

Commerce - Prakas on the Naming Convention of Legal Forms of Enterprises

Ministry of Commerce (“MoC”) – Prakas No. 0169 dated 12 August 2021 on the Naming Convention of Legal Forms of Enterprises

On 12 August 2021, the MoC issued a Prakas to set out specific words which must be used to identify the legal form of an enterprise which must be placed in the front, at the end or below the name of the enterprise as follows:

- The name of a private limited company must include the words “Private Limited Company” or the abbreviation ‘Ltd.’ at the end of or below its name.
- The name of a public limited company must include the words “Public Limited Company” or the abbreviation ‘Plc.’ at the end of or below its name.
- The name of a sole proprietorship must include the words “Sole Proprietorship” in front of its name.
- The name of a local/foreign branch is the name of the principal company with the words “Local/Foreign Branch” on top or in front of its name.
- The name of a representative office is the name of the principal company with the words “Representative Office” on top or in front of its name.
- The name of a general partnership must include the words “General Partnership” or the abbreviation ‘GP’ at the end of or below its name.
- The name of a limited partnership must include the words “Limited Partnership” or the abbreviation ‘LP’ at the end of or below its name.

Private Limited Companies and Public Limited Companies can use the words “Holding” or “Group” next to their name with the conditions below:

1. Name of a company including the word “Holding”
 - must have at least 3 subsidiaries registered in Cambodia
 - the principal company must have business activity code number 642 (activities of holding companies) as listed by the MoC system and must have provided investment capital to the subsidiaries for their business operations. The principal company cannot do the business operations by itself.
 - the principal company must hold at least 51% of the shares (with voting rights) in each subsidiary.
2. Name of a company including the word “Group”
 - must have at least 3 subsidiaries registered in Cambodia
 - the principal company must hold at least 51% of the shares (with voting rights) in each subsidiary.

This Prakas is effective from 12 August 2021 onwards.

Commentary:

Comparing with the old Prakas No. 137 dated 23 March 2016 on the Naming Convention of Legal Forms of Enterprises, the MoC stresses and sets requirements for using company names with the words “Holding” or “Group”, which have never been set or specified before. In addition, the name of branch office must also be specified as either a local or foreign branch.

We have verbally communicated with officers at the MoC regarding this mentioned requirement for “holding” or “group” companies and it is our initial understanding from these verbal communications that the requirement would be applied to new company registrations only and that the MoC will not impose any requirement for existing companies to change their names if in breach of the new regulation. However, as with any verbal communications of this type, the MoC’s approach could be subject to change in the future and we recommend that existing enterprises that do not meet the conditions of the updated Company naming requirements should remain vigilant and keep track of any developments with respect to the implementation of this Prakas in case of a change in the MoC’s approach in the future that would require them to formally change their legal name.

New investors/business owners who wish to register any form of enterprise will need to pay attention at the naming stage of the business registration process with the MoC to ensure that the enterprise name meets the naming criteria of the Prakas in order to avoid the risk of the business registration being rejected by the MoC.

As a committed advisor to our clients, we welcome any opportunity to discuss the relevance of the above matters to your business.

Contact us

KPMG Cambodia Ltd.

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