

An Overview of Business Combinations in Cambodia

Business combination may simply mean a transaction in which an entity or a company obtains a control or ownership over one or more businesses by acquiring the assets and equity interests of the business. Likewise, business combination, by the definition under the Law on Competition, promulgated on 05 October 2015, ("**Competition Law**"), refers to the acquisition of controlling or voting rights through the purchase of shares or assets by one entity from another, or the merger of two or more entities to obtain joint ownership of an existing or a new legal entity. Thus, this Legal Alert will provide a critical overview on the conduct of business combination under an applicable legal framework in Cambodia.

In accordance with the Competition Law and its subsequent supporting regulations, any party who proposes a business combination is required to comply with the following requirements and procedures.

I. Pre-Notification

First and foremost, it is a requirement that any party proposing to undertake business combination needs to notify the Competition Commission of Cambodia (the "**CCC**") prior to the completion of the business combination, in case any of the following criteria for the business combination are met:

| Total Assets of Any Party or its Related Group | Total Turnover of Any Party or its Related Group | Input Purchase Turnover of Any Party or its Related Group | Transaction Value of the Proposed Business Combination |
|--|---|---|--|
| 1. General Business Combination | | | |
| KHR 340 billion (approximately USD 85 million) | KHR 270 billion (approximately USD 67.5 million) | KHR 120 billion (approximately USD 30 million) | KHR 41 billion (approximately USD 10.25 million) |
| 2. Business Combination for Insurer or Securities Business | | | |
| KHR 1 trillion (approximately USD 250 million) | KHR 280 billion (approximately USD 70 million) | KHR 820 billion (approximately USD 205 million) | KHR 61 billion (approximately USD 15.25 million) |
| 3. Business Combination for a Banking and Financial Institution | | | |
| KHR 4.5 trillion (approximately USD 1.125 billion) | KHR 420 billion (approximately USD 105 million) | KHR 3.8 trillion (approximately USD 950 million) | KHR 120 billion (approximately USD 30 million) |

The said requirement, however, is subject to be modified from time to time as deemed necessary by the CCC.

II. Primary and Secondary Review

The Primary Review is the initial review and appraisal of the proposed business combination, which is conducted by the CCC upon completion of pre-notification provided by the party of the business combination. The CCC shall conduct such primary review no later than 30 (thirty) working days, giving rise to an approval of the notification or the need for further review.

On the other hand, the Secondary Review means the subsequent review and appraisal of the proposed business combination following the initial review, with the maximum timeframe of 60 (sixty) working days upon receiving sufficient requesting documents and information from the party to the business combination. Yet, the specified secondary review period may be extended twice by the CCC for a total of 30 (thirty) working days each time, with the notice provided to the Parties.

III. Post-Notification

Post-notification is required for Parties to the business combination, whom is not subject to the pre-notification. Within 30 (thirty) working days after substantive completion of the business combination, the Parties who satisfy at least 50 (fifty) percent of the threshold for business combination concerning pre-notification above shall submit a post-notification with the CCC.

IV. Advance Ruling Certificate

The Parties involved in a business combination may request an Advance Ruling Certificate (the “**ARC**”) from the CCC prior to the completion of business combination, regarding of whether the business combination is within the pre-notification or post-notification threshold.

The ARC shall take over the obligation of pre-notification and offer a 01 (one) year assurance that the CCC cannot reject or prohibit the business combination, for the same documents and information used to issue the ARC, unless the CCC finds false or incomplete documents and information, leading to suspension or invalidation of the ARC.

In addition, the CCC may decide to issue a No Action Letter instead of an ARC, stating that it does not plan to deny the business combination but reserves the ability to do as deemed appropriate.

V. Conclusion

To conclude, any businesses planning a combination in Cambodia shall follow specific steps set by the CCC. This includes submitting the necessary documents before and after the combination takes place and, in some cases, requesting an ARC for added certainty. It is important for business to carefully follow these procedures and meet all deadlines to ensure the process goes smoothly and meets legal requirements. By doing so, businesses especially in sectors like banking, finance, insurance, and securities, can avoid potential issues and ensure their business combination complies with Cambodian law.

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 or reach out to our professionals below:



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