surveillance is more active and particular than before. These developments, that are widely appreciated, are actually the fundamental requirements that are in place today resulting from the continuous efforts of the government and multilateral agencies.

Trading has now become automated, led by the Chittagong Stock Exchange through the central depository. In the present automated trading environment, bids/offers, depth, and required broker particulars are all recorded and can be retrieved for future reference. The Central Depository Bangladesh Limited (CDBL) was created in August 2000 to operate and maintain the Central Depository System (CDS) of Electronic Book Entry, recording and maintaining securities accounts and registering transfers of securities; changing the ownership without any physical movement or endorsement of certificates and execution of transfer instruments, as well as various other investor services including providing a platform for the secondary market trading of Treasury Bills and Government Bonds issued by the Bangladesh Bank.

The stock market surveillance mechanics in place at present has no resemblance to that of 1996. There are strict rules and guidelines, trading circuit breakers and international standard surveillance to protect investor rights and ensure fair play. The disclosure requirements and its timing for both listed scrips and IPOs as devised by the SEC are now more reflective of international practices. The SEC is also adopting new valuation methods that result in fair pricing of new issues. While there is still a lack of credible research organisations, a few firms like Asset and Investment Management Services of Bangladesh Ltd. (Aims) have come up, and they are investing in research and building up stock market related credentials.

The recent surge in the stock market

The Dhaka Stock Exchange Index was at a 10-year high in the 2007 year end (up 66 percent), which made it Asia's top performer after China. The steady investment atmosphere prevailing throughout 2007 is considered to be one of the main reasons behind this surge. Good return prospects, stable market growth, and uninterrupted trading as a result of political stability attracted foreign investors to local securities. In 2007, foreign investors bought shares worth $205.7 million, while the amount of selling was $78.6 million, according to a DSE statistic. According to the DSE, in 2007, net foreign or portfolio investment on the Dhaka Stock Exchange surged 8.3x to $129 million. The banking sector, followed by the power, pharmaceutical and cement sectors, received the most foreign investment.

The caretaker government has also attracted investors by pledging



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