

Bangladesh Securities and Exchange Commission  
Enforcement Division  
Enforcement Department  
Market, Market Intermediaries, and Other Affairs Section  
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নং- বিএসইসি/এনফোর্সমেন্ট/৪০৭৬/২০২৫/২৪২

তারিখঃ ৯ এপ্রিল ২০২৬

**Bangladesh Race Management PLC**

Sky View Henolux Center, Office No: C-1, 1st Floor  
3/1 Purana Paltan  
Dhaka-1000

বিষয় : আদেশ নম্বর বিএসইসি/এনফোর্সমেন্ট/৪০৭৬/২০২৫/১৭৭ তারিখ: ১৬ মার্চ ২০২৬ প্রসঙ্গে।

কমিশন কর্তৃক জারিকৃত অর্থাভেদের আদেশ নং বিএসইসি/এনফোর্সমেন্ট/৪০৭৬/২০২৫/১৭৭ তারিখ: ১৬ মার্চ ২০২৬ -এ কিছু করণিক ডুল দৃষ্টিগোচর হয়েছে। সে প্রেক্ষিতে উক্ত আদেশে নিম্নোক্ত সংশোধন করা হলোঃ

ক) পৃষ্ঠা ১০ এর “যেহেতু, উপযুক্ত আলোচ্য বিষয়ে আইন ভঙ্গের কারণে কমিশনের এনফোর্সমেন্ট বিভাগ কর্তৃক অক্টোবর ২২, ২০২৫ ইং তারিখের বিএসইসি/এনফোর্সমেন্ট/৪০৭৬/২০২৫/১১৭৩ স্মারকমূলে Bangladesh RACE Management PLC কে নভেম্বর ১৭, ২০২৫ ইং তারিখে কারণ প্রদর্শন সহ শুনানীতে উপস্থিতি হতে বলা হয় শুনানীতে উপস্থিত হয়ে Bangladesh RACE Management PLC- এর পক্ষে Mr. AKM Mamunur Rashid, Executive Vice President; Mohammad Ariful Islam, Vice President; Ms. Umme Aiman Janib, Barrister-at-law, Advocate, Supreme court of Bangladesh নিম্নলিখিত বক্তব্য দাখিল করেন:”- অংশটুকু স্থানান্তরপূর্বক পৃষ্ঠা ৩ এর “Explanation of the alleged person submitted at the time of the hearing:”- এর পরবর্তীতে প্রতিস্থাপন করা হয়েছে।

খ) পৃষ্ঠা ১০ ও ১১ এ উল্লিখিত নিম্নলিখিত অংশটুকু কর্তন করা হলো।

“Observation 1:

*I am an active investor in the capital market and have been participating since 2010. Based on my analysis of AGNISYSL's technical analysis, I strongly believe that the share price was undervalued and would likely offer good returns in the future. From June 25, 2024, to November 18, 2025, I submitted several buy orders at different price levels through my accounts, and some of these orders were successfully executed. I believe that the existing shareholders of AGNISYSL company also understood the potential of the company and didn't want to sell the shares at such an undervalued price resulting in low liquidity in the share volume of AGNISYSL on the Dhaka Stock Exchange (DSE). So, when I wanted to purchase a large number of shares of AGNISYSL, I had to increase my order price constantly. During my holding period, I have initially realized capital gain to increase my equity size and reinvest in the shares of AGNISYSL frequently, as I was bullish about the company.*

*Regrettably, some of these trades have been perceived as a series of transactions. I genuinely never intended for this to happen- I only wanted to buy a significant number of shares in AGNISYSL because I believed it would be a good investment. Had I known that netting the same shares constantly violates the trading rules and norms of BSEC and DSE, I would not have done trades like the manner I did*

Observation 2:

*I usually visit one brokerage house and execute the trades of the other brokerage houses via telephone. Unfortunately, some of the buy orders were executed on my account where the seller was my wife, Umma Salma Nipa, who trades from a different brokerage house. Had I known that my wife is the seller of the shares, I would not have bought the shares in my account.*

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Observation 3:

I usually visit one brokerage house and execute the trades of the other brokerage houses via telephone. I have wrongly purchased 353 shares of AGNISYSL on 15 September, 2024 where I was the buyer and seller of the both accounts. As I was executing trades with my multiple accounts over the phone, I did not notice that I am placing sell orders at the same rate where I had already placed buy orders at that rate. During the last 20 minutes of the closing time, I was occupied of adjusting the negative balance of my BO account of 1204340068630427 that I have forgot about the buy order.

I never intended to manipulate the share price of AGNISYSL or create any false appearance of active trading. The trading of shares between my account and my wife's account was unintentional and accidental. I sincerely apologize for any confusion or inconvenience this may have caused the inquiry committee. I kindly ask for your understanding and forgiveness. I assure you that I will exercise more caution in the future to prevent such unintentional errors from happening."

গ) পৃষ্ঠা ১২ তে বর্ণিত "প্রত্যেকটি ফান্ডের বিপরীতে ৫.০০ (পাঁচ) লক্ষ টাকা করে সম্পদ ব্যবস্থাপক Bangladesh RACE Management PLC- কে সর্বমোট ৫৫.০০ (পঞ্চাশ) লক্ষ টাকা অর্থদণ্ডে দণ্ডিত করা হলো; যা অত্র আদেশের ৩০ (ত্রিশ) দিনের মধ্যে 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' এর অনুকূলে ইস্যুকৃত ব্যাংক ড্রাফট/পে-অর্ডারের মাধ্যমে জমা প্রদান করতে হবে, অন্যথায় সিকিউরিটিজ আইন মোতাবেক পরবর্তী আইনানুগ ব্যবস্থা গ্রহণ করা হবে।" অংশটুকু নিম্নলিখিত অংশ দ্বারা প্রতিস্থাপন করা হয়েছেঃ

"প্রত্যেকটি ফান্ডের বিপরীতে ৫.০০ (পাঁচ) লক্ষ টাকা করে সম্পদ ব্যবস্থাপক Bangladesh RACE Management PLC- কে সর্বমোট ৫৫.০০ (পঞ্চাশ) লক্ষ টাকা অর্থদণ্ডে দণ্ডিত করা হলো; যা সম্পদ ব্যবস্থাপক Bangladesh RACE Management PLC কর্তৃক পরিশোধ্য, উহা অত্র আদেশের ৩০ (ত্রিশ) দিনের মধ্যে 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' এর অনুকূলে ইস্যুকৃত ব্যাংক ড্রাফট/পে-অর্ডারের মাধ্যমে জমা প্রদান করতে হবে, অন্যথায় সিকিউরিটিজ আইন মোতাবেক পরবর্তী আইনানুগ ব্যবস্থা গ্রহণ করা হবে।"

এ প্রেক্ষিতে পূর্ববর্তী আদেশটি সংশোধনপূর্বক একটি আদেশ জারি (একই আদেশ নম্বর, তারিখ ও সূত্রে প্রতিস্থাপিত) করা হয়েছে যার সত্যায়িত অনুলিপি আপনার অবগতি ও প্রয়োজনীয় ব্যবস্থা গ্রহণের জন্য এতদসঙ্গে সংযুক্ত করে প্রেরণ করা হলো।

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের পক্ষে,



মুহাম্মদ সাদেকুর রহমান ভূইয়া  
সহকারী পরিচালক (এনফোর্সমেন্ট)  
ই-মেইল- msrahman@sec.gov.bd

অবগতির জন্য অনুলিপি:

১. চেয়ারম্যান মহোদয়ের দপ্তর, বিএসইসি।
২. পিও টু সকল কমিশনার, বিএসইসি।
৩. পিও টু নির্বাহী পরিচালক, এনফোর্সমেন্ট, বিএসইসি।
৪. পিও টু নির্বাহী পরিচালক, আইসিটিডি, বিএসইসি।
৫. নির্বাহী পরিচালক, এমআইএডি, বিএসইসি।
৬. পিও টু পরিচালক, এনফোর্সমেন্ট, বিএসইসি।

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তারিখঃ ১৬ মার্চ ২০২৬

আদেশ

যেহেতু, Securities and Exchange Ordinance, 1969 এর Section 2 (cc) মোতাবেক “কমিশন” অর্থ বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন যা বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩-এর অধীনে গঠিত;

যেহেতু, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন- এর Mutual Fund, Collective Investment Scheme (CIS) & Securitization Department থেকে প্রাপ্ত নোটে অন্যান্যের মধ্যে সম্পদ ব্যবস্থাপক Bangladesh RACE Management PLC নিম্নলিখিত বিষয়গুলি প্রতীয়মান হয়:

as per the Commission’s DIRECTIVE Ref: BSEC/CMMRCD/2009-193/19 dated: 23 may 2021, a mutual fund shall invest at least 3% of its portfolio value in listed debt securities within 30th June 2022 (Note: Later, the Commission extended the time up to 30 June 2023 via Commission’s Directive on 19 February, 2023).

“In order to diversify the portfolio risk, every asset manager and trustee of any mutual fund shall ensure investment in the listed debt securities at least 3% (three percent) of portfolio value of the mutual fund under their management within 30th June 2022 and shall all time maintain such investment ratio in the listed debt securities.”

But it appears that **eleven (11) mutual funds (out of 12 mutual funds) under the management of Bangladesh RACE Management PCL have less than 3% investment in listed debt securities as on 30 June 2025.** The investment in listed debt securities from 12 Mutual funds under the Management of RACE is as follows:

SL.	Name of the funds	Fund Nature	Trustee	Investment in listed debt securities as % of total investment as on 30 June 2025.	Remarks (as per the said Directive, at least 3% investment is required)
1	Exim Bank First Mutual Fund	Close-end	ICB	1.33%	Non-complied
2	IFIC Bank First Mutual Fund	Close-end	ICB	0.87%	Non-complied
3	Trust Bank First Mutual Fund	Close-end	ICB	0.966%	Non-complied
4	EBL First Mutual Fund	Close-end	ICB	0.94%	Non-complied
5	First Bangladesh Fixed Income	Close-end	ICB	0.85%	Non-

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সহকারী পরিচালক  
বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

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	Fund				complied
6	First Janata Bank Mutual Fund	Close-end	ICB	1.01%	Non-complied
7	AB Bank First Mutual Fund	Close-end	BGIC	0.84%	Non-complied
8	EBL NRB Mutual Fund	Close-end	BGIC	1.49%	Non-complied
9	PHL First Mutual Fund	Close-end	BGIC	0.91%	Non-complied
10	Popular Life First Mutual Fund	Close-end	BGIC	0.88%	Non-complied
11	RACE Financial Inclusion Unit Fund	Open-end	Sentinel	0.04%	Non-complied

Whereas, as per the Commission's DIRECTIVE Ref: BSEC/CMMRCD/2009-193/54 dated 19 February 2023, a mutual fund shall invest at least 1% (one percent) of its own portfolio in listed Treasury Bonds within 30th June 2023.

*"In order to diversify the portfolio risk, securities market intermediaries including merchant bankers & portfolio managers, asset managers, stock dealers and mutual funds shall invest at least 1% (one percent) of their own portfolios, in the listed Treasury Bonds within 30 June, 2023 and report the same..."*

But it appears that **funds under the management of Bangladesh RACE Management PCL have no investment in Listed Treasury Bonds as on 30 June 2025.**

In this connection, Investment Corporation of Bangladesh (ICB), trustee of 06 mutual funds, instructed the Bangladesh RACE Management PCL to invest at least 3% of the portfolio value of the funds in listed debt securities in the first quarter, second quarter, and third quarter trustee committee meeting of the funds for FY 2024-25.

Bangladesh General Insurance Company Limited, trustee of another 04 mutual funds, also informed the matter as a non-compliance issue of the funds to the asset manager of the funds, namely Bangladesh RACE Management PCL in several times, but RACE did not the comply the trustee (BGIC) instructions/observations yet.

It is also mentionable here that after getting observation from Investment Corporation of Bangladesh, the Commission sent a letter to Bangladesh RACE Management PCL on 28 May 2025 with a request to provide their explanation regarding the issue under বিধি ৭০ of সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০৯. As all the funds have the same observation so the MF & CISS

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সিনিয়র পরিচালক  
বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

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Department issued the letter only for “Exim Bank First Mutual Fund”. But RACE did not reply to the Commission’s letter yet.

**Contraventions:**

❖ By not maintaining at least 3% of the portfolio value of the funds in listed debt securities within stipulated time, asset manager of the above mentioned 12 mutual funds namely Bangladesh RACE Management PCL has violated the Commission’s Directives Ref: **BSEC/CMMRCD/2009-193/19 dated 23 May 2021** and Ref: **BSEC/CMMRCD/2009-193/54 dated 19 February, 2023**.

❖ By not investing at least 1% of the portfolio value of the funds in listed Treasury Bonds, the asset manager of the above-mentioned 12 mutual funds, namely Bangladesh RACE Management PCL, has violated the Commission’s Directives Ref: **BSEC/CMMRCD/2009-193/54 dated 19 February 2023**.

❖ By not responding the Commission’s letter on 28 May 2025, Bangladesh RACE Management PCL has violated the *বিধি ৭০ of সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০১*.

**Explanation of the alleged person submitted at the time of the hearing:**

যেহেতু, উপর্যুক্ত আলোচ্য বিষয়ে আইন ভঙ্গের কারণে কমিশনের এনফোর্সমেন্ট বিভাগ কর্তৃক অক্টোবর ২২, ২০২৫ ইং তারিখের বিএসইসি/এনফোর্সমেন্ট/৪০৭৬/২০২৫/১১৭৩ স্মারকমূলে Bangladesh RACE Management PLC কে নভেম্বর ১৭, ২০২৫ ইং তারিখে কারণ প্রদর্শন সহ শুনানীতে উপস্থিতি হতে বলা হয় শুনানীতে উপস্থিত হয়ে Bangladesh RACE Management PLC-এর পক্ষে Mr. AKM Mamunur Rashid, Executive Vice President; Mohammad Ariful Islam, Vice President; Ms. Umme Aiman Janib, Barrister-at-law, Advocate, Supreme court of Bangladesh নিম্নলিখিত বক্তব্য দাখিল করেন:

*“...We state at the outset that as the Asset Management Company, RACE has maintained the highest standard of compliance in the Mutual Fund Industry and has been compliant of all requirements, unless constrained by regulatory actions, BSEC ordered blocks/freezing actions, or Force Majeure events - such that are outside the control of the AMC.*

*Importantly, we would like to put on record that it has become evident that RACE is being subjected to continuous targeted regulatory actions, such as the current show-cause enforcement hearing. This and previous Enforcement Actions by BSEC follows a pattern, whereas:*

*(i) Regulator Takes An Initial Action (the “Initial Direct/Indirect Action”): BSEC has taken a number of regulatory actions, such as freeze/block/restrictive-directives/etc., which give rise to harmful consequences for the AMC and the Mutual Funds it manages. We have found instances where the restrictive actions are not taken directly by BSEC, but rather BSEC instructs Trustee/Custodian to take the restrictive action;*

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সহকারী পরিচালক  
সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

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(ii) ..which then creates for the AMC “Impossibility of Performance”: BSEC’s action causes harm or “Impossibility of Performance”, whereby RACE cannot maintain compliance to directives or Rules or perform other necessary functions of the AMC not out of its own accord but because of regulatory actions;

(iii) ...which then is being used by BSEC as a basis (though illegal) for Enforcement: this and other Enforcement actions have been initiated by BSEC attempting to penalize RACE for alleged contraventions or infractions caused by the very actions of BSEC, Trustee or Custodian.

Sir, we submit for your kind consideration, that such continual and targeted actions by the regulator, with a symmetric and enormous power to harm, are against fundamental principles of equity and constitutional fairness in Bangladesh. Importantly, they are also against the interest of unitholders, whose very welfare your actions profess to protect.

These unlawful and restrictive actions, arbitrarily imposed, are exacting a heavy price on the well-being of the Funds, specially eroding their assets value. Further, such restrictive actions are creating various irrevocable imbalances that those responsible will have to bear the ultimate responsibility for.

**OUR SPECIFIC RESPONSE:**

We respectfully and categorically submit that, in our careful and respectful considered view, there has been no violation of the said securities laws mentioned in your Enforcement Memo.

Our specific position is outlined below, with supporting explanations addressing each point raised in the Enforcement Memo:

**(1) 30<sup>th</sup> June 2023 to March 2024 – BSEC provides time extension in recognition of challenging market conditions:**

(i) **Misstatement of the time-extension period and adverse inference against RACE:** The Enforcement Memo states that the Commission had extended the deadline for maintaining at least 3% investment in listed debt securities and 1% investment in listed treasury bonds “up to 30 June 2023.” This assertion is factually incorrect and creates a distorted and adverse inference against Bangladesh RACE Management PCL.

(ii) **In reality, the Commission itself granted multiple extensions of the compliance deadline in view of the severe and prolonged market instability.** Most importantly, the Commission formally extended the time for compliance up to March 2024, as communicated through its own notice BSEC/SMMI/Expol/01/2023/303 dated 13 August 2023, titled “Regarding time extension on investment in listed debt securities.” The said notice expressly states:

“This has reference to Commission’s Directive No. BSEC / CMRRCD / 2009 – 193 / 19 dated 23 May 2021, Directive No. BSEC / CMRRCD / 2009 – 193 / 54 dated 19 February 2023 and Letter No. BSEC / CI / G-60 / 2021 / 875 dated 03 July 2022. Considering the current market situation and for the benefit of the market, the Commission has extended time of complying with Direction 4(a) and 4(b) of Directive No. BSEC/CMRRCD/2009-193/19 dated 23 May 2021 and Direction 4(c) of Directive No. BSEC/CMRRCD/2009-193/54 dated 19 February 2023 up to March 2024.”

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(iii) **The Commission now ignores, or selectively, omits its own time extension and alleges infraction by RACE.** The extension, issued by the Commission itself, supersedes the earlier dates and acknowledges the extraordinary market illiquidity and operational challenges that made immediate compliance impractical for the industry as a whole. **By omitting this final extension up to March 2024, the Enforcement Memo incorrectly suggests that RACE remained in breach of the portfolio requirements from July 2023 onwards.**

(2) **April 01, 2024 to June 09, 2024 – ongoing BSEC Forced Imposition of Price Floor results in “Impossibility to Perform” by RACE with respect to certain compliance:**

This period, between the BSEC time extension expiry and the next challenges that were imposed on RACE by BSEC as delineated in (3) below, created a regime of “Impossibility of Performance” for RACE.

(i) A “Force Majeure” due to “Shibli Rubayat Commission’s imposition of Price Floor, severely distorting market conditions, making listed bond purchase an “Impossibility of Performance” for RACE: Citing market stability, BSEC under the leadership of Chairman Shibli Rubayat imposed a price floor on the markets through BSEC/CMRRCD/2001-07/ 3) 28 July 2022 under the Section 20A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969). The order was partially eased on January 2024, but not fully rescinded and again re-imposed on April 224, 2024:

“Whereas, the Bangladesh Securities and Exchange Commission, in the interest of investors and securities market and for the development of securities market, has decided to issue certain further direction for regulating the share price movement of the listed securities in the stock exchange trading as a temporary arrangement till further notice. Now, therefore, in exercise of the power conferred by the section 20A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Exchange Commission hereby directs the Dhaka Stock Exchange PLC and the Chittagong Stock Exchange PLC the followings:-

as (a) Circuit limit applicable as per the Commission's Order No. BSEC/Surveillance/2020-975/219 dated 17 June 2021 shall remain unchanged for upper limit for all securities, and standard downward price change limit (circuit breaker) of 3.0% (three percent) shall be applicable for all securities other than securities in the floor price, (b) Clause (b) of the Commission's Order No. BSEC/Surveillance/2020-975/345 dated 06 February 2024 shall have no effect.

**This Order shall be effective from 25 April 2024.”**

(ii) **The impact of the price floor on the market was severe and long lasting, and the effects included, but were not limited to:**

a. **Blocking price discovery** – RACE during this period faced the extreme challenge of analyzing the intrinsic valuation of all listed securities, including listed bond prices, versus their expected market price – the difference that drives buy sell dynamics.

b. **Trapped investor syndrome, anticipation of massive corrections to follow** – History of Bangladesh capital markets and other global markets that have imposed price floors, shows that when the price floor is lifted there is a amplified correction in the prices. As RACE research indicated, it would be harmful for investor interest to buy any securities, including listed bond securities, during such period of uncertainty. This hindered RACE's decision-making caused by the conflicting goals of (i) obliging regulatory compliance by

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buying listed bonds, versus (ii) the fiduciary responsibility to unitholders not to buy securities that our analysis indicated would decline.

c. **Widening spreads:** The bid ask spread for particular scripts creates buying/selling opportunities and determines time of execution; these spreads for all securities were severely distorted during this period making trading executions challenging. For RACE during this period, the required listed bond purchase and the sale of other securities to fund the purchases, became extremely challenging.

d. **Severely illiquidity:** While the number of listed bonds on the bourses are few, during the Force Majeure event the liquidity was exceptionally low. Even though RACE attempted to Buy to fulfill quota of listed bonds, availability was sparse. Importantly, RACE had an extreme challenging period selling securities to fund the purchase of the listed bonds.

e. **Reducing institutional rebalancing:** During the price floor driven Force Majeure period, the overall ability of all portfolio managers, including RACE became severely restricted. The reduction of exposure in one sector, one stock in order to increase exposure to another stock/bond and/or sector became severely restricted.

(iii) **Dual and conflicting requirements of BSEC directive to buy listed bonds primarily issued by banks or financial institutions, and fulfill quota while at the same time maintain exposure limits delineated in Mutual Fund Trust Deeds created an "Impossibility to Perform" situation:** RACE's ability to invest in listed debt and treasury bond securities was further restricted by the binding provisions of the Trust Deeds of the Mutual Funds. Under Clause 3.2 (Investment Parameters) of the Trust Deeds:

"If the weightage of shares exceeds the limits laid down in the Offer Document or in the বিধিমালা due to market price movements, subscription of right shares, or disinvestments, the Asset Management Company shall make its best endeavors to bring the exposure within the prescribed limits within six months of the event. However, the Asset Management Company shall not invest further in such securities or sectors while the deviation exists."

As stated earlier, during the BSEC imposed Price Floor driven Force Majeure, RACE was faced with the challenge of liquidating partially its Bank & Financial Institutions sector exposure due to reasons cited in (ii)(a)(b)(c)(d)(e). This made the portfolio "frozen". Then the prohibition on investing further in the sector by purchasing bond securities issued by Banks had to be complied. Again, due to the BSEC action of Price floor driven Force Majeure, and the required compliance to Clause 3.2 of the Trust Deed meant that RACE during this period was faced with "Impossibility to Perform" in maintain the regulatory directive to achieve quota in listed bond securities and treasuries.

(3) **June 09, 2024 – March 05, 2025 – BSEC imposed Trading Restrictions & Bank Account freezes create "Impossibility to Perform" for RACE to achieve compliance:**

(i) **Trade and banking restrictions (June 2024 – February 2025) made compliance impossible:** Even after the Commission's time extension up to March 2024, RACE's ability to further rebalance portfolios and acquire listed debt and treasury bond securities was severely disrupted by a series of unprecedented regulatory actions imposed from June 2024 onward in connection with the enquiry proceedings. These restrictions directly affected the Mutual Funds' ability to execute any trades or banking operations, thereby making compliance with the 3% listed debt securities and 1% listed treasury bonds requirement practically impossible during the relevant period.

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a. On 09 June 2024, the Dhaka Stock Exchange, acting under Commission direction, imposed a suspension on block market trading of the Mutual Funds through Memo No. DSE/MOPS/2024/3534. This immediately impaired the Funds' ability to execute portfolio adjustments of any meaningful size or rebalance holdings in line with the Directives.

b. On 10 June 2024, all bank accounts of RACE and of the Mutual Funds under its management were frozen through Memo No. বিএফআইইউ (মনিটরিং-২)/সিএমআই/০৪/২০২৪-১০০৯, resulting in a "no debit" situation. This freezing extended not only to operational bank accounts, but also extraordinarily even to dividend disbursement accounts of unitholders, as referenced in the Commission's letter RCAE/BSEC/ORDER/19JUNE2024-01 dated 19 June 2024. As a result, RACE could not use any Mutual Fund bank accounts to settle trades, receive proceeds, move funds, or execute purchases of listed debt and treasury bond securities.

c. Further, on 24 June 2024, the Mutual Funds' BOIDs and all trading activities were suspended through Memo No. BSEC/IEID/BRMPCL/Enquiry/2024/354/363, eliminating any remaining operational capacity for rebalancing.

(ii) The combined effect of the 09 June, 10 June, and 24 June orders was a total halt in the Funds' trading and financial operations. These restrictions were only repealed on 13 February 2025, via Memo No. BSEC/IEID/BRMPCL/Enquiry/2024/637. Thus, for more than eight months, the Funds were prevented from executing any purchase of listed debt and treasury bond securities or making any adjustments necessary to achieve or maintain the portfolio requirements.

(iii) Moreover, the impacts of the suspensions did not end immediately upon withdrawal of the orders. Many bank accounts of the Funds continued to remain frozen due to the manner in which freeze instructions had propagated through the banking system. RACE repeatedly communicated these difficulties to the Commission through various letters, including its submission dated 05 December 2024 (Ref: RACE/DSE/05 DEC 2024-01), in which RACE explicitly warned that the ongoing restrictions were causing "severe imbalances," "impairment of fund assets," and "loss of rebalancing opportunities," all of which directly undermined the Funds' ability to maintain required regulatory exposures.

**(4) March 05, 2025 To Current – Conflict between BSEC Directive to increase listed Bond & Treasuries exposure, while at same time reducing Bank & Financial Institutions exposure, all the while suffering from effects of BSEC driven freezes has created an "Impossibility to Perform" situation for RACE:**

(i) **Constraints arising from Bank sector exposure limits under the Trust Deeds:** RACE's ability to invest in listed debt and treasury bond securities was further restricted by the binding provisions of the Trust Deeds of the Mutual Funds. Under Clause 3.2 (Investment Parameters) of the Trust Deeds:

"If the weightage of shares exceeds the limits laid down in the Offer Document or in the বিধিমালা due to market price movements, subscription of right shares, or disinvestments, the Asset Management Company shall make its best endeavors to bring the exposure within the prescribed limits within six months of the event. However, the Asset Management Company shall not invest further in such securities or sectors while the deviation exists."

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For the RACE-managed Mutual Funds, the maximum permissible exposure to the Bank sector is 25%. Due to relative movements in market prices, the Bank sector exposure exceeded this threshold. The Trustee formally instructed RACE on 10 March 2025 to cure this deviation. In accordance with the Trust Deeds, RACE had until September 2025 to complete the necessary rebalancing, and during this cure period RACE was prohibited from making any additional investments in Bank-sector securities.

(ii) **The Trust Deed as approved by BSEC restriction had a direct and material impact on the ability to comply with the 3% listed debt and Treasury bond securities requirement.** An overwhelming majority proportion of listed debt and treasury bond securities in Bangladesh, including subordinated bonds and perpetual bonds, are issued by banks. As long as sectoral exposure remained above the 25% limit, the Trust Deeds prevented the Funds from purchasing many of the listed debt and treasury bond securities that would have counted toward satisfying the Commission's requirement. RACE could only move toward compliance by first selling Bank-sector holdings and rebalancing the portfolio within the six-month cure period.

(iii) **Furthermore, in the process of executing this reduction, the Trustees imposed multiple restrictions.** On 29 October 2025, ICB instructed brokerage houses to suspend trading activities of the Funds, and on the same day, "no debit" restrictions were placed on relevant bank accounts. These actions effectively halted the Funds' ability to sell Bank-sector holdings and thereby prevented completion of the cure within the timeframe mandated by the Trust Deeds. In turn, this also prevented the Funds from purchasing eligible listed debt and treasury bond securities.

(iv) **Restrictions not lifted by ICB:** RACE promptly wrote to the Trustees (1) ICB on 02 November 2025 (Ref: RACE / COM / 2025 / 162) and (2) BGIC on 05 November 2025 (Ref: RACE / COM / BGIC / 2025 / 165), requesting that trade and banking access be restored. As of this date, those restrictions have not been lifted.

(5) **Proactive attempts were made by RACE to comply with the Treasury Bond requirement:** In addition to the factors described above, it is important to place on record that Bangladesh RACE Management PCL took steps to comply with the Commission's requirement to invest in listed Treasury Bonds.

(i) **RACE formally wrote to seek permission to open BoID to purchase Treasuries from the Trustee, but to no avail:** Investment Corporation of Bangladesh (ICB), through its letter dated 14 May 2025 (Ref: RACE/COM/2025/87), requesting approval to open separate BP (Business Partner) IDs with Bangladesh Bank for the specific purpose of enabling the Mutual Funds to invest in government securities, including Treasury Bills and Treasury Bonds. Opening BP IDs is a mandatory regulatory precondition for any Mutual Fund to execute trades in Treasury Bonds. We request the Commission to look into why.

(ii) **Despite this timely and proactive request, the Trustee did not provide any approval, response, or operational facilitation.** As a result, RACE was legally and procedurally unable to initiate the required investment in Treasury Bonds, notwithstanding its clear intention to comply with the Commission's Directives. This Trustee inaction directly contributed to the inability of the Funds to meet the 1% Treasury Bond investment requirement and further demonstrates that any shortfall was not due to negligence or omission by RACE, but rather arose from the absence of required Trustee authorization, without which the AMC cannot transact in government securities under the বিধিমালা and the respective Trust Deeds.

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(6) **Regarding non-response to the Commission's letter dated 28 May 2025 (alleged violation of বিধি ৭০ of the সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১):** With utmost respect, we state that Bangladesh RACE Management PCL did not willfully ignore or disregard any communication from the Hon'ble Commission. As per our internal records and correspondence logs, we have been unable to trace receipt of the specific letter dated 28 May 2025 referred to in the Enforcement Memo. Had this letter been duly received and recorded in our regulatory correspondence system, it would have been acted upon promptly, in line with our longstanding practice of responding to all BSEC directives and queries. We urge the Commission to check its internal records and verify that the letter was not sent to RACE.

(7) **In a letter to the BSEC Chairman Rashed Maqsood and the Full Commission, (ref: RACE/DSE/05 DEC 2024-01, dated December 05, 2024) RACE informed the BSEC that these blocks were creating severe imbalances and distortions in the Mutual Funds under RACE management. We placed on record our serious concerns for the well-being of the Funds, voicing that:**

"The restrictive actions undertaken by the Enquiry Committee have adversely affected the operation of the Mutual Funds, mainly to its investors. The suspension affected the valuation of RACE's assets, leading to a tangible decrease in the overall fair value of the mutual funds under management, thereby amplifying investor losses.

2. ....Restrictive Orders have led to a loss of transparency for investors and are jeopardizing fund operations, hurting investors: Delays in audit and withdrawal of duly signed auditor have led to investors being deprived of their rights to transparently view operations of the Funds. There are other large costs of operational inefficiencies being in motion within the Funds, such as direct impairment of fund investment assets, inability to recover impaired fund assets, and collapse of listed Fund prices. This is especially unfortunate since BSEC own analysis has found that RACE managed funds have the highest efficiency in the industry.

3. **Suspensions on BOID caused Funds to miss out on realizing profits and rebalancing portfolios, causing potentially large irreparable losses to investors.** Based on selective and incorrect interpretations of Rules, the Enquiry Committee unlawfully restricted block trades, Fund to Fund rebalancing, and suspension of Fund BOIDs. These actions have restricted the Funds from selling and realizing profits, impairing the dividend power of the Funds. It has also prevented the Funds from critical rebalancing and taking advantage of market gains thereby causing loss of potential profit generation and limiting losses.

4. **Loss of market stabilizing actions of the Funds:** Throughout its history, RACE has played a responsible and accommodative role in stabilizing market volatility. The Restrictive Orders are causing RACE managed Funds to stand idle, unable to both take advantage of market downturns and help stabilize the market demand and supply."

(8) **We put on record, once again, that the continuous and targeted actions by the BSEC, directly through Enquiry/Enforcements and indirectly by pressuring Trustees to impose and restrict and hinder the operations of RACE Mutual Funds has created unjust, unfair, and intimidation for RACE and its senior management.**

BSEC after creating, driving, contributing to "Impossibility to Perform" and other harmful condition for its regulated entity, RACE, through its regulatory actions, and then using that very harm as justification for further Enquiry(ies) and Enforcement(s) actions with the ultimate goal of imposing punitive and coercive action against RACE is a violation of Bangladesh's long established constitutional principles.

**IMPORTANT LEGAL CAVEAT**

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We present here for the record and in context of the above-mentioned matter, the Bangladesh Securities and Exchange Commission initiated an unlawful enquiry against Bangladesh RACE Management PLC (hereinafter referred to as "RACE") vide Memo No. BSEC/IEID/BRMPCL/2024/354 dated 06.06.2024. Subsequent to the initiation of this enquiry, the BSEC imposed the following suspensions on the Mutual Funds under the management of RACE:

1. Suspension on trading of securities in the block market during the pendency of the enquiry proceedings vide Memo No. DSE/MOPS/2024/3534 dated 09.06.2024;
2. Suspension on all bank accounts of RACE and the Mutual Funds under its management vide Memo No. বিএফআইইউ (মনিটরিং-২)/সিএমআই/০৪/২০২৪-১০০৯ dated 10.06.2024; and
3. Suspension of all BOIDs and trading activities of the Mutual Funds vide Memo No. BSEC/IEID/BRMPCL/Enquiry/2024/354/363 dated 24.06.2024.

Upon imposition of the aforementioned measures, the Bangladesh Securities and Exchange Commission effectively halted all trading and banking operations of the Mutual Funds. Consequently, RACE filed two writ petitions before the Hon'ble High Court Division of the Supreme Court of Bangladesh challenging the enquiry orders and subsequent actions of the BSEC, being Writ Petition Nos. 9859 of 2024 and 9993 of 2024.

The Hon'ble High Court Division, vide orders dated 18.08.2024 in Writ Petition No. 9859 of 2024 and 19.08.2024 in Writ Petition No. 9993 of 2024, was pleased to impose injunctions upon the enquiry and consequential actions of the BSEC. Furthermore, the Hon'ble High Court Division in WP 9859 of 2024, vide order dated 16.03.2025, was pleased to make the Rule Absolute in favor of RACE, declaring the Enquiry Order dated 06.06.2024 unlawful, illegal and **malafide**. The Stay Order in 9993 of 2024 is still in action and the matter is pending before the High Court Division of the Supreme Court of Bangladesh.

Prior to the aforesaid order of the Hon'ble High Court Division, the Bangladesh Securities and Exchange Commission (BSEC) had already decided to withdraw the suspensions on trading and banking operations vide Memo No. BSEC/IEID/BRMPCL/Enquiry/2024/637 dated 13.02.2025.

However, as detailed above these restrictions hindered the funds' ability to fulfill their obligations, exposing them to potential legal and financial risks. During this period, RACE was unable to obtain essential documents such as bank statements and CDBL reports. Several bank accounts remain affected to date, further complicating routine fund operations.

**In view of the explanations provided herein, it is respectfully submitted that any shortfall in meeting the prescribed portfolio requirements or in responding to the Commission's alleged letter dated 28 May 2025 resulted entirely from circumstances that made compliance objectively impossible...**

যেহেতু, Bangladesh RACE Management PLC- এর উপর্যুক্ত বক্তব্য থেকে প্রতীয়মান হয় যে, উপস্থাপিত অভিযোগসমূহ সঠিক, সেহেতু এক্ষেত্রে Bangladesh RACE Management PLC-এর ব্যাখ্যা কমিশনের নিকট গ্রহণযোগ্য হিসেবে বিবেচিত হয়নি;

যেহেতু, Bangladesh RACE Management PLC- এর উপর্যুক্ত কর্মকান্ডের ফলে Commission's Directives Ref: BSEC/CMMRCD/2009-193/19 dated 23 May 2021 and Ref: BSEC/CMMRCD/2009-193/54 dated 19 February, 2023, and বিধি ৭০ of the সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা ২০০৯ লংঘন করেছেন, যা সিকিউরিটিজ আইনের পরিপন্থী;

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সহকারী পরিচালক  
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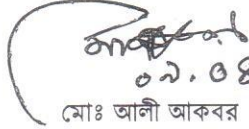
যেহেতু, Bangladesh RACE Management PLC-এর উপর্যুক্ত কর্মকান্ড Securities and Exchange Ordinance, 1969 এর Section 22 এবং the Bangladesh Securities and Exchange Commission Act, 1993 এর Section 18 অনুযায়ী শাস্তিযোগ্য অপরাধ;

যেহেতু, কমিশনের বিবেচনায়, সিকিউরিটিজ আইন ও বিধি-বিধান পরিপালনে আলোচ্য ব্যর্থতার জন্য, পুঁজিবাজারের শৃংখলা, স্বচ্ছতা এবং জনস্বার্থে আলোচ্য Bangladesh RACE Management PLC-কে অর্হদন্ডে দন্ডিত করা প্রয়োজন ও সম্মীচীন;

অতএব, সেহেতু, কমিশন উল্লিখিত যাবতীয় বিষয় বিবেচনাপূর্বক, Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) এর Section 22 [যা The Securities and Exchange (Amendment) Act, 2000 দ্বারা সংশোধিত] এবং the Bangladesh Securities and Exchange Commission Act, 1993 এর Section 18 এ প্রদত্ত ক্ষমতাবলে-

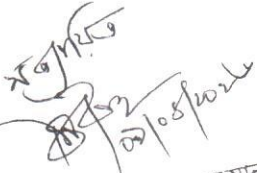
- Bangladesh RACE Management PLC কে Bangladesh RACE Management PLC- এর উপর্যুক্ত কর্মকান্ডের ফলে ফান্ডের অর্থ বিনিয়োগের ক্ষেত্রে সিকিউরিটিজ আইন ও বিধি-বিধান লঙ্ঘনের দায়ে সম্পদ ব্যবস্থাপকের ব্যবস্থাপনাধীন ফান্ডসমূহ যথাঃ (১) Exim Bank First Mutual Fund, (২) IFIC Bank First Mutual Fund, (৩) Trust Bank First Mutual Fund, (৪) EBL First Mutual Fund, (৫) First Bangladesh Fixed Income Fund, (৬) First Janata Bank Mutual Fund, (৭) AB Bank First Mutual Fund, (৮) EBL NRB Mutual Fund, (৯) PHL First Mutual Fund, (১০) Popular Life First Mutual Fund ও (১১) RACE Financial Inclusion Unit Fund- প্রত্যেকটি ফান্ডের বিপরীতে ৫.০০ (পাঁচ) লক্ষ টাকা করে সম্পদ ব্যবস্থাপক Bangladesh RACE Management PLC- কে সর্বমোট ৫৫.০০ (পঞ্চাশ) লক্ষ টাকা অর্হদন্ডে দন্ডিত করা হলো; যা সম্পদ ব্যবস্থাপক Bangladesh RACE Management PLC কর্তৃক পরিশোধ্য, উহা অত্র আদেশের ৩০ (ত্রিশ) দিনের মধ্যে 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' এর অনুকূলে ইস্যুকৃত ব্যাংক ড্রাফট/পে-অর্ডারের মাধ্যমে জমা প্রদান করতে হবে, অন্যথায় সিকিউরিটিজ আইন মোতাবেক পরবর্তী আইনানুগ ব্যবস্থা গ্রহণ করা হবে।

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের আদেশক্রমে,

  
০২.০৪.২০২৬  
মোঃ আলী আকবর  
কমিশনার

বিতরণ:

**Bangladesh Race Management PLC**  
Sky View Henolux Center, Office No: C-1, 1st Floor  
3/1 Purana Paltan  
Dhaka-1000

  
মুহাম্মদ মাসুদ রহমান ভূইয়া  
সহকারী পরিচালক  
বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন