

Share Certificate under the Law of Cambodia

What is share certificate? Share certificate is a document issued by the company to a shareholder as evidence of ownership over shares in the company.

Share certificate is made in any form as decided by the company, but it must include minimum information as required by law. Pursuant to Article 153 of the Law on Commercial Enterprises, share certificate must state the name of the company, the name of person to whom it was issued and the number and class of shares and the designation of any series the certificate represents.

Under Article 119 of the same law, the directors of the company manage the business and affairs of a company. Accordingly, it is interpreted that the directors of the company have the rights to issue the share certificates on behalf of the company to the persons who own shares of the company. In practice, in case where there is more than a director, the board of directors can authorize or appoint one or two directors to sign the share certificates on behalf of the company.

Is share certificate necessary? Share certificate is important document because it is evidence of ownership over shares. However, in practice, share certificate is not very necessary since articles of incorporation state not only information included in the share certificate but also other issues and provisions that are necessary to the company. (Article 93, Law on Commercial Enterprises).

Furthermore, because articles of incorporation and their amendment must be filed with Ministry of Commerce (Article 96 and Article 239, Law on Commercial Enterprises), it is more likely that articles of incorporation are more reliable than the share certificate that is issued by directors of the company. That is why; in case where the company needs to borrow money from lenders, most of the lenders request for a copy of articles of incorporation to see whether borrowing money by the company requires approval of board of directors or shareholders. This is to ensure that the company has obtained all internal approval so that all actions done by its agent/representative will bind the obligations of such company.

This article does not mean to deny the necessity of having share certificate. Share certificate is also necessary in several extents. For example, the shareholder will use the share certificate to prove his or her ownership when he or she does not wish to disclose all information stated in articles of incorporation that may affect the business and interest of the company. In example of sale-purchase of share, new shareholders may need share certificates to prove their ownership over the shares since their titles in the articles of incorporation have not been filed with Ministry of Commerce.

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