

রেজিস্টার্ড নং ডি এ-১

বাংলাদেশ



গেজেট

অতিরিক্ত সংখ্যা
কর্তৃপক্ষ কর্তৃক প্রকাশিত

মঙ্গলবার, মে ২৮, ২০১৯

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

Bangladesh Securities and Exchange Commission

NOTIFICATION

Dated : 22 May 2019

No. BSEC/CMRRCD/2019-369/219/Admin/87.—In exercise of the power conferred by section 33(1) of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), 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 (Short-Sale) Rules, 2019.

2. **Definitions.**—(1) In these rules, unless there is anything repugnant in the subject or context,—

- (a) “collateral” means any acceptable form of collateral:
- (i) cash;
 - (ii) certificate of deposit;
 - (iii) bank guarantee;
 - (iv) liquid financial instruments;
 - (v) eligible listed securities;

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- (vi) any other financial instrument, as approved by the exchange or central counterparty (CCP), as appropriate;
- (b) “financial instrument” means listed equity or debt instrument;
- (c) “ledger” means a record containing details of all short-selling activities by a stock-dealer for its own account or stock-broker for the account of its clients as required under these rules;
- (d) “short-sale” or “short-selling” means the sale of any eligible securities which—
- (i) the seller does not own, or
- (ii) is consummated by the delivery of any securities borrowed by or for the account of the seller;
- (e) “Securities borrowing and lending (SBL)” means an arrangement in which the lender transfers any eligible securities to the borrower which is not a sale, and the borrower agrees to transfer the eligible securities back to the lender at a later date, and the borrower provides collateral under the arrangement, against the risk that the future transfer of securities is not completed satisfactorily.

(2) Words and expressions used herein and not defined, but defined in the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), ব্যাংক কোম্পানি আইন, ১৯৯১ (১৯৯১ সনের ১৪ নং আইন), Bangladesh Securities and Exchange Commission Act (Act No. 15 of 1993), 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), এক্সচেঞ্জ ডিমিউচুয়ালাইজেশন আইন, ২০১৩ (২০১৩ সনের ১৫ নং আইন), ফাইন্যান্সিয়াল রিপোর্টিং আইন, ২০১৫ (২০১৫ সনের ১৬ নম্বর আইন), shall have the same meanings respectively assigned to them in the said Ordinance, Act, and Rules and Regulations made thereunder.

3. Owning Securities.—A person shall be deemed to own any securities only if he has:

- (a) title to the securities; or
- (b) purchased, or borrowed, or is entitled to, the securities by any legal process.

4. Short-Selling Framework.—(1) A stock-dealer or stock-broker shall fulfil the fit and proper criteria as set by the exchange.

(2) The securities that could be short-sold must be the eligible securities, i.e. securities that are issued by the “A” category company as defined in the “Dhaka Stock Exchange (Settlement of Transactions) Regulations, 2013” or “Chittagong Stock Exchange (Settlement of Transactions) Regulations, 2013” and the listed Government Securities or any other category determined by the exchange with prior approval of the Commission.

(3) For short-selling, a stock-broker who shall execute the short-sale order must obtain a margin cover as specified by the exchange or CCP, as the case may be.

(4) Securities borrowing and lending for short-selling shall only be undertaken complying the rule 8.

(5) A stock-broker may only enter into the short-sale of any eligible securities on behalf of client, if the transaction is confirmed by the client in a format approved by the exchange and the stock-broker takes the responsibility for ensuring the timely delivery of the securities.

(6) Short-selling shall not be permitted by the exchange, if:

- (a) the securities is under an offer for merger or acquisition;
- (b) the securities is not eligible securities for short-selling.

(7) Any other conditions the exchange may determine from time to time with prior approval of the Commission.

(8) Short-sale and SBL shall take place in the trading platform as specified by the exchange.

5. Short-Selling Mechanism.—(1) A stock-dealer or stock-broker may only enter into the short-sale of any eligible securities, if they have entered into a valid contract for securities borrowing as per rule 8, unless otherwise specified by other rules or regulations.

(2) Subject to rule 3 and rule 4 of these rules:

- (a) a stock-dealer may short-sell for their own account;
- (b) a stock-broker may short-sell for clients' accounts provided they are made aware the order is a short-sale and shall, when placing the order, make the exchange aware of the same;
- (c) on receipt of an order for the sale of any securities, a stock-broker shall enquire whether the client owns the securities, or has borrowed the securities under an appropriate securities lending agreement;
- (d) a stock-broker shall take all reasonable steps to ensure client disclosures are accurate;
- (e) a stock-broker or stock-dealer shall meet the margin requirements defined by the exchange or CCP, as appropriate;
- (f) a stock-broker shall meet the net worth requirements as defined by the exchange or CCP, as appropriate.

6. Maintaining Records, etc.—(1) A stock-dealer or stock-broker shall maintain a ledger on short-sales containing the information in Form-A, or any other format as specified by the exchange or the Commission from time to time.

(2) A stock-broker or stock-broker shall send report to the exchange or CCP, as appropriate, about its net short-sold positions at the end of each trading day.

(3) The ledger shall be kept up-to-date in respect of all short-selling activities carried out.

(4) A stock-dealer or stock-broker shall ensure the ledger shall not contain any entry which, it has reason to believe, is false and misleading.

(5) The ledger shall be made available to the exchange and the Commission on request.

(6) The ledger shall be retained for a period of at least 7 (seven) years after the date of execution of the short-sale.

7. Exemptions.—(1) Market making activities shall be governed by the “বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (বাজার সৃষ্টিকারী) বিধিমালা, ২০১৬”.

(2) A market maker and its designated clients are subject to separate authorisation by the exchange.

(3) Short-selling for market making purposes shall be subject to the following criteria:

- (a) daily reporting of open positions;
- (b) all uncovered short positions should be covered at the end of the trading day;
- (c) any other criteria the exchange may determine from time to time with prior approval of the Commission.

8. Securities Borrowing and Lending for Short-Selling.—The party or parties associated with the short-selling of securities listed on the exchange shall adhere to the following:—

(1) The borrower shall borrow securities under an agreement determined by the exchange for a specified period with the condition that, the borrower shall return securities as per agreement.

(2) The lender shall deposit the securities under the securities borrowing and lending agreement to the stock-broker or stock-dealer, as the case may be, who shall execute the short-selling order on behalf of the securities borrower.

(3) The lending of securities and the return of the equivalent securities of the same type or class by the borrower shall not be treated as disposal of the securities.

(4) A stock-broker or stock-dealer shall unless otherwise provided in the agreement with the lender, ensure the return of the securities to the lender.

(5) In case of failure of the borrower to return the securities, the stock-broker or stock-dealer shall be liable for making good the loss caused to the lender.

(6) The said borrowing and lending agreement shall also provide for the following terms and conditions:—

- (a) period of borrowing or lending of securities;

- (b) charges or fees or benefits for borrowing or lending;
- (c) collateral securities for borrowing, if applicable;
- (d) provisions for the return including premature return of the securities deposited or lent;
- (e) mechanism for resolutions of the disputes through arbitration.

(7) The borrower shall not be entitled to discharge his liabilities of returning the equivalent securities through payment in cash or kind, unless the matter is resolved by any other form as determined by the exchange or CCP, as the case may be.

(8) A stock-broker or stock-dealer shall be entitled to receive or encash eligible collateral securities, as determined, and fees from the borrower for assuming the obligation to return the securities to the lender in the event of default of the borrower to return the securities to the lender.

FORM A

SHORT SELLING LEDGER

Name of Eligible Security: _____

Stock Code: _____

Date of Transaction	Contract Note No.	Particulars			Underlying Securities Borrowing Transaction Reference	Short-selling Client		Cover Transaction		Particulars		
		Quantity	Unit Price	Total Value		Name	BO A/C No.	Date	Contract Note No.	Quantity	Unit Price	Total Value

By order of the Bangladesh Securities and Exchange Commission

Dr. M. Khairul Hossain
Chairman.

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