

Bangladesh Securities and Exchange Commission

Securities Commission Bhaban
E-6/C Agargaon
Sher-e-Bangla Nagar Administrative Area
Dhaka-1207, Bangladesh.

NOTICE

22 February 2021

The Bangladesh Securities and Exchange Commission (BSEC) hereby publishes the following draft on the Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021 in the newspaper as per requirement of section 33(1) of the Securities and Exchange Ordinance, 1969 for eliciting public opinion, etc.

Opinion, advice or objection, if any thereon will have to be sent to the following address within two weeks from the date of publication of the draft.

Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban
E-6/C Agargaon
Sher-e-Bangla Nagar Administrative area
Dhaka-1207.

Draft On

BANGLADESH SECURITIES AND EXCHANGE COMMISSION (CAPITAL MARKET STABILIZATION FUND) RULES, 2021

Whereas in the interest of the investors and the development of the capital market, it is necessary to constitute a Fund;

Now, therefore, in exercise of the powers 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:-

Chapter I Preliminary

1. Short title:

- (1) These rules may be called the Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021;
- (2) These rules shall come into force on the date of publication in the official Gazette.

2. Definitions:

- (1) In these rules, unless the context otherwise requires,-
- (a) “Board” means the Board of Governors of the Fund as constituted under rule 5(1) of these rules ;
 - (b) "Capital Market Intermediary" means any person registered under the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Commission Act, 1993 (Act No. XV of 1993) and the Depository Act, 1999 (Act No. VI of 1999) and the rules and regulations made thereunder;
 - (c) "Cash Balance" means any cash in hand or cash at bank lying with the Fund, issuer or investor or any capital market intermediary;
 - (d) “Commission” means the Bangladesh Securities and Exchange Commission constituted under the Bangladesh Securities and Commission Act, 1993 (Act No. XV of 1993);
 - (e) “Fund” means the Capital Market Stabilization Fund constituted under rule 3 of these rules;
 - (f) "Investor" means any person who has invested or proposes to invest in any security or any unit of mutual fund or collective investment scheme;
 - (g) “Issuer” means any person who has issued or proposes to issue any security or mutual fund or collective scheme;
 - (h) “Financial Year” means the 12 (twelve) months ending on 30th June of each Gregorian calendar.
- (2) Words and expressions used herein and are not defined, but defined in the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Exchange Commission Act, 1993 (Act No. XV of 1993), the Companies Act, 1994 (Act No. XVIII of 1994), the Depository Act, 1999 (Act No. VI of 1999) Demutualization Act, 2013 shall have the same meanings respectively assigned to them in the said Ordinance and Acts, and the rules and regulations made thereunder.

Chapter II Constitution of the Fund

3. Constitution of the Fund:

- (1) Capital Market Stabilization Fund (hereinafter referred to as ‘Fund’) shall be constituted for the purpose of these rules;
- (2) The Fund shall have a common seal and management office in Dhaka;
- (3) The Fund shall be governed by the Board of Governors constituted under rule 5(1) of these rules;
- (4) The Fund shall be operated by maintaining bank account with any scheduled bank and a consolidated securities account or Beneficiary Owner’s (BO) account in the name of the Capital Market Stabilization Fund under rule 8 of these rules;

4. Composition of the Fund:

- (1) The Fund shall be comprised of cash and securities received from the issuer, stock broker, portfolio manager or any person for the following reasons or sources, namely:
 - (i) any undistributed, unclaimed, or unsettled cash dividend including accrued interest or benefits thereon as transferred by the issuer to the Fund in pursuance of these rules or as per direction of the Commission; or
 - (ii) any unclaimed or unsettled deposits in cash including accrued interest or benefits thereon held in the consolidated customer accounts (CCA) with the stock broker or in the portfolio account or management discretionary account (MDA) with the portfolio manager as transferred to the Fund in pursuance of these rules or as per direction of the Commission; or
 - (iii) any undistributed, unclaimed or unsettled stock dividend or bonus shares or rights shares held in the suspense BO Account of the issuer as transferred to the Fund in pursuance of these rules or as per direction of the Commission; or
 - (iv) Any unclaimed or unsettled securities held in the BO Account with the stock broker or portfolio manager received as stock dividend or bonus shares or rights shares in favour of the customers by the stock broker or portfolio manager that transferred to the Fund in pursuance of these rules or as per direction of the Commission.
- (2) The Fund may receive any grant or loan from the Government or any other organization for the stabilization as well as development of the capital market;
- (3) All receipts other than securities shall be deposited to the bank account as maintained and operated under rule 8 of these rules;
- (4) All securities receipts shall be deposited to the consolidated securities account or Beneficiary Owner's (BO) account as maintained and operated under rule 8 of these rules;

Chapter III

Operation of the Fund

5. Constitution of Board of Governors of the Fund and its powers and functions:

- (1) The Fund shall be governed by the Board of Governors (hereinafter referred to as the Board) of 11 (eleven) members consisting of as follows:
 - (i) Chairman shall be appointed by the Commission;
 - (ii) 3 (three) members shall be nominated by the Commission;
 - (iii) 1 (one) member shall be nominated by the Dhaka Stock Exchange Limited and 1(one) member shall be nominated by the Chittagong Stock Exchange Limited;
 - (iv) 1 (one) member shall be nominated by the Central Depository Bangladesh Limited and 1(one) member shall be nominated by the Central Counterparty Bangladesh Limited;

- (v) 1 (one) member shall be nominated by Bangladesh Association of Publicly Listed Companies (BAPLC);
- (vi) 1 (one) member from the Professionals of Chartered Accountants or Cost and Management Accountants or Chartered Secretaries or Chartered Financial Analysts as selected by the Commission; and
- (vi) The Chief of Operation (CO) of the Fund shall remain as an ex-officio member:

Provided that no person shall be eligible for the position of Chairman or member of the Board if he/she has no knowledge in accounting, finance, economics, law or capital/ financial market with at least 15 (fifteen) years of professional experiences:

Provided further that the first Board of the Fund shall be constituted by the Commission within **one month of coming into force of these rules;**

Provided further that no Board of the Fund shall be constituted without approval of the Commission.

- (2) A member of the Board shall hold his/her office **for a term of 3 (three) years**, but shall continue to hold office after the expiry of his/her term until a successor enters: Provided that no member of the Board shall be appointed for more than two terms.
- (3) The Commission shall have authority to remove and appoint any member of the Board of the Fund.
- (4) In case of death, resignation, disqualification, or removal of any member of the Board or in any other cases of vacancies, the Commission shall fill the vacancy within 30(thirty) days of occurring such vacancy in the Board of the Fund.
- (5) The Chief of Operation of the Fund shall also act as the secretary of the Board of the Fund.
- (6) No member of the Board of the Fund shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Board meeting fees or honorarium from the Fund.
- (7) In absence of the regular Chairman of the Board of the Fund remaining members may elect one of themselves as Chairman for that particular meeting; the reason of absence of the regular Chairman shall duly be recorded in the minutes of the meeting.
- (8) The Board shall conduct at least 6 (six) meeting in each financial year.
- (9) The Chairman of the Board may convene any emergency meeting upon request by any member of the Board.
- (10) Quorum of the meeting of the Board shall be constituted in presence of at least 6(six) members of the Board.

- (11) Every member of the Board shall have **one vote and the** decision of the majority shall prevail, and in case of equality of votes, the Chairman shall have a second or casting vote.
- (12) The proceedings of the meeting of the Board shall duly be recorded in the minutes of the meeting and such minutes shall be confirmed in the next meeting of the Board.
- (13) The minutes of the meeting of the Board shall be furnished to the Commission within 3(three) days of such confirmation.
- (14) The Board shall be responsible and accountable to the Fund and to the Commission;
- (15) The Board shall remain responsible for performing the following activities:
 - (i) The Board shall take all the policy initiatives (including devising of investment policy, securities lending and borrowing policy, policy on selling and buying of listed securities and investors' claim settlement policy, etc.) for achieving the objectives and purpose of the Fund and smooth functioning of the Fund.
 - (ii) The Board shall also be responsible to stabilize the capital market ensuring liquidity to the market by way of selling and buying of listed securities, lending and borrowing (SLB) of listed securities for short selling purpose , support to the market maker and settlement of investor' claims;
 - (iii) The Board shall formulate necessary management committee or sub-committee to accomplish the objectives and purpose of the Fund as mentioned at sub-clause (ii) above.
 - (iv) The Board shall fix the terms of reference (TOR) of the management committee or the sub-committee;
 - (v) The Board may appoint necessary officers and employees or hire management support from any organization for smooth functioning and operation of the Fund:

Provided that Chief of Operation of the Fund shall not be appointed without prior approval of the Commission.
 - (vi) The terms and conditions of service of the officers and employees or management contract as mentioned at clause (iv) above shall be determined by the Board of the Fund;
 - (vii) The Board shall fix the salaries and allowances of the Chief of Operation, officers and employees or remuneration of the management support/ services of the Fund.
 - (viii) The Board shall conduct an Annual General Meeting of the Board of

Governors within 6(six) months of the financial year end.

- (ix) The annual financial statements of the Fund shall be approved in the Annual General Meeting of the Board of Governors;
 - (x) The periodical financial statements and other reports shall be approved in the Board meeting.
 - (xi) The Board shall responsible for settlement of any claim by the investor;
- (16) The Board shall have full control over the administration and management of the Fund and shall be vested with all powers, authorities and discretion necessary or expedient for the objectives and purpose of the Fund.

6. Management Committee of the Fund.

- (1) The Board shall form several management committees as sub-Committee of the Board **for** selling and buying of listed securities, lending and borrowing (SLB) of listed securities for short selling purpose and settlement of investors' claims;
- (2) The Board shall, among others, form the following management committee;
 - (a) Management committee for selling and buying of listed securities;
 - (b) Management committee for lending and borrowing of listed securities;
 - (c) Management committee for settlement of investors' claims;
 - (d) Management committee for audit and accounts; and
 - (e) Risk management committee;
- (3) The Board may form any other committee if necessary;
- (4) All management committees shall be responsible to the Board;
- (5) Each management committee shall be comprised of at least three members of the Board;
- (6) Every member of any management committee shall hold his/her office for a term of 3 (three) years, but shall continue to hold office after the expiry of his/her term until a successor enters:

Provided that no member of any management committee shall be appointed for more than two terms.

- (7) The Board shall have authority to remove and appoint any member of the management committee of the Fund.
- (8) In case of death, resignation, disqualification, or removal of any member of any management committee or in any other cases of vacancies, the Board shall fill the vacancy within 30(thirty) days of occurring such vacancy in the management committee;
- (9) The Chief of Operation of the Fund shall act as the secretary of all the management committees;

- (10) No member of any management committee shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than management committee's meeting fees or honorarium from the Fund.
- (11) The Board shall select one of the members from each management committee as Chairman of the committee;
- (12) In absence of the regular Chairman of any management committee remaining members may elect one of themselves as Chairman for that particular meeting; the reason of absence of the regular Chairman shall duly be recorded in the minutes of the meeting.
- (13) Every management committee shall conduct at least one meeting in each month.
- (14) The Chairman of any management committee may convene any emergency meeting upon request by any member of the committee.
- (15) Quorum of the meeting of each management committee shall be constituted in presence of either two members or two third of the members of the committee, whichever is higher.
- (16) The proceedings of the meeting of the management committee shall duly be recorded in the minutes of the meeting and such minutes shall be confirmed in the next meeting;
- (17) The minutes of the meeting of the management committee shall be furnished to the Board within 3(three) days of confirmation;
- (18) The management committee shall be responsible and accountable to the Board and to the Fund;
- (19) All the management committee shall perform their duties as per the terms of reference (TOR) as fixed by the Board from time to time;\

7. Objective and purpose of the Fund:

- (1) The main objectives and purpose of the Fund are to stabilize the capital market ensuring liquidity to the market by way of selling and buying of listed securities, lending and borrowing (SLB) of listed securities for short selling purpose and settlement of investors' claim;
- (2) Without prejudice to the objectives and purpose as mentioned at sub-rules (1), the functions of the Fund shall include the followings:
 - (i) to ensure depth to the market by way of direct buying and selling of listed securities;
 - (ii) to ensure securities lending & borrowing (SLB) to the market maker in support of short selling as well as to the capital market intermediary;
 - (iii) to support to the market maker for the development of capital market;
 - (iv) to ensure settlement of investors' claims; and

- (v) any other function as instructed by the Board or by the Commission.

8. Operation of the Fund:

- (1) The Fund shall be operated by maintaining a bank account with any scheduled bank in the name of “Capital Market Stabilization Fund” and maintaining a consolidated securities account or Beneficiary Owner's (BO) Account in the name of “Capital Market Stabilization Fund”.
- (2) The said bank account and the BO account shall be maintained by joint signatories of the Chief of Operation of the Fund and two members of the Board of the Fund;
- (3) All receipts other than securities shall be deposited to the bank account;
- (4) All payments including salaries, allowances, fees and all other expenses shall be made from the bank account;
- (5) All payments relating to investments shall be made the from the bank account;
- (6) All payment of investors claims shall be made from the bank account;
- (7) All securities receipts shall be deposited to the consolidated securities account or Beneficiary Owner’s (BO) account;
- (8) All buy or sale of securities shall be made from the BO account;
- (9) All lending and borrowing of securities shall be made from the BO account;
- (10) All claims of securities by the investors shall be made/settled from the securities account or BO account;
- (11) Operating income of the Fund may be the followings:
 - (i) Any profit or gain from buying and selling of securities and from any investments;
 - (ii) Any profit or interest income from securities lending and borrowing activities and other credit facilities;
 - (iii) Any profit or interest income on bank deposits;
 - (iv) Any other fees and fine received.
- (12) All payments or claims or expenses as mentioned at sub-rule (4), (5) and (6) above including fees for auditors, legal advisers or other professionals and all related other costs shall be charged to the Fund with approval of the Board or related management committee as the case may be;

9. Procedures of transferring unclaimed or unsettled dividend or cash balance or securities left with the issuer, stock broker and portfolio manager:

- (1) If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by the issuer to the bank account of the Fund within such time as directed by the Commission or the Fund from time to time:

Provided that the issuer shall provide detailed information (e.g., year of dividend, name of shareholder/unit holder, BO account number/folio number, permanent & contact address, shareholding/unit holding, nominee (if any), amount of dividend, tax deducted at source, net amount of dividend, etc.) to the Fund during transfer of cash dividend.

- (2) If any stock dividend or bonus shares remains unclaimed or unsettled including corporate benefit in terms of bonus shares thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by the issuer in dematerialized form to the BO Account of the Fund within such time as directed by the Commission or the Fund from time to time:

Provided that the issuer shall provide detailed information (e.g., year of dividend, name of shareholder/unit holder, BO account number/folio number, permanent & contact address, shareholding/unit holding, nominee (if any), number of stock dividend/bonus shares, etc) to the Fund during transfer of stock dividend or bonus shares.

- (3) Any cash in the clients' ledger under 'Consolidated Customer Account' remaining unclaimed for more than 3 (three) years shall be transferred by the stock broker to the bank account of the Fund within such time as directed by the Commission or the Fund from time to time:

Provided that the stock broker shall provide detailed information (e.g., name of the customer, BO account number, customer account/code number, permanent & contact address, nominee (if any), amount left in the customer account with date, etc) to the Fund during transfer of such unclaimed cash balances.

- (4) Any securities left in the BO account remaining unclaimed for more than 3 (three) years shall be transferred by the stock broker to the BO Account of the Fund in demate form within such time as directed by the Commission or the Fund from time to time:

Provided that the stock broker shall provide detailed information (e.g., name of the customer, BO account number, customer account/code number, permanent & contact address, nominee (if any), name of the securities (including issuer's name), number of securities left in the customer account with date, etc.) to the Fund during transfer of such unclaimed securities.

- (5) Any cash left in the clients' portfolio accounts remaining unclaimed for more than 3 (three) years shall be transferred by the portfolio manager to the bank account of the Fund within such time as directed by the Commission or the Fund from time to time:

Provided that the portfolio manager shall provide detailed information (e.g., name of the customer, BO account number, customer account/code number, permanent & contact address, nominee (if any), amount left in the customer account with date, etc.) to the Fund during transfer of such unclaimed cash balances.

- (6) Any securities left in the clients' portfolio accounts remaining unclaimed for more than 3 (three) years shall be transferred by the portfolio manager to the BO Account of the Fund in demate form within such time as directed by the Commission or the Fund from time to time:

Provided that the portfolio manager shall provide detailed information (e.g., name of the customer, BO account number, customer account/code number, permanent & contact address, nominee (if any), name of the securities (including issuer's name), number of securities left in the customer account with date, etc.) to the Fund during transfer of such unclaimed securities.

- (7) Any delay in transferring of such unclaimed or unsettled dividend or cash balance or securities as mentioned in sub-rule (1) to (6) above by the issuer, stock broker or portfolio manager shall be subject to charge default interest at **the rate of 2%** per month on the amount of unclaimed or unsettled dividend or cash balance or the securities market price from the due date as per the Commission's or the Fund's direction.
- (8) The Board or the Chief of Operation shall, by creating a data base/bank, preserve the information as provided under the proviso of sub-rule (1) to (6) above until the respective claim is settled in full.

10. Claims settlement Procedures:

- (1) If any shareholder or unit holder claims his cash dividend after transfer of such dividend to the bank account of the Fund, within 15 (Fifteen) days of receiving such claim, the issuer shall, after proper verification of the claim, recommend with a detailed information as mentioned in the proviso of rule 9 (1) of these rules to the Chief of Operation of the Fund to pay off such dividend from the bank account of the Fund:

Provided that the Chief of Operation of the Fund shall, after due scrutiny with the data base/bank as created under sub-rule (8) of rule 9 of these rules as well as the aforesaid recommendation and approval of the Board or the management committee for settlement of investors' claims as the case may be, pay off such cash dividend to the claimant through BEFTN or any electronic payment system within 15 (fifteen) working days of receiving of such recommendation with intimation to the concerned issuer.

- (2) If any shareholder claims his stock dividend or bonus shares after transfer of such dividend or bonus shares to the BO Account of the Fund, within 15 (Fifteen) days of receiving such claim, the issuer shall, after proper verification of the claim, recommend with a detailed information as mentioned in the proviso of rule 9 (2) of these rules to the Chief of Operation of the Fund to pay off or transfer such stock dividend or bonus shares from the BO Account of the Fund:

Provided that the Chief of Operation of the Fund shall, after due scrutiny with the data base/bank as created under sub-rule (8) of rule 9 of these rules as well as the aforesaid recommendation and approval of the Board or the management committee for settlement of investors' claims as the case may be, pay off or transfer such stock dividend or bonus shares to the claimant's BO Account within 15 (fifteen) working days of receiving of such recommendation with intimation to the concerned issuer.

- (3) If any customer of a stock broker claims his cash balance left with his ledger after transfer of cash balance to the bank account of the Fund, within 15 (Fifteen) days of receiving such claim, the stock broker shall, after proper verification of the

claim, recommend with a detailed information as mentioned in the proviso of rule 9 (3) of these rules to the Chief of Operation of the Fund to pay off such cash balance from the bank account of the Fund:

Provided that the Chief of Operation of the Fund shall, after due scrutiny with the data base/bank as created under sub-rule (8) of rule 9 of these rules as well as the aforesaid recommendation and approval of the Board or the management committee for settlement of investors' claims as the case may be, pay off such cash balance to the claimant through BEFTN or any electronic payment system within 15 (fifteen) working days of receiving of such recommendation with intimation to the concerned stock broker.

- (4) If any customer of a stock broker claims his securities left with the BO Account of the stock broker after transfer of such securities to the BO account of the Fund, within 15 (Fifteen) days of receiving such claim, the stock broker shall, after proper verification of the claim, recommend with a detailed information as mentioned in the proviso of rule 9 (4) of these rules to the Chief of Operation of the Fund to pay off or transfer such securities from the BO account of the Fund:

Provided that the Chief of Operation of the Fund shall, after due scrutiny with the data base/bank as created under sub-rule (8) of rule 9 of these rules as well as the aforesaid recommendation and approval of the Board or the management committee for settlement of investors' claims as the case may be, pay off or transfer such securities to the claimant's BO Account within 15 (fifteen) working days of receiving of such recommendation with intimation to the concerned stock broker.

- (5) If any customer of a portfolio manager claims his cash balance left with his ledger after transfer of cash balance to the bank account of the Fund, within 15 (Fifteen) days of receiving such claim, the portfolio manager shall, after proper verification of the claim, recommend with a detailed information as mentioned in the proviso of rule 9(5) of these rules to the Chief of Operation of the Fund to pay off such cash balance from the bank account of the Fund:

Provided that the Chief of Operation of the Fund shall, after due scrutiny with the data base/bank as created under sub-rule (8) of rule 9 of these rules as well as the aforesaid recommendation and approval of the Board or the management committee for settlement of investors' claims as the case may be, pay off such cash balance to the claimant through BEFTN or any electronic payment system within 15 (fifteen) working days of receiving of such recommendation with intimation to the concerned portfolio manager.

- (6) If any customer of a portfolio manager claims his securities left with the BO Account of the portfolio manager after transfer of such securities to the BO account of the Fund, within 15 (Fifteen) days of receiving such claim, the portfolio manager shall, after proper verification of the claim, recommend with a detailed information as mentioned in the proviso of rule 9(6) of these rules to the Chief of Operation of the Fund to pay off or transfer such securities from the BO account of the Fund:

Provided that the Chief of Operation of the Fund shall, after due scrutiny with the data base/bank as created under sub-rule (8) of rule 9 of these rules as well as

the aforesaid recommendation and approval of the Board or the management committee for settlement of investors' claims as the case may be, pay off or transfer such securities to the claimant's BO Account within 15 (fifteen) working days of receiving of such recommendation with intimation to the concerned portfolio manager.

Chapter V

Financial Statements and Audit of the Fund

11. Preparation of Financial Statements and Audit:

- (1) Management committee for audit and accounts shall be responsible for maintaining the accounts of the Fund and prepare the annual and half yearly financial statements in accordance with the International Financial Reporting Standards;
- (2) Half yearly financial statements of the Fund shall be furnished to the Commission within 30 (thirty) days of closing of the first half year duly approved by the Board;
- (3) The Board shall appoint a firm of chartered accountants for auditing the annual financial statements of the Fund from the panel of auditors as declared by the Commission from time to time, in its annual general meeting as well as fix the remuneration of the auditors;
- (4) The Annual financial statements of the Fund shall be audited within 120 (one hundred and twenty days) from the date of closing of financial year and a copy of such audited financial statements shall be submitted to the Commission duly approved by the Board within 14(fourteen) days thereof;

Chapter VI

Miscellaneous

12. Reporting to the Commission:

- (1) The Board shall furnish the following reports on the Fund and its affairs of previous month within tenth day of each month of Gregorian Calendar to the Commission:
 - (i) Total cash receipts and payments for the Fund mentioning the purpose;
 - (ii) Total securities receipts to the Fund mentioning the purpose;
 - (iii) Settlement of investors' claims in cash mentioning the particulars;
 - (iv) Settlement of investors' claims in securities mentioning the particulars;
 - (v) Statement of securities lending and borrowing mentioning the particulars;
 - (vi) A statement of cash balance position of the Fund;
 - (vii) A statement of securities position held under the Fund in market price and cost price;
 - (viii) Any other report as directed by the Commission from time to time.
- (2) The Board shall furnish minutes of the meeting to the Commission as per rule 5(12) of these rules.
- (3) The Board shall furnish the half-yearly financial statements and annual audited financial statements of the Fund to the Commission as per Rule 9(2) and 9(4) of these rules respectively.

- (4) The Board shall furnish the annual report of the Fund to the Commission at least 14 (fourteen) days before the Annual General Meeting of the Board of Governors of the Fund.
- (5) The Board shall also furnish any other report as directed by the Commission from time to time.

13. Indemnity:

No suit, prosecution or other legal proceedings shall lie against any officer or employee of the Fund or any member of the Board or any member of the management committee for any action which is in good faith done or intended to be done under these rules or any order or any direction of the Commission.

14. Inspection of the Fund:

- (1) The Commission may authorize any person or any institution to inspect at any time, if it is necessary to conduct inspection on the affairs as well as operations of the Fund for the interest of investors and the capital market;
- (2) Without prejudice to the provisions of sub-rule (1), every member of the Board or member of the management committee or officer or auditor of the Fund shall furnish such documents, information or explanation relating to the affairs as well as operations of the Fund as the Commission or the inspection officer may require, at any time, in writing.

15. Power of the Commission and the Fund:

- (1) The Commission, in the interest of investors and development of capital market, at any time, may issue order or directive for carrying out the purpose of these rules.
- (2) The fund, with prior approval of the Commission, at any time, may issue order, directive or any clarification for carrying out the purpose of these rules.

16. Winding up of the Fund:

- (1) If all the claims of investors are settled in full from the Fund, the Fund may be wound up, dissolved or liquidated as per order of the Commission;
- (2) If all the claims of investors are not settled in full, but it deems appropriate to wind up the Fund in the public interest and the capital market, the Board with prior consent of the Commission, may publish the public notice of winding up at least in two widely circulated national dailies (one in Bengali and another in English) inviting applications from the investors for their claims, if any, through concerned issuer, stock broker or portfolio manager giving at least 6 (six) months for such applications from the date of notice.
- (3) If the notice of winding up the Fund is published, -
 - (a) the Board shall not do any of the following activities from the date of such notice:
 - (i) buying and selling of securities for or from the Fund;
 - (ii) securities lending & borrowing (SLB) activities;
 - (iii) any operating activities of the fund;
 - (iv) any activities as directed by the Commission;

- (b) the Board shall make repayment of all the loans or credit facilities availed from within the notice period as mentioned in sub-rule (2) above.
- (c) the Board shall also recover all the lent securities within the notice period as mentioned in sub-rule (2) above;
- (d) the Board shall make repayment of borrowed securities within the notice period as mentioned in sub-rule (2) above;
- (4) The Board shall make a final list of valid claimants confirming total payables against the claims (in amount and securities) within 30 (thirty) working days of end of the notice period as mentioned in sub-rule (2) above;
- (5) The Board shall also prepare the financial statements of the Fund using cut-off date as the last date of making final list of valid claimants as mentioned in sub-rule (4) above and submit it to the Commission, within 30(thirty) days of cut-off date as mentioned in sub-rule (4) above;
- (6) The Board shall, after getting consent from the Commission, simultaneously sell the securities and other assets of the Fund and pay off the claims of the claimants from the Fund in accordance with the claims settlement procedures as mentioned in rule 10 of these rules;
- (7) The Board shall prepare the final financial statements of the Fund using cut-off date as the last date of completion of selling of securities or other assets of the Fund and settlement of claims and the final financial statements shall be audited within 30 (thirty) days of cut-off date as above and an application of winding up the Fund along with a copy of audited financial statements shall be submitted to the Commission within seven days thereof.
- (8) The Commission, on due consideration of the application and if satisfied, may declare winding up the Fund;
- (9) After Commission's declaration of winding up of the Fund, the Board shall meet all the expenses and debts or liabilities, if any and the rest Fund shall be vested as per law of the land and accordingly the Fund and its Board or its management committee shall cease to perform its activities.

17. Commission's decision shall be final on certain matter:

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

By Order of the Bangladesh Securities and Exchange Commission

Professor Shibli Rubaiyat-Ul-Islam
Chairman.