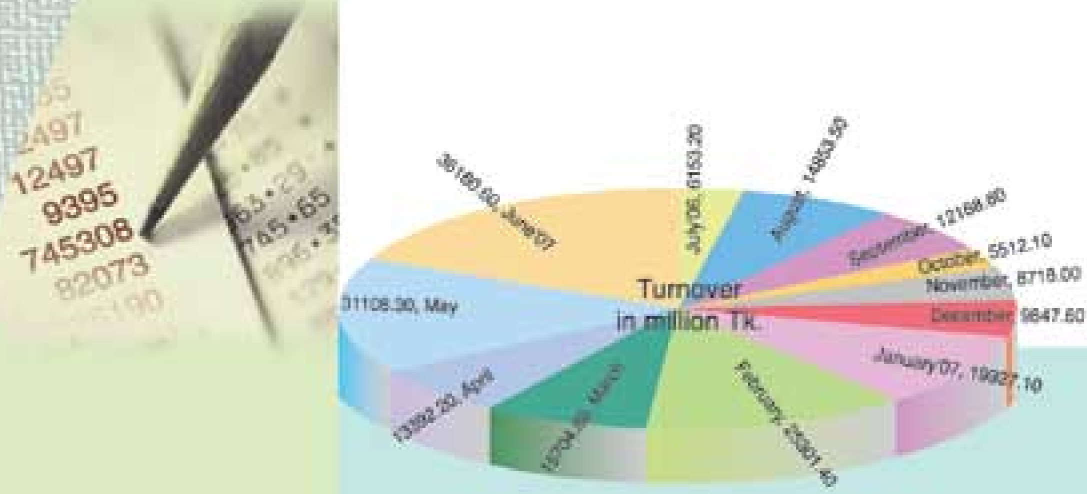
ANNUAL REPORT 2006-2007



SECURITIES AND EXCHANGE COMMISSION
BANGLADESH

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ANNUAL REPORT 2006-2007

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CHAIRMAN'S STATEMENT

The Securities and Exchange Commission (SEC) has been continuing its reform activities of strengthening legal and institutional framework for creating a fair, transparent and accountable capital market. The investors have become more confident in investing share market due to timely disclosures of financial statements and information, payment of declared dividend and holding Annual General Meeting in time, proper supervision of securities transactions and market intermediaries, investors awareness program and resolution of investors complaints etc.. Due to the above activities the ratio of market capitalization to GDP has reached at double digit for the first time in the history of Bangladesh Capital Market.

It is very essential to ensure adequate supply of securities. Improvement has been attained in legal and institutional framework. The Government has been trying to bring shares of government and non- government companies in the capital market. For this, a number of companies have converted into public limited company to increase supply of securities and run the companies commercially and accountably. The Government has taken initiatives to bring the shares of state-owned company under power and telecommunication sector in the stock market. It is expected that shares of the above companies will be off-loaded soon. As a result, the depth of capital market and investment opportunities in securities market will be increased. Beside this the Commission has been communicating with the national and multinational companies under private sector to raise capital from capital market. Meanwhile a number of multinational companies communicated the Commission concerning fund collection from share market or off-loading shares.

During FY 2006- 2007 the Commission accorded consent to 10 companies to raise capital of Tk. 3863.3 million through public issue. As on 30 June 2007, the subscription of shares was 8.77 times the size of the issues of these companies, reflecting ample demand for securities in the primary market.

The reliable and fair financial statements of issuer companies are needed to increase investors confidence in securities market. It is mandatory for the issuer companies to prepare financial statements according to International Accounting Standard and auditing by the statutory auditors according to International Standard of Auditing. The Commission has taken disciplinary actions against the auditors who failed to accomplish professional duties. As a result the auditors furnished more qualified opinion in their statements and thus reliability of statements has increased. The Commission gives importance to proper auditing of financial statements of issuer companies. An independent regulatory organization is being considered to establish to monitor preparation and auditing financial statements according to International Accounting Standard and International Standard of Auditing.

All parties related to capital market should have the knowledge of capital market for development of capital market. The Commission has extended its training program to the various district cities to educate investors and train the officials of stock brokers/dealers. The Commission in association with the stock exchanges and other stakeholders decided to establish a securities training institute to educate investors and give higher degree on capital market which is expected to begin in the next fiscal year.

As on 30 June 2007, 13,84,920 beneficiary owners accounts (BO) were opened with the Central Depository Bangladesh Limited (CDBL) and 118 companies came under CDS. As a result, transparency in primary share issuance system has increased significantly and settlement period of securities reduced and helped removing fake shares from the market. CDBL has introduced Internet Balance Enquiry Option on 9 August 2006 to inform the investors about their BO account status through internet.

Presently issuance of securities as well as preservation and transactions are done by automated system. But the basic infrastructure has not yet developed for settlement of securities transactions. DSE has taken initiatives to establish a clearing corporation. If it is done securities transactions and its financial settlement will be possible through automated system.

10% of total public issue has been reserved for NRBs for their greater participation in the securities market. Investment Corporation of Bangladesh has floated NRB Mutual Fund in the market for NRB investors.

The Stock Exchanges and The City Bank N.A. have jointly organized an international conference to motivate Non Resident Bangladeshi investors to invest in securities market. Local and foreign experts of capital market attended the conference which exposed Bangladesh as an emerging and more attractive investment destination, compared to the neighboring countries. Profitable local and foreign companies with good fundamentals were encouraged to raise capital from the securities market in the conference. The Commission motivates all the parties of capital market to organize such program.

It is observed that issue management, underwriting and portfolio investment activities of registered merchant bankers are not satisfactory. The Commission has taken decision to accord new registration certificates to those local and foreign financial institutions who are able to convince profitable companies to raise capital from capital market canceling registration certificate of some existing inactive merchant bankers. As on 30 June 2007, 6 banks, 8 financial institutions and one insurance company applied to the Commission for merchant banking registration certificates.

The Commission has taken a project named "Improvement of Capital Market Governance Program" concerning capital market reforms, institutional and human resource development, and supervision activities which started functioning. The project also includes development and reforms of surveillance system, price determination, alternative proposal of distribution system, establishment of a securities institute and preparation of its curriculum.

The Securities and Exchange Commission has reconstituted the Advisory Committee under Securities and Exchange Ordinance, 1969 to get advisory services to make reform programs for policies, protection of investors interest etc.. Ministry of Finance, Investment Corporation of Bangladesh, Central Depository Bangladesh Limited, Bangladesh Association of Publicly Listed Companies, Bangladesh Institute of Development Studies, Dhaka Chamber of Commerce and Industry and Stock Exchanges including the Chairman, SEC are included in the Committee. The Committee has already started functioning.

As on 30 June 2007, total number of securities listed with the Dhaka Stock Exchange was 325, against 303 securities on 30 June 2006; the issued capital of the listed securities was Tk. 164270 million, against Tk.85720 million on 30 June 2006, showing an increase of 91.63%; and the market capitalization of all listed securities stood at Tk.491680 million, against Tk. 225300 million on 30 June 2006, showing an increase of 118%.

Accordingly, the total number of securities listed with the Chittagong Stock Exchange on 30 June 2007 was 219, against 213 securities on 30 June 2006; the issued capital of the listed securities was Tk.81032.90 million, against Tk 62531.30 million on 30 June 2006, showing an increase of 29.59%; and the market capitalization of all listed securities stood at Tk.398490 million against Tk.196340 million on 30 June 2006, showing an increase of 102.96%.

The Commission met all its expenditures from the fund that consists of the government allocation and revenue generated by the Commission itself. As the Commission has generated considerable income over the last few years, government grant during the FY 2006-07 came down below 20% of the total expenses. In the mean time, the Commission has taken initiative to increase income and it is hoped that during the FY 2007-08 government grant will not be necessary to meet the Commission expenses.

The Commission, with its limited resources, has been continuing its best efforts to establish a strong, efficient and transparent capital market. I take this opportunity to express my heartfelt thanks to all the stakeholders of our capital market including the Government. I am also expressing my heartfelt thanks to all the staff members of the Commission for their sincere efforts in developing the market.

Faruq Ahmad Siddiqi
Chairman.

1. BANGLADESH CAPITAL MARKET

Securities and Exchange Commission:

In a market economy securities market is a vehicle through which surplus fund is invested in alternative investment opportunities. Robust capital market plays pivotal role for industrialization and economic development of a country. For increasing the depth and breadth of the markets attracting investors is important. This happens only when investors are confident that the securities markets are transparent and efficient. The Securities and Exchange Commission (SEC) was established on June 8, 1993 as capital market regulator in Bangladesh through the Securities and Exchange Commission Act, 1993 (Act 15 of 1993). The Commission ensures compliance of capital market related laws, rules and regulations etc. by the intermediaries and persons and institutions related with capital market. Basic laws of the capital market are as follows:

a. Securities Act, 1920
b. Securities and Exchange Ordinance, 1969
c. Securities and Exchange Commission Act, 1993 and
d. Depository Act, 1999

The Dhaka Stock Exchange (DSE) :

The Dhaka Stock Exchange Ltd. (DSE) was established in 1954, but its commercial operation started in 1956. Due to nationalization policy trading activities of DSE remained suspended during the post liberation period and resumed again in 1976.

DSE is a self-regulatory not-for-profit organization. As a self-regulatory organization DSE supervises the functions of listed companies. Administration of DSE is run by the Dhaka Stock Exchange (Board and Administration) Regulations, 2000. The board of directors consists of 24 members, 12 directors are elected by direct votes of DSE members and 12 directors are nominated by the elected members from non-DSE members with the approval of the Commission. The Chief Executive Officer (CEO) of DSE is also a non-voting director.

DSE hires the CEO of DSE which requires Commission's approval. The CEO conducts the daily affairs of DSE. Now there are 234 members in DSE of which 194 members are registered by the SEC for conducting securities business. According to the rules every member must be a corporate body. Transaction and transfer of most of the securities listed on DSE are now executed in electronic form. At present DSE expanded its on-line trading activities into the divisional and district towns of the country.

The Chittagong Stock Exchange (CSE):

The Chittagong Stock Exchange Ltd. (CSE) was set up in 1995. It is also a self-regulatory not-for-profit organization and its management structure is same as DSE. The Chittagong Stock Exchange Ltd. (CSE) started first on-line trading system in Bangladesh capital market in 1998 and at present it is carrying out trading activities from Dhaka, Chittagong, Sylhet, Rajshahi, Barishal, Cox's-Bazar and Khulna.

Compliance Officer :

As per the securities laws every intermediary institution has to designate an officer as compliance officer whose main responsibility is to ensure particular firms compliance with securities laws. As a primary regulator, if an intermediary does not comply with the laws properly the compliance officer has to report to the chief officer of the related intermediary. If violation of securities laws continues then the compliance officer shall report to the Commission.

Book Building Method :

Book Building Process of IPO pricing is a free pricing regime that values the company on its performance, both past and future, keeping in mind its investments, earning forecasts, economic scenario etc.. The Commission is examining the possibility of introducing Book Building System for IPO pricing on selected basis.

Trading of Securities in the Exchanges :

In DSE and CSE trading of securities is done through automated system. As a result volume of transactions has increased substantially over the years. Now trading is done in the following four market segments:

a. Public market
b. Spot market
c. Block market
d. Odd - Lot market.

O-T-C Market :

Securities and Exchange Commission (Over-the-Counter) Rules, 2001 was issued in 2002 under which securities de-listed from the exchanges and securities not listed with the exchanges but have been issued obtaining consent from the Commission could be traded. CSE has provided the platform but this facility has not yet been used.

Settlement of Securities transactions in the Exchanges :

Mechanism of settlement of securities transactions is elaborately specified in DSE and CSE settlement of Stock Exchange Transactions Regulations, 1998. It also categorizes securities into A, B, G, N and Z based on profitability, operation and failure to hold AGM and sustaining loss that ultimately exceeds paid up capital. This categorization helps investors to know about the fundamental and attractiveness of security.

During the FY 2006 -2007, governance scenario of listed companies improved remarkably. In this period number of "A" category companies increased and the number of "B" and "Z" category companies decreased and increased respectively which appears in the following table:

Name of the category	Number of Companies FY 2006-2007	Number of Companies FY 2005-2006
"A" category	141	140
"B" category	28	36
"G" category	1	1
"N" category	9	-
"Z" category	94	92

Securities Trading in the Exchanges through Borrowing :

In a bullish market securities price continues to increase and the investors may opt for investing more than his own equity availing loans from the brokers. As per DSE/CSE (Member's Margin) Regulations, 2000 investors could invest more than his own resources and help reaping profit from the bullish market.

Likewise supply of securities could also be increased through short-sale mechanism. Short-sale refers to selling of securities that the seller does not own. As per Dhaka Stock Exchange (Short-Sale) Regulations, 2006 any person with a securities borrowing arrangement could sell securities without owning it. This mechanism helps increasing supply of securities and could be a win-win situation for seller, lender and brokerage firms.

Bond Market :

The capital market of Bangladesh mainly depends on equity securities. At present there are eight listed debentures in DSE with an issued amount of Tk.140 million. Bangladesh Government issues Five-Year and Ten-Year maturity government bonds under the Bangladesh Government Treasury Bond Rules, 2003. These bonds are transferable and now are traded on O-T-C basis. In order to popularizing the government bond and increasing the depth of market secondary market trading was allowed in stock exchange with effect from 1 January, 2005. As on 30 June 2007, 44 government treasury bonds were listed in DSE. Due to multifarious reasons secondary market trading could not be popularized. However, a decision has been taken to form a committee consisting representatives of SEC, Bangladesh Bank, NBR and Finance Division, Ministry of Finance to suggest measures to overcome the bottleneck and develop bond market in Bangladesh.

Corporate Governance Guidelines :

The Commission has issued "Corporate Governance Guidelines" on February 2006, on comply or explain basis, to elevate corporate governance scenario in Bangladesh. These guidelines, among other things, set the size of the board (5-20), require appointment of independent director, company secretary, chief financial officer (CFO), head of internal control department. The guidlines also emphasized that Chairman and CEO preferably be separate person.The guidelines require that compliance status of individual requirement should be included in the annual report. During the FY 2006-07, the financial statements submitted to the Commission by the issuer companies examined and found that expected benefit has derived through compliance of the said guidelines by the issuer companies. The Commission ensures the compliance of the said guidelines.

Derivatives :

At present there exists no rule for trading of derivative products. CSE is now imparting training on derivative products. The Commission would soon frame rules under which derivative instruments could be traded and settled.

Foreign Portfolio Investment:

Excepting few reserved sectors, 100% investment in any company can be made by any foreign investors in Bangladesh. Foreign investors enjoy the similar facilities as enjoyed by the Bangladeshi investors as per Foreign Investment (Promotion and Protection) Act, 1980.

However they have to comply with the foreign exchange regulations of Bangladesh Bank. During the FY portfolio investment by the non-resident Bangladeshis was worth of Tk. 8359.20 million which was Tk. 2420.60 million during the last financial year. Details of portfolio investment by the non-resident Bangladeshis have been depicted in the Annexure 10 and 11.

SEC Advisory Committee Meeting Held :

The meeting of Advisory Committee of SEC held on 28 February, 2007. The meeting was chaired by Faruq Ahmad Siddiqi, Chairman, SEC. Among others, representatives from ICB, CDBL, BAPLC, BIDS, DCCI, BLFC, stock exchanges and Ministry of Finance were present in the meeting. The Members of the committee has delivered a lot of suggestions about development of capital market. The meeting dwelt on increasing the supply of good securities including mutual funds, offloading the shares of profitable government owned companies, expansion of bond market, ensuring compliance of corporate governance guidelines, taking initiative to attract the non-resident and foreign investment etc.

Faruq Ahmad Siddiqi Chairman, SEC is seen in the Advisory Committee meeting

Seminar on "Credit Rating and Capital Market Development" :

The Securities and Exchange Commission and Standard Chartered Bank, Bangladesh jointly organized a seminar on 'Credit Rating and Development of Capital Market' on September 6, 2006. The Bangladesh Bank Governor Salehuddin Ahmed, SEC Chairman Faruq Ahmad Siddiqi, CEO of SCB-Bangladesh Osman Morad and Managing Director of G3 Capital Markets of SCB Madhur Mehta spoke on the occasion. The SEC Chairman said that credit rating agencies should be independent and unbiased in their evaluation and maintain transparency, independence and objectivity to ensure protection of creditors' right.

Introduction of Internet Balance Enquiry Option for Beneficiary Owners (BO) Account of CDBL Introduced :

The Securities and Exchange Commission Chairman Faruq Ahmad Siddiqi inaugurated the Global Internet Securities Balance Enquiry Option of Central Depository Bangladesh Ltd.(CDBL) on August 9, 2006. Under this facility a BO account holder can look at the status of his/her account as well as get the printout of all the information of that account paying only Tk. 200 annually.

In the picture Securities and Exchange Commission Chairman Faruq Ahmad Siddiqi is seen in inaugurating the Global Internet Securities Balance Enquiry Option of Central Depository Bangladesh Ltd.(CDBL)

Visit of National Defence College Team :

A delegation consisting of 47 participants from the National Defence College visited SEC on 22 May, 2007. High officials of SEC made presentations on the regulatory framework of capital market, role and activities of SEC, scenario of capital market, depository system and surveillance systems of SEC. The Team appreciated the role of SEC in developing the capital market.

Faruq Ahmad Siddiqi Chairman, SEC and Major General Abu Tayab Mohammad Zahirul Hoque psc comandend, NDC are seen in the seminar.

Signing Ceremony of Bangladesh Capital Market Institute :

The Securities and Exchange Commission in association with the stock exchanges and other stakeholders is going to establish a securities training institute to educate and train the investors and intermediaries associated with capital market. In the meantime related stakeholders signed the memorandum of articles and memorandum of association of the said training institute. It is expected that establishment of this training institute will fulfill the long -term demand of capital market.

Faruq Ahmad Siddiqi Chairman, SEC is seen in the signing ceremony of Memorandum and Articles of Association of Bangladesh capital market institute.

The Commission discharges responsibilities reposed on it through the following departments :

2. CAPITAL ISSUE

Every company, whether incorporated in Bangladesh or not, is required to take consent of the Commission to make an issue of capital in Bangladesh, make any public offer of securities for sale in Bangladesh and renew or postpone the date of maturity or repayment of any security maturing for payment in Bangladesh. Securities and Exchange Commission accords consent to raise capital under the following Rules:

Securities and Exchange Commission (Issue of Capital) Rules, 2001

Securities and Exchange Commission (Asset Backed Security Issue) Rules, 2004

Securities and Exchange Commission (Public Issue) Rules, 2006

Securities and Exchange Commission (Rights Issue) Rules, 2006

Public Issue of Securities :

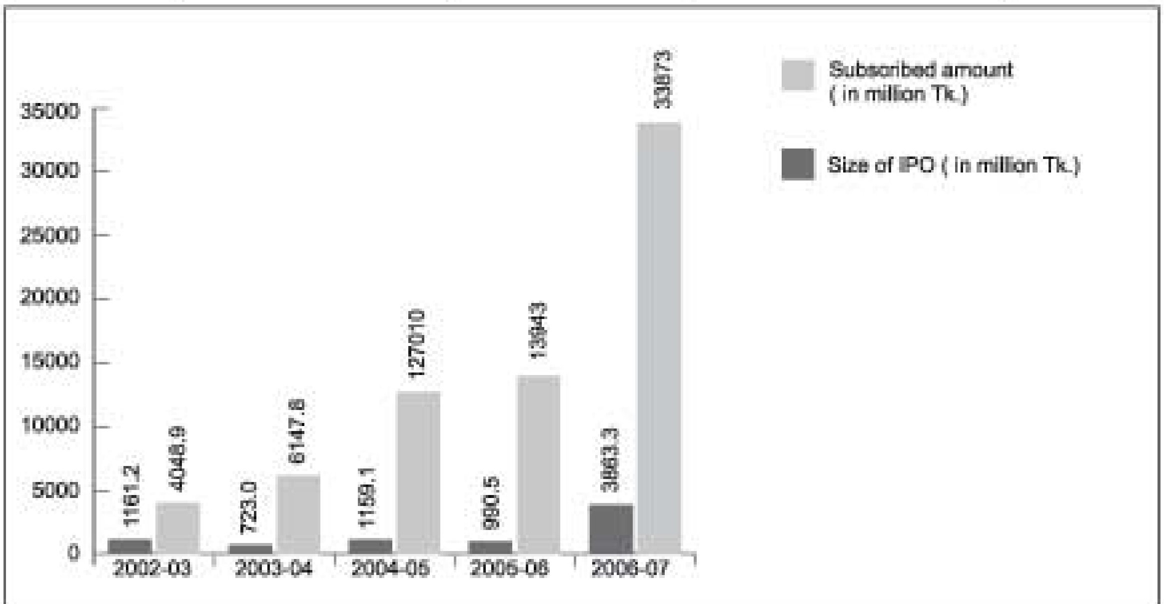
If any issuer wants to raise capital through public offering of securities it has to comply with the Securities and Exchange Commission (Public Issue) Rules, 2006. These rules require engagement of an issue manager registered with the Commission and gets the proposed issue underwritten by an underwriter who is also registered with the Commission. Intending issuer in association with the issue manager prepares prospectus and collects necessary documents that are required to be filed with the Commission along with the draft proposal.

The draft prospectus, among other things, must disclose name of the company and business in which it is engaged along with description of property and competition, types, number and price of securities being offered, information about issue manager, underwriters, directors and key officials along with their compensation and information about related party transactions, risk factors, financial conditions, use of proceeds, lock in provision and subscription opening, closing and refund provision in the event of either cancellation of offering or unsuccessful in getting shares applied for. Price of the securities offered is determined by the issuer in association with issue manager. However, issue price must be substantiated to the Commission. Although, the Commission accords consent to publish prospectus on full discloser basis, yet it ensures certain requirements in according said consent so that investor's interest could be protected.

During the FY 2006- 2007, the Commission accorded consent to 10 companies to raise capital of Tk.3863.30 million through initial public offering. The subscription for shares of the above 10 companies was Tk.33873.40 million against offer of Tk.3863.30 million. The application money of 10 companies was 8.77 times more than the amount of public issue. It appears that there is a lot of demand for securities in primary market. Information concerning public issue during the year is furnished at Annexure-4.

The comparative picture of participating general investors in the IPO during the last few years is furnished below :

FY	No. of Companies	Size of IPO (in million Tk.)	subscribed Amount (in million Tk.)	%
2002-03	13	1161.20	4048.90	3.39
2003-04	5	723.00	6147.80	8.50
2004-05	14	1159.10	12709.70	10.96
2005-06	8	990.50	13943.10	14.08
2006-07	10	3863.30	33873.40	8.77



Securities Issue through Private Placement :

Rules that are required to be complied with for issuance of securities through private placement is Securities and Exchange Commission (Issue of Capital) Rules, 2001 under which applicants has to furnish certain information and documents to the Commission. While according consent the Commission imposes conditions that include timely preparation of financial statements and furnishing of the same to the Commission, execution of all transactions except petty cash items through company's bank account. These conditions help issuer companies elevate their corporate governance status and make them ready for raising capital through public offering.

Capital Raising :

During the financial year 2006-2007, the Commission accorded consent to 45 public and 38 private Ltd. companies to raise capital through issuance of privately placed bonus share, ordinary shares, preference shares, GDR of Tk. 31196.80 million and debt securities of Tk. 2081.25 million under the Securities and Exchange Commission (Issue of Capital) Rules, 2001. Break-up of the said capital raising are as follows :

Private Limited Company :

Nature of raising capital	Number of companies	Total capital (Million Taka)
Ordinary shares	30	17872.20
Debenture	1	25.00
Rights share	2	11200.00
Bonus share	9	409.60
Preference share	1	600.00
Convertible preference share	1	90.00
GDR	1	1000.00
Total	45	31196.80

Public Limited Company :

Nature of raising capital	Number of companies	Total capital (Million Taka)
Ordinary shares	29	6787.90
Debenture	3	77.50
Rights share	1	11200.00
Bonus share	1	9.60
Preference share	4	2737.50
Total	38	20812.50

Rights Issue:

Share issue to existing shareholders by listed companies in proportion to their capital is approved by the Commission under Securities and Exchange Commission (Rights Issue) Rules, 2006. As per the said rules, such rights issue and price are required to be approved by the shareholders in general meeting.

During the said period, the Commission accorded consent to 6 companies for issue of right shares of Tk.3352.60 million compared to Tk. 1537.20 million of 7 companies during 2005-06 and the Commission accorded consent 3 rights issues amounting to Tk. 447.60 million of 3 companies in 2004-05.

3. CORPORATE FINANCE

The Corporate Finance Department (CFD) supervises and monitors the listed companies after issuance of primary shares in light with the securities laws. CFD ensures holding of AGM on time as specified in securities laws, payment of declared dividend to the investors within stipulated time, examines the audited annual financial statements and un- audited half yearly financial statements as part of its supervision.

CFD has strengthened and expanded its monitoring during the financial year. The Department watches audiovisual recording of holding of AGM by the issuer companies. Explanation is called from the issuer companies who made irregularities in holding AGM such as transaction business in AGM within very short time without allowing effective participation of investors, avoiding queries raised by the shareholders, submitting edited audio-visual recording instead of uninterrupted recording of procedures of meeting etc.. If the explanation was not found satisfactory, enforcement actions against the defaulted companies are taken.

The audited financial statements of the issuer companies are examined in order to ensuring the issuers have prepared them in accordance with the securities related rules and IAS and the auditors have audited/issued audit report in accordance with IAS. Due to aforesaid efforts and actions, financial statements of the issuer companies became more transparent. It has also been observed that some statutory auditors of listed securities issued qualified opinion in their report about the affairs of the issuers and the way financial statements have been prepared. It is worth mentioning that the Commission warned some companies on the basis of qualified opinion mentioned in their auditors report and initiated enforcement actions against some companies as well.

The supervision activities of CFD also strengthened concerning payment of declared dividend on time by the issuer companies. As a result, tendency of non/delayed-payment of declared dividend by the companies has been reduced to a great extent.

It is also ensured whether issuer companies are complying with the guidelines on corporate governance which was issued by the Commission for enhancing corporate governance scenario of the issuer companies.

Summary of various actions taken by CFD during 2006-2007 is furnished below :

Sl. No.	Description	Summary of actions taken by the Commission	Number of companies
1	Audited financial statements	a) Referred to Enforcement Department for taking action for not submitting the audited financial statements	42
		b) Asked explanation on audited financial statement from the companies	99
		c) Referred to Enforcement Department for taking actions against those companies whose explanation were not satisfactory	28
2	Un audited half-yearly financial statements	a) Referred to Enforcement Department for taking action for not submitting the un-audited half yearly financial statement	21
		b) Asked explanation from the companies for not preparing the un-audited half yearly financial statements according to Bangladesh Accounting Standard (BAS-34)	81
		c) Referred to Enforcement Department for taking action against those companies whose explanations were not acceptable	7
3	Appointment of statutory auditor	a) Retention of auditor for a consecutive three years.	24
		b) Asked explanation for not taking consent from the Commission in case of retention of auditor for a consecutive three years.	7
4	AGM	Referred to Enforcement Department for taking action for not holding AGM	25
5	Audio visual recording of AGM	a) Asked explanation from the companies for not submitting the audio visual recording of AGM	20
		b) Referred to Enforcement department for taking action against those companies whose explanations were not found satisfactory	6
6	Statements on dividend payment	a) Asked explanation from the companies for not submitting the statement on dividend payment	14

4. REGISTRATION

All market intermediaries associated with the capital market are required to be registered by the SEC which help Commission to discharge its oversight functions more effectively.

Issuance and Renewal of Stock Broker/Dealer Registration Certificate :

During FY 2006-2007, registration certificate issued to 21 members of stock exchanges to act as stock broker/dealer and renewed 181 members' registration certificates to operate as stock broker/dealer under Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorized Representative) Rules, 2000.

Issuance and Renewal of Authorized Representative Registration Certificate :

The authorized representative registration certificates were issued in favor of 487 applicants and renewed 75 authorized representative registration certificates by the Registration Department.

Issuance and Renewal of Depository Participant Registration Certificate :

During the said period, the Commission issued 26 and renewed 151 depository participant registration certificates under Depository (User) Regulations, 2003.

Mutual Fund :

In Bangladesh mutual funds as well as any form of collective investment scheme is required to be registered by the SEC under Securities and Exchange Commission (Mutual Fund) Rules, 2001. To register a mutual fund four parties are required viz. sponsor, asset management company (AMC), trustee and custodian. Sponsors provide the seed money and appoint asset management company, custodian and trustee. They also draft trust deed as per the stipulation of Trust Act, 1882, get it vetted by the SEC and registers the trust deed under Registration Act, 1908. AMC, Custodian and Trustee must be registered with SEC in order to discharging their respective functions.

AMC takes the investment decision of the mutual fund in accordance with the objectives of the mutual funds, custodian holds the security and trustee ensures whether AMC and custodian have been acting in adherence to the trust deed and requirements of Securities and Exchange Commission (Mutual Fund) Rules, 2001. AMC has to comply with investment restrictions imposed by the Commission.

Till now the Commission issued Asset Management Registration Certificate in favor of ICB Asset Management Company Ltd. and Asset and Investment Management Services of Bangladesh Ltd. to perform as AMC. Up to June 30, 2007 the Commission issued registration certificate in favor of Investment Corporation of Bangladesh (ICB), Bangladesh General Insurance Company (BGIC) and Grameen Fund to perform as Trustee. In the aforesaid period the Commission approved the trust deed of ICB AMCL First NRB Mutual Fund (closed-end) under the concerned rules. During the said period the Commission made a requirement for AMC to appoint compliance officer also. At present 14 closed-ends mutual fund (including two mutual funds that are managed by private sector Asset Management Company [AMC]) which are listed on the stock exchanges. Apart from the aforesaid closed-end funds there are three 'open-end' mutual funds.

Merchant Bank :

Merchant bank plays a significant role as an intermediary in the capital market. In Bangladesh they carry out issue management, underwriting and portfolio management functions. Under Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules, 1996, till the end of June 2007, the Commission issued registration certificates in favor of 29 companies to perform as merchant bankers. Among 29 merchant bankers, 22 operate as Issue Manager, Underwriter and Portfolio Manager, 6 as Issue Manager and 1 as Portfolio Manager.

Credit Rating Company :

Credit Rating Companies Rules, 1996 requires mandatory rating of all forms of corporate debt securities, rights share and issue of shares at premium. Credit Rating Company expresses its opinion through rating scales considering the probability of the issuers, ability to make timely repayment of principal and servicing of interest. Asset-backed securities also required to be credit rated. Bangladesh Bank has made rating of banks and financial institutions mandatory.

Credit rating plays an important role to take investment decision. Credit rating reflects the real status of a company including company's financial status and management efficiency. The Commission issued registration certificate in favor of Credit Rating Information and Services Ltd. (CRISL) and Credit Rating Agency of Bangladesh Ltd.(CRAB) to operate as credit rating agencies under the Credit Rating Companies Rules, 1996. The Commission directed said companies to comply with the code of conduct prepared by International Organization of Securities Commission (IOSCO) to carry out rating activities with transparency. The Commission also made mandatory for the credit rating companies to have compliance officer for ensuring compliance with securities laws.

Trustee of Asset Backed Security Issue :

To act as the trustee of asset-backed security, registration is required under Securities and Exchange Commission (Asset Backed Security Issue) Rules, 2004. During the period under review, the Commission issued registration certificate in favor of Bangladesh General Insurance Company and Eastern Bank Ltd. to act as trustee of asset backed security. The Commission also made mandatory to have compliance officer by the trustee. It is worth mentioning that till the end of 2007 the Commission issued registration certificates in favor of Investment Corporation of Bangladesh (ICB), Bangladesh General Insurance Company (BGIC) and Eastern Bank Ltd. under aforesaid rules to perform as trustee of asset backed security.

Issuance of Security Custodian Registration Certificate :

Registration is required under the Securities and Exchange (Security Custodial Service) Rules, 2003 to act as a security custodian. The Commission issued security custodian registration certificate to Standard Chartered Bank, Honk Kong Shanghi Banking Corporation and Dhaka Bank Ltd. During the period the Commission issued security custodian registration certificate in favor of South East Bank Ltd., Arab Bangladesh Bank Ltd. and IDLC of Bangladesh.

Trustee of Mudaraba Perpetual Bond Issue :

Securities and Exchange Commission has accorded permission to Investment Corporation of Bangladesh (ICB) to act as trustee for the Tk. 3000.00 million Mudaraba Perpetual Bond of Islami Bank Bangladesh Limited.

5. LISTING DETAILS

Securities are listed on the stock exchanges by the following way as per existing securities rules :

- Through Initial Public Offering (IPO) as per the Securities and Exchange Commission (Public Issue) Rules, 2006.
- Through direct listing under the DSE/CSE Direct Listing Regulations, 2006.
- If the Commission considers that listing of certain security is necessary or expedient in the public interest, then it directs under section 10 of Securities and Exchange Ordinance, 1969 the stock exchanges to list it.

Public issue route is exercised by the companies that require additional capital, direct listing is availed of by the companies whose existing shareholders want to dispose off whole or part of their shareholdings and the last method is applicable to those companies that are not willing of their own or the stock exchange is not willing to list but the Commission feels expedient to do so.

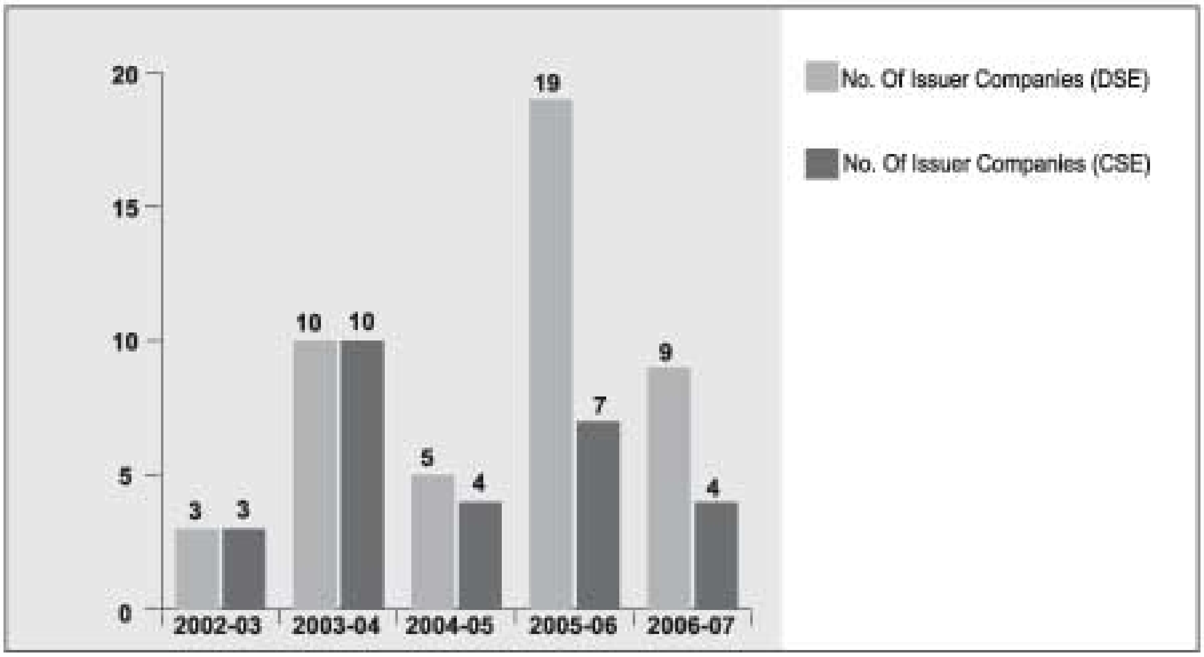
During the period under review, 9 companies and 1 mutual fund were listed with DSE and 4 companies were listed with CSE details of which are given in the following table:

Name of the Issuer	Date of Listing		Issued Capital
	DSE	CSE	(Taka in Million)
PGCB (Direct Listing)	9.10.06		3643.60
Lanka Bangla Finance Ltd.	18.10.06		350.00
Bangladesh Industrial Finance Company Ltd.	9.11.06		163.30
IPDC Ltd.	30.11.06	31.12.06	61.70
Brac Bank Ltd.	23.01.07	31.01.07	1000
Prime Islami Life Insurance Co. Ltd.	12.2.07		75.00
Shahjalal Islami Bank Ltd.	21.3.07		1871.60
ICB AMCL first NRB mutual Fund	21.3.07		100
Premier Bank Ltd.	23.5.07	27.5.07	1690.00
Golden Son Ltd.	20.5.07	22.5.07	250.30
Total			**9760.80**

Comparative picture of securities listing on the exchanges during the last few years are as follows:

FY	Number of Issuer Companies	
	DSE	CSE
2006-07	9	4
2005-06	19	7
2004-05	5	4
2003-04	10	10
2002-03	3	3
Total	**46**	**28**

Graphical presentation of securities listing in DSE and CSE:



6. SURVEILLANCE

Surveillance of Securities Transactions :

To ensure investor protection and safeguard the integrity of the markets, the Commission has a comprehensive surveillance system. Stock exchanges are the primary regulators for detection of market manipulation, price rigging and other regulatory breaches. SEC keeps constant vigil on the activities of stock exchanges to ensure effectiveness of the surveillance system. SEC watches the market surveillance through On-line and Off-line surveillance system.

Inspection and Investigation :

The Surveillance Department of the Commission conducts on-line and off-line market surveillance system to find out violation of securities related laws in securities trading and also to find out any irregularities and abnormalities in securities transactions. As a part of on-line surveillance, the surveillance officers watch the daily securities transactions through non-trading version of surveillance software and, at the end of daily transactions on the exchanges, prepares a report containing summary of daily securities transactions and abnormal trading, if any. On the other hand, as a part of off-line surveillance, the surveillance officers analyze the information that is collected earlier through using the Commission's off-line surveillance software (SECAS). If detailed investigation is needed the Department proposes to the Commission to constitute an enquiry committee. If any violation of securities laws was found in the enquiry report then it is sent to the Enforcement Department for taking necessary action.

Beside supervising the depository participants activities the Commission has further strengthened its surveillance activities by daily market monitoring, surprise visits and regular monthly inspection of stock broker/ stock dealer offices. As a result, the interest of investment in the capital market among the small investors and confidence of all investors in general has been increasing. Side by side the regular activities in future Surveillance Department will play a significant role through improving surveillance system of capital market with the help of Asian Development Bank (ADB).

Comparative statistics of irregularities in securities transactions found by Surveillance Department and actions taken by the Commission against those violations are furnished below:

FY	Number of irregularities found	Referred to Stock Exchanges		Inspection	Enquiry	Referred to Enforcement Department
		DSE	CSE			
2006-2007	67	18	11	24	14	7
2005-2006	51	7	10	25	9	4
2004-2005	57	4	2	46	5	7

Insider Trading :

Insider trading and related price manipulation creates huge distortions in the market place, transferring value to insiders at the expenses of general investors. If insiders take advantage of non-public information they actually profit in the expenses of minority shareholders. SEC has issued Securities and Exchange Commission (Prohibition of Insider Trading) Regulations, 1995. Under the said rules, issuer companies have to disseminate price sensitive information to the stock exchanges and SEC within 30 minutes of taking decision or knowing the information and is required to publish the said information in daily newspaper.

7. SUPERVISION AND REGULATION OF MARKETS AND INTERMEDIARIES (SRMI)

SRMI Department of the SEC supervises whether capital market related intermediaries including stock exchanges are doing their functions according to securities laws. Beside this the said department also resolved the complaints received against issuer companies under the securities laws. The functions of SRMID are enumerated below:

a. Monitoring the declaration of sale/purchase/transfer of securities by the sponsor /director of the listed companies.
b. Monitoring the position of monthly shareholding of sponsors/directors.
c. Monitoring disclosure of price sensitive information of listed companies.
d. Approval of share transfer of listed companies out of stock exchanges.
e. Monitoring the activities of stock exchanges excepting securities transactions.
f. Receiving and addressing of complaints on any activities of the issuer and intermediaries of capital market.

During 2006-07 the following types of complaints were lodged with the Commission and measures taken by the Commission :

Complaints Against Listed Companies :

Nature of Complaints	Received During 2006-07	Under Process	Referred for Enforcement Action	Resolved
Non payment or delay in payment of dividend	38	1	10	27
Non payment of debenture installment	5	-	4	1
Transfer of shares	10	-	4	6
Non- receipt of letter of rights share	7	1	-	6
Non receipt of bonus share	3	-	-	3
Non receipt of annual report	6	-	-	6
Refund warrant	6	-	-	6
Non- demat of shares	3	-	-	3
Miscellaneous	25	-	1	24
Total	**103**	**2**	**19**	**82**

Complaints Against Stock Broker/Dealer :

Nature of Complaints	Received During 2006-07	Under Process	Referred for Enforcement Action	Resolved
Non delivery of shares	2	-	-	2
Non payment of clients money	4	-	-	4
Transfer of shares in the link BO account	3	-	-	3
Miscellaneous	6	1	1	4
Total	15	1	1	13

8. CENTRAL DEPOSITORY SYSTEM (CDS)

Depository Act, 1999 has legitimized electronic registry of securities. These legislations have substantially changed laws, which govern the ownership, transfer and pledge of securities. Now, the records of securities issued are maintained in the Central Depository Bangladesh Ltd. (CDBL). In order for smooth operation of central depository the aforesaid act has bestowed adequate authority on the Commission to monitor the administration of the CDBL along with fixing the various fees of the depository company through issuance of regulations. After the introduction of electronic registry of shares through CDBL transparency in securities issuance, trading and settlement have been increased significantly and settlement period of securities transactions has also been reduced.

CDS Department exercises oversight on the functions of Central Depository Bangladesh Ltd and Depository Participants (DP), functions of converting physical share certificates of listed companies into dematerialized form, supervises the issuance of securities in dematerialized form, transfer and all other activities concerning securities transaction under the Depository Act, 1999, issues Directives, Orders concerning CDS.

During July 2006 -June 2007, the following 14 companies have joined Central Depository Bangladesh Ltd.(CDBL). At the end of this period the total number of companies and Mutual Fund under CDBL stands at 118. In DSE transfer and trading of most of the securities are now done in automated system dematerialized form.

Sl. No.	Name of the Company	Joining Date
1	BD Com. On line Ltd.	24 July 2006
2	Power Grid Company of Bangladesh Ltd.(Direct Listing)	9 October 2006
3	Lanka Bangla Finance Ltd. (IPO)	1 November 2006
4	Bangladesh Industrial Finance Co. (IPO)	15 November 2006
5	IPDC of Bangladesh (IPO)	3 December 2006
6	Beximco Sinthetix Ltd.	21 January 2007
7	Brac Bank Ltd. (IPO)	23 January 2007
8	Prime Islami Life Insurance (IPO)	14 February 2007
9	Keya Detergent Ltd.	14 February 2007
10	Shahjalal Islami Bank Ltd.	28 March 2007
11	ICB First NRB Mutual Fund (IPO)	28 March 2007
12	Uttara Bank Ltd.	10 May 2007
13	United Insurance Co. Ltd.	22 May 2007
14	Golden Son Ltd. (IPO)	22 May 2007
15	The Premier Bank Ltd. (IPO)	27 May 2007
16	First ICB Mutual Fund	20 June 2007
17	Second ICB Mutual Fund	20 June 2007
18	ICB AMCL First Mutual Fund (IPO)	20 June 2007

9. ENFORCEMENT

Administrative Sanction and Penalty:

Under the securities laws the Commission is empowered to impose administrative sanctions and also to impose penalties. Prior to taking measures, SEC follows due process that includes carrying out inspection and enquiry. If in the enquiry it is found that the punitive measures should be taken against the person against whom enquiry/inspection was conducted, a show cause notice is issued and if response to the show cause notice is not satisfactory, the accused person is provided with an opportunity of being heard and finally, on the basis of severity of violation the Commission either imposes administrative sanctions or impose penalty or both. As per securities law minimum penalty, if Commission decides to impose, is Tk. 1.00 lac and maximum is unlimited.

A brief description of activities of the Enforcement Department during the FY 2006-2007 is furnished below:

Issuer Company :

The Commission imposed penalty on the directors of 32 companies for violation of securities laws like- non submission of half yearly and yearly financial statements, failure in holding annual general meeting, buying and selling of share through insider trading, financial statements not audited by the statutory auditor as per securities law, non payment of SEC appointed special auditor fee, non-payment of declared dividend and non disclosure of price sensitive information etc..

During the said financial year, the Commission issued warning letters to 117 companies for non compliance of securities laws viz: delay in submission of half yearly and yearly financial statements, failure in holding annual general meeting, failure to pay declared dividend, showing reserve by overvaluing fixed asset of companies, non compliance with securities laws in IPO shares distribution to comply with the said laws in future.

Besides, the Commission issued directive to one issuer company for submitting the annual accounts statements being audited by the partnership firm under the section 12(3) of Securities and Exchange Rules, 1987 as year ended on June 30, 2005.

The above actions are enumerated below in a table.

Nature of Legal Actions	Number of Companies
Penalty	32
Directives	1
Warning	117

Stock Broker/Dealer/Merchant Banker/Authorized Representative/Issue Manager :

The Commission imposed penalty upon 6 brokerage houses for failing to comply the securities laws like- non compliance of sale order of clients, for not reserve the consolidate bank account and transfer shares from one BO to another BO without Commission consent, to permit short-sale, failure to submit the share trading statement, transfer/ exchange off-exchange of shares without consent of the proper authority.

The Commission issued warning letters to15 stock broker/dealer/merchant banker/authorized representative/issue manager for failing to comply with the different securities related laws- concerning lottery of allotment of IPO share, short-saleing, failure to complete all shares sales within 30 working days according to the declaration of directors shareholders and failed to reserve clients buy/sell order, stock leisure and margin agreement and instructed them to comply with the securities related rules in future. A summary of above actions is furnished in the following table:

Nature of Legal Action	Number of Company/Person
Penalty	6
Directives	-
Warning	15

Depository Participants :

Besides the Commission issued warning letters to three Depository Participants and also instructed them to comply with the securities related rules in future.

10. CAPITAL MARKET REGULATORY REFORMS AND COMPLIANCE (CMRRC)

Drafting of conditions, directives, rules and regulations for consideration of the Commission, proposing amendment to securities laws, suggesting reform measures on capital market, providing opinions/comments on proposed laws, rules, other jobs assigned by the Commission are done by the CMRRCD.

During 2006-2007, the following notifications/orders were issued by the Commission :

Sl. No.	Notification/Order No. and Date	Contents of the Notifications/Orders	Classification
1	SEC/CMRRCD/2006-159/Admin-01/28 Date: 5 April 2007	Amendment of Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Regulations, 1996.	Notification
2	SEC/CMRRCD/2006-159/Admin/03-26 Date: 16 May 2007	Concerning amendment of the notification of Depository (user) Regulations, 2003 on 27 September 2006.	Notification
3	SEC/CFD/4018/99/3153 Date: 17 May 2007	Regarding extension of time for submitting the audited financial statements of listed life insurance to the Commission and stock exchanges in terms of the appeal of Bangladesh Insurance Association.	Order
4	SEC/CMRRCD/2006-159/Admin/03-25 Date: 26 November 2007	Amendment of Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorized Representative) Regulations, 2000.	Notification

11. LAW

Functions of Law Department are as follows :

- Assisting the lawyers appointed by the Commission to defend the court cases filed by SEC or against SEC.
- Giving legal opinion on different issues sent by other departments of the Commission.
- To file and conduct certificate cases to recover penalty imposed by the Commission.

Total 156 cases filed by SEC or against SEC are pending in different Courts. Name of the Courts are given below along with number of pending cases with individual Court:

Court cases :

Sl. No.	Name of the Court		Number of Cases
1	The Supreme Court of Bangladesh	Appellate Division	4
		High Court Division	70
2	Metropoliton Session Judge Court, Dhaka.		6
3	5th Joint Dist. Judge Court, Dhaka.		9
4	4th Asst. Judge Court, Dhaka.		2
5	Chief Metropoliton Magistrate Court, Dhaka.		7
6	General Certificate Court, Dhaka.		58
	Total		**156**

Cases filed during the financial year 2006-2007:

Subject	Number	Brief Description
Cases filed by the Commission	27	● 25 Certificate cases filed under Public Demand Recovery Act, 1993 for recovering the penalty money during the financial year 2006-2007. ● At the same time the Commission filed one criminal case in the court of CMM, Dhaka against Bangladesh Welding Electrodes Ltd. for violation of securities laws.
Cases filed against the Commission	5	4 criminal revision petition were filed with the Honorable Supreme Court, High Court Division and 1 writ petitions was filed with the 5th Joint Dist. Judge Court in Dhaka against some orders of the Commission regarding challenging the Commission's order and violation of securities law.

12. RESEARCH AND DEVELOPMENT

Research and Development Department of the Commission conducts investors' education program for the general investors, impart capital market related seminar for various government and non-government organization, prepare and publishes Commission's various publications regularly and furnishes various reports and information to the Government and other institutions including Ministry of Finance and different regulatory authorities.

During July 2006 - June 2007, Research and Development Department has published the following publications of the Commission:

Publications :

Annual Report	: FY 2005-2006
Quarterly Review	: Four issues during April 2006 -March 2007
"SEC Parikrama" (SEC's Bangla Newsletter)	: Four issues during June 2006-March 2007

Education Program :

During the FY 2006 -2007 the Securities and Exchange Commission conducted 24 Investors' Education Programs. Two programs in each month (each program of two days) were conducted on regular basis. High officials of SEC highlighted on various issues like the capital market related laws, rules/regulations, surveillance system, depository system, rights of shareholder etc. in the said programs. A total number of 463 investors participated in the programs. Besides, in order to encourage the investors and to create awareness to capital market SEC also conducted Investors' Education Program jointly with DSE and ICB in Barisal and Khulna during 28 -29 April, 2007 where more than 500 investors participated.

During the period SEC organized the training programs for the authorized representatives of members of DSE and CSE. 123 and 20 authorized representatives from DSE and CSE respectively participated in the said program.

13. FUTURE PLANNING

Securities and Exchange Commission has been trying persistently to develop the Bangladesh capital market. To increase the depth of Bangladesh capital market the Commission, in association with stock exchanges, issuer companies and market intermediaries, is considering to issue new instruments and encourage securities with good fundamentals to be listed with the stock exchanges. The Commission is also examining the book building system to introduce in our market. In order to improve aforesaid scenario and for complying with IOSCO Objectives and Principles of Securities Regulations, the Commission has taken following measures:

- Establishment of a capital market institute to educate investors and intermediaries associated with the capital market and award degree on capital market.
- To attract the securities with good fundamentals to the capital market by introducing book building system and for this purpose framing necessary rules.
- Assisting in establishing a regulatory body to ensure preparation of financial statements based on facts by companies and audit of the same objectively by auditors.
- Continue efforts to bring the government owned companies to the market.
- Working with the stock exchanges to have an automated payment system of securities transactions.
- Efforts to continue bringing profitable companies gradually in the capital market.
- Measures to improve corporate governance scenario in issuer companies and other market intermediaries of capital market.
- Framing and issuance of a comprehensive bond issue rules.
- Measures to popularize government bond and corporate bond in capital market.
- Devising regulatory framework for trading of derivative securities.
- Assisting to have unified listing regulations for cross-boarder listing of companies of SARRC region.
- Issuance of new rules or amending existing ones in consultation with the stakeholders.
- Continuing the functions of the Consultative Committee consisted of DSE, CSE and SEC officers and consult the Commission's activities with the SEC Advisory Committee.
- Strengthening the surveillance system of SEC to enhance transparency in securities market.
- For effective and smooth discharging of duties reposed on the Commission, capacity building of existing staff members and recruiting new professional staff.

14. FINANCIAL STATEMENTS OF THE COMMISSION

For the year ended 30 June 2007

Securities and Exchange Commission is under the revenue budget of the government. All of its expenditures are met from the government revenue budget. As per section 12 of the Securities and Exchange Commission Act, 1993, the Commission maintains a fund which consists of the government allocation and revenue generated by the Commission itself. Income of the Commission includes registration and renewal fees, fees received in connection with application and consent fees for raising of companies' capital, recovery of penalty etc.. The government fund is released in accordance with the budget allocation adjusting net of the income generated by the SEC.

The Commission has generated considerable income during the last few years. It has met 78.27% and 80.65% of its total annual expenses from its own income generation during the financial years 2005-2006 and 2006-2007 respectively. In the financial year 2006-2007, Commission's own income/receipts was Tk. 33.67 million. The Commission also received as grant from the government Tk. 23.82 million, including last year's unspent balance of Tk. 4.16 million and the total receipts was Tk. 57.49 million through which it met all of its expenses. On the other hand, the Commission's total income and government allocation were Tk. 31.70 million and Tk. 12.96 million respectively in 2005-2006 financial year. Revenue expenses and capital expenditure of the Commission in 2006-2007 was Tk. 41.75 million. The amount of expenditure incurred in 2005-2006 fiscal year was Tk. 40.50 million. Breakdown of income of SEC during 2006-2007 are furnished in the Annexure-1.

Securities and Exchange Commission
Statement of Affairs
June 30, 2007

(Figure in million Taka)

Particulars	FY 2006-2007		FY 2005-2006
	Budget allocation/ Receipt	Actual receipt/ expenditure	Actual receipt/ expenditure
Government Grant :	30.00		
Opening balance (unspent balance received from Govt.)		4.16	6.46
Govt. grant released		19.66	6.50
Total Govt. grant	**30.00**	**23.82**	**12.96**
Commission's miscellaneous income	22.50	33.67	31.70
Total allocation/Receipts	**52.50**	**57.49**	**44.66**
Payment/Expenditure			
Revenue expenditure	45.41	36.22	35.65
Capital expenditure	5.69	4.75	4.47
Loan/Advance disbursed	1.40	0.78	0.38
Total	**52.50**	**40.175**	**40.50**
Closing balance (unspent fund)		**15.74**	**4.16**

15. ANNEXURES

Annexure-1

Miscellaneous income/ receipts of SEC
30 June 2007

Sl. No.	Particulars	Amount in million Tk.	
	Income	**June, 2007**	**June, 2006**
1	Stock Dealer/Broker Registration fees	4.05	3.31
2	Merchant Bank Registration fees	0.276	0.186
3	Mutual Fund Registration fees	0.76	0.68
4	Authorized Representative Registration fees	0.69	0.43
5	IPO, Application, Filing & Consent Fee	23.71	23.64
6	Recovery of Penalty	1.06	0.76
7	Sale of publication (Quarterly Review)	0.00095	0.0024
8	Sale of Tender schedule	0.0025	0.02
9	Sale of scrap materials and old vehicle	0.60	0.003
10	Depository Participant Fee/ CDBL registration fee	1.27	1.39
11	Bank interest on deposit money	0.14	0.17
12	Notice pay	-	0.06
	Total Income	**32.58**	**30.66**
	Others Recovery		
1	Recovery of House Building loan	0.61	0.52
2	Recovery of Computer loan	0.15	0.28
3	Recovery of Motor car/Motor cycle loan	0.31	0.18
4	Others Receipts	-	0.04
	Total Others Receipts	**1.08**	**1.02**
	Gross Income/Receipts	**33.67**	**31.68**

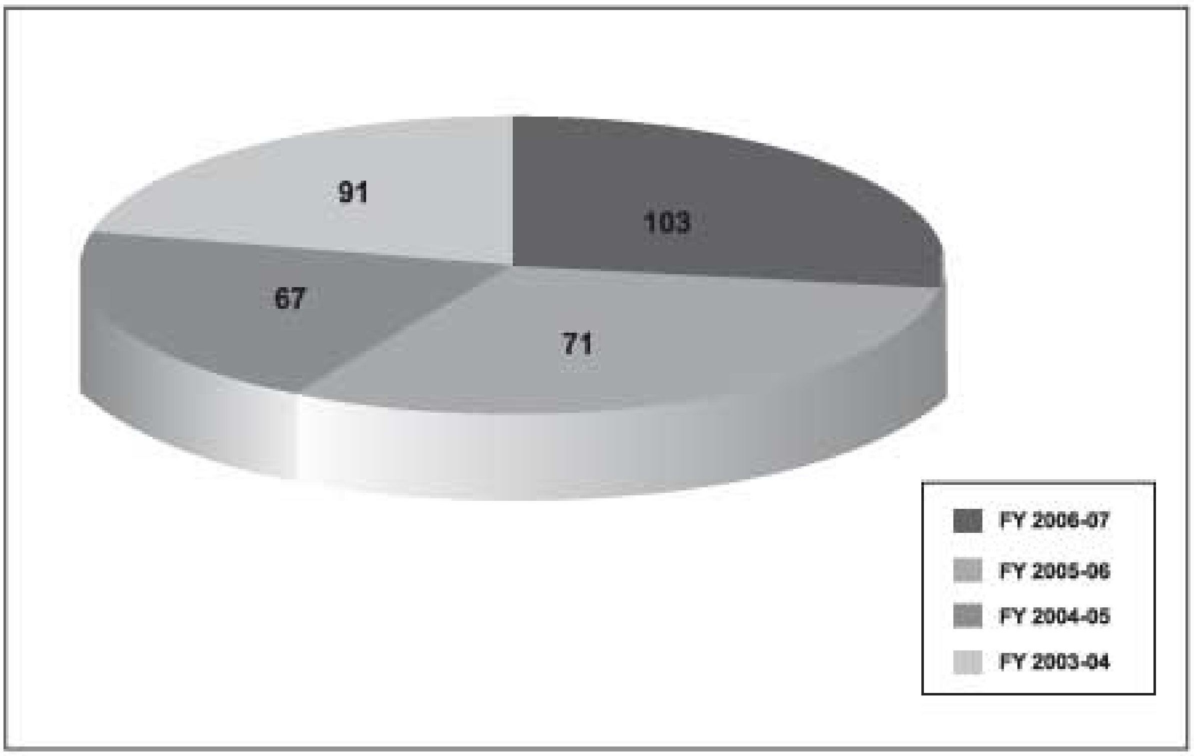
Annexure-2

Complaints received during 2006- 2007 against listed companies:

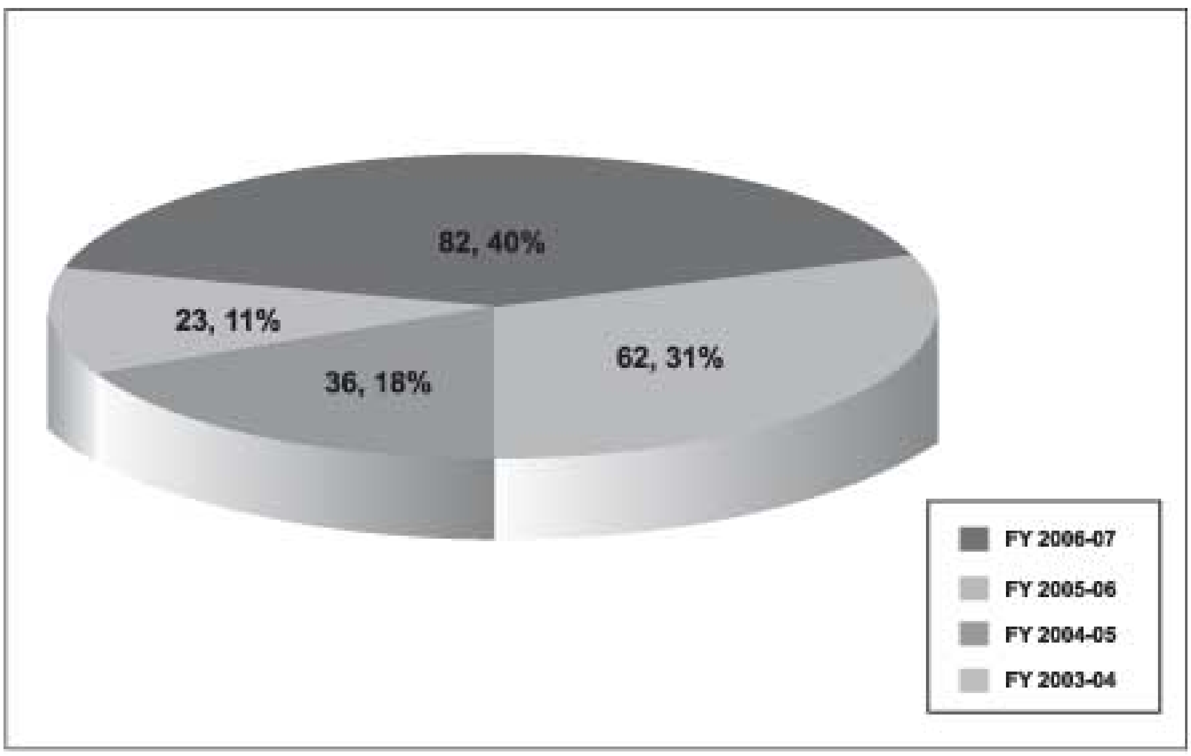
Against Listed Companies

Nature of Complaints	No. of Complaints	Under Process	Referred for Enforcement Action	Resolved
Non-payment or delay in payment of declared dividend	38	1	10	27
Non-payment or delay in payment of interest of Debenture	5	-	4	1
Regarding non receipt of letter of Rights share offering	7	1	-	6
Regarding transfer of shares	10	-	4	6
Regarding non receipt of bonus share	3	-	-	3
Regarding refund warrant	6	-	-	6
Non demat of shares	3	-	-	3
Regarding non receipt of Annual Report	6	-	-	6
Miscellaneous	25	-	1	14
Total complaints received during the year (2006-2007)	**103**	**2**	**19**	**82**
Received complaints during the year (2005-2006)	**71**	**1**	**8**	**62**
Received complaints during the year (2004-2005)	**67**	**1**	**30**	**36**
Received complaints during the year (2003-2004)	**91**	**55**	**13**	**23**

Number of complaints received against listed companies



Number and rate of complaints resolved



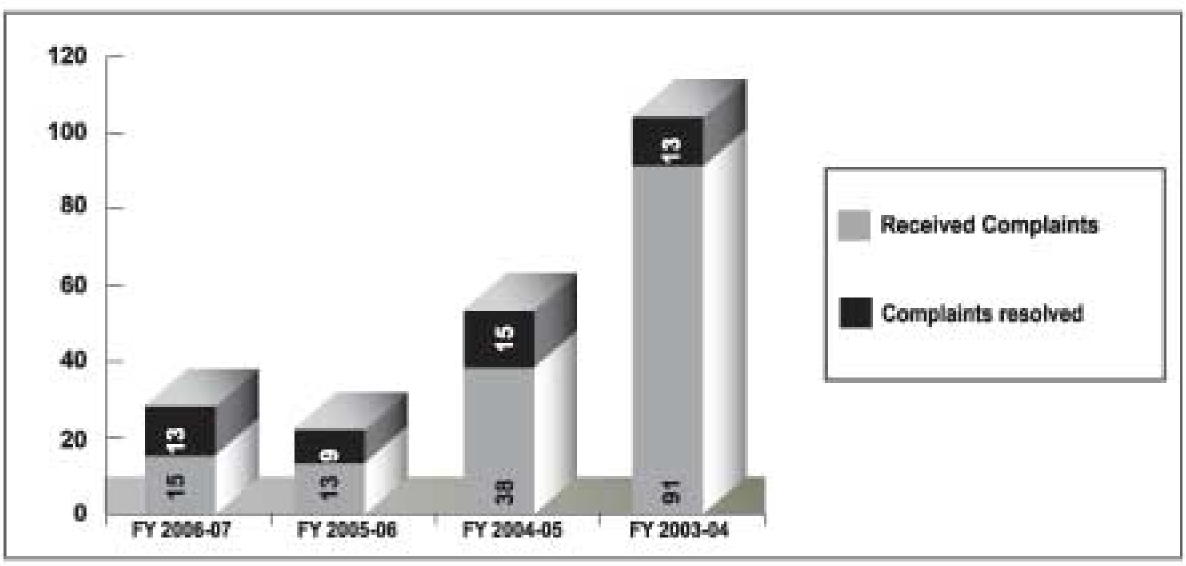
Annexure-3

The Complaints received during 2006 - 2007 against stock broker/dealer :

Against Stock Broker/Dealer

Nature of Complaints	No. of Complaints	Under Process	Referred for Enforcement Action	Resolved
Non delivery of clients share through broker/dealer	2	-	-	2
Non payment of clients money	4	-	-	4
Regarding non transfer of shares in the link BO account	3	-	-	3
Miscellaneous	6	1	1	4
Total complaints received during the year (2006-07)	15	1	1	13
Received complaints during the year (2005-2006)	13	3	1	9
Received complaints during the year (2004-2005)	38	3	20	15
Received complaints during the year (2003-2004)	91	76	2	13

Graphical presentation of received complaints and disposal of the same aginst stock Broker/Dealer during 2006-2007



Annexure -4

List of companies that raised capital through Initial Public Offering (IPO) during 2006-2007:

Figures in million Taka

Sl. No	Name of the Company	Total Capital	Sponsors Equity			Public Equity				Remarks	Subscribed amount (Ref. Col No.7)	Date of Subscription Opens: Closes:
			Local	Foreign	Total	General Public	Foreign placement	Local placement	Total (7+8+9)			
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Brac Bank Ltd.	1000.00	317.40	182.60	500.00	500.00	-	-	500.00 ***	Premium of Tk. 50	4171.60	12.11.06 16.11.06
2	Shahjalal Islami Bank Ltd.	1871.60	935.80	-	935.80	935.80	-	-	935.80	At par	4025.60	14.01.07 18.01.07
3	Golden Son Ltd.	250.30	80.30	110.00	190.30	60.00	-	-	60.00	At par	639.80	4.3.07 8.3.07
4	Union Capital Ltd.	268.10	193.10	-	193.10	75.00	-	-	75.00	At par	2986.00	6.5.07 10.5.07
5	Premier Bank Ltd.	1690.00	794.20	50.80	845.00	845.00	-	-	845.00	At par	5370.60	18.3.07 22.3.07
6	Bangladesh Finance and Investment Co. Ltd.	303.30	233.30	-	233.30	70.00	-	-	70.00	At par	2176.10	10.6.07 14.6.07
7	Phonekx Finance and Investment Ltd.	336.20	211.20	-	211.20	125.00	-	-	125.00	At par	2778.30	24.6.07 28.6.07
8	International Leasing and Financial Services Ltd.	230.00	180.00	-	180.00	50.00	-	-	50.00*	Premium of Tk 125	3432.30	02.7.07 8.7.07
9	Trust Bank Ltd.	1166.70	700.00	-	700.00	466.70	-	-	466.70 **	Premium of Tk.50	7994.20	15.7.07 19.7.07
10	Paramount Insurance Co. Ltd.	150.00	60.00	-	60.00	90.00	-	-	90.00	At par	298.90	29.7.07 02.8.07
Total		7296.20	3705.30	343.30	4048.70	3217.50	-	-	3863.3 (Including Premium)	-	33873.40	

* Total public equity Tk 112.50 million including premium

** Total public equity Tk 700 million including premium

*** Total capital Tk 850 million including premium

Annexure- 5

CAPITAL MARKET TREND

CAPITAL MARKET SUMMARY
As on 30th June, 2007

Indicators (Listed)		Dhaka Stock Exchange	Chittagong Stock Exchange
No. of companies (Share)		259	204
No. of mutual funds		14	14
No. of debentures		8	1
No. of treasury bond		44	-
Total No. of Listed Securities		325	219
			Figures in million
No. of shares of all listed companies		1735.00	1530.10
No. of certificates of all listed mutual funds		162.00	162.20
No. of debentures of all listed debentures		0.40	0.05
No. of bond		0.80	-
Total No. of Tradable Securities		1898.20	1692.35
			Figures in million
Issued capital of all companies (Equity)	Tk.	82751.00	80185.10
	US$	1198.94	1161.77
Issued capital of all mutual funds	Tk.	835.00	835.00
	US$	12.10	12.10
Issued debentures	Tk.	140.00	12.80
	US$	2.03	0.18
Issued Bond	Tk.	80553.00	-
	US$	1167.10	
Total Issued Capital	Tk.	164279.00	81032.90
	US$	2380.16	1174.05
Total Market Capitalization	Tk.	491684.00	39849.90
	US$	7123.79	577.37
Share Price Index		1764.18 (All Share Price Index)	5194.77 (All Share Price Index)

Annexure - 6

DSE COMPARATIVE STATEMENT

Indicators (Listed)		As on June 30, 2006	As on June 30, 2007	%Change (+/-)
No. of companies (Share)		256	259	1.17
No. of mutual funds		13	14	7.69
No. of debentures		8	8	-
No. of treasury bond		26	44	69.23
Total No. of Listed Securities		303	325	7.26
Figures in million				
No. of shares of all listed companies		1390.40	1735.00	24.78
No. of certificates of all listed mutual funds		161.20	162.00	-
No. of debentures of all listed debentures		0.40	0.40	-
No. of bond		0.20	0.80	300
Total No. of Tradable Securities		1552.30	1898.20	22.28
Figures in million				
Annual Total Turnover (Volume)		592.70	1982.90	234.55
Annual Total Turnover (Value)	Tk.	45990.20	164670.90	257.97
Issued Bond		-	80553.00	-
Total Issued Capital	Tk.	85723	164279.00	91.64
Total Market Capitalization	Tk.	225300	491684.00	118.23
All Share Price Index		1040.47	1764.18	69.56

Annexure - 7

CSE COMPARATIVE STATEMENT

Indicators (Listed)		As on June 30, 2006	As on June 30, 2007	% Change (+/-)
No. of companies (Share)		198	204	3.03
No. of mutual funds		13	14	7.69
No. of debentures		2	1	(50)
Total No. of Listed Securities		213	219	2.82
			Figures in million	
No. of shares of all listed companies		1277.40	1530.10	19.78
No. of certificates of all listed mutual funds		161.20	162.20	-
No. of debentures of all listed debentures		0.05	0.05	-
Total No. of Tradable Securities		1438.65	1692.35	17.63
			Figures in million	
Annual Total Turnover (Volume)		249.10	585.80	135.17
Annual Total Turnover (Value)	Tk.	11408.10	34177.60	199.59
Total Issued Capital	Tk.	62531.30	81032.90	29.58
Total Market Capitalization	Tk.	196341.00	398499.00	102.96
All Share Price Index		2879.19	5194.77	80.42

Annexure -8

DSE OPERATIONAL STATISTICS
July 2006--June 2007

Trading Month	Index (All share price index)	Turnover of Securities (Million)		Traded Amount in Million Tk.		Market Capitalization	
		Monthly	Daily Average	Monthly	Daily Average	Million Tk.	% Change with Previous Month
July 2006	1114.97	49.50	2.40	4937.30	235.10	243653.00	--
August	1321.02	134.50	6.40	11775.60	560.70	281420.00	15.50
September	1298.02	88.80	4.20	9959.60	474.20	281021.00	(0.14)
October	1291.28	51.10	3.20	4630.70	289.40	287829.00	2.42
November	1267.97	92.60	4.80	6669.30	351.00	30527.50	6.06
December	1321.39	168.40	9.30	7903.90	439.10	32336.80	5.93
January 2007	1473.61	363.60	18.10	16188.20	809.40	377364.00	16.70
February	1486.88	357.70	18.80	21082.60	1109.60	381150.00	1
March	1498.58	179.80	9.00	12840.10	642.00	405493.00	6.39
April	1478.24	108.00	5.10	11328.50	539.40	412580.00	1.75
May	1658.36	183.90	8.70	26445.00	1259.30	459429.00	11.35
June 2007	1764.18	205.10	10.20	30910.10	1545.50	491684.00	7.02
Total 2006-2007		**1982.50**	**8.30**	**164670.90**	**8254.60**	**4250266.00**	

* Market Capitalization of the last trading day of the month has been taken into account.

Annexure - 9

CSE OPERATIONAL STATISTICS
July 2006--June 2007

Trading Month	Index (All share price index)	Turnover of Securities (Million)		Traded Amount in Million Tk.		Market Capitalization	
		Monthly	Daily Average	Monthly	Daily Average	Million Tk.	% Change with Previous Month
July' 2006	3108.18	18.40	0.88	1215.90	57.90	211964.00	-
August	3783.42	57.80	2.70	3077.90	146.50	257149.00	21.32
September	3724.51	33.50	1.80	2209.00	122.70	253388.00	(1.46)
October	3643.00	17.80	1.00	881.40	51.80	257498.00	1.62
November	3592.13	37.20	1.70	2048.70	97.60	255118.00	(0.92)
December	3724.39	55.00	3.10	1943.70	107.90	267501.00	4.85
January 2007	4078.65	83.50	4.20	3738.90	186.90	299778.00	12.06
February	4120.31	94.60	4.90	4218.80	222.00	304696.00	1.64
March	4273.45	54.70	2.70	2864.70	143.20	326755.00	7.24
April	4264.24	28.50	1.40	2063.70	98.30	325594.00	(0.35)
May	4844.08	53.60	2.50	4663.30	222.10	372711.00	14.47
June 2007	5194.77	50.90	2.50	5250.50	262.50	399258.00	7.12
Total 2006-2007		**585.50**	**29.38**	**34176.50**	**1719.40**	**3531410.00**	

* Market Capitalization of the last trading day of the month has been taken into account.

Annexure - 10

PORTFOLIO INVESTMENT BY THE NON- RESIDENT BANGLADESHIS (MONTHLY STATISTICS)
July 2006 --June 2007

Taka in Million

Month	Deposit in NRITA	Investment in Securities	Amount Sold	Outflow of Sold Amount
July 2006	202.20	201.00	0.70	4.30
August	18.10	-	10.20	14.90
September	144.80	125.10	0.80	25.50
October	296.60	310.00	51.30	52.70
November	295.20	251.10	2.00	244.90
December	248.10	259.50	0.30	0.50
January 2007	732.70	651.30	-	0.10
February	1364.90	137.31	35.80	33.20
March	546.10	578.30	67.70	17.70
April	802.70	802.70	233.10	177.70
May	1171.80	1169.80	333.10	319.30
June 2007	2662.40	2637.30	463.60	591.50
Total	8485.60	8359.20	1198.60	1482.30

NRITA- Non Resident Investment Taka Account
Source: Bangladesh Bank

Annexure - 11

PORTFOLIO INVESTMENT BY THE NON RESIDENT BANGLADESHIS (YEARLY STATISTICS)
April 1992-June 2007

Taka in Million

Period	Deposit in NRITA	Investment in Securities	Amount Sold	Purchase Price of the Sold Share	Capital Gain/ Loss	Dividend Excluding Capital Gain	Outflow of Sold Amount
April 92 - June 92	57.30	50.80	--	--	--	--	--
July 92 - June 93	316.90	387.50	81.20	35.40	5.80	3.30	38.60
July 93 - June 94	3196.60	3101.80	965.10	510.50	404.60	17.60	918.40
July 94 - June 95	3094.40	2982.70	1334.20	928.10	406.10	92.70	1388.90
July 95 - June 96	738.50	716.80	1877.10	1893.40	(16.30)	146.80	1972.00
July 96 - June 97	527.80	518.00	6186.80	3443.40	2743.40	122.90	6332.10
July 97 - June 98	309.80	316.00	517.50	693.10	(175.60)	97.10	601.80
July 98 - June 99	95.10	95.60	410.70	531.60	(120.90)	43.40	451.10
July 99 -June 2000	278.90	393.60	584.40	878.70	(294.30)	54.50	613.40
July 2000-June 2001	304.40	323.50	344.30	337.90	6.40	51.80	377.60
July 2001-June 2002	29.00	28.70	287.70	400.70	(113.00)	32.945	324.60
July 2002-June 2003	116.60	120.10	51.30	73.00	29.90	30.90	77.10
July 2003-June 2004	311.00	298.90	25.10	16.60	12.70	31.20	56.20
July 2004-June 2005	79.10	53.10	266.00	90.80	176.60	36.70	315.50
July 2005-June 2006	2420.40	2420.60	130.60	-	-	-	185.10
July 2006 - June 2007	8485.60	8359.20	1198.60	-	-	-	1482.30

NRITA- Non Resident Investment Taka Account
Source: Bangladesh Bank

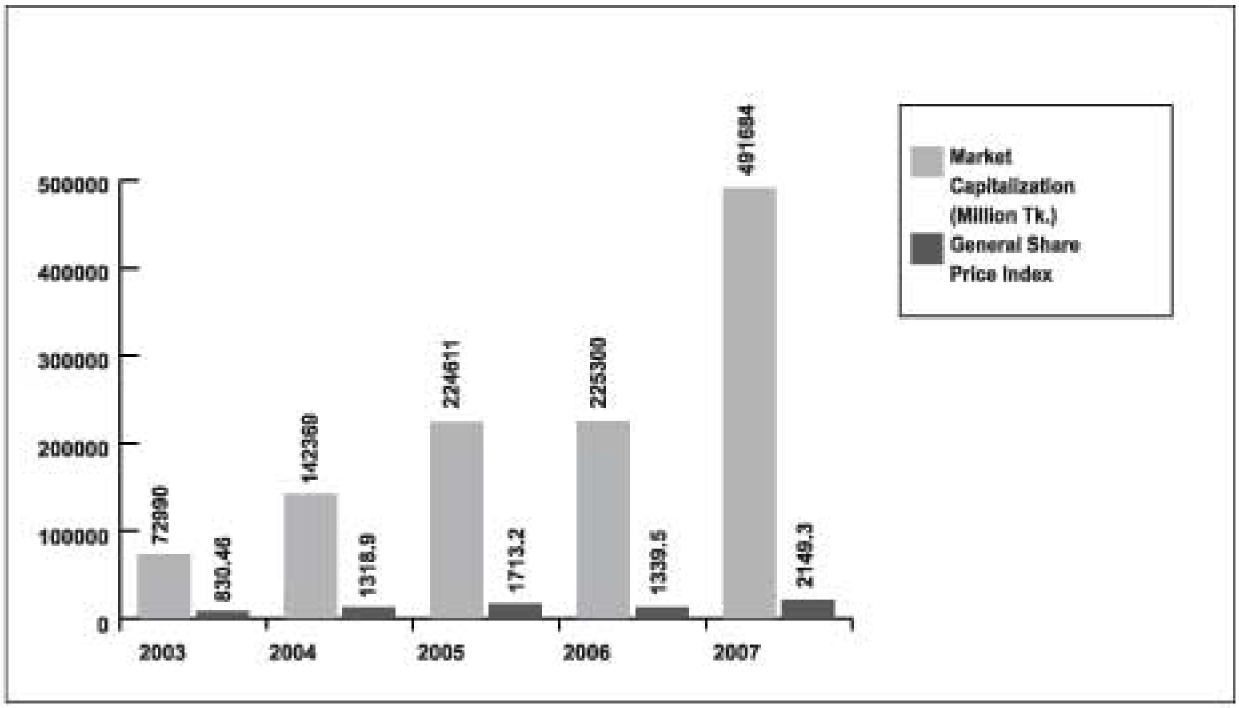
Annexure-12

OPERATIONAL STATISTICS OF DSE DURING THE LAST FIVE YEARS
July 2002-June 2007

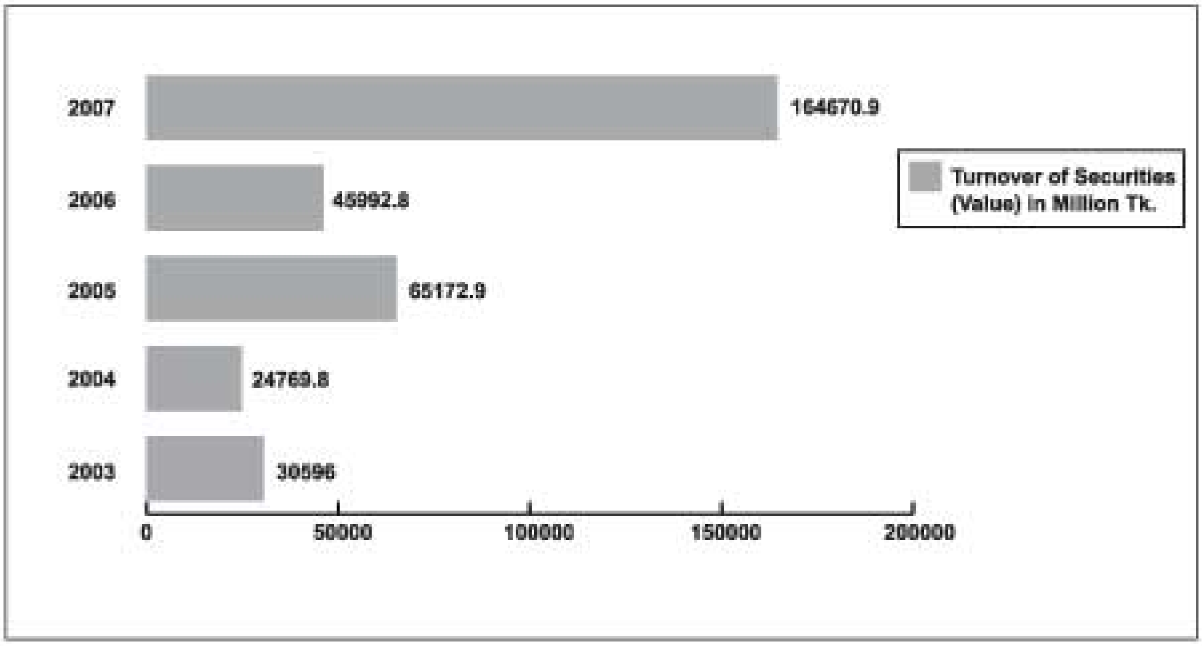
Period	Index (General share price index)	Turnover of Securities (Million)	Traded Amount		Market Capitalization	
			Million Tk.	% Change with Previous Year	Million Tk.	% Change with Previous Year
July 2002-June 2003	830.46	1090.50	30596.00	-	72990.00	-
July 2003-June 2004	1318.92	535.50	24769.80	(19.04)	142369.00	95.05
July 2004-June 2005	1713.17	946.40	65172.90	163.11	224611.00	57.77
July 2005-June 2006	1339.52	592.60	45992.80	(29.43)	225300.00	0.31
July 2006-June 2007	2149.32	1982.50	164670.90	256.73	491684.00	118.23

** Market Capitalization and Share Price Index of the last trading day of the month have been taken into account.*

Graphical presentation of DSE's market capitalization and General Share Price Index during July 2002-June 2007:



Graphical presentation of DSE's turnover of securities (Value) during the last five years



Annexure-13

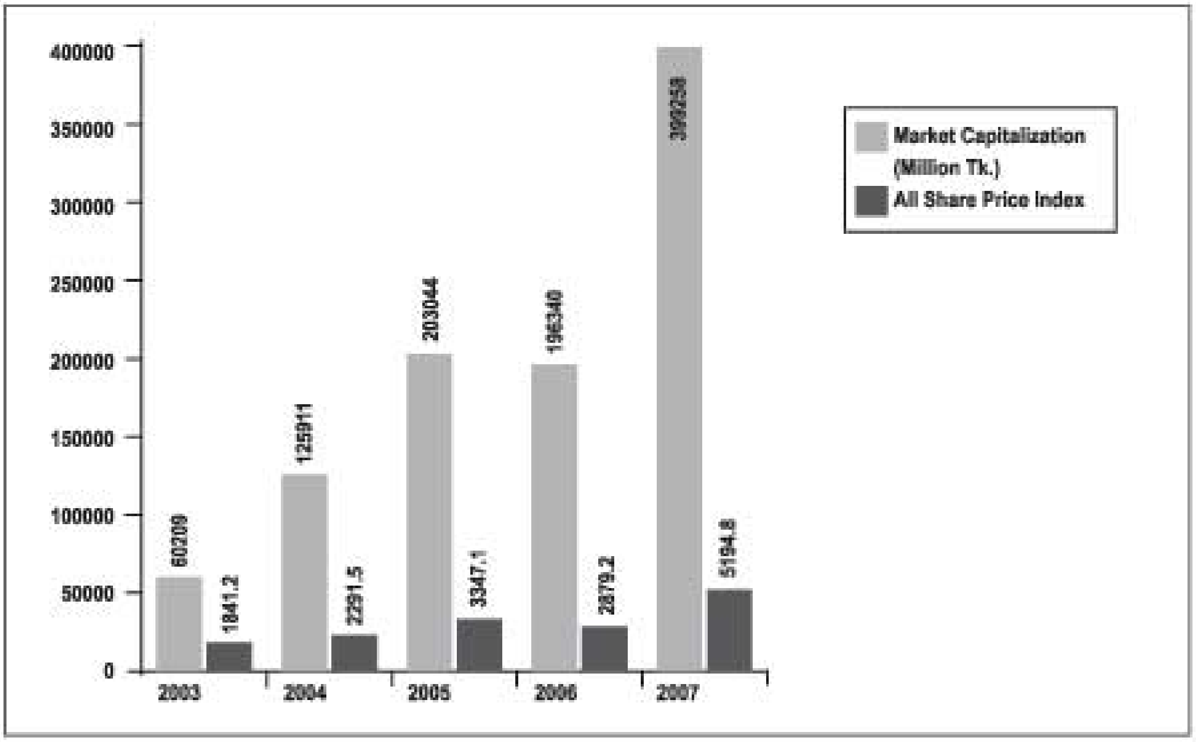
OPERATIONAL STATISTICS OF CSE DURING THE LAST FIVE YEARS

July 2002-June 2007

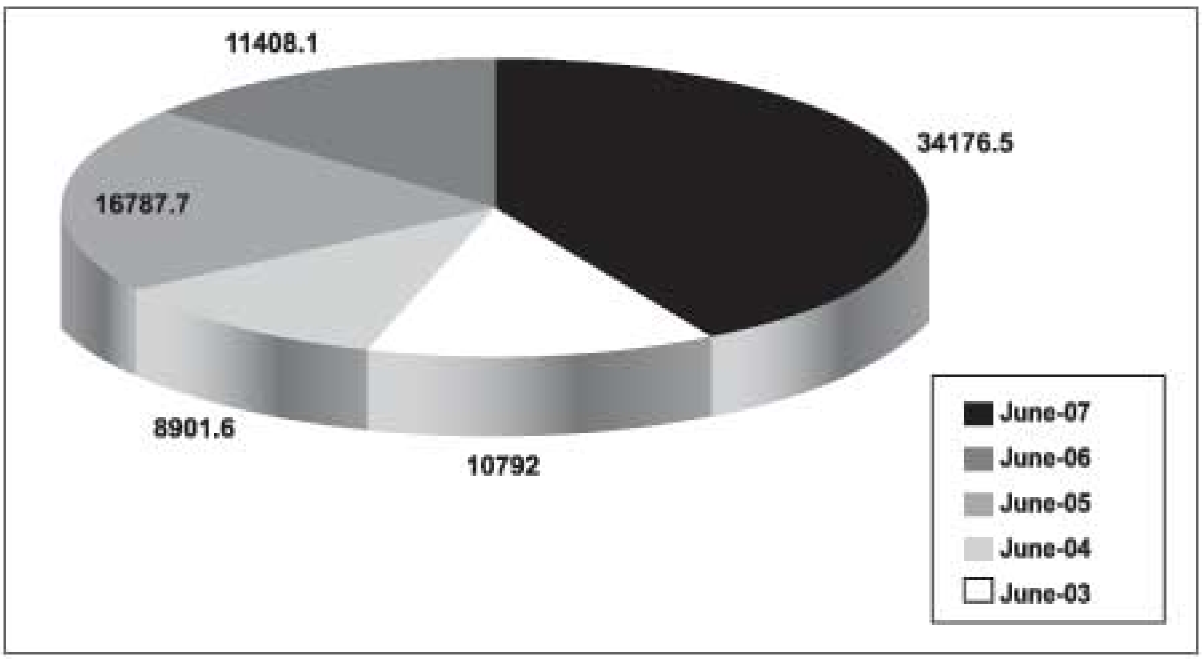
Period	Index	Turnover of Securities (Million)	Traded Amount		Market Capitalization	
	(All share price index)		Million Tk.	% Change with previous Year	Million Tk.	% Change with previous Year
July2002 - June 2003	1841.24	404.80	10792.00	-	60208.60	--
July 2003- June 2004	2291.5139	248.60	8901.60	(17.52)	125911.30	109.12
July 2004- June 2005	3347.0969	347.70	16787.70	88.59	203044.40	61.26
July 2005- June 2006	2879.19	249.00	11408.10	(32.04)	196340.00	(3.69)
July 2006- June 2007	5194.7658	585.50	34176.50	199.58	399258.00	104.17

** Market Capitalization and Share Price Index of the last trading day of the month have been taken into account.*

Graphical presentation of CSE's market capitalization and All Share Price Index during July 2002-June 2007



Graphical presentation of CSE's turnover of securities (value) in million Tk. during the last five years:



16. Commission and the Commission Officers:

(As on 30 June 2007)

Chairman:

Faruq Ahmad Siddiqi

Members:

- Saleh Ahmed Chowdhury
- Mohammad Ali Khan
- Mansur Alam

Officers:

- Mohammad Abdul Hannan Zoarder, Executive Director
- Md. Anwarul Kabir Bhuiyan, Executive Director
- Farhad Ahmed, Executive Director
- Ruksana Chowdhury, Executive Director
- Shuvra Kanti Chowdhury, Executive Director
- AT M Tariquzzaman, Director
- Md. Ashraful Islam, Director
- Mizanur Rahman, Director
- Md. Anowarul Islam, Director
- Md. Saifur Rahman, Director
- A. K. M. Ziaul Hasan Khan, Director
- M. Hasan Mahmud, Director
- Mahbubul Alam, Deputy Director
- Mahbuber Rahman Chowdhury, Deputy Director
- Kamrul Anam Khan, Deputy Director
- Md.Rezaul Karim, Deputy Director
- Md. Shafiul Azam, Deputy Director
- Ripon Kumar Debnath, Deputy Director
- Mir Mosharrof Hossain, Deputy Director
- Md. Jahangir Alam, Deputy Director
- Md. Mahmudul Hoque, Deputy Director
- Pradip Kumar Bosak, Deputy Director
- Md. Mansur Rahman, Deputy Director
- Rajib Ahmed, Deputy Director
- Md. Abul Kalam, Deputy Director
- Md. Abul Hasan, Deputy Director
- Sheikh Mahabub-Ur-Rahman, Deputy Director
- Farhana Faruqui, Officer on Special Assignment

List of Officers of SEC Project Financed by Asian Development Bank:

- Hafiz Md. Harunur Rasid, Assistant Director
- Mahmuda Shireen, Assistant Director
- Sultana Parveen, Assistant Director
- Tania Sharmeen, Assistant Director

SEC Website
www.secbd.org

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At the 20th floor of Jiban Bima Tower, 10 Dilkusha C/A, Dhaka-1000

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