

Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015



বাংলাদেশ
অতিরিক্ত সংখ্যা
কর্তৃপক্ষ কর্তৃক প্রকাশিত
গেজেট
বৃহস্পতিবার, ডিসেম্বর ৩১, ২০১৫

[বেসরকারী ব্যক্তি এবং কর্পোরেশন কর্তৃক অর্থের বিনিময়ে জারীকৃত বিজ্ঞাপন ও নোটিশসমূহ]

BANGLADESH SECURITIES AND EXCHANGE COMMISSION

NOTIFICATION 28 December 2015

No. BSEC/CMRRCD/2003-109/182/Admin/65:– In exercise of the power conferred by section 33 of the Securities and Exchange Ordinance, 1969 (Ordinance XVII of 1969), and in suppression of the Securities and Exchange Commission (Public Issue) Rules, 2006 made in this behalf, the Bangladesh Securities and Exchange Commission makes, with prior circulation, the following rules, namely:-

1. **Short title.** – These rules may be called the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015.
2. **Definitions.** – (1) In these Rules, unless there is anything repugnant in the subject or context,-
 - (a) “bidders” means the eligible investors who have participated in the bidding;
 - (b) “book-building method” means the process by which an issuer attempts to determine the price to offer its securities based on demand from the eligible investors;
 - (c) “Commission” means the Bangladesh Securities and Exchange Commission (BSEC) established under the বাংলাদেশ সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ (১৯৯৩ সনের ১৫ নং আইন);
 - (d) “cut-off price” means the lowest price offered by the bidders at which the EI portion of total issue could be exhausted;
 - ¹[(e) eligible investor or EI” means the following person who has business operation or investment in Bangladesh and registered with the electronic subscription system (ESS) of the exchange(s):-

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

- (i) Merchant Bankers and Portfolio Managers;
- (ii) Asset Managers;
- (iii) Mutual Funds and Collective Investment Schemes (CIS);
- (iv) Stock-Dealers;
- (v) Banks;
- (vi) Financial Institutions;
- (vii) Insurance Companies;
- (viii) Fund Managers;
- (ix) Alternative Investment Funds;
- (x) Foreign investors having account with any Security Custodian registered with the Commission;
- (xi) Recognized Provident Funds, approved Pension Funds and approved Gratuity Funds; and
- (xii) Any other category as approved by the Commission:

Provided that EIs who have maintained minimum investment in listed securities before the intended subscription, as per the condition of the consent letter for public issue, shall be eligible for subscription:

Provided further that the Commission may impose further condition for any of the above categories from time to time in the consent letter for public issue;]

- (f) “fees” means any money paid to any person in connection with the public offer of securities under these Rules;
- (g) “fixed price method” means the process by which an issuer offers its securities at par value;
- ¹[(gg) “Fund” means mutual fund or collective investment scheme or any other funds approved by the Commission under the respective rules;]
- (h) “group companies” means companies function as a single or very closely related economic entity through a common source of control having mostly common ownership and management including parent, subsidiaries, associate and sister concerns, as generally understood;
- (i) “initial public offer or IPO” means first offer of securities by an issuer to the general public;
- (j) “issue manager” means a merchant banker as defined in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মার্চেন্ট ব্যাংকার ও পোর্টফোলিও ম্যানেজার) বিধিমালা, ১৯৯৬ and for

¹ Added by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

issuance of units of any fund, asset manager as defined in the Rules concerned;

- (k) “non-resident Bangladeshi (NRB)” means citizens of Bangladesh staying abroad including all those who have dual citizenship (provided they have valid Bangladesh passports) or those, whose foreign passports bear stamps from the concerned Bangladesh Embassy to the effect that no visa is required for traveling to Bangladesh;
 - (l) “prospectus” means any document, including a red-herring prospectus, draft prospectus, information memorandum and offer document, prepared for the purpose of communicating to the investors an issuer’s plan to offer for sale of its securities;
 - (m) “public issue” means public issue of securities through initial public offer or repeat public offer;
 - (n) “registrar to the issue” means a merchant banker or any person, employed by the issuer, registered with or approved by the Commission for carrying out the activities in relation to an issue including processing applications from investors, keeping record of applications and money received from investors or paid to the seller of securities, assisting in determining the basis of allotment of securities, finalizing the list of persons entitled to allotment of securities and processing and distributing allotments, refunds or certificates and other related documents;
 - (o) “related party” means any person as defined in BAS-24 as a related party;
 - (p) “repeat public offer or RPO” means further public offer by an issuer who has listed its securities with any exchange or has raised capital through public offer. Issuance of additional securities having conversion features (into ordinary shares) by the said issuer shall also be deemed to be repeat public offer for the purpose of these Rules;
 - (q) “road show” means presentation by an issuer and issue manager to eligible investors (EI) about the issuance of securities disclosing all the features;
 - (r) “red-herring prospectus” means a preliminary prospectus filed by an issuer which contains all the information pertaining to the issuer and the issue including the total amount to be raised through the public issue, but does not include the issue price and the number of securities to be offered;
 - (s) “sponsor” means any person whose name appears as subscriber to the Memorandum and Articles of Association of a company;
- (2) Words and expressions used herein and not defined, but defined in the Securities and Exchange Ordinance, 1969 (XVII of 1969), ব্যাংক কোম্পানি

আইন, ১৯৯১ (১৯৯১ সনের ১৪ নং আইন), বাংলাদেশ সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ (১৯৯৩ সালের ১৫ নং আইন), আর্থিক প্রতিষ্ঠান আইন, ১৯৯৩ (১৯৯৩ সনের ২৭ নম্বর আইন), কোম্পানি আইন, ১৯৯৪ (১৯৯৪ সনের ১৮ নম্বর আইন), ডিপজিটরি আইন, ১৯৯৯ (১৯৯৯ সনের ৬ নম্বর আইন), বীমা আইন, ২০১০ (২০১০ সনের ১৩ নম্বর আইন), ফাইন্যান্সিয়াল রিপোর্টিং আইন, ২০১৫ (২০১৫ সনের ১৬ নম্বর আইন) shall have the same meanings respectively assigned to them in the said Acts and the Ordinances, and the Rules and Regulations made thereunder.

3. Requirements for filing application for a public offer.-

- (1) Application for consent under these Rules may be made on any of the following methods:-
 - (a) fixed price method, when offered at par value; or
 - (b) book-building method, when offered above par value.
- (2) General requirements: An issuer may make an application for public offer of its securities, if -
 - (a) ¹[repealed;
 - (b) repealed];
 - (c) it has not made any material change including raising of paid-up capital after the date of audited financial statements as included in the prospectus;
 - (d) ²[the issue manager or any of its connected persons is in no way connected with the issuer or any of its connected person nor does hold any securities thereof];
 - (e) it has prepared its financial statements in accordance with the requirements of the Securities and Exchange Rules, 1987, the provisions of IFRS /IAS as adopted in Bangladesh and audited the same as per Bangladesh Standards on Auditing (BSA) as well as the Companies Act, 1994 and other applicable legal requirements;
 - (f) it has got cost audit by professional accountants as per the Companies Act, 1994, if applicable;
 - (g) it has got its latest financial statements audited by the panel auditors as declared by the Commission from time to time;
 - (h) it has been regular in holding annual general meeting (AGM);
 - (i) it has complied with the provisions of Corporate Governance Guidelines as published by the Commission from time to time;
 - (j) it has complied with all the requirements of these Rules in preparing prospectus;
 - (k) it has no accumulated retained loss at the time of application;
 - (l) it has complied with the provisions of guidelines regarding valuation of assets, if any, as published by the Commission from time to time;

¹ Added by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

² Replaced by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

- (m) ¹[The issuer or any of its directors and shareholders holding 10% or more shares is not loan defaulter as per the latest CIB report of Bangladesh Bank]²[;]
- ³[(n) it has utilized at least 80% of the fund raised through the issue of capital previously;]
- ⁴[(o) it has to submit the banker's certificate along with bank statements showing deposit of the amount equivalent to the paid-up capital, duly attested by the Managing Director or Chief Executive Officer;
- (p) it has not raised paid-up capital except issuance of bonus shares within the preceding two years from the date of application for public offer:

Provided that issuance of shares in exchange of valid consideration except intangible assets or intellectual property for other forms of collaborative investments may be allowed within the said period subject to prior approval of the Commission.

[Explanation: Collaborative investment means any equity investment is made to any company registered in Bangladesh in collaboration of joint ventures or by any alternative investment fund or by any foreign strategic investor.] and

- (q) it has to make public offer for such an amount so that the post-initial public offer (IPO) paid-up capital is increased by as follows:
- (i) at least 30% (thirty percent), if the post-IPO paid-up capital is less than or equal to Taka 75 (seventy five) crore;
- (ii) at least 20% (twenty percent), if the post-IPO paid-up capital is more than Taka 75 (seventy five) crore, but not more than Taka 150 (one hundred fifty) crore; and
- (iii) at least 10% (ten percent), if the post-IPO paid-up capital is more than Taka 150 crore.]

(3) Additional requirements for fixed price method:

- ⁵[(a) (i) if it has been in commercial operation having positive net profit after tax at least for the latest financial year; or

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² Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

³ Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

⁴ Inserted vide Notification No. BSEC/CMRRCD/2009-193/27/Admin/127 dated 19 July 2021 published in the Bangladesh Gazette on 24 August 2021.

⁵ Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

- (ii) if it has not started its commercial operation, or has not completed any financial period yet, it has positive projected net profit after tax;]
- (b) thirty five percent (35%) of the issue has been underwritten on a firm commitment basis by the underwriter(s);
- ¹[(c) it offers at least an amount equivalent to 10% (ten percent) of its paid-up capital or Tk. 30 (thirty) crore at par value, whichever is higher:

Provided that post IPO paid-up capital shall not be less than Tk. 50 (fifty) crore;] and

- ²[(d) it has minimum existing paid up capital of Tk. 15 (fifteen) crore.]

(4) Additional requirements for book-building method:

- (a) ³[it has been in commercial operation at least for preceding 3 (three) years];
- (b) it has made net profit after tax at least for immediate preceding 2 (two) financial years;
- (c) it has positive net operating cash flow at least for immediate preceding 2 (two) financial years;
- (d) it has appointed separate persons as issue manager and registrar to the issue for managing the issue;
- (e) ⁴[the issuer has been rated by a credit rating company registered with the Commission];
- (f) ⁵[thirty five percent (35%) of the quota allotted for General Public (GP) category has been underwritten on a firm commitment basis by the underwriter(s).
- (g) it intends to raise at least Tk. 75 (seventy five) crore through the public issue;] and
- (h) it has minimum existing paid up capital of Tk. 30 (thirty) crore].

(5) Additional requirements for Repeat Public Offer.–

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

² Replaced by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

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⁵ Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

A. An issuer of a listed securities may make repeat public offer, subject to compliance with the following conditions:

- (a) Information concerning the repeat public offer shall be disseminated as price sensitive information immediately upon board decision as well as upon approval at the general meeting and approval of the Commission, in accordance with the relevant notifications issued by the Commission;
- (b) There should be an explicit announcement while disseminating the information in first two events under sub-rule (a) that the repeat public offer shall be subject to approval of the Commission;
- (c) Such offer has been approved by the board, the shareholders in a general meeting, and the consent to which is obtained from the Commission;
- (d) The proceeds of previous public offer or rights issue, as the case may be, have been utilized fully and relevant reports were duly submitted to the Commission;
- (e) The issue has been fully underwritten on a firm commitment basis by the underwriter(s); and
- (f) ¹[The issuer has been rated by a credit rating company registered with the Commission].

B. Distribution mechanism of securities having conversion features:

- (a) At least 40% of the issue shall be reserved for the existing shareholders;
- (b) At least 40% of the issue shall be reserved for Public Offer; and
- (c) Maximum 20% of the issue may be made through private placement:

Provided that the securities so issued shall not be converted either partly or fully before a minimum period of 2(two) years of issuance.

4. Submission of application and processing thereof:

(1) General Requirements:

- (a) an issuer shall submit the application, to the Commission for consent of issuance of securities through public offer and the exchanges for listing in the main boards thereof, as per requirements of these rules and relevant listing regulations of the exchanges, along with ten copies of the red-herring prospectus/prospectus/information memorandum, prepared

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017

as per requirements of these Rules, duly completed, together with all annexes thereto, duly signed on each page, by the issuer's chief executive officer or managing director, chief financial officer, company secretary and chief executive officer or managing director of the issue manager;

- (b) immediate after submission of the application, the issuer shall post the red-herring prospectus/prospectus/information memorandum in the websites of the issuer and the issue manager(s) which shall be updated with any change made thereof;
- (c) the audited financial statements of the issuer must be submitted along with the application and prospectus/red-herring prospectus/information memorandum, but the said financial statements shall not be older than 120 days at the time of submission to the Commission;
- (d) all the required documents as per Annexure - A, B, C, D and G shall be submitted with the application;
- (e) any amendment to the prospectus, signed by the said persons, shall also have to be filed with the Commission and the exchanges, in accordance with clause (a);
- (f) ¹[deleted];
- (g) [deleted];
- (h) the Commission or the exchanges may require the issuer or its directors, officers, issue manager(s), auditors, valuer(s), to submit additional disclosure, information, documents, certification and clarification, as the case may be, to produce or to disclose, in the prospectus, red-herring prospectus or the information memorandum for sale of securities, within such time as may be stipulated;
- (i) the issuer or its directors, officers, issue manager(s), auditors, valuer(s) shall fulfill such requirements within such time;
- (j) ²[the exchange(s) shall submit its observation, if any, on the proposed public issue to the Commission mentioning specific violation of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, or the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১, or any other securities law, as applicable, and applicable financial reporting standards, within 30 (thirty) days of receiving application:

Provided that if any exchange fails to submit its observation within the stipulated time, the Commission shall assume that the respective exchange has no observation on the submitted documents of the issuer.]

¹ Deleted by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

² Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

(k) ¹[deleted]

²[(1) The issuer may make private offer to its employees or any other persons maximum 15% (fifteen percent) of its initial public offer (IPO) at par value under the fixed price method or at fair value under the book-building method, which shall be treated as a part of the IPO:

Provided that no collection of subscription or allotment of shares shall be made under private offer before the Commission's consent for such IPO.]

[Explanation: Fair value means the value of an ordinary share under IPO calculated as per the Commission's Order or Directive or Notification in this regard from time to time.]

(2) ³[Determination of the cut-off price and subscription by the eligible investors]:

(a) Conducting road show and submission of application:

- (i) The issuer/issue manager shall send invitation to the eligible investors, both in writing and through publication in at least 5 (five) widely circulated national dailies, giving at least 10 (ten) working days' time, to the road show indicating time and venue of such event. The invitation letter shall accompany a red-herring prospectus containing all relevant information covering the proposed size of the issue and at least 3 (three) years audited financial statements and valuation report, prepared by the issue manager without mentioning any indicative price, as per internationally accepted valuation methods. The red-herring prospectus shall be prepared without mentioning the issue price or number of securities to be offered;
- (ii) Representatives from the exchanges shall present in the road show as observers;
- (iii) Eligible investors shall submit their comments and observations, if any, to the issuer or issue manager within 03(three) working days of the road show;
- (iv) After completion of the road show, the red-herring prospectus shall be finalized on the basis of comments and observations of the EIs participated in the road show. The valuation report as finalized must

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² Inserted vide Notification No. BSEC/CMRRCD/2009-193/27/Admin/127 dated 19 July 2021 published in the Bangladesh Gazette on 24 August 2021.

³ Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

be included in the red-herring prospectus including detail about the qualitative, quantitative factors and methods of valuation;

- (v) The application along with the red-herring prospectus and required documents shall be simultaneously submitted to the Commission and the exchanges as per rule 4(1)(a).
- (b) Consent for bidding to determine the cut-off price: After examination of the prospectus and relevant documents, the Commission, if satisfied, shall issue consent to commence bidding by the eligible investors for determination of the cut-off price.
- (c) Determination of the cut-off price:
 - (i) ¹[Eligible investors shall participate in the electronic bidding and submit their intended quantity and price;

Provided that any connected person or related party of the issuer, issue manager or registrar to the issue shall not be eligible to participate in the bidding;
 - (ii) No eligible investor shall quote for more than 2% (two percent) of the total amount offered against their respective quota;]
 - (iii) Eligible investors' bidding shall be opened for 72 (seventy two) hours round the clock;
 - (iv) ²[The bidding shall be conducted through an uniform and integrated automated system of the Exchange(s), especially developed for public issue subscription;]
 - (v) ³[Any information on the bid shall not be displayed or accessible to any person during the bidding period;
 - (vi) The bidders shall deposit full bid amount in the designated bank account maintained by the exchange for conducting the bid];
 - (vii) ⁴[The bidders can revise their bids for once, within the bidding period, up to 10% (ten percent) variation of their first bid price];
 - (viii) After completion of the bidding period, the cut-off price will be determined at nearest integer of the lowest bid price at which the total securities offered to eligible investors would be exhausted;
 - (ix) ⁵[The bidders, who are entitled to get securities, shall be

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allotted securities at their own bid price and quantity on highest to lowest bid basis, in a descending order of individual bid price till exhaustion of the quota for EI category:

Provided that while determining the cut-off price, if the bid quantity of shares at same price is more than the remaining quantity till exhaustion of the quota for EI, allotment shall be made on the basis of time stamping, i.e. shares shall be allotted to EI who submitted the bid earlier than others;

- (x) ¹[The final allotment list, along with price and quantity, of the public issue shall be sent through e-mail to the allottees and disseminated through posting on the websites of the issuer, issue manager and the exchange(s) within 03 (three) working days from the date of closing of bidding];
- (xi) The securities shall be offered to general public for subscription at an issue price to be fixed at 10% discount (at nearest integer) from the cut-off price;
- (xii) The issuer and the issue manager shall prepare the draft prospectus including the status of bidding, cut-off price, list of eligible investors with number of securities subscribed for, price and number of securities for offering to the general public and submit with relevant documents, simultaneously to the Commission and the exchanges within 5 (five) working days from the closing day of bidding;
- (xiii) ²[The exchange shall transfer the subscribed amount against securities to be allotted, to the issuer, within 05 (five) working days from the date of closing of bidding];
- (xiv) The exchange shall refund the excess subscribed amount to the EIs within 07 (seven) working days from the date of closing of bidding.]

³[(d) Approval of prospectus:

After examination of the draft prospectus and relevant documents, the Commission, if satisfied, shall issue consent for raising of capital from the general public and approve the prospectus.]

⁴[(3) Application by eligible investors in fixed price method:

- (a) Eligible investors shall submit application through the electronic subscription system of the exchange(s) and deposit the full amount intended to subscribe by the method as determined by the exchange(s);
- (b) No eligible investor shall apply for more than 2% (two percent) of the total amount offered to the eligible investors;

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⁴ Added by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

Provided that, the above condition shall not be applicable for the initial public offer (IPO) of any funds;

- (c) All the eligible investors shall be allotted securities reserved for them on pro-rata basis;
- (d) ¹[The exchange(s) shall transfer the subscribed amount against securities to be allotted, to the issuer, within 5 (five) working days from the date of closing of subscription;]] and
- (e) ²[The exchange(s) shall refund the excess subscribed amount to the EIs within 7 (seven) working days from the date of closing of subscription.]

5. Format and contents of the prospectus and abridged version thereof.- The red-herring prospectus/prospectus/information memorandum shall be prepared as per Annexure-E and the abridged version of prospectus shall be prepared as per Annexure-F of these Rules.

6. ³[(1) Distribution of securities under fixed price method (excluding the portion of securities under private offer, if any):-

Eligible Investor (EI)		General Public (GP)	
Other EIs (including CISs)	Mutual Funds	NRB	Others
20%	5%	5%	70%

Provided that out of 5% (five percent) quota for mutual funds, asset manager of any Exchange Traded Fund (ETF) shall get 1% (one percent) quota and the rest 4% (four percent) shall be distributed among the mutual funds:

Provided further that in case of under-subscription or non-subscription by asset manager of any Exchange Traded Fund (ETF) for the said 1% (one percent) quota, non-subscribed or under-subscribed portion of securities shall be added to the quota for mutual funds:

Provided further that in case of under-subscription collectively up to 35% (thirty five percent) of a public issue, the unsubscribed portion of securities shall be taken up by the underwriter(s):

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² Added by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

³ Replaced vide Notification No. BSEC/CMRRCD/2009-193/27/Admin/127 dated 19 July 2021, Published in the Bangladesh Gazette on 24 August 2021.

Provided further that in case of under-subscription collectively above 35% (thirty five percent), the public issue shall be cancelled.]

¹[(2) **Distribution of securities under book building method** (excluding the portion of securities under private offer, if any):-

Eligible Investor including Mutual Funds and CISs (EIs)	General Public (GP)	
	NRB	Other
25%	5%	70%

Provided that out of 25% (twenty five percent) quota for eligible investors including mutual funds and CISs (EIs), asset manager of any Exchange Traded Fund (ETF) shall get 1% (one percent) quota and the rest 24% (twenty four percent) shall be distributed among the EIs:

Provided further that in case of under-subscription or non-subscription by asset manager of any Exchange Traded Fund (ETF) for the said 1% (one percent) quota, non-subscribed or under-subscribed portion of securities shall be added to the quota for EIs.]

- (3) Under the book building method, in case of under-subscription in the EI category, the public issue shall be cancelled.
- (4) Under book building method, in case of under subscription upto 35% of quota allotted for the GP category, the unsubscribed portion of securities shall be taken up by the underwriter(s):

Provided that in case of under-subscription in GP category above 35% of the quota allotted for GP category, the public issue shall be cancelled.]

7. Publication of prospectus and opening of subscription list.-

- (1) Upon receiving the consent of the Commission to the issue of capital under these rules, the abridged version of prospectus prepared as per Annexure F, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bangla and two English), within the time specified in the letter of consent issued by the Commission. The full prospectus shall, however, be posted on websites of the Commission, exchanges, issuer and the issue manager(s).

¹ Replaced vide Notification No. BSEC/CMRRCD/2009-193/27/Admin/127 dated 19 July 2021, published in the Banmgladesh Gazette on 24 August 2021.

- (2) ¹[The subscription for general public shall commence after 20 (Twenty) working days of the publication of the abridged version of the prospectus and shall remain open up to 25th (twenty fifth) working day from the date of publication of abridged version of prospectus. The subscription shall be made as per the public issue application process mentioned in the consent letter.]
- (3) Upon completion of the period of subscription for securities as mentioned in sub-rule (2), the issuer shall inform the Commission and the exchanges, within five working days of closure of such completion, in respect of the following matters, namely: -
 - (a) total number of securities for which subscription has been received; and
 - (b) amount received from the subscription.

8. Prospectus delivery requirements.–

- (1) Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one²[.]
- (2) ³[The issuer shall post the prospectus vetted by the Commission in the issuer's website and also put on the websites of the Commission, exchange(s), and the issue manager within 05 (five) working days from the date of according consent which shall remain posted till the closure of the subscription list. The issuer shall submit to the Commission and the exchange(s) the vetted Prospectus in "MS-Word" format.]
- (3) A notice shall be placed on the website that interested persons are entitled to the prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager.

9. Limitation on the use of the prospectus.–

- (1) A prospectus may be used to offer the securities until any of the following events occur, namely: -
 - (a) there are material changes in any of the information included in the prospectus; and
 - (b) any transaction or event which is material to affect or change the conditions under which the public offer is being made as per the contents of the prospectus and which should have otherwise been required to be reported to the Commission.

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019

² Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019

³ Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019

- (2) If any of the above events occur, the offer shall stand suspended until an amendment duly signed by all the directors of the issuer, the chief executive officers of both the issuer and the issue manager to the prospectus furnishing the appropriate information has been filed with and declared effective by the Commission.
- (3) The occurrence of any of the events mentioned in sub-rule (1) shall be notified to the general public after such declaration has been made effective by the Commission in four national daily newspapers in which the abridged version of the prospectus was published prior to the date of the opening of the subscription:

provided that in case there is any necessity for amendment to the prospectus during the subscription period, in that case, the subscription may be suspended by the Commission and the subscribers who have already deposited money may decide either to withdraw his application or continue with it.
- (4) A declaration under sub-rule (3) shall state in detail the nature of change or event which has occurred after the publication of the prospectus and shall be signed by all the directors of the company and the CEOs of the issuer and the issue manager and a copy of the said declaration shall be submitted to the Commission.

¹**[10. Lock-in.-**Ordinary shares of the issuer, at the time of according consent to the public issue, shall be subject to lock-in, from the first trading day at the exchange in the following manner:

- (a) shares held by sponsors, directors and shareholders holding 10% (ten percent) or more, for 03 (three) years;
- (b) in case, any existing sponsor or director of the issuer transfers any share to any person, those transferred shares, for 03 (three) years;
- (c) shares allotted to any person, before 4 (four) years or more of according consent to the public issue, other than the persons mentioned in clause (a) and (b), for 01 (one) year;
- ²[(d) shares held by alternative investment funds or by foreigninvestors, for 01 (one) year; and]
- (e) shares held by any person, other than the shares mentioned in clause (a), (b), (c) and (d) above, for 02 (two) years:

Provided that ordinary shares converted from any other type of securities shall also be subject to lock-in as mentioned above.]

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

² Replaced vide Notification No. BSEC/CMRRCD/2009-193/27/Admin/127 dated 19 July 2021, published in the Banmgladesh Gazette on 24 August 2021.

11. Issue manager.-

- (1) The issuer shall appoint one or more issue manager, registered with the Bangladesh Securities and Exchange Commission, for the purpose of making the public offer;
- (2) The issue manager(s) shall be entitled to fees and be responsible for the issue including preparation and disclosures made in the prospectus, road show and use of the public issue proceeds by the issuer.

12. Underwriters.-

- (1) The issuer making public offer shall appoint underwriter(s), registered with the Bangladesh Securities and Exchange Commission, on a firm commitment basis;
- (2) The issuer, in the event of under subscription, shall send notice to the underwriter(s) within ten days of closure of subscription calling upon them to subscribe the securities and pay for this in cash in full within fifteen days of the date of said notice and the said amount shall be credited into securities subscription account within the said period;
- (3) The underwriting agreement shall contain a condition to the effect as mentioned in sub-rule (2);
- (4) The issuer shall, within seven days of the expiry of the period mentioned in sub rule (2), send to the Commission proof of subscription and deposit of the money by the underwriter(s).

13. ¹[Debt Securities, Units of Funds and others:

²{(1) Repealed}.

- (2) For issuance of units of any fund through public offer, an issue manager shall submit application under these Rules upon compliance of relevant requirements of the Rules concerned for the fund; and

³{(3) Repealed}.

- (4) For issuance of any other securities through public offer as per decision of the Commission, an issuer or issue manager shall submit application under these Rules

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

² Repealed by the Notification No. BSEC/CMRRCD/2020-373/13/Admin/119, dated 31 March 2021 published in the Bangladesh Gazette on 31 May 2021.

³ Repealed by the Notification No. BSEC/CMRRCD/2020-373/13/Admin/119, dated 31 March 2021 published in the Bangladesh Gazette on 31 May 2021.

upon compliance of relevant requirements of the rules to be framed in this respect.]

14. ¹[Fees for public offer and listing of securities:-

Type of fees	Fixed Price Method	Book Building Method
Issue Management fee	Maximum 2% (two percent) of the public offer amount.	Maximum 2% (two percent) of the public offer amount (including premium).
Underwriting fee	Maximum 1% (one percent) on 35% (thirty five percent) of the public offer amount.	Maximum 1% (one percent) on 35% (thirty five percent) of the public offer amount (including premium).
Application fee for the Commission	Tk. 50,000.00 (non-refundable)	Tk. 50,000.00 (non-refundable)
Consent fee for the Commission	0.40% on the public offer amount.	0.40% on the public offer amount (including premium).
Fees for debt securities, funds, ABS and others	As per relevant Rules	
Fees for Exchange(s)	As per the relevant listing Regulations	
Other fees	As per relevant contracts and as approved by the Commission	

.]

15. Approval, rejection and review. –

- (1) On receipt of an application of consent for public offer from an issuer, the Commission shall review the said application to ascertain whether it is complete and acceptable;
- (2) In case the said application is incomplete, the Commission shall inform the issuer in writing, to remove the incompleteness/deficiencies, within 40 (forty) working days, after examination of the said application;
- (3) If the issuer fails to remove the incompleteness within the stipulated time, it shall have to file a fresh application;
- (4) The Commission shall issue letter of consent, subject to such conditions as it may deem fit to specify, within 60 (sixty) working days of receipt of a complete application, if such application is acceptable to the Commission;

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

- (5) If the application is not acceptable to the Commission, it shall issue a rejection letter, stating the reasons for such rejection, within 60 (sixty) working days of receipt of the last correspondence;
- (6) The issuer, whose application has been rejected by the Commission, may apply for review to the Commission within 60 (sixty) working days from the date of such rejection, and the decision of the Commission thereon shall be final;
- (7) The Commission reserves the right to accept or reject any public issue proposal in its own discretion in the greater interest of the investors and the capital market as well; and

¹[(8) An issuer may submit application to the Commission along with the decision of its Board of Directors to withdraw the application for public issue at any time before the date of public subscription, mentioning specific reasons thereof; the issuer shall comply with method and conditions of withdrawal as determined by the Commission.]

16. Contravention.– If any issuer or any other person related with the issue violates any of the provisions of these Rules or furnishes false, incorrect, misleading information or suppresses any information, the Bangladesh Securities and Exchange Commission may take appropriate actions under the Securities and Exchange Ordinance, 1969.

17. Commission decision shall be final on certain matter.– Notwithstanding anything contained in these Rules, in the event of any confusion or difference of opinion on any matter whatsoever, the decision of the Commission shall be final and binding on all concerned.

18. Repeal and Savings.–

- (1) The Securities and Exchange Commission (Public Issue) Rules, 2006 is hereby repealed.
- (2) Notwithstanding the repeal of the said Rules, any consent given, document or agreement made, fee received or paid, resolution passed, direction given, proceeding taken, instrument executed or issued or things done under or in pursuance of the said Rules shall, if in force before the commencement of these Rules, continue to be in force and shall have effect as if made, directed, passed, given, taken, executed, issued or done under or in pursuance of these Rules.

Annexure- A

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

**Declaration about the responsibility of the directors, including the CEO of the issuer
in respect of the red-herring prospectus/ prospectus/information memorandum**

[See rule 4 (1)(d)]

This red-herring prospectus/ prospectus/information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this red-herring prospectus/ prospectus/information memorandum to enable the investors to make a well informed decision for investment.

Signature
[Full Name]
Designation
Date

Annexure-B

Due diligence certificate to be furnished by issue manager(s) in the red-herring prospectus/ prospectus/information memorandum

[See rule 4 (1)(d)]

To

The Bangladesh Securities and Exchange Commission

Sub: Public Issue of Ordinary Shares/Preference Shares/ Debt Securities of Tk.by (Name of the Issuer).

Dear Sir,

We, the issue manager(s) to the above-mentioned forthcoming issue, state and confirm as follows:

- (1) We have examined all the documents submitted with the application for the above mentioned public issue, visited the premises of the issuer and interviewed the Chairperson, Directors and key management personnel of the issuer in connection with the finalization of the red-herring prospectus/ prospectus/information memorandum pertaining to the said issue;
- (2) On the basis of such examination and the discussions with the directors, officers and auditors of the issuer, other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

WE CONFIRM THAT:

- (a) The red-herring prospectus/ prospectus/information memorandum filed with the Commission is in conformity with the documents, materials and papers relevant to the issue;
- (b) All the legal requirements relating to the issue as also in the rules, notification, guidelines, instructions, etc. framed/issued by the Commission, other competent authorities in this behalf and the Government have been duly complied with;
- (c) The disclosures made in red-herring prospectus/ prospectus/ information memorandum are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1994, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 and other applicable laws;
- (d) Besides ourselves, all the intermediaries named in the red-herring prospectus/ prospectus/ information memorandum are registered with the Commission and that till date such registrations are valid;

- (e) We have satisfied ourselves about the capability of the underwriters to fulfill their underwriting commitments;
- (f) The proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out till now are valid in terms of the object clause of its Memorandum of Association;
- (g) Necessary arrangements have been made to ensure that the moneys to be received pursuant to the issue shall be kept in a separate bank account and shall be used for the purposes disclosed in the use of proceeds section of the red-herring prospectus/ prospectus/ information memorandum;
- (h) All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 have been made in addition to other disclosures which, in our view, are fair and adequate to enable the investor to make a well informed decision;
- (i) We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background or the issuer, situation at which the proposed business stands, the risk factors, sponsors experiences etc. We also confirm that the due diligence related process, documents and approval memos shall be kept in record by us for the next 5 (five) years after the IPO for any further inspection by the Commission;
- (j) We enclose a checklist confirming rule-wise compliance with the applicable provisions of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 containing details such as the rule number, its text, the status of compliance, page numbers of the red-herring prospectus/ prospectus/ information memorandum where the rules has been complied with and our comments, if any;
- (k) We also declare that we have managed the public issue of following issuers in the last 05 (five) years:

<u>Serial No</u>	<u>Issue Month/Year</u>	<u>Issue Price</u>	<u>Dividend Payment History</u>
1.			
2.			

Place: **Managing Director/Chief Executive Officer**
Name of the Issue Manager(s)

Date: **Official Stamp(s)**

Annexure - C

Due diligence certificate by the underwriter(s)

[See rule 4 (1)(d)]

To –

The Bangladesh Securities and Exchange Commission

**Sub: Public offer of Ordinary Shares/Preferred Shares/ Debt Securities
of Tk. of(Name of the Issuer)**

Dear Sir,

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

- (1) We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
- (2) On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- (a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk..... (.....) and we have the capacity to underwrite a total amount of Tk.....(.....) as per relevant legal requirements. We have committed to underwrite for up to Tk.....(.....) for the upcoming issue.
- (b) At present, the following underwriting obligations are pending for us:
(Name of issue and amount underwritten)
 - i)
 - ii)
- (c) All information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;
- (d) We shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and
- (e) This underwriting commitment is unequivocal and irrevocable.

For the Underwriter:

Managing Director/Chief Executive Officer

Name of the Underwriter

Official Stamp

Date:

Ratios pertinent to the red-herring prospectus or prospectus or information memorandum
[See rule 4 (1)(d)]

- (1) Among others, the following ratios of the issuer for the last 05(five) years or shorter period from commercial operation certified by the Auditor;
- (2) If the issuer is not in commercial operation, projected ratios shall be furnished;
- (3) Any other ratio as may be pertinent to the issuer and the issue or required by the Commission shall also be furnished;
- (4) All the ratios shall be explained and compared with the industry or sector average ratios of the same periods along with sources of the information.

I. Liquidity Ratios:

- (i) Current Ratio; and
- (ii) Quick Ratio.

II. Operating Efficiency Ratios:

- (i) Accounts Receivable Turnover Ratio;
- (ii) Inventory Turnover Ratio; and
- (iii) Asset Turnover Ratio.

III. Profitability Ratios:

- (i) Gross Margin Ratio;
- (ii) Operating Profit Ratio;
- (iii) Net Profit Ratio;
- (iv) Return on Assets Ratio;
- (v) Return on Equity Ratio;
- (vi) Earnings per Share (EPS); and
- (vii) Earnings before interest, taxes, depreciation and amortization (EBITDA) margin.

IV. Solvency Ratios:

- (i) Debt to Total Assets Ratio;
- (ii) Debt to Equity Ratio;
- (iii) Times Interest Earned Ratio; and

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

(iv) Debt Service Coverage Ratio.

V. Cash Flow Ratios:

- (i) Net Operating Cash Flow per Share (NOCFPS); and
- (ii) NOCFPS to EPS Ratio.]

Disclosure requirements in the red-herring prospectus or prospectus or information memorandum

[See rule 5]

(A) Instructions:

- (1) Only relevant and updated information and statistics shall be disclosed in the prospectus or red-herring prospectus or information memorandum. Sources and basis of all statements or claims made shall be disclosed. Superlative adjectives shall not be used for any party unless they can be substantiated by proper source of information which is disclosed.
- (2) Simple language for easy understanding of the contents of the prospectus or information memorandum should be used. All technical terms used should be clarified using simple terms to ensure better understanding by investors.
- (3) Wherever it is mentioned in the prospectus or information memorandum that details are given elsewhere in the document, the same shall be adequately cross-referenced by indicating the page and paragraph numbers.
- (4) The prospectus or information memorandum should not make any statement that cannot be substantiated or may be misleading.
- (5) In addition to the information specifically required by these Rules, the prospectus shall contain all material information necessary to enable investors to make an informed assessment of the business engaged in or to be engaged in by the issuer, its assets and liabilities, its financial position, its profits and losses and its future prospects and the rights attaching to the securities being offered and, in case of more than one project being included in the proposed public offer, separate full disclosure for each project.
- (6) The Commission may require disclosure of additional information in the prospectus as it considers appropriate in a particular offer, and the issuer shall comply it.

(B) An issuer making a public issue of securities shall make the following disclosures in the red-herring prospectus or prospectus or information memorandum:

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

(1) **Front Cover Page:** On the front cover page of the prospectus, the following information and statements shall be given, namely: -

- (a) The following statements in bold type on face in red color-
“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”
“**Investment in capital market involves certain degree of risks. The investors are required to read the prospectus and risk factors carefully, assess their own financial conditions and risk taking ability before making their investment decisions.**”
- (b) Amount and type of securities being offered;
- (c) Issue date of the prospectus;
- (d) Offer price of the securities on a per unit and aggregate basis or total size of fund to be raised, as the case may be;
- (e) Opening and closing date of subscription;
- (f) The type of red-herring prospectus or prospectus or information memorandum.
- (g) Names of the issuer and the issue manager;
- (h) Credit rating status and name of the credit rating company(s), where applicable.

(2) **Subsequent pages:** The inside pages of the prospectus shall contain the following information or disclosures:

- (a) **Preliminary Information and declarations:**
 - (i) Name(s), address(s), telephone number(s), web address(s), e-mail(s), fax number(s) and contact persons of the issuer, issue manager(s), underwriter(s), auditors, credit rating company and valuer, where applicable;
 - (ii) A declaration that a person interested to get a prospectus may obtain from the issuer, and the issue manager(s);
 - (iii) The following statement: “If you have any query about this document, you may consult the issuer, issue manager and underwriter”;
 - (iv) The following statement in bold type in a box format:
“**CONSENT OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE OR OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE,**

1969, AND THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2015. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER, MANAGING DIRECTOR, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, ISSUE MANAGER, ISSUE MANAGER'S CHIEF EXECUTIVE OFFICER, UNDERWRITERS, AUDITOR(S), VALUER AND/OR CREDIT RATING COMPANY (IF ANY)."

- (v) The following clause on 'Risks in relation to the First Issue' (where applicable) shall be incorporated in a box format in bold type in case of an initial public offer:

"This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the securities is Tk. 10.00 (ten) and the issue price is Tk....., i.e. 'X-times' of the face value. The issue price has been determined and justified by the issuer and the issue manager or bidding by the eligible investors as stated under the paragraph on "Justification of Issue Price" should not be taken to be indicative of the market price of the securities after listing. No assurance can be given regarding an active or sustained trading of the securities or the price after listing."

- (vi) The following clause on 'General Risk' shall be incorporated in a box format in bold type:"**Investment in securities involves a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offer. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been**

recommended by the Bangladesh Securities and Exchange Commission (BSEC) nor does BSEC guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'risk factors' given on page number(s) "

- (vii) The following clause on 'Issuer's Absolute Responsibility' clause shall be incorporated in a box format in bold type:

"The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this red-herring prospectus or prospectus or information memorandum contains all material information with regard to the issuer and the issue, that the information contained in the red-herring prospectus or prospectus or information memorandum are true, fair and correct in all material aspects and are not misleading in any respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

(b) Availability of Prospectus:

- (i) Names, addresses, telephone numbers, fax numbers, website addresses and e-mail addresses and names of contact persons of the institutions where the prospectus and abridged version of prospectus are available in hard and soft forms;
 - (ii) Names and dates of the newspapers where abridged version of prospectus was published.
 - (iii) Definitions and Acronyms or Elaborations:
- (c) **Table of Contents:** the table of contents shall inter-alia include components under the following broad-heads chronologically:

- (i) Executive Summary
- (ii) Conditions imposed by the Commission
- (iii) Declaration and due diligence certificates
- (iv) About the issuer
- (v) Corporate directory of the Issuer
- (vi) Description of the Issuer
- (vii) Management's discussion and analysis of financial condition

- (viii) Directors and Officers
- (ix) Certain Relationships and Related Transactions
- (x) Executive Compensation
- (xi) Options granted to Directors, Officers and Employees
- (xii) Transaction with the Directors and Subscribers to the Memorandum
- (xiii) Ownership of the Company's Securities
- (xiv) Corporate Governance
- (xv) Valuation Report of securities prepared by the Issue Manager
- (xvi) Debt Securities
- (xvii) Parties involved and their responsibilities
- (xviii) Material contracts
- (xix) Outstanding Litigations, Fine or Penalty
- (xx) Risk Factors and Management's Perceptions about the Risks
- (xxi) Description of the Issue
- (xxii) Use of Proceeds
- (xxiii) Lock-in
- (xxiv) Markets for the Securities Being Offered
- (xxv) Description of securities outstanding or being offered
- (xxvi) Financial Statements
- (xxvii) Credit Rating Report
- (xxviii) Public Issue Application Procedure
- (xxix) Others

(d) **Executive Summary:**

- (a) About the industry;
- (b) About the Issuer;
- (c) Financial Information;
- (d) Features of the issue and its objects;
- (e) Legal and other Information;
- (f) Promoters' background;
- (g) Capital structure and history of capital raising;
- (h) Summary of Valuation Report of securities;
- (i) Others.

(e) **Conditions imposed by the Commission in the consent letter:**

(f) **Declaration and due diligence certificates as per Annexure(s) - A, B and C:**

(3) **About the issuer:**

- (a) Name of the issuer, dates of incorporation and commencement of its commercial operations, its logo, addresses of its registered office, other offices and plants, telephone number, fax number, contact person, website address and e-mail address;
- (b) The names of the sponsors and directors of the issuer;
- (c) The name, logo and address of the auditors and registrar to the issue, along with their telephone numbers, fax numbers, contact persons, website and e-mail addresses;
- (d) The name(s) of the stock exchanges where the specified securities are proposed to be listed.

(4) **Corporate directory of the Issuer:**

(5) **Description of the Issuer:**

(a) **Summary:**

- (i) The summary of the industry and business environment of the issuer. The summary shall not be one-sided or biased to highlight the issuer or the issue;
- (ii) Summary of consolidated financial, operating and other information.

(b) **General Information:**

- (i) Name and address, telephone and fax numbers of the registered office, corporate head office, other offices, factory, business premises and outlets of the issuer;
- (ii) The board of directors of the issuer;
- (iii) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the chairman, managing director, whole time directors, etc. of the issuer;
- (iv) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the CFO, company secretary, legal advisor, auditors and compliance officer;

- (v) Names, addresses, telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the issue manager(s), registrar to the issue etc;
- (vi) The following details of credit rating, where applicable:
 - (a) The names of all the credit rating agencies from which credit rating has been obtained;
 - (b) The details of all the credit ratings obtained for the issue and the issuer;
 - (c) The rationale or description of the ratings (s) so obtained, as furnished by the credit rating agency(s);
 - (d) Observations and risk factors as stated in the credit rating report.
- (vii) Following details of underwriting:
 - (a) The names, addresses, telephone numbers, fax numbers, contact persons and e-mail addresses of the underwriters and the amount underwritten by them;
 - (b) Declaration by the underwriters that they have sufficient resources as per the regulatory requirements to discharge their respective obligations;
 - (c) Major terms and conditions of the underwriting agreements.

(c) Capital Structure:

- (i) Authorized, issued, subscribed and paid up capital (number and class of securities, allotment dates, nominal price, issue price and form of consideration);
- (ii) Size of the present issue, with break-up (number of securities, description, nominal value and issue amount);

- (iii) Paid up capital before and after the present issue, after conversion of convertible instruments (if any) and share premium account (before and after the issue);
- (iv) Category-wise shareholding structure with percentage before and after the present issue and after conversion of convertible instruments (if any);
- (v) Where shares have been issued for consideration in other than cash at any point of time, details in a separate table, indicating the date of issue, persons to whom those are issued, relationship with the issuer, issue price, consideration and valuation thereof, reasons for the issue and whether any benefits have been accrued to the issuer out of the issue;
- (vi) Where shares have been allotted in terms of any merger, amalgamation or acquisition scheme, details of such scheme and shares allotted;
- (vii) Where the issuer has issued equity shares under one or more employee stock option schemes, date-wise details of equity shares issued under the schemes, including the price at which such equity shares were issued;
- (viii) If the issuer has made any issue of specified securities at a price lower than the issue price during the preceding two years, specific details of the names of the persons to whom such specified securities have been issued, relation with the issuer, reasons for such issue and the price thereof;
- (ix) The decision or intention, negotiation and consideration of the issuer to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue;
- (x) The total shareholding of the sponsors and directors in a tabular form, clearly stating the names, nature of issue, date of allotment, number of shares, face value, issue price, consideration, date when the shares were made fully paid up, percentage of the total pre and post issue

capital, the lock in period and the number and percentage of pledged shares, if any, held by each of them;

(xi) The details of the aggregate shareholding of the sponsors and directors, the aggregate number of specified securities purchased or sold or otherwise transferred by the sponsor and/or by the directors of the issuer and their related parties within six months immediate preceding the date of filing the red-herring prospectus or prospectus or information memorandum;

(xii) The name and address of any person who owns, beneficially or of record, 5% or more of the securities of the issuer, indicating the amount of securities owned, whether they are owned beneficially or of record, and the percentage of the securities represented by such ownership including number of equity shares which they would be entitled to upon exercise of warrant, option or right to convert any convertible instrument;

(xiii) The number of securities of the issuer owned by each of the top ten salaried officers, and all other officers or employees as group, indicating the percentage of outstanding shares represented by the securities owned.

(d) **Description of Business:**

(i) The date on which the issuer company was incorporated and the date on which it commenced operations and the nature of the business which the company and its subsidiaries are engaged in or propose to engage in;

(ii) Location of the project;

(iii) Plant, machinery, technology, process, etc.

(iv) Details of the major events in the history of the issuer, including details of capacity or facility creation, launching of plant, products, marketing, change in ownership and/or key management personnel etc;

(v) Principal products or services of the issuer and markets for such products or services. Past trends and future prospects regarding exports (if applicable) and local

market, demand and supply forecasts for the sector in which the product is included with source of data;

- (vi) If the issuer has more than one product or service, the relative contribution to sales and income of each product or service that accounts for more than 10% of the company's total revenues;
- (vii) Description of associates, subsidiary and holding company of the issuer and core areas of business thereof;
- (viii) How the products or services are distributed with details of the distribution channel. Export possibilities and export obligations, if any;
- (ix) Competitive conditions in business with names, percentage and volume of market shares of major competitors;
- (x) Sources and availability of raw materials, names and addresses of the principal suppliers and contingency plan in case of any disruption;
- (xi) Sources of, and requirement for, power, gas and water; or any other utilities and contingency plan in case of any disruption;
- (xii) Names, address(s), telephone number, web address, e-mail and fax number of the customers who account for 10% or more of the company's products or services with amount and percentage thereof;
- (xiii) Names, address(s), telephone number, web address, e-mail and fax number of the suppliers from whom the issuer purchases 10% or more of its raw material or finished goods with amount and percentage thereof;
- (xiv) Description of any contract which the issuer has with its principal suppliers or customers showing the total amount and quantity of transaction for which the contract is made and the duration of the contract. If there is not any of such contract, a declaration is to be

disclosed duly signed by CEO or MD, CFO and Chairman on behalf of Board of Directors;

- (xv) Description of licenses, registrations, NOC and permissions obtained by the issuer with issue, renewal and expiry dates;
 - (xvi) Description of any material patents, trademarks, licenses or royalty agreements;
 - (xvii) Number of total employees and number of full-time employees;
 - (xviii) A brief description of business strategy;
 - (xix) A table containing the existing installed capacities for each product or service, capacity utilization for these products or services in the previous years, projected capacities for existing as well as proposed products or services and the assumptions for future capacity utilization for the next three years in respect of existing as well as proposed products or services. If the projected capacity utilization is higher than the actual average capacity utilization, rationale to achieve the projected levels.
- (e) **Description of Property:** contain the following information in respect of properties of the issuer namely: -
- (i) Location and area of the land, building, principal plants and other property of the company and the condition thereof;
 - (ii) Whether the property is owned by the company or taken on lease;
 - (iii) Dates of purchase, last payment date of current rent (খাজনা) and mutation date of lands, deed value and other costs including details of land development cost, if any and current use thereof;
 - (iv) The names of the persons from whom the lands has been acquired or proposed to be acquired along with the cost

of acquisition and relation, if any, of such persons to the issuer or any sponsor or director thereof;

- (v) Details of whether the issuer has received all the approvals pertaining to use of the land, if required;
- (vi) If the property is owned by the issuer, whether there is a mortgage or other type of charge on the property, with name of the mortgagee;
- (vii) If the property is taken on lease, the expiration dates of the lease with name of the lessor, principal terms and conditions of the lease agreements and details of payment;
- (viii) Dates of purchase of plant and machineries along with sellers name, address, years of sale, condition when purchased, country of origin, useful economic life at purchase and remaining economic life, purchase price and written down value;
- (ix) Details of the machineries required to be bought by the issuer, cost of the machineries, name of the suppliers, date of placement of order and the date or expected date of supply, etc.
- (x) In case the machineries are yet to be delivered, the date of quotations relied upon for the cost estimates given shall also be mentioned;
- (xi) If plant is purchased in brand new condition then it should be mentioned;
- (xii) Details of the second hand or reconditioned machineries bought or proposed to be bought, if any, including the age of the machineries, balance estimated useful life, etc. as per PSI certificates of the said machineries as submitted to the Commission;
- (xiii) A physical verification report by the issue manager(s) regarding the properties as submitted to the Commission;
- (xiv) If the issuer is entitled to any intellectual property right or intangible asset, full description of the property, whether

the same are legally held by the issuer and whether all formalities in this regard have been complied with;

(xv) Full description of other properties of the issuer.

(f) Plan of Operation and Discussion of Financial Condition:

(i) If the issuer has not started its commercial operation, the company's plan of operations for the period which would be required to start commercial operation which shall, among others, include:-

(a) Projected financial statements up to the year of commercial operation;

(b) Rationale behind the projection;

(c) Any expected significant changes in the issuer's policy or business strategies;

(d) Detail plan of capital investment with break-up;

(e) Summary of feasibility report, etc.

(ii) If the issuer had been in operation, the issuer's revenue and results from operation, financial position and changes in financial position and cash flows for the last five years or from commercial operation, which is shorter, shall be furnished in tabular form which shall, among others, include the following information:

(a) Internal and external sources of cash;

(b) Any material commitments for capital expenditure and expected sources of funds for such expenditure;

(c) Causes for any material changes from period to period in revenues, cost of goods sold, other operating expenses and net income;

(d) Any seasonal aspects of the issuer's business;

- (e) Any known trends, events or uncertainties that may have material effect on the issuer's future business;
- (f) Any assets of the company used to pay off any liabilities;
- (g) Any loan taken from or given to any related party or connected person of the issuer with details of the same;
- (h) Any future contractual liabilities the issuer may enter into within next one year, and the impact, if any, on the financial fundamentals of the issuer;
- (i) The estimated amount, where applicable, of future capital expenditure;
- (j) Any VAT, income tax, customs duty or other tax liability which is yet to be paid, including any contingent liabilities stating why the same was not paid prior to the issuance of the prospectus. Updated income tax status for the last 5 years or from commercial operation, which is shorter;
- (k) Any financial commitment, including lease commitment, the company had entered into during the past five years or from commercial operation, which is shorter, giving details as to how the liquidation was or is to be effected;
- (l) Details of all personnel related schemes for which the company has to make provision for in future years;
- (m) Break down of all expenses related to the public issue;
- (n) If the issuer has revalued any of its assets, the name, qualification and experiences of the valuer and the reason for the revaluation, showing the value of the assets prior to the revaluation separately for each asset revalued in a manner which shall facilitate comparison between the historical value and the amount after revaluation and giving a summary of

the valuation report along with basis of pricing and certificates required under the revaluation guideline of the Commission;

- (o) Where the issuer is a holding or subsidiary company, full disclosure about the transactions, including its nature and amount, between the issuer and its subsidiary or holding company, including transactions which had taken place within the last five years of the issuance of the prospectus or since the date of incorporation of the issuer, whichever is later, clearly indicating whether the issuer is a debtor or a creditor;

- (p) Financial Information of Group Companies and Companies under common ownership by more than 50%: following information for the last three years based on the audited financial statements, in respect of all the group companies of the issuer, wherever applicable, along with significant notes of auditors:

- (1) Date of Incorporation;
- (2) Nature of Business;
- (3) Equity Capital;
- (4) Reserves;
- (5) Sales;
- (6) Profit after tax;
- (7) Earnings per share and Diluted Earnings Per Share;
- (8) Net Asset Value;
- (9) The highest and lowest market price of shares during the preceding six months with disclosures for changes in capital structure during the period, if any securities of the group are listed with any exchange;
- (10) Information regarding significant adverse factors relating to the group;

- (11) Any of the group companies has become sick or is under winding up;
 - (12) The related business transactions within the group and their significance on the financial performance of the issuer;
 - (13) Sales or purchase between group companies or subsidiaries or associate companies when such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of the issuer and also material items of income or expenditure arising out of such transactions;
- (q) Where the issuer is a banking company, insurance company, non-banking financial institution or any other company which is regulated and licensed by another primary regulator, a declaration by the board of directors shall be included in the prospectus stating that all requirements of the relevant laws and regulatory requirements of its primary regulator have been adhered to by the issuer;
- (r) A report from the auditors regarding any allotment of shares to any person for any consideration otherwise than cash along with relationship of that person with the issuer and rationale of issue price of the shares;
- (s) Any material information, which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public;
- (t) Business strategies and future plans - projected financial statements shall be required only for companies not started commercial operation yet and authenticated by Chairman, two Directors, Managing Director, CFO, and Company Secretary;

- (u) Discussion on the results of operations shall inter-alia contain the following:
 - (1) A summary of the past financial results after adjustments as given in the auditor's report containing significant items of income and expenditure;
 - (2) A summary of major items of income and expenditure;
 - (3) The income and sales on account of major products or services;
 - (4) In case, other income constitutes more than 10% of the total income, the breakup of the same along with the nature of the income, i.e., recurring or non-recurring;
 - (5) If a material part of the income is dependent upon a single customer or a few major customers, disclosure of this fact along with relevant data. Similarly if any foreign customer constitutes a significant portion of the issuer's business, disclosure of the fact along with its impact on the business considering exchange rate fluctuations;
 - (6) In case the issuer has followed any unorthodox procedure for recording sales and revenues, its impact shall be analyzed and disclosed.

- (v) Comparison of recent financial year with the previous financial years on the major heads of the profit and loss statement, including an analysis of reasons for the changes in significant items of income and expenditure, inter-alia, containing the following:
 - (1) Unusual or infrequent events or transactions including unusual trends on

account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.

- (2) Significant economic changes that materially affect or are likely to affect income from continuing operations;
 - (3) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;
 - (4) Future changes in relationship between costs and revenues, in case of events such as future increase in labor or material costs or prices that will cause a material change are known;
 - (5) The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;
 - (6) Total turnover of each major industry segment in which the issuer operated;
 - (7) Status of any publicly announced new products or business segment;
 - (8) The extent to which the business is seasonal.
- (w) Defaults or rescheduling of borrowings with financial institutions or banks, conversion of loans into equity along with reasons thereof, lock out, strikes and reasons for the same etc. during the history of operation of the company;
- (x) Details regarding the changes in the activities of the issuer during the last five years which may had

a material effect on the profits or loss, including discontinuance of lines of business, loss of agencies or markets and similar factors;

- (y) Injunction or restraining order, if any, with possible implications;
- (z) Technology, market, managerial competence and capacity built-up;
- (aa) Changes in accounting policies in the last three years;
- (bb) Significant developments subsequent to the last financial year: A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the red-herring prospectus or prospectus or information memorandum and which materially and adversely affect or is likely to affect the trading or profitability of the issuer, or the value of its assets, or its ability to pay its liabilities within the next twelve months;
- (cc) If any quarter of the financial year of the issuer ends after the period ended in the audited financial statements as disclosed in the prospectus or information memorandum, unaudited financial statements for each of the said quarters duly authenticated by the CEO and CFO of the issuer;
- (dd) Factors that may affect the results of operations.

(6) **Management's discussion and analysis of financial condition and results of operations:**

- (a) Overview of business and strategies;
- (b) SWOT ANALYSIS;
- (c) Analysis of the financial statements of last five years with reason(s) of fluctuating revenue or sales, other income, total income, cost of material, finance cost, depreciation and

amortization expense, other expense; changes of inventories, net profit before and after tax, EPS etc.

- (d) Known trends demands, commitments, events or uncertainties that are likely to have an effect on the company's business;
 - (e) Trends or expected fluctuations in liquidity;
 - (f) Off-balance sheet arrangements those have or likely to have a current or future effect on financial condition.
- (7) **Directors and Officers:** following information in respect of directors and officers of the issuer, namely:-
- (a) Name, Father's name, age, residential address, educational qualification, experience and position of each of the directors of the company and any person nominated or represented to be a director, showing the period for which the nomination has been made and the name of the organization which has nominated him;
 - (b) The date on which he first became a director and the date on which his current term of office shall expire;
 - (c) If any director has any type of interest in other businesses, names and types of business of such organizations. If any director is also a director of another company or owner or partner of any other concern, the names of such organizations;
 - (d) Statement of if any of the directors of the issuer are associated with the securities market in any manner. If any director of the Issuer company is also a director of any issuer of other listed securities during last three years then dividend payment history and market performance of that issuer;
 - (e) Any family relationship (father, mother, spouse, brother, sister, son, daughter, spouse's father, spouse's mother, spouse's brother, spouse's sister) among the directors and top five officers;
 - (f) A very brief description of other businesses of the directors;
 - (g) Short bio-data of each director;

- (h) Loan status of the issuer, its directors and shareholders who hold 10% or more shares in the paid-up capital of the issuer in terms of the CIB Report of Bangladesh Bank;
- (i) Name with position, educational qualification, age, date of joining in the company, overall experience (in year), previous employment, salary paid for the financial year of the Chief Executive Officer, Managing Director, Chief Financial Officer, Company Secretary, Advisers, Consultants and all Departmental Heads. If the Chairman, any director or any shareholder received any monthly salary than this information should also be included;
- (j) Changes in the key management persons during the last three years. Any change otherwise than by way of retirement in the normal course in the senior key management personnel particularly in charge of production, planning, finance and marketing during the last three years prior to the date of filing the information memorandum. If the turnover of key management personnel is high compared to the industry, reasons should be discussed;
- (k) A profile of the sponsors including their names, father's names, age, personal addresses, educational qualifications, and experiences in the business, positions or posts held in the past, directorship held, other ventures of each sponsor and present position;
- (l) If the present directors are not the sponsors and control of the issuer was acquired within five years immediately preceding the date of filing prospectus details regarding the acquisition of control, date of acquisition, terms of acquisition, consideration paid for such acquisition etc.
- (m) If the sponsors or directors do not have experience in the proposed line of business, the fact explaining how the proposed activities would be carried out or managed;
- (n) Interest of the key management persons;
- (o) All interests and facilities enjoyed by a director, whether pecuniary or non-pecuniary;
- (p) Number of shares held and percentage of share holding (pre issue);

- (q) Change in board of directors during last three years;
- (r) Director's engagement with similar business.

(8) **Certain Relationships and Related Transactions:**

- (a) The prospectus shall contain a description of any transaction during the last five years, or any proposed transactions certified by the auditors, between the issuer and any of the following persons, giving the name of the persons involved in the transaction, their relationship with the issuer, the nature of their interest in the transaction and the amount of such interest, namely:-
 - (i) Any director or sponsor or executive officer of the issuer;
 - (ii) Any person holding 5% or more of the outstanding shares of the issuer;
 - (iii) Any related party or connected person of any of the above persons.
- (b) Any transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries or holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus;
- (c) Any loans either taken or given from or to any director or any person connected with the director, clearly specifying details of such loan in the prospectus, and if any loan has been taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan, rate of interest applicable, date of loan taken, date of maturity of loan, and present outstanding of such loan.

(9) **Executive Compensation:**

- (a) The total amount of remuneration or salary or perquisites paid to the top five salaried officers of the issuer in the last accounting year and the name and designation of each such officer;

- (b) Aggregate amount of remuneration paid to all directors and officers as a group during the last accounting year;
- (c) If any shareholder director received any monthly salary or perquisite or benefit it must be mentioned along with date of approval in AGM or EGM, terms thereof and payments made during the last accounting year;
- (d) The board meeting attendance fees received by the director including the managing director along with date of approval in AGM or EGM;
- (e) Any contract with any director or officer providing for the payment of future compensation;
- (f) If the issuer intends to substantially increase the remuneration paid to its directors and officers in the current year, appropriate information regarding thereto;
- (g) Any other benefit or facility provided to the above persons during the last accounting year.

(10) Options granted to Directors, Officers and Employees:

- (1) The following information in respect of any option held by each director, the salaried officers, and all other officers as a group, namely: -
 - (i) The date on which the option was granted;
 - (ii) The exercise price of the option;
 - (iii) The number of shares or stock covered by the option;
 - (iv) The market price of the shares or stock on the date the option was granted;
 - (v) The expiration date of the option;
 - (vi) Consideration against the option.

(2) If such options are held by any person other than the directors, and the officers of the issuer company, the following information shall be given in the prospectus, namely:-

- (i) The total number of shares or stock covered by all such outstanding options;
- (ii) The range of exercise prices;
- (iii) The range of expiration dates;
- (iv) Justification and consideration of granting such option.

(11) **Transaction with the Directors and Subscribers to the Memorandum:**

- (a) The names of the directors and subscribers to the memorandum, the nature and amount of anything of value received or to be received by the issuer from the above persons, or by the said persons, directly or indirectly, from the issuer during the last five years along with the description of assets, services or other consideration received or to be received;
- (b) If any assets were acquired or to be acquired within next two financial years from the aforesaid persons, the amount paid for such assets and the method used to determine the price shall be mentioned in the prospectus, and if the assets were acquired by the said persons within five years prior to transfer those to the issuer, the acquisition cost thereof paid by them.

(12) **Ownership of the Company's Securities:**

- (a) The names, addresses, BO ID Number of all shareholders of the company before IPO, indicating the amount of securities owned and the percentage of the securities represented by such ownership, in tabular form;
- (b) There shall also be a table showing the name and address, age, experience, BO ID Number, TIN number, numbers of shares held including percentage, position held in other companies of all the directors before the public issue;

- (c) The average cost of acquisition of equity shares by the directors certified by the auditors;
- (d) A detail description of capital built up in respect of shareholding (name-wise) of the issuer's sponsors or directors. In this connection, a statement to be included:-

Date of Allotment/ Transfer of fully paid-up shares	Consideration	Nature of issue	No of Equity shares	Face value	Issue Price/ Acquisition Price/ Transfer Prices	Cumulative no. of Equity shares	% pre-issue paid up capital	% Post issue paid up capital	Sources of fund
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- (e) Detail of shares issued by the company at a price lower than the issue price;
- (f) History of significant (5% or more) changes in ownership of securities from inception.

(13) Corporate Governance:

- (a) A disclosure to the effect that the issuer has complied with the requirements of Corporate Governance Guidelines of the Commission;
- (b) A compliance report of Corporate Governance requirements certified by competent authority;
- (c) Details relating to the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committees operate.

(14) Valuation Report of securities prepared by the Issue Manager:

- (a) The valuation report of securities to be offered shall be prepared and justified by the issue manager on the basis of the financial and all other information pertinent to the issue;
- (b) To prepare the valuation report, the issue manager may consider all qualitative and quantitative factors which shall be explained in details with rationale to consider such factors, the valuation

methods used, sources of information and authenticity of such information;

- (c) While preparing the valuation report, the issue manager shall avoid exaggeration and biasness and shall exercise independence and due diligence;
- (d) The issue manager(s) shall, among others, consider the following methods for valuation of the securities:
 - (i) net asset value at historical or current costs;
 - (ii) earning-based-value calculated on the basis of weighted average of net profit after tax for immediate preceding five years or such shorter period during which the issuer was in commercial operation;
 - (iii) projected earnings for the next three accounting year with rationales of the projection, if not in commercial operation;
 - (iv) average market price per share of similar stocks for the last one year immediately prior to the offer for common stocks with reference and explanation of the similarities or in case of repeat public offering, market price per share of common stock of the issuer for the aforesaid period.

(15) **Debt Securities:**

- (a) the terms and conditions of any debt securities that the issuer company may have issued or is planning to issue within next six months, including their date of redemption or conversion, conversion or redemption features and sinking fund requirements, rate of interest payable, Yield to Maturity, encumbrance of any assets of the issuer against such securities and any other rights the holders of such securities may have;
- (b) all other material provisions giving or limiting the rights of holders of each class of debt securities outstanding or being offered, for example subordination provisions, limitations on the declaration of dividends, restrictions on the issuance of additional debt or maintenance of asset ratios;
- (c) name of the trustee(s) designated by the indenture for each class of debt securities outstanding or being offered and describe the

circumstances under which the trustee must act on behalf of the debt holders;

- (d) repayment or redemption or conversion status of such securities.

(16) **Parties involved and their responsibilities, as applicable:**

- (a) Issue manager(s);
- (b) Underwriters;
- (c) Statutory Auditors;
- (d) Cost Auditor;
- (e) Valuer;
- (f) Credit Rating Company.

(17) **Material contracts:**

- (a) Major agreements entered into by the issuer;
- (b) Material parts of the agreements;
- (c) Fees payable to different parties.

(18) **Litigations, Fine or Penalty:**

- (a) The following litigations including outstanding litigations against the issuer or any of its directors and fine or penalty imposed by any authority.
 - (i) Litigation involving Civil Laws;
 - (ii) Litigation involving Criminal Laws;
 - (iii) Litigation involving Securities, Finance and Economic Laws;
 - (iv) Litigation involving Labor Laws;
 - (v) Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes or duties);
 - (vi) Litigation involving any other Laws.
- (b) Cases including outstanding litigations filed by the Company or any of its directors:
 - (i) Litigation involving Civil Laws;
 - (ii) Litigation involving Criminal Laws;
 - (iii) Litigation involving Securities, Finance and Economic Laws;
 - (iv) Litigation involving Labor Laws;
 - (v) Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes or duties);

(vi) Litigation involving any other Laws.

(19) **Risk Factors and Management's Perceptions about the Risks:**

- (a) All risk factors and management's perception about how to address the risks are to be clearly stated. All risk factors which are specific to the project and internal to the issuer and those which are external and beyond the control of the issuer and all qualitative or quantitative risks those may not be material at present but may have a material impact in future shall be included;
- (b) Risk factors shall be disclosed in descending order of materiality. Wherever risks about material impact are stated, the financial and other implications of the same shall be disclosed. If it cannot be quantified, a statement shall be furnished about the fact that the implications cannot be quantified;
- (c) Perceptions to address risks shall not contain any speculative statement on the positive outcome of any litigation, etc. and shall not be given for any matter that is sub-judice before any Court or Tribunal;
- (d) The disclosures of Risk factors shall include, where applicable, the following:
 - (i) Internal risk factors;
 - (ii) External risk factors.
 - (i) Internal risk factors may include, among others:
 - (a) Credit Risk;
 - (b) Liquidity Risk;
 - (c) Risk associated with the issuer's interest in subsidiaries, joint ventures and associates;
 - (d) Significant revenue generated from limited number of customers, losing any one or more of which would have a material adverse effect on the issuer;

- (e) Dependency on a single or few suppliers of raw materials, failure of which may affect production adversely;
- (f) More than 20% revenue of the issuer comes from sister concern or associate or subsidiary;
- (g) Negative earnings, negative cash flows from operating activities, declining turnover or profitability, during last five years, if any;
- (h) Loss making associate or subsidiary or group companies of the issuer;
- (i) Financial weakness and poor performance of the issuer or any of its subsidiary or associates;
- (j) Decline in value of any investment;
- (k) Risk associated with useful economic life of plant and machinery, if purchased in second hand or reconditioned;
- (l) Adverse effect on future cash flow if interest free loan given to related party or such loans taken from directors may recalled;
- (m) Potential conflict of interest, if the sponsors or directors of the issuer are involved with one or more ventures which are in the same line of activity or business as that of the issuer and if any supplier of raw materials or major customer is related to the same sponsors or directors;
- (n) Related party transactions entered into by the company those may adversely affect competitive edge;
- (o) Any restrictive covenants in any shareholders' agreement, sponsors' agreement or any agreement for debt or preference shares or any restrictive covenants of banks in respect of the loan or credit limit and other banking facilities;

- (p) Business operations may be adversely affected by strikes, work stoppages or increase in wage demands by employees;
- (q) Seasonality of the business of the issuer;
- (r) Expiry of any revenue generating contract that may adversely affect the business;
- (s) Excessive dependence on debt financing which may adversely affect the cash flow;
- (t) Excessive dependence on any key management personnel absence of whom may have adverse effect on the issuer's business performance;
- (u) Enforcement of contingent liabilities which may adversely affect financial condition;
- (v) Insurance coverage not adequately protect against certain risks of damages;
- (w) Absence of assurance that directors will continue its engagement with Company after expiry of lock in period;
- (x) Ability to pay any dividends in future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure;
- (y) History of non operation, if any and short operational history of the issuer and lack of adequate background and experience of the sponsors;
- (z) Risks related to engagement in new type of business, if any;
- (aa) Risk in investing the securities being offered with comparison to other available investment options;

- (bb) Any penalty or action taken by any regulatory authorities for non-compliance with provisions of any law;
 - (cc) Litigations against the issuer for Tax and VAT related matters and other government claims, along with the disclosures of amount, period for which such demands or claims are outstanding, financial implications and the status of the case;
 - (dd) Registered office or factory building or place of operation is not owned by the issuer;
 - (ee) Lack of renewal of existing regulatory permissions or licenses;
 - (ff) Failure in holding AGM or declaring dividend or payment of interest by any listed securities of the issuer or any of its subsidiaries or associates;
 - (gg) Issuances of securities at lower than the IPO offer price within one year;
 - (hh) Refusal of application for public issue of any securities of the issuer or any of its subsidiaries or associates at any time by the Commission.
- (ii) External risk factors may include among others:
- (a) Interest rate risks;
 - (b) Exchange rate risks;
 - (c) Industry risks;
 - (d) Economic and political risks;
 - (e) Market and technology-related risks;
 - (f) Potential or existing government regulations;
 - (g) Potential or existing changes in global or national policies;
 - (h) Statutory clearances and approvals those are yet to be received by the issuer;
 - (i) Competitive condition of the business;
 - (j) Complementary and supplementary products or services which may have an impact on business of the issuer.

(20) **Description of the Issue:**

- (a) Issue size;
- (b) Number of securities to be issued;
- (c) Authorized capital and paid-up capital;
- (d) Face value, premium and offer price per unit of securities;
- (e) Number of securities to be entitled for each category of applicants;
- (f) Holding structure of different classes of securities before and after the issue;
- (g) Objective of the issue including financing requirements and feasibility in respect of enhanced paid-up capital.

(21) **Use of Proceeds:** The use of the issue proceeds shall be disclosed in the prospectus in details:

Provided that not more than 1/3rd of the issue proceeds shall be used for repayment of loans or as working capital. The following disclosures shall be made in this regard:

- (a) Use of net proceeds of the offer indicating the amount to be used for each purpose with head-wise break-up;
- (b) Utilization of the total amount of paid-up capital and share premium, if any, including the sponsors' contribution and capital raised of the issuer at the time of submission of prospectus, in details with indication of use of such funds in the financial statements;
- (c) If one of the objects is an investment in a joint venture, a subsidiary, an associate or any acquisition, details of the form of investment, nature of benefit expected to accrue to the issuer as a result of the investment, brief description of business and financials of such venture;
- (d) If IPO proceeds are not sufficient to complete the project, then source of additional fund must be mentioned. In this connection, copies of contract to meet the additional funds are required to be submitted to the Commission. The means and source of financing, including details of bridge loan or other financial arrangement, which may be repaid from the proceeds of the issue along with utilization of such funds;

- (e) A schedule mentioning the stages of implementation and utilization of funds received through public offer in a tabular form, progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, the approximate date of completion of the project and the projected date of full commercial operation etc. The schedule shall be signed by the Chief Executive Officer or Managing Director, Chief Financial Officer and Chairman on behalf of Board of Directors of the issuer;
- (f) If there are contracts covering any of the activities of the issuer for which the proceeds of sale of securities are to be used, such as contracts for the purchase of land or contracts for the construction of buildings, the issuer shall disclose the terms of such contracts, and copies of the contracts shall be enclosed as annexure to the prospectus;
- (g) If one of the objects of the issue is utilization of the issue proceeds for working capital, basis of estimation of working capital requirement along with the relevant assumptions, reasons for raising additional working capital substantiating the same with relevant facts and figures and also the reasons for financing short with long term investments and an item wise break-up of last three years working capital and next two years projection;
- (h) Where the issuer proposes to undertake one or more activities like diversification, modernization, expansion, etc., the total project cost activity-wise or project wise, as the case may be;
- (i) Where the issuer is implementing the project in a phased manner, the cost of each phase, including the phases, if any, which have already been implemented;
- (j) The details of all existing or anticipated material transactions in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies;
- (k) Summary of the project appraisal or feasibility report by the relevant professionals not connected with the issuer, issue manager and registrar to the issue with cost of the project and means of finance, weaknesses and threats, if any, as given in the appraisal or feasibility report.

(22) **Lock-in:**

- (a) Provisions for lock-in as per these Rules;
- (b) Statement of securities to be locked in for each shareholder along with BO account number, lock-in period and number of securities to be locked in.

(23) **Markets for the Securities Being Offered:** The issuer shall apply to all the relevant exchanges in Bangladesh within seven working days from the date of consent for public offer accorded by the Commission.

(24) **Description of securities outstanding or being offered:** All types of securities outstanding or being offered with date or proposed date of such issue and to whom those are offered, number of securities and issue or offer price along with the following information:

- (a) Dividend, voting and preemption rights;
- (b) Conversion and liquidation rights;
- (c) Dividend policy;
- (d) Other rights of the securities holders.

(25) **Financial Statements:**

- (a) The latest financial statements prepared and audited by any of the Commission's panel of auditors in adherence to the provisions of the Securities and Exchange Rules, 1987, the কোম্পানি আইন, ১৯৯৪, International Financial Reporting and Auditing Standards as adopted in Bangladesh from time to time and any other law as applicable;
- (b) Information as is required under section 186 of the কোম্পানি আইন, ১৯৯৪ relating to holding company;
- (c) Selected ratios as specified in Annexure-D;
- (d) Auditors report under Section 135(1), Paragraph 24(1) of Part II of Schedule III of the কোম্পানি আইন, ১৯৯৪. The report shall include comparative income statements and balance sheet and aforementioned ratios for immediate preceding five accounting years of the issuer. If the issuer has been in commercial operation for less than five years, the above mentioned inclusion and

submission will have to be made for the period since commercial operation;

- (e) Financial spread sheet analysis for the latest audited financial statements;
- (f) Earnings Per Share (EPS) on fully diluted basis (with the total existing number of shares) in addition to the weighted average number of shares basis. Future projected Net Income should not be considered while calculating the weighted average EPS;
- (g) All extra-ordinary income or non-recurring income coming from other than core operations should be shown separately while showing the Net Profit as well as the Earnings Per Share;
- (h) Quarterly or half-yearly EPS should not be annualized while calculating the EPS;
- (i) Net asset value (with and without considering revaluation surplus or reserve) per unit of the securities being offered at the date of the latest audited statement of financial position.
- (j) The Commission may require the issuer to re-audit the audited financial statements, if any deficiency or anomaly is found in the financial statements. In such a case, cost of audit should be borne by the concerned issuer.
- (k) Following statements for the last five years or any shorter period of commercial operation certified by the auditors:-
 - (i) Statement of long term and short term borrowings including borrowing from related party or connected persons with rate of interest and interest paid or accrued;
 - (ii) Statement of principal terms of secured loans and assets on which charge have been created against those loans with names of lenders, purpose, sanctioned amount, rate of interest, primary security, collateral or other security, re-payment schedule and status;
 - (iii) Statement of unsecured loans with terms and conditions;

- (iv) Statement of inventories showing amount of raw material, packing material, stock-in-process and finished goods, consumable items, store and spares parts, inventory of trading goods etc.;
- (v) Statement of trade receivables showing receivable from related party and connected persons;
- (vi) Statement of any loan given by the issuer including loans to related party or connected persons with rate of interest and interest realized or accrued;
- (vii) Statement of other income showing interest income, dividend income, discount received, other non operating income;
- (viii) Statement of turnover showing separately in cash and through banking channel;
- (ix) Statement of related party transaction;
- (x) Reconciliation of business income shown in tax return with net income shown in audited financial statements;
- (xi) Confirmation that all receipts and payments of the issuer above Tk.5,00,000/- (five lac) were made through banking channel;
- (xii) Confirmation that Bank Statements of the issuer are in conformity with its books of accounts;
- (xiii) Statement of payment status of TAX, VAT and other taxes or duties; and
- (xiv) Any other statement as may be required by the Commission.

(26) **Credit Rating Report, if applicable**

(27) **Public Issue Application Procedure:** As described in the consent letter.”.

Annexure-F

Disclosures in abridged version of prospectus

[See rule 5]

- (1) Name(s) and address(es), telephone numbers, web addresses, e-mails, fax numbers and contact persons of the issuer, issue manager and underwriter;
- (2) Amount, type and offering price of the securities on a per unit and aggregate basis of securities being issued;
- (3) Opening and closing date of subscription;
- (4) Availability of full prospectus;
- (5) Name of the credit rating Company (if any) along with rating assigned with date of validity;
- (6) Names of the valuer, if any and the auditors;
- (7) It shall be indicated that a prospectus may be obtained from the issuer and issue manager;
- (8) The following statement: “If you have any query about this document, you may consult the issuer, issue manager and underwriter”;
- (9) The following statement in bold type in a box format: **“CONSENT OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2015. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER, MANAGING DIRECTOR,/CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, ISSUE MANAGER, ISSUE MANAGER’S CHIEF EXECUTIVE OFFICER, MANAGING DIRECTOR, UNDERWRITERS, AUDITOR(S) AND/OR VALUER, CREDIT RATING COMPANY (IF ANY);**
- (10) The following statements in bold type:
“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”
“Investment in capital market involves certain degree of risks. The investors are required to read the prospectus and risk factors carefully, assess their own financial conditions and risk taking ability before making their investment decisions”;
- (11) Summary of use of proceeds of the offer;
- (12) Brief corporate directory of the issuer;
- (13) Location of the project;

- (14) Principal products or services of the issuer;
- (15) Names of associates, subsidiary /related and holding of issuer company;
- (16) Name, address and short description of each of the directors;
- (17) Comparative financial statements and NAV, EPS, and financial ratios for the last five years or from commercial operation, which is shorter;
- (18) Public issue application process.

Documents to be filed by the issuer

[See rule 4 (1)(d)]

The following documents attested by the Managing Director/Chief Executive Officers of the issuer and the issue manager shall be filed with the application for consent to an issue of capital through public offer, namely:-

- (1) Memorandum and Articles of Association- certified by the Registrar of Joint Stock Companies and Firms (RJSC);
- (2) Certificate of Incorporation and Certificate of Commencement of Business – certified by the Registrar of Joint Stock Companies and Firms;
- (3) Extract from the Minutes of Meeting of the Board of Directors for raising paid up capital;
- (4) Consent of the Directors to serve, in original, signed by all directors;
- (5) Land Title Deed with current rent receipts;
- (6) If plant & machinery is reconditioned or second-hand – PSI certificates along with the import documents;
- (7) Loan agreements, if any;
- (8) Banker’s letter confirming opening of separate bank account for public issue purposes;
- (9) Due Diligence Certificate from Trustee of debt securities (as prescribed in the Securities and Exchange Commission (Private placement of Debt Securities) Rules, 2012), in original;
- (10) Agreement with (a) Investment Adviser, (b) Issue Manager along with a copy of inter-se allocation of responsibilities of each merchant banker, in case the issue is managed by more than one merchant banker, (c) Underwriter(s) and (d) Trustee of debt securities;
- (11) Joint venture agreement, if any;
- (12) Tax holiday approval letter from NBR, if any;
- (13) Copy of return of allotment and particulars of directors certified by the Registrar of Joint Stock Companies and Firms;

- (14) ¹[Banker's certificate or auditor's certificate, along with respective bank statement evidencing deposit of the amount of paid-up capital in case of raising of capital in cash;]
- (15) ²[Undertakings of the issuer and its directors and shareholders having more than 10% of share for obtaining CIB Report from Bangladesh Bank];
- (16) Copies of valid license from the regulatory authority, where applicable;
- (17) Deed of Trust (in case of debt securities);
- (18) Credit rating report, if applicable;
- (19) Proper documents in support of information disclosed in prospectus regarding income tax, VAT status etc.
- (20) Revaluation Report as prepared according to Commission's guidelines;
- (21) Audited financial statements for last 5 years or shorter period for which the issuer is in commercial operation;
- (22) Auditors certificate in pursuance to section 135 of the Companies Act;
- (23) Feasibility report prepared by professional people in case the issue proceeds are to be used in new projects;
- (24) Copies of contract/agreement/ loan sanction letter from bank/financial institutions to meet the additional funds required beyond the issue proceeds to complete the project;
- (25) Documents regarding the following for the last five years or any shorter period of commercial operation certified by the auditors:
 - (a) Statement of long term and short term borrowings including borrowing from related party or connected persons with rate of interest and interest paid/accrued;
 - (b) Statement of principal terms of secured loans and assets on which charge have been created against those loans with names of lenders, purpose, sanctioned amount, rate of interest, primary security, collateral/other security, re-payment schedule and status;
 - (c) Statement of unsecured loans with terms & conditions;

¹ Replaced by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.

² Replaced by the Notification No. BSEC/CMRRCD/2003-109/200/Admin/ dated, 18 June 2017, Published in the Bangladesh Gazette on 06 July 2017.

- (d) Statement of inventories showing amount of raw material, packing material, stock-in-process and finished goods, consumable items, store & spares parts, inventory of trading goods etc.;
- (e) Statement of trade receivables showing receivable from related party and connected persons;
- (f) Statement of any loan given by the issuer including loans to related party or connected persons with rate of interest and interest realized/accrued;
- (g) Statement of other income showing interest income, dividend income, discount received, other non operating income;
- (h) Statement of turnover showing separately in cash and through banking channel;
- (i) Statement of related party transaction;
- (j) Reconciliation of business income shown in tax return with net income shown in audited financial statements;
- (k) Confirmation that all receipts and payments of the issuer above Tk.5,00,000/- (five lac) were made through banking channel;
- (l) Confirmation that Bank Statements of the issuer are in conformity with its books of accounts;
- (m) Statement of payment status of TAX, VAT and other taxes/duties; and
- (n) Any other statement as may be required by the Commission.

- ¹[(26) RJSC certified vendor's agreement along with the title documents of ownership of properties or assets in case of raising of capital in kind, i.e. other than cash consideration; and
(27) The issuer shall submit auditor's certificate on utilization of the fund raised through issue of capital earlier.]

By order of the Bangladesh Securities and Exchange Commission

Dr. M. Khairul Hossain
Chairman.

¹ Added by the Notification No. BSEC/CMRRCD/2003-109/229/Admin/98 dated, 25 July 2019, Published in the Bangladesh Gazette on 03 September 2019.