



KINGDOM OF CAMBODIA
NATION RELIGION KING

NATIONAL BANK OF CAMBODIA

Number B7-024-735 Prakor

Unofficial Translation

PRAKAS
ON
TRANSACTION RELATED TO CRYPTOASSETS

The Governor of the National Bank of Cambodia

- With reference to the Constitution of the Kingdom of Cambodia;
- With reference to the Royal Decree NS/RKT/0723/1675 of July 29, 2023 on the appointment of Her Excellency Chea Serey as Governor General of the National Bank of Cambodia, equivalent to Senior Minister;
- With reference to the Royal Kram NS/RKM/0196/27 of January 26, 1996 promulgating the Law on Organization and Conduct of the National Bank of Cambodia;
- With reference to the Royal Kram NS/RKM/1206/036 of December 29, 2006 promulgating the Law on the Amendment of Article 14 and 57 of the Law on Organization and Conduct of the National Bank of Cambodia;
- With reference to the Royal Kram NS/RKM/1199/13 of November 18, 1999 promulgating the Law on Banking and Financial Institutions;
- With reference to the Royal Kram NS/RKM/1005/030 of October 24, 2005 promulgating the Law on Negotiable Instruments and Payment Transactions;
- Prakas N° B14-017-161 P.K of June 14, 2017 on the Management of Payment Service Institutions
- Pursuant to the necessities deemed by the National Bank of Cambodia

Decides

Chapter I

General Provisions

Article 1.-

The purpose of this Prakas is to manage the transactions and business activities related to cryptoassets in accordance with Article 2 to 4 of the Law on Banking and Financial Institutions.

Article 2.-

This Prakas is applicable to all Commercial Banks and Payment Service Institutions, under the purview of the National Bank of Cambodia (NBC) supervisory authority, intending to have cryptoasset exposures and/or to provide cryptoasset service as cryptoasset service providers (CASPs).

This Prakas is also applicable to any legal entities intending to engage in providing services as CASPs as stipulated in Article 20 of this Prakas.

Criteria and conditions for authorizing Commercial Banks and Payment Service Institutions and licensing for CASPs are provided in a separate Prakas.

Article 3.-

For the purpose of this Prakas, the following terms are defined as follows:

- **Cryptoassets** refer to a digital representation of value that depends on cryptography and distributed ledger or similar technology. Cryptoassets can be digitally traded, or transferred, and can be used for payment or investment purposes or to access goods or service. Cryptoassets include tokenized traditional assets, unbacked cryptoassets, stablecoins, utility token, and securities token. This does not include digital representations of fiat currencies (Central bank digital currency - CBDC). For the purpose of regulating CASPs in this Prakas, cryptoasset do not include digital representations of fiat currencies, securities and other financial assets.
- **Cryptoasset exposures** refer to on or off-balance sheet amounts of cryptoassets that give rise to credit, market, operational, and/or liquidity risks, as well as refer to certain types of activities, such as safekeeping or administration of client cryptoassets, that entail operational risks.
- **Cryptoasset service providers (CASPs)** refer to any entity that offers services or engages in activities related to cryptoassets on behalf of customers, namely (a) exchange against official currencies or other cryptoassets; (b) transfer services; and/or (c) custody and administration.
- **E-wallet (Electronic wallet)** refers to a kind of pre-paid account that a user can store money or other representations of value in a software program or application in electronic devices, such as computers and mobile phones, to make online transactions and register the history of those transactions.
- **Tokenization** refers to a technological and legal process of attaching enforceable rights to entries in a DLT-based system.
- **Stablecoin** refers to cryptoassets that aim to maintain a stable value relative to a specified asset or a pool or basket of assets.

Chapter II

Classification of Cryptoassets

Article 4.-

Cryptoassets are classified into 2 Groups: Group 1 and Group 2.

Article 5.-

Group 1 consists of cryptoassets that are digital representation of traditional financial instruments or the value of which refers to traditional assets or to a pool of traditional assets known as reference assets. Group 1 is categorized into two groups as follows:

1. Group 1a are digital representations of traditional assets that have gone through tokenization, in particular tokenized securities, using DLT or a similar technology to record ownership. Group 1a is exposed to the same level of credit and market risk as the corresponding traditional assets. The traditional assets include corporate bonds, loans, deposits or equities, derivatives, commodities, and cash in custody.

2. Group 1b are stablecoins with an effective stabilization mechanism to traditional assets or a pool of traditional assets that aim to maintain a stable value of the reserve assets excluding any reference to cryptoassets of any kind or algorithm-based stablecoins.

Article 6.-

Cryptoassets are recognized as belonging to Group 1a or 1b providing the following conditions are met:

1. Group 1a shall:
 - use cryptography, DLT or similar technology to record ownership and;
 - pose the same level of risk and confer the same rights as reference assets.
2. Group 1b should have effective stabilization mechanism satisfying all of the following requirements:
 - the cryptoasset is redeemable for a predefined amount of a reference asset or assets (the peg value);
 - the stabilization mechanism shall minimize fluctuations of the cryptoassets market value relative to the peg value;
 - there is sufficient reliable information to verify the ownership rights of the reserve assets;
 - the issuer of the stablecoin is supervised and regulated by a central bank or supervisory authorities; and
 - the stabilization mechanism shall pass a redemption risk test by meeting the following conditions:
 - the value of reserve assets shall equal or exceed the aggregate peg value of all the outstanding cryptoassets;
 - the reserve assets shall be exposed to minimal market and credit risk (such as being eligible to Liquid Assets in the LCR) and be denominated in the same currency or currencies and in the same proportion as the one(s) used in the peg value;
 - the management of reserve assets is publicly documented, the value of reserve assets is disclosed daily and the composition of assets is disclosed at least weekly; and
 - the cryptoasset arrangement shall allow for the redemption to be completed within five calendar days at all times.

In addition, groups 1a and 1b shall satisfy the following requirements:

1. All rights, obligations, and interests arising from the cryptoasset arrangement are clearly defined, legally enforceable, and properly documented in all the jurisdictions where the cryptoassets are issued and redeemed. In addition, the applicable legal framework ensures settlement finality.
2. The functions of the cryptoasset and the network on which it operates, including the DLT or similar technology on which it is based, are designed and operated to sufficiently mitigate and manage any material risks. DLT or similar technology relies on permissionless ledgers are not considered meeting condition classification as Group 1.
3. Entities that execute redemptions, transfers, storage of the cryptoassets, or manage or invest reserve assets shall be regulated and supervised by relevant authorities.

Article 7.-

Group 2 includes all cryptoassets that do not meet the criteria of Group 1, in particular, but not limited to, unbacked cryptoassets that are neither tokenized traditional assets nor stablecoins.

Chapter III
Commercial Banks' Cryptoasset Exposures

Section 1: Governance Framework

Article 8.-

The board of directors shall establish, approve, and regularly review risk management policies, procedures, processes, and system for the management of risk related to operation of cryptoassets. The board of directors shall ensure that policies, procedures, processes, and systems are effectively implemented to identify, evaluate, monitor, manage, and address risks related to the operation of crypto assets under the direct responsibility of senior management at executive level.

The board of directors shall conduct effective oversight of cryptoasset activities by ensuring that commercial banks have:

1. procedures and staff for categorizing and approving cryptoasset classification following classification conditions set out in Chapter II of this Prakas and the classification shall be approved by the Institution's board of directors;
2. arrangement in place to ensure compliance with internal exposure limits, including intraday limits, and restore compliance with the limits;
3. human resources in each responsible role possesses the appropriate knowledges to perform their duties and keep updated with new development of cryptoassets and international standard setting in this area; and
4. appropriate reporting mechanisms are available at the board of director level, senior management level, and business line level enabling an overall proactive risk management related to crypto assets.

Article 9.-

Risk management policies and procedures shall be in place to address risk appetite and risk tolerance of cryptoasset activities on credit risk, market risk and operational risk, including the cryptoasset technology risk, ICT risk (Information, Communication, Technology risk), cyber risk, legal risk, risk of money laundering and combating the financing of terrorism, the financing of proliferation of weapons of mass destruction and valuation risks.

Article 10.-

The senior management is responsible for implementing policies, procedures, processes, and systems for risk management related to the operation of crypto assets in accordance with the policies, procedures, processes, and systems approved by the Board.

Section 2: Conditions on Conducting Transaction

Article 11.-

Commercial banks may carry out cryptoassets activities or services where:

1. for their own account, commercial banks intend to carry out activities related to cryptoassets as defined in Article 6 of this Prakas shall obtain prior approval from the NBC. Conditions for obtaining prior authorization are stipulated in Article 13 of this Prakas.
2. for their customers, commercial banks that intend to provide cryptoasset services (as stated in Chapter IV of this Prakas) for their customers shall apply for prior authorization from the NBC, conditions for the prior authorization are stipulated in a separate Prakas.

Article 12.-

For their own account, commercial banks are not allowed to:

1. issue cryptoasset and
2. carry out, directly or indirectly, any cryptoasset exposure with Group 2, including any transaction on organized derivative or future markets where an underlying asset is a Group 2.

Article 13.-

Commercial bank wishing to make transactions involving cryptoassets as set forth in point (1) of Article 11 above shall submit application to the NBC by meeting the following conditions:

1. a decision of the board of directors' approval to engage in cryptoasset exposures, especially on the assessment of potential impacts on financial conditions, liquidity, and solvency management;
2. strong financial conditions and have complied with all prudential regulations;
3. a designation of the cryptoassets and a detailed assessment of their classification in Group 1a or 1b;
4. a proper legal due diligence of the cryptoasset arrangements associated with cryptoasset exposures;
5. a business plan related to cryptoasset exposures for 3 financial years;
6. a description of the governance and risk management framework of the cryptoasset exposures as stated in Chapter III; and
7. any other supporting document or information required by NBC for assessment.

Article 14.-

NBC shall provide written notification of its decision whether to approve or refuse the application within 60 (thirty) working days from the date of the receipt of submission with sufficient documents.

Section 3: Prudential Treatments

Article 15.-

Commercial banks shall implement existing prudential treatment on exposures to Group 1 based on the general principle "same activities, same risks, same regulations" of the traditional assets for both banking or trading books. Detail implementation is to be stipulated in a separate guideline.

NBC may apply stringent prudential treatment related to capital requirements on cryptoassets as deemed necessary.

Article 16.-

Group 1a exposures (before risk-weighted) shall not exceed 5 percent of Common Equity Tier 1 Capital (CET1 Capital). Group 1b exposures (before risk-weighted) shall not exceed 3 percent of Common Equity Tier 1 Capital (CET1 Capital).

Article 17.-

The NBC may impose additional capital charges to individual banks for risks not sufficiently captured under the minimum capital requirements other than existing operational risk, credit risk, or market risk, such as infrastructure risk.

Article 18.-

Cryptoasset exposures are reported in accordance with reporting requirements under each applicable regulations. In addition, commercial banks shall report quarterly on the nature and value of the cryptoasset exposures as attached in the Appendix.

Chapter IV
Cryptoasset Services

Article 19.-

Any commercial bank or payment services institution wishing to offer or involve the conduct of one or more of the services as stipulated in Article 20 shall obtain prior authorization from the NBC. Authorization requirements are provided in a separate Prakas.

Any entity wishing to operate as CASPs on one or more of the services as stipulated in Article 20 shall obtain a license from the NBC. Criteria and conditions on licensing are provided in a separate Prakas.

Article 20.-

CASPs may provide one or more cryptoasset services as follows:

1. Exchange of cryptoassets: refer to any service in exchanging cryptoassets against fiat currencies (known as off-ramp transaction) or exchanging fiat currencies against cryptoassets (known as on-ramp transaction) or exchanging cryptoassets to other cryptoassets.
2. Transfer of cryptoassets: refer to the conduct of a transaction that moves a cryptoasset from one cryptoasset address or account to another.
3. Safekeeping or administration of cryptoassets or instruments enabling control over cryptoassets: refer to services such as (i) safeguard the customer's cryptoassets wallet; and/or (ii) manage the customer's cryptoasset wallet. CASPs could execute transactions or transfer from its platform on behalf of the customer. CASPs may have exclusive or independent control of the private key associated with cryptoassets belonging to customers or exclusive and independent control of smart contracts that involve cryptoassets of customer.

Article 21.-

CASPs are prohibited from:

1. using customer's cryptoasset for their own business purposes and facilitating lending and staking of customer's cryptoasset;
2. acting or providing any service in a manner that will promote, support, or encourage the use of cryptoassets as a means of payment for goods and services; and
3. advertising specific cryptoassets (but may only advertise their own services).

Chapter V
Sanctions

Article 22.-

Commercial banks, payment services institutions, and licensed CASPs failing to comply with this Prakas shall be penalized according to Article 52 of the Law on Banking and Financial Institutions.

Article 23.-

In addition to the above disciplinary sanctions, the NBC may impose fines as following:

1. Commercial bank failing to comply with the provision of Article 12 of this Prakas shall be liable for transactional fines KHR 500,000,000 (five hundred million riels) per transaction.
2. Commercial bank breaching threshold set forth in Article 16 of this Prakas shall be liable for transactional fines from KHR 20,000,000 (twenty million riels) to KHR 500,000,000 (five hundred million riels).
3. Commercial bank failing to comply with the reporting obligation set forth in Article 18 of this Prakas shall be liable for transactional fines KHR 1,000,000 (one million riels) per day.
4. Commercial banks, payment services institutions, and licensed CASPs failing to comply with this Prakas except items 1, 2 and 3 of this Article shall be subject to transactional fines KHR 3,000,000 (three million riels) per day counting from the deadline the NBC requires the Institution to take corrective action.

Chapter VI

Final Provisions

Article 24.-

All provisions contrary to those of this Prakas are hereby repealed.

Article 25.-

The General Secretary, the General Director of Banking Supervision, the General Director of Regulation and Financial Inclusion, the General Director of Policy and International Cooperation, the General Director of Central Banking Operations, the General Cashier, the General Director of Cash Management, the General Inspector, Directors of all relevant Departments in the National Bank of Cambodia, and all commercial banks, payment services institutions, and licensed CASPs under the National Bank of Cambodia's supervisory authority shall strictly implement this Prakas.

Article 26.-

This Prakas shall have effect from the signing date.

Phnom Penh, December 26, 2024

The Governor

Signed and Sealed: **Chea Serey**

To:

- As stated in article 25 "for information"
- Files-archives

Cc:

- All members of the Board of Directors
- Council of Ministers
"for information"
- Administrative Department of CM
"for publication in the National Gazette"

Appendix

របាយការណ៍ប្រចាំត្រីមាស ស្តីពី អ៊ិចស្ទូរស៊ីទ្រព្យសកម្មគ្រីបតូ

Quarterly Report on Cryptoasset Exposures

លេខសម្គាល់របាយការណ៍

Report ID

ជំនាន់របាយការណ៍

Report Version

កាលបរិច្ឆេទ

As at

ឈ្មោះគ្រឹះស្ថាន ៖

Institution's Name

អត្រាប្តូរប្រាក់ក្នុង ១ ដុល្លារអាមេរិក = X រៀល

Exchange Rate 1 USD = X Riel

ឯកតាគិតជាលានរៀល

In million Riels

ប្រភេទអ៊ិចស្ទូរស៊ីទ្រព្យសកម្មគ្រីបតូ Nature of cryptoasset exposures	អ៊ិចស្ទូរស៊ីទ្រព្យសកម្មគ្រីបតូមុនធ្វើឯហានិភ័យ Exposure value before risk-weighted		សរុប Total
	កិច្ចបញ្ជីកាណាធានា Banking book (a)	កិច្ចបញ្ជីកាទីផ្សារ Trading book (b)	(c)=(a)+(b)
ទ្រព្យសកម្មគ្រីបតូ ក្រុម១ក Cryptoasset Group 1a			
eg. X Bonds			
សរុបទ្រព្យសកម្មគ្រីបតូ ក្រុម១ក Total Exposure of Cryptoasset Group 1a			
ទ្រព្យសកម្មគ្រីបតូ ក្រុម១ខ Cryptoasset Group 1b			
eg. Stablecoin A			
សរុបទ្រព្យសកម្មគ្រីបតូ ក្រុម១ខ Total Exposure of Cryptoasset Group 1b			
ដើមទុនថ្នាក់ទី១ទូទៅសរុប (ដកស្រង់ចេញពីរបាយការណ៍ប្រចាំខែស្តីពី ដើមទុនបច្ចុប្បន្ន)			
Total CET1 (From Monthly Report on Regulatory Capital)			
សរុបទ្រព្យសកម្មគ្រីបតូ ក្រុម១ក ធៀបនឹងដើមទុនថ្នាក់ទី១ទូទៅសរុប Total Exposure of Cryptoasset Group 1a to Total CET1			
សរុបទ្រព្យសកម្មគ្រីបតូ ក្រុម១ខ ធៀបនឹងដើមទុនថ្នាក់ទី១ទូទៅសរុប Total Exposure of Cryptoasset Group 1b to Total CET1			