

Bangladesh Securities and Exchange Commission

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

No. BSEC/CMRRCD/2009-193/204

20 February 2018

DIRECTIVE

Whereas the Bangladesh Securities and Exchange Commission has introduced book-building method to ensure justified valuation and determine offer price of securities by eligible investors (EIs) based on their demands, where all eligible investors are expected to participate in bidding process and quote prices with their own justifications to enable the process successful, fair and transparent;

And whereas in the interest of investors and capital market, it is expected that eligible investors should act responsibly and properly, and abide by the securities laws in all aspects of their businesses, which is essential to ensure discipline and integrity in the market;

Now, therefore, the Bangladesh Securities and Exchange Commission hereby directs the eligible investors under section 20A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) to adhere to the following code of conduct in respect of participating in the bidding process of book-building method for public issue of securities under the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, namely:-

- (1) The EIs shall form a Bidding Recommendation Committee comprising of at least 2 (two) members having relevant knowledge, skill, qualification and experience. The Committee, upon detailed analysis of value and prospects of the securities, shall recommend to participate in the electronic bidding and shall also mention the bidding quantity and price, if recommended.
- (2) The EIs shall, on the basis of recommendation of the Bidding Recommendation Committee, take decision about participation in the bidding. Decision of the EI and proceedings of the Committee along with workings shall be preserved for inspection by the Commission or the Exchanges.
- (3) The EIs and Committee shall exercise due diligence and independent professional judgment, and ensure proper care in order to maintain objectivity, transparency and independence in the decision making for bidding.



- (4) While analyzing, they shall take into consideration all aspects including financial, technical, managerial, commercial, economic, ownership etc. of the securities offered and its issuer and review all documents and prospectus in details.
- (5) While analyzing, they shall use internationally recognized securities valuation techniques and take decision on objective and professional judgment. They shall keep all calculations, analysis, workings and proceedings regarding the valuation in writing and shall record the basis for using valuation technique with justification.
- (6) They shall act fairly, neutrally, honestly and shall be independent in analysis and making decision without any influence, interference or pressure. They must not disclose or share any information related to the valuation with the issuer, issue manager, other eligible investors or any other person. The analysis, recommendation and decision shall be kept confidential till completion of the bidding period.
- (7) The EIs shall submit their valuation report along with workings and calculations to the exchange conducting the bidding, within 2 (two) working days of completion of the bidding period.
- (8) The exchange conducting the bidding shall report to the Commission, within 7 (seven) working days of completion of the bidding period, if they have any observation or find any discrepancy regarding the valuation reports.

Any violation of this directive by the EIs or the Committee members shall attract relevant provisions of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969).

This directive shall have immediate effect.

By order of the Bangladesh Securities and Exchange Commission



Dr. M. Khairul Hossain
Chairman.