

Bangladesh Securities and Exchange Commission

Law Division
CMRRC Department
Regulatory Section
www.sec.gov.bd

Directive

20 May 2024

No. BSEC/CMRRCD/2009-193/77.-Whereas the Bangladesh Securities and Exchange Commission (hereinafter referred to as the "Commission") deems it to be proper that in the interest of investors and securities market, certain directions should be issued to the stock exchange(s) with regard to shifting and placement of "Issuer of Z-category equity securities" (hereinafter referred to as the "Z-category company") and "Clearing Day" for settlement of securities and fund of such Z-category company;

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 the Dhaka Stock Exchange PLC (hereinafter referred to as the "DSE") and Chittagong Stock Exchange PLC (hereinafter referred to as the CSE) as well as Central Depository Bangladesh Limited (hereinafter referred to as the "CDBL"), to ensure the following namely: -

1. DSE and CSE shall shift or transfer any issuer of listed equity securities as "Z-category company" and categorize the security as "Z-category security" immediately for any of the following reasons or events:
 - (a) if the issuer of the listed securities or listed company fails to declare any dividend for a period of 02 (two) consecutive years from the date of declaration of last dividend, or the date of listing with the stock exchange, as the case may be;
 - (b) if the issuer of the listed securities or listed company fails to hold its Annual General Meeting (AGM) within a stipulated time as per relevant laws:

Provided that in case of non-holding of AGM in consequence of any writ petition or any legal proceedings pending before the court, i.e. being sub-



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judice matter or in the event of force majeure maximum 2 (two) years' time may be considered for placement or adjustment of securities to "Z-category security";

- (c) if the issuer of the listed securities or listed company is not in operation or production or exploration continuously for a period of minimum 6 (six) months excluding any such period for renovation or BMRE (Balancing, Modernization, Rehabilitation and Expansion) or in the event of force majeure;
- (d) if negative balance of retained earnings exceeds its paid-up capital:

Provided that whose accumulated loss or negative balance of retained earnings after adjustment of revenue reserve, if any, exceeds its paid-up capital shall not be applicable for the companies which have declared dividend, including interim dividend, out of the current profits in the last financial year and held annual general meeting(s) relating to all outstanding financial year(s) despite having such accumulated loss exceeding the paid-up capital.

- (e) If the issuer of the listed securities or listed company fails to pay-off or disburse at least 80% of the declared or approved dividend within the stipulated timeframe of the respective regulations.
2. If any issuer of the listed securities or listed company declares and disburses interim dividend (except stock or bonus), as justified by the profits on the basis of related interim financial statements duly reviewed by statutory auditor(s), the said issuer of the listed securities or listed company shall be considered for adjustment or placement of categorization as per the Dhaka Stock Exchange (Settlement of Transactions) Regulations, 2013 or Chittagong Stock Exchange (Settlement of Transactions) Regulations, 2013.



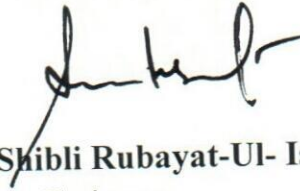
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CMRRC Department
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3. No sponsor or director of "Z-category company", excluding bank, insurance company and non-bank financial institution, shall be allowed to transact (buy/sell/transfer) any of his/her share or equity security of such "Z-category company" on any platform of the stock exchanges or outside the stock exchanges in any form without prior approval of the Commission.
4. This Directive shall supersede the provisions of regulation No.5(2) of the Dhaka Stock Exchange (Settlement of Transactions) Regulations, 2013 and the Chittagong Stock Exchange (Settlement of Transactions) Regulations, 2013 and effect henceforth as follows:

"Clearing Day for contracts listed under Z-category other than contracts in spot market or contracts categorized as contract type (howla) Delivery Versus Payment "DVP" shall be the third day following the Trading Day (i.e., T+3)".
5. This Directive shall repeal the Commission's Order No. SEC/CMRRCD/2008-178/679 dated 15 January 2008, Order No. SEC/CMRRCD/2008-178/680 dated 15 January 2008, Order No. SEC/CMRRCD/2009-193/08 dated 01 September 2020, Order No. BSEC/CMRRCD/2009-193/69 dated 30 November 2023 and Order No. SEC/CMRRCD/2009-193/74(R) dated 15 February 2024.
6. This Directive shall be effective from 02 July 2024.

By Order of the Bangladesh Securities and Exchange Commission



Professor Shibli Rubayat-Ul-Islam
Chairman.