Draft Rules

Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2020

In exercise of the power conferred by sub-section (1) of section 33 of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Exchange Commission makes, after prior publication, the following rules, namely: -

1. Short title and application. -(1) These rules may be called the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2020.

(2) These rules shall be applicable for issuance of all types of debt securities, sukuk, asset backed securities (ABS) and such other securities through public issue or private offer as decided by the Commission from time to time.

(3) These rules shall come into force with immediate effect.

2. Definitions. – (1) In these rules, unless the context otherwise requires**,-**

(a) **"Commission"** means the Bangladesh Securities and Exchange Commission (BSEC) established under the Bangladesh Securities and Exchange Commission Act, (Act No. XV of 1993);

(b) "credit enhancement" means a mode or process whereby the issuer or borrower reassures the lender that the issuer will honor its repayment through an additional collateral, insurance, third party guarantee or any other means;

(c) **"debt holder"** means the person in whose name a debt or financial obligation is registered at depository, or if the debt or obligation is not entered in the depository, the person shown on the records of the issuer;

(d) **"debt securities, or debt instruments"** means securities those evidence the indebtedness of the issuer to the investors in the form of bond or debt, or any other instrument of indebtedness, whether secured or not;

(e) **"deed of trust"** means a deed executed by the issuer in favor of the trustee named therein for the benefit of the holders of debt securities;

(f) **"Green bond"** means such debt securities, the proceeds of which are used in green projects or such other projects to generate measurable climate and environmental impact in addition to financial returns;

(g) **"Information Memorandum or IM"** means any offer document including an electronic document described or issued as an offer document or prospectus and includes any notice, circular, advertisement or other documents in connection of offers to the investors under private offer or public issue for the subscription or purchase of any debt securities and other securities issued under these rules;

(h) **"issue"** means an offer of debt securities by an issuer under these rules;

(i) **“issue size”** means the aggregate amount of face value of the debt securities to be issued;

(j) **“obligor”** means a person having any obligation upon the debts, whether as debtor, guarantor, provider of credit enhancement, issuer of conversion or warrant securities, or otherwise;

(k) **“originator”** means a person, who securities its assets for issuance of asset backed securities (ABS); or initiates to issue sukuk;

(l) **“paying agent”** means a person appointed to pay to debt holders all payments made by the issuer and to maintain all records required to be kept by the trustee;

(m) **“private offer”** means offer of securities to any person in a way other than public issue;

(n) **“public issue”** means public issue of securities by an issuer through initial public offer in a single phase or in tranche;

(o) **“rating company”** means a Credit Rating Agency registered with the Commission under the Credit Rating Companies Rules, 1996;

(p) **“related party”** means any person as defined in IAS-24 as a related party;

(q) **“schedule”** means a schedule appended to these rules;

(r) **“secured debt instrument”** means debt securities, in which the issuer owes the holders an indebtedness and which is secured by first claims over all present and future assets of the issuer;

(s) **“special purpose vehicle (SPV)”** means a trust formed under the Trust Act, 1882 (Act. No. 2 of 1882) for issuance of an ABS or sukuk or such other securities;

(t) **“trustee”** means an institute registered under rule 18 of these rules to act as trustee to the issue of debt securities;

(u) **“unsecured debt instrument”** means debt securities, in which the issuer owes the holders an indebtedness and which is secured by claims over all present and future assets of the issuer subsequent to all secured lenders;

(2) Words and expressions used herein and not defined, but defined in the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), Bangladesh Securities and Exchange Commission Act, (Act No. XV of 1993), Depositories Act, 1999 (Act No.VI of 1999), Insurance Act, 2010 (Act No. XIII of 2010), ব্যাংক কোম্পানি আইন, ১৯৯১ (১৯৯১ সনের ১৪ নম্বর আইন), আর্থিক প্রতিষ্ঠান আইন, ১৯৯৩ (১৯৯৩ সনের ২৭ নম্বর আইন), কোম্পানি আইন, ১৯৯৪ (১৯৯৪ সনের ১৮ নম্বর আইন) shall have the same meanings respectively assigned to them in the said Acts and the Ordinance, and the Rules and Regulations issued hereunder.

3. Conditions to be fulfilled prior to making an application:– An issuer or originator, as applicable, may make an application to the Commission for issuance of debt securities, sukuk or ABS subject to fulfillment of the following: -

(1) The issuer or originator has a good track record of profitability and liquidity or its forecasted financial position indicates a significant profitability, liquidity and ability to pay-back the obligations with reasonable basis of making such forecasts.

(2) The issue is rated by a credit rating company and its periodical surveillance rating shall be done by the said rating company up to the full and final redemption or full conversion of the debt securities:

(3) The issuer or originator has a valid enforceable interest over its assets and the right to create charges thereon in course of issuance of the debt instruments or ABS or sukuk.

(4) The issuer or originator has obtained necessary permissions or consents from its primary regulator in order to issue of debt securities, ABS, sukuk, if required.

(5) The issuer or originator has appointed a trustee for the issue.

(6) The financial statements of the issuer are prepared as per International Financial Reporting Standards (IFRS) as applicable in Bangladesh, and audited as per International Standards of Auditing (ISA) and other applicable legal requirements.

(7) The issue has been approved by the Board of Directors or governing body of the issuer or originator;

(8) In case the issuer or originator is a listed company, the information concerning the issue is disseminated as price sensitive information immediately upon the decision;

(9) Trustee to the issue, if applicable, has examined all the documents including the legal and title documents and has provided a due diligence certificate as per Schedule **'D'**.

4. Additional conditions to be fulfilled before filing an application under public issue.-

(1) The issuer or originator other than statutory body or trust shall be a public limited company and minimum existing paid up capital of Tk. 15 (fifteen) crore;

(2) For issuer other than Bank, Financial Institutions, Insurance company or trust, total debt of the issuer including the proposed issue along with preference share, if any, does not exceed 80% (eighty percent) of its total tangible assets:

Provided that the Commission may relax the requirement for any specific industry considering the industry nature;

(3) The issue shall not be rated below investment grade;

(4) The issuer has utilized at least 50% of the fund raised through the issue of capital previously;

(5) The issuer has got its latest financial statements audited by the panel of auditors as declared by the Commission from time to time.

5. General requirements for application.–

(1) An issuer or originator or issue manager, as applicable, (hereinafter referred as applicant) intending to issue debt securities or sukuk or ABS shall submit the application to the Commission for consent of issuance of securities as per Schedule **'A'**; and simultaneously to the exchange(s), if intended for listing as per the respective listing regulations;

(2) The applicant shall pay an amount of taka ten thousand (non-refundable) for private offer or public issue as application fee, along with the application, by way of payment order or demand draft issued in favor of the Bangladesh Securities and Exchange Commission.

(3) With the said application, the applicant shall submit the following documents as per Schedule – A along with the information memorandum as per Schedule - B, namely:-

(4) In case of the issue under public issue, the applicant shall also fulfill the following:

(a) all the required documents as per Annexure - A, B, C shall be submitted with the application;

(b) any amendment to the IM, signed by the said persons, shall also have to be filed with the Commission and the exchanges, in accordance with sub-rule (1);

(c) the Commission or the exchange(s) may require the issuer or originator, 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 information memorandum, for sale of securities, within such time as may be stipulated;

(d) the issuer or originator, or its directors, officers, issue manager(s), auditors, valuer(s) shall fulfill such requirements within such time;

(e) the exchange(s) shall submit its observation, if any, on the proposed public issue to the Commission mentioning specific violation of these Rules or any other securities law, as applicable, and applicable financial reporting standards, within 10 (ten) working 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.

(5) The information memorandum shall be prepared as per Schedule - B and the abridged version of IM shall be prepared as per the contents covered in Schedule –A of these Rules.

6. Additional requirements for issuance of Sukuk and ABS.-

(1) In case of issuance of an Investment Sukuk, the issuer or originator, as appropriate, shall apply under sub-rule (1) of rule 5 by fulfilling the requirement of Bangladesh Securities and Exchange Commission (Investment Sukuk) Rules, 2019 and the relevant requirements of these rules.

(2) In case of issuance of an asset backed securities (ABS), the issuer or originator, as appropriate, shall apply under sub-rule (1) of rule 5 by fulfilling the requirement of Securities and Exchange Commission (Asset Backed Securities) Rules, 2004 and the relevant requirements of these rules.

7. Additional requirements for issuance of Green Bond under private offer or public issue:

(1) Green projects to be financed by green bond shall have clear environmental benefits that should be properly assessed and quantified by an eligible expert in this regard and shall also provide a summary report thereon in the information memorandum:

Provided that if proceeds of the green bond are used fully or partially for any existing projects through any refinance schemes, the issuer shall precisely estimate the financing versus refinancing and clarify which investments may be refinanced.

(2) Issuers of green bond shall clearly communicate to the investors in the IM about the followings:

(a) the environmental objectives of the project;
(b) the list of eligible sectors as mentioned in Schedule - F, which the project fits for green financing;
(c) the evaluation process to assess the environmental impact that applies for the projects.

(3) The proceeds of the green bond shall be placed in demarked account, and utilization shall also be from the same account to be tracked appropriately.

(4) Issuer of green bond shall report the project implementation status and use of proceeds on half-yearly basis after 10 (ten) days of each quarter end as per the requirement of the Commission or the exchange, if any, till completion of the project.

8. Conditions to be fulfilled for issuance of securities having conversion features.-

(a) Shall have special resolution of general meeting for issuance of debt securities with conversion feature under public issue;

(b) No debt securities shall be converted before maturity of the issue or five years of maturity, whichever comes later.

9. Consideration of the application and decision thereon.-

(1) On receipt of the application to be issued under private offer or public issue as per rule 3 to rule 6, the Commission shall examine it, and if satisfies that all the conditions and requirements are fulfilled, the Commission shall accord consent in writing to the issue of debt securities, as sought for, within 7 (seven) working days of receipt of the complete application:

Provided that the Commission may take additional 10 (ten) working days for the issue under public issue.

(2) If the Commission finds that the application does not fulfill all the requirements, it may, within 15 (fifteen) working days of receipt of the application, direct the applicant to fulfill the requirements as per rules or within such time as the Commission may determine, and on fulfillment of such requirements the Commission shall accord the consent as prayed for, within 07 (seven) working days of such fulfillment:

Provided that the Commission may take additional 15 (fifteen) workings days for each case for the issue under public issue.

(3) The Commission may call for further information, if it so deems necessary.

(4) If the Commission finds that the application does not fulfill all the requirements and conditions, it may reject the application as per rule 17.

10. Approval of Information Memorandum and Publication of information memorandum:

(1) After examination of the draft information memorandum and relevant documents, the Commission, if satisfied, shall issue consent for issuance of securities to the investors and approve the information memorandum.

(2) Upon receiving the consent of the Commission to the issue of debt securities or sukuk or ABS under these rules, the abridged version of information memorandum , as approved by the Commission, shall be published by the issuer in two national daily newspapers (in Bangla and English), within the time specified in the consent letter issued by the Commission:

Provided that the full information memorandum shall, however, be posted on websites of the Commission, exchange(s), issuer or originator and the issue manager(s) within 3 (three) working days of approval.

(3) After publication of IM the subscription shall remain open for maximum 15 (fifteen) working days.

(4) Approved IM shall be made available in the website by the issuer or originator till the closure of the subscription list.

(5) The Commission may suspend the use of information memorandum for the interest of the investors, if there are material changes in any of the information included in the IM or change in conditions or declaration which are required to intimate to the Commission;

(6) In case there is any necessity for amendment to the IM during the subscription period, in that case, the subscription may be suspended by the Commission and the subscriber(s) who have already deposited money may decide either to withdraw his application or to continue.

11. Consent Fee.-(1) In case of debt securities or sukuk to be issued under private offer or public issue, if the Commission decides to accord consent to the issue, the applicant shall pay consent fee at the rate of 0.10% on the total face value of debt securities or sukuk to be issued, within 05 (five) working days of issuance of the letter of intent or consent letter, as applicable.

(2) In case of green bond to be issued either under sub-rule (1), the applicant shall pay consent fee at the rate of 0.05% on the total face value of debt securities to be issued.

(3) The consent fee under sub-rule (1) and (2) shall be paid through a bank draft or payment order issued in favor of the Bangladesh Securities and Exchange Commission.

(4) If the applicant fails to pay the fee under sub-rule (1) and (2) within the specified time, the consent letter shall not be issued or consent letter shall be cancelled.

12. Conditions to be fulfilled after getting consent for issuance of securities. –

(1) Before issuance of the securities under these rules, the issuer or originator, as applicable shall adhere to the following requirements upon obtaining consent of the Commission, namely:-

(a) shall execute the deed of trust as per Schedule-C as approved by the Commission in favor of the trustee and register the same under the Registration Act, 1908 (Act No. XVI of 1908) and shall submit a copy of the registered trust deed attested by the Chief Executive Officers of the issuer and the trustee to the Commission;

(b) shall create charges over the assets only for issuance of secured bond, through execution of Charge Document(s) in favor of the trustee adhering due legal procedures;

(c) shall execute guarantee(s) in favor of the trustee through observation of required legal procedures;

(d) The issuer or originator, as applicable shall place the IM and the Deed of Trust in electronic form on the websites of the issuer or originator and the trustee up to closing of subscription and also maintain till the maturity of the securities issued under these rules.

(2) The trustee shall submit a report to the Commission to the effect that all charges and/or guarantee(s) as per the deed of trust, Subscription Agreements and IM or any other documents have been executed properly.

(3) The consent for issuance of debt securities shall remain valid for 6 (six) months from the date of consent or for such a period as determined by the Commission in the consent letter.

13. Subscription Procedure and Compliance.-

(1) The subscription for private offer shall be made as per the consent letter and shall submit a subscription collection status along with the bank statement thereof.

(2) The subscription for public issue shall be made as per the public issue application process mentioned in the consent letter.

14. Appointment of Issue manager.-

(1) The issuer shall appoint one or more issue manager(s), registered with the Bangladesh Securities and Exchange Commission, for the purpose of making the public issue.

(2) Appointment of issue manager for private offer is optional.

(3) The issue manager(s) shall be entitled to fees and be responsible for the issue including preparation and disclosures made in the IM and use of the public issue proceeds by the issuer.

15. Appointment of Underwriters.-

(1) The issuer may appoint underwriter(s), registered with the Commission, on an optional basis.

(2) The issuer, if appoint any underwriter, shall send notice to the underwriter(s) within 3 (three) working days of closure of subscription calling upon them to subscribe the

securities and pay for this in cash in full within 7 (seven) working days of the date of said notice as per underwriting agreement 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 3 (three) working 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).

16. Fees for public issue and private offer of securities.-

Type of fees	Public issue	Private Offer
Issue Management fee	Maximum 0.5% (half percent) of the public issue amount.	As per agreement, if any.
Other fees	As per legal deed and as approved by the Commission.	

17. Approval, rejection and review.–

(1) On receipt of an application of consent for public issue from an issuer, the Commission shall examine the said application to ascertain whether it is complete and acceptable.

(2) If the said application is incomplete, the Commission shall inform the issuer in writing, to remove the incompleteness or deficiencies, within 30 (thirty) working days, after examination of the said application.

(3) If the issuer fails to fulfill the requirements as per rules within the stipulated time, the application shall stand cancelled.

(4) The Commission shall issue consent letter, subject to such conditions as it may deem fit to specify, within 30 (thirty) working days of receipt of a complete application, if such application is acceptable to the Commission.

(5) If the application is not acceptable to the Commission, it shall issue a rejection letter, stating the reasons for such rejection, within 10 (ten) working days of receipt of the last correspondence.

(6) The Commission reserves the right to accept or reject any issue proposal in its own discretion in the greater interest of the investors and the securities market as well.

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

18. Registration of Trustee. – (1) The trustee of a debt security shall be registered by the Commission under these rules and no person shall act as trustee to an issue without such registration.

(2) The proposed trustee shall apply for registration to the Commission as per Schedule **‘E’** along with required information and documents and application fee of taka five thousand only.

(3) The proposed trustee shall have the following eligibility criteria to apply for registration, namely:-

(a) a company as defined in the কোম্পানী আইন, ১৯৯৪ (১৯৯৪ সনের ১৮ নং আইন) or a corporation or a statutory body;

(b) Have a minimum paid up capital of taka one hundred million;

(b) have adequate manpower and logistic support to discharge its duties as a trustee;

(c) have appointed a compliance officer for the trust having a minimum of five years service experience in the financial market;

(d) neither the trustee, nor any of its affiliates or directors have any relation with the issuer;

(e) the trustee shall not act as arranger of the issue and shall not pursue any investor to or not to invest;

(f) have no track record of default, negligence or non-compliance with any of the securities laws for discharging its duties, if it is in any way connected with the securities market.

(4) The trust deed shall be preserved in the trustee’s office for observation of the investors.

(5) The trustee shall have to perform the following duties and responsibilities in addition to those described in the deed of trust concerned, namely:-

(a) the trustee shall act on behalf and for the exclusive interest of the investors;

(b) the trustee shall ensure compliance of the issuer as per the requirements of these rules;

(c) the trustee shall monitor timely payment of all dues of the issuer to the investors in terms of the IM or other terms and conditions of the issue of debt securities;

(d) the trustee shall ensure creation of charges by the issuer over collateral securities and obtaining other securities or guarantees in favour of the trustee;

(e) the trustee shall enforce its rights, over the credit enhancement or collateral securities and other securities or guarantees when it is necessary to do;

(f) the trustee shall call the investors’ meeting and shall enforce the decisions within such time of any default or any act of the issuer which may affect the interest of the investors as specified in the deed of trust and in the IM;

(g) delay in payment of any dues by the issuer, which is not approved by the trustee shall be treated as final default, in such a case the trustee shall enforce its rights over the credit enhancement or collateral securities and other securities or guarantees of the issuer observing due legal process and thereafter the trustee shall dispose-off the same to pay the proceeds proportionately to the investors after deduction of costs related thereto;

(h) in case the delay is approved by the trustee for a certain period upon any reasonable ground, the trustee shall ensure repayment of the dues within the approved delay period along with interest for the delay period at a rate of 2% (two percent) p.a. above the usual rate of return of the debt instrument;

(i) in case a downgrade of credit rating of the issue under surveillance rating below the rating trigger, the trustee shall ensure the collection of the risk premium for the investors as per declaration in the deed of trust or IM, aimed at securing the lender claims from the borrower's higher risk level;

(j) the trustee shall submit an annual compliance report to the Commission regarding the activities of the issuer including repayment of dues to the investors;

(k) the trustee shall take adequate steps for redress of grievances of the investors within one month of the date of receipt of the complaints and shall keep the Commission informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed;

(l) the trustee shall be liable to sue or to be sued on behalf of the eligible investors;

(m) the trustee may, if required, inspect or call for books of accounts, records, register of the issuers and the trust property to the extent necessary for discharging its obligation.

(6) The trust deed or appointment of the trustee cannot be varied or modified without prior approval of the Commission.

(7) The Commission may, considering the appeal of majority of the securities holders by value through written request or through a meeting resolution, replace the trustee of an issue by a new trustee.

(8) The Commission may, in the event of negligence of its duties or in the public interest, if it thinks fit, replace the trustee of an issue by a new trustee:

Provided that the trustee shall be given an opportunity of being heard before cancellation of its appointment.

(9) A trustee can resign with prior approval of the Commission which shall not be effective until appointment of a new trustee and handing over charges by the resigning trustee.

(10) A trustee shall cease to exist as trustee of an issue upon full and final settlement of the securities.

(11) The trustee for an issue shall be entitled to an annual trustee fee of maximum 0.30% of the outstanding amount of the debt securities or sukuk or ABS.

19. Consideration of the application of trustee and decision thereon. – (1) On receipt of the application under these rules, the Commission shall examine it, and if it is satisfied that all the requirements of these rules are fulfilled, it shall accord registration to the trustee to act as trustee to the issue, as sought for, within thirty days of receipt of the application.

(2) If the Commission finds that the application does not fulfill all the requirements of these rules, it may, within twenty days of receipt of the application, direct the applicant to fulfill the requirements within such time as the Commission may

determine, and on fulfillment of such requirements, the Commission shall accord the consent as prayed for within 30 (thirty) days of such fulfillment.

(3) The Commission may call for further information, in addition to the requirements of these rules, if it so deems necessary.

(4) If the Commission finds that the application does not fulfill all the requirements of these rules, or where a direction to fulfill such requirements has been given under sub-rule (2) and (3) and the applicant has failed to fulfill such requirements, it may reject the application, stating the reasons thereof.

(5) If the Commission decides to award registration to the trustee, the trustee shall pay, within fifteen days of issuance of the registration certificate, a registration fee of Tk. 50,000.00 (taka fifty thousand) only through a bank draft or payment order issued in favor of the Bangladesh Securities and Exchange Commission.

20. Substitute trustee or change of trustee.─ (1) If the trustee resigns or fails to perform its duties under the deed of trust or these rules, the securities holders through a meeting shall appoint a substitute trustee or change a trustee:

Provided that in such a meeting the decision to change a trustee shall be passed by two-third majority of securities holders by value present in the said meeting.

(2) The substitute trustee shall be a registered trustee under these rules.

(3) The trustee which is replaced shall do all that is necessary to substitute the new trustee in its place.

21. Duties of the trustee upon a default.—(1) If an event of default as defined in the deed of trust is known to the trustee, the trustee shall send a notice of the default within 7 (seven) working days after it occurs to debt holders, each exchange upon which the securities are traded, and the Commission.

(2) If all efforts of negotiation by the trustee fail after 15 (fifteen) working days of event of default, it can take legal action against the issuer for recovery of the outstanding including principal and interest of the debt securities as per existing laws.

(3) The trustee has the right to take control over the trust assets in case of any event of default continues for 30 (thirty) working days, or non-compliance of the issuer, shall take decision to liquidate the trust’s assets, if required, in favour of the securities holders with due approval of the Commission.

22. Fees and expenses of the trustee.— The issuer shall pay the fees and expenses of the trustee.

23. Repeal and Savings.-

(1) The Bangladesh Securities and Exchange Commission (Private placement of Debt Securities) Rules, 2012 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.

Schedule "A"
(See rule 5(1)(3)(5))

Format and contents of the Application–

Chairman
Bangladesh Securities and Exchange Commission

1. Particulars of Issuer or Originator:

    (a) Name;
    (b) Legal status;
    (c) Details contact information ;
    (d) Date of incorporation (in case of company) or registration;
    (e) Date of commencement of business;
    (f) Authorized capital (in case of company);
    (g) Paid-up capital (in case of company);
    (h) Total equity;
    (i) Total amount of debt;
    (j) Net worth;
    (k) Others.

2. Particulars of Issue Manager:

    (a) Name of the issue manager;
    (b) Legal status of the issue manager;
    (c) Details contact information of the issue manager;
    (d) Number of issue handled by the issue manager;
    (e) Others.

3. Particulars of the Issue:

    (a) Name of the Issue;
    (b) Type of debt instruments to be issued;
    (c) Purpose of the issue;
    (d) Number of securities and total issue size to be offered;
    (e) Face value and issue price of securities;
    (f) Coupon rate or discount rate and yield to maturity(YTM);
    (g) Tenor or maturity;
    (h) Mode of redemption or conversion;
    (i) Rate of return;
    (j) Applicable tax rate;
    (k) Default protection mechanism, if any;

(l) Type of collateral securities being offered, if any;
(m) Status of debt holders in case of priority of payment;
(n) Credit enhancement arrangement, if any;
(o) Call option or put option, if any and discount or premium thereof;
(p) Period within which securities to be issued;
(q) Nature of tradability or listing (Main Board / ATB /any other);
(r) Others.

4. Particulars of the trustee:

    (a) Name of the trustee;
    (b) Paid-up capital of the trustee;
    (c) Net worth of the trustee;
    (d) Number of issue where performing as trustee;
    (e) Others.

5. Particulars of the Credit Rating Company:

    (a) Name of Credit Rating Company;
    (b) Credit Rating status of the issuer;
    (c) Credit Rating status of the issue;
    (d) Date and validity of rating for issuer and issue;
    (e) Latest default rate of the Credit rating company;
    (f) Average time to default of the rated category;
    (g) Rating trigger, if any;
    (h) Others.

6. Particulars of Originators, if any;
7. Particulars of other contractual parties;
8. Documents to be attached with the application, as following :

    a. certified copy of memorandum and articles of association or such certified legal documents, as the case may be;
    b. certified copy of certificate of incorporation or registration and certificate of commencement of business, where applicable;
    c. certified copy of particulars of directors or trustees or particulars of owners, as the case may be;
    d. certified copy of return of allotment of shares and annual summary of share capital, where applicable;
    e. latest original auditors’ report with the related audited financial statements of the issuer or originator:
    Provided that the audited financial statements of the issuer or originator shall not be older than 06 months at the time of submission to the Commission;
    f. purpose of issuance of securities and plan to use of proceeds thereof;

g. resolution of the board of directors or board of trustees or concerned authority deciding to issue debt securities or sukuk or ABS;
h. copy of disclosures of Price Sensitive Information, in case the issuer or originator is a listed company;
i. banker's certificate, or bank statement showing deposit of an amount equivalent to the owners' stake in the issuer or originator; or auditor's certificate in this regard attested by the Managing Director or Chief Executive Officer;
j. certified copy of vendor's agreement in case of capital raised in other than cash consideration;
k. short description of business of the issuer or originator;
l. latest credit rating report of the issue
m. Latest credit rating report of the issuer or originator, in case of public issue;
n. no objection certificate, or clearance from regulatory authority(s) concerned, if required;
o. draft information memorandum prepared as per Schedule **'B'**;

   Provided that IM shall be duly signed on each page, by the originator or issuer's chief executive officer or managing director, chief financial officer, company secretary and chief executive officer or managing director of the issue manager;
p. draft Deed of Trust prepared as per Schedule **'C'**;
q. copy of the credit enhancement agreement, if any;
r. declaration relating covenants for rating trigger, if any and adoption of specific enforceable actions thereof;
s. copy of registration certificate of the trustee by the Commission to act as trustee to the issue of debt securities or sukuk or ABS, as applicable;
t. Due diligence certificate of the Trustee as per Schedule **'D'**;
u. Repayment or payment schedule of the debt securities or sukuk or ABS;
v. latest CIB report of Bangladesh Bank, where the issuer or originator is not a loan defaulter, in case of public issue;

Sd/-
Chief Executive Officer
Name of the issuer or issue manager, as applicable thereof:

Schedule "B"
(See rule 5 sub-rule (3), (5))

Format and contents of the Information Memorandum

1. **Material Information:**
   (1) In addition to the information specifically required by these rules, the IM shall contain all material information necessary to enable the eligible investors to make an informed assessment of the issue, the issuer or originator, the trustee, the securities being offered, the rights and obligations of the investors, and the trustee attaching to the debt securities being offered and full disclosure about the financial, corporate, management and other affairs of the issuer or originator;
   (2) The Commission may require disclosure of additional information in the IM as it considers appropriate in a particular issue, and the issuer or originator or issue manager shall comply it;
   (3) If the Commission requires such information, it shall inform the concerned party of the additional information in writing;

2. **Information to be included in the IM-**
   (1) Detail description and information to be provided in line with the Schedule-A and Schedule-B;
   (2) A brief of the information outlined in Schedule-A shall be both in English and Bengali, all the risk factors and management's perception about the risks, especially among others: namely:–

      (a) interest rate risks;
      (b) non-repayment risks;
      (c) prepayment, call or refunding risks;
      (d) security risks;
      (e) liquidity risks;
      (f) management risks;
      (g) business risks;
      (h) risks related to potential or existing government regulations;

   (3) Details plan of the utilization of proceeds;
   (4) Detail features of the debt securities to be issued, among others, namely:-
      (a) Basic Features of the instrument;
      (b) Rate of return, Yield to Maturity, Coupon/Discount Rate;
      (c) Transferability/Liquidity;
      (d) Prepayment, Call, Refunding, conversion features;
      (e) Early redemption or Late Redemption;
      (f) Tax Features;
      (g) Costs related to the issue;
      (h) Repayment Schedule;
      (i) Call or put option, and premium or discount thereof, if any;
      (j) Credit enhancement or Guarantee, if any;
      (k) Enforcement of charges over securities;
   (5) Description of Collateral Security and type of charges to be created against the issue;
   (6) Rights and obligations of the issuer;
   (7) Rights and obligations of the trustee;

(8) Rights and obligations of the Issue manager, underwriter, originator, or any other contractual parties;

(9) Description of the issuer or originator in respect of the following, namely:-

- (a) Capital structure;
- (b) Business;
- (c) Management;
- (d) Description of encumbered and unencumbered assets with value thereof;
- (e) Brief profile of Directors/Owners of the issuer;
- (f) Brief description of assets and liabilities;
- (g) Brief description of previously issued debt or equity securities or such other securities;

(10) Auditors' report along with Audited Financial Statements of the issuer or originator made up to a date not earlier than 180 (one hundred eighty) days from the date of issue of the IM;

(11) Ratio Analysis of the issuer for last 3 (three) accounting years or for the period of its commercial operation, as the case may be, among others, namely:-

- (a) Current Ratio;
- (b) Quick Ratio;
- (c) Break-Even Point (including financial costs);
- (d) Debt to Equity Ratio (prior to and after issue of debt securities);
- (e) Debt to Total Assets Ratio;
- (f) Accounts Receivable Turnover Ratio;
- (g) Gross Margin Ratio;
- (h) Operating Income Ratio;
- (i) Net Income Ratio;
- (j) Return on Assets;
- (k) Return on Equity;
- (l) Earnings- Per- Share (EPS);
- (m) Net Asset Value (NAV) per share;

(12) Rating summary with rating rationale of the issue and the issuer or originator;

(13) Latest Default Matrix and Transition Statistics of CRC;

(14) Description of the Trustee, Board of trustee, etc.;

(15) Modus Operandi of the issue including:

- (a) Application procedure;
- (b) Allotment;
- (c) Transfer;
- (d) Trading or listing;
- (e) Repayment;

(16) Details of fees structure and Expenses;

3. Additional Disclosures for IM under Public issue;

4. Conditions imposed by the Commission in the consent letter;

5. Declaration and due diligence certificates as per Annexure(s) - A, B and C;

6. Comparative Financial Statements of the issuer for the last 3 (three) years or for the period of its commercial operation, as the case may be. If the issuer is not in commercial operation, forecasted financial statements for the next 5 (five) years;

7. **Credit Rating Report of the Issue and Issuer or originator;**

8. Particulars of underwriters and amount underwritten, if any;

9. **Public issue Application Procedure:** As described in the consent letter.”;

10. **Any others, as the Commission requires;**

Each page of the draft IM to be duly signed and stamped by the chief executive officers of the issuer and the trustee.

Schedule "C"
(See rule 12(1)(a))

Format and contents of the deed of trust, among others, –

1. Date of execution:
2. Name and legal status of the parties concerned:
3. Objectives of the issue:
4. Definitions:
5. Relation between the Parties:
6. Governing Laws:
7. Registered Address of the Trust:
8. Description of the Trust:
9. Description of the collateral securities, guarantee or credit enhancement to be charged with the Trustee:
10. Enforcement of charges over the collateral securities, guarantee or credit enhancement:
11. Beneficiaries of the trust assets and charged assets:
12. Commencement and Termination of the Trust:
13. Costs involved with the issue and by whom the costs are to be assumed:
14. Description of the Trustee with rights, duties and obligations:
15. Trustee fee:
16. Description of the debt securities to be issued:
17. Modus operandi of the issue:
18. Repayment, or redemption features:
19. Mode of transfer, or redemption, or conversion:
20. Rights, duties and obligations of the Trustee:
21. Rights, duties and obligations of the issuer or originator:
22. Rights and obligations of the investors:
23. Rights and obligation of other contractual parties:
24. Accounts and audit:
25. Term and termination of the deed of trust:
26. Retirement and substitution of the Trustee and appointment of new Trustee:
27. Meeting of holders of the securities with power, scope and quorum of the meeting:
28. Amendment provisions of the Trust Deed:
29. Any others, as the Commission requires.

Each page of the draft deed of trust to be duly signed and stamped by the Chief Executive Officers of the issuer and the trustee.

Schedule "D"
(See rule 3(9))

Due Diligence Certificate of the Trustee

Chairman
Bangladesh Securities and Exchange Commission

Sub: Issuance of .... (number & type of the debt securities, ABS, Sukuk) of Tk. .... (face value) each of ....(Name of the Issuer or originator)

We, the under-noted trustee to the above-mentioned forthcoming issue, state as follows:

1. We, while act as trustee to the above-mentioned issue on behalf of the investors, have examined the draft Information Memorandum, legal and other documents and materials as relevant to our decision; and
2. On the basis of such examination and the discussions with the issuer, it's 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; -

WE CONFIRM THAT:

(a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM, draft Deed of Trust and draft Subscription Agreement forwarded to the Commission has been approved by us;

(b) we have also examined all documents of the assets to be charged with the Trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM;

(c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2020 have been complied with;

(d) we shall act as trustee to the issue as mentioned above as per provisions of the Deed of Trust to be executed with the issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the Deed of Trust and in the IM;

(e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2020 and conditions imposed by the Commission as regards of the issue; and

(f) the above declarations are unequivocal and irrevocable.

For Trustee
Sd/-
Chief Executive Officer
(Name of the Trustee)

Schedule "E"
(See rule 18(2))
Format and contents of the Application for registration of Trustee of a debt security–

Chairman
Bangladesh Securities and Exchange Commission

1. Information:-
   (a) Name of the applicant:
   (b) Legal status of the applicant:
   (c) Registered address and telephone numbers of the applicant:
   (d) Name, address and telephone number of the compliance officer for the issue:
   (e) Date of incorporation:
   (f) Date of commencement of business:
   (g) Authorized capital:
   (h) Paid-up capital:
   (i) Net worth:

2. Annexure:-
   (a)Certified copy of memorandum and articles of association;
   (b) Certified copy of certificate of incorporation and certificate of commencement of business;
   (c) Certified copy of particulars of directors;
   (d) Certified copy of return of allotment of shares, or annual summary of share capital;
   (e) Latest audited financial statements;
   (f) Resolution of the board of directors deciding to act as trustee to the issue;
   (g) An affidavit to the effect that neither the trustee, nor any of its affiliates or directors are anyway connected with the issuer of the proposed debt securities and that it has no track record of default, negligence or non-compliance of any of the securities laws discharging its duties, if the proposed trustee is in any way connected with the securities market;
   (h) Description of manpower and logistic support to discharge its duties as a trustee;
   (i) Bio-data of the Chief Executive Officer and Compliance Officer;
   (j) CIB undertakings, where applicable.

Sd/-
Chief Executive Officer
Name of the proposed Trustee

Schedule "F"
(See rule 7(2)(b))

List of eligible sectors for Green Bond Financing.-

Category	Examples
Renewable Energy	Production, transmission, appliances, and products;
Energy Efficiency	Buildings, energy storage, heating, smart grids, appliances and products;
Pollution Prevention & Control	Wastewater treatment, greenhouse gas controls, reduction of air emissions, waste prevention/reduction/recycling;
Environment Sustainability	Sustainable agriculture, climate smart farms, sustainable fishery/ aquaculture/ forestry, preservation/ restoration of natural lands;
Terrestrial/ aquatic biodiversity conservation	Protection of coastal/ marine/ watershed environments;
Transportation	Electric/ hybrid/ public/ rail/ non-modal transportation, infrastructure for clean energy vehicles;
Water and waste	Sustainable infrastructure for clean water, wastewater treatment, urban drainage systems, flooding mitigation;
Climate change	Information support systems, climate observation;
Eco-friendly production/technology	Research of eco-friendly products, resource-efficient packaging/ transportation;
Green buildings	Infrastructure that meets sustainable recognized standards;
Others	As approved by the Commission.

Annexure- A

Declaration about the responsibility of the directors, including the CEO of the issuer or originator in respect of the information memorandum

[See rule 5 (4)(a)]

This 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 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 information memorandum

[See rule 5 (4)(a)]

To

The Bangladesh Securities and Exchange Commission

Sub: Public Issue of .... Debt Securities/ Sukuk/ ABS of Tk. ....by .... (Name of the Issuer or originator).

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 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 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 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 (Debt Securities) Rules, 2020 and other applicable laws;

(d) Besides ourselves, all the intermediaries named in the information memorandum are registered with the Commission and 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 information memorandum;

(h) All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2020 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 or originator, 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 issue of securities 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 (Debt Securities) Rules, 2020 containing details such as the rule number, its text, the status of compliance, page numbers of the information memorandum where the rules has been complied with and our comments, if any;

(k) We also declare that we have managed the issue of securities of the following issuers including originators in the last 05 (five) years:

Serial No.	Issue Month/Year	Issue Price	Dividend or Payment History	Category, if listed
1.				
2.				

Managing Director/Chief Executive Officer

Place: **Name of the Issue Manager(s)**

Date: **Official Stamp(s)**

Annexure - C

Due diligence certificate by the underwriter(s)

[See rule 5 (4)(a)]

To

The Bangladesh Securities and Exchange Commission
Sub: Public issue of .... Debt Securities/Sukuk/ABS of Tk. .... of ....(Name of the Issuer or originator)

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 information memorandum, 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 or originator.

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 IM 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: