



BANGLADESH SECURITIES AND EXCHANGE COMMISSION

JIBON BIMA TOWER (14, 15, 16 & 20 FLOOR), 10 DILKUSHA C/A, DHAKA-1000, BANGLADESH

No. SEC/CMRRCD/2009-193/172

30 June 2015

DIRECTIVE

The Bangladesh Securities and Exchange Commission (BSEC), in exercise of the power conferred by section 20A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), and বিধি ৮১ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ hereby directs all the registered mutual funds to comply with the following instructions regarding the maintenance of provision against unrealized losses arising from investment in mutual fund units:

A. For Closed- end Mutual Funds

1. Mutual Funds need not to maintain any provision when the average cost price (CP) of a mutual fund is lower than or equal to the fair value (FV) i.e. $CP \leq FV$; or lower than or equal to 85% of the net asset value at current market price ((NAVcmp) i.e. $CP \leq NAVcmp * 85\%$); which one is applicable.
2. If the average cost price (CP) of a mutual fund unit is greater than fair value (FV) i.e. ($CP > FV$); or greater than 85% of net asset value (NAVcmp) at current market price i.e. ($CP > NAVcmp * 85\%$); which one is applicable, Mutual Funds will have to maintain provision as following:
 - a. when $FV \geq NAVcmp * 85\%$, then -
Required Provision (RP) = Average cost price (CP) - Fair value (FV)
 - b. when $FV < NAVcmp * 85\%$, then -
Required Provision (RP) = Average cost price (CP) - $NAVcmp * 85\%$.

In order to assess the fair value of the mutual fund the fund shall follow the BAS, BFRS along with the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.

B. For Open- end Mutual Funds

1. Mutual Funds need not to maintain any provision when the average cost price (CP) of a mutual fund is lower than or equal to the latest repurchase price (RP)/ surrender value (SV) of the open end funds.



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2. Mutual Funds will maintain provision when the average cost price (CP) of a mutual fund is greater than the latest repurchase price (RP)/ surrender value (SV) of the open end funds.

i.e. Required Provision (RP) = Average cost price (CP) – Latest Surrender Value (SV) (i.e. Not over 5% discount of NAVcmp)

Mutual Funds shall have to apply the latest NAVcmp calculated and disclosed as per বিধি ৬০ of the সিকিউরিটিজ ও একচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and disclosed the sale price and repurchase price/surrender value of the open end funds as per বিধি ৬১ of the সিকিউরিটিজ ও একচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ and further instructions thereof.

This Directive shall come into effect immediately.

By order of the Bangladesh Securities and Exchange Commission

Prof. Dr. M. Khairul Hossain
Chairman.