

# SEC alters mutual fund rules

## Tenure of ICB's eight unit funds extended; Tk 50cr mutual fund approved

**STAR BUSINESS REPORT**

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An individual investor will be allowed to receive up to Tk 1 crore units of a mutual fund in pre-IPO placement, an official said yesterday.

The Securities and Exchange Commission approved an amendment to the Mutual Fund Rules 2001 at a meeting with SEC Chairman Prof M Khairul Hossain in the chair.

"Though it was proposed in the draft amendment that an individual can take an unlimited amount in pre-IPO placement of a mutual fund, the commission set a limit on it, taking into account public opinions," said Saifur Rahman, the spokesman for SEC.

In line with the previous rules, an individual was not allowed to receive more than Tk 25 lakh units of a mutual fund in pre-IPO placement.

Rahman said the commission modified two other proposed clauses in the rules.

The commission defined the institutional investors. Pension fund,

- Pre-IPO placement limit for an individual investor is Tk 1 crore worth of units
- AMC's can provide investment management services to clients
- The name of a fund must start with the name of an AMC
- The minimum public offering size of a mutual fund will be 25pc of total fund
- AMC's can provide fund management services to other institutions

provident fund, endowment fund and venture capital fund would be considered institutional investors, said Rahman, also an executive director of SEC.

The regulator has allowed the asset management companies to provide investment management and advisory services to their clients.

"However, the asset management companies would need to inform the regulator about it before providing such

services," he said.

Another major change in the rules is an increase of IPO quota of the mutual funds from 10 percent to 15 percent. It means, in every IPO, 15 percent of the issue size will be reserved for mutual funds.

The minimum public offering size of the mutual funds will be 25 percent, instead of 50 percent, of the total fund size.

At yesterday's meeting, the market watchdog extended the tenure of unit funds of the state-run Investment Corporation of Bangladesh (ICB) by one year to December 2012.

"Considering the current market situation, the commission extended the tenure of the unit funds which were scheduled to be redeemed by December," the SEC executive director said.

Earlier, ICB urged the commission not to liquidate or extend the tenure of the funds.

SEC formed a three-member committee to modify merchant bank and portfolio

manager rules in an effort to update the regulations.

"The commission directed the committee to submit a set of recommendations on the amendment within 15 working days after issuing an office order to this effect," he said.

The regulator also approved the prospectus of a Tk 50-crore mutual fund, closed-end in nature, at the yesterday's meeting.

National Life Insurance (NLI) Company is the sponsor of the fund styled "VIPBNI First Mutual Fund", Rahman said.

The sponsor will contribute Tk 10 crore to the 10-year fund, while another Tk 10 crore will be raised through pre-IPO placement and the rest Tk 30 crore from the public through IPO.

VIPB Asset Management Company is the manager of the fund, while the ICB is the trustee and custodian.

It will be the first mutual fund whose name starts with the name of the asset management company, in line with a regulatory requirement.

# BTRC claim: GP seeks govt intervention

**ABDULLAH MAMUN**

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Mobile operator Grameenphone yesterday sought the government's intervention to resolve a dispute with the telecom regulator over unpaid revenue and tax.

On Monday, Bangladesh Telecommunication Regulatory Commission asked the operator to pay Tk 3,034 crore in unpaid revenue, accumulated interest payment and tax.

GP disagreed with the regulator. But it was not clear how much the operator would have to pay eventually.

Without specifying numbers, GP said it would pay "any amount within existing business under normal rules".

Kazi Monirul Kabir, chief communications officer of GP, again refuted the regulator's claim and said: "The numbers are based on wrong assumption."

"We don't see this is the issue of GP alone. It is an issue of the entire industry. We seek intervention from the government," Kabir said.

GP sent a letter to the telecom ministry yesterday, seeking help from the government to defuse the dispute, the GP official said.

He said telecom is not an isolated industry, so the issues should be observed in a holistic approach.

"The way the problem is getting serious, there is scope for intervention by different authorities of the government," he added.

Meanwhile, BTRC set a meeting with the operator for October 10 to defend its position with all supporting records it has.

A high official of the telecom ministry said the ministry will definitely look into the matter.

# BB asks banks to bring back export proceeds fast

## Bid to ease pressure on forex reserve

**REJAUL KARIM BYRON**

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In the face of a mounting pressure on the foreign currency reserve, the Bangladesh Bank yesterday directed all commercial banks to quickly bring back their export proceeds.

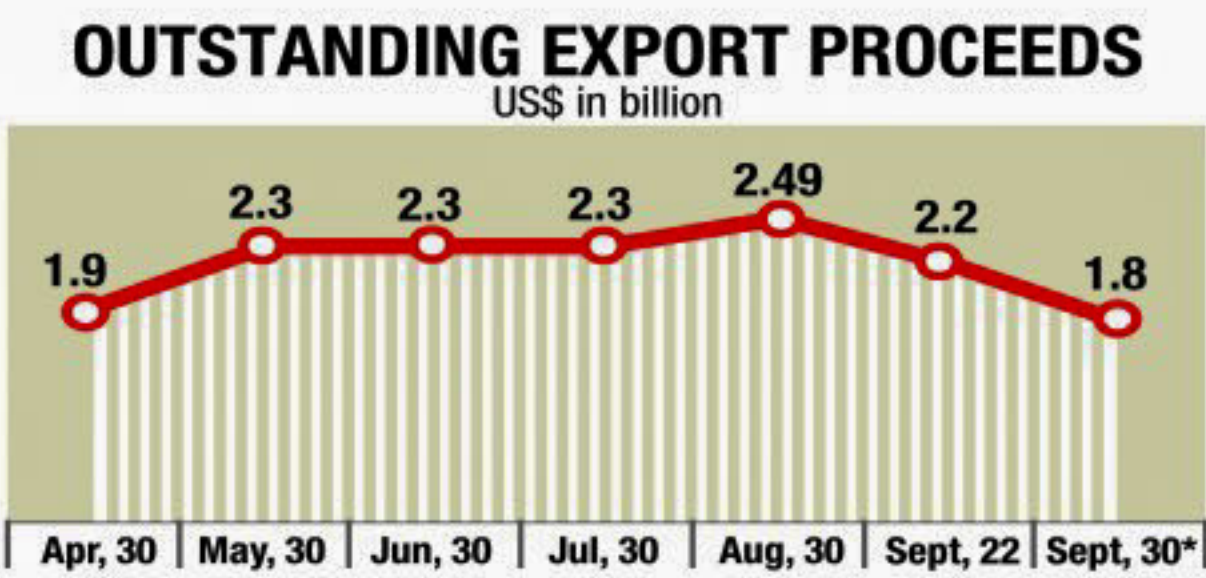
BB Deputy Governor Ziaul Hasan Siddiqui along with other high officials sat with the chief executive officers of the commercial banks at the central bank yesterday.

The central bank at the meeting also directed the exchange houses of the commercial banks to refrain from any unhealthy competition so that the taka-dollar exchange rates do not go up abnormally.

Last month, the visiting International Monetary Fund mission also expressed concern over the falling balance of payments (BoP) and foreign exchange reserve of the country.

The IMF team also recommended the government take a good number of steps in this regard.

The government has also started feeling the pressure and sought fresh support of \$1 billion from the IMF about which the finance minister presented the government's case in the World Bank (WB) and IMF



annual meeting last month.

The foreign currency reserve was at \$9.88 billion yesterday, down from \$10.91 billion in June.

The reserve crossed the \$10 billion mark in October 2009 and at one point it reached \$11 billion last year.

However, the IMF said the foreign exchange reserve of Bangladesh may dip to \$8.2 billion at the year-end due to the pressure on the BoP.

The pressure on the BoP also pushed up the taka-dollar exchange rate.

On September 27, the exchange rate was on an average Tk 75.18, up from Tk 74.23 in June last year. On September 27 last year, the exchange rate was Tk 69.86.

The high exchange rate is a concern for the central bank as the rising trend pushes up inflation further and directly hit the poor.

An official of the central bank said the BB is taking various steps to reduce the

banks not to go for any unnecessary import.

However, BB Governor Atiur Rahman told The Daily Star that the central bank has not put any stress on the banks.

The BB has advised the banks so that their role does not distort the market.

The central bank governor also said the BB has taken several steps to reduce the pressure on the BoP.

The pressure would ease significantly by the year-end, the governor added.

Atiur said rice import has come down and the prices of different commodities are falling on the international market. As a result, a good situation is expected in near future, he said.

On the declining foreign currency reserve, Atiur said: "It will sometimes increase and sometimes mark a fall."

He said, "The reserve is built up so that it can be utilised at the time of need and the issue has to be seen in that light."

**NOTICE**

*We bring out today four pages instead of our*



## HSBC - The Daily Star Climate Awards 2011

HSBC and The Daily Star seek to recognise and promote individuals and institutions that are actively working towards saving our environment and tackling climate change in Bangladesh.

In its second year, **HSBC - The Daily Star Climate Awards** will be given in five categories:

- **Climate Champion in Green Business**  
For companies and organisations introducing, developing, marketing or promoting products, services or technologies that seek to mitigate the effects of climate change and preserve the environment. Open for 100% Bangladeshi-owned companies.
- **Climate Champion in Green Operations**  
For commercial organisations that adopt and embrace eco-friendly and environmentally responsible processes, technologies or mechanisms in their manufacturing, trading, distribution or service business. Two awards will be given to:
  - 100% Bangladeshi owned companies
  - Companies with full or partial foreign ownership
- **Climate Champion in Knowledge Management**  
For research and exploration initiatives that focus on different spheres of climate change and environmental preservation, and/or provide knowledge and solutions for managing climate change. Open to all Bangladeshi individuals and organisations.
- **Climate Champion in Community Engagement**  
For community investment and sustainability initiatives that aim to improve the lives of communities affected by climate change. Initiatives like social campaigns or community care focused around climate issues will also be eligible. Open to all Bangladeshi individuals and organisations.

Nomination forms and further details can be found in the [thedailystar.net](http://thedailystar.net) and [hsbc.com.bd](http://hsbc.com.bd) websites. Waste Concern is the Knowledge Partner in this endeavour.

Nominations must be sent to "HSBC-The Daily Star Climate Awards", The Daily Star, 64-65, Kazi Nazrul Islam Avenue, Dhaka 1215 on or before **3 November 2011**.

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## Samsung seeks sales ban on new iPhone

AFP, Seoul

South Korea's Samsung Electronics said Wednesday it would seek a ban in France and Italy on sales of Apple's newly released iPhone, in the latest round of its legal battle with the US technology giant. A spokesman for Samsung warned that it was "virtually going into an all-out war" with Apple.

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