

No. BSEC/IEID/BRMPCL/Enquiry/2024/354/363

Date: 24 June 2024

## Order

Whereas with reference to the Enquiry order no. *BSEC/IEID/BRMPCL/Enquiry/2024/354* dated 06 June 2024, the enquiry committee observed by reviewing the information from the Central Depository Bangladesh Limited (CDBL) that Bangladesh Race Management PCL opened and maintained BOIDs either as mother accounts or linked accounts in different broker houses namely *Multi Securities & Services Limited.*, *The Smart Trades Limited.*, *Trust Bank Securities Limited* etc. for the mutual funds under management of Bangladesh Race Management PCL; although as per বিধি ৪০ এবং বিধি ৪১ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ the securities under mutual funds are supposed to be kept under the safe custody with the approved custodian of the respective mutual fund maintaining BOID in the name of the mutual fund.

And whereas the assets and securities under mutual funds are supposed to be kept in safe custody with approved custodian under the guardianship or trusteeship of a registered trustee to protect the interest of the unitholders of the mutual fund and from the mismanagement of assets and securities by the asset manager of the mutual funds; it is urgently required to review the role of the concerned parties of the mutual funds e.g. trustee, custodian and asset manager for such contravention of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ whether the concerned parties of the mutual funds are in negligence to ensure safe custody of securities of mutual funds or to protect the interest of the unitholders of the mutual funds under management of Bangladesh Race Management PCL from transferring & trading of securities from the said BOIDs of the broker houses in lieu of the account maintained with the respective custodian of the mutual fund;

In view of the above, to ensure safe custody of securities of mutual funds and to protect the interests of the unitholders of the mutual funds under the management of Bangladesh Race Management PCL, the Commission, with the powers conferred under Section 20A of the Securities and Exchange Ordinance, 1969, instructs the depository, the exchanges, the trustees, the custodians, and the asset manager of the funds under the management of Bangladesh Race Management PCL the following:

1. Every type of instruction given by the asset manager, i.e., Bangladesh Race Management PCL, for trading securities using all the BOIDs with a stock broker, either as a mother account or linked account, for the funds under the management of Bangladesh Race Management PCL in lieu of the BOID with or without maintaining the approved custodian of the respective mutual fund, shall be suspended till further instruction given by the Commission;
2. Each respective trustee of the mutual funds under the management of Bangladesh Race Management PCL shall take control of all the BOIDs opened and maintained with any stock broker in the name of the respective mutual funds under its trusteeship and shall report to the Commission with detailed holding status within next 07 (seven) working days from the issuance of this order;
3. Every custodian of the funds under the management of Bangladesh Race Management PCL shall ensure the BOID of the respective mutual fund, take steps to close the BOIDs opened and maintained in the broker house in lieu of the custodian of the mutual fund, and shall transfer all



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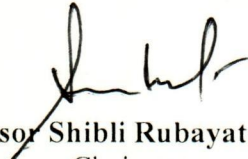
securities in the respective BOID maintained with the respective custodian of the mutual funds within next 07 (seven) working days from the issuance of this order:

Provided that failure to transfer the securities to the respective BOID with the custodian of the mutual fund, any type of trading of securities in the name of the mutual fund shall be suspended till further instruction of the Commission, and the respective custodian and the trustee shall report to the Commission within next 03 (three) days of the end of the aforementioned period;

4. Each concerned party of the mutual funds under the management of Bangladesh Race Management PCL shall report to the Commission in detail about their steps and compliance status under this order within next 10 (ten) working days from the issuance of this order.

This order shall have immediate effect.

By order of the Bangladesh Securities and Exchange Commission

  
**Professor Shibli Rubayat-Ul-Islam**  
Chairman