

Bangladesh Securities and Exchange Commission

Directive

Dated, June 21, 2021

No. BSEC/CMRRC/2009-193/21 - Whereas, the Bangladesh Securities and Exchange Commission (hereinafter referred to as “the Commission”) made the Securities and Exchange Rules, 2020 which is already notified through Notification No. BSEC/CMRRC/2001-80/18/Admin/115 dated 31 December 2020 and Gazette on February 25, 2021;

And whereas, as per fourth proviso of sub-rule (1) of rule 6 of the Securities and Exchange Rules, 2020, the registered stock brokers are required to distribute the net interest income earned (after adjusting bank charges, if any) from the bank account(s) opened for consolidated customers’ account to the customers proportionately, and if there left any undistributed interest income that shall be transferred to the Investors’ Protection Fund of the exchange(s), within 30(thirty) days of end of each financial year;

And whereas, in the interest of investors and for the development of securities market, the Commission deems it appropriate to issue certain directions to the stock-brokers and the exchange(s) regarding calculation of interest income earned from the bank account(s) opened for consolidated customers’ account and distribution of such interest income among the customers;

Now, therefore, in exercise of the powers conferred by section 20A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Commission hereby directs Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and all the stock brokers to calculate the interest income for the customers that earned from the bank account(s) opened for consolidated customers’ account and distribution of such interest income among the customers in the following manner until or unless the Commission issues further order, namely:-

1. Calculation of distributable net interest income earned from the consolidated customers’ account (CCA):- A stock broker shall calculate the interest income for distribution to its customers’ account(s) in the following manner, namely:-

- (a) Annual net interest income distributable to the customers’ account(s) of a broker shall be calculated by deducting annual account maintenance expenses, bank charges, and other charges from the annual gross interest income earned in the consolidated customers’ account (CCA).
- (b) Effecting rate of interest income earned from the CCA shall be calculated by applying the following formula:

[Annual net interest income distributable to customers / Weighted Average Credit Balance (day-end basis) of the CCA for the year] X 100.



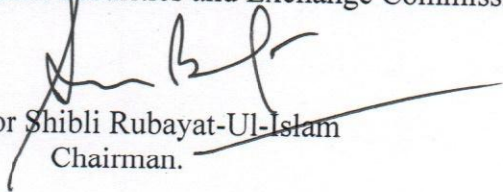
Bangladesh Securities and Exchange Commission

- (c) A stock broker shall distribute the net interest income to its every eligible customer (i.e., eligible as per the following direction No. 2) based on the weighted average credit balance (day-end basis) of the individual customer's account for the year by applying effecting rate of interest as per clause (b) above, within 30(thirty) days of end of each financial year.
2. **Eligibility for getting interest income earned from the consolidated customers account (CCA):-** Each customer of a stock broker shall be eligible for getting net interest income earned from the CCA on fulfillment of following criteria:-
- (a) If the minimum credit balance of Tk.100,000.00 (Taka one hundred thousand) only remains in a customer's account continuously at least for one month in a financial year; or
- (b) If the interest income at least of Tk. 500.00 (Taka five hundred) is accrued for a customer's account in a financial year.
3. Every stock broker shall operate and maintain the consolidated customers' account (CCA) as per the provisions of rule 6 of the Securities and Exchange Rules, 2020:

Provided that no money of the CCA shall be deposited in any fixed deposit account.

This Directive shall have immediate effect.

By order of the Bangladesh Securities and Exchange Commission


Professor Shibli Rubayat-Ul-Islam
Chairman.