



PRAKAS
ON
THE MAINTENANCE OF MINIMUM RESERVE REQUIREMENT
IN BANKS AND FINANCIAL INSTITUTIONS

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 Articles 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;
- Pursuant to the necessity of the National Bank of Cambodia

Decides

Chapter 1

General Provisions

Article 1.-

The purpose of this Prakas is to set the reserve requirements for both Riel (KHR) and foreign currencies of banks and financial institutions to hold sufficient over the maintenance period, with the National Bank of Cambodia (NBC), to effectively support safe and sound operational liquidity management.

Article 2.-

This Prakas is applicable to banks and financial institutions under the National Bank of Cambodia's (NBC) supervisory authority, hereinafter referred to as "Institution".

Article 3.-

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

- **Base period** refers to a 14 consecutive calendar days period for which deposits and other borrowings subject to reserve requirements shall be reported to the NBC to determine the reserve requirements.
- **Maintenance period** refers to a 14 consecutive calendar days period during which the Institution subjects to the present regulation will have to hold the required reserve assets to comply, on average, with their minimum reserve requirements.

- **Average deposits and other borrowings base** refers to the total of the 14 amounts reported during the base periods, divided by 14 and that will serve to determine the minimum reserve requirements to be held over the corresponding maintenance period. Average deposits and other borrowings base shall be calculated separately for Riel (KHR) and for other foreign currencies (USD, etc) in which a financial institution transacts.
- **Reserve requirement rate** refers to a rate that applies to the average deposits and other borrowings base and that determines the amount of minimum reserves to be held, in average, over the corresponding maintenance period. Reserve requirement rates are determined by the NBC, for Riel (KHR) and for foreign currencies, and are published by means of an application regulations.
- **Average minimum reserves holdings** refer to the amount of reserves to be maintained in the form of eligible assets with the NBC in order to comply with the requirements set forth in this regulation. This amount is obtained by adding the amounts held in eligible assets during the 14 days of the maintenance period, the total being then divided by 14. Average minimum reserves holdings shall be calculated separately for Riel (KHR) and for other foreign currencies (USD, etc) in which an Institution transacts.
- **Minimum reserve requirements** refer to amounts determined by multiplying the applicable reserve requirement rate by the average deposits and other borrowings base. These amounts shall be determined before the maintenance period and reported to the NBC in a timely manner. Minimum reserve requirements are recalculated separately every 14 days for both, Riel (KHR) liabilities being subject to minimum reserves and foreign currency liabilities.
- **Daily compulsory threshold** refers to a minimum of 50% of the reference minimum reserve requirements in Riel (KHR) and a minimum of 80% of the reference minimum reserve requirements for other foreign currencies (USD, etc) that shall be maintained every day over the maintenance period on the Institutions' reserve requirement accounts with the NBC.
- **Eligible assets held** refers to amounts of reserve assets held, over the 14 days maintenance period, with the NBC and that will serve to determine the average minimum reserve holdings and to assess compliance with the requirements of the present regulation.

Eligible assets held included:

- Riel (KHR): balances held with NBC for both the reserve requirement account and clearing account denominated in Riel (KHR) over the 14 days maintenance period,
- Foreign currencies (USD, etc): balances held with the NBC on the corresponding foreign currencies reserve requirement accounts over the 14 days maintenance period.

Chapter 2

Reserve Requirements

Article 4.-

Reserve requirements are both a monetary policy implementation tool and a banking supervision requirement. Reserve requirement rates are subject to changes that might be required by policy implementation purposes and global economic circumstances. Therefore, reserve requirement rates are determined by the NBC and are notified by means of application Prakas.

Article 5.-

Institution shall establish and implement appropriate and prudent liquidity risk management policies aimed at achieving compliance with the requirements set forth in this Prakas.

Chapter 3

Eligible Assets That Can Be Held Against Minimum Reserve Requirements

Article 6.-

To comply with their minimum reserve requirements, Institution shall hold, on average, sufficient balances of eligible assets with the NBC.

Article 7.-

Cash on hands is not considered as an eligible reserve asset to ensure compliance with minimum reserve requirement holdings.

Assets eligible for maintenance of reserves required are limited to:

- Daily balances held at the NBC on the Institution's reserve requirement and clearing accounts, for Riel (KHR) required average reserve holdings, and
- Daily balances held at the NBC on the Institution's reserve requirement accounts, denominated in foreign currencies (USD, etc), for required average reserve holdings in foreign currencies.

Chapter 4

Base Period and Maintenance Period

Article 8.-

The reserve requirement system relies on two distinct periods of 14 calendar days each: the "base period" and the "maintenance period".

Article 9.-

Base period is a 14 calendar days period for which calculated daily average deposits and other borrowings subject to daily average reserve requirements and daily compulsory thresholds shall be reported to the NBC to determine the reserve requirements. The amounts of average reserves that will be required over the maintenance period that follows are determined by applying the current applicable reserve requirement rates to the average deposits and other borrowings base observed during the base period.

Article 10.-

The maintenance period starts the fourth day after the last day of the base period.

The maintenance period is a period of two weeks, during which the Institution subject to the present regulation will have to hold the required and eligible assets to comply, over the 14 corresponding days and on average, with their minimum reserve requirements determined over the base period.

Chapter 5

Average Minimum Reserve Holdings

Article 11.-

Since the eligible asset holdings with the NBC are averaged over the maintenance period, the reserve requirement system provides for some flexibility. However, Institution shall take adequate measures to ensure permanent compliance with the minimum threshold set forth in Article 14 of this Prakas.

Average minimum reserve asset holdings except clearing accounts balance against minimum requirements are determined over the corresponding maintenance period. An Institution is in compliance with this Prakas on reserves when the average amount held in eligible asset holdings over the maintenance period is at a minimum equal to or superior to 100% (one hundred percent) of the minimum reserve requirement amount established based on the figures reported for the preceding base period.

Article 12.-

Since positive balances held by Institutions on their clearing accounts denominated in Riel (KHR) are eligible assets for compliance with minimum reserve requirements in Riel (KHR), such balances will be added up daily, over the maintenance period, with the reserve requirement account balances. The average amount of balances is obtained by dividing the aforementioned total by 14 and shall be compared to the minimum reserve requirement amount to be complied with.

Article 13.-

Balances held on clearing accounts opened in foreign currencies are not eligible assets that can be held against foreign currencies denominated minimum reserve requirements.

Chapter 6

Minimum Threshold of Reserve Holdings and Reserve Deficiencies

Article 14.-

Although the averaging process over the 14 days allows for some flexibility, Institution shall maintain permanently, over the 14 days maintenance period, a minimum of 50% in Riel (KHR) and 80% in foreign currencies (USD, etc) of the minimum reserve requirements as determined over the corresponding base period.

This 50% compulsory threshold shall be complied with on a daily basis for reserve requirement in Riel (KHR) and 80% for reserve requirement in foreign currencies (USD, etc), throughout the maintenance period, by maintaining at least an equivalent amount on the reserve accounts (KHR and USD) at the NBC.

Although balances held on the clearing account are eligible reserve assets for Riel (KHR), the Institution shall not be added to the reserve account balances for the purposes of complying with the daily compulsory threshold of 50%.

Article 15.-

Breaches of the daily 50% minimum thresholds in Riel (KHR) and 80% in foreign currencies (USD, etc) and insufficient average minimum eligible holdings over a given maintenance period shall be considered reserve deficiencies and will be liable to sanctions and supervisory actions issued by the NBC against the contravening Institution.

Chapter 7

The Implementation and Reporting of Minimum Reserve Requirement Maintenance

Article 16.-

The Institution shall implement maintenance period reporting in Riel (KHR) and other foreign currencies (USD, etc) as detail guided in Appendix 2 of this Prakas.

Article 17.-

The Institution shall submit base reporting and maintenance period reporting as follows:

- The “base period reporting”: The Institution shall submit the “base period reporting” to the NBC three (3) days after the end of the base period. This reporting shall reflect daily balances held in liabilities subject to reserve requirements, the minimum reserve requirements, the minimum threshold 50% in Riel (KHR) and 80% in foreign currencies and shall be established separately for Riel (KHR) and for each foreign currency. Table of base period reporting as provided in Appendix 1;
- The “maintenance period reporting”: The Institution shall submit the “maintenance period reporting” to the NBC three (3) days after the end of the maintenance period. This reporting shall reflect daily balances held in eligible assets with the NBC. It shall be established separately for Riel (KHR) and for each foreign currency and shall evidence permanent compliance with the minimum threshold of 50% in Riel (KHR) and 80% in foreign currencies. Table of maintenance period reporting as provided in Appendix 1.

Chapter 8

Sanctions and Fines

Article 18.-

Breaches of the daily compulsory thresholds of 50% in Riel (KHR) and of 80% in foreign currencies (USD, etc) of the reserve requirement holding shall be fined 2% of the insufficiency observed (50% and 80% of reference requirement minus effective holdings on the corresponding reserve requirement account) for the first breach over a given maintenance period.

In case of repeated deficiencies over several consecutive maintenance periods this penalty rate shall be brought up to 4%.

Article 19.-

Deficiencies due to insufficient average reserve asset holdings over a given maintenance period shall incur to a penalty equal to 2% of the insufficiency observed, determined by the difference between the minimum average reserve requirement applicable over the maintenance period and the corresponding average reserve asset holdings. The penalty rate shall be increased up to 4% in the consecutive period.

Article 20.-

Since daily compulsory thresholds breaches and reserve insufficiencies can point at managerial issues and / or at actual and potential liquidity issues, the NBC shall consider all appropriate supervisory actions to correct the situation and make use of its sanctions powers subsequently as stated in Article 52 of the Law on Banking and Financial Institutions.

Chapter 9

Final Provisions

Article 21.-

Prakas N° B7-09-075 Prokor dated February 25, 2009 on the Maintenance of Minimum Reserves Requirement in Banks and Financial Institutions is hereby repealed.

Article 22.-

The General Secretary, the General Director of Banking Supervision, the General Director of Policy and International Cooperation, the General Director of Central Banking Operations, the General Cashier, the General Inspector, Directors of all relevant Departments in the National Bank of Cambodia and all Banks and Financial Institutions under the National Bank of Cambodia's supervisory authority shall strictly implement this Prakas.

Article 23.-

This Prakas shall have effect from the signing date.

Phnom Penh, May 8, 2024

The Governor

Signed and Sealed: **Chea Serey**

To:

- As stated in Article 22 "for implementation"
- Files-archives

Cc:

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

Appendix 1

The Maintenance of Minimum Reserve Requirement in Banks and Financial Institution Reports

1- Reporting related to the base period

This report details, by currency, daily customer deposits balances and other liabilities held over the base period, which is subject to minimum reserve requirements for the maintenance period and corresponding 50% in Riel (KHR) and 80% in foreign currencies (USD, etc) thresholds.

This base period regulatory reporting shall be made available to the National Bank of Cambodia no later than 3 days after the end of the base period:

- Table 1A: Base period for reserve requirement in Riel (KHR)
- Table 1B: Base period for reserve requirement in USD and other foreign currencies converted into USD. This table is used to sum up by day, and by currency, the liabilities on which reserve requirements are required. This summary report shall be supplemented by as many detailed tables as required by the number of foreign currencies in which the reporting institutions actually operate:
 - Table 1B-01: Base period on reserve requirements in USD;
 - Table 1B-02: Base period on reserve requirement in THB converted into USD using exchange rate, published by the NBC;
 - Table 1B-03: Base period on reserve requirement in AUD converted into USD using exchange rate, published by the NBC;
 - Table 1B-04: Base period on reserve requirement in EUR converted into USD using exchange rate, published by the NBC;
 - Table 1B-05: Base period on reserve requirement in GBP converted into USD using exchange rate, published by the NBC;
 - Table 1B-06: Base period on reserve requirement in SGD converted into USD using exchange rate, published by the NBC;
 - Table 1B-07: Base period on reserve requirement in JPY converted into USD using exchange rate, published by the NBC;
 - Table 1B-08: Base period on reserve requirement in HKD converted into USD using exchange rate, published by the NBC;
 - Table 1B-09: Base period on reserve requirement in CAD converted into USD using exchange rate, published by the NBC;
 - Table 1B-10: Base period on reserve requirement in PHP converted into USD using exchange rate, published by the NBC;
 - Table 1B-11: Base period on reserve requirement in VND converted into USD using exchange rate, published by the NBC;
 - Table 1B-12: Base period on reserve requirement in CNY converted into USD using exchange rate, published by the NBC;
 - Table 1B-13: Base period on reserve requirement in gold converted into USD using exchange rate, published by the NBC;
 - Table 1B-14: Base period on reserve requirement in CNH converted into USD using exchange rate, published by the NBC;
 - Table 1B-15: Base period on reserve requirement in different currencies converted into USD is an additional table that can be used for reporting other liabilities held in different currencies in which the reporting institution transacts.

2- Reporting related to the maintenance period

This report provides that daily balances held in eligible assets with the NBC, and the possible breaches of daily compulsory thresholds through the averaging of the daily reserve holdings.

The Institution subjects to reserve requirements shall report to the NBC within 3 days starting from the end of maintenance period.

- Table 2A: Maintenance period report for reserve requirement in Riel (KHR). This report is used to calculate daily minimum reserve requirement and the compulsory threshold 50% as copied out from the report (Table 1A);
- Table 2B: Maintenance period from reserve requirement in USD.

របាយការណ៍រយៈពេលមូលដ្ឋាន ស្តីពីប្រាក់បម្រុងកាតព្វកិច្ចជាដុល្លារអាមេរិក និងរូបិយប័ណ្ណផ្សេងៗ គិតជាដុល្លារអាមេរិក
Report of Base Period on Reserve Requirement in USD and Other Currencies Converted into USD

ឈ្មោះគ្រឹះស្ថាន/Name of Institution:

តារាង : ១២

រយៈពេលមូលដ្ឋាន/Base Period:

Table: 1B

រយៈពេលតម្កល់/Maintenance Period:

(គិតជាដុល្លារអាមេរិក)

រយៈពេលត្រូវរាយការណ៍/Reporting Period:

(In USD)

កាលបរិច្ឆេទនៃ រយៈពេលមូលដ្ឋាន Date of Base Period	ប្រាក់បញ្ញើ និងប្រាក់កម្ចី ផ្សេងៗ ជាដុល្លារអាមេរិក Deposits and other borrowings base in USD	ប្រាក់បញ្ញើ និងប្រាក់កម្ចី ផ្សេងៗ ជាអឺរូ គិតជាដុល្លារអាមេរិក Deposits and other borrowings base in EUR Converted into USD	ប្រាក់បញ្ញើ និងប្រាក់កម្ចី ផ្សេងៗ ជាថៃបាត គិតជាដុល្លារអាមេរិក Deposits and other borrowings base in THB Converted into USD	ប្រាក់បញ្ញើ និងប្រាក់កម្ចី ផ្សេងៗ ជា..... គិតជាដុល្លារអាមេរិក Deposits and other borrowings base in ... Converted into USD *	សរុបប្រាក់បញ្ញើ និង ប្រាក់កម្ចីផ្សេងៗ គិតជាដុល្លារអាមេរិក Total Deposits and other borrowings Base Converted into USD
	1	2	3	4	5=1+2+3+4
					-
					-
					-
					-
					-
					-
					-
					-
សរុប Total	-	-	-	-	-
មធ្យមប្រចាំថ្ងៃ Daily average	-	-	-	-	-
ប្រាក់បម្រុង កាតព្វកិច្ចអប្បបរមា (មធ្យមប្រចាំថ្ងៃ x ៧%) Minimum reserve requirement (Daily Average x 7%)	-	-	-	-	-
ប្រាក់បម្រុងកាតព្វកិច្ចសម្រាប់តម្កល់រយៈពេលត្រូវតម្កល់ Reserve Requirement for maintenance period:					
ប្រាក់បម្រុងកាតព្វកិច្ចអប្បបរមាជាដុល្លារអាមេរិក (ទម្រង់ : ១២០១ + ១២០២ + ១២០៣ + ១២០៤ + ...+១២១៥) Minimum reserve requirements In USD (Form: 1B01+1B02+1B03+1B04+...+1B15)					\$0.00
កម្រិតកំណត់កាតព្វកិច្ចប្រចាំថ្ងៃ (៨០%) Daily Compulsory Threshold (80%)					-

* កំណត់សម្គាល់/Note:

ក្នុងករណីមានប្រាក់បម្រុងប្រភេទផ្សេងៗទៀត ត្រូវបន្ថែមជួរឈ្មោះបន្ថែមទៀតសម្រាប់ប្រភេទប្រាក់បម្រុងនីមួយៗទៅតាមប្រតិបត្តិការរបស់គ្រឹះស្ថាន
 There will be additional columns as needed for each of the Foreign Currencies transaction of the Institutions

រាជធានីភ្នំពេញ ថ្ងៃទី ខែ ឆ្នាំ
 Reporting Date:

នាយក
 Manager

អ្នកពិនិត្យ
 Verified by

អ្នកធ្វើតារាង
 Prepared By

Appendix 2
Guideline on
The Implementation of Prakas on Minimum Reserve Requirement
For Banks and Financial Institutions

1- Base Period Reporting

The first base period will cover 14 calendar days from Tuesday, 04 June 2024 to Monday, 17 June 2024. The first reporting set related to the base period to be considered under the new reserve requirement system will be due to the NBC on Thursday, 20 June 2024 at the latest.

The second base period will cover 14 calendar days from Tuesday, 18 June 2024 to Monday, 01 July 2024. The second reporting set related to the corresponding base period will be due latest Thursday, 04 July 2024.

For the next reports and base periods, all dates will be rolled automatically over from 14 calendar days starting from the previous period and reporting deadline.

2- Maintenance Period Reporting

The first maintenance period will cover 14 calendar days from Friday, 21 June 2024 to Thursday, 04 July 2024. The first reporting set related to the maintenance period corresponding to the first base period will be due to the NBC on 08 July 2024 because 07 July 2024 being on Sunday, so the due date is on Monday, 08 July 2024.

The second maintenance period will cover 14 calendar days from Friday, 05 July 2024 to Thursday, 18 July 2024. The second reporting set related to the maintenance period corresponding to the first base period will be due to the NBC on 22 July 2024 because 21 July 2024 being on Sunday, so the due date is on Monday, 22 July 2024.

For the next reports and maintenance periods, all dates will be rolled automatically over from 14 days starting from the previous period and reporting deadline.

3- Public Holiday

Should the regular reporting deadlines correspond to a weekend or public holiday, Institution shall send their reports to the NBC at the latest the next working day following such public holiday.