



## LEGAL UPDATE

# SUB-DECREE ON REQUIREMENTS AND PROCEDURES FOR BUSINESS COMBINATIONS

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## OVERVIEW

The Royal Government of Cambodia issued sub-decree no. 60 on Requirements and Procedures for Business Combinations on 06 March 2023 (the “Sub-decree”). This Sub-decree is a supporting regulation for the implementation of business combinations provision set forth under the Law on Competition. It aims to examine, monitor, and evaluate the effect on competition arising from business combinations which could have or may have the significant effect in the form of prevention, restriction, or distortion of the competition in Cambodian market.

## NOTIFICATION OBLIGATIONS

Any business combinations which fall within the threshold determined by the Competition Commission of Cambodia (the “CCC”) shall be subject to the pre- and post- completion of business combination notification obligations to the CCC. The general business combination, the combination involving bank and financial institution, and the combination involving insurance or securities companies shall be subject to different thresholds. The details can be found in the Decision no. 095 dated 14 March 2023 issued by the MOC’s minister and director of the CCC.

## PRIMARY AND SECONDARY REVIEW

Upon the receipt of the complete pre-notification on business combinations, the CCC shall issue the notification on its primary review no later than 30 business days. This notification shall determine the approval of the business combination or the requirement for the secondary review. In the case that the CCC fails to issue the notification, it is considered as the CCC’s approval for the transaction. For the secondary review, the CCC may request more documents and information from the applicants. The review shall be completed within 60 business days upon the receipt of the full required documents and information. This shall be subject to extension.

## EXCEPTION

Any business combinations which could lead to the prevention, restriction or distortion of the competition may be allowed in the case that the agreement offers significant identifiable technological, economic, or social benefits that significantly outweigh the anticompetitive effect, would not eliminate competition in any substantial part of a market, and could not have arisen without such agreements or activities. The CCC shall conduct the review on the information and documents submitted by the applicant with respect to the exception provision in the Law on Competition.

## ADVANCED RULING CERTIFICATE

The notification for the transaction under the Sub-decree may include the request for the Advanced Ruling Certificate. The CCC shall not deny the request unless the CCC has any argument that such transaction could prevent, restrict, or distort competition in Cambodian market. Upon the receipt of this certificate, the parties of the transaction can proceed to the completion of the business combinations. The CCC shall not challenge the transaction within 01 years upon its issuance of the certificate by using the same information and documents submitted by the applicant.

## REGISTRATION

The business combinations which subject to the notification obligations under the Sub-decree is required to submit the situation report and register this transaction within 30 business days upon the completion of the transaction. The applicant is also required to submit certificate of tax compliance in the registration process. The transaction which received the Advanced Ruling Certificate shall not be an exemption for this registration.

## ENFORCEMENT

This Sub-decree shall be effective within 06 months upon date of issuance. For the time being, some of the main supporting regulations such as the registration requirements and procedures for the completed business combination under this Sub-decree, the formalities and procedures for Advanced Ruling Certificate, and the official fee for the government services under this Sub-decree are still absent.



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