



Overview of Cambodia Securities Market



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2. Primary Market
3. Primary Market



1. Introduction of Capital Market

1.1 Overview of Capital Market

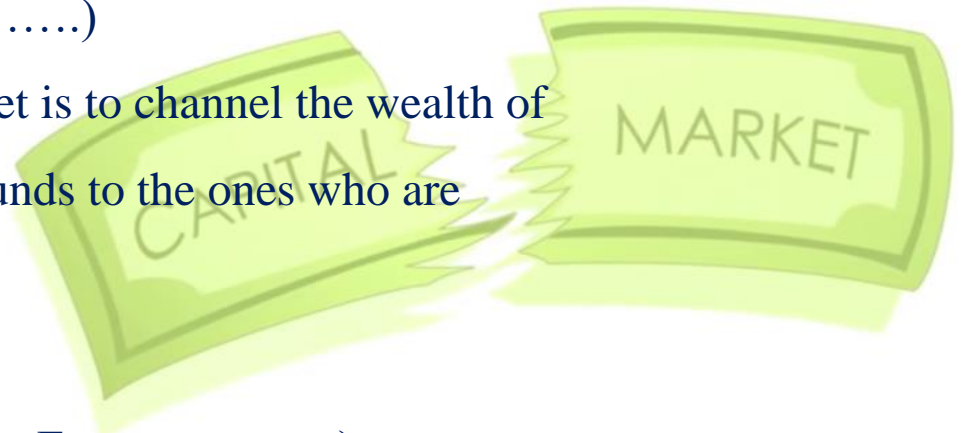
1.2 Functions & Structures of Capital Market

1.3 Advantages of Capital Market



1.1 Overview of Capital Market

- Capital Market
 - Medium-Long term bank loan market
 - Securities Market
 - Fund (Pension Fund,.....)
- The primary role of the market is to channel the wealth of investors who have surplus funds to the ones who are running a deficit.
- Types of Capital Market:
 - Primary Market (Help grow Economy,.....)
 - Secondary Market (Help Provide Liquidity,.....)



1.2 Functions & Structures of Capital Market

- Functions:

- Financing/Funding
- Asset Allocation
- Ownership transfer
- Capital Pricing

- Structure:

- Issuer
- Investor
- Regulator
- Exchange
- Intermediary
- Infrastructure



1.3 Advantages of Capital Market

- Fulfillment of a long-term credit to finance fixed assets.
- Encourage and develop the growth of the business world.
- Enhance and create equitable distribution of income for the community.
- Expanding employment.
- Increasing national production and national.
- The government obtained additional tax revenue from the resulting increase in economic growth.
- Investors earn profits or interest payments
- People can enjoy the additional production generated by the business
- Enhance industry revolution and product upgrade



2. Primary Market

2.1 Definition

2.2 Mechanism of Primary Market

2.3 What Is IPO?

2.4 Why Do Companies Conduct IPOs?

2.5 Mechanism of IPO

2.6 Investors Need to Know Book Building and Subscription

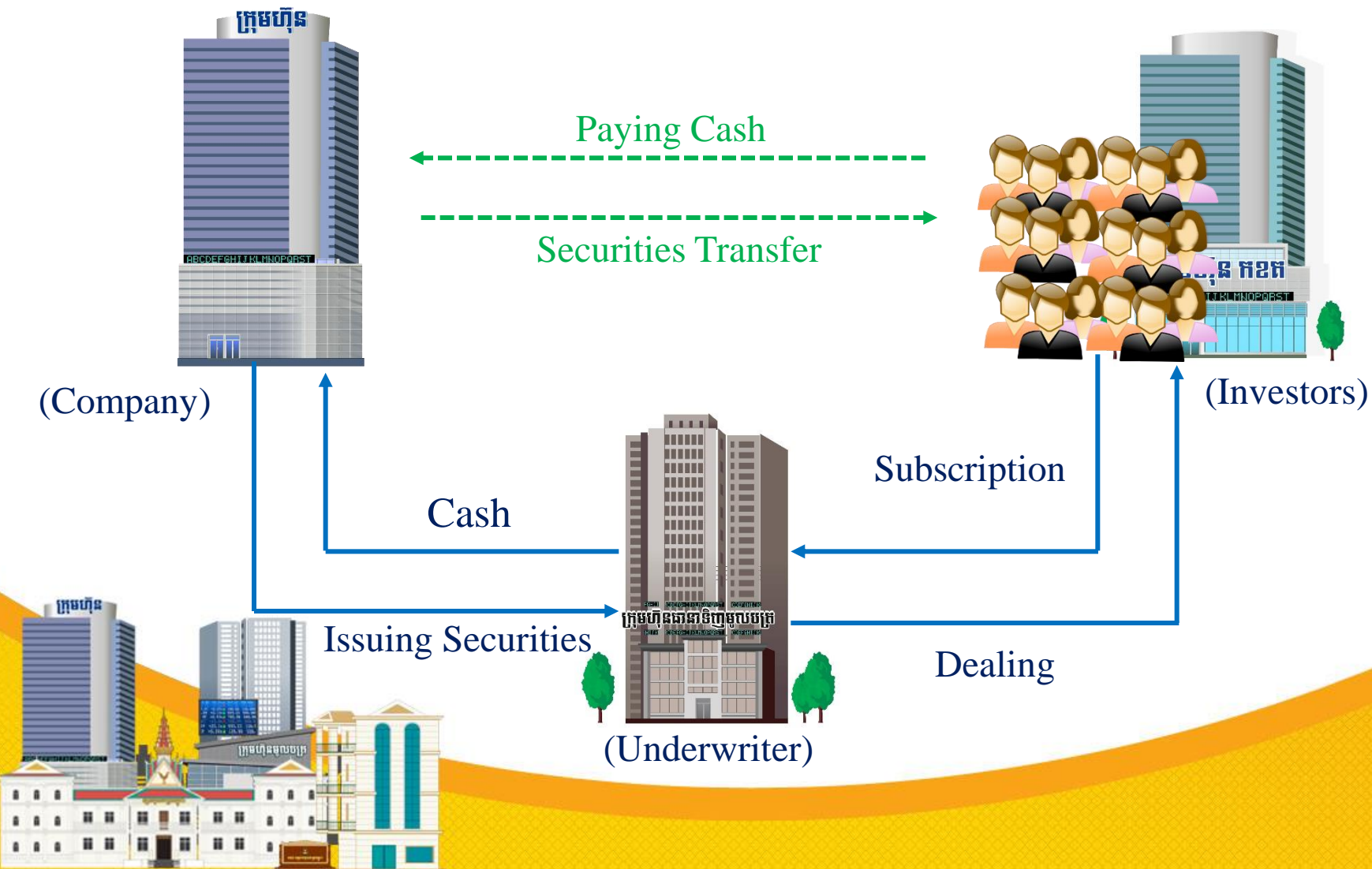


2.1 Definition

A **primary market** issues new securities on an exchange for companies, governments and other groups to obtain **financing** through debt-based or equity-based securities. Primary markets are facilitated by *underwriting groups* consisting of **investment banks** that set a beginning price range for a given security and oversee its sale to investors.



2.2 Mechanism of Primary Market



2.3 What Is IPO?

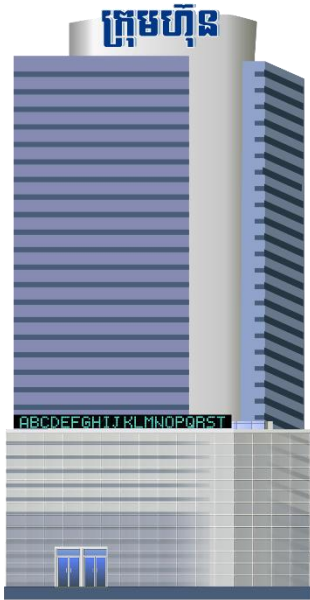


2.3 What Is IPO?

- An initial public offering, or IPO, is the very first sale of stock issued by a company to the public.
- In an IPO, the issuer obtains the assistance of **an underwriting firm**, which helps determine what type of security to issue, the best offering price, the amount of shares to be issued and the time to bring it to market.



2.4 Why Do Companies Conduct IPOs?



I P O



Initial Public Offering



2.4 Why Do Companies Conduct IPOs?

Long-term
source of fund

Tax Incentives

Realizing your
investments

Enhancing
corporate
credibility

Improving
Corporate profile
And visibility

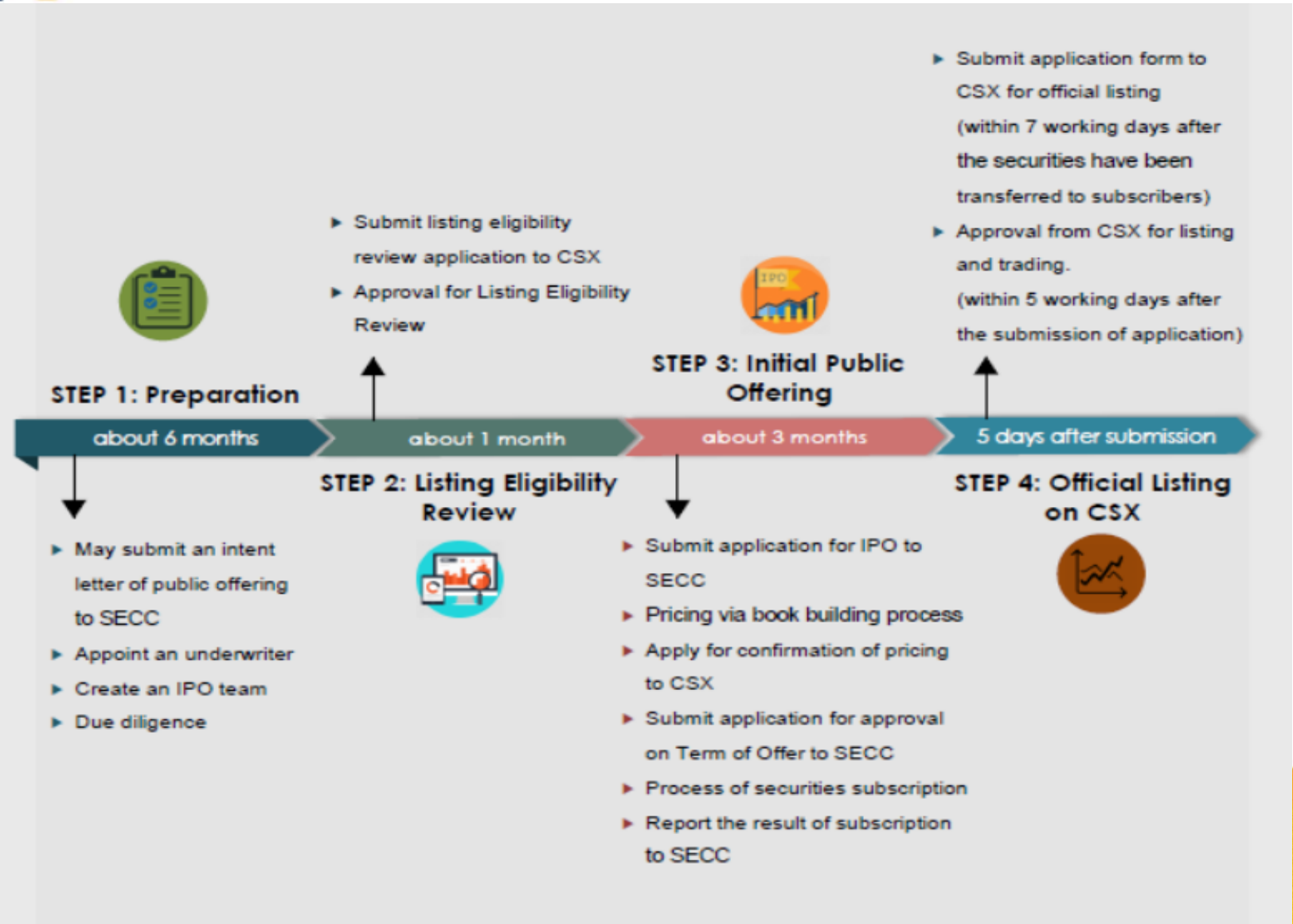
Sustaining
Business with
Stronger Corporate
Governance &
Internal Control

Increasing
Employee morale
And productivity

Widening
Shareholder/
Investor base



2.5 Mechanism of IPO



2.6 Investors Need to Know Book Building and Subscription

2.6.1 Book Building Stage

- Announcement of Book Building Process
- 70 percent of total equity (left from distribute to company's staffs) and other 30% left for Subscription Stage.
- Investor need to fill the book building application form
- Investor who joint in the process of book building need to deposit 1-% of total **price of equity.**
- Successful Investor need **to request for offering price**
- Companies need to inform the result of book building to the successful investors and unsuccessful investors.



2.6 Investors Need to Know Book Building and Subscription

2.6.2 Subscription Stage

- Underwriters need to announce subscription schedule and determined selling agent.
- Successful, non-successful investors, and investors who didn't joint book building stage can request subscription application form.
- Selling Agents need to help all kind of participants in the process of filling the subscription application form and the process of open trading account and cash account.
- Successful investors need to deposit other 90% of cash to account
- Investors who didn't joint book building stage and want to joint subscription stage need to deposit at least 100 % of total amount of equity subscription



3. Secondary Market

3.1 What Is Secondary Market?

3.2 Functions of Stock Market

3.3 Why Invest in Stock?

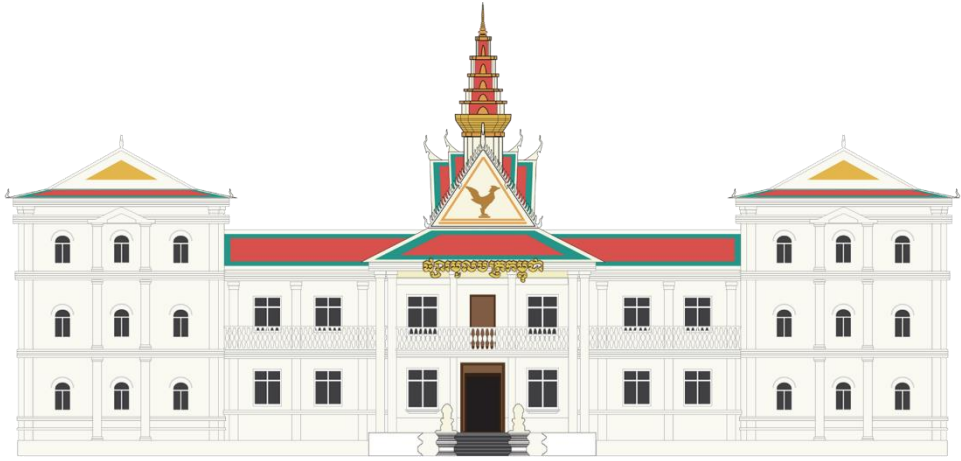
3.4 Overview and Operations of CSX

3.5 Start Your Stock Investment



3.1. What Is Secondary Market?

- *Trade between investors and investors*
- *The main purpose is to create liquidity in securities.*



3.2. Functions of Stock Market

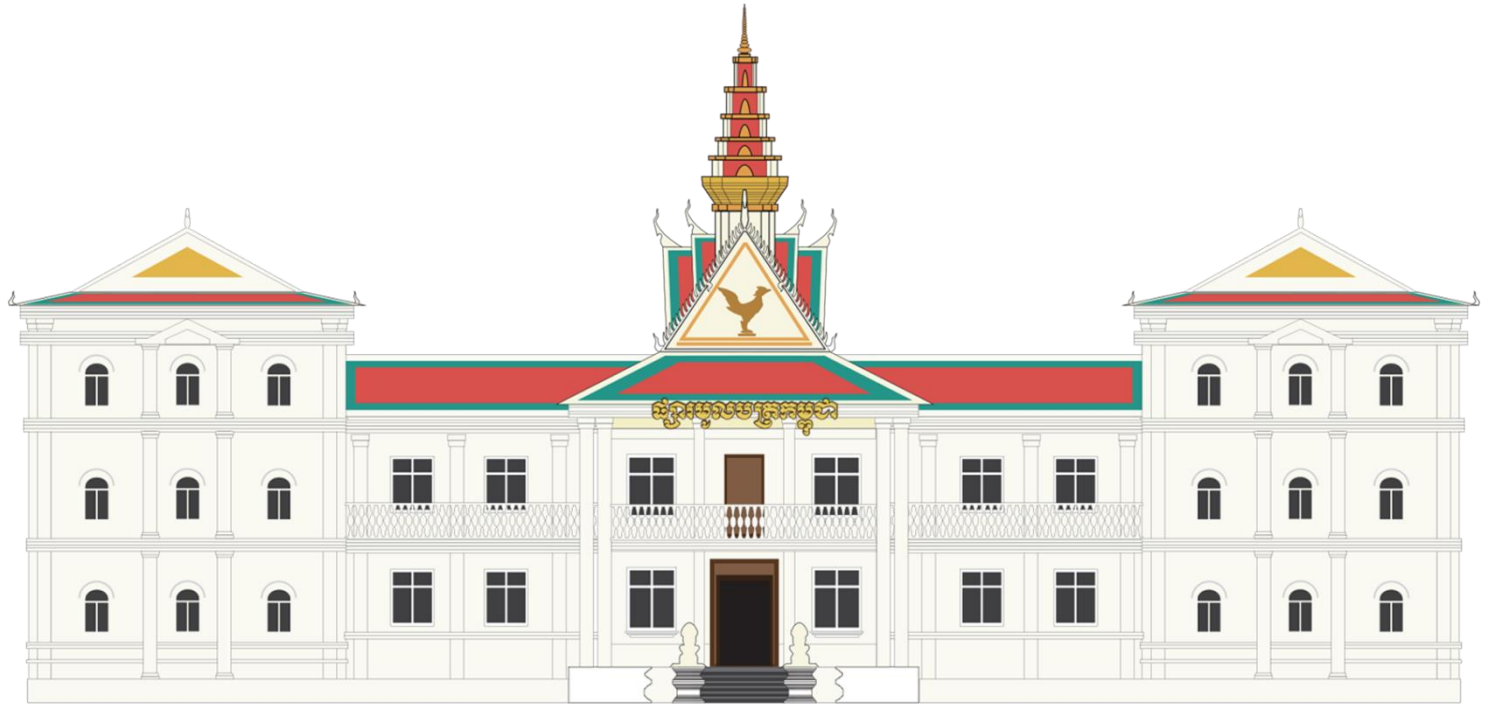
- Barometer of the Economy
- Pricing of Securities
- Safety of Transactions
- Raising Capital for Business
- Mobilizing Savings for Investment
- Facilitating Company Growth
- Creating Investment Opportunities for Small Investors



3.3. Why Invest in Stock?



3.4. Overview & Operations of CSX



Cambodia Securities Exchange



Cambodia Securities Exchange (CSX)

A joint-venture company between the Royal Government of Cambodia, represented by the Ministry of Economy and Finance (MEF), and Korea Exchange (KRX), with respective participation of 55% and 45%;

Receiving approval on February 28, 2011, from the SECC for:
Market Operator, Clearing and Settlement Facility Operator,
Depository Operator;



ឧស្សាហកម្មសម្រួលសម្រាប់កម្ពុជា



CSX



CSX's Operators

Market Operator

01

Clearing and Settlement
Operator

02

Securities Depository
Operator

03



Market Operator

1. Market Arrangements

◆ Order Receiving Hours

- ▶ From 08:00 am to 11:30 am.

◆ Trading Hours

- ▶ From 09:00 am to 11:30 am



1. Market Arrangements (1)

◆ Order

- ▶ Only “**Limit order**” can be used - bid price as maximum offer price, ask price as minimum offer price.
- ▶ Effective until being executed during the trading hours of the day.



1. Market Arrangements (2)

◆ Trading Unit

- ▶ One equity security.

◆ Price Unit (Tick Size)

<u>Price (P) Range</u>	<u>Tick Size</u>	<u>Example of WRONG Quotes</u>	<u>Example of RIGHT Quotes</u>
$P < 4,000$	10	2,555; 3,012; 3,999	2,550; 2,560; 3,010; 3,020; 3,990
$4,000 \leq P < 20,000$	20	4,210; 19,525	4,200; 4,220; 19,520; 19,540
$20,000 \leq P < 40,000$	50	20,110; 35,530	20,100; 20,150; 35,500; 35,550
$40,000 \leq P < 100,000$	100	50,720; 90,450	50,700; 50,800; 90,400; 90,500
$100,000 \leq P < 200,000$	200	150,500; 125,300	150,400; 150,600; 125,200; 125,400
$200,000 \leq P < 400,000$	500	300,100; 350,200	300,000; 300,500; 350,000; 350,500
$P \geq 400,000$	1,000	620,500; 852,100	620,000; 621,000; 852,000; 853,000



2. Principle of Auction

◆ Daily price limit

- ▶ Daily price change limit : $\pm 5\%$ of the base price.

◆ Priority of Bid/Ask Orders

- ▶ Lower asks (higher bids) have a priority over higher asks (lower bids).
- ▶ In case of same price orders, time priority adopted.

Example

- ▶ Price priority (①) ▶ Time priority (②, ③)

Ask	Price	Bid
	10,100	① 20 (the highest bid)
	10,080	② 200 ③ 300
:	10,060	:
:	10,040	:
80 ③ 100 ②	10,020	
(the lowest ask) 20 ①	10,000	

Market Operator

2. Principle of Auction (1)

► Methods of Trade Execution

1. Trade Execution: Single
2. Trade Execution: Multiple



Market Operator

2. Principle of Auction (2)

Single Price Auction:

1. All orders shall be executed at a single price and at trading time
2. Matched price shall be the price that can match the maximum quantity of orders

Sell Orders	Price	Buy Orders
2 300 200	6,580	5 400 300 100
4 200	6,560	3 500 300
1 100	6,540	
	6,520	
	6,500	
600	Total	900



Market Operator

2. Principle of Auction (3)

Multiple Price Auction:

1. Each order can be traded at multiple prices and immediately whenever the orders match
2. When the highest bid price matches the lowest offer price, the matched price shall be the price of orders received first

Sell Orders	Price	Buy Orders
	6,580	⑤ 400 300
② 300	6,560	③ 500 400 100
④ 200 100	6,540	
① 100	6,520	
	6,500	
600	Total	900

1. $100 \times 6,520R = 652,000R$ (immediately)
2. $300 \times 6,560R = 1,968,000R$ (immediately)
3. $100 \times 6,560R = 656,000R$ (immediately)
4. $100 \times 6,540R = 654,000R$ (immediately)

Market Operator

2. Principle of Auction (4)

◆ Special Quotation

- The best asks (lower than base price) or the best bids (higher than base price) in the case of no trade execution until the close time of the market.

Example

Asks	Prices	Bids	Asks	Prices	Bids
5,000	6,300			6,520	
	6,280		2,000	6,500	
2,500	6,260	Base Price		6,420	Base Price
1,000	6,240			6,400	
	6,200	3,000		6,360	1,000
	6,160			6,300	

Clearing & Settlement Operator

- Clearing & Settlement Methods:

- Clearing: Central Counter Party (Multilateral Netting)

- Settlement: Delivery Versus Payment



T + 0	Action 1 to 5 above occur on the same day
T + 1	One day after the trading, CSX nets obligations of each investor to know how much one has to pay or receive.
T + 2	Two days later, cash and securities are settled. Buyers receive their securities and sellers get their payments.



Clearing & Settlement Operator



➤ Clearing

- Securities :Cleared by CSX
- Cash :Cleared by CSX

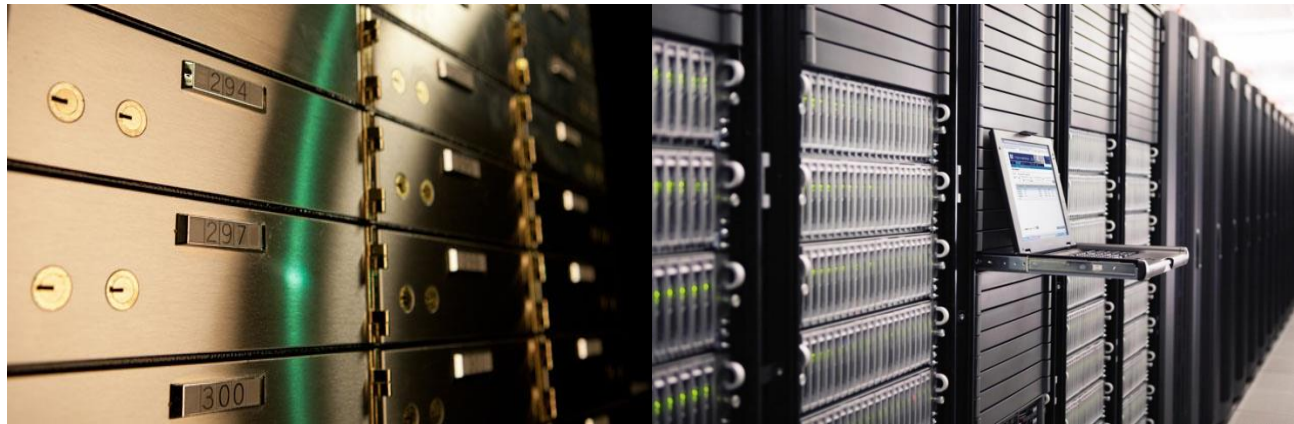
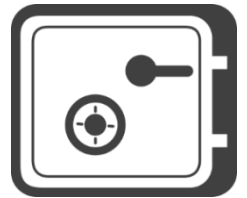
➤ Settlement

- Securities :Settled by CSX
- Cash :Settled by CSA (Commercial Bank)



Securities Depository Operator

- **Depository** is a place where securities are *deposited*.
- All securities are deposited in **electronic form**.
- Settling and transferring by **book-entry**.



Market Members & Participants

Underwriters

administer the public issuances
and distribution of securities
from a corporation.

Dealers

trade securities for their own account
and their customers.

Brokers

trade securities for
their customers (investors).

Cash Settlement Agents (CSAs)

are commercial banks
accredited by the SECC
to settle payments.



CSX Members

Securities Underwriters



1. PHNOM PENH SECURITIES PLC.
2. RHB OSK Indochina Securities Limited
3. CANA SECURITIES LTD.
4. CAMPU SECURITIES PLC.
5. YuanTa Securities (Cambodia) Plc.
6. SBI Royal Securities Plc.

Securities Dealers



1. GOLDEN FORTUNE (CAMBODIA) SECURITIES PLC.

Securities Brokers



1. ACLEDA SECURITIES PLC.
2. CAB SECURITIES LIMITED.
3. CAMBODIA - VIETNAM SECURITIES PLC



Participants

+ Listed Companies

Cash Settlement Agents

ACLEDA Bank Plc.

BANK FOR INVESTMENT AND DEVELOPMENT OF CAMBODIA PLC.

CANADIA BANK PLC.

Securities Registrar, Transfer & Paying Agents

ACLEDA Bank Plc.

TRICOR SECURITIES SERVICES PLC.



3.5 Start Your Stock Investment

- Becoming an Investor
- Fundamental Analysis
- Technical Analysis
- Recommendation



Become an Investor

STEP 1:
Request Investor ID

STEP 3:
Open a Cash Account
(Optional)

Trading Rules



STEP 2:
Open
a Trading Account

How to send order

Trading Process



STEP 1: Request Investor ID

- Investor ID can be requested from SECC.
(directly or through a securities firm)

REQUIREMENTS

INDIVIDUAL: Application Form¹ “A”, Two 4x6 Photos, ID Card/Passport

INSTITUTION: Application Form¹ “B”, Two 4x6 Photos², ID Card/Passport²
Company License, Company Registration Certificate
Power of Attorney, Article of Incorporation, VAT Certificate

1 : Forms could be downloaded from secc.gov.kh 2 : Documents of representative

****Note: An investor can request only one Investor ID.**



STEP 2: Open a Trade Account

- You need a broker to trade securities on stock exchanges.



1. Find a broker
2. Open a trading account
3. Start investing!



STEP 3: Open a Cash Account

(Optional)



Be your side, by your hand



ធនាគារ កាណាឌីយ៉ា ភ.អ
加華銀行
CANADIA BANK PLC.
Your Best Partner!

YuanTa	CVS	PPS
Acleda	Campu	RHB-OSK
		CANA
		SBI
		Golden
		CAB



How to send order

01

Communication Means

- Written document
- Voice
- Email
- Other electronic way



02

Message Contents

- Issue company name
- Quantity
- Price
- Bid/Ask



Trading Rules

❖ Trading Rules

- **Daily price change limit**: 5% of previous day's closing price
- **Trading currency**: Khmer Riel (KHR)
- **Settlement date**: T+2
- **Trading before settlement**: allowed
- **No margin trading**: 100% good faith deposit
- **Limit Order**: execute at a particular price or better
- **No foreign holding limit**



Trading Process



- 1 Buyers and sellers place orders through their brokers.
- 2 Brokers send the orders to stock exchange (**CSX**).
- 3 **CSX** collect all the orders and match them using auctions.
- 4 **CSX** returns trading results to the brokers.
- 5 Brokers inform buyers and sellers of their trading result.



Securities Trading Procedure in Cambodia



Regulator

Applying for Investor ID on behalf of Investors

Applying for Investor ID by your self

Opening trading account

Giving orders

Database Keeping

Placing orders

Securities Firms

Opening Cash Account

Opening Cash Account (Optional)

BANK

Cash Settlement Agent

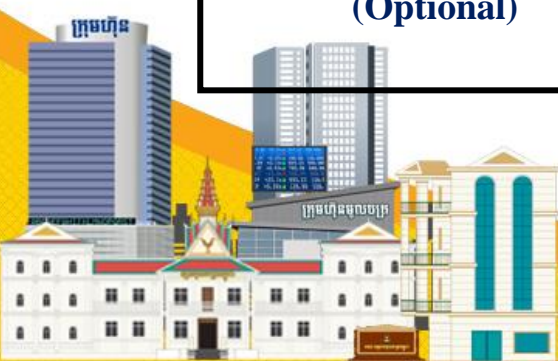


Central Exchange

1. Order Execution
2. Clearing & Settlement
3. Securities Depository



Investors



Fundamental Analysis




- **Information** (listed company disclosure)
- **1. Whole economy** (Political, unexpected happened, economy growth, inflation, interest rate, monetary policy, fiscal policy)
- **2. Industry Analysis** (Big, medium, small, development prediction, first, Second, third)
- **3. Company Analysis** (product, profit, competition, management...)
- **4. Stock Analysis/Valuation** (Financial Statement, PE Ratio...)



Fundamental Analysis





ផ្សារមូលបត្រកម្ពុជា

Advertisement

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18-May-2016 02 : 06 : 02

Price Information

Current Price	3,600
P/E Ratio	33.33
Base Price/IPO Price	3,600
Upper Price Limit	3,780
Lower Price Limit	3,420
Opening Price	3,600
High Price	3,600
Low Price	3,600

Trade Information

Time	09 : 23 : 02
Trade Price	3,600
Change	0
%Change	0
Acc. Volume	826
Acc. Value (KHR)	2,973,600

Stock Name

GTI

Grand Twins International (Cambodia) Plc.

Expected Price: 0
Expected Quantity: 0

Current Quotations & Remaining Quantity of Orders

Sell Remaining Quantity	Price	Buy Remaining Quantity
1,000	3,780	
1,000	3,770	
1,000	3,760	
1,000	3,750	
200	3,740	
	3,500	500
	3,420	190
4,200	Total	690

Last 5 trades

Time	Execution Price	Change	%Change	Trading Volume	Trading Value (KHR)
09:23 AM	3,600	0	0	575	2,070,000
09:13 AM	3,600	0	0	251	903,600

Technical Analysis

- **Technical Analysis assumes that:**

- 1) Market price shows every thing

- 2) the historical trend or pattern will repeat in the future,

- 3) the share price and trading volume graphs show the information on the supply and demand for the stocks.

- **Analyzing tools of Technical Analysis:**

- 1.Chart History (there are many theories and methods)

- 2.Price

- 3.Volume

- 4.Time



Technical Analysis

PWSA (2016/05/06 10:00:46)

Previous Day Price	Current Price	Change	%Change	Opening	High	Low	Trading Volume (shr)	Trading Value (KHR)
4,800	4,800	0	0.00	4,780	4,800	4,780	3,808	18,277,320



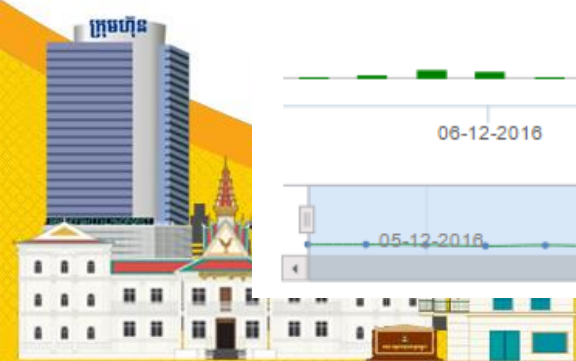
Technical Analysis

GTI (2017/04/03 09:49:54)

Previous Day Price	Current Price	Change	%Change	Opening	High	Low	Trading Volume (shr)	Trading Value (KHR)
4,940	4,700	⬇ 240	⬇ 4.86	4,700	4,700	4,700	100	470,000

Zoom 1m 3m 6m YTD 1y All

From Dec 1, 2016 To Dec 30, 2016



Recommendation

- High profit, high risk. Low risk, low profit.
- But we need low risk with high profit.
- **Don't put all eggs in one basket.**
- Buy Securities Debt, Buy Mutual Fund, Buy Stock A, Stock B,



Thank
you !

