"মুজিববর্ষের অঙ্গীকার
উন্নয়ন-অর্থায়নের উৎস হবে পুঁজিবাজার"

Quarterly Review

June 2020

Ensuring Stability and Discipline towards Advancement of the Economy

Bangladesh Securities and Exchange Commission

Quarterly Review

June 2020

Bangladesh Securities and Exchange Commission
Securities Commission Bhaban
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The Bangladesh Securities and Exchange Commission (BSEC) was established on 8th June, 1993 as the regulator of the country's capital market through enactment of the Bangladesh Securities and Exchange Commission Act, 1993; with the objectives of protecting the interest of investors in securities, developing the securities market and making rules for matters connected therewith or ancillary thereto. The Commission consists of the Chairman and four Commissioners who are appointed for fulltime by the Government. The Chairman acts as the Chief Executive of the Commission. The Commission has overall responsibility to make securities related rules and regulate the market accordingly. The Commission is a statutory body and attached to the ministry of finance.

At present, Prof. Shibli Rubayat-Ul-Islam is serving as the Chairman of the Commission and Mr. Khondoker Kamaluzzaman, Dr. Shaikh Shamsuddin Ahmed, Prof. Dr. Md. Mizanur Rahman and Mr. Md. Abdul Halim are serving as the Commissioner of the Commission.

Bangladesh Securities and Exchange Commission (BSEC) has been elevated to 'A' category member of International Organization of Securities Commissions (IOSCO) on 22 December, 2013 for achieving international standard through capital market reforms.

1. Bangladesh Securities and Exchange Commission

Prof. Shibli Rubayat-Ul-Islam
Chairman

Mr. Khondoker Kamaluzzaman
Commissioner

Dr. Shaikh Shamsuddin Ahmed
Commissioner

Prof. Dr. Md. Mizanur Rahman
Commissioner

Mr. Md. Abdul Halim
Commissioner

2. Executive Directors and Head of the Departments of the Commission

Sl. No.	Name	Designation	Head of the Departments
1	Mr. Farhad Ahmed	ED	SRI and CDS
2	Mrs. Ruksana Chowdhury	ED	Capital Issue, Enforcement, Office of the Chief Accountant, Internal Audit and AML&CFT Wing
3	Dr. ATM Tariquzzaman	ED	(Currently working as lecturer at Victoria University of Wellington in New Zealand under lien)
4	Mr. Md. Anowarul Islam	ED	SRMIC and Admin & Finance
5	Mr. Md. Saifur Rahman	ED	Surveillance, Project Director and Spokesperson of the Commission
6	Mr. Md. Ashraful Islam	ED	MIS and R&D
7	Mr. M. Hasan Mahmud	ED	MF&SPV and Corporate Finance
8	Mr. Mahbubul Alam	ED	Registration, International Affairs, Financial Literacy and Director General of Bangladesh Academy of Securities Market
9	Mr. Mahbuber Rahman Chaudhury	ED	CMRRC and Law

3. Directors of the Commission

Sl. No.	Name	Designation	Departments
1	Mr. Kamrul Anam Khan	Director	SRMIC
2	Mr. Mohammad Rezaul Karim	Director	Capital Issue and Financial Literacy
3	Mr. Shafiul Azam	Director	SRI
4	Mr. Ripan Kumar Debnath	Director	CMRRC
5	Mr. Mir Mosharraf Hossain	Director	Enforcement
6	Mr. Mohammad Jahangir Alam	Director	Registration
7	Mr. Mahmoodul Hoque	Director	MF and SPV
8	Mr. Prodip Kumar Basak	Director	Capital Issue and Corporate Finance
9	Mr. Rajib Ahmed	Director	MIS
10	Mr. Abul Kalam	Director	Finance
11	Mr. Mansur Rahman	Director	Capital Issue
12	Mr. Mohammad Abul Hasan	Director	Admin
13	Mr. Sheikh Mahbub Ur Rahman	Director	Surveillance
14	Ms. Farhana Faruqui	Commission Secretary and Director	Commission Secretariat and IAD
15	Mr. Abu Rayhan Mohammad Mutasim Billah	Director	Research & Development

4. The Missions of the Commission

An efficient, transparent and fair capital market plays an important role in development of a country's industrialization and economic development. To develop such a fair and accountable capital market, Bangladesh Securities and Exchange Commission was established as the regulator of the capital market with the following missions:

- Protecting the interest of investors in securities;
- Developing the capital and securities markets; and
- Making rules on securities related matter or ancillary thereto.

The Commission consists of the Chairman and four full time Commissioners who are appointed by the Government for four years and terms of their service is determined by the Government. The Government may reappoint them subject to their age not exceeding 65 years. The Chairman discharges duties as the chief executive of the Commission.

The Commission carries out all its activities to meet purposes of the securities laws. Major activities of the Commission are listed below:

- Approval for issuance of securities;
- Making of securities related Rules;
- Market surveillance on securities trading;
- Ensuring corporate governance in listed companies;
- Conducting countrywide financial literacy;
- Enforcement actions against violation of securities laws;
- Regulating capital market and its intermediaries;
- Conducting research and publishing information.

5. Capital Market Related Activities

5.1 Joining of Professor Shibli Rubaiyat-ul-Islam at Bangladesh Securities and Exchange Commission as Chairman.

The newly appointed Chairman of the Commission Prof. Shibli Rubaiyat-ul-Islam laid a wreath at the portrait of Bangabandhu at 32 Dhanmondi to pay homage to the great architect Father of the Nation Bangabandhu Sheikh Mujibur Rahman

Professor Shibli Rubaiyat-ul-Islam joined at Bangladesh Securities and Exchange Commission as Chairman on 17 May 2020 as per notification no. 53.00.0000.421.11.001.19-56 dated 17 May 2020 issued by the Financial Institutions Division of the Ministry of Finance with the approval of the Government of the People's Republic of Bangladesh. He laid a wreath at the portrait of Bangabandhu at 32 Dhanmondi on 20 May 2020 at 12:30 PM to pay homage to the great architect of Bangladesh Father of the Nation Bangabandhu Sheikh Mujibur Rahman. Commissioner Mr. Khondoker Kamaluzzaman was also present there. After laying the wreath, he signed the notebook kept at Bangabandhu Bhaban.

5.2 Joining of Dr. Sheikh Shamsuddin Ahmed and Dr. Md. Mizanur Rahman at Bangladesh Securities and Exchange Commission as Commissioner.

Newly appointed Commissioner Dr. Sheikh Shamsuddin Ahmed and Dr. Md. Mizanur Rahman paid homage to the Father of the Nation Bangabandhu Sheikh Mujibur Rahman at presence of BSEC's Chairman Professor Shibli Rubaiyat-ul-Islam

Dr. Sheikh Shamsuddin Ahmed and Dr. Md. Mizanur Rahman joined at Bangladesh Securities and Exchange Commission as Commissioner on 20 May 2020 as per notification no. 53.00.0000.421.11.001.19-60 and notification no. 53.00.0000.421.11.001.19-61 dated 20 May 2020 issued by the Financial Institutions Division of the Ministry of Finance with the approval of the Government of the People's Republic of Bangladesh. They laid a wreath at the portrait of Bangabandhu at 32 Dhanmondi on 22 May 2020 at 11:00 PM to pay homage to the great architect of Bangladesh Father of the Nation Bangabandhu Sheikh Mujibur Rahman in the presence of Hon'ble Chairman of Bangladesh Securities and Exchange Commission, Prof. Shibli Rubaiyat-ul-Islam. After laying the wreath, they signed the notebook kept at Bangabandhu Bhaban.

5.3 Joining of Mr. Md. Abdul Halim at Bangladesh Securities and Exchange Commission as Commissioner.

Newly appointed Commissioner Mr. Md. Abdul Halim paid homage to the Father of the Nation Bangabandhu Sheikh Mujibur Rahman

Mr. Md. Abdul Halim joined at Bangladesh Securities and Exchange Commission as Commissioner on June 02, 2020 as per notification no. 53.00.0000.421.11.001.19-64 dated 02 June 2020 issued by the Financial Institutions Division of the Ministry of Finance with the approval of the Government of the People's Republic of Bangladesh. He laid a wreath at the portrait of Bangabandhu at 32 Dhanmondi on 03 June 2020 at 11:00 PM to pay homage to the great architect of Bangladesh Father of the Nation Bangabandhu Sheikh Mujibur Rahman. After laying the wreath, he signed the note book kept at Bangabandhu Bhaban.

5.4 Courtesy visit by BSEC's newly appointed Chairman on the Governor of Bangladesh Bank.

The newly appointed Chairman of Bangladesh Securities and Exchange Commission (BSEC) Prof. Shibli Rubaiyat-ul-Islam met the Governor of Bangladesh Bank (BB) Mr. Fazle Kabir in a courtesy call on 01/07/2020 at the Board Room of the Bank.

Mr. Fazle Kabir, Governor of BB, is extending a warm welcome to Professor Shibli Rubayat-Ul-Islam, Chairman of BSEC with a bouquet of flowers

The Governor of BB extended a warm welcome to the Chairman of BSEC with a bouquet of flowers and the Chairman of BSEC thanked him for inviting him for a courtesy call.

Although this is the first courtesy meeting of Bangladesh Bank with the newly constituted commission, the overall issues of the financial sector of the country in the context of the current Covid-19 situation was discussed in the meeting.

During the discussion, among others, the Chairman of BSEC specifically mentioned three issues. Firstly, commercial banks are not investing in the capital market by forming a fund of Taka 200 crore as per the instructions given by Bangladesh Bank in DOS Circular-1 dated 10/02/2020. He sought the kind intervention of Bangladesh Bank in this regard.

Secondly, through the recent DOS Circular No. 3 dated 11 May 2020 Bangladesh Bank set a policy that banks shall not distribute the cash dividends declared in 2019 before 30 September 2020. The Chairman drew the attention of the Governor of Bangladesh Bank to ensure that small investors receive the dividend declared by BSEC immediately. The Governor assured that Bangladesh Bank is considering the matter.

Thirdly, Bangladesh Bank has suspended the interest on bank loan for the month of April and May through its Circular BRBD No. 11kha issued on 03/05/2020. The Governor agreed to the request of the Chairman, BSEC to apply the same to Merchant Banks and Market Intermediaries and he also said that in future benefits to be provided under this circular would also include Merchant Banks and Market Intermediaries.

Aiming to strengthen the coordination between BSEC and BB more, it was discussed in the meeting to form a coordination committee.

Expressing gratitude at the end of the meeting, the Governor, Bangladesh Bank and Chairman, BSEC expressed hope that these two institutions would be involved more in the future and play a role in the economic development of the country.

5.5 Inaugural ceremony of ‘Online Report Submission Platform’ for Securities Custodians and Credit Rating Companies.

The Bangladesh Securities and Exchange Commission (BSEC) has added Credit Rating Companies and Securities Custodians to its online platform. This will allow them to submit their monthly and quarterly reports online. Those who submit the above reports will receive a System Generated Receipt. In addition, users will receive reports that have already been submitted to their dashboard. The current report submitted within 10th of each month can also be amended. Users will be able to submit reports at any time of the day or night within the reporting period. BSEC, on the other hand, will be able to analyze these submitted reports individually and collectively.

BSEC’s Chairman Professor Shibli Rubaiyat-ul-Islam inaugurated ‘Online Report Submission Platform’ for Securities Custodian and Credit Rating Company

The inaugural ceremony of the ‘Online Report Submission Platform’ for Securities Custodian and Credit Rating Company was held on June 30, 2020 at the Multipurpose Hall of the Securities Commission Building. While speaking at the occasion, BSEC’s Chairman Prof. Shibli Rubaiyat-ul-Islam laid special emphasis on the IT platform and said that an international consultant would be appointed soon for the IT utilization infrastructure in all areas of BSEC. He added that this would make it easier for all stakeholders to report. At the end of the speech, he inaugurated the platform for online submission of reports by Credit Rating Companies and Securities Custodians

6. Capital Market Regulatory Reforms and Compliance (CMRRC)

Following amendments/orders/directives have been issued by the Commission which are presented in the Commission’s website:

Sl. No.	Subject	Classification	Reference No.
1	Amendments to the Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015	Notification	BSEC/CMRRCD/2015-343/05/Admin/105 dated 14 May 2020
2	Exclusion of the period of general holidays declared by Government in counting time for certain regulatory compliances	Directive	BSEC/CMRRCD/2009-193/06 dated 02 June 2020

7. Corporate Finance

Sl. No.	Particulars	Action taken	No. of Company
1	Reports on utilization of proceeds of IPO/RPO/Rights Issue / Convertible Preference Shares	Reports/Audit reports on utilization of fund raised through IPO/RPO/Rights Issue/Convertible Preference Shares have been accepted by the Commission	3
		Referred to Enforcement Department to take necessary action against the issuer for non-compliance with the securities laws	1
		Revised proposal on utilization of IPO/Rights Issue Proceeds have been placed before the Commission for kind decision.	1
2	Extension of time for submission of Audited Financial Statements for the year ended on December 31, 2019	Time extended	4
3	Extension of time for submission of Quarterly Audited/Un-audited Financial Statements for the 1st quarter ended on March 31, 2020	Time extended	2
4	Extension of time for submission of Quarterly Audited/Un-audited Financial Statements for the 2nd quarter ended on June 30, 2020	Time extended	1
5	Extension of time for submission of Quarterly Audited/Un-audited Financial Statements for the 3rd quarter ended on March 31 & September 30, 2020	Time not extended	8
6	Appointment of Independent Director	Consent accorded	3

8. Capital Issue

- **List of approval of Public Limited Companies' capital raising:**

Sl. No.	Name of the Company	Particulars	Consent Letter issued	Amount (Taka)
1	Meghna Cement Mills Limited	Fully Redeemable Non-convertible Cumulative Preference shares of Tk. 1,000,000,000	14.06.2020	1,000,000,000
	Total Taka			**1,000,000,000**

- **List of approval of Companies' Bond and Debenture issues:**

Sl. No.	Name of the Company	Particulars	Consent Letter issued	Amount (Taka)
1	Jamuna Bank Limited	Unsecured, Non-convertible Floating rate, Perpetual Bond of Tk. 4,000,000,000/-	23.06.2020	4,000,000,000
2	The City Bank Limited	Unsecured, Non-convertible Floating rate, Perpetual Bond of Tk. 4,000,000,000/-	23.06.2020	4,000,000,000
	Total Taka			**8,000,000,000**

9. Surveillance

- **Daily Market Surveillance:**

As part of daily market surveillance, the surveillance officials watch and analyze the trading activities of the stock exchanges through Commission's surveillance system 'InstantWatch Market' in order to find out irregularities, suspicious trading and market misconducts, if any. At the end of daily trading, a daily trade report is prepared by pointing out market conditions and is submitted to the Chairman, the Commissioners and concerned Executive Director of the Commission.

- **Enquiry and Investigation:**

In order to ensure fair trading and build confidence of investors in the securities market, it is necessary to ensure proper compliance of securities related laws, rules and regulations through investigation into suspicious and manipulative cases. During April-June 2020, Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) have submitted total 6 (Six) investigation reports to the Commission.

As per instruction of BSEC, Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited investigated into short-selling alerts generated in 'InstantWatch Market' surveillance system during April-June, 2020 and submitted reports to the Commission.

10. Registration

Registration department deals with activities of issuance and renewal of Certificates of Stock Dealer/Stock Broker, Authorized Representative, Merchant Bank, Asset Management Company, Depository Participant, Fund Manager, Trustee of Debt Securities, Security Custodian. During the period, the following certificates have been issued and renewed:

Sl. No.	Types of Certificate Issued	No. of Certificates Issued	No. of Renewal Certificate	Branch Approval	Office Transfer
1	Stock Dealer	00 (DSE)	41	--	--
		01 (CSE)	14	--	--
2	Stock Broker	00 (DSE)	46	--	--
		00 (CSE)	15	--	--
3	Authorized Representative	00 (DSE)	74	--	--
		00 (CSE)	48	--	--
4	Depository Participant	02 (CDBL)	31	--	--

- Registration department carries out activities under the followings rules and regulations:

i. সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০;
ii. সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মার্চেন্ট ব্যাংকার ও পোর্টফোলিও ম্যানেজার) বিধিমালা, ১৯৯৬;

DSE = Dhaka Stock Exchange
CSE = Chittagong Stock Exchange
CDBL = Central Depository Bangladesh Limited

11. Mutual Fund and Special Purpose Vehicle (MF & SPV)

During the period, following activities have been accomplished:

(1) Public issue related functions of Mutual Fund:

Sl. No.	Name of the Fund	Fund Highlights
1	Capitec-IBBL Shariah Unit Fund	Nature: Shariah compliant open-end mutual fund A Shariah Advisory Committee of the Fund will supervise investment decisions as per Shariah guidelines.
		Life and Size of the Fund: Perpetual life and unlimited size
		Sponsor: Islami Bank Bangladesh Limited
		Trustee: Investment Corporation of Bangladesh
		Custodian: Investment Corporation of Bangladesh
		Asset Manager: Capitec Asset Management Limited
		Initial Size of the Fund: 25.00 crore Sponsors Contribution: Tk. 3.75 Crore General Investors: Tk. 21.25 Crore
		Face Value: Tk. 10 (Taka ten) per unit
		Prospectus Approval Date: 31. 05. 2020
2	CWT - Sadharan Bima Growth Fund	Nature: Open-end Growth mutual fund. 'Growth Fund' is an investment scheme whose main objective is to increase capital appreciation in the long run instead of making more profit in the short run.'
		Life and Size of the Fund: Perpetual life and unlimited size
		Sponsor: Sadharan Bima Corporation Limited
		Trustee: Investment Corporation of Bangladesh
		Custodian: BRAC Bank Limited
		Asset Manager: CWT Asset Management Company Limited
		Initial Size of the Fund: 10.00 crore Sponsors Contribution: Tk. 1 Crore General Investors: Tk. 9 Crore
		Face Value: Tk. 10 (Taka ten) per unit
		Prospectus Approval Date: 17. 06. 2020

12. Supervision and Regulation of Markets and Issuer Companies (SRMIC)

Following activities have been accomplished:

- **List of AGM and Dividend of listed Companies:**

Sl. No.	Name	Year-End	Date of AGM	Dividend	
				Cash	Stock
1	GlaxoSmithKline (GSK) Bangladesh Limited	201912	4/16/2020	530.00	--
2	Grameenphone Ltd.	201912	4/21/2020	130% (including 90% Interim)	--
3	British American Tobacco Bangladesh Company Limited	201912	4/22/2020	400.00	--
4	Singer Bangladesh Ltd.	201912	5/13/2020	77.00	--
5	Prime Insurance Company Limited	201912	5/20/2020	nil	--
6	Linde Bangladesh Limited	201912	6/16/2020	500.00	--
7	Delta Brac Housing Finance Corporation Ltd.	201912	6/17/2020	20.00	15%B
8	LafargeHolcim Bangladesh Limited	201912	6/23/2020	10.00	--
9	Mercantile Bank Ltd.	201912	6/24/2020	11.00	5%B
10	BRAC Bank Ltd.	201912	6/25/2020	7.50	7.50%B
11	Uttara Bank Ltd.	201912	6/26/2020	7.00	23%B
12	IDLC Finance Limited	201912	6/27/2020	35.00	--
13	Green Delta Insurance Company Ltd.	201912	6/30/2020	15.00	5%B
14	Heidelberg Cement Bangladesh Ltd.	201912	6/30/2020	nil	--

13. Supervision and Regulation of Intermediaries (SRI)

The functions of SRI Department are supervising and regulating the activities of Stock Dealers/Stock Brokers, Depository Participants, Securities Custodian, Merchant Bankers, Asset Management Companies and other Market Intermediaries. This Department conducts the regular inspection of Stock Brokers/Dealers, Depository Participants, Merchant Bankers and Asset Management Companies on monthly basis and also conducts special inspection as and when required. The SRI Department also deals with the complaints lodged by the general investors and other stakeholders. During April - June, 2020 the following activities were performed by this department:

A. **Customer Complaint Address Module (CCAM):** SRI Department is responsible for settling the investor complaints submitted to BSEC. Previously the customers submitted their complaints in the form of letter (hard copy). On 30th September, 2019, the first day of World Investor Week-2019 of the International Organization of Securities Commissions (IOSCO), an online system named the Customer Complaint Address Module (CCAM) was launched to make entire complaint redressal system automated and also to create a database of the submitted complaints. Under this Module, the investors will be able to submit their complaints online through BSEC, DSE, CSE and CDBL's website. They will be able to track the current status of their submitted complaints online and also be able to withdrawn submitted complaints if they wish. If the investors are not happy with the outcome of their submitted complaints, they will be able to submit appeal using the same module. Soon after submission of the complaints, the investors will get an acknowledgment from the system with a complaint number. Submitted complainants will immediately reach to the respective stakeholders and there will be no need to register these in the manual file. As a result, complaint settlement time will be reduced significantly and information stored in the database can be used for supervision work. A summary of the complaints lodged through CCAM during April - June, 2020 are furnished below:

Duration	No. of complaints lodged	No. of complaint disposed	Under process
April - June, 2020	62	49	13

In addition to the Customer Complaint Address Module (CCAM), investors lodge manual complaints to the Commission. During April - June, 2020 investors lodged 2 manual complaints to the Commission. A summary of the said complaints are furnished below:

Intermediaries	No. of complaints receipt (April-June, 2020)	Under process	Sent to Enf. Dept. for necessary action	Sent to DSE/CSE/MB for necessary action	Disposed
DSE TREC Holder	2	1	1	-	-
CSE TREC Holder	-	-	-	-	-
Merchant Bankers	-	-	-	-	-

B. Online Report Submission Platform: SRI Department is responsible for collecting monthly reports of Market Intermediaries (Merchant Bankers, Institutional Brokers, Asset Management Companies, Credit Rating Companies and Securities Custodians) previously these reports were collected in hard copies. To make report submission online the Commission has inaugurated 'Online Report Submission Platform' on 24 July 2019 for submission of monthly reports. By using the platform Institutional Brokers, Merchant Bankers, and Asset Management Companies have been submitting their monthly reports since August, 2019. Now quarterly report and monthly report for Credit Rating Companies and Securities Custodians are also included in the system. This was inaugurated on 30 June, 2020 to accept report from Credit Rating Companies and Securities Custodians. Once submitted, the stakeholder will get a system generated acknowledgement. Within stipulated time edit can be made on current submitted reports. In addition, stakeholder in their dashboard will get all submitted report.

C. **External Data Request Processing (EDRP):** An online Platform called External Data Request Processing (EDRP) was introduced on April 15, 2019 to facilitate exchange of information with different government agencies including Anti-Corruption Commission (ACC). During April - June, 2020 we have responded 23 letters of ACC and other government agencies.

D. **SRI Department** examines the Audited Financial Statements of TREC holder companies of DSE & CSE. After examining the Audited Financial Statements Tk. 25.27 Crore has been found deficit in the Consolidated Customers' Account and Tk. 1.20 Crore has been provided credit facilities to the directors of the companies which were adjusted. By taking necessary actions by the SRI department, the deficit and the loan amount by the directors has become possible to come back to the company. The summary are furnished below:

Description	No. of Companies	Amount
Adjusted Deficit in Consolidated Customers' Account	23	25.27 Crore
Directive issued to adjusted Deficit in Consolidated Customers' Account	2	2.13 Crore
Adjusted credit facilities taken by Director of the companies	3	1.20 Crore
Total	**28**	**28.60 Crore**

E. **SRI Department** conducts monthly team meeting on first Sunday of each month (in case of public holiday next to day) review pending issues. Minutes are prepared of these meeting and distributed among executives of this Department for necessary action.

14. Enforcement

Under the Securities laws, the Enforcement Department takes legal measures including imposition of monetary penalty against those who break/violate securities laws in consideration of the nature of offences they commit. Prior to taking measures it follows due process that includes carrying out inspection and enquiry. On the basis of violations of securities laws detected during the inspection/enquiry process, explanations are sought from the concerned issuer and person or institution alleged and then hearing is conducted as per the concerned securities laws and thereafter a report is submitted before the Commission. The Commission takes necessary legal action as per securities laws.

During the period, Enforcement actions taken against Issuer Companies, Chartered Accountant Firms, Stock Brokers, Stock Dealers, Credit Rating Company, Depository Participants (DPs), Issue Managers and others by the Commission for non-compliance of the securities related laws are furnished as below:

Sl. No.	Nature of Institution	No. of Institutions	Nature of Action	
			Penalty	Warning
1	Issuer Company	1	-	1
2	Stock Broker / Stock Dealer / Authorized Representatives	4	-	4
	Total	**5**	-	**5**

15. Law

A total of 562 cases filed by or against Bangladesh Securities and Exchange Commission are pending in different courts. Name of the courts are given below along with number of pending cases:

Sl. No.	Name of the Court		Number of cases
1	Supreme Court of Bangladesh	Appellate Division	13
		High Court Division	243
2	Special Tribunal, BSEC, Dhaka		16
3	District Judge Court, Joint District Judge Court, Assistant Judge Court, Dhaka		15
4	Chief Metropolitan Magistrate Court, Dhaka		03
5	General Certificate Court, Dhaka		272
		Total number of Cases :	**562**

16. Central Depository Services (CDS)

Mentionable that no company or mutual fund was enlisted in CDS during April-June, 2020 due to Covid-19 pandemic.

17. Management Information Systems (MIS)

- MIS Department is responsible for assisting different departments of BSEC through development of automation in their activities, development of capital market monitoring system based on computerized data analysis, informing all about securities laws and other related matters through website and thus enabling the Commission with modern information technology capacity.

- Initiatives have been taken to develop new technology based network and information technology infrastructure at the Commission's office building. New technology-based Computers/Laptops have been provided to the officers of the Commission. The Commission currently has 100 Mbps internet connection which officers are using from their workstations on shared basis. The internet connection has been made redundant with another 100 Mbps internet connection; as a result, it has been possible to keep internet connection uninterrupted.

- New WiFi network has been implemented throughout the entire ten-storeyed Securities Commission Bhaban. At the same time next generation firewall, router and gigabit switch have been installed. The employees are getting internet facilities smoothly using WiFi network.

- BSEC has already prepared e-Service Roadmap-2021, under which new technology-based online Regulatory Information System and internal ERP is in implementation process. By this time, online based Customer Complaint Address Module and Report Submission Module have been implemented.

- The website of the Commission has already been made dynamic database driven website. Now, the website has three domains-**www.sec.gov.bd**, **www.secbd.org** and **www.এসইসিবিডি.বাংলা**. The website can be browsed through any of these three domains. The data transmission security has been enhanced by using SSL certificate on the website. Securities related acts, rules, regulations, order, directive, notification etc. have been presented on BSEC's website in an innovative way that is more helpful for users to find out information. The website of the Commission is updated on regular basis.

- The Government's e-Nothi system has been implemented in the Commission with the help of a2i, through which electronic filing system has been introduced replacing traditional paper based filing. As a result, paper-based filings have been transforming into electronic filing gradually. a2i as provided training to all employees of the Commission in this regard.

- MIS Department carries out various systems development, modification, website upgradation and maintenance activities as per requirement of the Commission.

- A digital transformation consultant is in the process of hiring aiming modern digital transformation in the capital market.

During April - June, 2020; Important Web Uploads:

Works	Number
Mutual Fund Prospectus Upload	01
Enforcement Actions Upload	03
Other Order/Notification/Directive etc. Upload	03
Quarterly Report Upload	01
Proposed Draft Rule Upload for Comments	01
Press Release	11

18. Research and Development

- During the period, the following activities have been accomplished:

a. Monthly report sent to the Government as requested:

1. Report on status of achievement on Hon'ble Prime Minister's commitments/directions.
2. Monthly report on mentionable/important activities.

b. Send information as per the demand of the Hon'ble Parliament:

c. Monthly report sent to the Central Bank as requested:

1. Monthly trade report of Capital Market.
2. Send informations for Central Bank's Anual Report.

d. Send information for publication of ministry in accordance with needs:

1. Capital market information for Economic Review according to needs.
2. Capital market information for publication of activities of financial institutions according to needs.
3. Send other information as per the demand of ministry.

e. The following reports have been published:

Name of Work	Publication Time
Annual Report (Bengali)	2018-2019
Annual Report (English)	2018-2019
Quarterly Review	01
Traimashik Parikrama	01

19. Financial Literacy

Financial Literacy Department of the Commission conducts different types of Seminar, Workshop, and Conference with active participation of the investors and creates awareness among investors about investment decision process. The Department approves training program to different intermediaries of the capital market and also conduct training program for Authorized Representative of the Stock Exchanges. Departmental activities are given below:

Sl. No.	Particular	Number of Participants
1	Training by intermediaries through investment education program	1200
	Total	**1200**

20. International Affairs

During this quarter, surveys sent from different international organizations have been responded. International Affairs Department replied several correspondences of foreign bodies concerning queries on different issues and maintained continuous liaison throughout the quarter.

21. Stock Exchanges' operational statistics

DSE OPERATIONAL STATISTICS

Trading Month	DSE Board Index (DSEX)	Market Capitalization in Million Tk.	No. of Trading Days	Turnover of Securities in Million (No.)		Traded Amount in Million Tk.	
				Monthly	Daily Average	Monthly	Daily Average
April	-	-	-	-	-	-	-
May	4060.45	3161762	1	44	43.96	1432.93	1432.93
June	3989.09	3119670	22	650	29.55	47801.33	2172.79
Total			**23**	**694**	**30.18**	**49234.26**	**2140.62**

* Index and Market Capitalization of the last trading day of the months have been considered as relevant figures of respective months.

CSE OPERATIONAL STATISTICS

Trading Month	All Share Price Index	Market Capitalization in Million Tk.	No. of Trading Days	Turnover of Securities in Million (No.)		Traded Amount in Million Tk.	
				Monthly	Daily Average	Monthly	Daily Average
April	-	-	-	-	-	-	-
May	11469.0249	2481496.55	1	1.62	1.62	33.57	33.57
June	11332.5898	2447567.13	22	111.37	5.06	9526.25	433.01
Total			**23**	**112.99**	**4.91**	**9559.82**	**415.64**

* Index and Market Capitalization of the last trading day of the months have been considered as relevant figures of respective months.

Source: Concern Stock Exchange

22. Press Release

The Commission has issued 11 press releases on its activities during this period, which are uploaded in Commission's website (**www.sec.gov.bd, ww.secbd.org** and **www.এসইসিবিডি.বাংলা**).

23. Major initiatives and reforms undertaken by the Commission during last nine years

[May, 2011- May, 2020]

The present Commission was assigned the responsibilities in May 2011 after the stock market debacle in 2010-11 due to sudden bubble and subsequent bursts. Since then, the prime duty of the Commission was to identify the reasons behind stock market debacle and conduct investigation, inspection and enquiry for restoring investors' confidence and ensuring market stability.

Some of the important measures, aiming at market stability and development, implemented by the Bangladesh Securities and Exchange Commission are mentioned hereunder:

- **Framing/Amending Laws**

01. **Amendment of the Securities and Exchange Ordinance, 1969** incorporating provisions, inter alia, no legal proceeding before any court can be brought challenging an order of penalty imposed by the commission unless an amount of 15% of such penalty is deposited to the Commission, power to establish special Tribunal for capital market, power to seek information and access to information regarding bank account from any bank or any financial institution or organization related to the transaction of security, maintenance of secrecy by the Commission and the employees penalty for disclosure of information for the purpose of making profit through insider trading;

02. **Amendment of the Bangladesh Securities and Exchange Commission Act, 1993** incorporating provision among others, power to sign any agreement or contract with prior approval of the Government, power to seek information regarding bank account from any bank or financial institution or organization related to the transaction of security, power to control activities of clearing corporation for settlement of transaction of derivatives and other securities, enhancing the regulatory capacity and operational efficiency and ensuring work environment for the employees of the Commission through fixing salary, allowances and other benefits for the employee of BSEC comparable to that of Bangladesh Bank. Moreover, with support of the Honorable Prime Minister, BSEC has taken many initiatives including establishment of its own office building, increase of manpower strength and development of skilled manpower through training at home and abroad;

03. **The Exchanges Demutualization Act, 2013** was enacted on 02 May, 2013 for Demutualization of Exchanges. Demutualization has ensured accountability and good governance of the exchange(s), separated the trading rights from its ownership and management with a view to improve the governance, increase the efficiency and maximizing the value of the exchanges. Independent directors are the majority in the board consisting of 13 directors and the Chairman must be an independent director of Demutualized Exchange. Independent Directors shall play the most important role in the Board Committees by ensuring neutrality, improving governance and enhancing business efficiency through their diverse experience and expertise.

- **Making of New Rules**

04. In order to issue debt securities, **the Securities and Exchange Commission (Private Placement of Debt Securities) Rules, 2012** were introduced. Before October 29, 2012, there was no separate rule for raising capital through issuance of debt securities and most of the issuer moved to the banks for the long-term financing. These rules have opened rooms of long-term financing for the issuer via capital market. Mentionable that since the inception of the rules the companies have raised thousands of Crore Taka through issuance of debt securities from the capital market;

05. **The Bangladesh Securities and Exchange Commission (Research Analysis) Rules, 2013** have been enacted. These rules are essential to Protect the investors directly by designating a capital market research analyst in a legal format. It helps to ensure the accountability and code of conduct of the research analyst. Stock market analysis enables investors to identify the intrinsic value of a security before investing in it and thus making informed investment decisions;

06. **The Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015** were introduced. These Rules are applicable for registration and regulation of alternative investment including venture capital fund, private equity fund and impact fund. Fund managers registered under these Rules have raised fund and made investment at several start-up and small capital companies. It is very difficult for a startup company or SME to raise its initial capital or fund from bank or NBFI. These Rules have been introduced to help such small businesses to raise their capital through alternative investment fund;

07. **The Bangladesh Securities and Exchange Commission (Exchange traded Fund) Rules, 2016** were enacted. These Rules are framed to guide formation, registration, subscription and other matters related to ETFs. This initiative would allow investors to quickly own a diversified set of securities, such as stocks, at a low cost. It would also allow investors to get very specific exposure to specific areas of the market;

08. **The Bangladesh Securities and Exchange Commission (Development of Investors Education and Training) Rules, 2016** were made to conduct financial literacy program. Before that in 2011 Honorable Prime Minister instructed the Commission to launch a slogan for the investors-“know, analyze and invest”. The rules provided comprehensive guidelines and materials for enhancing the awareness of the investors. Actually, financial literacy is the knowledge about personal management of finances. It gives twin benefits of protection from financial frauds as well as maing better plan for financially secured future. Financial literacy gives consumers the necessary knowledge and skills required to assess the suitability of various financial products and investments available in the financial market. In order to aware retail investors, financial literacy program has been organized through training, workshop, seminar and conference highlighting the significance of financial planning, investment basics & evaluation;

09. **The Bangladesh Securities and Exchange Commission (Clearing and Settlement) Rules, 2017** were made. Central Counterparty Bangladesh Limited (CCBL) was established to separate clearing and settlement activities from exchanges which will help reduce settlement risk. The CCBL basically becomes the buyer to every seller and the seller to every buyer. On this basis, if one of the CCBL members'defaults, the CCBL guarantees scheduled settlement for other members. Effective clearing mitigates systemic risk by lowering the risk of defaults from counterparty to counterparty;

10. **The Bangladesh Securities and Exchange Commission (Investment Sukuk) Rules, 2019** were made. These rules are formulated to make guideline for raising fund through the issuance of Sukuk product. These rules will provide greater opportunities for Islamic finance to attract a wider investor base and expand its role to support sustainable objectives of finance. This initiative will explore the use of Islamic finance to support climate mitigation efforts, including the use of Islamic finance instruments to finance climate friendly projects. It will also explore policy, regulatory and institutional elements required for the sustainable use of Islamic finance to address climate change;

11. **The Bangladesh Securities and Exchange Commission (Exchange Traded Derivatives) Rules, 2019**. These rules shall introduce types of indexes and securities derivatives which shall be used to mitigate investment risks through hedging,

12. **The Bangladesh Securities and Exchange Commission (Short-Sale) Rules, 2019** have been made. These rules give guidance to stock dealer and stock brokers regarding short selling framework and mechanism as well as minimize the short selling settlement risk. In a short-sale, the investor borrows securities from a broker and sells them into the market with the understanding that the stock will be bought back at a later date and returned to the broker. If the stock goes down, the investor buys it back at a cheaper price and will make money on the trade;

13. **The Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019** were made. These rules are set up for establishing a minimum regulatory and ongoing capital requirements for capital market institutions to protect financial firms, their investors, their clients as well as a strong capital market;

- **Amendment to Rules/Regulations**

14. **Amendment to the Securities and Exchange Rules, 1987** by incorporating special audit guidelines, which will improve the quality of auditor's report and credibility of audited financial statements;

15. **Amendment to the Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules, 1996**;

16. **Amendment to the Securities and Exchange Commission (Stock Broker, Stock Dealer and Authorized Representative) Rules, 2000;**

17. **Amendment to the Securities and Exchange Commission (Mutual Fund) Rules, 2001**;

18. **Amendment to the Securities and Exchange Commission (Over-the-Counter) Rules, 2001**;

19. **Amendment to the Securities and Exchange Commission (Issue of Capital) Rules, 2001**;

20. **Amendment to the Depository (User) Regulations, 2003**;

21. **Amendment to the Securities and Exchange Commission (Rights Issue) Rules, 2006** incorporating provisions of profitability record in the preceding year; no issuer shall price its rights share above par value who has not been in commercial operation and having track record of profitability for immediate past three years, credit rating report of issuer for right offer at premium, summarized audited financial statements and dividend paid along with auditor certificates for five years or applicable shorter period;

22. **Making of the Bangladesh Securities and Exchange Commission (Officer and Employee) Service Rules, 2014** by repealing the previous respective rules through SRO No. 26-law/2014 Gazette Notification dated February 10, 2014. Mentionable that, Financial Institution Division has created 180 (one hundred and eighty) number of posts and upgraded salary grade of few positions for the employee of BSEC vide letter No.-53.00.0000.28.001.19-165 dated October 16, 2019. Moreover, Financial Institution Division has also created 25 (twenty five) number of office helpers of BSEC by letter No.-53.00.0000.421.28.001.19-186 dated November 14, 2019;

23. **For increasing supply of good fundamental securities, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015** was made and subsequently these rules was amended by incorporating or modifying or changing of provision regarding eligibility criteria for fixed price and book building methods, submission and processing of application, introducing Dutch auction for determining cut-off price through electronic bidding process and issue price for general investors to be fixed at 10% discount from the cut-off price under book-building method, underwriting, distribution quota of offered securities, disclosure requirements of prospectus, lock-in provision of existing shareholder and approval & issuing process;

24. **Framing of the Bangladesh Securities and Exchange Commission (Market Maker) Rules, 2017** by repealing the previous respective rules;

25. **Making of the Bangladesh Securities and Exchange Commission (Substantial share acquisition, takeover and control) Rules, 2018** by repealing the previous respective rules;

26. **The Bangladesh Securities and Exchange Commission [Qualified Investor Offer (QIO) by Small Capital Companies] Rules, 2018** was made. Small capital company whose paid-up capital shall stand from Tk. 50 (fifty) million to below Tk. 300 (three hundred) million, after raising capital through the QIO can raise fund through fixed price or book-building method under these Rules. To provide liquidity to investors listing and trading in small capital platform of exchanges of securities issued by small capital companies;

27. **Making of the Dhaka Stock Exchange (Listing) Regulations, 2015** by repealing the previous respective regulations;

28. **Making of the Chittagong Stock Exchange (Listing) Regulations, 2015** by repealing the previous respective regulations;

- **Other Reforms**

29. **After forming the new Commission in May, 2011** Honorable Prime Minister convened a meeting with all capital market stakeholders at Ganabhaban in presence of the Honorable Finance Minister, where she declared a Tk. 900 Crore incentive package for the victim small investors. Along with 20% IPO quota for them, the incentive package is being implemented since 19 August, 2013;

30. **As per Order dated 27 July 2011**, any issuer company shall not appoint any firm of chartered accountants as its statutory auditors for a consecutive period exceeding three years. The auditor should be independent from the client company, so that the audit opinion will not be influenced by any relationship between them. It will act as a determinant for auditors to give an unbiased and honest professional opinion on the financial statements to the shareholders;

31. **Under the supervision of BSEC, in July 2011**, the stock exchanges established Corporate Finance Departments. This initiative will improve transparency, accountability and governance of listed companies as such to protect the interest of minority shareholders of the company;

32. **Prior to IPO**, a company used to sell shares to a selected group of investors privately instead of the public. There was no limit to the number of persons/institutions to whom shares were sold and price of all the privately placed shares were sold far above the face value and a kerb market was created. Innocent investors investing in those shares were expecting a good return in the secondary market, but unfortunately some of the companies did never apply to the commission or get approval of the regulator. This was one of the main reasons for investors becoming omnipotent or destitute. As per Notification of the Bangladesh Securities and Exchange Commission dated October 02, 2011, other than the existing shareholders, shares prior to IPO could be issued to not more than one hundred (100) investors (persons or institutions or both) having Tax Identification Number (TIN). The company required to offer shares through Offer document/Information Memorandum (IM) prepared, processed and filed application to the Commission through a Merchant Banker. As such, Commission has given consent to issue share at par or face value without considering any premium up to 19th June 2019. This Notification ensured transparency and accountability and stopped malpractices of Issuer Company regarding issuing shares under private placement. Subsequently, in order to simplify capital raising process and encourage foreign direct investment, the Bangladesh Securities and Exchange Commission hereby grants exemption to all issuers or companies except the issuers of listed equity securities, from the provision of section 2A(2)(a) of the said Ordinance with respect of raising capital through issuance of equity security;

33. **As per Notification dated November 22, 2011** All sponsors/promoters and directors of a company listed with any stock exchange shall all time jointly hold minimum 30% (thirty percent) shares of the paid-up capital of the company. The sponsors/promoters and directors holding less than 30% (thirty percent) shares shall acquire the rest amount within 6 (six) months of issuance of this Notification and each director other than independent director (s) of any listed company shall hold minimum 2% (two percent) shares of the paid up capital, otherwise there shall be a casual vacancy of director. This initiative has improved responsibility of directors and sponsors through increasing shareholding positions and reduced free float number of shares in the market which help to stabilize the market by reducing supply compared to demand;

34. **As per decision dated 23 November 2011**, Merchant Bankers and subsidiaries would be able to collect minimum 51% of its capital from the parent company; the remaining portion can be collected from other sources;

35. **As per decision dated 23 November 2011**, the foreign institutional and non-resident Bangladeshi investors are exempted from the 10% capital gain tax due to investment in the capital market;

36. **Upon recommendation of the Commission, as per decision dated 23 November 201**1, any bank's financing in its subsidiary company involved in securities market would not be considered as the bank's exposure to capital market;

37. **As per decision dated 23 November 2011**, in case of provisioning, the banks are allowed to consider the net off position of its gain and loss from investment in securities; previously the net loss position was considered only for provisioning;

38. **Upon recommendation of the Commission**, the brokerage commission for transaction in the capital market was reduced from 0.1% to 0.05%;

39. **A uniform face value of Tk.10 was determined** for all the listed companies and mutual funds from 04 December 2011. This initiative helps investors to

analyze and compare financial information among alternative securities of same face value for taking prudent investment decision. Moreover, a uniform face value of all the listed companies and mutual funds on a fixed date restricted companies to derive extra benefit out of increasing the number of shares without increasing the EPS. It was wrongly interpreted by the investors and led to unusual price hike of the securities going for split at different time period, This action also helped reduce unexpected upper price advantages of lower face values securities compared to higher face values securities;

40. **The Bangladesh Bank, Bangladesh Securities and Exchange Commission, and Insurance Development and Regulatory Authority signed a MoU** on 23 September 2012 for Coordinated Surveillance and Supervision. This initiative increased confidence of the financial stakeholders and investors across the entire financial system;

41. **Bangladesh Securities and Exchange Commission framed a 10-years (2012-2022) master plan** for the development of the capital market on 26 November 2012. To develop a balanced, stable and resilient capital markets, Bangladesh Securities and Exchange Commission adopts this 10-years Master Plan for the purpose of achieving transparency, accountability, efficiency and strengthen regulatory activities of the capital market. This master plan included the following:

i) To rehabilitate the BSEC in terms of securing operational and financial independency, strengthening its organizational structure, enhancing (the quality, quantity and skills of) its staff; and strengthening its (information and internal control) systems;

ii) To strengthen the rules and regulations pertaining to the capital markets;

iii) To upgrade financial market infrastructure;

iv) To create a conducive environment to enable the orderly and sustainable emergence of new products (e.g. corporate bonds, asset-backed securities and derivatives etc.);

v) To ensure a fertile environment to enable the orderly and sustainable expansion of institutional investors' (e.g. mutual funds, insurance companies, pension funds) participation in the capital markets;

The Government and the Bangladesh Securities and Exchange Commission (SEC) have taken and implemented a good numbers of policy actions in accordance with Bangladesh Capital Market Development Master Plan regarding Legal and Regulatory Initiatives, Bond Market Initiatives, Financial Market Infrastructure Initiatives, Institutional Investor Initiatives, Derivatives and Securitization Initiatives and Taxation Initiatives for development of the capital market;

42. **In order to ensure fair trading and conduct investigation** on abusive, manipulative or illegal trading practices in the securities markets, the Bangladesh Securities and Exchange Commission introduced modern integrated surveillance software on 17 December, 2012. This market surveillance system, by generating alerts and detecting various manipulation in trading, helps to ensure transparency and accountability in orderly markets, where buyers and sellers are willing to participate because they feel confident in the fairness and accuracy of transactions;

43. **As per Directive dated 30 December 2012**, the omnibus account for nondiscretionary portfolio management was converted to the clients separate BO account;

44. **In order to reduce time and hassle**, the process for IPO application through market intermediaries instead of bank was introduced;

45. **At the instruction of the BSEC** Stock Exchanges with the help of international experts constructed indices of international standard which reflect the real price movement of the securities. DSE on 28 January 2013 and CSE on 12 October 2014 initiated new indices;

46. **Based on Demutualization ACT of 02 May, 2013**, the stock exchanges have been demutualized on 21 November 2013;

47. **BSEC's office building has been constructed at Sher-e-Bangla Nagar, Dhaka**, through its own funding. Honorable Prime Minister laid the foundation stone of this building on 24 November 2013 and also inaugurated it on 08 January 2017;

48. **Since 1995**, **BSEC was the ordinary member of International Organization of Securities Commissions (IOSCO)**, the Association of National Securities Regulators. After accomplishing necessary reforms in the capital market, BSEC achieved the full membership of IOSCO on 22 December 2013. The status of this membership was upgraded from ‘B’ to ‘A’ in which all developed markets like USA, UK, Japan, Australia and others are placed. Now BSEC has gained the status to take part in the IOSCO’s policy making process;

49. **Upon the request of the Commission, the Government constituted special tribunal on 07 January 2014** for quick disposal of capital market related cases. This initiative solved two principal problems with the enforcement of securities laws and regulations, namely that ordinary court dockets are seriously overcrowded, resulting in cases not being heard for months or even years;

50. **Honorable Prime Minister accorded reception with a crest to BSEC** on 26 February 2014 on recognition of IOSCO’s up-gradation from Appendix ‘B’ to ‘A’;

51. **As per BSEC Notification issued on 13 November 2014**, the Annual General Meeting (AGM) of a listed company shall be held within the city, town or locality in which the registered office of the company is situated;

52. **One of our Executive Directors, Mr. Farhad Ahmed, was appointed as an Enforcement and Cooperation Advisor of IOSCO** on secondment after signing IOSCO MoU by BSEC. He worked in the IOSCO headquarter in Madrid, Spain for three years i.e from 19 January 2015 to 18 January 2018. This is a great honour for BSEC to be able to deploy an officer in the international regulatory body, which is considered to be very competitive requiring strong professional expertise and commitment;

53. **After consistent pursuance of the Bangladesh Securities and Exchange Commission with the Government**, **National Parliament passed Financial Reporting Act (FRA)** on 06 September, 2015 and formed the Financial Reporting Council (FRC) under this Act. The main purpose was to ensure fair, faithful, bias-free and misreporting-free presentation of financial statements.

Another major purpose was to ensure the independence of auditors to give an unbiased and honest professional opinion on the financial statements which increases transparency, accountability and protection of minority shareholder interest through strict monitoring of the FRC. This Act also helped to boost corporate confidence in auditing, financial and non-financial reporting among users of financial statements while also improving faithfulness of audit activities & quality of audit reports;

54. **The English version of the Bangladesh Securities and Exchange Commission Act, 1993** was published on 08 October 2015;

55. **BSEC established its own training center** on 17 November 2015 to impart the capital market related training;

56. **A Memorandum of Understanding (MoU)** on bilateral cooperation and technical assistance between the Bangladesh Securities and Exchange Commission (BSEC) and the Securities and Exchange Board of India (SEBI) was signed at the Prime Minister's Office on 22 November 2015;

57. **Dissolution of Grameen Mutual Fund One and AIMS First Guaranteed Mutual Fund** was completed;

58. **Conversion of eight mutual funds of ICB** from closed-end to open-end mutual funds was completed;

59. **BSEC started separate Investors Education Program for women investors;**

60. **An Order regarding publication of price sensitive information was published** in the Bangladesh Gazette on 15 February 2016. According to this order, all listed companies will inform in writing to BSEC and Exchanges within half an hour of according any price sensitive decision or hearing such information, and accordingly disclose the price sensitive information through advertisement in a widely circulated Bangla and English daily newspaper and a web-portal;

61. **Earlier DSE was a non-profit organization and it turned into a Public Limited company after the demutualization.** Since then DSE was transformed from an entity owned by mostly brokerage-owning members into a for-profit company owned by shareholders and segregation of ownership rights and trading rights. It was therefore necessary to make it profitable and attractive to the new shareholders. In the initial stage of demutualization, it was difficult to make profit and that's why DSE sought tax exemption to make a good start and attract the new investors. In this regard, DSE requested Government through the Commission to take initiative regarding five-year tax exemption with an effort to make it a profitable and attractive organization to investors after demutualization. As a result, Exchange has been given tax holiday for five years at a graduated rate effective from 1 July 2014 as per SRO No. 157-ain/aykar/2014, dated on 26 June 2014, issued by NBR. Moreover, NBR has revised the tax exemption rate from 80% to 100% for FY 2015-16 as per SRO No.109-ain/aykar/2016, dated on 21 April 2016;

62. **Mobile phone SMS has been introduced** f**or debit/credit in the BO accounts.** In this regard, CDBL offers FREE SMS Alerts to the Beneficiary Owner's (BO) cellular numbers by giving details of daily debit-credit transactions that have taken place in their accounts. This initiative reduced fraudulent transfer of securities;

63. **Honorable Prime Minister inaugurated the Financial Literacy Program** on 08 January 2017. Now BSEC is conducting countrywide Financial Literacy Program as knowledge is the most important capital for investment;

64. **BSEC established Financial Literacy Department** to impart Financial Literacy all over the country;

65. **As a research and training institute, Bangladesh Academy for Securities Market (BASM) has been registered** on 5th May, 2019. The main purposes of the BASM include skill development through training of employees, market intermediaries, enhancing investors' awareness through various education programs and spreading nationwide Financial Literacy program for different target groups;

66. **As per agreement on 14 May 2018**, Chinese consortium (consists of Shenzen Stock Exchange and Shanghai Stock Exchange) acquired 25% shares of Dhaka Stock Exchange. This consortium will provide technical support to the development of DSE;

67. **According to the Demutualization Scheme 2013** the divestment of 25% share of DSE was mandatory for the DSE management. As such, the DSE received Tk. 947 crore from the sale of 25% of its stake to the Chinese Consortium strategic investors and distributed the same among 237 DSE shareholders. In this regard, Commission opined that this policy would increase the cash inflow into the market as well as help the government to earn more tax from the bourse. Subsequently, a good number of shareholders of DSE requested to the Commission to take initiative to reduce the capital gain tax on the sale proceeds for encouraging investment in the capital market. As such, the Commission requested the same to the government. Upon request of the Commission, as per advise of the Financial Institutions Division, Ministry of Finance, the National Board of Revenue (NBR) issued the Statutory Regulatory Order (SRO) that the gain tax on the amount received from the Chinese strategic investors against the sale of 25% DSE stake will be subject to only 5% gains tax, instead of 15% if the amount is invested in the capital market for a minimum period of three years;

68. **To protect the interest of minority shareholders new Corporate Governance Code, 2018 was issued** by amending the Corporate Governance Guidelines, 2012. The Corporate Governance Code sets out standards of good practice in relation to issues such as board composition and development, remuneration, accountability and audit and relations with shareholders. The key objective of The corporate Governance Code is to enhance the governance in the listed companies and to strengthen shareholders rights and protect shareholders from expropriation by corporate insiders, whether managers or dominant shareholders;

69. **Notification on financial reporting and disclosure has been issued on 20 June 2018**;

70. **BSEC observed its twenty-fifth anniversary (Silver Jubilee) program** on 12-18 September 2018 through different events. Honorable Prime Minister Sheikh Hasina, MP graced the inaugural ceremony as the chief guest;

71. **The IOSCO's 'World Investor Week (WIW)-2018'** was observed on 7-11 October 2018 for the first time in different jurisdictions. BSEC also observed the ceremony with various programs for investors and relevant stakeholders. Since then BSEC is observing the WIW every year;

72. **The tenure of close end mutual fund has been re-fixed**;

73. **BSEC has introduced web portal External Data Request Processing (EDRP)** to expedite the exchange of capital market related information as per requirement of the government organizations;

74. **As per Order dated 24 April 2019**, any provident fund for employee of non-government organization shall not be a sponsor of mutual funds;

75. **As per Directive dated 8 May 2019**, the provision for lock-in shall be counted from the first trading day in the stock exchange instead of the date of issuance of prospectus. The lock-in period for newly issued public shares of a company helps stabilize the stock price after it enters the market;

76. **As per Directive dated 15 May 2019**, the Block Module for Central Depository system (CDS) of CDBL has been introduced. Under this directive, all the Listed Companies and Asset Managers are required to block securities of their respective Company/Mutual Fund held in the BO Accounts of their Sponsors/Directors/Placement share/Unit Holders through the 'BLOCK' module of Central Depository System (CDS) of Central Depository Bangladesh Limited (CDBL). This module stopped any transfer of lock securities within the lock-in period;

77. **New Notification dated 21 May 2019** has been issued by repealing the previous respective Notification dated 22 November 2011 imposing some new conditions. As per this Notification, all sponsors/promoters and directors of a listed company shall all time jointly hold minimum 30% (thirty percent) shares of the paid-up capital of the company. Each director other than independent director (s) of any listed company shall hold minimum 2% (two percent) shares of the paid up capital;

78. **As per Notification dated 23 May 2019**, any listed company shall not declare bonus share without justified reason, i.e. BMRE. In case of a declaration of bonus shares, listed companies have to disclose the reasons for declaration of bonus shares and utilization of such retained amount as capital. Moreover, bonus shares will not be declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to the

incorporation of the company or through reducing paid up capital or through doing anything so that the post-dividend retained earnings become negative;

79. **As per Notification dated 16 July 2019**, the re-investment procedure for mutual fund has been repealed. Dividends can be received as a source of income or they can be used to buy more shares. Most investors who buy mutual fund's units are usually looking for a source of income as cash dividend, which means that the investors would like steady and reliable cash dividend from their mutual fund investment. This initiative will encourage investors to invest in mutual funds;

80. **As per an initiative of the Commission**, a bailout fund Tk. 856 crore has been formed to support the affected small investors under supervision of BSEC, Bangladesh Bank and ICB. Previously, the Government formed a fund Tk. 900 crore for the same purpose. This initiative will help to minimize the loss of affected small investors;

81. **As per an Order dated 20 June 2019**, all issuers or companies except the issuers of listed equity securities have been exempted from the provision of raising capital through issuance of equity security. This initiative simplified and reduced complexity for raising fund through private offer and will help increase Foreign Direct Investment;

82. **Notification dated 20 June 2019** regarding certain conditions for IPO and rights issue have been issued. Under this notification, no issuer of a listed security shall utilize more than 1/3 (one-third) of the fund raised through IPO for the purpose of loan repayment. On the other hand, no issuer of a listed security shall take decision to issue rights shares within 2 (two) years from the date of publication of prospectus for IPO and before full utilization of proceeds of IPO or previous rights issue or repeat public offer (RPO), as the case may be. Moreover, no issuer of a security delisted from any stock exchange and/or traded through the over-the-counter (OTC), shall take decision to issue rights shares before completion of 03 (three) financial years after the re-listing of its security with any stock exchange;

83. **Bangladesh Securities and Exchange Commission and Asian Development Bank jointly organized a Regional Seminar** on Financial Literacy and Investor Protection on 8-11 July, 2019, Dhaka, Bangladesh as a part of APEC Financial Regulators Training Initiative, where Honorable Prime Minister was the chief guest;

84. **Online Report Submission Platform (ORSP)** has been introduced in July 2019 for getting monthly reports from the market intermediaries regarding compliance of certain provisions of securities laws. This initiative saves time and paper as well as reduces complexity;

85. **In order to improve protection of investors' interest and submit complaint easily**, recently the Bangladesh Securities and Exchange Commission has introduced the online based Customer Complain Address Module (CCAM). CCAM is an Online Complaint Management System which provides an online system of solving the problems faced by the investors by saving time and eradicate corruption. CCAM is a management technique for assessing, analyzing and responding to customer complaints;

86. **Established separate SME platform in both the exchanges** to provide liquidity of qualified investors, which will create opportunity to raise fund by small & medium sized companies and Start-up Companies with high growth potential. The SME platform of the Exchange shall be open for SMEs whose post issue paid up capital shall be less than or equal to Tk. 30 crores;

87. **Order dated 14 November 2019 regarding circuit breaker in security price movement in the stock exchanges** has been issued. As per this order, standard upward or downward price change shall range from 3.75% to 10% based on reference price or previous days' close price. Moreover, circuit breaker for any newly listed security will be 50% for first two trading days and thereafter regular rate will be applicable. This initiative reduces price volatility of listed securities and helps to stabilize the stock price after it enters the market;

88. **Three Notifications have been issued on 5 February 2020** as per requirement of Ease of Doing Business, which encourage foreign direct investment in Bangladesh;

89. **A Panel of Auditors has been approved on 2 February 2020**, which provides confidence to investors and creditors that company funds are handled appropriately. By reviewing financial statements and digging into accounting records, auditors can determine whether the financial statements and records accurately depict the company's true financial profile;

90. **In order to provide liquidity to investors of non-listed equity and debt securities**, BSEC and Exchanges are working to develop Alternative Trading Board (ATB) instead of the OTC market. The Bangladesh Securities and Exchange Commission approved the alternative trading system rules to facilitate entry of new products like non-listed securities, bonds, debentures, Sukuk and open-end mutual funds into the country's stock market;

91. **To protect the interest of investors and increase confidence of investors** various measures have been taken by BSEC for facing COVID-19 pandemic. From the very beginning of the year 2020, Bangladesh stock market has been demonstrating volatility in the share price movement. Besides liquidity and other problems the market in line with other global markets owing to concerns relating to COVID-19 pandemic, Bangladesh market also showed overall declining trend. In this regard, Bangladesh Securities and Exchange Commission, to protect and aware the investors, initiated the following policy measures for the development of capital market.

i) As per discussion with the government as the Honorable Prime Minister in the chair:

- Increasing the participation of banks and NBFIs in the capital market;
- Ensuring the access of Merchant Bankers and other institutional investors to low interest-bearing fund;
- Enhancing the investment capacity of ICB;
- Taking various measures for restoring the confidence in the market;
- Taking initiatives for increasing institutional investment in capital market; and

- Taking measures for listing good multinational and government companies to increase the supply of quality shares in the market.

ii) As per direction of the Government, Commission issued an order dated 19 March, 2020 setting opening price (floor price) of listed security at the average price of the closing price of immediate preceding 5 trading days of 19 March, 2020 to stop panic selling by general investors;

iii) Considering proposals of listed companies regarding the world wide effect of corona virus and its risk of spreading among the participant of AGM or EGM, the Commission is considering to allow conducting AGM/EGM through webinar/teleconference/any means of electronic devices instead of conducting AGM physically in public venue.

iv) Online Report Submission Platform (ORSP) has been introduced in July 2019 for getting monthly reports from the market participants regarding compliance of certain provisions of securities laws. This initiative saves time and without physical presence of physical interactions;

v) The following awareness news as alerts to Covid-19 for all stakeholders of the Capital Market through Exchanges' online news feed:

'All concerned are hereby informed that (1) Discourage clients for rushing in the brokerage house and encourage more for trading through mobile apps and other internet based devices, (2) No hand shake, (3) No hugging; (4) Maintain reasonable social distance (at least one meter), (4) Identifying employees and clients who is coughing or sneezing or with any suspicious symptoms, (5) Avoid to touching eyes, nose, ears and mouth, (6) Arrangement of hand sanitizer every time to enter office premises (employees, clients and visitors), (7) Arrangement of mask to provide to employees and clients in the brokerage house, (8) Discourage visitors to enter into the office, (9) Arrangement of virtual office for part of employees on rotation basis and (10) Avoid face to face meetings in the office and encourage telephone/video conference among the employees and clients.'

92. During last nine years, a number of discussion meetings, training programs, seminars, workshops and roundtable were organized for investors and other stakeholders for various purposes aiming at product and market development, awareness raising and exchange of views.

- **Ongoing Activities**

93. **A draft for making new law** by repealing the Securities and Exchange Ordinance, 1969 and the Bangladesh Securities and Exchange Act, 1993 has been sent to the Financial Institutions Division on 19 November 2019;

94. **The draft Securities and Exchange Rules, 2019** by repealing Securities and Exchange Rules, 1987 are opinion; under process of finalization;

95. **Framing of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2020**. Draft was prepared and already got Commission's approval and will be published in the newspapers and website for public opinion;

96. **Making of the Bangladesh Securities and Exchange Commission (TREC) Rules, 2020** is in process of finalizing after getting public opinion;

97. **Framing a guideline for preparing a list** of potential independent directors; Draft Rules approved in the Commission meeting with few modifications and will be published in the newspapers and website for public opinion;

98. **Amendment of Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015**; Draft Rules approved in the Commission meeting with few modifications;

99. **Amendment of the Bangladesh Securities and Exchange Commission [Qualified Investor Offer (QIO) by Small Capital Companies] Rules, 2018**; Draft Rules approved in the Commission meeting with few modifications.

- **Near future plan of BSEC**

100. **Strengthening** organizational structure, enhancing staff and strengthening systems of BSEC.;

101. **Up-gradation** of the securities market infrastructure including ICT development;

102. **Introducing** new securities in the market;

103. **Making efforts** for increasing the number of institutional investors.

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রেফারেন্স রুম

সিকিউরিটিজ কমিশন ভবন, ই-৬/সি আগারগাঁও, শের-ই-বাংলা নগর প্রশাসনিক এলাকা, ঢাকা-১২০৭, বাংলাদেশ
ফোন: (৮৮)-০২-৫৫০০৭১৭৩-২, ফ্যাক্স: (৮৮)-০২-৫৫০০৭১০৬

যা আছে:

- বিএসইসি'র প্রকাশনা
- তালিকাভুক্ত কোম্পানিসমূহের প্রসপেক্টাস
- তালিকাভুক্ত কোম্পানিসমূহের বার্ষিক প্রতিবেদন
- তালিকাভুক্ত কোম্পানিসমূহের প্রকাশিত অর্ধ-বার্ষিক হিসাব বিবরণী
- সিকিউরিটি আইন, রুলস্ ও রেগুলেশনস্/গেজেট নোটিফিকেশনস্
- পুঁজিবাজারের উপর স্থানীয়/বিদেশি প্রকাশনা
- বিএসইসি প্রকাশনার গ্রাহক হওয়ার সুযোগ

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

সিকিউরিটিজ কমিশন ভবন

ই-৬/সি, আগারগাঁও, শের-ই-বাংলা নগর প্রশাসনিক এলাকা, ঢাকা-১২০৭, বাংলাদেশ

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