law on Financial Management of each fiscal year. The issuance of government securities shall clearly indicate the purpose of the financial needs and RGC shall be fully liable for the securities it has issued, as per this law.

Under the LGS, the government is authorized to issue securities in either local or foreign currency within Cambodia or overseas to be determined by the Prakas of the Minister of the Ministry of Economy and Finance (“**MEF**”).

Pursuant to Article 4 of the LGS, in line with Article 67 of the Law on Public Finance System 2008, the issuance of government securities is an exclusive authority of the Minister of MEF under the supremacy of the Prime Minister.

## Conclusion

The LGS is another comprehensive financial regulation, which was designed to be highly responsive to the current context and changing trends of the country's development including financial needs specifically for infrastructure development, strengthening the management of cash requirements, and supporting other priority and key projects. This, altogether, will aid and support the RGC to strive for the economic growth.

Should any additional information be required regarding this legal alert or if you have any further inquiry, please contact our team at [info@anlor.legal](mailto:info@anlor.legal) or reach out to our professionals below:



**Kattika LOR**  
*Managing Partner*

T: (+855) 12 89 89 55  
E: [kattika@anlor.legal](mailto:kattika@anlor.legal)



**Bunnarith AN**  
*Partner*

T: (+855) 85 99 99 39  
E: [bunnarith@anlor.legal](mailto:bunnarith@anlor.legal)