Draft Rules

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, after prior publication, the following rules, namely: —

1. **Short title**.- These rules may be called the Securities and Exchange Rules, 2019.
2. **Definitions**.- (1) In these rules, unless there is anything repugnant in the subject or context:-
    - (a) “approved” means approved by the Commission;
    - (b) “chartered accountant” means a person who is a chartered accountant within the meaning of the Bangladesh Chartered Accountants Order, 1973 (P.O. No. 2 of 1973);
    - (c) “Council” means the Financial Reporting Council constituted under the ফাইন্যান্সিয়াল রিপোর্টিং আইন, ২০১৫ (২০১৫ সনের ১৬ নং আইন) (Bangladesh Financial Reporting Act, 2015);
    - (d) “designated liabilities” means-
        - (i) amount payable in the ordinary course of dealing in securities;
        - (ii) overdrafts and loans from banks;
        - (iii) accrued expenses;
        - (iv) tax payable;
        - (v) all other liabilities that are regarded as liabilities under International Financial Reporting Standards (IFRS) which are payable within thirty days;
    - (e) “Form” means a Form annexed to these rules;
    - (f) “liquid assets” means the aggregate amount of the components of the current assets, which is realizable or liquidable within maximum 30 (thirty) days of claim unless otherwise mentioned, which includes the following but not limited to:
        - (i) cash in hand or in bank;
        - (ii) cash surrender value of life insurance policy;
        - (iii) customers’ debit balances receivable within three days;
        - (iv) interest, dividend or commission receivable;
        - (v) clearing house deposits excluding the mandatory part of deposit;
        - (vi) amounts receivable in the ordinary course of business, but excluding amounts which are due to be settled against delivery of security and remain outstanding for more than five banking days;
        - (vii) investment in treasury bills, treasury bonds or certificates issued by the Government of Bangladesh;
        - (viii) market value of investment in securities traded in an exchange;
        - (ix) market value of investment in mutual fund;
        - (x) market value of investment in collective investment scheme with a haircut of 15%;
        - (xi) value of investment in securities not traded in the exchange with haircut of 30% of its face value;
        - (xii) any other assets as may be decided by the Commission from time to time;

    - (g) “net capital” means liquid assets minus designated liabilities of a stock broker or stock dealer in relation to its trading in the exchange;
    - (h) “officer” in relation to an issuer includes managing agents, manager, secretary or accountant of the issuer and any other person who by virtue of his office may be in possession of any material information with regard to the affairs of the issuer;
    - (i) “Ordinance” means the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969);

(2) Words and expressions used that are not defined herein but defined in the Trust Act, 1882 (Act No. II of 1882) or the Securities Act, 1920 (Act No. X of 1920) or the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) or ব্যাংক কোম্পানী আইন, ১৯৯১ (১৯৯১ সনের ১৪ নং আইন) or বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ (১৯৯৩ সনের ১৫ নং আইন) or কোম্পানি আইন, ১৯৯৪ (১৯৯৪ সনের ১৮ নং আইন) or ডিপজিটরি আইন, ১৯৯৯ (১৯৯৯ সনের ৬ নং আইন) or এক্সচেঞ্জেস ডিমিউচ্যুয়ালাইজেশন আইন, ২০১৩ (২০১৩ সনের ১৫ নং আইন) or ফাইন্যান্সিয়াল রিপোর্টিং আইন, ২০১৫ (২০১৫ সনের ১৬ নং আইন) shall have the same meanings as are respectively assigned to them in the said Ordinance or Act and Rules or Regulations made there under.

3. Manner of business transaction of Stock Broker or Stock Dealer.-

(1) Stock broker or stock dealer shall receive all orders in writing or by Fax or E-mail or any other approved mode; and shall be numbered and time-stamped at the time of receipt thereof and entered in the chronological order in a register which states the name and address of the persons who placed the order, the name and number of the securities to be bought or sold, the nature of the transaction and the limit, if any, as to the price of the securities or the period for which the order is to be valid:

Provided that a telephonic order to buy or sell given by a customer, having an established account with a stock broker, may also be accepted if the order is properly recorded in a voice recorder and in a register simultaneously mentioning the date, call time, telephone number, client code, name of the securities and quantity by the stock broker or its authorized representative and also that such telephonic order shall be effective from the time and date of recording the telephonic order in accordance with this sub-rule:

Provided, however, that the order of a customer of a stock broker placed in the trading system of the exchange through internet or mobile apps or in the website of the stock broker following the applicable rules and regulations, shall be treated as valid order which shall be maintained and preserved electronically by the stock broker.

(2) A stock broker or stock dealer shall not involve in front running, and shall keep the information or information flow protected to avoid any front running activities:

Explanation: “front running” means the practice by market maker or stock dealer in dealing of securities transaction based on advance information provided by their stock broker or its authorized representative or investment analyst or any officer, before their client(s) have been given the information.

(3) A stock broker shall maintain separate trading terminal to be dealt by a separate authorized representative for its stock dealer:

Provided that such terminal or authorized representative shall not be involved in any trading for its customer.

(4) A stock broker who has executed an order of a customer shall, within a day of the execution of the order, give in writing in person or by Fax or short message service (SMS) to the cellular phone number or E-mail, as provided by the customers, a confirmation note, which shows the details of the transaction as determined by the exchange including the date and time on which the order was executed, the name and number of securities

bought or sold, the nature of the transaction, the price of the securities, customer's code number, brokerage and other expenses, if any.

(5) Notwithstanding anything contained in these rules or in any regulations, the trading in any exchange shall not follow any system which may enable any stock broker or stock dealer, in any way whatsoever, to do trading in any security on the basis on any counter party identification.

4. Preparation of financial statements and audit for Stock Broker or Stock Dealer.-

(1) Every stock broker or stock dealer shall prepare once in every year a financial statements, on the basis of the books of accounts and other documents as prescribed in rule 5 of these rules and the disclosure requirements to be followed under Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019, when applicable, and any other applicable rules.

(2) Every stock broker or stock dealer shall get its annual financial statements audited by an auditor or audit firm duly appointing from the panel of auditors as declared by the Exchange from time to time and shall submit to the exchange concerned and the Commission the audited financial statements along with the auditor's report within four months after the end of the year concerned.

(3) Any stock broker or stock dealer who fails to comply the provision of sub-rule (2), shall apply to the Exchange within the aforesaid specified time, with intimation to the Commission, and the Exchange may on good cause shown extend the time up to one month for auditing the financial statements or submission of the financial statements to the exchange, as the case may be, as it deems fit:

Provided further that no further extension is allowed without approval of the Commission.

(4) After examination of the said financial statements and auditors' reports, the exchange shall submit a status of compliance in a summary report to the Commission within two months from the last date of submission of said audited financial statements.

(5) Notwithstanding anything contained in these rules, if a stock broker or stock dealer is directed by the Commission, in the public interest, shall also get its financial statements audited by an auditor or audit firm appointed by the Commission, and the auditor or audit firm appointed shall furnish his report to the Commission in such form and within such time as the Commission may specify:

Provided that the fee for such audit and all other expenses in relation thereto shall be borne by the Commission.

(6) Where the Commission on examination of the audited financial statements of a stock broker or stock dealer, finds that the audit has not been conducted, or the audit report has not been prepared, in accordance with the provisions of these rules, or any other applicable rules, where, in the opinion of the Commission, the audited financial statements do not reflect the true state of affairs of the issuer and the financial

statements are deficient in form or contents for which the concerned firm of chartered accountants or its partners are jointly and separately liable, it may, by order in writing giving reasons therefore, declare the firm of chartered accountants which, or the auditor who, conducted the audit, ineligible for acting as an auditor of any stock broker or stock dealer for a period not exceeding five years:

Provided that before making any such order, the Commission shall refer the matter to the Institute of Chartered Accountants of Bangladesh constituted under the Bangladesh Chartered Accountants Order, 1973 (P.O. No. 2 of 1973) or Financial Reporting Council constituted under the ফাইনান্সিয়াল রিপোর্টিং আইন, ২০১৫ (২০১৫ সালের ১৬নং আইন) (Financial Reporting Act, 2015) as the case may be, with a request to take appropriate disciplinary action against the firm of chartered accountants and the partners concerned within a period of sixty days from the date of such reference and the Commission may make the said order after the expiry of the said period, if no action is taken by the Institute or the Council or if, in its opinion, action taken by the Institute or the Council is not satisfactory:

Provided further that no such order shall be made without giving the firm of chartered accountants or auditor concerned a reasonable opportunity of being heard.

(7) Where the chartered accountants or its partners guilty of an offence referred to in sub-rule (6), every auditor, manager or other officer responsible for the conduct of its affairs shall, unless he proves that the offence was committed without his knowledge or that he exercised all diligence to prevent its commission, be deemed to be guilty of the offence.

5. Maintenance of books of accounts, etc. by the stock brokers or stock dealers. -

(1) Every stock broker or stock dealer shall prepare and maintain books of accounts, as required by sub-section (1) of section 6 of the Ordinance, and prepare its financial statements and disclosures as prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) and any other applicable rules and orders of the Commission.

(2) Every stock broker or stock dealer shall maintain the books of account and other documents in a manner that shall disclose a true, accurate and up to date position of his business, namely:-

(a) journal (or other comparable record), cash books and any other books of original entry forming the basis of entries into any ledger, the books of record of all orders for purchase or sale of securities, all purchases and sales of securities, all receipts and deliveries of securities and all other debts and credits;
(b) ledgers (or other comparable records) reflecting asset, liability, reserve capital, income and expense accounts;
(c) ledgers (or other comparable records) reflecting securities in transfers, securities borrowed and securities lent and securities bought or sold of which the delivery is delayed;
(d) separate customer ledgers (or other comparable records) reflecting the customers' assets and liabilities which shall include, among others, the following namely: -
   (i) chronological and customer-wise record of money received and paid:

Provided that all receipts and payments in respect of all transactions, or series of transactions, shall be carried out through account payee cheque, bank payment order or bank draft, or any other mode of banking channel or system:

Provided further that the Commission shall determine the maximum allowable cash amount for receipts against any such transaction for a single customer from time to time;

(ii) chronological and customer-wise record of securities received and delivered specifically mentioning the name, quantity and relevant reference number of the securities; and

(iii) chronological record of transactions made in a consolidated customers' account;

(e) record of Customer Account Information in Form II;

(f) maintain a register of customers including their names, addresses, cellular phone numbers, e-mail addresses, bank accounts details and customers' code along with their nominees' details, if any;

(g) prepare half-yearly financial statements within one month of end of first half of every financial year;

(h) record of transaction with the banks and a quarterly statement of bank reconciliation with cash or bank book;

(i) contract books showing details of all contracts entered into by a stock broker/stock dealer with other stock broker/stock dealer of the exchange or counterfoils or duplicates or memos of confirmation issued to such other stock broker/stock dealer; and

(j) duplicates or counterfoils of memos of confirmation issued to customers.

(3) The books of accounts and other documents referred to in sub-rule (1) and sub-rule (2) shall be preserved electronically or paper form authenticated by an authorized official of stock broker or stock dealer for a period of not less than seven years.

(4) All persons authorized to deal in securities on own account in any exchange shall furnish a report of any personal transactions in securities on settlement of each accounting period in Form-V.

(5) maintain a register of authorized representatives including their names and addresses along with their up to date registration certificates details.

(6) maintain agreements signed between stock broker or stock dealer and its authorized representatives in prescribed format as set by the Commission from time to time.

6. **Operation and Maintenance of consolidated customers' account.**- (1) Every stock broker or stock dealer shall open consolidated customers' account(s) in its name with any scheduled bank with intimation to the exchange and maintain the aforesaid account(s) for the deposit of the money received from and for, and payment of money to and for, the customers.

(2) Every stock broker or stock dealer shall not open more than one consolidated customer's account for each office or branch.

(3) Balance with consolidated customer account shall not be kept as lien or underlying for any purpose or shall not lend to any person.

(4) All money received from and for the customers shall be deposited in the said account on the day of receipt thereof or on the following day if the deposit cannot be made on the same day because of closure of the bank concerned.

(5) Each stock broker or stock dealer shall segregate the balance of customers in the consolidated customer account and any dues credited in favour of stock broker or stock dealer in the consolidated customer account on quarter-end basis; and the stock broker or stock dealer shall account for all its dues, if any, to its own account from the consolidated customer account within seven days of each quarter end basis.

(6) Every stock broker or stock dealer shall submit a report as required by the exchange from time to time along with bank statements of all consolidated customers' account(s) as well as related supporting documents to the exchange on quarterly basis within seven working days of end of each quarter:

Provided that after examination of the aforesaid report, the exchange shall submit a status of compliance in a summary report, mentioning any shortage or deficit in the consolidated customers' account(s), if any, to the Commission within fifteen (15) days from the last date of submission of said report:

Provided further that if there is any shortage or deficit in the consolidated customers' account(s) at any time for any reason, the stock broker or stock dealer shall immediately report the matter to the concerned exchange:

Provided further that the exchange shall conduct an inspection immediately for any shortage or deficit found in the consolidated customers' account of any stock broker or stock dealer, with intimation to the Commission as well as submit the report of inspection to the Commission within seven days of completion of such inspection.

7. **Separate preservation of customers' securities.-** (1) Every stock broker or stock dealer shall keep all securities received on account of any customer separately from the securities received by the stock broker or stock dealer on its own account:

(2) Every stock broker or stock dealer shall submit a report in a Form as determined by the exchange from time to time reconciling the securities holding position in its back office with the securities holding position at depository along with related supporting documents to the exchange quarterly within seven working days of end of each quarter.

(3) After examination of the aforesaid report under sub-rule (2), the exchange shall submit a status of compliance in a summary report, mentioning any shortage or deficit in securities holding position of the customers, if any, to the Commission within twenty working days from the last date of submission of said report:

Provided further that if there is any shortage or deficit in_securities holding position of the any customer at any time for any reason, the stock broker or stock dealer shall immediately report the matter to the concerned exchange:

Provided further that the exchange shall conduct an inspection immediately for any shortage or deficit found in the securities holding position of the customer(s) of any stock broker/stock dealer with intimation to the Commission as well as submit the report of inspection to the Commission within seven days of completion of such inspection.

8. **Operation and Maintenance of own account of stock-broker or stock-dealer:** (1) Every stock broker or stock dealer shall maintain separate bank account(s) in its name with any scheduled bank with intimation to the exchange.

(2) Every stock broker or stock dealer shall maintain record of any transaction between its own account and consolidated customer account, if any on each quarter end basis and shall report it the exchange within 15 (fifteen) days of each quarter-end.

(3) The fund of every stock broker or stock dealer or balance with the own account shall not be invested for any purpose other than its core business.

(4) All transactions in its own account except the requirement for petty cash management shall be made through banking channel.

9. Net Capital of stock broker or stock dealer.-

(1) A **stock broker or stock dealer** of the exchange shall at all times maintain a net capital balance in the capital account of an amount which shall be determined by the Commission from time to time.

(2) The operation of a stock broker or stock dealer shall stand suspended as soon as the net capital balance falls short of the amount specified in sub-rule (1) and shall remain so suspended until the net capital balance is increased so as not to fall short of that amount:

Provided further that stock broker or stock dealer shall also comply with the capital adequacy requirement under the risk based capital adequacy framework issued by any others rules of the Commission.

(3) Every stock broker or stock dealer shall report to the exchange monthly within three working days after the end of the month at all times during the month to which the report relates, a net capital balance of an amount not less than that specified in sub-rule (1) and shall forthwith inform the exchange if, at any time, such balance falls short of that amount.

(4) The exchange shall submit to the Commission within seven working days after the end of each month all reports received by it under sub-rule (3), together with a list of the stock broker or stock dealer who failed to report to it under the said sub-rule (3) showing the action, if any, taken against them by it under sub-rule (2).

10. **Risk-based capital adequacy requirements**.- (1) A stock broker or stock dealer shall at all times maintain a net capital balance as required under sub-rule (1) of rule 8 for the purpose of its business and the aggregate indebtedness ratio between its net capital and aggregate liabilities shall, at no time, exceed the ratio as determined by the Commission from time to time.

(2) If a stock broker or stock dealer fails to maintain the aggregate indebtedness ratio as specified in sub-rule (1), it shall forthwith cease to carry on its securities business,

otherwise than for the purpose of giving effect to any agreement or arrangement entered into before such failure, and inform the exchange(s) and the Commission about such failure.

(3) Where the Exchange(s) becomes aware of such failure, it shall suspend trading of its stock broker or stock dealer till such time as the requirement of the rule is met under immediate intimation to the Commission.

(4) The stock broker or stock dealer who has ceased to carry on its business under sub-rule (2) may resume its business if it becomes capable to meet the requirement, provided the Exchange is satisfied about that and permits it to do so under immediate intimation to the Commission.

Explanation: For the purpose of this rule, "aggregate liabilities" shall mean all liabilities, including the designated liabilities, as shown in the books of accounts of the stock broker or stock dealer.

11. Application for registration etc. by an exchange:-

(1) An application for the registration of an exchange under sub-section (1) of section 5 of the Ordinance shall be made to the Commission in Form-I along with a fee of Taka 5,00,000.00 (five lac) only through a pay order or bank draft in favour of 'Bangladesh Securities and Exchange Commission' which shall be non-refundable:

Provided that the exchange registered under the ordinance is not required to further apply to the Commission under these rules.

(2) The Commission will grant a certificate of registration to the exchange in Form-III under sub-section (2) of section 5 of the Ordinance upon receipt of Taka 1,00,00,000.00 (one crore) only as registration fee through a pay order or bank draft in favour of "Bangladesh Securities and Exchange Commission":

(3) The Exchange shall pay annual fee of Tk. 5 lac for each Gregorian calendar year within one month of end of the said Gregorian calendar year, but the fee may be changed from time to time by the Commission.

12. Maintenance of books of account and other documents by the exchange.- (1) Every exchange shall prepare and maintain, as required by sub-section (1) of section 6 of the Ordinance, its financial statements as prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) and any other specifications by the Commission, as will accurately disclose a true and fair picture of the state of affairs of the exchange at any point of time.

(2) The books of account and other documents referred to in sub-rule (1) shall include-

(a) the annual and quarterly financial statements;

(b) register or other comparable electronic records showing the position in respect of each stock broker or stock dealer as on the settlement date of the securities which the stock broker or stock dealer had bought or sold since the last preceding settlement day and which had been transferred through a clearing system maintained by the exchange or the clearing and settlement company, as the case may be;

(c) daily record of quotations and transactions on the exchange automatically maintained in the trading system showing the time at which each transaction took place;

(d) record of transactions with banks;

(e) record of security deposits;

(f) register of stock brokers or stock dealers or TREC Holders;

(g) register of authorized representatives;

(h) notices, minutes and attendance of the meetings of board of directors' and the Board Committees constituted under any act or rules or regulations and the annual general meeting (AGM) or any extraordinary general meeting (EGM);

(i) register of complaints and settlement thereof;

(j) register of shareholders of the exchange; and

(k) register of listed and delisted securities.

(3) The books of accounts and documents specified in these rules shall be preserved for a period not less than seven years.

(4) The annual financial statements of the exchange shall be audited by the firm(s) from the panel of auditors as declared by the Commission from time to time within 120 (one hundred and twenty) days from the date on which the exchange's financial year ends and a copy of such audited financial statements shall be submitted to the Commission within fourteen days thereof:

Provided that for any delay of submission, the exchange shall apply to the Commission and on good cause shown in such application, the Commission may extend the time for auditing the annual financial statements or submission of the annual financial statements to the Commission, as the case may be, as it deems fit.

(5) The board of directors of the exchange, while considering or adopting annual audited financial statements shall, in the same board of directors' meeting, declare the net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per share (NOCFPS) and also fix the date of the relevant annual general meeting (AGM) and take specific decisions with regard to:

(a) recommending or not recommending dividend for the shareholders on the basis of said financial statements;

(b) the eligible shareholders who shall be entitled to such dividend, if recommended;
(c) no cash divided shall be paid more than the profit earned in the current year;
(d) no dividend shall be declared out of the capital reserve account or the revaluation reserve account or any unrealized gain or out of profit earned prior to the incorporation of the exchange, if any, or through reducing paid-up capital.

(6) The board of directors of the exchange, while considering or adopting any quarterly financial statements, shall, in the same board meeting, declare the net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per share (NOCFPS) and the board shall not take any decisions with regard to recommending interim dividend for the shareholders on the basis of said financial statements without being duly audited and without declaring the shareholders who shall be entitled to such dividend:

Provided that no stock or bonus entitlement shall be declared as interim dividend:

Provided further that the board of directors may from time to time pay to the shareholders such interim dividend as appears to the board of directors to be justified by the profits of the exchange on the basis of related periodical audited financial statements:

Provided further that the decision about recommending interim dividend and entitlement for such dividend cannot be changed:

Provided further that the exchange shall, among others, disclose comparative net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per share (NOCFPS) in respect of the previous period for such NAV per share, EPS and NOCFPS as declared for the current period's financial statements.

13. Submission of periodical returns by the exchange.- (1) The periodical returns relating to the affairs of an exchange, as required under sub-section (2) of section 6 of the Ordinance and under these rules, shall be submitted to the Commission monthly in Form-IV within 15 (fifteen) days of the close of the month to which it relates.

(2) The minutes and attendance of the annual general meeting (AGM) or any extraordinary general meeting (EGM) shall be submitted to the Commission within 3 (three) working days of signing of the minutes.

(3) The exchange shall, within 45 (forty five) days of end of the first quarter (Q1) of the financial year, submit quarterly financial statements (audited or unaudited) to the Commission:

Provided that in case of significant deviation in any parameter between the quarterly periods, the exchange shall provide reasons therefor:

(4) The exchange shall, within one month of end of the second quarter (Q2) and the third quarter (Q3) of the financial year, submit quarterly financial statements (audited or unaudited) to the Commission:

Provided that in case of significant deviation in any parameter between the quarterly periods, the exchange shall provide reasons therefor.

(5) The notices along with relevant documents of the meetings of the board of directors shall be submitted to the Commission as per respective Board and Administration Regulations of the exchange.

(6) The minutes of the meetings of the board of directors shall be submitted to the Commission within 7 (seven) working days of holding such meeting.

14. Annual report of the exchange.-

(1) The annual report relating to the affairs of an exchange, as required by sub-section (2) of section 6 of the Ordinance, shall include all relevant annual audited financial statements of the year, management's discussion and analysis, report or certificate on compliance of the Corporate Governance Code, if applicable and Directors' Report along with the notice of the annual general meeting, operational outcomes, etc. or any other issues as decided by Board or directed by the Commission.

(2) The exchange shall disclose a comparative statement of its key financial and operational indicators in the annual report, among others, net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per share (NOCFPS), etc.

(3) Annual report as referred to sub-rule (1) shall be submitted to the shareholders at least 14 (fourteen) days before the annual general meeting of the shareholders of the exchange at which the annual report is to be laid before them and shall simultaneously furnish 10 (ten) copies of such reports to the Commission.

15. Listing of a security.- An application for listing a security on an exchange shall be made by the issuer to the exchange in accordance with respective listing regulations of the concerned exchange(s).

16. Annual Report, Financial Statements, Audit, etc. by the issuers.- (1) The annual report required by section 11 of the Ordinance to be furnished by an issuer of a listed security shall include all relevant annual audited financial statements of the year, management's discussion and analysis, report or certificate on compliance of the Corporate Governance Code, if applicable and Directors' Report along with the notice of the annual general meeting, etc., herein after referred to as the annual report.

(2) The financial statements of an issuer of a listed security shall include a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows (presented under direct method) as well as accounting policies and notes to the financial statements, herein after referred to as financial statements which shall be prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) and any other specification directed by the Commission or any other respective primary regulatory body of the issuer.

(3) The financial statements of an issuer of a listed security shall be audited by firm of auditors' duly appointed from the panel of auditors as per guidelines declared by the Commission from time to time, where a partnership firm of chartered accountants within the meaning of the Bangladesh Chartered Accountants Order,1973 (P. O. No. 2 of 1973):

Provided that, notwithstanding anything contained in this sub-rule, such financial statements may also be audited in accordance with Schedule by an auditor or audit firm, who is in the panel of the Commission, appointed by the Commission, whenever such audit is deemed by the Commission necessary in the public interest and the auditor appointed shall furnish his report to the Commission in such form and within such time as the Commission may specify:

Provided further that the fee for such audit and all other expenses in relation thereto shall be borne by the Commission.

(4) The annual financial statements of an issuer of a listed security except a life insurance company shall be audited within 120 (one hundred and twenty) days from the date on which the issuer's financial year ends and a copy of such audited financial statements shall be submitted to the Commission and the exchange within fourteen days thereof:

Provided that a listed life insurance company shall, within 30th June of Gregorian calendar, submit the audited annual financial statements to the Commission and the exchange:

Provided further that on the application filed by the issuer within the aforesaid specified time the Commission may on good cause shown and only under extreme circumstances extend the time for auditing the financial statements or submission of the financial statements to the Commission, as the case may be, as it deems fit:

Provided further that if an issuer fails to get its financial statement audited in the manner as specified in sub-rule (3) and fails to submit the same to the Commission and the stock exchange within the said specified time or extended time as the case may be, the Commission may appoint an auditor to audit the financial statements of the issuer in accordance with Schedule at the issuer's cost.

(5) Where the Commission on examination of the audited financial statements of an issuer of a listed security, finds that the audit has not been conducted, or the audit report has not been prepared, in accordance with the provisions of these rules, or where, in the opinion of the Commission, the audited financial statements do not reflect the true state of affairs of the issuer and the financial statements are deficient in form or contents for which the concerned partnership firm of chartered accountants or its partners are jointly and separately liable, it may, by order in writing giving reasons therefor, declare the firm of chartered accountants which, or the auditor who, conducted the audit, ineligible for acting as an auditor of any issuer of a listed security for a period not exceeding five years:

Provided that before making any such order, the Commission shall refer the matter to the Institute of Chartered Accountants of Bangladesh constituted under the Bangladesh Chartered Accountants Order, 1973 (P.O. No. 2 of 1973) or Financial Reporting Council constituted under the ফাইনান্সিয়াল রিপোর্টিং আইন, ২০১৫ (২০১৫ সালের ১৬নং আইন) (Financial Reporting Act, 2015) as the case may be, with a request to take appropriate disciplinary action against the firm of chartered accountants and the partners concerned within a period of sixty days from the date of such reference and the Commission may make the said order after the expiry of the said period, if no action is taken by the Institute or the Council or if, in its opinion, action taken by the Institute or the Council is not satisfactory:

Provided further that no such order shall be made without giving the firm of chartered accountants or auditor concerned a reasonable opportunity of being heard.

(6) Where the chartered accountants or its partners guilty of an offence referred to in sub-rule (5), every auditor, manager or other officer responsible for the conduct of its affairs shall, unless he proves that the offence was committed without his knowledge or that he exercised all diligence to prevent its commission, be deemed to be guilty of the offence.

(7) The Commission may take appropriate measures for conducting the special audit for banks, financial institutions and insurance companies in consultation with their respective primary regulator, as the case may be, if felt necessary.

Explanation: Furthermore, the special audit as mentioned in sub-rule (7), the audit mentioned in the 1^{st} and 2^{nd} proviso of sub-rule (3) and in the 2^{nd} proviso of sub-rule (4) shall be considered as "special audit".

(8) Every issuer other than mutual fund shall furnish a copy of its annual report in soft form or printed form as the case may be, referred to in sub-rule (1) to the shareholders at least fourteen days before the general meeting of the shareholders of the issuer at which the report is to be laid before them and shall simultaneously furnish such report to the stock exchange or exchanges on which its securities are listed and to the Commission in such form as prescribed by the Commission from time to time.

(9) An annual report referred to in sub-rule (1) as well as financial statements referred to in sub-rule (2) shall, in addition to the matters required to be included therein by the Ordinance, these rules, any order or notification or directive made under the Ordinance or any other law for the time being in force, include such other statements, reports, documents, information or explanations relating to its affairs as the Commission may, by order in writing, require from time to time.

17. **Submission of interim report by issuer**.-

Every issuer shall submit their interim financial statements (audited or unaudited) to the exchange and the Commission as determined by the Commission from time to time, which shall be prepared or audited in the same manner and form as the annual financial statements.

18. **Mode of filing or submission of returns or reports, etc**.-

Any person required by the Ordinance or any of these rules to furnish any document, statement, return or report etc. to the Commission, exchanges and other agencies shall furnish it, either in person or through an agent, or send it by registered post or in prescribed electronic format as and when required by the Commission or the Exchange.

19. **Inspection:** (1) The Commission may authorize any person or any institution to inspect at any time, if it is necessary to conduct an inspection for the interest of investors, the affairs of the issuer of listed securities, the affairs as well as operations of the Exchange(s) or the affairs as well as operations of the stock broker/stock dealer;

(2) Without prejudice to the provisions of sub-rule (1), every issuer of listed securities or every Exchange or every stock broker/stock dealer or its directors, officers, auditors or authorized persons thereof shall furnish such documents, information or explanation relating to the affairs of the issuer of listed securities or the affairs as well as operations of the Exchange or the affairs as well as operations of the stock broker/stock dealer as the Commission or the inspection officer may require, at any time, by request in writing.

20. Repeal and Savings. - (1) The Securities and Exchange Rules, 1987 is hereby repealed.

(2) Notwithstanding this repeal, anything done or any action taken 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 done or taken under or in pursuance of these Rules.

FORM I

[See rule-11(1)]

FORM OF APPLICATION FOR REGISTRATION OF AN EXCHANGE OR RENEWAL THEREOF UNDER SECTION 5 OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969.

To
Chairman
Bangladesh Securities and Exchange Commission
Dhaka]

Dear Sir,
I/We, hereby, apply for registration of .... (proposed/existing name of the Stock Exchange) under section 5 of the Securities and Exchange Ordinance, 1969 read with the rule 11 of the Securities and Exchange Rules, 2019.
In this connection, necessary information and documents as required in this behalf are furnished vide the Annexure/Exhibits to this Form.

Yours Faithfully,

Signature of the Applicant

<u>Annex to Form I</u>

General Information:

1. State the name of the applicant: ....
2. Provide the applicant's primary/registered address: ....
3. Provide the applicant's mailing address (if different): ....
4. Provide the applicant's business telephone and facsimile number: ....
5. Mention the date of Incorporation and commencement of business: ....
6. Provide the name, title, and telephone number of a contact employee: ....
7. Provide types of securities to be traded: ....
8. Provide the date applicant's fiscal year end: ....
9. Authorized capital and Initial paid up capital/proposed paid up capital of the applicant:
10. Net worth of the applicant as on date or as per last audited accounts: ....
11. Indicate legal status of applicant/ other (specify): ....
12. Indicate TIN and VAT Registration certificate: ....
13. Any other information relevant to the registration or renewal of the exchange: ....

EXHIBITS:

File all Exhibits with an application for registration or renewal, as the case may be, under section 5 of the Securities and Exchange Ordinance, 1969 read with the rule 11 of the Securities and Exchange Rules, 2019. For each exhibit, include the name of the applicant, the date upon which the exhibit was filed and the date as of which the information is accurate and updated (if different from the date of the filing). If any Exhibit required is inapplicable a statement to that effect shall be furnished in lieu of such Exhibit.

Exhibit A: A copy of the Memorandum and Articles of Association with all subsequent amendments along with incorporation certificate, and of existing by-laws or corresponding instruments, whatever the name, of the applicant.

Exhibit B: A copy of all written rulings, settled practices having the effect of rules, and interpretations of the Governing Board or other committee of the applicant in respect of any provisions of the constitution, by-laws, rules, regulations for board or trading practices of the applicant which are not included in Exhibit A.

Exhibit C: For each subsidiary or affiliate of the applicant, and for any entity with whom the applicant has a contractual or other agreement relating to the operation of an electronic trading system/OMS/any other system to be used to effect transactions on the exchange ("System"), provide the following information:

1. Name and address of organization.
2. Form of organization (e.g., association, corporation, partnership, etc.).
3. Name of state and statute citation under which organized. Date of incorporation in present form.
4. Brief description of nature and extent of affiliation.
5. Brief description of business or functions. Description should include responsibilities with respect to operation of the System and/or execution, reporting, clearance, or settlement of transactions in connection with operation of the System.
6. A copy of the Incorporation certificate.
7. A copy of Memorandum and articles of association including all amendments.
8. Copy of TIN and VAT Reg. documents.
9. A copy of existing by-laws or instruments/guidelines/Modus-oprandum/any agreement/MOU.
10. The name and title of the present officers, governors, members of all standing committees, or persons performing similar functions.
11. An indication of whether such business or organization ceased to be associated with the applicant during the previous year, and a brief statement of the reasons for termination of the association.

Exhibit D: For each subsidiary or affiliate of the exchange, provide unconsolidated financial statements for the latest fiscal year. Such financial statements shall consist, at a minimum, of a balance sheet and an income statement with such footnotes and other disclosures as are necessary to avoid rendering the financial statements misleading.

EXHIBITS E: Describe the manner of operation of the System. This description should include the following:

1. The means of access to the System.
2. Procedures governing entry and display of quotations and orders in the System.
3. Procedures governing the execution, trading, reporting, clearance and settlement of transactions in connection with clearing and settlement (CnS) or any other System.
4. Existing or Proposed fees.
5. Procedures for ensuring compliance with System usage guidelines.
6. The hours of operation of the System, and the date on which applicant intends to commence operation of the System.
7. Attach a copy of the users' manual.
8. Copy of existing or proposed Regulations for settlement and Clearing, Trading, Settlement Guarantee Fund, Investors' Protection Fund, Short Sell, members margin etc.
9. Describe the risk management procedure and compliance with relevant documents relating to settlement of transaction, IT system, cyber securities or any other threats to this system.

10. If applicant proposes to hold funds or securities on a regular basis, describe the controls that will be implemented to ensure safety of those funds or securities.
11. Any other information and documents for this purpose.

Exhibit F: A complete set of all forms pertaining to:

1. Application for membership, participation, or subscription to the entity.
2. Application for approval as a person associated with a member/TREC, participant, or subscriber of the entity.
3. Copy of existing or proposed regulation for TREC Issue/renewal/suspension and member's margin etc.
3. Any other similar materials.

Exhibit G: A complete set of all existing or proposed forms of financial statements, reports, or questionnaires required for members, participants, subscribers, or any other users relating to financial responsibility or minimum capital requirements for such members, participants, or any other users. Provide a table of contents listing the forms included in this Exhibit G.

Exhibit H: A complete set existing or proposed regulations or documents comprising the applicant's listing applications, including any agreements required to be executed in connection with listing and a schedule of listing fees. If the applicant does not list securities, provide a brief description of the criteria used to determine what securities may be traded on the exchange.

Exhibit I: Audited financial statements for last 5 years. If an applicant has no consolidated subsidiaries, it shall file audited financial statements under Exhibit I alone and need not file a separate unaudited financial statement for the applicant under Exhibit D.

Exhibit J: A list of the officers, governors, members of all committees & sub-committee, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:

1. Name.
2. Title.
3. Dates of commencement and termination of term of office or position.
4. Type of business in which each is primarily engaged.

Exhibit K: Describe the exchange's criteria for membership in the exchange. Describe conditions under which members may be subject to suspension or termination with regard to access to the exchange.   Describe any procedures that will be involved in the suspension or termination of a member.

Exhibit L: Provide an alphabetical list of all members, participants, subscribers or other users, including the following information:

1. Name.
2. Date of election to membership or acceptance as a participant, subscriber or other user.
3. Principal business address and telephone number.
4. If member, participant, subscriber or other user is an individual, the name of the entity with which such individual is associated and the relationship of such individual to the entity (e.g. partner officer, director, employee, etc.).
5. Describe the type of activities primarily engaged in by the member, participant, subscriber, or other users and state the number of members, participants, subscribers, or other users in each.
6. The class of membership, participation or subscription or other access.

Exhibit M: Provide a schedule for each of the following:

1. The securities listed in the exchange, indicating for each the name & addresses of the issuer and a description of the security.
2. The securities admitted to unlisted trading privileges, indicating for each the name of the issuer and a description of the security.
3. Mention the categories of the market (Regular, Block, spot, OTC, ATB, Small Cap or any others market, etc).

Exhibit N: Copy of agreement/MOU with CCP and CDBL or any other entities relating to the clearing and settlement of contract/transaction of the trade of any instruments.

Exhibit O: Copy of agreement/MOU relating to strategic investor or other foreign affiliation with exchange with relevant information and documents**.**

Exhibit P: Any other information or documents as and when requirement by the Commission, in addition to above exhibits, for registration or renewal of an exchange.

FORM II
[see rule 5(2)(e)]
Name and address of the Stock Broker
(with Phone, Fax, e-mail, web address and BSEC registration No.)

Photograph(s) of Customer(s) with attestation of the Introducer

CUSTOMER ACCOUNT OPENING FORM

Customer Account No. (Filled by the Office) ....Date: ....

BO Account No. ....Account Type: Cash.................Margin ....

Account Status*:* Individual.........Joint.........NRB…......Company/Institutional........Other......

NameoftheAccountHolder..

Father's Name *I*CEO’s (in case of Firm or Company with details) ....

Mother’s Name ....

Spouse Name...

Present Address……………………………………………………………

Permanent Address...

Date of Birth: ....Sex: Male............Female……..Nationality:.......................

Date of Incorporation/Registration and Registration number (in case of Firm or Company with details) ....

(Copy of Memorandum of Association and Articles of Association or Trade License shall be enclosed, if applicable)

National ID/Passport/Birth Certificate/Driving License Number...

Phone No.: ....Mobile No: ....Fax...................................

Email Address..

Name of the Joint Accountholder (if any) ....

Father's Name...

Mother's Name...

Spouse Name..

Present Address..

Permanent Address...

Date of Birth: ....Sex: Male............Female ....Nationality: ....

National ID/Passport/Birth Certificate/Driving License Number..

Phone No.: ....Mobile No. ....Fax ....

Email Address...

Nominee Details:

	Nominee-1	**Nominee-2**
Name		
Address		
Mobile Number		
Email Address		
NID/Birth Certificate/ Passport Number		
Relation with Client(s)		
Percentage (%) of Nomination		

Photograph(s) of Nominee(s) with attestation of the Customer(s)

Authorized Person Details (if any):

Name			
Address			
National ID/Birth Certificate/ Passport Number			
Phone Number		Mobile Number:	
Email Address			

Photograph of authorized Person attestation of the Customer(s)

Officer or Director of any Broker/Dealer/Exchange/Listed Company? Yes........ No. ....

If yes, please mention name and address of the Broker/Dealer/Exchange/Listed Company with designation of the said officer or director: ....

Source of Fund details...

Bank Account Details:

Account Number	
Bank Name	
Branch Name	

Introducer Details:

Name	
Account Number	
Mobile Number	

......
....
Signature of the Introducer with date

....
Signature of the Account Holder with date

....
Signature of the Joint Account Holder (if any) with date

....
Signature of the Authorized Person (if any) with date

....
Authorized Signature of the Stock Broker with date and seal

....
Authorized Signature of the Stock Broker with date and seal

....
Authorized Signature of the Stock Broker with date and seal

KYC Profile Form

(Filled by the Stock Broker)

Name of the Account Holder(s)...

BO Account Number...

Customer Account Number..

Occupation (with Joint Account Holder's, if any): ....

Name of MD/CEO (in case of Firm or Company): ....

Nature of Business (in case of Firm or Company): ....

Source of Fund...

Describe, how source of fund was verified; details and nature of business: ....

Detailed information/Documents of the Account Holder(s):

Sl.	Nature of Documents	Number	Photocopy Obtained		Applicable for
			Yes	No	
1	National ID				Individual (if any)
2	Passport				Individual (if any) or NRB
3	Visa/Residential Permit and Work Permit				NRB
4	Birth Certificate				Individual (if any)
5	Driving License				Individual (if any)
6	Bank Account with supporting document				Individual or NRB
7	NID/Birth Certificate/ Passport				Nominee
8	NID/Birth Certificate/ Passport				Authorized Person
9	Registration Certificate				Firm/Company/Institution
10	Date of Incorporation				Firm/Company/Institution
11	Memorandum of Association				Company/Institution
12	Articles of Association				Company/Institution
13	Trade License				Firm/Company/Institution
14	TIN				Firm/Company/Institution
15	VAT Registration				Firm/Company/Institution
16	Particular of Directors				Company or Institution

Comments (if any): ....

....
Signature of Account Opening
Officer with date and Seal

....
Signature of Authorized Officer/
MD/CEO with date and Seal

When was the information related to the Account last reviewed and updated? If any, details with comments: ....

....
Signature of the Officer performing review
and update with date & Seal

FORM-III
[See rule-11(2)]

BANGLADESH SECURITIES AND EXCHANGE COMMISSION

CERTIFICATE OF REGISTRATION/ RENEWAL AS EXCHANGE

(See rule 11)

No. Dhaka, the ....

The Bangladesh Securities and Exchange Commission having considered the application for registration/renewal under the rule 11 of the Securities and Exchange Rules, 2019 by... (Name of the exchange) and being satisfied that the said company is eligible for registration or getting renewal and that it would be in public interest and in the interest of the capital market so to do, hereby grants, in exercise of the powers conferred by the section 5 of the Securities and Exchange Ordinance, 1969 registration/renewal to .... subject to the conditions stated herein below or as may be prescribed or imposed hereafter.

2. This certificate of registration/renewal will remain valid until suspended or cancelled by the Commission.

For and on behalf of
Bangladesh Securities and Exchange Commission

Authorized Officer

FORM IV
[See rule 13(1)]

PERIODICAL RETURN UNDER SECTION 6(2) OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969 RELATING TO THE AFFAIRS OF M/S. ……… FOR THE MONTH OF ………………

To
Chairman
Bangladesh Securities and Exchange Commission
Dhaka

Dear Sir,

I/We hereby submit the following in compliance with the provision of rule 13 of the Securities and Exchange Rules, 2019 for your information and necessary action:

1. Name of the Stock Exchange
----

2. (a) Particulars of application for listing received …………………………….
   (b) Particulars of those admitted to quotation …………………………….
   (c) Particulars of those refused listing and reasons thereon in each case …………………………….

3. Particulars of securities delisted and reasons thereof in each case.
…………………………
4. Particulars of member disciplined and nature of offense/violation committed
5. Particulars of members declared defaulters
………………………..
6. Particulars of members whose net capital balance fell below the prescribed amount
…………………………

7. Particulars of non-compliance of any regulations of the Stock Exchange by any company whose securities are listed on the stock exchange
…………………………
8. Trading volume during the month-
   (a) Spot
   …………………………
   (b) Ready …………………………
   (c) Forward …………………………

9. Particulars of securities which registered a rise/ decline of ten percent or more in value during the month …………………………
10. Particulars of securities in which no transactions took place during the month …………………………….
11. Brief analysis of the stock market trend during the month

…………………………

Yours faithfully,

Signature………………….......

Designation……………........
Place ………………
Date…………………

Form V
[See rule 5(4)]
Report of Transactions in Securities by stock broker or stock dealer and its director's account

Name: ………………………………………..
Client Code: ……………………………

Date	Name of securities	Types of transactions	Number of securities bought/sold	Value of securities bought/sold	Date of settlement with Cheque No. or any other mode of payment other than cash

I/We declare that the above information is true and correct.

Signature of the stock-broker/stock-dealer----------------------

Name--

TREC No.....................................

SCHEDULE
[See sub-rule (3) and (4) of rule 16]

Guidelines for conducting special audit of companies-

In terms of power vested under sub-rule (3) and (4) of rule 16 of the Securities and Exchange Rules, 2019, the Bangladesh Securities and Exchange Commission may appoint an auditor in the public interest to undertake special audit of the financial statements of a listed company.

To conduct the aforesaid audit of listed companies meaningfully and objectively, the audit firm appointed by the Bangladesh Securities and Exchange Commission shall perform the audit with special emphasis, among others, on the following matters:

1. Whether the company has kept proper books of accounts, register of members, minutes of the meetings of Board of Directors and kept these updated.
2. Whether the company has adhered to the Securities and Exchange Rules, 2019, International Accounting Standard (IAS) and/ or International Financial Reporting Standards (IFRS), and International Standards of Auditing (ISA), to state deviation thereof, if any, with particular reference to:

   (a) Accuracy of turnover and major components of costs of sales;
   (b) Accuracy of reporting of business or segment or unit wise revenue, if any;
   (c) Position of current assets with particular emphasis on the realization, collection and adjustment status of debtors, advance, loan and, or investment to sister and other concerns, if any, deposits and prepayments. As regard debtors and receivables, the auditor should obtain direct confirmations for such balances which constitutes for more than 5% of the total outstanding, if not realized subsequently. The auditor should also obtain direct confirmation for all the bank balances including loan balances. The objective(s) of giving advance, loan and, or investment to sister and other concerns, if any, should also be verified;

   (d) Reconciliation of production and sales revenue and its relation to VAT payment, if applicable, as well as Income Tax payment. The auditor should check whether adequate provision for income tax has been made along with accuracy of deferred tax calculation, if applicable. As regard revenue, the auditor should verify the details of revenue with the control ledger and subsidiary ledger and confirm with invoices for its accuracy and completeness. The auditor should confirm that all the sales and its corresponding collection have been recorded and properly deposited to bank and there is no fake sale. As regard other income, the auditor should verify the details of other income and confirm the accuracy and calculation thereof with the available documents or sources;

   (e) Valuation and physical existence of items of inventories. The closing inventories should be verified through physical verification and, where applicable, the balance should be confirmed by doing back calculation using the relevant book or records on inventory usage. Regarding the inventories, among others, the auditor also should give comment(s) on the following matters-

      - whether the company has established proper system of maintaining the inventories;

- whether adequate provision has been made for obsolete and damaged items of inventories and whether these are written off accordingly;
- whether the company has properly arrived at the cost of the inventories and valuation has been done as per IAS and/or IFRS.

(f) Authenticity of purchases and cost of goods sold, the auditor should-
- Confirm that proper policies have been followed during procurement;
- Verify the ledgers and invoices to confirm the accuracy and completeness;
- Check the cost of purchases with documents;
- Confirm that the purchases have been made as per the requirement of the company;
- Confirm that all the expenditure relating to cost of goods sold has been properly accounted for;
- Check the accuracy and completeness of all the said expenses;
- Confirm the unit cost from the calculation;
- Check the consumption of raw materials with the information of stores department.

(g) Genuineness of expenses of the company for the relevant year(s). In this regard, the auditor should-
- Verify all the expenses with the source documents and check their relevancy;
- Confirm the calculation and formation;
- Confirm that all the expenses of the relevant period have been charged to the financial statements.

(h) Directors', sponsors' remuneration or emoluments and related party transactions [associate and subsidiary company as defined in the Securities and Exchange Commission (Public Issue) Rules, 2015, IAS and/or IFRS.] with special emphasis on compliance with the (or, subsequent amendments in this regard). The auditor should confirm that the company has complied IAS and/or IFRS in making or reporting transactions with related parties;

(i) Cost of acquisitions or constructions, valuation, including revaluation and physical existence and the title of the fixed assets, maintenance of fixed asset register, capital stock including plantation, if applicable. In this regard the auditor, among others, should do the following-

- Confirm the cost or valuation of fixed assets (including re-valuation of fixed assets) shown in the relevant financial statements with the original sources including vouchers, invoices, L/Cs, books of accounts, fixed assets register and valuation report (where applicable);
- Physically verify the existence of all fixed assets;
- Confirm that the company has a good procurement policy and it has been properly followed for the procurement made during the relevant year(s);
- Confirm that the company has the ownership on all its assets;
- Confirm whether the assets are mortgage to any organization as security and proper approval in this regard has been taken from appropriate authorities or shareholders, as applicable;
- Confirm that the assets have been purchased for the purpose of the business of the company and the company has been benefited from the assets;

- Confirm that the assets have been accounted for and presented as per requirement of BFRS and, or BAS;
- Evaluate the disposal of assets that the company made during the year and confirm it has been done following proper practice;
- Verify the capital work in progress with all the source documents and confirm the cost incurred so far.

3. Authenticity of the liabilities of the company including direct confirmation for major amounts (5% and above of total liabilities). As regard loans or overdraft and creditors, the auditor should do the following: -

   (a) Verify the loans taken from the banks as reflected in the company ledger along with the documents directly collected from the banks;
   (b) Obtain confirmation from the lenders for the loans;
   (c) Obtain the information from the lender about the security given by the company;
   (d) Confirm the valuation and presentation of loans as per BFRS and, or BAS;
   (e) Confirm that the interest on loans has been properly accounted for;
   (f) Verify the creditors' balances with the books of accounts and other relevant source documents;
   (g) Verify the movement made in the creditors' balances with the transactions made during the relevant year(s);
   (h) Obtain direct confirmation from the creditors, if the size of individual creditor is 5% or more of the total creditors;
   (i) Verify the subsequent payment made by the company during the relevant year(s).

4. As regard particulars of investments, the auditor should-

   (a) Verify the investment amount(s) made by the company with the books of account and supporting documents (Share certificate, FDR scripts, Sanchoy patra etc.);
   (b) Obtain the confirmation from the relevant organization for the amount shown as investment;
   (c) Confirm that the company has the ownership on all the investment;
   (d) Verify the income generated from the investment;
   (e) Confirm the accounting and presentation of investment and income thereof as per IAS and/or IFRS.

5. Whether profit or loss properly attributes to the period as shown in the financial statements.

6. Item-wise reconciliation of cash & cash equivalent as shown in the cash flows statements.

7. Whether the financial statements are consistent with those of previous periods and whether the same have been prepared and presented as per IFRS and/or IAS. Whether the amounts shown in the relevant financial statements and notes to the accounts are accurate.

8. Acquisition and disposal of shares by the sponsors, if any.

9. Composition and effectiveness of internal check and internal control.

10. Extra Ordinary items of cost, if any with reasons thereof.

11. Any special remuneration or fees to any director.

12. Details of technical fee or royalty, if any.

13. Details of marketing, promotional or business development expenses.

14. Details of foreign visits with reasons thereof on company account.

15. Details of foreign remittance (inward or outward), if any with its purpose(s) and whether proper legal procedures and accounting treatment have been followed.

16. Application of income tax and VAT laws in all the applicable areas including tax or VAT deducted at sources.

17. As regard compliance with Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 (or, any further amendments in this regard), the auditor should report-

    (a) Whether independent director(s) have been duly appointed by the company;
    (b) Whether the audit committee has been constituted in compliance with the Condition No. 5(2);
    (c) Whether the Chairman of the audit committee has been appointed in compliance with the Condition No. 5(3)(a);
    (d) Whether the audit committee made reports to the Board of Directors (BoD) and to the shareholders in compliance with the Condition No. 5(6)(a) and 5(7) respectively;
    (e) Whether the financial irregularities or weaknesses that the auditors appointed by the Commission have found out, if any, were earlier identified and duly reported by the audit committee to the BoD;
    (f) Whether the company complied with the Condition No. 7.00 as regard obtaining service of the statutory/external auditors.

18. The auditor appointed by the Commission shall also assess the quality of the audit report issued by the statutory or external auditors of the company for the relevant year(s) and shall make comment on the deficiencies, if any, of the statutory auditors' report in light of International Standards on Auditing (ISA).

19. In making comments on the deviations from IFRS and/ or IAS, if any, the auditor appointed by the Commission shall specifically point out the violation of particular Para of IFRS and/ or IAS, as the case may be.

20. The said auditor shall make an inception report stating that it has started audit including expected staff hours and estimated cost within 15(fifteen) days from the date of receipt of the appointment letter and submit the audit report to the Commission within 02 (two) months thereafter. However, the Commission, considering a written application made by the auditor appointed by it within the said 02 (two) months' time, in appropriate case may extend the time for submission of the report.

21. In addition to the points 1 to 20 above, the Commission during the duration of the audit may also request the auditor to conduct the said audit by giving emphasis on other matters or areas of the listed company.

22. The auditor appointed by the Commission shall-

(a) maintain a timesheet of working hours as an evidence of staff hours spent for carrying out the audit;
(b) maintain records or documents in support of their findings for future reference or use of the Commission; and
(c) immediately inform the Commission in case the concerned listed company does not cooperate with the auditor in conducting the said audit.