



# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

## Notice

Date: 17 August 2023

The Bangladesh Securities and Exchange Commission (BSEC) in exercise of the powers conferred by the section 33(1), read with section 32A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), and section ২২ of the “এক্সচেঞ্জস ডিমিউচুইয়ালাইজেশন আইন, ২০১৩” [Exchanges Demutualization Act, 2013] prepared a rules namely, “Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023” for eliciting public opinion, etc.

Opinion, advice or objection, if any, thereon will have to be sent to the following address within 2 (Two) weeks from the date of publication of this Notice. Mentionable here that the draft rules can be found in the following web link and scanning the QR code.

Chairman

Bangladesh Securities and Exchange Commission  
Securities Commission Bhaban  
E-6/C, Agargaon  
Sher-e-Bangla Nagar Administrative Area  
Dhaka-1207





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## Draft for Public Opinion Draft on the Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023

No.- BSEC/CMRRCD/- Whereas the business of the Commodity Exchange for providing physical facilities or systems whether electronic or otherwise for trading of commodity derivatives contract should be regulated according to the section 32A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) in the interest of investors and for the development of commodity derivatives market;

Now, therefore, in exercise of the powers conferred by section 32A and sub-section (1) of section 33 of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) and section ২২ of the “এক্সচেঞ্জস ডিমিউচুইয়ালাইজেশন আইন, ২০১৩” [Exchanges Demutualization Act, 2013], the Bangladesh Securities and Exchange Commission proposes the following draft rules, namely:-

### CHAPTER-I PRELIMINARY

#### 1. Short title and application. –

- (1) These rules may be called the Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023;
- (2) These rules shall be applicable for the Commodity Exchange and related participants for providing physical facilities or systems whether electronic or otherwise for trading, clearing and settlement of commodity derivatives contract.

#### 2. Definitions. –

##### (1) In these rules, unless the context otherwise requires, -

- (1) “auditor” shall have the same meaning as assigned to the word under the Bangladesh Chartered Accountants Order, 1973 (President’s Order No.2 of 1973), to be appointed from the panel of auditors approved by the Commission to perform the functions assigned to the auditor under these rules;
- (2) “bank” means a bank company as defined in the ব্যাংক কোম্পানী আইন, ১৯৯১ (১৯৯১ সনের ১৪ নং আইন) [Bank Company Act, 1991 (Act No. XIV of 1991)];
- (3) “clearing facility” means a facility for the clearing and settlement of commodity derivatives contract traded on a commodity exchange;
- (4) “clearing house” means a house set up by a commodity exchange for the purpose of clearing and settlement of transactions of commodity derivatives contract under its regulations or a clearing and settlement company registered under the বাংলাদেশ





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সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (ক্লিয়ারিং অ্যান্ড সেটলমেন্ট) বিধিমালা, ২০১৭ [Bangladesh Securities and Exchange Commission (Clearing and Settlement) Rules, 2017];

- (5) “clearing participant” means a person who, is admitted as participant for clearing and settlement of commodity derivatives contract on his own behalf as well as on behalf of others under the regulations of a commodity exchange or under the provisions of the বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (ক্লিয়ারিং অ্যান্ড সেটলমেন্ট) বিধিমালা, ২০১৭ [Bangladesh Securities and Exchange Commission (Clearing and Settlement) Rules, 2017];
- (6) “Commission” means the Bangladesh Securities and Exchange Commission established under the Bangladesh Securities and Exchange Commission Act, 1993 (Act No. XV of 1993);
- (7) “commodity” includes the following in relation to a derivatives contract—
- agricultural, livestock, fishery, forestry, mining or energy goods, and any product that is manufactured or processed from any such goods; and
  - any other goods or products as may be notified by the Commission in the official Gazette;
- (8) “commodity authorized representative” means an individual registered under these rules who executes the commodity contracts as an agent or representative of a commodity derivatives broker;
- (9) “commodity call options” means a contract that gives the holder the right but not the obligation to buy a given quantity of the underlying commodity or commodity futures contract for a given price on or before a given future date;
- (10) “commodity derivatives broker” means a person who is registered under these rules –
- makes or offers to make with any person, or induces or attempts to induce any person to enter into or to offer to enter into any agreement for or with a view to purchase or sale of a commodity derivatives contract; or
  - solicits or accepts any order for, or otherwise dealing in, or effects transactions in a commodity derivatives contract for its customer or on its own account:
- Provided that commodity derivatives broker shall operate business for its customers and for its own through maintaining separate books of accounts for trading, clearing and settlement, etc.
- (11) “commodity derivatives contract” means any of the following: —
- commodity forward contract;
  - commodity futures contract;
  - commodity options contract;
  - commodity swaps contract; and
  - any other class of commodity contract as specified by the Commission from time to time:





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Provided that commodity forward and commodity swaps contract shall not be applicable as exchange traded commodity derivatives contract unless otherwise specified by the Commission.

- (12) “commodity derivatives market” means any market, or place at which, or any service or facility, whether electronic or otherwise, by means of which, offers, promises or invitations to sell, purchase or exchange commodity derivatives contracts are regularly made on a centralized basis, being offers or invitations that are intended or may reasonably be expected, to result, directly or indirectly, in the acceptance or making, respectively, of offers to sell, purchase or exchange commodity derivatives contract;
- (13) “commodity exchange” means a company that provides or, proposes to provide, the physical facilities or systems whether electronic or otherwise, necessary for trading of any contract in the commodity derivatives market registered under these rules;
- (14) “commodity futures contract” means an agreement or arrangement –
- to purchase or sell a particular commodity for delivery or settlement in the future at a price to be determined by a contract that obligates each party to fulfill the contract at the specified price and that may be settled by delivery, cash or offset at the commodity exchange duly registered with the Commission;
  - where one party agrees to enter into a contract to deliver a specified quantity of a specified commodity, to another party at a specified future time and at a specified price payable at that time; or
  - where the parties agree to discharge their obligations under the contract by settling the difference between the value of a specified quantity of a specified commodity agreed at the time of the making of the contract and at a specified future time; or
  - such other commodity futures contracts or class of futures contracts as specified by the Commission from time to time;
- (15) “commodity options contract” means an agreement or arrangement where one party acquires the right but not the obligation to buy or sell a specified quantity of a specified commodity or commodity futures contract, to another party at a specified future time and at a specified price payable at that time, which includes:
- commodity call options;
  - commodity put options;

Provided that the price paid to acquire the right is the ‘premium’ of the commodity options contract

- (16) “commodity put options” means a contract that gives the holder the right but not the obligation to sell a given quantity of the underlying commodity or commodity futures contract for a given price on or before a given future date;





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- (17) “company” means a company as defined in the Companies Act, 1994 (Act No. XVIII of 1994);
- (18) “customer” means a person on whose behalf a registered person carries on any regulated activity and includes any person commonly known as an investor;
- (19) “customer assets” means money received, receivable or retained by, or any other property deposited with, a registered person in the course of his business for which he is liable to account to his customer, and any money or other property accruing therefrom;
- (20) “customer money” means money of any currency that, in the course of carrying on his regulated activity, a registered person holds or receives on behalf of a customer, or which he owes to a customer;
- (21) “default proceedings” means proceedings or other action taken by a clearing house or commodity exchange under its default regulations;
- (22) “default regulations” means those regulations which provide for the initiation of proceedings or other action if a clearing participant has failed, or appears to be unable, or likely to become unable, to meet his obligations for all unsettled or open commodity derivatives contracts to which he is a party;
- (23) “margin” means the amount of cash, approved commodities or any other form of margin as prescribed by the regulations of a clearing house to take a position in a commodity derivatives contract;
- (24) “market contract” means—
  - (a) a contract subject to the regulations of a clearing house entered into by the clearing house with a clearing participant under a novation and for the purpose of the clearing and settlement of transactions of commodity derivatives contract using the clearing facility whether before or after default proceedings have commenced; or
  - (b) a transaction which is being cleared or settled using the clearing facility and subject to the regulations of a clearing house whether or not a novation referred to in sub-clause (a) has taken place;
- (25) “money” includes any form of money, whether represented by a cheque or other payable order, or otherwise;
- (26) “registered person” means any person or entity registered under these rules and includes a registered person to carry on any regulated activity;
- (27) “record” means all documentary, electronic and digital materials created, generated, sent, communicated, received, or stored, regardless of physical form or other characteristics;
- (28) “regulated activity” means any activity performed by registered person under these rules;





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- (29) “trading in commodity futures contract” means, whether as principal or agent, —
- (a) making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into any agreement for or with a view to purchase or sale of a commodity derivatives contract; or
  - (b) soliciting or accepting any order for, or otherwise dealing in a commodity derivatives contract for its customer or on its own account;
- (30) “trading right entitlement certificate” or “TREC” means a trading right entitlement certificate issued by a commodity exchange in accordance with its regulations; and
- (31) “trading right entitlement certificate holder” or “TREC holder” means a company to which a trading right entitlement certificate issued by a commodity exchange in accordance with its regulations.
- (2) Words and expressions used that are not defined herein but defined in the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) or ব্যাংক কোম্পানী আইন, ১৯৯১ (১৯৯১ সনের ১৪ নং আইন) [Bank Company Act, 1991 (Act No. XIV of 1991)] or Bangladesh Securities and Exchange Commission Act, 1993 (Act No. XV of 1993) or Companies Act, 1994 (Act No. XVIII of 1994) or ডিপজিটরি আইন, ১৯৯৯ (১৯৯৯ সনের ৬ নং আইন) [Depository Act, 1999 (Act No. VI of 1999)] or এক্সচেঞ্জ ডিমিউচুয়ালাইজেশন আইন, ২০১৩ (২০১৩ সনের ১৫ নং আইন) [Exchanges Demutualization Act, 2013 (Act No. XV of 2013)] or ফাইন্যান্সিয়াল রিপোর্টিং আইন, ২০১৫ (২০১৫ সনের ১৬ নং আইন) [Financial Reporting Act, 2015 (Act No. XVI of 2015)], or বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (ক্রিয়ারিং অ্যান্ড সেটলমেন্ট) বিধিমালা, ২০১৭ [Bangladesh Securities and Exchange Commission (Clearing and Settlement) Rules, 2017] shall have the same meanings as are respectively assigned to them in the said Ordinance or Act and Rules or Regulations made there under.

## CHAPTER-II COMMODITY EXCHANGE

### 3. Registration requirement. –

- (1) No commodity exchange shall operate or carry on its functions, and no person shall use or utilize, for the purpose of any transaction or dealing in any commodity derivatives contract, the facilities or services or systems of a commodity exchange, unless such commodity exchange is registered under these rules.
- (2) The Commission shall determine the number and places for the establishment of commodity exchanges.

### 4. Eligibility and application requirement for registration. –

- (1) Any commodity exchange which fulfils or complies with the following conditions or requirements shall be eligible for registration under these rules, namely: -
  - (a) it is incorporated as a public limited company under the Companies Act, 1994 (Act No. XVIII of 1994);
  - (b) it has a minimum paid-up capital of Tk. 400.00 (four hundred) crore and at all times maintains a net worth of 75% of its paid-up capital;





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- (c) it shall have strategic investor(s), who is(are) an institutional investor(s), who also hold at least 10% but not more than 25% shares of the paid-up capital of the company.

Provided that the Commission may, notify in the official Gazette, require any class or classes of persons to hold such number of shares of the commodity exchange as the Commission deems appropriate:

Provided further that shareholding requirement as mentioned in clause (c) shall not be applicable for the stock exchange(s) already registered under the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969);

- (d) it or its promoters, directors, or shareholders who hold 5% or more shares of the company is not a bank defaulter as per CIB report;
- (e) any of its director, officer or employee is not convicted of fraud or breach of trust or criminal offence or is adjudicated as insolvent;
- (f) it shall comply with the provisions of the “এক্সচেঞ্জস ডিমিউচুইয়ালাইজেশন আইন, ২০১৩” [Exchanges Demutualization Act, 2013]; and
- (g) it satisfies such other conditions as may be determined by the Commission.
- (2) Any company which is eligible for registration as a commodity exchange shall make an application in Form-I, as available in the website of the Commission, to the Commission for registration under these rules with an application processing fee of Tk. 10.00 (ten) lac in favour of the Bangladesh Securities and Exchange Commission through payment order, bank draft or electronic fund transfer;
- (3) The company shall furnish following documents and particulars including other documents referred to Form-I:
- (a) copy of the memorandum and articles of association;
- (b) copy of certificate of incorporation and certificate of commencement of business;
- (c) copy of return of allotment and particulars of directors;
- (d) annual shareholding position (schedule-X of the কোম্পানি আইন, ১৯৯৪);
- (e) extract from the minutes of board of directors and general shareholders meeting;
- (f) latest audited financial statements;
- (g) two copies of undertakings and inquiry forms of directors, sponsors and shareholders who hold 5% or more shares of the company for collection of credit information bureau (CIB) report;
- (h) supporting documents regarding deposit of paid-up capital and its utilization; and
- (i) any other documents as required by the Commission.
- (4) A company seeking registration for establishing commodity exchange shall provide written undertakings signed by members of the board of directors along with its application for registration which shall contain the following: –
- (a) its regulations shall make satisfactory provisions for—
- (i) a fair, efficient and transparent market in commodity derivatives contracts that are traded on its commodity derivatives market;
- (ii) the proper regulations and supervision of TREC holder;
- (iii) appropriate measures to protect the interest of the investors;





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- (iv) an equitable allocation of the dues, fees and other charges levied by the company;
  - (v) prohibitions of trading in commodity derivatives contracts by its sponsors, officers and employees; and
  - (vi) any other matters as may be required by the Commission.
- (b) it possesses sufficient financial, human and system resources to —
- (i) establish and operate a fair, efficient and transparent commodity derivative market;
  - (ii) meet contingencies or disasters, including events such as technical complications occurring with automated systems;
  - (iii) provide adequate security arrangements; and
  - (iv) any other matters as may be required by the Commission.
- (c) it shall have sufficient senior management officials including chief executive officer/managing director, chief technology officer, chief regulatory officer and chief operating officer:
- Provided that chief executive officer/managing director shall have minimum 15 (fifteen) years working experience in the capital market or commodity derivatives market.
- Provided further that chief operating officer shall have minimum 05 (five) years' experience in the operation of commodity derivatives market;
- (d) it shall have arrangements regarding the appointment, removal from office and functions of the persons responsible for making or enforcing the regulations of commodity exchange, in such manner, to secure a proper balance—
- (i) among the interests of TREC holders of the commodity exchange; or
  - (ii) among the interests of the commodity exchange and the public;
- Provided that the arrangements shall not be regarded as satisfying these requirements unless the persons responsible for such matters include a number of persons independent of the commodity exchange, TREC holders and other registered persons,
- (e) it would not be contrary to the public interest to the registration of commodity exchange;
- (f) its promoters, directors, beneficial owners or shareholders who hold 10% or more shares of the company and senior management officials of the company fulfill the fit and proper criteria as may be determined by the Commission; and
- (g) it satisfies such other conditions as may be determined by the Commission.

## 5. Review, rejection and approval of application.-

- (1) Consideration of the application submitted under rule 4 and decision thereon is as follows-





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- (a) On receipt of the application under rule 4, the Commission shall examine it, and if it is satisfied that all the requirements of rule 4 are fulfilled, it shall accord consent in writing to grant registration for the establishment of a commodity exchange, as prayed for, within 30 (thirty) working days of receipt of the application;
  - (b) If the Commission finds that the application does not fulfill all the requirements of rule 4, it may, within 20 (twenty) working days of receipt of the application, direct the applicant to fulfill the requirements within such time as the Commission may determine, and on fulfillment of such requirements the Commission shall accord consent in writing to grant registration for the establishment of commodity exchange within 30 (thirty) working days of such fulfillment;
  - (c) The Commission may call for further information, in addition to the requirements of rule 4, if it so deems necessary;
  - (d) If the Commission finds that the application does not fulfill all the requirements of rule 4, or where a direction to fulfill such requirements has been given under sub-rule (1) (b) above and the applicant has failed to fulfill such requirements, it may reject the application, stating the reasons therefor;
  - (e) The applicant whose application has been rejected by the Commission under sub-rule (1) (d) above may apply to the Commission for revision of its decision within 90 (ninety) days from the date of such rejection, and the decision of the Commission thereon shall be the final.
- (2) If the consent for registration is granted by the Commission, the applicant shall pay, an amount of Tk. 1.00 (one) crore as registration fee through pay order or demand draft or electronic fund transfer in favour of the Bangladesh Securities and Exchange Commission within 15 (fifteen) days of issuance of the letter of consent for registration. On receiving the payment for registration, the Commission will issue registration certificate in form-II for the operation of commodity exchange.
  - (3) The commodity exchange shall pay an annual fee of Tk. 20.00 (twenty) lac in each Gregorian calendar year through pay order or demand draft or electronic fund transfer in favour of the Bangladesh Securities and Exchange Commission within 01 (one) month of end of the Gregorian calendar year:

Provided that the Commission may revise or determine such annual fee, by general order which shall be notified in the official Gazette.

## 6. Duties of commodity exchange. –

- (1) It shall be the duty of a commodity exchange to ensure—
  - (a) a fair, efficient and transparent market in derivatives contracts that are traded on its commodity derivatives market;
  - (b) clearing and settlement of commodity derivatives contracts including warehouse facilities, risk mitigation and assayers unless the clearing and settlement company starts its operation; and
  - (c) that risks associated with its business and operations are managed prudently.
- (2) In discharging its duty under sub-rule (1), a commodity exchange shall—
  - (a) act in the interest of the public; and





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- (b) ensure that interest of the investor, customer and the public at large prevails where it conflicts with the interest of the commodity exchange, TREC holders or commodity derivatives brokers, shareholders, board of directors and the management.
- (3) A commodity exchange shall operate its facilities in accordance with the provisions of the Securities and Exchange Ordinance, 1969, these rules and regulations made thereunder.
- (4) A commodity exchange shall regulate the operations, standards of practice and business conduct of TREC holders or commodity derivatives brokers and their representatives and other employees in accordance with the regulations, policies, procedures, and practices of the commodity exchange.
- (5) A commodity exchange shall formulate and implement appropriate procedures for ensuring that TREC holders or commodity derivatives brokers and their representatives and other employees comply with the provisions of the Securities and Exchange Ordinance, 1969, these rules and regulations made thereunder.
- (6) A commodity exchange shall preserve confidentiality with regard to all information in its possession concerning TREC holders or commodity derivatives brokers and their customers, except that such information may be disclosed by the commodity exchange when required in writing to do so by the Commission or the clearinghouse under its regulations or if required under any law for the time being in force.
- (7) A commodity exchange shall have efficient procedures and arrangements for addressing customer's complaints.
- (8) A commodity exchange shall put in place such structural provisions, operating procedures, and surveillance techniques to detect and prevent insider trading, malpractices and market abuse.
- (9) A commodity exchange shall immediately notify to the Commission if it becomes aware—
- (a) of a financial irregularity or other matter which in opinion of the commodity exchange may indicate that its financial integrity is in question or that it is unable to meet its legal obligations;
- (b) that any TREC holder or commodity derivatives broker is unable to comply with any regulation of the commodity exchange or any financial resources regulation;
- (c) of a financial irregularity or other matter which in the opinion of the commodity exchange may indicate that the financial standing or integrity of a TREC holder or commodity derivatives broker is in question or that a TREC holder or commodity derivatives broker, may not be able to meet its legal obligations; or
- (d) of any insider trading, malpractice or market abuse.
- (10) A commodity exchange shall have the right to take disciplinary actions against its TREC holder or commodity derivatives broker or commodity authorized representative subject to giving written explanation or an opportunity of being heard.





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- (11) A commodity exchange shall immediately notify to the Commission any action against a TREC holder or commodity derivatives broker or commodity authorized representative.
- (12) A commodity exchange shall, for the conduct of its business, at all times provide and maintain—
  - (a) adequate and properly equipped premises;
  - (b) automated systems with adequate capacity, facilities to meet contingencies or emergencies, physical, virtual, and logical security arrangements, and technical support; and
  - (c) comprehensive business continuity plan.
- (13) A commodity exchange shall ensure that appointment or removal of managing director or chief executive officer, chief operating officer, chief technology officer and chief regulatory officer, by whatever name called, is made with prior approval of the Commission.

## 7. Governance and administration of commodity exchange. —

The board of directors of a commodity exchange shall constitute the following committees for ensuring its governance and administration, namely: -

- (a) risk management committee;
- (b) audit committee;
- (c) nomination and remuneration committee;
- (d) product advisory committee;
- (e) product advisory committee:

Provided that the board of directors shall also constitute required management committee for smooth functioning of the commodity exchange:

Provided further that Term of Reference (ToR) of the committees shall be determined by the board of directors of the commodity exchange.

8. **Commodity exchange to assist the Commission.** —A commodity exchange shall provide any assistance to the Commission as the Commission may require for the performance of functions and duties of the Commission, including the furnishing of such returns and the provision of such books and other information relating to the business of the commodity exchange or commodity derivatives broker or commodity authorized representative in respect of trading in commodity derivatives contracts.

## 9. Disciplinary actions taken by Commodity Exchange. —

A commodity exchange, when it deems necessary, can reprimand, propose fines to the Commission, suspend, cancel TREC or otherwise take disciplinary action against a commodity derivatives broker or commodity authorized representative or warehouse or assayers, as the case may be, in accordance with its regulations.

## 10. Review of disciplinary action taken by commodity exchange. -

- (1) Where a commodity exchange reprimands, suspends, cancels TREC or otherwise takes disciplinary actions against a TREC holder or commodity derivatives broker or





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commodity authorized representative or warehouse or assayers, as the case may be, in accordance with its regulations, the commodity exchange shall immediately inform the Commission in writing of the name of above parties, the reason for and nature of the action taken, the amount of any sum imposed by way of fines and the period of any suspension.

- (2) The commodity exchange shall grant an opportunity of being heard to a TREC holder or commodity derivatives broker or commodity authorized representative or warehouse or assayers, as the case may be, before it reprimands, suspends, cancels TREC or otherwise takes disciplinary action against the above parties.

Provided that where the commodity exchange is satisfied that delay in the suspension of its TREC holder or commodity derivatives broker or commodity authorized representative or warehouse or assayers, as the case may be, shall be detrimental to the interest of the investors or the public in general, the commodity exchange may, after recording reasons in writing, immediately suspends the above parties till the time an opportunity of hearing is provided to the above parties and a final decision is taken within a period of not more than 30 (thirty) days.

- (3) The Commission may, on its own motion or on application by an aggrieved person, review any disciplinary action taken by a commodity exchange under sub-rule (1) and may affirm, modify, or set aside decision of the commodity exchange after giving a TREC holder or commodity derivatives broker or commodity authorized representative or warehouse or assayers, as the case may be and the commodity exchange an opportunity of being heard.
- (4) Nothing in this rule shall preclude the Commission, in any case where a commodity exchange fails to act against a TREC holder or commodity derivatives broker or commodity authorized representative or warehouse or assayers, as the case may be, from suspending the registration of, or otherwise disciplining, of above parties of the commodity exchange, but before doing so the Commission shall give the commodity exchange and the above parties an opportunity of being heard:

Provided that where the Commission is satisfied that delay in the suspension of a TREC holder or commodity derivatives broker or commodity authorized representative or warehouse or assayers, as the case may be, shall be detrimental to the interest of investors or the public in general, the Commission may, after recording reasons in writing, immediately suspend till the time an opportunity of hearing is provided to the above parties and a final decision is taken within a period of not more than 30 (thirty) days.

- (5) Any action taken by a commodity exchange under sub-rule (1) shall be without prejudice to the power of the Commission to take such further action as it deems fit with regard to a TREC holder or commodity derivatives broker or commodity authorized representative or warehouse or assayers, as the case may be, or their registration.





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## 11. Issue of certain directions to commodity exchange by the Commission. –

- (1) The Commission may, if considers necessary or expedient, issue directions to the Commodity Exchange —
  - (a) for ensuring fair, efficient, and transparent commodity derivative markets, or for ensuring fair, efficient, and transparent clearing and settlement of transactions in commodity derivatives contracts;
  - (b) for ensuring the integrity of, and proper management of systemic risks in, commodity derivative markets;
  - (c) for ensuring a fair and proper governance structure of the commodity exchange, TREC holder or commodity derivatives broker or commodity authorized representative or warehouse or assayers, as the case may be; or
  - (d) in the interests of the public or for the protection of customers, issue directions to a commodity exchange, TREC holder or commodity derivatives broker or commodity authorized representative or warehouse or assayers, as the case may be by notice in writing either of a general or specific nature.
- (2) Without prejudice to the generality of sub-rule (1), any direction issued under that sub-rule may relate to—
  - (a) the trading or the termination of trading on or through the facilities of that commodity exchange;
  - (b) the manner in which commodity exchange carries on its business; or
  - (c) removing or suspending the directors or officers of the commodity exchange from office or suspending TREC holder or commodity derivatives broker or commodity authorized representative, as the case may be, of the commodity exchange;
  - (d) the clearing or settlement of commodity derivatives contracts, clearing & settlement company, warehouse or assayers, and the making of adjustments of contractual obligations arising out of those derivatives contracts; and
  - (e) any other matter that the Commission considers necessary for the effective administration of these rules and regulations made hereunder, and the commodity exchange shall comply with any such direction.

## 12. Emergency action of the Commission. –

- (1) Where the Commission has reason to believe or decides on the recommendation of commodity exchange that an emergency exists, or where the Commission considers it necessary or expedient in the interest of the public or for the protection of investors, the Commission may direct in writing a commodity exchange to take such action as it considers necessary to maintain or restore fair, efficient and transparent trading in commodity derivatives contracts including but not limited to—
  - (a) liquidate any position in respect of any commodity derivatives contracts or any class of commodity derivatives contracts;
  - (b) suspend trading of a commodity derivatives market;
  - (c) terminate trading of a commodity derivatives market;
  - (d) confine trading to liquidation of commodity derivatives contracts positions;





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- (e) order the liquidation of all positions or part thereof or the reduction in such positions;
  - (f) limit trading to a specific price range;
  - (g) modify trading days or hours;
  - (h) alter conditions of delivery or settlement;
  - (i) fix the settlement price at which positions are to be liquidated;
  - (j) require any person to act in a specified manner in relation to trading in commodity derivatives contracts or any class of commodity derivatives contracts;
  - (k) require margins or additional margins for any commodity derivatives contracts; and
  - (l) modify or suspend any of the regulations of a commodity exchange, and the commodity exchange shall comply with that direction.
- (2) Where the Commission suspends trading on a commodity derivatives market under clause (b) of sub-rule (1), the suspension shall be for a period not exceeding 03 (three) months, provided that the Commission may, if it considers it necessary, extend the suspension for 01 (one) further period not exceeding 03 (three) months at the expiry of which the Commission shall either notify the commodity exchange in writing that the suspension has expired, or proceed to cancel the commodity exchange registration or pass such order as it deems appropriate.
- (3) Where a commodity exchange fails to comply with a direction of the Commission under sub-rule (1), within such time as specified by the Commission, the Commission may take action under clause (b) of sub-rule (1) of rule 15.
- (4) In these rules, “emergency” means—
- (a) an act of government affecting a commodity;
  - (b) any market disturbance which prevents the market from accurately reflecting the forces of supply and demand for such commodity; or
  - (c) any other situation or practice which in the opinion of the Commission constitutes an emergency.

### 13. Commodity derivatives contract to be approved by the Commission. –

- (1) No commodity exchange shall offer for trading a commodity derivatives contract on the commodity derivatives market established or operated by the commodity exchange without approval of the Commission for offering to trade in such commodity derivatives contract.
- (2) The Commission may grant approval with such condition or restriction as it deems fit for the trading of commodity derivatives contract on the commodity derivatives market established or operated by the commodity exchange:

Provided that in the case of approval of a commodity derivatives contract where the underlying commodity is an essential item, the Commission shall consult with the government.





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- (3) The Commission may, by notice in writing, served on the commodity exchange, withdraw its approval given under sub-rule (2) to trade a commodity derivatives contract with effect from the date specified in the notice, where—
  - (a) the commodity exchange fails to comply with a condition or restriction imposed under sub-rule (2); or
  - (b) the Commission considers that it would be contrary to the interests of the investing public to permit trading in that commodity derivatives contract to continue.
- (4) The Commission shall not withdraw its approval under sub-rule (3) without giving the commodity exchange an opportunity of being heard.

## 14. Fixing of position limits in commodity derivatives contract-

- (1) For the purpose of diminishing, eliminating or preventing excessive speculation in any commodity under a commodity derivatives contract, the Commission may, by order in writing from time to time, fix position limits as it consider necessary on the amount of trading which may be done or positions which may be held by any person or a class of persons, generally or specifically, under a commodity derivatives contract traded on the commodity derivatives market subject to the rules and regulations of a commodity exchange.
- (2) Such limits upon positions and trading shall apply to positions held by, and trading done, by two or more persons acting pursuant to an express or implied agreement or understanding, as if the positions were held by, or the trading done by, a single person.
- (3) No person shall, directly or indirectly—
  - (a) buy or sell or agree to buy or sell, under a commodity derivatives contract traded on the commodity derivatives market of or subject to the regulations of a commodity exchange, any number of such contracts in excess of the trading limits fixed for 01 (one) business day, or any other stated period set by the Commission; or
  - (b) hold or control a gross buy or sell position under a derivatives contract traded on the commodity derivatives market of or subject to the regulations of a commodity exchange in excess of any position limit fixed by the Commission.
- (4) Nothing in this rule shall preclude the Commission from—
  - (a) fixing different trading or position limits for different commodity derivatives contract, different delivery periods, or for different days remaining until the last day of trading in a commodity derivatives contract; or
  - (b) exempting transactions under this rule.

## 15. Suspension or cancellation of commodity exchange registration. —

- (1) Where the Commission is of opinion that a commodity exchange or any TREC holder or commodity derivatives broker, director or officer of a commodity exchange has contravened any provision, or has otherwise neglected or failed to comply with any requirement of the Securities and Exchange Ordinance, 1969 or these rules or





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any other rules, regulations or directions made or given thereunder, the Commission may, if it considers it necessary for the protection of investors or to ensure fair dealings or fair administration of the commodity exchange so to do, by order in writing,—

- (a) suspend the registration granted under these rules with effect from the date specified in the notice for such period as may be specified in the notice; or
  - (b) supersede the governing body or other authority of the commodity exchange; or
  - (c) suspend or remove the director or officer from his office, or
  - (d) suspend or remove a TREC holder or commodity derivatives broker from commodity exchange; or
  - (e) cancel the registration of a commodity exchange granted under these rules with effect from the date specified in the notice in writing if the commodity exchange—
    - (i) ceases to comply with the eligibility conditions specified in rule 4;
    - (ii) ceases to operate a commodity derivatives market that it has been registered to operate under rule 5;
    - (iii) is being wound up or enters into an arrangement with its creditors or TREC holders without prior written approval of the Commission;
    - (iv) fails to comply with any requirement of these rules or any other applicable law;
    - (v) fails to comply with a direction of the Commission;
    - (vi) fails to provide to the Commission information required by the Commission, or provides false or misleading information;
    - (vii) is operating in a manner detrimental to the public interest; or
    - (viii) requests the Commission to do so.
- (2) For the purposes of sub-clause e (ii) of sub-rule (1), a commodity exchange shall be deemed to have ceased to operate its commodity derivatives market, if—
- (a) it has ceased to operate its commodity derivatives market for more than 30 (thirty) days unless it has obtained prior written approval of the Commission to do so; or
  - (b) it has ceased to operate such commodity derivatives market under a direction issued by the Commission under rule 11 or rule 12.
- (3) The Commission may, by the notice served under sub-rule (1), permit the commodity exchange to continue, on or after the date on which the suspension or cancellation is to take effect, to carry on such activities affected by the suspension or cancellation as the Commission may specify in the notice for the purpose of—
- (a) closing down the operations of the commodity exchange; or
  - (b) protecting the public interest.
- (4) Except where responding to a request under sub-clause e (viii) of sub-rule (1), the Commission shall not take action under sub-rule (1) without giving the commodity exchange an opportunity of being heard.
- (5) Any order of supersession under clause (b) of sub-rule (1) may direct that the functions of the governing body of the commodity exchange shall be performed during the period of supersession by such person as may be specified in the notice.





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- (6) Where the Commission suspends or cancels the registration of a commodity exchange under this rule, it shall cause notice of that fact to be published in at least 02 (two) national daily newspapers having wide circulation.

**16. Effect of cancellation.** — Cancellation of a registration referred to in rule 15 shall not operate so as to—

- a. avoid or affect any agreement, transaction or arrangement entered into on the commodity derivative market operated by the commodity exchange where the agreement, transaction or arrangement was entered into before the cancellation of the registration; and
- b. affect any right, obligation or liability arising under such agreement, transaction, or arrangement.

**17. Accounts and audit.** —

- (1) A commodity exchange shall keep proper books of accounts and records of its income and expenditure, assets and liabilities and all other transactions of the commodity exchange in accordance with the Securities and Exchange Rules, 2020 or as may be directed by the Commission from time to time.
- (2) The books of account and other documents referred to in sub-rule (1) shall also include:
  - a. the annual and quarterly financial statements;
  - b. registers or other comparable electronic records showing the position in respect of each commodity derivatives broker as on the settlement date of the commodity derivatives contracts which the commodity derivatives broker had bought or sold since the last preceding settlement day and which had been transferred through a clearing system maintained by the commodity exchange or the clearing and settlement company, as the case may be;
  - c. daily record of quotations and transactions on the commodity exchange automatically maintained in the trading system showing the time at which each transaction took place;
  - d. record of transactions with banks;
  - e. record of security deposits;
  - f. registers of commodity derivatives brokers or TREC holders;
  - g. register of commodity authorized representatives;
  - h. notices, minutes, and attendance of the meetings of board of directors' and the board of director sub-committees constituted under any act or these rules or any regulations and the annual general meeting (AGM) or any extraordinary general meeting (EGM);
  - i. register of complaints and settlement thereof;
  - j. register of shareholders of the commodity exchange; and
  - k. register of quoted commodity derivatives contracts and de-quoted commodity derivatives contracts.
- (3) Every commodity exchange shall prepare and maintain its financial statements as prescribed in the Securities and Exchange Rules, 2020 or in accordance with the requirements of the international financial reporting standards (IFRS) and any other





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specification as directed by the Commission, as accurately reflect the true and fair view of the financial position as well as financial performance of the exchange at any point of time.

- (4) The annual financial statements of the commodity exchange shall be audited by the firm(s) from the panel of auditors as declared by the Commission from time to time, within 120 (one hundred and twenty) days from the date on which the exchange's financial year ends and a copy of such audited financial statements shall be submitted to the Commission within 14 (fourteen) days thereof:

Provided that on the application filed by the commodity exchange within the aforesaid specified time, the Commission may, on good cause shown and only under extreme circumstances, may extend the time for auditing the annual financial statements or submission of the annual financial statements to the Commission, as the case may be, as it deems fit.

- (5) The board of directors of the commodity exchange, while considering or adopting annual audited financial statements shall, in the same board of directors' meeting, declare the net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per share (NOCFPS) and also fix the date of the relevant annual general meeting (AGM) and take specific decisions with regard to:

- recommending or not recommending dividend for the shareholders on the basis of said financial statements;
- the eligible shareholders who shall be entitled to such dividend, if recommend dividend shall be declared or paid out of the current year's profit or any undistributed profit or any retained earnings:

provided that no dividend shall be declared or paid out of the capital reserve account or the revaluation reserve account or any unrealized gain or out of profit earned prior to the incorporation of the commodity exchange, if any, or through reducing paid-up capital:

provided further that cash dividend shall be declared or paid out of the current year's profit only.

- (6) The board of directors of the commodity exchange, while considering or adopting any quarterly financial statements, shall, in the same board meeting, declare the net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per share (NOCFPS) and the board shall not take any decisions with regard to recommending interim dividend for the shareholders on the basis of said financial statements without being duly audited and without declaring the shareholders who shall be entitled to such dividend:

Provided that no stock or bonus entitlement shall be declared as interim dividend:

Provided further that the board of directors may from time to time pay to the shareholders such interim dividend as appears to the board of directors to be justified by the profits of the commodity exchange on the basis of related periodical audited financial statements:





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Provided further that the decision about recommending interim dividend and entitlement for such dividend cannot be changed:

Provided further that the commodity exchange shall, among others, disclose comparative net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per share (NOCFPS) in respect of the previous period for such NAV per share, EPS and NOCFPS as declared for the current period's financial statements.

- (7) The Commission may, where it deems appropriate, also require operational, regulatory and system audit of commodity exchange to be conducted by an independent auditor and auditors shall furnish report in such a manner as prescribed in the Securities and Exchange Rules, 2020 or as may be directed by the Commission from time to time.
- (8) The auditors shall have a right of access at all reasonable times to the books of accounts, vouchers and other records of the commodity exchange and shall be entitled to require from officers of the commodity exchange such information and explanations as they consider necessary for the performance of their duties as auditor.
- (9) The accounting and other records required to be reported under this rule shall be preserved by the commodity exchange for a period of 07 (seven) years or such longer period as may be directed by the Commission from time to time.

## 18. Appointment of auditor by the Commission. —

- (1) Where the Commission is satisfied that it is in the public interest to do so, it may appoint a special auditor at the expense of the commodity exchange to examine, audit and report, either generally or in relation to any matter, on the books of accounts, and records of a commodity exchange.
- (2) The Commission may appoint special auditors to furnish an audit report to the Commission in the form and manner as prescribed in the Securities and Exchange Rules, 2020 or as may be directed by the Commission from time to time.

## CHAPTER-III CLEARING HOUSE

## 19. Establishment of clearing house, etc. —

- (1) No person shall establish or operate or assist in establishing or operating or hold himself out as operating a clearing and settlement facility of commodity derivatives contract other than the clearing house established by the related commodity exchange under the respective clearing and settlement regulations or the clearing and settlement company registered under the বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (ক্রিয়ারিং অ্যান্ড সেটলমেন্ট) বিধিমালা, ২০১৭ [Bangladesh Securities and Exchange Commission (Clearing and Settlement) Rules, 2017] as the case may be.
- (2) The regulation of business of a clearing house and its participants shall be in accordance with the respective clearing and settlement regulations of the commodity





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exchange or the respective provisions made by the clearing and settlement company registered under the বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (ক্রিয়ারিং অ্যান্ড সেটলমেন্ট) বিধিমালা, ২০১৭ [Bangladesh Securities and Exchange Commission (Clearing and Settlement) Rules, 2017] as the case may be.

- (3) Activities of warehouse or assayer related to commodity derivatives market shall be regulated in accordance with the respective clearing and settlement regulations of the commodity exchange or the respective provisions made by the clearing and settlement company registered under the বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (ক্রিয়ারিং অ্যান্ড সেটলমেন্ট) বিধিমালা, ২০১৭ [Bangladesh Securities and Exchange Commission (Clearing and Settlement) Rules, 2017] as the case may be.
- (4) Clearing house and its participants shall be responsible for performing their duties in accordance with the respective clearing and settlement regulations of the commodity exchange or the respective provisions made by the clearing and settlement company registered under the বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (ক্রিয়ারিং অ্যান্ড সেটলমেন্ট) বিধিমালা, ২০১৭ [Bangladesh Securities and Exchange Commission (Clearing and Settlement) Rules, 2017] as the case may be.

## CHAPTER-IV

### PARTICIPANTS OF THE COMMODITY EXCHANGE

**20. Scope of regulated activities.** — For the purposes of these rules, a person shall be deemed to be carrying on a regulated activity if such person carries out business or purports to do so, as a —

- (a) commodity derivatives broker;
- (b) commodity authorized representative; or
- (c) any other activity of any person as may be notified by the Commission.

**21. Registration requirement.** —

- (1) No person, whether as principal or agent, shall carry on a regulated activity or purport to do so, unless such person is registered by the Commission under this chapter of these rules and operates in accordance with such registration.
- (2) A registration granted under these rules shall specify the regulated activity or activities that the registered person is permitted to undertake and such person shall be restricted to such regulated activity or activities as so specified.
- (3) Any person to whom a TREC is issued by a commodity exchange shall obtain registration as a commodity derivatives broker not later than 06 (six) months from the date of issuance of such TREC and shall commence business not later than 03 (three) months from the date of obtaining such registration:

Provided that any TREC holder of a stock exchange shall also be eligible to get registration by complying respective eligibility criteria of these rules to carry out business or purports of a commodity derivatives broker.

- (4) The Commission may by notification in the official Gazette, exempt any financial institution, insurance company, stock broker as subsidiary of any bank or class of





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financial institutions from the operation of sub-rule (1) subject to such terms and conditions as may be directed from time to time.

## 22. Eligibility for grant of registration as a commodity derivatives broker. –

Any entity shall not be eligible for a certificate of registration as a commodity derivatives broker, if—

- (a) it is not a TREC holder of a commodity exchange;
- (b) it is not a company or corporate body;
- (c) it doesn't have minimum paid-up capital Tk. 10 (ten) crore;
- (d) it doesn't maintain at least 75% (seventy five percent) of the paid-up capital as net worth at all times;
- (e) it or any member of its board of directors is convicted of any criminal offence involving fraud, deceit, or dishonest activity;
- (f) it fails to comply with the provisions of the Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019:  
provided that the Commission may relax this requirement in case of special circumstances;
- (g) it or any member of its board of directors is identified as a loan defaulter as per the report provided by Credit Information Bureau (CIB) of Bangladesh Bank;
- (h) it or any member of its board of directors is a member of the board of directors of any commodity derivatives broker or other market intermediary cancelled by the Commission;
- (i) it or any member of its board of directors is declared bankrupt or insolvent by a competent court;
- (j) it doesn't have a separate office, infrastructure and logistics, separate manpower, for operational activities for commodity derivatives contracts dealings from the stock broking;
- (k) it doesn't have an additional paid-up capital of Tk. 02 (two) crore for its every branch or branch office;
- (l) it doesn't maintain minimum paid-up capital of clause (c) of the multiple of the number of its TRECs if it is a TREC holder of more than one commodity exchange; and
- (m) it doesn't appoint any person as a compliance officer approved by its chief executive or board of directors subject to the approval of the concerned commodity exchange.

## 23. Eligibility for grant of registration as a commodity authorized representative. –

- (1) Any person shall not be eligible to obtain a certificate of registration as a commodity authorized representative, if he-
  - (a) is not above 21 (twenty one) years of age;
  - (b) doesn't have a graduate or equivalent educational qualification;
  - (c) doesn't have training in commodity derivatives trading and related activities from a training program conducted by the Commission or any institution recognized by the Commission, as well as required experience as specified by the Commission;
  - (d) has been convicted of any criminal offence involving fraud, deceit or dishonesty; and





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- (e) has any record of violation of or failure to comply with the securities acts, rules, regulations or any punishment due to illegal, fraudulent activities.
- (2) A commodity authorized representative may act as an appointed representative of the commodity derivatives broker by executing the agreement specified by the concerned commodity exchange and approved by the Commission with any commodity derivatives broker.

## 24. Application for certificate of registration. –

- (1) An application for a certificate of registration shall be made in the following form, namely: -
  - (a) in the case of a commodity derivatives broker, in Form-III by depositing a fee of Tk 02.00 (two) lac in favour of the Bangladesh Securities and Exchange Commission through bank draft or pay-order or electronic fund transfer;
  - (b) in case of commodity authorized representative, in Form-IV by depositing a fee of Tk. 05 (five) thousand in favour of the Bangladesh Securities and Exchange Commission through bank draft or pay-order or electronic fund transfer:Provided that such fee mentioned in clause (a) and (b) is non-refundable.

- (2) A commodity derivatives broker or commodity authorized representative, shall submit the proof of electronic fund transfer along with the application under sub-rule (1) with recommendation of the concerned commodity exchange:

Provided that concerned commodity exchange shall scrutinize the documents and information of the application under sub-rule (1) and shall submit its recommendation by filling up Form-V (for commodity derivatives broker) and Form-VI (for commodity authorized representative) with attaching Form-III and Form-IV.

## 25. Approval or rejection of application for registration certificate –

- (1) Consideration of the application submitted under rule 24 and decision thereon is as follows-
  - (a) On receipt of the application under rule 24, the Commission shall examine it, and if it is satisfied that all the requirements of rule 22, rule 23 and rule 24 are fulfilled, it shall accord consent in writing to grant registration for commodity derivatives broker or commodity authorized representative, as prayed for, within 30 (thirty) working days of receipt of the application;
  - (b) If the Commission finds that the application does not fulfill all the requirements of rule 22, rule 23 and rule 24, it may, within 20 (twenty) working days of receipt of the application, direct the applicant to fulfill the requirements within such time as the Commission may determine, and on fulfillment of such requirements the Commission shall accord consent in writing to grant registration for commodity derivatives broker or commodity authorized representative within 30 (thirty) working days of such fulfillment;
  - (c) The Commission may call for further information, in addition to the requirements of rule 22, rule 23 and rule 24, if it so deems necessary;
  - (d) If the Commission finds that the application does not fulfill all the requirements of rule 22, rule 23 and rule 24, or where a direction to fulfill such requirements has





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been given under sub-rule (1) (b) above and the applicant has failed to fulfill such requirements, it may reject the application, stating the reasons therefor;

- (e) The applicant whose application has been rejected by the Commission under sub-rule (1) (d) above may apply to the Commission for revision of its decision within 90 (ninety) days from the date of such rejection, and the decision of the Commission thereon shall be the final.
- (2) If the certificate of registration is granted under clause (a) and clause (b) of sub-rule (1), the commodity derivatives broker or commodity authorized representative shall deposit the registration fee to the Commission as prescribed under rule 26.
- (3) Registration certificate issued to a commodity derivatives broker or a commodity authorized representative shall not be transferable.

## 26. Registration fee, renewal of registration certificate, etc. -

- (1) If the registration certificate is granted under clause (a) and clause (b) of sub-rule (1) of rule 25, the commodity derivatives broker and commodity authorized representative, shall deposit Tk. 05 (five) lac and Tk. 05 (five) thousand respectively as registration fee to the Commission for the registration certificate.
- (2) For the purpose of renewal of any registration certificate, an application shall be made in Form-VII and Form VIII along with the original copy of the certificate and renewal fee of Tk. 05 (five) lac for commodity derivatives broker and Tk. 05 (Five) thousands commodity authorized representative respectively at least 30 (thirty) days before its expiry.
- (3) The Commission may, from time to time by notification in the official Gazette, revise the registration fee and renewal fee.
- (4) Registration fee, renewal fee, etc., shall be deposited in favour of the Bangladesh Securities and Exchange Commission through pay-order, bank draft or electronic fund transfer.
- (5) Proof of electronic fund transfer shall be submitted along with the application for registration or renewal by the commodity derivatives broker or commodity authorized representative to the Commission
- (6) The validity of the registration certificate or renewal of registration certificate of a commodity derivatives broker or a commodity authorized representative shall be 05 (five) years from the date of issuance of such registration or renewal.
- (7) In case of failure to submit the application for renewal within the time specified in sub-rule (2), an additional fee of Tk. 01 (one) thousand and Tk. 01 (one) hundred shall be deposited through pay-order, bank draft or electronic fund transfer along with the application by the commodity derivatives broker and commodity authorized representative respectively to the Commission for delay of each day:

Provided that in the case of commodity authorized representatives, the amount of the total additional fee shall not exceed Tk. 20 (twenty) thousand:





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Provided further that if a commodity derivatives broker or a commodity authorized representative does not renew the registration certificate within 01 (one) year after the expiry of the registration, the registration certificate shall be deemed to be cancelled.

- (8) For the purpose of renewal of the registration certificate, the recommendation part of the application Form (Form-VII or Form VIII) shall be filled by the concerned commodity exchange and shall be submitted to the Commission:

Provided, however, that before filling recommendation part of the application Form (Form-VII or Form VIII), the documents and information submitted by the applicant shall be verified by the commodity exchange and filled up compliance Form-IX shall be submitted to the Commission with attaching original copy of registration certificate.

- (9) If the application for renewal under sub-rule (2) is fully complied the requirements of rule 22, rule 23 and this rule, the Commission shall renew the registration certificate of a commodity derivatives broker and a commodity authorized representative:

Provided, however, that if any commodity derivatives broker fails to fulfill the requirements of rule 22 and this rule or to maintain capital adequacy as per the Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019, the application for renewal of registration certificate shall not be granted:

Provided further that if a commodity authorized representative fails to fulfill the conditions of rule 23 and this rule, his application for renewal of registration certificate shall not be granted.

## **27. Impose of certain conditions by the Commission. —**

- (1) The Commission may grant a registration under this Part of these rules subject to such conditions or restrictions as it considers necessary.
- (2) The Commission may, by written notice served on the holder of the registration, amend, or cancel any of the conditions or attach new conditions.

## **28. Issue of certain directions to the registered persons by the Commission. —**

- (1) The Commission may by notice in writing give to a registered person a direction under this rule where it appears to the Commission that—
- (a) it is desirable for the protection of public interest or customers; or
- (b) the registered person is contravening, has contravened or is about to contravene or has failed to comply with any provision of or requirement under the Securities and Exchange Ordinance, 1969, these rules or any regulations made thereunder or, in purported compliance with any such provision or requirement, has furnished to the Commission information that is false, inaccurate or misleading.
- (2) A direction under this rule may contain all or any of the following prohibitions or requirements, namely: —
- (a) require a registered person to cease and desist from the contravention;
- (b) prohibit a registered person from entering into transactions of a class or description specified in the notice or entering into them otherwise than in circumstances so specified or to an extent so specified;





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- (c) prohibit a registered person from soliciting business from a person of a class or description so specified or from persons other than persons of such a class or description;
  - (d) prohibit a registered person from carrying on business in a specified manner or otherwise than in a specified manner;
  - (e) as regards any assets whether in Bangladesh or elsewhere and whether they are the assets of the registered person or not—
    - (i) prohibit the registered person from transferring, alienating or otherwise disposing of such assets or from dealing with them in a manner specified in the notice; or
    - (ii) require the registered person to deal with such assets in a manner specified in the notice;
  - (f) require a registered person to maintain in Bangladesh assets of such value as appear to the Commission to be desirable with a view to ensuring that the registered person will be able to meet his liabilities in respect of his business; or
  - (g) require a registered person to transfer control of assets of a specified class or description to an administrator appointed and approved by the Commission and a registered person shall comply with such direction.
- (3) A direction under this rule shall be for such specified period as the Commission considers necessary which period may be extended by the Commission as considered necessary by it.
  - (4) The Commission may, by written notice either of its own motion or on the application of a registered person on whom a prohibition or requirement has been imposed under this rule, rescind or vary the prohibition or requirement if it appears to the Commission that it is no longer necessary for the prohibition or requirement to take effect or continue in force or, as the case may be, that it should take effect or continue in force in a different form.

## 29. Register of registered persons and changes thereon. —

- (1) The Commission shall maintain a register of registered persons in the form it considers most appropriate.
- (2) The registered person shall furnish the Commission the following information, along with supporting documents and evidence, namely:-
  - (a) change of registered address;
  - (b) change of directors;
  - (c) appointment and removal of managing director/chief executive officer and compliance officer;
  - (d) change/expansion of business;
  - (e) any material change that affects the affairs of the registered person.
- (3) In case of any material change of a registered person as mentioned in sub-rule (2), the concerned registered person shall intimate to the Commission within 07 (seven) days of such change.





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## CHAPTER-V CONDUCT OF REGULATED ACTIVITIES

**30. Standards of conduct.** — In the conduct of regulated activities, a registered person shall at all times act according to the principles of best practice and, in particular, shall—

- (a) observe a high standard of integrity and fair dealing;
- (b) act with due care, skill and diligence;
- (c) observe high standards of market conduct;
- (d) seek from customer information about their circumstances and investment objectives which might reasonably be expected to be relevant in enabling the registered person to fulfill his responsibilities to the customer;
- (e) take steps to give public information to every customer which will enable the customer to make a balanced and informed investment decision;
- (f) avoid any conflict of interest with customers and, where such a conflict unavoidably arises, to ensure fair treatment to the customer by complete disclosure and the interests of the registered person should never be unfairly placed above those of the customer;
- (g) protect properly, by way of segregation and identification, those customer assets for which the registered person is properly responsible;
- (h) maintain adequate financial resources to meet the regulated activities commitments of the registered person and withstand the risks to which the business is subject;
- (i) organize and control internal affairs in a responsible manner;
- (j) keep proper records and maintain such records for a period of 07 (seven) years or such longer period as notified by the Commission;
- (k) have efficient procedures and arrangements for addressing customer's complaints and settlement of customer's claims;
- (l) have adequate arrangements to ensure that all staff employed are suitable, adequately trained and properly supervised, together with well-defined compliance procedures;
- (m) have adequate system of internal controls and internal audit, ensuring compliance with the relevant laws for the time being in force;
- (n) make efforts to resolve any dispute through mediation; and
- (o) deal with the Commission in an open and co-operative manner and keep the Commission informed of anything concerning the registered person that might be expected to be disclosed to it.

**31. Operation and maintenance of consolidated customers' account.** —

- (1) Every commodity derivatives broker shall open only one consolidated customers' account in its name with any scheduled bank with intimation to the commodity exchange(s) or clearing house, as the case may be, and the aforesaid account shall be maintained only for the deposit of the money received from and for, and payment of money to and for, the customers:

Provided that all receipts and payments in respect of all transactions, or series of transactions, shall be carried out through account payee cheque, payment order or bank draft, or any other mode of banking channel or systems as approved or recognized by Bangladesh Bank:





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Provided further that maximum cash receipts in respect of all transactions, or series of transactions for a customer in a single trading day shall be Tk. 875,000.00 (eight lac seventy five thousand) only:

- (2) No commodity derivatives broker shall in any way keep the balance with consolidated customers' account as lien or underlying for any purpose or lend it to any person or entity.
- (3) All money received from and for the customers shall be deposited in the said account on the day of receipt thereof or on the following day if the deposit cannot be made on the same day due to closure of banking transactions.
- (4) Every commodity derivatives broker shall submit a report as required by the commodity exchange(s) or clearing house, as the case may be, from time to time along with bank statements of the consolidated customers' account(s) as well as related supporting documents to the commodity exchange(s) or clearing house, as the case may be, on quarterly basis within 10 (ten) working days of end of each quarter:

Provided that after examination of the aforesaid report, the commodity exchange(s) or clearing house, as the case may be, shall submit a status of compliance in a summary report, mentioning any shortage or deficit in the consolidated customers' account(s), if any, to the Commission within 20 (twenty) working days of the last date of submission of the said report:

Provided further that if there is any shortage or deficit in the consolidated customers' account(s) at any time for any reason, the commodity derivatives broker shall immediately report the matter to the concerned commodity exchange(s) or clearing house, as the case may be:

Provided further that the commodity exchange(s) or clearing house, as the case may be, shall conduct an inspection immediately for any shortage or deficit found in the consolidated customers' account of any commodity derivatives broker, with intimation to the Commission as well as submit the report of inspection to the Commission within 07 (seven) days of completion of such inspection.

## 32. Separate preservation of customers' assets. -

- (1) Every commodity derivatives broker shall keep all assets received on account of any customer separately from the assets received by the commodity derivatives broker on its own account.
- (2) The commodity exchange(s) or clearing house, as the case may be, shall submit a status of compliance in a commodity derivatives broker-wise summary report, mentioning any shortage or deficit in the customer's assets to the Commission within 10 (ten) working days of end of each quarter:

Provided further that if there is any shortage or deficit in the customer's assets at any time for any reason, the commodity derivatives broker shall immediately report





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the matter to the concerned commodity exchange(s) or clearing house, as the case may be:

Provided further that the commodity exchange(s) or clearing house, as the case may be, shall conduct an inspection immediately for any shortage or deficit found in the customer's assets of any commodity derivatives broker with intimation to the Commission as well as submit the report of inspection to the Commission within 5 (five) working days of completion of such inspection.

- (3) A registered person shall—
- treat and deal with all customer assets received by him from a customer to margin, guarantee or secure contracts in commodity derivatives trading, or accruing to a customer as a result of such trading, as belonging to that customer;
  - account for in a separate trust account, designated or evidenced as such, for all the customer assets received from the customer or accruing to the customer pursuant to clause (a); and
  - not commingle customer assets with the assets of the registered person.
- (4) The Commission may issue directions with respect to the segregation, safekeeping and utilization of customer assets that a registered person holds on behalf of a customer.
- (5) Without limiting the generality of rule 31 and sub-rule (1), sub-rule (2), sub-rule (3) and sub-rule (4) of this rule, such directions may—
- require customer money to be paid into segregated bank accounts established for customer money and designated as consolidated customer's accounts;
  - make provision with respect to the opening, control and keeping of bank accounts and specify when and how customer money is to be paid into such accounts and require it to be dealt with, and accounted for, in the directed manner;
  - require the maintenance of records in relation to such accounts;
  - require the submission to the Commission, upon request or at specified intervals, of specified information, records and documents for the purpose of enabling the Commission to ascertain readily whether these rules are being complied with; and
  - provide for any other matter relating to customer's assets.

### 33. Maintenance of own bank account by the commodity derivatives broker: -

- Every commodity derivatives broker shall open and maintain bank account(s) in its name with any scheduled bank with intimation to the commodity exchange(s) or clearing house, as the case may be, for transactions of its own only.
- The fund of every commodity derivatives broker or balance with its own bank account(s) shall not be used for any purpose other than its core business, for which the Commission has awarded the certificate of registration.
- If a commodity derivatives broker extends credit or lending facilities to its approved customer(s) for transactions of commodity derivatives contract in accordance with





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the provisions of respective margin regulations of the commodity exchange or clearing house, as the case may be, it shall make or extend such credit to its customers from its own bank account(s).

- (4) All transactions of every commodity derivatives broker in its own bank account(s) except the requirement for petty cash shall be made through banking channel.

**34. Business conduct regulations.** — The Commission may issue directions for or with respect to—

- (a) the use of misleading or deceptive advertisements by or on behalf of a registered person;
- (b) the disclosure to a customer of the financial risks in respect of trading of commodity derivatives contracts recommended by the registered person to the customer;
- (c) the avoidance of any conflict of interest between the registered person and a customer;
- (d) recommendations made by a registered person;
- (e) the priority to be given to customer's orders;
- (f) fit and proper criteria for the promoters, directors and senior management officials and employees of the registered person;
- (g) implementation of in-house compliance and internal audit function to ensure compliance to the applicable regulatory framework;
- (h) observance of fair trade and market practices and prohibition of market abuses, fraudulent practices and deception of general public;
- (i) trading against a customer; and
- (j) any other matter relating to the practices and standards of conduct required of a registered person in conducting the regulated activity for which the registered person is registered.

**35. Risk disclosure statements.** —No commodity derivatives broker shall open a commodity derivatives trading account for a customer, unless it—

- (a) furnishes to the customer a separate written risk disclosure statement which shall be in such form and contain such information as may be specified by the commodity exchange(s) or clearing house, as the case may be, from time to time; and
- (b) receives from the customer an acknowledgement in such form and manner as may be specified by the commodity exchange(s) or clearing house, as the case may be, from time to time that it has received and understood the nature and contents of the risk disclosure statement.

**36. Customer agreement.** —No registered person shall act for any customer otherwise than in accordance with the terms of a written agreement to be called a customer agreement, which shall contain such matters as may be specified by the commodity exchange(s) or clearing house, as the case may be, from time to time.

**37. Issue of contract confirmation note.** —

- (1) A commodity derivatives broker shall furnish to its customers, in the manner specified by the commodity exchange(s) or clearing house, as the case may be, from time to time, contract confirmation notes in respect of each commodity derivatives contract





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executed by the registered person on behalf of that customer.

- (2) A contract confirmation note under sub-rule (1) shall include such information as may be specified by the commodity exchange(s) or clearing house, as the case may be, from time to time.

## CHAPTER-VI ACCOUNTS AND AUDIT OF REGISTERED PERSONS

### 38. Preparation, auditing and submission of financial statements by the commodity derivatives broker.-

- (1) Every commodity derivatives broker shall prepare its financial statements in accordance with the provisions of international financial reporting standards (IFRS) once in every year, on the basis of the books of accounts and other documents as prescribed in rule 39 of these rules as well as the disclosure requirements as prescribed in the Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019, when applicable, and any other applicable rules.
- (2) Every commodity derivatives broker shall get its annual financial statements audited by an auditor or audit firm of chartered accountants duly appointing from the panel of auditors as declared by the commodity exchange from time to time and shall submit the audited annual financial statements along with the auditor's report to the commodity exchange and the Commission within 04 (four) months of end of the financial year.
- (3) Any commodity derivatives broker who fails to get its annual financial statements audited or submit the same to the commodity exchange or to the Commission according to the provision of sub-rule (2) above, may apply to the commodity exchange with intimation to the Commission within the aforesaid specified time, and the commodity exchange may on good cause shown extend the time up to 01 (one) month for auditing the financial statements or submission of the financial statements to the commodity exchange, as the case may be, as it deems fit:

Provided further that no further extension of time shall be allowed without approval of the Commission.

- (4) After examination of the aforesaid financial statements and auditor's reports submitted by the commodity derivatives broker, the commodity exchange shall submit a status of compliance in a summary report to the Commission within 01 (one) month from the last date of submission of the said audited financial statements.
- (5) Notwithstanding anything contained in this rule, a commodity derivatives broker shall also get its financial statements audited by an auditor or an audit firm appointed by the Commission, whenever such audit is required by the Commission in the public interest, and the auditor or audit firm so appointed shall furnish his or its report to the Commission in such form and within such time as the Commission may specify:





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Provided that the fee for such audit and all other expenses in relation thereto shall be paid by the Commission, which shall be reimbursed by the concerned commodity derivatives broker.

- (6) Where the Commission on examination of the audited financial statements of a commodity derivatives broker, finds that the audit has not been conducted, or the audit report has not been prepared, in accordance with the provisions of these rules, or any other applicable rules;

Or where, in the opinion of the Commission, the audited financial statements do not reflect the true and fair view of the financial position as well as performance of the commodity derivatives broker and the financial statements are deficient in form or contents for which the concerned firm of chartered accountants or its partners are jointly and separately liable;

The Commission may, by order in writing giving reasons therefore, declare the firm of chartered accountants which, or the auditor who, conducted the audit, ineligible for acting as an auditor of any commodity derivatives broker for a period not exceeding 05 (five) years:

Provided that before making any such order, the Commission shall refer the matter to the Financial Reporting Council constituted under the ফাইন্যান্সিয়াল রিপোর্টিং আইন, ২০১৫ (২০১৫ সালের ১৬নং আইন) (Financial Reporting Act, 2015) as the case may be, with a request to take appropriate disciplinary action against the firm of chartered accountants and the partners concerned within a period of 60 (sixty) days from the date of such reference and the Commission may make the said order after the expiry of the said period, if no action is taken by the Financial Reporting Council or if, in its opinion, action taken by the Council is not satisfactory:

Provided further that no such order shall be made without giving the firm of chartered accountants or auditor concerned a reasonable opportunity of being heard.

### 39. Maintenance of books of accounts, etc. by the commodity derivatives broker. –

- (1) Every commodity derivatives broker shall prepare and maintain such books of accounts and prepare its financial statements and disclosures as prepared in accordance with the requirements of the international financial reporting standards (IFRS) and any other applicable rules and orders of the Commission.
- (2) Every commodity derivatives broker shall maintain the books of accounts and other documents in a manner that shall disclose a true, accurate and up to date position of his business, namely:-
  - (a) journal (or other comparable record), cash books and any other books of original entry forming the basis of entries into any ledger, the books of record of all orders for purchase or sale of commodity derivatives contracts, all purchases and sales of commodity derivatives contracts, all receipts and deliveries of commodity or commodity derivatives contracts and all other debts and credits;
  - (b) ledgers (or other comparable records) reflecting asset, liability, reserve capital, income and expense accounts;





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- (c) ledgers (or other comparable records) reflecting commodity or commodity derivatives contracts in transfers, and commodity or commodity derivatives contracts bought or sold of which the delivery is delayed;
  - (d) separate customer ledgers (or other comparable records) reflecting the customers' assets and liabilities which shall include, among others, the following, namely: -
    - (i) chronological and customer-wise record of money received and paid;
    - (ii) chronological and customer-wise record of commodity or commodity derivatives contracts received and delivered specifically mentioning the name, quantity and relevant reference number of the commodity or commodity derivatives contracts; and
    - (iii) chronological record of transactions made in a consolidated customers' account;
  - (e) record of customer account information;
  - (f) maintain a register of customers including their names, addresses, national identification number or passport number, as applicable, cellular phone number(s), e-mail address(es), bank account(s) details and customer's code along with their nominee(s) details, if any;
  - (g) prepare a half-yearly financial statements within 01 (one) month of end of the first half of every financial year;
  - (h) maintain the record of transactions with the banks and prepare a quarterly statement of bank reconciliation with the cash or bank book;
  - (i) contract books showing details of all contracts entered into by a commodity derivatives broker with other commodity derivatives broker of the commodity exchange or counterfoils or duplicates or memos of confirmation issued to such other commodity derivatives broker; and
  - (j) duplicates or counterfoils of memos of confirmation issued to customers.
- (3) The books of accounts and other documents referred to in sub-rule (1) and sub-rule (2) shall be preserved electronically or in paper form authenticated by the authorized officials of the commodity derivatives broker for a period of not less than 07 (seven) years.
- (4) all persons authorized to deal in commodity or commodity derivatives contracts on own account in any commodity exchange shall furnish a report of any personal transactions in commodity or commodity derivatives contracts on settlement of each accounting period to the commodity exchange or the clearing house, as the case may be.
- (5) maintain record of commodity authorized representatives including their names and addresses along with details of their up-to-date registration certificates.
- (6) maintain agreement(s) executed between commodity derivatives broker and its commodity authorized representatives in prescribed format as determined by the commodity exchange from time to time.
- (7) maintain record of margins and margin clients.





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## 40. Financial resources requirements. —

- (1) The Commission may issue necessary directions requiring a registered person to have and maintain, in respect of the regulated activity for which they are registered, the financial resources set by the directive.
- (2) Such directions for financial resources under sub-rule (1) may—
  - (a) require registered persons to maintain financial resources in accordance with—
    - (i) specified requirements as to the amount in which they are to be maintained;
    - (ii) any other requirements as may be prescribed;
  - (b) prescribe the assets, liabilities and other matters to be taken into account under the directions to determine the financial resources of a registered person and the extent to which, and the manner in which, they are to be taken into account for that purpose;
  - (c) require registered persons to submit to the Commission, at intervals set out in the directions, returns of their financial resources and trading activities in a form set by the Commission;
  - (d) require registered persons to submit returns to the Commission in response to a query by the Commission for information relating to their financial resources and any trading activities;
  - (e) provide for any other matter relating to the financial resources of registered persons.

## 41. Failure to comply with financial resources directions. —

- (1) If a registered person becomes unable to comply with financial resources directions, the registered person shall—
  - (a) notify to the Commission that fact;
  - (b) in the case of a commodity derivatives broker, also notify that fact to the commodity exchange, of which the registered person is a TREC holder, and clearing house; and
  - (c) cease to conduct regulated activity for which the registered person is registered, otherwise than for the purpose of giving effect to an agreement or arrangement permitted under his registration and entered into before the time when it became so aware.
- (2) The duties of a registered person under sub-rule (1) shall arise as soon as the registered person becomes aware, or should, with the exercise of diligence, have become aware, of his inability to comply with the financial resources' directions.
- (3) A registered person that is a company is deemed to be aware of an inability to comply with the financial resources directions if a director or employee of it is so aware or should, with the exercise of diligence, have been aware of the inability.
- (4) Where the Commission becomes aware of an inability by a registered person to comply with financial resources directions, the Commission may, whether or not notice has been given under sub-rule (1), —
  - (a) suspend the registration; or





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- (b) permit the registered person to carry on business on the conditions, if any, the Commission imposes.
- (5) Where the Commission suspends a registration for a specified period under sub-rule (4), the suspension shall be for a period not exceeding **03 (three) months**:

Provided that the Commission may, if it considers it necessary, extend the suspension for such further periods not exceeding **03 (three) months** at any time at the expiry of which the Commission shall either notify in writing to the registered person that the suspension has expired, or proceed to cancel the registration, as it deems appropriate.

#### 42. Monitoring compliance with financial resources directions. —

- (1) The Commission may at any time, by notice in writing served on a registered person, require the registered person to satisfy the Commission that the registered person complies with all of the requirements of the financial resources directions that apply to the registered person in such manner as may be directed.
- (2) Without limiting the generality of sub-rule (1), the Commission may exercise any of the powers of an auditor appointed by the Commission under rule 43 for the purpose of ascertaining whether a registered person complies with all of the requirements of the financial resources directions that apply to the registered person.

#### 43. Appointment of auditor for special audit by the Commission.—

Where the Commission is satisfied that it is in the interest of a registered person, his customers or in the public interest to do so, it may appoint in writing an auditor to conduct special audit at the expense of the registered person, to examine, audit and report, either generally or in relation to any matter, on the books, accounts and records of the registered person and on money, assets or other property held on account of any other person by the registered person or by a nominee appointed by the registered person, if—

- (a) the registered person has failed to lodge audited accounts with the Commission under rule 38;
- (b) the Commission has received a report under rule 38; or
- (c) the Commission has reason to believe that the registered person has failed to comply with the financial resources directions, with rule 31 (customer money) or rule 32 (customer assets) or rule 38 (accounts and records to be kept).

### CHAPTER-VII INSIDER TRADING

44. **Application of this part.** — The provisions of this part of these rules shall apply to commodity derivatives contracts and insiders described in rule 45 to rule 48.

#### 45. Prohibition of insider trading. —

- (1) No person shall indulge in insider trading and any contravention of this rule shall be an offence under these rules.





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- (2) Insider trading shall include—
- an insider person transacting any deal, directly or indirectly, in commodity derivatives contracts using inside information involving commodity derivatives contracts or underlying commodity to which the inside information pertains or using others to transact such deals;
  - any other person to whom inside information has been passed or disclosed by an insider person transacting any deal, directly or indirectly, in commodity derivatives contracts using inside information involving commodity derivatives contracts or underlying commodity to which the inside information pertains or using others to transact such deals;
  - transaction by any person as specified in clauses (a) and (b) or any other person who knows or ought to have known under normal and reasonable circumstances, that the information possessed and used for transacting any deal is inside information; or
  - an insider person passing on inside information to any other person or suggesting or recommending to another person to engage in or dealing in such commodity derivatives contracts with or without the inside information being disclosed to the person who has dealt in such commodity derivatives contracts.
- (3) The following shall not be deemed as insider trading, namely: —
- any transaction performed under an agreement that was concluded before the time of gaining access to inside information; or
  - the disclosure of inside information by an insider person as required under rules.
- (4) No contract shall be void or unenforceable by reason only of an offence under this rule.

**46. Inside information.** — For the purposes of this Part of these rules the expression “inside information” means—

- information which has not been made public, directly, or indirectly, relating to commodity derivatives contracts or underlying commodity of a derivatives contract which, if it were made public, would likely to have an effect on the prices of those commodity derivatives contracts;
- in relation to persons responsible for the execution of orders concerning commodity derivatives contracts, information which is conveyed by a client to such person and related to the client’s pending orders; or
- information regarding decision or intentions of a person to transact any trade in commodity derivatives contracts.

**47. Insiders.** —

- (1) Insider shall include—
- a sponsor, director, executive officer of a company or commodity market and commodity market intermediary, partner of a legal person or unincorporated business associations; or
  - employee or agent of any government department or agency; or
  - any person who has inside information; or





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- (iv) any person who acquires inside information unlawfully; and
- (2) Any person who receives inside information, directly or indirectly, including but not limited to, from the persons referred to in sub-rule (1) and use such inside information to enter into, or offer to enter into or relating to a commodity derivatives contract.

## 48. Disclosure of inside information. —

- (1) Whenever a person, discloses any inside information to any third party in normal exercise of employment, profession or duties, complete and effective public disclosure of that information must be made simultaneously at the commodity exchanges:  
Provided that this provision shall not apply if the person receiving the information owes a duty of confidentiality, regardless of whether such duty is based on a rules, regulations, articles of association or contract.
- (2) Companies or persons acting on their behalf, shall maintain a list of persons employed, under contract or otherwise in the prescribed manner, who have access to inside information and such companies and persons acting on their behalf shall regularly update this list and send it to the Commission whenever as required.
- (3) Any person who contravenes the provisions of rule 45 to rule 48 of these rules and regulations made thereunder shall be deemed to have committed an offence under the provisions of the Securities and Exchange Ordinance, 1969.

## CHAPTER-VIII OTHER MARKET ABUSES

### 49. False trading. —

- (1) Any person who, creates or causes to be created, or do anything that is calculated to create, a false or misleading appearance of active trading in a commodity derivatives contract on a commodity derivatives market, or a false or misleading appearance with respect to the market for, or the price of, commodity derivatives contract on a commodity derivatives market shall be deemed to have committed an offence under these rules.
- (2) Without limiting the general nature of what constitutes a false or misleading appearance of active trading under sub-rule (1), a false or misleading appearance of active trading in commodity derivatives contract is created for the purpose of this rule if a person executes, or holds himself out as having executed, an order for the purchase or sale of a commodity derivatives contract on a commodity derivatives market, without having effected a bona fide purchase or sale of the commodity derivatives contract in accordance with the rules and practices of the commodity derivatives market.

50. **Bucketing.** — Any person who executes or holds himself out as having executed, an order for the purchase or sale of a commodity derivatives contract on a commodity derivatives market, without having effected a bona fide purchase or sale of the commodity derivatives





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contract in accordance with the regulations and practices of the commodity derivatives market shall be deemed to have committed an offence under these rules.

## 51. Manipulation of price of a commodity derivatives contract and cornering. —

Any person who, directly or indirectly, —

- (a) manipulates or attempts to manipulate the price of a commodity derivatives contract that may be dealt in on a commodity derivatives market, or of any commodity which is the subject of such commodity derivatives contract; or
- (b) corners, or attempts to corner, any commodity which is the subject of a commodity derivatives contract, shall be deemed to have committed an offence under these rules.

## 52. Employment of fraudulent or deceptive devices. —A person shall be deemed to have committed an offence, directly or indirectly, in connection with any transaction with any other person involving trading in commodity derivatives contract, if he—

- (a) employs any device, scheme or artifice to defraud that other person;
- (b) engages in any act, practice or course of business which operates as a fraud or deception,  
or is likely to operate as a fraud or deception, on that other person;
- (c) makes any untrue statement of a material fact or omits to state a material fact.

## 53. Fraudulently inducing trading in commodity derivatives contracts. —A person shall be deemed to have committed an offence if he, directly or indirectly, induces or attempts to induce another person to trade in a commodity derivatives contract—

- (a) by making or publishing any statement, promise or forecast or giving any investment advice that is false, misleading, or deceptive;
- (b) by any concealment of material facts; or
- (c) by recording or storing in, or by means of, any mechanical, electronic or other device information that is false or misleading in a material particular.

## CHAPTER-IX INSPECTION AND ENQUIRY

### 54. Call for information by the Commission. —

- (1) In accordance with the provision of section 20A of the Securities and Exchange Ordinance, 1969, the Commission may, by notice in writing in respect of any activity under these rules, require any person to furnish it with such information as it may require during the course of inspection, enquiry or investigation and for the purposes thereof, within such time and verified in such manner as it may specify.
- (2) The Commission may, by notice in writing for any purposes under sub-rule (1) in accordance with the provision of section 21 of the Securities and Exchange Ordinance, 1969, require any person to appear before it or an officer authorized by the Commission or produce such record and documents as are required by the Commission.





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- (3) Every person referred to in sub-rule (2) in accordance with the provision of section 21 of the Securities and Exchange Ordinance, 1969, —
  - (a) shall be bound to answer all reasonable questions put to him and state the truth; and
  - (b) may be asked to make a statement of the facts which shall be reduced into writing and signed by him or affixed with his signature or thumb impression.
- (4) A Commissioner or an employee to whom any of the functions or powers of the Commission have been delegated under section 28 of the Securities and Exchange Ordinance, 1969 may, for the purposes of a proceeding under section 21 of the Securities and Exchange Ordinance, 1969, require anyone—
  - (a) to produce before him, and to allow to be examined and kept, any books, accounts or other documents in custody or under control of such person, being documents relating to any matter the examination of which may be considered necessary for disposing of the proceedings by such Commissioner or officer; and
  - (b) to furnish such information and documents in his possession relating to any matter as may be necessary for purpose of the proceeding.
- (5) Any person who does not provide information required by the Commission commits an offence and is liable to be punished under section 22 of the Securities and Exchange Ordinance, 1969.

## 55. Inspection. —

- (1) For the purpose of ascertaining whether a person who is, or at any time has been, a registered person is complying or has complied with any provision of or requirement of the Securities and Exchange Ordinance, 1969 or under these rules, or of any other rules, or regulations, or the terms and conditions of his registration, the Commission may from time to time inspect any record or document relating to the business to which the registration applies.
- (2) The Commission may authorize any person or any institution to inspect at any time, if it is necessary to conduct an inspection for the interest of investors, the affairs as well as operations of the commodity exchange or the commodity derivatives broker;
- (3) Without prejudice to the provisions of sub-rule (2), every commodity exchange or every commodity derivatives broker or its directors, officers, auditors or authorized persons thereof shall furnish such documents, information or explanation relating to the affairs as well as operations of the commodity exchange or commodity derivatives broker as the Commission or the inspection officer may require, at any time, by request in writing.
- (4) The commodity exchange, on cause, may inspect at any time, if it is necessary to conduct an inspection for the interest of investors, the affairs as well as operations of any commodity derivatives broker, with intimation to the Commission and shall report to the Commission within 15 (fifteen) days of completion of such inspection; and





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- (5) Without prejudice to the provisions of sub- rule (4), every commodity derivatives broker and its directors, officers, auditors or authorized persons thereof shall furnish such documents, information or explanation relating to the affairs as well as operations of the commodity derivatives broker as the commodity exchange may require, at any time, by request in writing with intimation to the Commission.

## 56. Enquiry. —

- (1) Where the Commission has reasonable cause to believe, either on its own motion or as a result of a complaint received, that—
- an offence has been committed under these rules, or under any rule, or under any regulations made under these rules;
  - a registered person may have engaged, or is about to engage in defalcation, fraud, misfeasance or other misconduct in connection with the regulated activity; or
  - the manner in which a registered person has engaged or is engaging or about to engage in the regulated activity is not in the interest of the customer or the public interest, the Commission may direct in writing under section 21 of the Securities and Exchange Ordinance, 1969 one or more of its employees or one or more other persons to be the enquiry officer to enquire any of the matters referred to in clause (a), (b) or (c) and to report the results of the enquiry to the Commission.
- (2) Any person who is reasonably believed or suspected by the enquiry officer to have in his possession or under his control any record or document which contains, or which is likely to contain, information relevant to an enquiry under this rule, or who is so believed or suspected of otherwise having such information in his possession or under his control, shall—
- produce to the enquiry officer, within the time and at the place as the enquiry officer requires in writing, any record or document specified by the enquiry officer which is, or may be, relevant to the enquiry, and which is in his possession or under his control;
  - if required by the enquiry officer, give the enquiry officer an explanation or further particulars in respect of any record or document produced under clause (a);
  - attend before the enquiry officer at the time and place the enquiry officer requires in writing, and answer truthfully and to the best of his ability under oath, which oath the enquiry officer is hereby empowered to administer, any question relating to the matters under enquiry as the enquiry officer may put to him; and
  - give the enquiry officer all assistance in connection with the enquiry which he is reasonably able to give, including responding to any written question raised by the enquiry officer.
- (3) A person commits an offence if, without reasonable explanation, he—
- fails to produce any record or document required to be produced under clause (a) of sub-rule (2);





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- (b) fails to give an explanation or further particulars required under clause (b) of sub-rule (2);
- (c) fails to attend before the enquiry officer as required under clause (c) of sub-rule (2);
- (d) fails to answer a question put to him by the enquiry officer under clause (c) of sub-rule (2), or in answering the question says anything which he knows to be false or misleading in a material particular or who in so answering recklessly makes a false statement or omits material information known to him; or
- (e) fails to comply with clause (d) of sub-rule (2), shall be liable to be punished under the provisions of the Securities and Exchange Ordinance, 1969.

**57. Destruction of documents.** — A person commits an offence who destroys, falsifies, conceals, or disposes of, or causes or permits the destruction, falsification, concealment or disposal of, any document, which he knows or ought to know is relevant to an inspection under rule 55 or an enquiry under rule 56.

**58. Powers of enquiry officer in relation to enquiry.**— The power of the enquiry officer in relation to enquiry shall be in accordance with the provisions of section 21 of the Securities and Exchange Ordinance, 1969.

## CHAPTER-X DISCIPLINE OF REGISTERED PERSONS

**59. Disciplinary action in respect of registered persons.** —

(1) Where—

- (a) a registered person is, or was at any time, guilty of misconduct; or
- (b) the Commission is of the opinion that a registered person is not a fit and proper person to remain a registered person, the Commission may exercise such of the following powers as it considers appropriate in the circumstances of the case, namely: —
  - (i) suspend his registration, whether in relation to all or any of the regulated activities for which he is registered, for such period or until the occurrence of such event as the Commission may specify; or
  - (ii) cancel his registration whether in relation to all or any of its activities for which he is registered;
  - (iii) publicly reprimand the registered person; or
  - (iv) prohibit the registered person from applying for registration under these rules for such period or until the occurrence of such event as may be specified by the Commission.

(2) Where a registered person is, or was at any time, guilty of misconduct, the Commission may make one or more of the following orders, separately or in addition to any power exercisable under sub-rule (1), that the registered person shall pay to the Commission by way of penalty such sum as ordered in accordance with the provisions of section 22 of the Securities and Exchange Ordinance, 1969.

(3) A registered person commits an offence if he fails to comply with an order under sub-rule (2).





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- (4) In this rule “misconduct” means—
- a contravention of any of the provisions of the Securities and Exchange Ordinance, 1969, these rules or regulations made thereunder;
  - a contravention of any of the terms or conditions of a registration granted under these rules; or
  - failure to comply with any direction of the Commission made under the Securities and Exchange Ordinance, 1969 or these rules; or
  - an act or omission by a registered person in relation to his activity which, in opinion of the Commission, is or is likely to be prejudicial to the public interest, and “guilty of misconduct” shall be construed accordingly.
- (5) For the avoidance of doubt, any disciplinary action taken by the Commission under the Securities and Exchange Ordinance, 1969 or these rules shall be without prejudice to any other action, whether civil or criminal, that may be taken against the registered person in respect of the same conduct.
- (6) In determining whether a registered person is a fit and proper person for the purposes of clause (b) of sub-rule (1), the Commission shall have regard to the matters specified in rule 60.

## 60. Determination of fit and proper criteria. —

- Subject to sub-rule (2), the Commission shall prescribe the fit and proper criteria for registered persons or, in case of company, members of the board of directors or management.
- In considering whether a registered person, or in case of company a member of the board of directors or management, is a fit and proper person for the purposes of these rules, the Commission shall, in addition to any other matter that the Commission may consider relevant, have regard to—
  - the financial status or solvency;
  - the educational or other qualifications or experience;
  - the ability to carry on its activity competently, honestly and fairly; and
  - the reputation, character, reliability and financial integrity of—
    - where an applicant or the registered person is an individual, the individual himself; or
    - where an applicant or the registered person is a company, the company and any director or officer of the company.
- Without limiting generality of sub-rule (1), the Commission may, in considering whether an applicant or a registered person is a fit and proper person, take into account—
  - any information in possession of the Commission whether provided by an applicant or the registered person or not, relating to—
    - any person who is to be employed by, associated with or who will be acting for or on behalf of an applicant or the registered person for the purposes of his regulated activity; or
    - where an applicant or the registered person is a company in a group of





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companies-

- (A) any other company in the same group of companies; or
- (B) any substantial shareholder, director or officer of the company or any company referred to in sub-clause (A);

Explanation. — In this sub-clause, “group of companies” means any two or more companies one of which is the holding company of the other or others, as the case may be;

- (b) whether the registered person has established effective internal control procedures and risk management systems to ensure his compliance with all applicable regulatory requirements applicable to him; and
- (c) the state of affairs of any other business which an applicant or the registered person carries on or proposes to carry on.

## 61. Other circumstances for disciplinary action in respect of registered persons. —

(1) Subject to section 22 of the Securities and Exchange Ordinance, 1969, the Commission may cancel the registration of any person whether in relation to all or any of the activities for which he is registered or suspend his registration, whether in relation to all or any of the activities for which he is registered, for such period or until the occurrence of such event as the Commission may specify, if, —

(a) where the registered person is an individual, he—

- (i) is shown by certified medical evidence to have become mentally or physically incapable of performing the activities to which the registration relates;
- (ii) has been adjudged a bankrupt in Bangladesh or elsewhere;
- (iii) has been declared as a bank defaulter according to the Credit Information Bureau (CIB) report;
- (iv) is convicted, whether in Bangladesh or elsewhere, of fraud or other offences involving dishonesty or moral turpitude;
- (v) is in breach of any provisions of the Securities and Exchange Ordinance, 1969, these rules, any rules or any regulations made thereunder;
- (vi) contravenes or fails to comply with any condition applicable in respect of the registration;
- (vii) fails to comply with a direction of the Commission;
- (viii) fails to provide the Commission with information required, or provides false or misleading information;
- (ix) ceases to carry on the business for which he is registered;
- (x) is the holder of a representative’s registration and the registration of the principal to whom he is accredited is cancelled or suspended; or
- (xi) by reason of any other circumstances, is no longer a fit and proper person to hold a registration;

(b) where the registered person is a company, —

- (i) the company goes into liquidation or is ordered to be wound up;
- (ii) a receiver of all or a substantial part of the property of the company is





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- appointed;
- (iii) the company ceases to carry on the business for which it is registered;
  - (iv) the Commission has reason to believe that the company, or any of its directors or employees, has not performed his duties honestly and fairly;
  - (v) the company contravenes or fails to comply with any condition applicable in respect of the registration;
  - (vi) the company does not continue to employ at least 01 (one) person who holds a commodity authorized representative's registration granted under rule 25;
  - (vii) the company is in breach of any provisions of the Securities and Exchange Ordinance, 1969, these rules, any rules or any regulations made thereunder;
  - (viii) fails to comply with a direction of the Commission;
  - (ix) fails to provide the Commission with information required, or provides false or misleading information; or
  - (x) by reason of any other circumstances, the company is no longer a fit and proper person to hold a registration.
- (2) Where the Commission suspends a registration under this rule, the suspension shall be for a period not exceeding 03 (three) months, provided that the Commission may, if it considers it necessary, extend the suspension for such other period as may be specified by the Commission at the expiry of which the Commission shall either restore the registration or proceed to cancel the registration, as it deems appropriate.
- (3) The Commission may cancel or suspend a registration at the request of the registered person.
- (4) For the purposes of sub-clause (ix) of clause (a) of sub-rule (1) and sub-clause (iii) of clause (b) of sub-rule (1), a registered person shall be deemed to have ceased to carry on the business for which he is registered, if—
- (a) he has ceased to carry on the business for which he is registered for more than 30 (thirty) days unless he has obtained prior approval of the Commission not to do so; or
  - (b) he has ceased to carry on business under a direction issued by the Commission under rule 28
- (5) Where the Commission suspends or cancels the registration of a registered person under this rule, it shall cause notice of that fact to be disseminated in such manner as the Commission deems appropriate.

## 62. Effect of cancellation or suspension of registration. —

- (1) The cancellation or suspension of a registration under this rule does not operate so as to—
- (a) avoid or affect an agreement, transaction or arrangement entered into by the registered person on the commodity derivatives market of a commodity exchange where the agreement, transaction or arrangement was entered into before the revocation or suspension; or





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- (b) affect a right, obligation or liability arising under the agreement, transaction or arrangement.
- (2) Where a registration is cancelled or suspended under this Part, the Commission may by notice in writing, subject to such conditions as it may specify therein, —
- (a) require the registered person to transfer to, or to the order of, his customer such record relating to customer property or to the affairs of the customer held at any time for the customer, in such manner, as the Commission may specify in the notice; or
- (b) permit the registered person to—
- (i) in the case of a cancellation, carry on business operations for the purpose of closing down the business connected with the cancellation; or
- (ii) in the case of a suspension, carry on only essential business operations for the protection of interests of customers during the period of suspension.
- 63. Procedural requirements for exercise of disciplinary powers under this Part of these rules.** — The Commission may exercise any powers under rule 59 and rule 61 maintaining the procedures of section 22 of the Securities and Exchange Ordinance, 1969:
- Provided that the Commission shall not exercise such powers without first giving the registered person a reasonable opportunity of being heard.

## CHAPTER-XI Miscellaneous

**64. Power to make regulations.** —

- (1) A commodity exchange may, subject to the prior approval of the Commission, make regulations or guidelines to carry out the purposes of these rules in accordance with the section 34 of Securities and Exchange Ordinance, 1969 and section 23 of the “এক্সচেঞ্জস ডিমিউচ্যু ইয়ালাইজেশন আইন, ২০১৩” [Exchanges Demutualization Act, 2013].
- (2) In particular and without prejudice to the generality of the provision of sub-rule (1), such regulations or guideline may provide for all or any of the following matters, namely: -
- (i) trading right entitlement certificate (TREC) and its administration;
- (ii) trading, parameters, order management, matching;
- (iii) commodity derivatives contracts or product;
- (iv) daily price limit and position limits;
- (v) options in goods;
- (vi) options on commodity futures contracts;
- (vii) design of commodity indices and product design for futures on commodity indices;





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- (viii) options on commodity indices;
  - (ix) risk management, margin management, and collateral management;
  - (x) contract, launch, modification, and de-listing;
  - (xi) delivery, clearing and settlement;
  - (xii) warehouse norms for agriculture and agri-processed commodities and non-agricultural goods including vaults;
  - (xiii) quality control, assayers' empanelment;
  - (xiv) spot price pooling;
  - (xv) commodity derivatives product advisory committee
  - (xvi) proprietary trading and proprietary account trading terminal;
  - (xvii) hedge policy;
  - (xviii) investor protection fund and investor service fund and its related matter;
  - (xix) settlement guarantee fund;
  - (xx) investor grievance and redressal system and arbitration mechanism;
  - (xxi) commodity derivatives broker and commodity authorized representative of commodity derivatives trading;
  - (xxii) price and other information dissemination to investors;
  - (xxiii) default management;
  - (xxiv) business conduct;
  - (xxv) financial resources;
  - (xxvi) index related issues; and
  - (xxvii) any other matter as deemed appropriate by the commodity exchange.
- (3) The commodity exchange shall make regulations or guidelines under sub-rule (1) and sub-rule (2) in compliance with the requirements of these rules and taking into consideration of the following principles as it deems fit:
- A. Principles for the design and review of commodity derivatives contracts:
- (a) **Accountability** – Commodity exchange should establish a clear framework of criteria or procedures as to design and review of commodity derivatives contracts, ensuring that the relevant commodity exchange retains powers to address or vary the provisions of contracts, which produce manipulative or disorderly conditions, or systemic risk.
  - (b) **Economic utility** – Commodity exchange should ensure that contracts are designed to meet the risk management needs of potential users and promote price discovery of the underlying commodity. Commodity exchange should be informed of contract characteristics and should review the contract.
  - (c) **Correlation with physical market** – While designing and/or reviewing the commodity derivatives contracts, commodity exchange should ensure that contract terms and conditions should, to the extent possible, reflect the operation of the underlying physical market and avoid impediments to physical delivery of commodities.
  - (d) **Promotion of price convergence through settlement reliability** – Commodity exchange should ensure that settlement and delivery procedures outlined in the contract design reflect the underlying physical market and





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promote reliable pricing relationships and price convergence and are regularly evaluated to ensure that they meet this standard. Settlement and delivery terms should be specified and made available to market participants.

- (e) **Transparency on contractual terms and conditions** – Information concerning a commodity derivatives contract's terms and conditions, as well as other relevant information concerning delivery and pricing, should be readily available to the commodity exchange with respect to all commodity derivatives transactions within its jurisdiction and to market participants in organized commodity derivatives markets. Without limiting the factors that commodity exchange should include in those terms and conditions, market regulations should specify, for example:
- (i) minimum price fluctuations (price ticks);
  - (ii) maximum price fluctuations (daily price limits), if any;
  - (iii) quality and size specification of the commodity
  - (iv) last trading day;
  - (v) settlement and delivery procedures;
  - (vi) trading months;
  - (vii) position limits, if any;
  - (viii) reportable levels;
  - (ix) trading hours; and
  - (x) custody arrangements.

B. Principles on data and market transparency:

- (a) **Role of price reporting agencies in price assessments** - Commodity exchange should consider whether the third-party price or index provider that performs a price assessment function, including a price reporting agency (PRA), considers the principles for oil price reporting agencies (PRA Principles).
- (b) **Increased role of data and information** – Commodity exchange should consider establishing a “code of conduct” for entities who are either independently or jointly ~~involved~~ in collection, dissemination or publication of data and information relating to the underlying commodity and which plays an important role in the price discovery process and timely hedging decisions by non-financial firms.
- (c) **Public disclosure** - Commodity exchange should publish the aggregate exposures of different classes of large traders, especially commercial and non-commercial market participants, within the bounds of maintaining anonymity of individual market participants.

C. Principles for the surveillance of commodity derivatives markets:

- (a) **Framework for undertaking market surveillance** – Commodity exchange should have a clear and robust framework for conducting market surveillance, compliance and enforcement activities and there should be





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oversight of these activities. A market surveillance program should take account of a trader's related derivatives and physical market positions and transactions, including the impact of Effluent Treatment Plant (ETPs), where relevant.

- (b) **Monitoring, collecting and analyzing information** – Commodity exchange should develop, employ and maintain methods for monitoring of trading activity on the markets they supervise, collecting needed information and analyzing the information they collect that are efficient and suitable for the type of market being supervised. Effective monitoring of orders and electronic transactions requires real-time monitoring capabilities, supported by automated systems that detect trading anomalies. Monitoring, collection and analysis should also focus on intra-day trading.
- (c) **Authority to obtain information** – Commodity exchange should have the authority to obtain information on a routine and non-routine basis for regulated commodity derivatives markets as well as the power to obtain information on a market participant's positions in related commodity derivatives and the underlying commodity derivative markets. Commodity exchange should review the scope of their authority to obtain such information, and if necessary, to request such power from the relevant legislature or other appropriate governmental bodies.
- (d) **Collection of transaction information on commodity derivatives transactions and positions for market surveillance** – In respect of commodity derivatives transactions and positions, a relevant commodity exchange should consider what information it should collect on a routine basis and what it should collect on an "as needed" basis. A relevant commodity exchange that has access to a relevant trade repository's (TR) data should take such broader access into account, as well as its statutory obligations with respect to the TR, in constructing its data collection policies. Such information may include, as appropriate for collecting "on routine" basis and "as needed" basis:
- (i) transactional information including time and date of transaction, contract terms, counterparties to the contract and price of contract; and position information—"on routine" basis.
  - (ii) delivery intentions;
  - (iii) beneficial owners;
  - (iv) positions under common control; and
  - (v) for contracts other than forwards, additional information may also need to be sought on notional values, replacement cost, valuation methodology or duration of the contracts for sub-clause (ii)-(iv) "as needed" basis.
- (e) **Large positions** – Commodity exchange should require the reporting of large trader positions for the relevant on-exchange commodity derivatives contracts. Commodity exchange should have the ability to aggregate





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positions owned by, or beneficially controlled on behalf of, a common owner.

## D. Principles to address disorderly commodity derivatives markets:

- (a) **Intervention powers in the market** – Commodity exchange should have, and use, effective powers to intervene in commodity derivatives markets to prevent or address disorderly markets and to ensure the efficiency of the markets.
- (b) **Position management powers, including the power to set position limits** – Commodity exchange should have and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month. position management powers should necessarily include the following:
  - (i) Establish a trader's automatic consent to follow an order of the relevant commodity exchange when that trader's position reaches a defined threshold size or any size, which the relevant commodity exchange considers prejudicial to orderly market functioning, taking into account all relevant circumstances. They should also require such a trader to comply with the relevant commodity exchange's order, either not to increase a position or to decrease a position; and
  - (ii) Authorize a relevant commodity exchange to place ex-ante restrictions on the size of a position a market participant can take in a commodity derivatives contract (i.e., position limits).
- (c) **Other discretionary powers** – Commodity exchange should also have the powers to employ any of the following measures, as appropriate to address market disruption or the perceived threat of such disruption or to assist market surveillance efforts:
  - (i) the imposition of price movement limits;
  - (ii) calling for additional margin, either from customers or from clearing participants on behalf of their clients;
  - (iii) ordering the liquidation or transfer of open positions;
  - (iv) suspending or curtailing trading on the market (e.g., trading halts and circuit breakers);
  - (v) altering the delivery terms or conditions;
  - (vi) cancelling trades;
  - (vii) requiring owners of positions to specify delivery intentions; and
  - (viii) requiring traders to disclose related OTC derivatives or large physical market positions.
- (d) **Unexpected disruptions in the market** – Commodity exchange should have a process to respond to unexpected disruptions in commodity derivatives markets and the power to intervene, as necessary, to restore orderly markets in the event of an unexpected disruption and ensure market participants have a process and adequate plans to address unexpected disruptions.





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(e) **Review of evolving practices** – Commodity exchange should have, or contribute to, a process to review the perimeter of regulation to ensure that they have the power to address evolving trading practices that might result in a disorderly market. The commodity exchanges and self-regulatory organizations play a critical and complementary role with governmental regulators in identifying such practices.

E. Principles on technological developments in commodity derivatives markets:

(a) **Direct access** –Where direct access to commodity derivative markets is offered or permitted, commodity exchange should ensure that a clear framework, including appropriate policies and controls, is in place to facilitate such direct access by market participants, including non-financial firms.

(b) **Role of high frequency trading and algorithmic trading in commodity derivatives markets** – Commodity exchange and regulated trading venues should have in place a clear framework of policies and controls to analyze the impact of high frequency and algorithmic trading in commodity derivative markets.

F. Principle on promotion of investor education and awareness:

Commodity exchange should put in place an appropriate mechanism for promoting investor education amongst market participants and the general public about the potential benefits of the commodity derivatives markets. Commodity exchange should also inform the public and retail investors, about the unique risks associated with investing in commodity derivatives contract, particularly during times of market stress and extreme volatility.

65. **Contravention.** — If any commodity exchange, clearing house, registered persons or any other person related with the commodity exchange, trading, clearing and settlement violates any of the provisions of these rules or furnishes false, incorrect, misleading information or suppresses any information, the Commission may take appropriate actions under the Securities and Exchange Ordinance, 1969 and “এক্সচেঞ্জস ডিমিউচুইয়ালাইজেশন আইন, ২০১৩” [Exchanges Demutualization Act, 2013].

66. **Decision of the Commission shall be final on certain matter.** — Notwithstanding anything contained in these rules, in the event of any confusion or difference of opinion or any matter whatsoever, the decision of the Commission shall be final and binding on all concerned.





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## FORM I

### FORM OF APPLICATION FOR REGISTRATION OF A COMMODITY EXCHANGE

[Rule 4(2)]

To  
The Chairman  
Bangladesh Securities and Exchange Commission  
Securities Commission Bhaban  
E-6/C, Agargaon, Sher-E-Bangla Nagar Administrative Area  
Dhaka-1207, Bangladesh

**Subject: Application for grant of registration under Rule 4 of Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023**

Dear Sir

1. We hereby apply for registration of .....(Name of Commodity Stock Exchange) under Rule 4 of the Bangladesh Securities and Exchange Commission (Commodities Exchange) Rules, 2023.
2. Copy of the Memorandum and the Articles of Association along with the Certificate of Incorporation is enclosed.
3. Necessary information required in Rule 4 (2) of Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023 is furnished. We undertake to keep the information up-to-date at all times. Any additional will be furnished as and when called for by the commission.
4. We, on behalf of the applicant, hereby undertake to comply with the requirements of Rules 4 (3) of Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023 and such other related rules, conditions and terms as may be communicated while granting the registration or imposed subsequently.
5. Original receipt of Bank for the fee paid or Payment Order/Bank Draft as application processing fee is enclosed.

Yours faithfully

Signature of the Managing Director/  
Secretary with Seal and Date

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# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

## Annexure to Form I

### General Information:

1. State the name of the applicant:.....
2. Provide the applicant's primary/registered address: .....
3. Provide the applicant's mailing address (if different): .....
4. Provide the applicant's business telephone and facsimile number: .....
5. Mention the date of Incorporation and commencement of business:.....
6. Provide the name, title, and telephone number of a contact employee: .....
7. Provide types of commodity or commodity derivatives contract to be traded:.....
8. Provide the date of the applicant's fiscal year end:.....
9. Authorized capital and Initial paid up capital/  
proposed paid up capital of the applicant:.....
10. Net worth of the applicant as on date or as per the last  
audited financial statements:.....
11. Indicate legal status of applicant/ other (specify): .....
12. Indicate TIN and VAT Registration certificate:.....
13. Any other information relevant to the registration of the commodity exchange:.....

### EXHIBITS TO FORM-I:

File all Exhibits with an application for registration under section 32A of the Securities and Exchange Ordinance, 1969 read with the rule 4 of the Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023. For each exhibit, include the name of the applicant, the date upon which the exhibit was filed and the date as of which the information is accurate and updated (if different from the date of the filing). If any Exhibit required is inapplicable a statement to that effect shall be furnished in lieu of such Exhibit.

**Exhibit A:** A copy of the Memorandum and Articles of Association with all subsequent amendments along with incorporation certificate, and of existing by-laws or corresponding instruments, whatever the name, of the applicant.

**Exhibit B:** A copy of all written rulings, settled practices having the effect of rules, and interpretations of the board of directors or other committee of the applicant in respect of any provisions of the constitution, by-laws, rules, regulations for board or trading practices of the applicant which are not included in Exhibit A.

**Exhibit C:** For each subsidiary or affiliate of the applicant, and for any entity with whom the applicant has a contractual or other agreement relating to the operation of an electronic trading system/OMS/any other system to be used to effect transactions on the commodity exchange ("System"), provide the following information:

1. Name and address of organization.
2. Form of organization (e.g., association, corporation, partnership, etc.).
3. Name of state and statute citation under which organized. Date of incorporation in present form.
4. Brief description of nature and extent of affiliation.
5. Brief description of business or functions. Description should include responsibilities with respect to operation of the System and/or execution, reporting, clearance, or settlement of transactions in connection with operation of the System.
6. A copy of the Incorporation certificate.
7. A copy of memorandum and articles of association including all amendments.
8. Copy TIN and VAT Reg. documents.





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

9. A copy of existing by-laws or instruments/guidelines/Modus-operando/any agreement/MOU.
10. The name and title of the present officers, governors, members of all committees, or persons performing similar functions.
11. An indication of whether such business or organization ceased to be associated with the applicant during the previous year, and a brief statement of the reasons for termination of the association.

**Exhibit D:** For each subsidiary or affiliate of the commodity exchange, provide unconsolidated financial statements for the latest fiscal year. Such financial statements shall consist, at a minimum, of a balance sheet and an income statement with such footnotes and other disclosures as are necessary to avoid rendering the financial statements misleading.

**EXHIBITS E:** Describe the manner of operation of the System. This description should include the following:

1. The means of access to the System.
2. Procedures governing entry and display of quotations and orders in the System.
3. Procedures governing the execution, trading, reporting, clearance and settlement of transactions in connection with clearing and settlement(C&S) or any other System.
4. Existing or Proposed fees.
5. Procedures for ensuring compliance with System usage guidelines.
6. The hours of operation of the System, and the date on which applicant intends to commence operation of the System.
7. Attach a copy of the users' manual.
8. Copy of existing or proposed Regulations for settlement & Clearing, Trading, Settlement Guarantee Fund, Investors' Protection Fund, TREC holder's margin, etc.
9. Describe the risk management procedure and compliance with relevant documents relating to settlement of transaction, IT system, cyber security or any other threats to this system.
10. If applicant proposes to hold funds or commodity or commodity derivatives contract on a regular basis, describe the controls that will be implemented to ensure safety of those funds or commodity or commodity derivatives contract.
11. Any other information and documents for this purpose.

**Exhibit F:** A complete set of all forms pertaining to:

1. Application for TREC holder, participation, or subscription to the entity.
2. Application for approval as a person associated with a member/TREC holder, participant, or subscriber of the entity.
3. Copy of existing or proposed regulation for TREC Issue/renewal/suspension and TREC holder's margin, etc.
4. Any other similar matters.

**Exhibit G :** A complete set of all existing or proposed forms of financial statements, reports, or questionnaires required of TREC holders/members, participants, subscribers, or any other users relating to financial responsibility or minimum capital requirements for such TREC holders, participants, or any other users. Provide a table of contents listing the forms included in this Exhibit G

**Exhibit H :** A complete set existing or proposed regulations or documents with related to the trading, clearing and settlement of commodity derivatives contracts to be traded in the commodity exchange.





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

- Exhibit I:** Audited financial statements for last 5 years. If an applicant has no consolidated subsidiaries, it shall file audited financial statements under Exhibit I alone and need not file a separate unaudited financial statement for the applicant under Exhibit D.
- Exhibit J:** A list of the senior management officials, board of directors, members of all committees & sub-committees, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:
1. Name.
  2. Title.
  3. Dates of commencement and termination of term of office or position.
  4. Type of business in which each is primarily engaged.
- Exhibit K:** Describe the commodity exchange's criteria for TREC holder. Describe conditions under which TREC holder may be subject to suspension or termination with regard to access to the commodity exchange. Describe any procedures that will be involved in the suspension or termination of a TREC holder.
- Exhibit L:** Provide an alphabetical list of all TREC holders, participants, subscribers or other users, including the following information:
1. Name;
  2. Date of certificate of TREC or acceptance as a participant, subscriber or other user;
  3. Principal business address and telephone number;
  4. If TREC holder, participant, subscriber or other user is an individual, the name of the entity with which such individual is associated and the relationship of such individual to the entity (e.g. director, officer/ employee, etc.);
  5. Describe the type of activities primarily engaged in by the TREC holder, participant, subscriber, or other users and state the number of TREC holders, participants, subscribers, or other users in each; and
  6. The class of TREC holders, participation or subscription or other access.
- Exhibit M:** Provide arrangement of the following:
1. Infrastructure, IT facilities, manpower, etc.;
  2. Warehouse facilities, assayers/quality control arrangements, etc.;
  3. Description of commodity on which commodity derivatives contracts to be traded;
  4. Specification of such contracts.
- Exhibit N:** Copy of agreement/MOU with clearing and settlement company, warehouse, assayer assayers/quality controller or any other entities relating to the clearing and settlement of commodity derivatives contracts.
- Exhibit O:** Copy of agreement/MOU relating to strategic investor(s) or other foreign affiliation with commodity exchange with relevant information and documents.
- Exhibit O:** Any other information or documents as and when requirement by the Commission, in addition to above exhibits, for registration of a commodity exchange.





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

## FORM II

### CERTIFICATE OF REGISTRATION AS A COMMODITY EXCHANGE

[See rule 5(2)]

No. ....  
the..... (date)

Dhaka,

The Bangladesh Securities and Exchange Commission having considered the application for registration under the rule 4 of the Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023 by..... (Name of the exchange) and being satisfied that the said company is eligible for registration and that it would be in public interest and in the interest of the commodity derivatives market so to do, hereby grants, in exercise of the powers conferred by the section 32A of the Securities and Exchange Ordinance, 1969 registration of ..... subject to the conditions stated herein below or as may be prescribed or imposed hereafter.

2. This certificate of registration shall remain valid until suspended or cancelled by the Commission.

For and on behalf of  
Bangladesh Securities and Exchange Commission

Authorized Officer





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

## FORM III

### FORM OF REGISTRATION OF A COMMODITY DERIVATIVES BROKER

[Rule 24 (1) (a)]

Application to the Bangladesh Securities and Exchange Commission for obtaining a certificate of registration as a commodity derivatives broker

1. Name of the Applicant :
2. Address of the applicant :  

[In case of a change of address the same should be intimated in writing to the Exchange and Commission within three working days]
3. Information of the stock exchange on which the applicant has been licensed as TREC holder
  - a) Name and Address :
  - b) TREC Number :
  - c) Date of issue of TREC certificate :
4. Whether the applicant is a candidate for registration as: Commodity Derivatives Broker :
5. Legal Status of Applicant : Company / Statutory Body  
(Strike out what is not applicable)
6. Name of the person signing on behalf of the applicant and details of the authority given: :  
(Submit Power of Attorney Copy)
7. Applicant's
  - (a) Office Phone Number/ Mobile :  
Phone Number/Fax Number/  
e-mail address /website :





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

(b)Chief Executive's Home Phone  
Number/Mobile Phone Number  
/Fax Number /e-mail address

8. In case the applicant is a  
company, the name, address of the  
company directors, and details of :  
the ownership or business  
relationship with other  
companies/institutions

9. Applicant's experience in :  
Commodity Derivatives business  
(if any)

10. Applicants Net Capital position :  
(As on .....)

[Submit audited financial  
statements)

11. Whether the applicant or any :  
member of its board of directors  
has been convicted of any  
criminal offense involving fraud,  
deceit, dishonest activity or not?  
If yes then where, when and for  
which crime?

12. Whether the applicant or any :  
member of its board of directors  
has ever been identified as a  
defaulter as per the report  
provided by Credit Information  
Bureau (CIB) of Bangladesh Bank  
or not? If yes then which bank  
and the amount of money?

13. Whether the applicant or any :  
member of its board of directors  
of any commodity derivatives  
broker or other market





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

- intermediary cancelled by the Commission or not? If yes then when and why?
14. Whether the applicant or any member of its board of directors have been declared bankrupt or insolvent by a court or not? If yes then where, when? :
15. Whether it has, subject to the approval of the concerned commodity exchange, appointed any person approved by its chief executive or board as a compliance officer or not? :
16. Applicant's authorized representative (if any) :
- (a) Name :
- (b) Father's name :
- (c) Permanent address :
- (d) Present address :
- (e) Office address :
- (f) Educational qualification :
17. Number of employees of the applicant :
18. Other information :

I, hereby declare that the information given above is true and correct to the best of my knowledge and belief.





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

Date:

\_\_\_\_\_  
Signature of the applicant

## Commodity Exchange Recommendation

This is to certify that (insert name), Address ----- . A TREC holder of this exchange. It's TREC Certificate Serial No. .... and the date of registration is .....It has been recommended for issuance of a registration certificate as a Commodity Derivatives Broker.

Date:

\_\_\_\_\_  
Managing Director/ Secretary  
Name:  
Designation and Seal:  
Commodity Exchange

## FORM IV

### FORM OF REGISTRATION OF A COMMODITY DERIVATIVES AUTHORIZED REPRESENTATIVE

[Rule 24(1)(b)]

Application to the Bangladesh Securities and Exchange Commission for obtaining a certificate of registration as a commodity derivatives authorized representative

1. Name of Applicant :
2. Applicant's Father's Name :
3. Address of Applicant (Permanent) :

Photograph  
attested by  
Broker

(In case of a change of address, it should be intimated in writing to the commodity exchange and commission through the concerned commodity derivatives broker within three working days)





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

4. Telephone Number/Mobile Phone :  
Number/ e-mail address

5. National Identification Number (NID) :

6. Applicant's Educational Qualification :  
and Training in commodity derivatives  
trading and related activities conducted  
by Commission or any institution  
recognized by the Commission and  
completed the required experience as  
prescribed by the Commission

(Submit an attested copy of the  
certificates)

7. Of the Applicant-

(a) Name of the concerned commodity :  
derivatives broker

(b) Date and term of the contract :  
executed with the broker

(Submit the copy attested by the  
concerned commodity derivatives  
broker)

8. Date of appointment of the applicant as :  
an authorized representative

9. Whether the applicant has been :  
convicted of any criminal offence, any  
fraud, deceit or dishonest activity or not?  
If, yes then where, when, and for what  
offence?

10. Whether the applicant has been alleged :  
for violation of or failure to comply with  
securities laws by the Commission or  
any commodity exchange; or any  
punishment due to illegal, fraudulent  
activities or not? If, yes then when, and  
for what activities?

11. Other information :





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

I, hereby declare that the information given above is true and correct to the best of my knowledge and belief.

Date:

\_\_\_\_\_  
Signature of the applicant

## Commodity Exchange Recommendation

This is to certify that the above applicant \_\_\_\_\_, is an authorized representative appointed by the commodity derivatives broker -----of ----- Commodity Exchange, TREC Certificate Serial No. . He/She has been recommended for issuance of a certificate as an authorized representative.

Date:

Managing Director/Secretary

Name:

Title and Seal

----- Commodity Exchange





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

## FORM V

### COMPLIANCE FORM OF REGISTRATION OF COMMODITY DERIVATIVES BROKER

[Rule 24(2)]

1. Applicant's :
  - a) Paid-up capital position :  
[Rule23(c)]  
(On .....)

[Audited accounts shall be submitted]

  - b) Net worth :  
(On.....)
  - c) Net capital balance :  
(On.....)
2. Name and designation of compliance authority :
3. Certificate of Incorporation of the company certified by RJSC :
4. Whether the memorandum of association and articles of association of the applicants have been attested by the registrar of joint stock companies and firms (RJSC)? :
5. Whether the return of allotment of shares (Form XV) attested by RJSC has been attached? :
6. Whether the list of directors (Form XII) attested by RJSC has been attached? :





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

7. Whether Affidavit has been attached? :
8. Whether the recommendation of the :  
commodity exchange has been attached?
9. Whether the applicable Form of :  
Bangladesh Bank relating to the collection  
of CIB report duly filled up and other  
related papers/documents been attached?
10. Whether Copy of Extract/resolution of the :  
Board meeting regarding obtaining  
Commodity Derivatives Broker  
registration certificate from BSEC and  
signing authority duly attested by the :  
Authorization of Signatory been attached?
11. Declaration about obtaining commodity :  
derivatives broker registration certificate  
from Bangladesh Securities and Exchange  
Commission and commence its business  
operation within the time frame in  
compliance with Rule 21(3) of Bangladesh  
Securities and Exchange Commission  
(Commodity Exchange) Rules, 2023.
12. Application "Form -II" duly filled in and :  
signed in original in two sets for obtaining  
Commodity Derivatives Broker  
registration certificate.
13. Applicable fees in respect of application :  
fee and registration fee as per Rule 22 (2)  
(a) and Rule 26 (1) of Bangladesh  
Securities Exchange Commission  
(Commodity Exchange) Rules, 2023.





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

Date:

Managing Director/Secretary

Name:

Title and Seal

----- Commodity Exchange

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# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

## FORM VI

### COMPLIANCE FORM OF AUTHORIZED REPRESENTATIVE OF COMMODITY DERIVATIVES BROKER

[Rule 24(2)]

- 1) Form III of Rule 22 (2)(b) of Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023 duly filled-in and signed.
- 2) 02 (Two) copies of Passport size photographs duly attested by TREC holder's Representative.
- 3) Attested copy of the appointment letter is issued by the TREC holder to the person.
- 4) Copy of certificate of graduation or equivalent educational qualification to be attested by the concerned TRERC Holder's Representative.
- 5) Attested copy of certificates related to training in commodity derivatives trading organized by Commission or any other institution recognized by the Commission.
- 6) Applicable fees through Demand Draft/Payment Order in favor of Bangladesh Securities and Exchange Commission as per Rule 26 (1) of Bangladesh Securities Exchange Commission (Commodity Exchange) Rules, 2023.
- 7) Declaration regarding involvement/association of the Authorized Representatives with other commodity derivatives broker companies. The declaration must include non-conviction for any criminal offences or misconduct or punishment by the Exchange.
- 8) Affidavit from Notary public pertaining to non-involvement of offences mentioned in rule 24(1)(d) of Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023.
- 9) Copy of National Identification duly signed by TREC Holder's representative.

Date:

Managing Director /Secretary  
..... Stock Exchange





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

## FORM VII

### RENEWAL FORM OF REGISTRATION CERTIFICATE OF A COMMODITY

#### DERIVATIVES BROKER

[Rule 26(2)]

Application to the Bangladesh Securities and Exchange Commission for renewal of registration certificate as a commodity derivatives broker

1. Name of the Applicant (Commodity :  
Derivatives Broker) :
2. Registration Certificate Number :
3. Date of issuance, last renewal and expiry of :  
registration certificate
4. Change in Address (If any) :
  - a. Permanent Address :
  - b. Present Address :
  - c. Office Address :
  - d. Telephone Number/Mobile Phone :  
Number/Fax Number and  
e-mail address

5. Brief description of any structural or legal change in characteristics of commodity derivatives broker firm

(In case of any change, it should be intimated in writing with copies of related documents to the commodity exchange and commission within three working days of such change)

I, hereby declare that the information given above is true and correct to the best of my knowledge and belief. I also declare that I have, in all circumstances fulfilled the conditions of Rule-23 of Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023 and maintained required capital adequacy as per Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019.

Date:

\_\_\_\_\_  
Signature of the applicant

#### Commodity Exchange Recommendation

This is to certify that the above applicant \_\_\_\_\_, is a registered commodity derivatives broker of -----Commodity Exchange, TREC Certificate Serial Number \_\_\_\_\_. The Company has been recommended for renewal of registration certificate as a commodity derivatives broker.





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

Date:

Managing Director/ Secretary

Name:

Title and Seal

----- Commodity Exchange

4





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

**FORM VIII**  
**RENEWAL FORM OF REGISTRATION CERTIFICATE OF AUTHORIZED**  
**REPRESENTATIVE**  
**[Rule 26(2)]**

Application to the Bangladesh Securities and Exchange Commission for renewal of registration certificate as an Authorized Representative

1. Name of the Applicant (Authorized Representative) :
2. Registration Certificate Number :
3. Date of issuance, last renewal and expiry of registration certificate :
4. Change in Address (If any) :
  - a. Permanent Address :
  - b. Present Address :
  - c. Office Address :
  - e. Telephone/ Mobile Number/Fax number and e-mail Address :
5. The commodity derivatives broker under which the Representative works,
  - a. Name and TREC number :
  - b. Address of commodity derivatives broker :

(In case of any change, it should be intimated to the commodity exchange and commission within three working days of such change)

I, hereby declare that the information given above is true and correct to the best of my knowledge and belief. I also declare that I have, in all circumstances fulfilled the conditions of Rule-24 of Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023.

Date:

\_\_\_\_\_  
Signature of the applicant

**Commodity Exchange Recommendation**

This is to certify that the above applicant \_\_\_\_\_, is an authorized representative appointed by commodity derivatives broker -----of -----Commodity Exchange, TREC Certificate Serial Number \_\_\_\_\_. He/She has been recommended for renewal of registration certificate as an authorized representative.

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# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

Date:

Managing Director/ Secretary

Name:

Title and Seal

----- Commodity Exchange





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

## FORM IX

### COMPLIANCE FORM OF RENEWAL OF REGISTRATION CERTIFICATE OF COMMODITY DERIVATIVES BROKER AND AUTHORIZED REPRESENTATIVE [Rule 26(8)]

(Serial No. 1 to 3 are not applicable for authorized representative)

1. Applicant's
  - a. Paid-up Capital [Rule 23 (c)] :  
(On----- (date)  
(Audited financial statement shall be submitted) :
  - b. Net Worth [Rule 23 (d)] :  
(On----- (date)
  - c. Net Capital Balance :  
(On----- (date)
2. Name and Designation of Compliance Authority and :  
whether he/she has complied his/her duties properly
3. In case of commodity derivatives broker, :  
Whether the applicant or any member of its board of  
directors has been convicted of any criminal offence  
involving fraud, deceit or dishonest activity, or  
identified as defaulter by CIB report or declared  
bankrupt by court order or alleged for violation of or  
failure with securities laws by the commission or any  
commodity exchange
4. In case of authorized representative, :  
Whether the applicant has been convicted of any  
criminal offense involving fraud, deceit or dishonest  
activity, or alleged for violation or failure with securities  
laws by the commission or any commodity exchange
5. Whether the applicant, is properly observing the code of :  
conduct and conditions of certificate as applicable to  
him/her and whether such observance is reflected in  
his/her documents, if not, description of such non-  
compliance
6. Applicable fees as per Rule 26 (3) of Bangladesh :  
Securities Exchange Commission (Commodity  
Exchange) Rules, 2023





# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

Date:

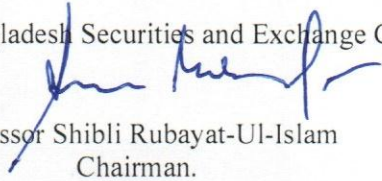
Managing Director /Secretary

Name:

Title and Seal

----- Commodity Exchange

By order of the Bangladesh Securities and Exchange Commission

  
Professor Shibli Rubayat-UI-Islam  
Chairman.