

NCC BANK'S **86th** Branch at Sreemangal From 18 December, 2011

Sreemangal Branch: Khan Mansion (1st Floor) Moulvibazar Road, Sreemangal

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star BUSINESS

DHAKA WEDNESDAY DECEMBER 21, 2011, e-mail: business@thedailystar.net



Prime Minister Sheikh Hasina visits a stall after inaugurating the fifth SME Fair at Bangabandhu International Conference Centre in Dhaka yesterday.

SME fair kicks off

STAR BUSINESS REPORT
A five-day fair began in the city yesterday to promote the country's small and medium enterprises.

Prime Minister Sheikh Hasina inaugurated the "5th SME Fair 2011" at Bangabandhu International Conference Centre. The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the country's apex trade body, organised the exposition to showcase various SME products.

About 136 stalls have been set up at the fair, where entrepreneurs from across the country are showcasing products including handicrafts, household items, consumer goods, plastic items, herbal products, solar energy products, foodstuff, mechanical and electrical items.

Thirty-three banks and non-bank financial institutions have also set up their stalls to display their loan products for the SMEs.

"Entrepreneurs can come and choose products that best suit their needs at the fair," said an official of the FBCCI. The fair, which is open to visitors from 10am to 8pm, will also feature three seminars.

The seminars on "Infrastructure Development and Sectoral Zones for SMEs in Bangladesh" and "Women Entrepreneurs in Bangladesh" will be held today, while the third seminar styled "Access to Finance and Technological Upgradation for SMEs" will be organised on Friday.

New chief executive of DSE gets nod

Saiham Textile's rights offer approved

STAR BUSINESS REPORT
The stockmarket regulator yesterday gave a go-ahead to the Dhaka Stock Exchange to appoint a new chief executive officer (CEO).

The permission came at a meeting of the Securities and Exchange Commission. Earlier, the DSE selected Dr Mosharraf Hossain for its top post.

Hossain had last worked at American International University-Bangladesh as an associate professor.

Apart from serving different multinational organisations, he also worked as an ADC (aide-de-camp) to the president while he was in the air force.

Earlier on December 13, the SEC served notice on the premier bourse for its failure to appoint a CEO in time, as the post had been remaining vacant since September 8.

The DSE board, with a prior approval from the SEC, was supposed to appoint a chief executive within three months after the post fell vacant. The deadline expired on December 8.

Seeing no progress in this regard, the regulator had issued the notice and asked the bourse to provide the updates of the appointment process.

Although the DSE in a letter to the commission on December 1 sought time



Mosharraf Hossain

extension for the appointment till March 8 next year, the SEC did not extend the deadline.

Md Zahurul Alam, chief operating officer of the Dhaka bourse, has been carrying out the responsibility of the CEO since September 8.

At yesterday's meeting, the SEC also approved rights offer of Saiham Textile, which will issue two rights share for existing one share at an offer price of Tk 25, including Tk 15 as premium.

The company will raise Tk 125 crore through issuing five crore ordinary shares, and will use the proceedings to set up a new unit with 30,960 spindles.

Dhaka bourse to get new index

SARWAR A CHOWDHURY

A new index with a base point of 1,000 is likely to replace the Dhaka bourse's existing general index that contains inflated points due to faulty computation.

The new index that may come early next year will be based on free-float shares of listed companies. It will not take "locked-in" shares into account, a committee of the Securities and Exchange Commission recommended.

The SEC's commissioners yesterday sat to scrutinise the recommendations made by the committee.

"We sat to set the next course of action on the introduction of a fresh index on the DSE," said a member of the commission.

The index committee of the SEC also recommended the introduction of sectoral indices in addition to the general index and all-share price index.

The committee, which recently submitted its report to the commission, made the recommendations after examining the existing index calculation methodology, reviewing suggestions made by the DSE's consultants, and studying the international practices on index methodology.

"Free-float shares are taken into account to calculate indices in different markets such as MSCI, FTSE, STOXX, SENSEX, S&P and Dow Jones," the committee said in its report.

The committee said the DSE

should reconstruct its indices considering free-float shares of listed companies.

Presently, the DSE indices are calculated on the basis of market capitalisation of all outstanding shares. It means the bourse considers tradable securities as well as infrequently traded (sponsors' or directors') and locked-in securities while counting the index points, it said.

But the counting method does not reflect appropriate market position, the committee added.

Asking the commission to start the new index from next year, the committee said the term "free-float" may be defined as total shares outstanding except shares held by sponsors and directors of a company and under lock-in provision.

However, it said the commission should define the terms "free-float" and "sponsor".

Adjustment (inclusion or exclusion) of securities in the free-float category will be made on a real time basis, and the stock exchanges will establish a system to collect the number of free-float shares on a real time basis, the committee said.

The free-float market capitalisation will be calculated at actual. It means, actual percentage of shares will be considered.

The SEC committee also found that several distortions affected the DSE indices since the introduction of the indices.

New listed shares were used to be included in indices in the first trading day, while corporate bonds and

closed-end mutual funds were used to be included in indices, which did not reflect the proper movement of traded equity securities.

The number of securities, increased by issuance of stock dividend or right shares, was used to be adjusted considering their physical inclusion in the paid-up capital instead of record date. It deflated the index after the record date because actual price adjustment was made in the market immediately after the record date (date of entitlement).

Cash dividends were used to be adjusted in indices, the committee found.

About the current state of the DSE indices, the committee said the premier bourse now uses "value weighted method" to construct the indices that is generally followed globally.

"The DSE has corrected by adjustment of new issues on the second day of trading in indices instead of first trading day, and corporate bonds and mutual funds are already excluded to calculate the indices," it said.

Corporate entitlements such as bonus and rights are adjusted on post record date instead of after general meeting of a company and subsequent crediting shares, and cash dividends are not considered to calculate the indices, the committee said.

The error in index counting first came to light through media reports in October last year.

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FBCCI asks realtors to open arbitration cell

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry yesterday urged realtors to open an arbitration cell to address complaints raised by customers.

"We often receive complaints about the malpractices of some realtors who

are allegedly deceiving customers," AK Azad, president of FBCCI, said at the closing ceremony of REHAB Fair-2011.

"Realtors should open an arbitration cell. It will help sufferers who complain of various problems," he said.

Nasrul Hamid MP, president of REHAB, said his association will consider the proposal.

SANEI conference starts today

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A two-day international conference on "South Asia: facing challenges of global markets" will kick off at Ruposhi Bangla Hotel in the capital today.

Finance Minister AMA Muhith is scheduled to inaugurate the event organised by South Asia Network of Economic Research Institutes (SANEI).

Noted economists from different countries, including the Saarc states, will present research papers on different recent economic issues at the programme.

Two papers on Bangladesh commodity market will be presented at the conference, Zaid Bakht, research director of Bangladesh Institute of Development Studies, said, adding that the research papers will focus on how Bangladesh suffers from the volatile international commodity market as a least developed country.

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