

**Kingdom of Cambodia
Nation Religion King**

ROYAL GOVERNMENT OF CAMBODIA

National Bank of Cambodia

DRAFT

**LAW ON NEGOTIABLE INSTRUMENTS AND
PAYMENT TRANSACTIONS**

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TEXT

LAW ON NEGOTIABLE INSTRUMENTS AND PAYMENT TRANSACTIONS

CHAPTER I - GENERAL PROVISIONS

Article 1:

1. This Law governs negotiable instruments- and payment transactions and covers bank accounts and the operation of the payment system.
2. Negotiable instruments are written orders or promises to pay a determinate sum of money, transferable by delivery, and where required, also with endorsement. Negotiable instruments governed by the Law are checks, bills of exchange, and promissory notes.
3. Payment transactions governed and defined by this Law are transfers of funds between or from bank accounts. A payment transaction may be either a credit or debit transfer. It is initiated by means of a payment order, which may be written, electronic, and under some conditions, oral.
4. Payment system consists of institutions and mechanisms facilitating payment in money and the transfer of monetary value by means of payment transactions.

7. "Clearing" means exchanging and processing inter bank payment orders for the purpose of calculating either bilateral or multilateral netted amounts owed by or to each bank for the settlement of payment orders included at each clearing cycle;
8. "In-house transfer" means a transfer of funds, from a payor to a payee at the same bank, having one payment order. Participants in an in-house transfer are the originator, a bank acting both as originating and destination bank, and receiver;
9. "Inter bank transfer" means a transfer of funds from a payee to a payee in two separate banks, having at least two payment orders. In an inter bank transfer each receiving bank other than the destination bank executes its sender's payment order by issuing a corresponding payment order to a receiving bank, and the last payment order is sent to the destination bank. Participants in an inter bank transfer are the originator, originating bank, destination bank and the receiver, and may include one or more intermediary banks. At least one intermediary bank is required in a payment transaction -whenever the originating bank does not settle directly with the destination bank. In an inter bank transfer, for each inter bank payment order, the sending bank settles with the receiving bank as provided in Article 202;
10. "Debit transfer" means a payment transaction originated by the payee, based on the payor's authority, instructing the payee's bank to collect money from the payor's account. The issue of a check constitutes an authority for collection by debit transfer;
11. "Credit transfer" means a payment transaction originated by the payor, who issues a payment order to the payor's bank instructing it to transfer funds out of the payor's account to the payee or to the payee's account;
12. "Agreement" in Section 7 of Chapter V means the contract between a bank and customer which governs the operation of account, including such matters as its duration, modification and the payment orders.
13. "Account" means any account opened under a contract between a customer and a bank, whether current, giro, or otherwise, and includes an account under an ad hoc relationship created solely for the purpose of generating a single payment transaction;
14. "Settlement account," means the account that a bank maintains on the books of the NBC for carrying out incoming and outgoing payment transactions;
15. "Passbook account" means in Section 7 of Chapter V an account under which debits and credits are posted by the bank recording them in a passbook originally given by the bank to the customer and presented to the bank for such recording by the customer.
16. "By procreation" means by limited authority to collect on behalf of the transferor.

17. "Electronically" means by means of either on-line telecommunication or the off-line physical delivery of tapes, diskettes, or similar devices.
18. "Value in collection" means value to be received by the transferor upon collection or recovery on the instrument by the transferee.
19. "Value in security", or "Value in pledge" indicates transfer by way of security, or a transfer intended to create a security interest, and not to convey title.
20. "Banking day" means the part of the day during which the bank is open for the receipt, processing, and transmittal of payment orders and other messages relating to payment transactions;
21. "Value date" means the banking day on which a payment order is to be acted on as instructed by the sender.
22. "Bank" includes the National Bank of Cambodia, any institution licensed to carry out banking operations under the Law on Banking and Financial Institutions, and any other institution or entity authorized by law to take deposits or participate in payment transactions on the account of customers. A branch or a separate office of a bank is considered a separate bank for the purpose of duties in the performance of a payment transaction. and computing the time within which, or determining the place at or to which, action may be taken or notice or order must be given.
23. "Destination bank" means the bank identified in a payment order in which payment to the payee in a credit transfer is to take place, or the payor's account in a debit transfer is held. It is the bank which is to receive the last payment order in a payment transaction. In a credit transfer the destination bank is the payee's bank. In a debit transfer the destination bank is the payor's bank.
24. "Originating bank" means the bank that

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28. "Drawer" means the person who gives the order to pay on a check or bill of exchange.
29. "Drawee" means the person to whom the order to pay on a check or bill of exchange is addressed.
30. "*Retour sans frais*" literally, means "return without charges", and signifies an undertaking to honor, that is, to allow recourse against a party liable, without requiring the holder to have a protest drawn up.
31. "Payment order" means an unconditional instruction given to a bank to pay or collect a specific sum of money out of a designated account, to or for a payee, or to or for a payee's account, and includes any amendment to a payment order. Parties to a payment order are the sender and the receiving bank. Where the sender is a bank the payment

39. "Foreign currency" means any currency other than the domestic currency;
40. "Domestic currency" means the riel, or any successor or replacement as the official currency of the Kingdom of Cambodia;
41. "Protest" or "*Protest*"- is a solemn declaration as to circumstances, such as default, in or refusal of acceptance, payment, or given visa, which entitle the holder to recourse on a

52. "Payor" means the participant who is to make payment in a payment transaction. It is the originator in a credit transfer and the receiver in a debit transfer;
53. "Maturity" means date on which a check, bill of exchange, promissory note becomes due.
54. "Recourse", means the right to recover from a party liable on a negotiable instrument.

CHAPTER II-- CHECKS

Section I: The drawing and form of a check

Article 3:

Article 6: A check must be drawn on a banker holding funds at the disposal of the drawer and in conformity with an agreement, express or implied, whereby the drawer is entitled to dispose of those funds by check. Nevertheless, if these provisions are not complied with, the instrument is still valid as a check.

Article 7:

1. A check cannot be accepted. A statement of acceptance on a check shall be disregarded.
2. A check does not operate as an assignment of funds in the hands of the drawee available for payment thereof and the drawee of a check is not liable to the holder.

Article 8:

1. A check may be made payable:
 - (a) To a specified person with or without the express clause "to order," or

more than once in figures, and there is any discrepancy, the smaller sum is the sum payable.

Article 13: If a check bears signatures of persons incapable of binding themselves by a check, or forged signatures, or signatures of fictitious persons, or signatures which for any other reason cannot bind the persons who signed the check or on whose behalf it was signed, the obligations of the other persons who have signed it are nonetheless valid.

Article 14: Whosoever puts his signature on a check as representing a person for whom he had no power to act is bound himself as a party to the check and, if he pays, has the same rights as the person for whom he purported to act. The same rule applies to a representative who has exceeded his powers.

Article 15:

1. An endorsement must be written on the back of the check or on a slip affixed thereto (*allonge*). It must be signed by the endorser.
2. The endorsement may leave the beneficiary unspecified or may consist simply of the signature of the endorser (endorsement in blank).

Article 20:

1. An endorsement transfers all the rights arising out of a check.
2. If the endorsement is in blank, the holder may:
 - (a) Fill up the blank either with his own name or with the name of some other person;
 - (b) Re-endorse the check in blank or to some other person;
 - (c) Transfer the check to a third person without filling up the blank and without endorsing it.

Article 21:

1. In the absence of any contrary stipulation, the endorser guarantees payment.
2. He may prohibit any further endorsement; in this case he gives no guarantee to the persons to whom the check is subsequently endorsed.

Article 22: The possessor of an endorsable check is deemed to be the lawful holder if he establishes his title to the check through an uninterrupted series of endorsements, even if the last endorsement is in blank. In this connection cancelled endorsements shall be disregarded. When an endorsement in blank is followed by another endorsement, the person who signed this last endorsement is deemed to have acquired the check by the endorsement in blank.

Article 23: An endorsement on a check to bearer renders the endorser liable in accordance with the provisions governing the right of recourse; but it does not convert the instrument into a check to order.

Article 24:

1. When an endorsement contains the statement "value in collection" ("*valeur en recouvrement*"), "for collection" ("*pour encaissement*"), "by procuration" ("*par procuration*"), or any other phrase implying a simple mandate, the holder may exercise all rights arising out of the check, but he can re-endorse it only in his capacity as agent.
2. In this case the parties liable can only set tip against the holder defenses which could be set up against the endorser.
3. The mandate contained in an endorsement by procuration does not terminate by reason of the death of the party giving the mandate or by reason of his becoming legally incapable.

Article 27:

1. An endorsement after protest or after an equivalent declaration or after the expiration of the limit of time for presentment
 - (i) operates only as an ordinary assignment; and
 - (ii) does not operate to give rights under Articles 22, 24, and 25.
2. Failing proof to the contrary, an undated endorsement is deemed to have been placed on

2. His undertaking is valid even when the liability which he has guaranteed is inoperative for any reason other than defect of form.
3. He has, when he pays the check, the rights arising out of the check against the person guaranteed and against those who are liable to the latter on the check.

Section 4-Presentation and Payment

Article 31:

1. A check is payable at sight. Any contrary stipulation shall be disregarded.
2. A check presented for payment before the date stated as the date of issue is payable on the day of presentment.

Article 32: A check must be presented for payment within six months of its date.

Article 33: Where a check is drawn in one place and is payable in another having a different calendar, the day of issue shall be construed as being the corresponding day of the calendar of the place of payment.

Article 34: The presentment of a check either at or through a clearing-house, or electronically, as provided by agreement or regulations issued by, the National Bank of Cambodia, is an effective presentment for payment.

Article 35:

1. Payment on a check may be countermanded without prejudice to the rights of the holder.
2. If payment on a check has not been countermanded, the drawee may pay it even after the expiration of the time limit for
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1. A check is deemed to be an authorization given to the drawee to pay in the currency of the account on which it is drawn.
2. When a check is drawn payable in a currency which is not that of the account, the sum payable may be paid by the drawee in the currency of the account according to its value on the date of payment.
3. If a check drawn payable in a currency which is not that of the place of payment has not been paid on presentment, the holder may at his option demand from a party liable that payment of the amount of the check be made in the currency of the place of payment according to the rate on the day of presentment or on the day of payment.
4. The usages of the place of payment shall be applied in determining the value of foreign currency. Nevertheless, the drawer may stipulate that the sum payable shall be calculated according to a rate expressed in the check.
5. Notwithstanding paragraph 3, a check either drawn payable in a currency which is widely accepted in Cambodia, or in which the drawer has stipulated that payment must be made in a certain specified foreign currency, may be enforced by the holder against any party liable in the stated currency.
6. If the amount of the check is specified in a currency having the same denomination, but a different value in the country of payment and the country of issue or any other country, unless specifically indicated otherwise, where the currency is not that of the account, reference in the check is deemed to be made to the currency of the country of payment. Where the currency of the country of payment does not have the same denomination, to a currency which is widely accepted in the place of payment.

Section 5-Crossed Checks and Checks Payable in Account

Article 40:

1. The drawer or holder of a check may cross it with the effects stated in the next article hereof.
2. A crossing takes the form of two parallel lines drawn on the face of the check. The crossing may be general or special.
3. The crossing is general if it consists of the two lines only or if between the lines the term "banker" or some equivalent is inserted; it is special if the name of a banker is written between the lines.
4. A general crossing may be converted into a special crossing, but a special crossing may not be converted into a general crossing.

Article 41:

1. A check which is crossed generally can be paid by the drawee only to a banker or to a customer of the drawee.
2. A check which is crossed specially can be paid by the drawee only to the named banker, or if the latter is the drawee, to his customer. Nevertheless the named banker may procure the check to be collected by another banker.
3. A banker may not acquire a crossed check except from one of his customers or from another banker. He may not collect it for the account of other persons than the foregoing.

6. A person who does not give notice within the limit of time prescribed above does not forfeit his rights. He is liable for the damage

- (a) The entire sum which he has paid;
- (b) Interest on the said sum calculated at a rate determine by the National Bank of Cambodia, as from the day on which he made payment;
- (c) Any expenses which he has incurred.

Article 50:

1. Every party liable against whom a right of recourse is, or may be, exercised, can require against payment, that the check shall be given up to him with the protest or equivalent declaration and a receipted account.
2. Every endorser who has taken up and paid a check may cancel his own endorsement and those of subsequent endorsers.

Article 51:

1. Should the presentment of the check or the drawing up of the protest or the making of the equivalent declaration within the prescribed limits of time be prevented by an insurmountable obstacle (vis major), these limits of time shall be extended.
2. The holder is bound to give notice without delay of the case of vis major to his endorser and to make a dated and signed declaration of this notice, on the check or on an allonge; in other respects, the provisions of Article 45 shall apply.
3. When vis major has terminated, the holder must without delay present⁴the check for payment and, if need be, procure a protest to be drawn up or an equivalent declaration made.
4. If vis major continues to operate beyond fifteen days after the date on which the holder, even before the expiration of the time-limit for presentment, has given notice of vis major to his endorser, recourse may be exercised and neither presentment nor *a protest nor an equivalent declaration shall be necessary.
5. Facts which are purely personal to the holder or to the person whom he has entrusted with the presentment of the check or the drawing up of the protest or the making of the equivalent declaration are not deemed to constitute cases of vis major.
6. Liability on a check that has been lost or destroyed may be enforced only against security provided by the party enforcing the check, which to the satisfaction of the court, indemnifies the party liable on it against any claim of any other person on the check if it reaches a holder who acquires it otherwise than in bad faith or gross negligence.

Section 7- Check Collection

Article 52:

1. Where a check is delivered to a banker for deposit to the credit of the customer and the banker credits him with the amount of the check, the banker acquires all the rights and powers of a holder of the check.

2. Unless otherwise agreed, credit so posted to the account is provisional, and the banker may debit the account or shall otherwise have recourse from the customer if the check is not paid. Unless otherwise agreed, any withdrawal of such provisional credit is at the

Article 58: The limits of time stipulated in the present Chapter shall not include the day on which the period commences.

Article 59: No days of grace, whether legal or judicial, are permitted.

CHAPTER III-BILLS OF EXCHANGE
Section 1-Issue and form of a bill of exchange

Article 60: A bill of exchange is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay, a

Article 71:

1. A bill of exchange payable to a specified person, with or without the express clause "to order", may be transferred by means of endorsement.
2. When the drawer has inserted in a bill of exchange payable to a specified person the words "not to order" or an equivalent expression, the instrument can only be transferred according to the form, and with the effects of an ordinary assignment.
3. A bill of exchange may be endorsed even in favor of the drawee, whether he has accepted or not, or of the drawer, or of any other party to the bill. These persons may re-endorse the bill.

Article 72:

3. An endorsement on a bill of exchange to bearer renders the endorser liable in accordance with the provisions governing the right of recourse; but it does not convert the instrument into a bill of exchange to order.

Article 76:

1. The possessor of a bill of exchange is deemed to be the lawful holder if he establishes his title to the bill through an uninterrupted series of endorsements, even if the last endorsement is in blank. In this connection, cancelled endorsements are deemed not to be written (*non écrite*). When an endorsement in blank is followed by another endorsement, the person who signed this last endorsement is deemed to have acquired the bill by the endorsement in blank.
2. Where a person has been dispossessed of a bill of exchange, in any manner whatsoever, the holder who establishes his right thereto in the manner mentioned in the preceding paragraph or of a bill of exchange payable to bearer is not bound to give up the bill unless he has acquired it in bad faith, or unless in acquiring it he has been guilty of gross negligence.

Article 77:

1. Persons sued on a bill of exchange cannot set up against the holder defenses founded on their personal relations with the drawer or with previous holders, unless the holder, in acquiring the bill, has knowingly acted to the detriment of the debtor.
2. Paragraph (1) does not apply to a bill of exchange made payable to a specified person, in which the words "not to order" or any other equivalent expression have been inserted.

Article 78:

1. When an endorsement contains the statements "value in collection" ("*valeur en recouvrement*"), "for collection" ("*pour encaissement*"), "by procuration" ("*par procuration*") or any other phrase implying a simple mandate, the holder may exercise all rights arising out of the bill of exchange, but he can only endorse it in his capacity as agent.
2. In this case, the parties liable can only set up against the holder defenses which could be set up against the endorser.
3. The mandate contained in an endorsement by procuration does not terminate by reason of the death of the party giving the mandate or by reason of his becoming legally incapable.
4. The delivery of a bill of exchange to a banker for collection is a payment order governed by Chapter V of this Law. In case of an inconsistency with respect to bill of exchange between a provision of Chapter V of this Law and a provision of this Chapter, -this Chapter prevails.

Article 79:

1. When an endorsement contains the statements "value in security" ("*valeur en garantie*"), "value in pledge" ("*valeur en gage*"), or any other statement implying a pledge, the holder may exercise the rights arising out of the bill of exchange, but an endorsement by him has the effects only of an endorsement by an agent.

Article 84:

1. The drawee may demand that a bill shall be presented to him a second time on the day after the- first presentment. Parties interested are not allowed to set up that this demand has not been complied with unless this request is mentioned in the protest.
2. The holder is not obliged to surrender to the drawee a' bill presented for acceptance.

Article 85:

Article 89:

1. Where the drawee who has put his acceptance on a bill has cancelled it before restoring the bill, acceptance is deemed to be refused. Failing proof to the contrary, the cancellation is deemed to have taken place before the bill was restored.
2. Nevertheless, if the drawee has notified his acceptance in writing to the holder or to any party who has signed the bill, he is liable to such parties according to the terms of his acceptance.

Section 4- "Avals"**Article 90:**

1. Payment of a bill of exchange may be guaranteed by an "*aval*" as to the whole or part of its amount.
2. This guarantee may be given by a third person or even by a person who has signed as a party to the bill.

Article 91:

1. An "*aval*" may be given either on the bill itself or on an "*allonge*."
2. It is expressed by the words "good as *aval*" ("*bon pour aval*") or by any other equivalent formula. It is signed by the giver of the "*aval*."
3. It is deemed to be constituted by the mere signature of the giver of the "*aval*" placed on the face of the bill, except in the case of the signature of the drawee or of the drawer.
4. An "*aval*" must specify for whose account it is given. In default of this, it is deemed to be given for the drawer.

Article 92:

1. The giver of an "*aval*" is bound in the same manner as the person for whom he has become guarantor.
2. His undertaking is valid even when the liability which he has guaranteed is inoperative for any reason other than defect of form.
3. He has, when he pays a bill of exchange, the rights arising out of the bill of exchange against the person guaranteed and against those who are liable to the latter on the bill of exchange.

Section 5-Maturity**Article 93:**

1. A bill of exchange may be drawn payable:
 - (a) At sight;

- (b) At a fixed period after sight;
 - (c) At a fixed period after date; or
 - (d) At a fixed date.
2. A bill of exchange may be drawn payable by stated installments, each at a fixed date with a provision that in default in payment of any installment the entire unpaid balance shall become due;
 3. Bills of exchange at other maturities are null and void.

Article 94:

1. A bill of exchange at sight is payable on presentment. It must be presented for payment within a year of its date of issue. The drawer may abridge or extend this period. These periods may be abridged by the endorsers.
2. The drawer may prescribe that a bill of exchange payable at sight must not be presented for payment before a named date. In this case, the period for presentment begins from the said date.

Article 95:

1. The maturity of a bill of exchange payable at a fixed period after sight is determined either by the date of the acceptance or by the date of the protest.
2. In the absence of the protest, an undated acceptance is deemed, so far as regards the acceptor, to have been given on the last day of the limit of time for presentment for acceptance.

Article 96:

1. Where a bill of exchange is drawn payable at one or more months after date or after sight, the bill matures 'on the corresponding date of the month when payment must be made. If there be no corresponding date, the bill matures on the last day of this month.
2. When a bill of exchange is drawn payable at one or more months and a-half after date or sight, entire months must first be calculated.
3. If the maturity is fixed at the commencement, in the middle, such as mid-January or mid-February, or at the end of the month, the first, fifteenth or last day of the month is to be understood.
4. The expression "eight days" or "fifteen days" indicate not one or two weeks, but a period of eight or fifteen actual days.
5. The expression "half month" means a period of fifteen days.

Article 97:

1. When a bill of exchange is payable on a fixed day in a place where the calendar is different from the calendar in the place of issue, the day of maturity is deemed to be fixed according to the calendar of the place of payment.
2. When a bill of exchange drawn between two places having different calendars is payable at -a fixed period after date, the day of issue is referred to the corresponding day of the calendar in the place of payment, and the maturity is fixed accordingly.

1. When a bill of exchange is drawn payable in a currency which is not that of the place of payment, the sum payable may be paid in the currency of the country, according to its value on the date of maturity. If the debtor is in default, the holder may at his option demand that the amount of the bill be paid in the currency of the country according to the rate on the day of maturity or the day of payment.
2. The usages of the place of payment determine the value of foreign currency. Nevertheless, the drawer may stipulate that the sum payable shall be calculated according to a rate expressed in the bill.

2. Protest for non-acceptance must be made within the limit of time fixed for presentment for acceptance. If, in the case contemplated by Article 84, paragraph 1, the first presentment takes place on the last day of that time, the protest may nevertheless be drawn up on the next day.
3. Protest for non-payment of a bill of exchange payable on a fixed day or at a fixed period after date or sight must be made on one of the two business days following the day on which the bill is payable. In the case of a bill payable at sight, the protest must be drawn up under the conditions specified in the foregoing paragraph for the drawing up of a protest for non-acceptance.,
4. Protest for non-acceptance dispenses with presentment for payment and protest for non-payment.
5. If there is a stoppage of payment on the part of the drawee, whether he has accepted or not, or if execution has been levied against his assets without result, the holder cannot exercise his right of recourse until after presentment of the bill to the drawee for payment and after the protest has been drawn up.
6. If the drawee, whether he has accepted or not, is declared bankrupt (filleted declare), or in the event of the declared bankruptcy of the drawer of a non-acceptable bill, the production of the judgment declaring the bankruptcy suffices to enable the holder to exercise his right of recourse.
7. A protest shall be signed by an officer legally authorized to authenticate documents. As long as no such person has been designated by law he shall be designated by the National Bank of Cambodia. A protest must contain a copy of the bill of exchange, or the original bill of exchange may be annexed thereto, and specify the person at whose request the bill of exchange is protested, the place and date of the protest, the cause or reason for protesting the bill of exchange, the demand made and the answer given, if any, or the fact that the drawee or acceptor cannot be found. It shall be made at the place of the refusal to pay or accept or at some other place in Cambodia situated within 10 kilometers of the place of presentment and refusal to pay or accept.
8. A protest may be constituted by the signed written drawee's declaration specifying the information set out in the previous paragraph.

Article 105:

1. The holder must give notice of non-acceptance or non-payment to his endorser, to the

4. Proceedings against one of the parties liable do not prevent proceedings against the

2. The redraft includes, in addition to the sums mentioned in Articles 108 and 109, brokerage and the cost of stamping the redraft.
3. If the redraft is drawn by the holder, the sum payable is fixed according to the rate for a sight bill drawn at the place where the original bill was payable upon the part, liable at the place of his domicile. If the redraft is drawn by an endorser, the sum payable is fixed according to the rate- for a sight bill drawn at the place where the drawer of the redraft is domiciled upon the place of domicile of the party liable.

Article 113:

1. After the expiration of the limits of time fixed:
 - (a) for the presentment of a bill of exchange drawn at sight or at a fixed period after sight;
 - (b) For drawing up the protest for non-acceptance or non-payment;
 - (c) For presentment for Payment in the case of a stipulation retour sans frais, the holder loses his rights of recourse against the endorsers, against the drawer and against the other parties liable, with the exception of the acceptor.
2. In default of presentment for acceptance within the limit of time stipulated by the drawer, the holder loses his right of recourse for non-payment, as well as for non-acceptance, unless it appears from the terms of the stipulation that the drawer only meant to release himself from the guarantee of acceptance.
3. If the stipulation for a limit of time for presentment is contained in an endorsement, the endorser alone can avail himself of it.
4. A holder who lost his right of recourse under this Article may sue the drawer under the law of contract and ordinary assignment, in an action governed by the law of contract and assignment. Any recovery under this paragraph is reduced by damages for any injury caused to the drawer by the holder's failure to meet required limits of time.

Article 114:

1. Should the presentment of the bill of exchange or the drawing up of the protest within the prescribed limits of time be prevented by an insurmountable obstacle (vis major), these limits of time shall be extended.
2. The holder is bound to give notice without delay of the case of vis major to his endorser

5. In the case of bills of exchange drawn at sight or at a fixed period after sight, the time-limit of thirty days shall run from the date on which the holder, even before the expiration of the time for presentment, has given notice of vis major to his endorser. In the case of bills of exchange drawn at a certain time after sight, the above time-limit of thirty days shall be added to the period after sight specified in the bill of exchange.-
6. Facts which are purely personal to the holder or to the person whom he has entrusted with the presentment of the bill or drawing up of the protest are not deemed to constitute cases of vis major.
7. Liability on a bill of exchange that has been lost or destroyed may be enforced only against security provided by the party enforcing the bill of exchange, which to the satisfaction of the court, indemnifies the party liable on it against any claim of any other person on the bill of exchange if it reaches a holder who acquires it otherwise than in bad faith or gross negligence.

Section 8 - Intervention for Honor

Article 115:

1. The drawer, an endorser, or a person giving an aval may specify a person who is to accept or pay in case of need.
2. A bill of exchange may, subject as hereinafter mentioned, be accepted or paid by a person who intervenes for the honor of any debtor against whom a right of recourse exists.
3. The person 'intervening may be a third party, even the drawee, or, save the acceptor, a party already liable on the bill of exchange..
4. The person intervening is bound to give, within two business days, notice of his intervention to the party for whose -honor he has intervened. In default, he is responsible for the injury, if any, due to his negligence, but the damages shall not exceed the amount of the bill of exchange.

Article 116:

1. There may be acceptance by intervention in all cases where the holder has a right of recourse before maturity on a bill which has not yet been accepted. ,
2. When the bill of exchange indicates a person who is designated to accept or pay it as a referee in case of need at the place of payment, the holder may" not exercise his rights of recourse before maturity against the person n1ming such referee and against subsequent signatories, unless he has presented the bill of exchange to the referee and until, if acceptance is refused by the latter, this refusal has been authenticated by a protest.
3. In other cases of intervention the holder may refuse an acceptance by intervention. Nevertheless, if he allows it, he loses his right of recourse before maturity against the person on whose behalf such acceptance was given and against subsequent signatories.

Article 117:

Acceptance by intervention is specified. on the bill of exchange. It is signed by the person intervening. It mentions the person for whose honor it has been given and, in default of such mention, the acceptance is deemed to have been given for the honor of the drawer.

Article 118:

1. The acceptor by intervention is liable to the holder and to the endorsers, subsequent to the party for whose honor he intervened, in the same manner as such party.
2. Notwithstanding an acceptance by intervention, the party for whose honor it has been given and the parties liable to him may require the holder, in exchange for payment of

Article 123:

1. The person paying by intervention acquires the rights arising out of the bill of exchange against the party for whose honor he has paid and against persons who are liable to the latter on the bill of exchange. Nevertheless, he cannot re-endorse the bill of exchange.
2. Endorsers subsequent to the party for whose honor payment has been made are discharged.
3. In case of competition for payment by intervention, the payment which effects the greater number of releases has the preference. Any person who, with a knowledge of the facts, intervenes in a manner contrary to this rule, loses his right of recourse against those who would have been discharged.

Section 9 - Parts of a Set and Copies**Article 124:**

1. Where a bill is drawn in a set of two or more identical parts, each part of the set being numbered, and containing a reference to the other parts, the whole of the parts constitute one bill.
2. The acceptance and each endorsement of a bill drawn in a set may be written on any part, but to be liable on the whole bill and not on any-separate part, each such acceptance or endorsement must be written on one part only.
3. The drawer who signed each part is nevertheless liable on the whole bill and not on each part.
4. A party who has sent one part for acceptance must indicate on the other parts the name of the person in whose hands this part is to be found. That person is bound to give it up to the lawful holder of another part. If he refuses, the holder cannot exercise his right of recourse until he has had a protest drawn up specifying.-
 - (a) That the part sent for acceptance has not been given up to him on his demand;
 - (b) That acceptance or payment could not be obtained on another of the parts.

Article 125:

1. Where the holder of a set endorses two or more parts to different persons:
 - (a) he is liable on every such part, and every endorser subsequent to him is liable on the part he has himself endorsed as if the parts were separate bills.
 - (b) The lawful holder of a part whose title first accrues is entitled, to recover payment received by any person paid by the drawer or the drawee who has not accepted the bill.

2. Where the drawee accepts more than one part and such accepted parts get into the hands of different lawful holders, he is liable on every such part as if it were a separate bill.

Article 126:

1. When the acceptor of a bill drawn in a set pays it without requiring the part bearing his acceptance to be delivered up to him, and that part at maturity is outstanding in the hands of a lawful holder, he is liable to the holder thereof.
2. The drawer of a bill drawn in a set is discharged when he pays any part duly presented to him.
3. Subject to this Article and the preceding Article, where any one part of a bill drawn in a set is discharged by payment or otherwise, the whole bill is discharged.

Article 127:

1. Every holder of a bill of exchange has the right to make copies of it.
2. A copy must reproduce the original ex

1. All actions of recourse arising out of a bill of exchange against the acceptor are barred after three years, reckoned from the date of maturity.
2. Actions of recourse by the holder against the endorsers and against the drawer are barred after one year from the date of a protest drawn up within proper time, or from the date of maturity where there is a stipulation *retour sans frais*.
3. Actions of recourse by endorsers against each other and against the drawer are barred after six months, reckoned from the day when the endorser took up and paid the bill or from the day when he himself was sued.

Article 141: If a promissory note bears signatures of persons incapable of binding themselves by a promissory note, or forged signatures, or signatures of fictitious persons, or signatures which for any other reason cannot bind the persons who signed the promissory note or on whose behalf it was signed, the obligations of the other persons who signed it are nonetheless valid.

Article 142: Whosoever puts his signature on a promissory note as representing a person for whom he had no power to act is bound himself as a party to the promissory note and, if he pays, has the same rights as the person for whom he purported to act. The same rule applies to a representative who has exceeded his powers.

Article 143: If a promissory note, which was incomplete when issued, has been completed otherwise than in accordance with the agreements entered into, the non-observance of such agreements may not be set up against the holder unless he has acquired the promissory note in bad faith or, in acquiring it, has been guilty of gross negligence.

Section 2- Endorsement

Article 144:

1. A promissory note made payable to a specified person, with or without the express clause "to order", may be transferred by means of endorsement.
2. Where the maker has inserted in a promissory note payable to a specified person the words "not to order" or an equivalent expression, the instrument can only be transferred according to the form, and with the effects of an ordinary assignment.
3. A promissory note may be endorsed even in favor of the maker, or of any other party to the promissory note. These persons may re-endorse it.
4. An instrument in the form of a promissory note payable to the maker's order is not a promissory note under this Chapter, unless it is endorsed by the maker.

Article 145:

1. An endorsement must be unconditional. Any condition to which it is made subject is deemed not to be written (*non écrite*).
2. A partial endorsement is null and void.
3. An endorsement "to bearer" is equivalent to an endorsement in blank.

Article 146:

1. An endorsement must be written on the back of the promissory note or on a slip affixed thereto (*allonge*). It must be signed by the endorser.
2. The endorsement may leave the beneficiary unspecified or may consist simply of the signature of the endorser (endorsement in blank).

Article 147:

1. An endorsement transfers all the rights arising out of a promissory note.
2. If the endorsement is in blank, the holder may:
 - (a) Fill up the blank either with his own name or with the name of some other person;
 - (b) Re-endorse the promissory note in blank, or to some other person;
 - (c) Transfer the promissory note to a third person without filling up the blank, and without endorsing it.

Article 148:

1. When an endorsement contains the statements "value in collection" ("*valeur en recouvrement*"), "for collection" ("*pour encaissement*"), "by procuration" ("*par procuration*") or any other phrase implying a simple-mandate, the holder may exercise all

Article 155:

1. Promissory note payable at a fixed period after sight must be presented for visa within one year of their date.
2. The maker may abridge or extend this period.
3. These periods may be abridged by the endorsers.

Article 156:

1. A visa is written on the promissory note. It is expressed by the word "visa" or any other equivalent term. It is signed by the maker.
2. The visa must be dated as of the day when the visa is given, unless the holder requires that it shall be dated as of the day of presentment. If it is undated, the holder, in order to preserve his right of recourse against the endorsers and the maker, must authenticate the omission by a protest drawn up within the proper time.
3. The fixed period after sight at which the promissory note is payable runs from the date of

2. His undertaking is valid even when the liability which he has guaranteed is inoperative for any reason other than defect of form.
3. He has, when he pays a promissory note, the rights arising out of the promissory note against the person guaranteed and against those who are liable to the latter on the promissory note.

Section 5- Maturity

Article 160:

1. A promissory note may be made payable:
 - (a) At sight;
 - (b) At a fixed period after sight;
 - (c) At a fixed period after date; or
 - (d) At a fixed date.
2. A promissory note may be made payable by stated installments, each at a fixed date, with a provision that in default in payment of any installment the entire unpaid balance shall become due.
3. Promissory notes at other maturities are null and void.

Article 161:

1. A promissory note at sight is payable on presentment. It must be presented for payment within a year of its date of issue. The maker may abridge or extend this period. These periods may be abridged by the endorsers.
2. The maker may prescribe that a promissory note payable at sight must not be presented for payment before- a named date. In this case, the period for presentment begins from the said date.

Article 162:

1. The maturity - of a promissory note payable at a fixed period after sight is determined either by the date of the visa or by the date of the protest.
2. In the absence of the protest, an undated visa is deemed, so far as regards the maker, to have been given on the last day of the limit of time for presentment for visa.

Article 163:

2. When a promissory note is made payable at one or more months and a-half after date or sight, entire months must first be calculated.
3. If the maturity is fixed at the commencement, in the middle, such as mid- January or mid-February, or at the end of the month, the first, fifteenth or last day of the month is to be understood.
4. The expression "eight days" or "fifteen days" indicate not one or two weeks, but a period of eight or fifteen actual days.
5. The expression "half month" means a period of fifteen days.

Article 164: When a promissory note is payable on a fixed day or at a fixed period after date in a place where the calendar is different from the calendar in the place of issue, unless a stipulation in the promissory note or even the simple terms of the instrument indicate an intention to adopt some different rule, the day of maturity is deemed to be fixed according to the calendar in the place of issue.

2. The maker who pays before maturity does so at his own risk and peril.
3. He who pays at maturity is validly discharged, unless he has been guilty of fraud or gross negligence. He is bound to verify the regularity of the series of endorsements, but not the signature of the endorsers.

Article 169:

1. When a promissory note is made payable in a currency which is 'not that of the place of payment, the sum payable may be paid in the currency of the country, according to its value on the date of maturity. If the debtor is in default, the holder may at his option demand that the amount of the promissory note be paid in the currency of the country according to the rate on the day of maturity or the day of payment.
2. The usages of the place of payment determine the value of foreign currency. Nevertheless, the maker may stipulate that the sum payable shall be calculated according to a rate expressed in the promissory note.
3. The foregoing rules shall not apply to a promissory note (i) made payable in a currency which is widely accepted in Cambodia, or (ii) in which the maker has stipulated that payment must be made in a certain specified foreign currency. In each such case the promissory note shall be paid in the stated currency.
4. If the amount of the promissory note is specified in a currency having the same denomination, but a different value in the country of payment and the country of issue or any other country, unless indicated otherwise, reference in the promissory note is deemed to be made to the currency of the country of payment. Where the currency of the country of payment does not have the same denomination, to a currency which is widely accepted in the place of payment.
5. Where a promissory note is payable at the domicile of a banker the designation of an account to be debited with the amount payable is deemed to be an authorization to pay in the currency of the account.

Section 7- Recourse for non-payment

Article 170: The holder may exercise his right of recourse against the endorsers, the maker and the other parties liable:

- (a) at maturity, if payment has not been made, or
- (b) even before maturity, in the event of the bankruptcy (faillite) of the maker or in the event of a stoppage of payment on his part, even when not declared by a judgment, or where execution has been levied against his assets without result;

Article 171:

1. Default of payment must be evidenced by an authentic act (protest for. non-payment).
2. Protest for non-payment of a promissory note payable on a fixed day or at a fixed period after date or sight must be made on one of the two business days following the day on which the promissory note is payable. In the case of a promissory note payable at sight, the protest must be drawn up within the limit of the time fixed for presentment for payment. Protest for the refusal to give visa dispenses with presentment for payment and. must be made within the limit of time fixed for presentment for payment.
3. If there is a stoppage of payment on the part of the maker or if execution has been levied against his assets without result, the holder cannot exercise his right of recourse until

4. A person who must give notice may give it in' any form whatever, even by simply returning the promissory note.
5. He must prove that he has given notice within the time allowed. This time- limit shall be regarded as having been observed if a letter giving the notice has been posted within the prescribed time.
6. A person who does not give notice within the limit of time mentioned above does not forfeit his rights. He is responsible for the injury, if any, caused by his negligence, but the damages shall not exceed the amount of the promissory note.

Article 173:

1. An endorser, or a person guaranteeing payment by aval (*avaliseur*) may, by the stipulation "*retour sans frais*," "sans profit," or any other equivalent expression written on the instrument and signed, release the holder from having a protest of non-payment drawn up in order to exercise his right of recourse.
2. This stipulation does not release the holder from presenting the promissory note within the prescribed time, or from the notices he has to give. The burden of proving the non-observance of the limits of time lies on the person who seeks to set it up against the holder.
3. A stipulation written by an endorser or an *avaliseur*, is operative only in respect of such endorser-or *avaliseur*. If, in spite of the stipulation the holder has the protest drawn up, the costs of the protest may be recovered from all the persons who have signed the promissory note.

Article 174:

1. All makers, endorsers or guarantors by aval of a promissory note are jointly and severally liable to the holder.
2. The holder has the right of proceeding against all these persons individually or collectively without being required to observe the order which they have become bound.
3. The same right is possessed by any person signing the promissory note who has taken it up and paid it.
4. Proceedings against one of the parties liable do not prevent proceedings against the others, even though they may be subsequent to the party first proceeded against.

Article 175:

1. The holder may recover from the person against whom he exercises his right of recourse:
 - (a) The amount of the unpaid promissory note with interest, if interest has been stipulated for;

- (b) Interest at a rate determined by the National Bank of Cambodia from the date of maturity.
 - (c) The expenses of protest and of the notices given as well as other expenses.
2. If the right of recourse is exercised before maturity, the amount- of the promissory note shall be subject to a discount. This discount shall be calculated according to the official rate of discount (bank-rate), ruling on the date when recourse is exercised at the placed of domicile of the holder.

Article 176: A party who takes up and pays a promissory note can recover from the parties liable to him:

- (a) The entire sum which he has paid;
- (b) Interest on the said sum calculated at a rate determined by the National Bank of Cambodia, starting from the day when he made payment;
- (c) Any expenses which he has incurred.

Article 177:

1. Every party liable against whom a right of recourse is or may be exercised, can require against payment, that the promissory note shall be given up to him with the protest and a receipted account.
2. Every endorser who has taken up and paid a promissory note may cancel his own endorsement and those of subsequent endorsers.

Article 178:

1. Every person having the right of recourse may, in the absence of agreement to the contrary, reimburse himself by means of a bill of exchange to be drawn at sight on one of the parties liable to him and payable at the domicile of that party.
2. The bill of exchange includes, in addition to the sums mentioned in Articles 175 and 176, brokerage and the cost of stamping the bill of exchange.
3. If the bill of exchange is -drawn by the holder, the sum payable is fixed according to the rate for a sight bill at the place where the original promissory note was payable at the place of his domicile. If the bill of exchange is drawn by an endorser, the sum payable is fixed according to the rate-for a sight bill drawn -at the place where the drawer of the bill of exchange is domiciled upon the place of domicile of the party liable.

Article 179:

1. After the expiration of the limits of time fixed:

- (a) For the presentment of a promissory note payable at sight or at a fixed period after sight.
- (b) For drawing up the protest for non-payment.
- (c) For presentment for payment in the case of a stipulation retour sans frais,

the holder loses his rights of recourse against the endorsers and against the other parties liable with the exception of the maker.

- 2. If the stipulation for a limit of time for presentment is contained in an endorsement, the endorser alone can avail himself of it.

Article 180:

- 1. Should the presentment of th

Article 181:

1. The maker, an endorser, or a person giving an aval may specify a person who is to pay in case of need.
2. A promissory note may, subject as hereinafter mentioned, be paid by a person who intervenes for the honor of any debtor against whom a right of recourse exists.
3. The person intervening may be third party already liable on the promissory note.

1. The person paying by intervention acquires the rights arising out of the promissory note against the party for whose honor he has paid and against persons who are liable to the latter on the promissory note. Nevertheless, he cannot re-endorse the promissory note.
2. Endorsers subsequent to the party for whose honor payment has been made are discharged.
3. In case of competition for payment by intervention, the payment which effects the greater number of ' releases' has the preference. Any person who, with a knowledge of the facts, intervenes in a manner contrary to this rule, loses his right of recourse against those who would have been discharged.

Section 9- Copies

Article 187:

1. Every holder of a promissory note has the right to make copies of it.
2. A copy must reproduce the original exactly, with the endorsements and all other statements to be found therein. It must specify where the copy ends.
3. It may be endorsed and guaranteed by aval in the same manner and with the same effects as the original.

Article 188:

1. A copy must specify the person in possession of the original instrument. The latter is bound to hand over the- said instrument to the lawful holder of the copy.
2. If he refuses, the holder may not exercise his right of recourse against the persons who have endorsed the copy or guaranteed it by aval until h9. has had a protest drawn up specifying that the original has not been given up to him on his demand.
3. Where the original instrument, after the last endorsement before the making of the copy contains a clause "commencing from here an endorsement is only valid if made on the copy" or some equivalent formula, a subsequent endorsement on the original is null and void.

Section 10- Alterations

Article 189: In case of alteration of the text of a promissory note, parties who have signed subsequent to the alteration are bound according to the terms of the altered text: parties who have signed before the alteration are bound according to the terms of term original text.

Section 11- Limitation of Actions of Recourse

Article 190:

1. All actions of recourse arising out of a promissory note against the maker are barred after three years, reckoned from the date of maturity.
2. Actions of recourse by the holder against the endorsers are barred after one year from the date of a protest drawn up within proper time, or from the date of maturity where there is a stipulation retour sans frais.
3. Actions of recourse by endorsers against each other are barred after six months, reckoned from the day when the endorser took up and paid the promissory note or from the day when himself was sued.

Article 191: Interruption of the period of limitation is only effective against the person in respect of whom the period has been interrupted.

Section 12- Time Calculations

Article 192:

1. Payment of a promissory note which falls due on a legal holiday (*jour ferie legal*), cannot be demand until the next business day. So, too, all other proceedings relating to a promissory note, in particular presentment for payment and protest, can only be taken on a business day.
2. Where any of these proceedings must be taken within a certain limit of time the last day of which is a legal holiday (*jour ferie*), the limit of time is extended until the first business day which follows the expiration of that time. Intermediate holidays (*jours feries*) are included in computing limits

Article 193: Legal or contractual limits of time do not include the day on which the period commences.

Article 194: No days of grace, whether legal or judicial, are permitted.

CHAPTERV PAYMENT TRANSACTIONS

Section 1- General Provisions

Article 195: This Chapter governs payment transactions in any currency. It applies to participants' rights and obligations and to the organization, operation, supervision and oversight of payment systems in the Kingdom of Cambodia;

Article 196:

1. Individuals and legal entities may open accounts in domestic and any foreign currency and may conduct payment transactions through these accounts under conditions as agreed subject to the provisions of Section 7 of this Chapter. An individual or legal entity may have more than one account and in more than one bank.

2. Paragraph 1 of this Article does not supersede, and is subject to, any legal requirement

2. In a debit transfer, the advice of the receiver's death or adjudication of legal incapacity received by the destination bank has the same effect as the receiver's advice of revocation of authority under paragraph (1) of this Article.
3. A customer:
 - (i) whose account was debited with the amount of a payment order carrying out a debit transfer,
 - (ii) who contests the originator's authority; and
 - (iii) who objects to the debit in writing within four days of learning of the debit to the customer's account, shall be entitled to the reversal of the debit unless the destination bank has been provided with evidence of the authority given by the customer to the originator.
4. By authorizing a debit transfer the receiver guarantees payment to the originator.
5. This Article does not apply to the receiver's authority given to the originator by the issue of a check.

Section 2-Payment Orders

Article 199:

1. A payment order is an instruction by the sender to the receiving bank and does not operate as an assignment of funds in favor of any participant in the payment transaction.
2. A payment order may be given in writing, electronically, or if so previously agreed in writing between the parties to a payment order, orally. If so previously agreed, and subject to the terms of the agreement, subsequent communications including cancellation orders may also be given orally.
3. A payment order shall accurately identify the receiver and destination bank. Where a payment order processed in an automated system identifies any participant in the payment transaction by name and number, a receiving bank needs not confirm the consistency between the name and number and may carry out payment on the basis of the number alone. If any of its employees who handles the payment order notices any inconsistency between the name and the number, the receiving bank shall reject the payment order.
4. The NBC may issue regulations providing for the conditions under which a payment order and any other communication, including a cancellation order, may be given orally.

Article 200:

1. In a credit transfer, unless agreed otherwise, a receiving bank is obliged to carry out the sender's payment order, only where there is adequate cover in the sender's account.

2. In a debit transfer, the originating bank shall carry out the originator's payment order upon being presented to its satisfaction with proof as to the authority given by the receiver, and obtaining the originator's indemnity. Unless otherwise agreed, the originating bank shall not be obliged to provide the originator with funds or even provisional credit prior to the completion of the debit -transfer. If the originator's account is credited by the originating bank before the completion of the debit transfer, the credit is provisional, and the originator's account may be debited in the amount of the credit if the debit transfer is not completed as provided in Article 210 of this Law.
3. A receiving bank shall carry out only a payment order which:
 - (i) is properly filled in and authorized or authenticated;
 - (ii) properly identifies the destination bank; and
 - (iii) describes the receiver with reasonable certainty.
4. A receiving bank that declines to carry out its sender's payment order shall promptly advise the sender of its refusal or rejection.

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10. Subject to any obligation of confidentiality under any applicable law, a receiving bank instructed to route a payment transaction through; an intermediary bank or to a destination bank that it judges to be unreliable in the circumstances, shall promptly advise the sender of its concerns. Where the receiving bank is nevertheless instructed to route the transaction over its advice to the contrary, it may reject the payment order, or notwithstanding any other provision of this Law, execute it at a sender's risk.

Article 201:

1. Unless otherwise agreed between a sender and a receiving bank ' a payment order is revocable and may be canceled. It is canceled by the sender where a properly authorized or verified cancellation order sent by the sender or on the sender's behalf is received by the receiving bank at a time and in a manner which enables it to initiate cancellation before carrying out the sender's original instructions contained in the payment order.
2. After the execution of a sender's payment order, at the request of the sender, the executing receiving bank may nevertheless issue to its own

2. The time for settlement under paragraph (1) of this Article occurs as follows:
 - (i) Under paragraph (1)(i), when settlement is completed under Regulation on the Operation of Settlement Accounts issued by the NBC;
 - (ii) Under paragraph (1)(ii), by means of a debit to an account, when the debit is posted to the account.
 - (iii) Under paragraph (1)(ii), by means of a credit to an account, when the credit posted to the account is used, or if not used, at the opening of the next banking day following the day on which the credit is available for use and the bank whose account has been credited, learns of that fact.
 - (iv) Under paragraph (1)(iii), as determined by the principles of law that determine when the obligation is satisfied.
3. This paragraph applies where settlement under paragraph (1)(ii) of this Article takes place pursuant to an agreement or rules governing the completion of inter bank settlement other than in the NBC and is for bilaterally or multilaterally netted amounts of payment orders. Notwithstanding paragraph (2)(ii) of this Article, such settlement occurs when it is completed according to the agreement or rules.
4. Regulations. issued by the NBC may restrict or otherwise govern circumstances under which settlement under paragraph 1 (ii) or (iii) of this Article may take place as well as modify the time of its occurrence.
5. Insolvency proceedings opened against a bank, shall neither
 - (i) have retroactive effects on the rights and obligations arising from, or in connection with the clearing and settlement of payment orders, other than as of the moment such proceedings are opened, as this moment is determined by general law; nor

Article 204:

1. A third-party processor shall comply with all requirements, conditions and restrictions set by regulations prescribed by NBC. Such regulations may provide for the licensing, regulation, and supervision of third-party processors, and may apply to all third-party processors or any category thereof. Different categories of third-party processors, as specified by NBC, may be subject to different requirements.

the payment order even before a debit is posted to the receiver's account, provided the

Article 212:

1. Where an authorized debit transfer has been made in payment of a debt owed by the receiver to the originator, unless otherwise agreed between them, the debt is discharged when the payment transaction is completed. Discharge is the amount of its completion.
2. Discharge shall take place prior to completion of the payment transaction if and as soon as a guarantee of payment is either accepted by the originator or confirmed to the originator by the originating bank.

Section 6-- Liability, Damages, and Restitution

Article 213:

1. A person identified as sender shall be liable on a payment or cancellation order accepted by the receiving bank, where the payment or cancellation order was:
 - (i) issued to the receiving bank by that person;
 - (ii) issued to the receiving bank under that person's authority;
 - (iii) accepted by the receiving bank in compliance with a commercially reasonable

2. In a credit transfer, notwithstanding the execution by the receiving bank and the completion of the payment transaction, a sender is not liable to the receiving bank on a payment order transmitted to the receiving bank pursuant to a security procedure for the detection of error, and to the extent allowed by civil law the receiving bank shall be entitled to recover from the receiver any amount unintended to be paid by the sender where:
 - (i) the sender did not intend to send the payment order, the sender intended to instruct payment to a receiver other than that of the payment order, or the payment order was in an amount greater than the amount intended by the sender; and
 - (ii) the sender proves sender's own compliance with the security procedure and that the error would have been detected if the receiving bank had also complied.
3. In a debit transfer, each sender warrants to its receiving bank that the sender's payment order is duly authorized, and is in accordance with an effective and valid authorization of the originator and receiver.
4. A sender of a payment order, and a receiver who authorizes an originator to initiate a debit transfer, including by means of the issue of a check, shall exercise ordinary care in order to prevent forgery and unauthorized issue or alteration of payment orders or the authority to issue them, and in order to ensure that they are clear and unambiguous.

Article 215:

Where a credit transfer is not completed, irrespective of fault on the part of any participant in the payment transaction:

1. the originator shall not be liable to the originating bank and shall be entitled to have the originator's account re-credited for the amount debited in cover for his or her payment order. The originator shall further be entitled to recover from the originating bank the originator's commercially reasonable expenses, fees and interest charges for the re-credited amount.
2. the originating and any intermediary bank that carried out its own sender's instructions, is similarly excused from any liability to its receiving bank, and has a corresponding entitlement from it, other than for expenses and fees.

Article 216:

1. A receiving bank that either:
 - (i) failed to promptly advise its sender of its rejection of the payment order or
 - (ii) was grossly negligent in carrying out or failing to carry out a payment order shall be liable to the originator, whether the originator was or was not its own sender, but provided the originator was not negligent, for commercially reasonable expenses, fees and interest charges and additional actual damages, not to exceed the principal amount of the originator's payment order. Where applicable, the sender shall also be entitled to the refund of the amount of the payment order under Article 215 of this Law.

2. The originator shall be entitled to recover under paragraph 1 of this Article the entire amount from either the originating bank or the grossly negligent bank. Subject to an inter bank agreement, a bank liable under this Article

- 1 . When the debit to the account of the receiver of the originator's payment order is in an amount smaller than of the originator's payment order, the erring bank shall collect the difference from the receiver and pay it to the originator;
2. When the debit to the account of the receiver of the originator's payment order is in an amount larger than of the originator's payment order, the destination bank shall promptly credit the receiver's account in the amount of the excess. The erring bank shall pay the excess to the destination bank and collect it from the originator or any other participant that actually retains the excess and to the extent it retains it;
3. When the debit is posted to an account of a receiver other than that of the originator's payment order, the destination- bank shall credit that receiver's account in the amount of the debit and shall debit the account of the receiver of the originator's payment order in the amount of the originator's payment order;
4. When the debit is posted to an account of a receiver in a destination bank other than that of the originator's payment order, that destination bank shall credit that receiver's account in that amount and collect, it from, the erring bank. The erring bank shall collect the

Article 224:

1. A bank may apply funds or securities on deposit to collect its fees accrued for services rendered to the customer, such as for the safekeeping, handling, and remittance of funds

- (iii) who alters, forges, counterfeits or falsifies a negotiable instrument authority for collection by debit transfer, or payment order, and knowingly holds or uses such an altered, forged, counterfeit or falsified instrument, authority or payment order, shall be liable to a fine of 5 to 50 million riels or to a term of imprisonment of 2 to 5 years, or both;
2. Any person:
- (i) who intentionally with the intent to harm another countermand or withdraw cover for the payment of a check,
 - (ii) who incurs liability on a negotiable instrument with the intention that it will not be honored upon maturity,
 - (iii) who upon maturity willfully and with the intent to harm another dishonors an obligation incurred on a negotiable instrument

shall be liable to a fine of 2 to 6 million riels and to a term of imprisonment of 1 to 3 years, without prejudice to payment of the amount of the negotiable instrument in question to the holder.

Section 3 --Miscellaneous

Article 232:

1. In this Chapter, negotiable instruments, checks, bills, of exchange, and promissory notes include instruments that are used or treated as functional equivalent to them. Subject to this, definitions set out Chapter I apply to the provisions of this Chapter.
2. For a violation by a legal entity, any sanction under this Chapter may be applied to any of its directors, organs, and officers.

- (v) bank duties, procedures and practices in receiving payment orders and carrying out payment transactions,
 - (vi) the bank account agreement, and information to be provided by banks to customers,
 - (vii) statistical information to be provided by banks to the NBC required for the proper and effective conduct of monetary policy, and
 - (vii) any other matter set out in a specific provision of this Law.
2. Regulations may be prescribed for the protection of customers and the integrity and development of payment systems and the use of negotiable instruments in Cambodia. To such ends, regulations may restrict, limit or preclude the use of checks or other payment orders from designated categories of accounts and persons or set out conditions for such use. Regulations issued under this Law may also restrict liability of individuals, or specify restrictions and preconditions for such liability, in connection with, negotiable instruments and payment transactions from or to accounts, used primarily for personal or household and non-business purposes.
 3. Regulations issued by the NBC under this Law may modify any time period or deadline for an action or inaction set by this Law, for all or specified categories of parties, participants, negotiable instruments or payment transactions.
 4. Regulations issued by the NBC under this Law are binding on all parties interested in the handling of a payment order and shall supersede any inconsistent agreement, including inter bank clearing rule, to the extent of the inconsistency.
 5. In case of inconsistency between a provision of this law and a provision of any other law, this law prevails.

Section 2 -- Final Provisions

Article 234: All provisions contrary to this Law are hereby repealed. In case of conflict between the provisions of this Law and any other Law the provisions of this Law are prevail.

Article 235: This Law enters into effect as

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