

Bangladesh Securities and Exchange Commission



Securities Commission Bhaban
E-6/C Agargaon
Sher-e-Bangla Nagar Administrative Area
Dhaka-1207, Bangladesh.



NOTICE 22 February 2021

The Bangladesh Securities and Exchange Commission (BSEC) hereby publishes the following draft on the Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021 in the newspaper as per requirement of section 33(1) of the Securities and Exchange Ordinance, 1969 for eliciting public opinion, etc.

Opinion, advice or objection, if any thereon will have to be sent to the following address within two weeks from the date of publication of the draft.

Chairman
Bangladesh Securities and Exchange Commission
Securities Commission Bhaban
E-6/C Agargaon
Sher-e-Bangla Nagar Administrative area
Dhaka-1207.

Draft On

BANGLADESH SECURITIES AND EXCHANGE COMMISSION (CAPITAL MARKET STABILIZATION FUND) RULES, 2021

Whereas in the interest of the investors and the development of the capital market, it is necessary to constitute a Fund;

Now, therefore, in exercise of the powers conferred by section 33(1) of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Exchange Commission makes, with prior circulation, the following rules, namely:-

Chapter I Preliminary

1. Short title:

- (1) These rules may be called the Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021;
- (2) These rules shall come into force on the date of publication in the official Gazette.

2. Definitions:

- (1) In these rules, unless the context otherwise requires,-
 - (a) "Board" means the Board of Governors of the Fund as constituted under rule 5(1) of these rules;
 - (b) "Capital Market Intermediary" means any person registered under the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Commission Act, 1993 (Act No. XV of 1993) and the Depository Act, 1999 (Act No. VI of 1999) and the rules and regulations made thereunder;
 - (c) "Cash Balance" means any cash in hand or cash at bank lying with the Fund, issuer or investor or any capital market intermediary;
 - (d) "Commission" means the Bangladesh Securities and Exchange Commission constituted under the Bangladesh Securities and Commission Act, 1993 (Act No. XV of 1993);
 - (e) "Fund" means the Capital Market Stabilization Fund constituted under rule 3 of these rules;
 - (f) "Investor" means any person who has invested or proposes to invest in any security or any unit of mutual fund or collective investment scheme;
 - (g) "Issuer" means any person who has issued or proposes to issue any security or mutual fund or collective scheme;
 - (h) "Financial Year" means the 12 (twelve) months ending on 30th June of each Gregorian calendar.
- (2) Words and expressions used herein and are not defined, but defined in the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Exchange Commission Act, 1993 (Act No. XV of 1993), the Companies Act, 1994 (Act No. XVIII of 1994), the Depository Act, 1999 (Act No. VI of 1999) Demutualization Act, 2013 shall have the same meanings respectively assigned to them in the said Ordinance and Acts, and the rules and regulations made thereunder.

Chapter II Constitution of the Fund

3. Constitution of the Fund:

- (1) Capital Market Stabilization Fund (hereinafter referred to as 'Fund') shall be constituted for the purpose of these rules;
- (2) The Fund shall have a common seal and management office in Dhaka;
- (3) The Fund shall be governed by the Board of Governors constituted under rule 5(1) of these rules;
- (4) The Fund shall be operated by maintaining bank account with any scheduled bank and a consolidated securities account or Beneficiary Owner's (BO) account in the name of the Capital Market Stabilization Fund under rule 8 of these rules;

4. Composition of the Fund:

- (1) The Fund shall be comprised of cash and securities received from the issuer, stock broker, portfolio manager or any person for the following reasons or sources, namely:
 - (i) any undistributed, unclaimed, or unsettled cash dividend including accrued interest or benefits thereon as transferred by the issuer to the Fund in pursuance of these rules or as per direction of the Commission; or
 - (ii) any unclaimed or unsettled deposits in cash including accrued interest or benefits thereon held in the consolidated customer accounts (CCA) with the stock broker or in the portfolio account or management discretionary account (MDA) with the portfolio manager as transferred to the Fund in pursuance of these rules or as per direction of the Commission; or
 - (iii) any undistributed, unclaimed or unsettled stock dividend or bonus shares or rights shares held in the suspense BO Account of the issuer as transferred to the Fund in pursuance of these rules or as per direction of the Commission; or
 - (iv) Any unclaimed or unsettled securities held in the BO Account with the stock broker or portfolio manager received as stock dividend or bonus shares or rights shares in favour of the customers by the stock broker or portfolio manager that transferred to the Fund in pursuance of these rules or as per direction of the Commission.
- (2) The Fund may receive any grant or loan from the Government or any other organization for the stabilization as well as development of the capital market;
- (3) All receipts other than securities shall be deposited to the bank account as maintained and operated under rule 8 of these rules;
- (4) All securities receipts shall be deposited to the consolidated securities account or Beneficiary Owner's (BO) account as maintained and operated under rule 8 of these rules;

Chapter III Operation of the Fund

5. Constitution of Board of Governors of the Fund and its powers and functions:

- (1) The Fund shall be governed by the Board of Governors (hereinafter referred to as the Board) of 11 (eleven) members consisting of as follows:
 - (i) Chairman shall be appointed by the Commission;
 - (ii) 3 (three) members shall be nominated by the Commission;
 - (iii) 1 (one) member shall be nominated by the Dhaka Stock Exchange Limited and 1(one) member shall be nominated by the Chittagong Stock Exchange Limited;
 - (iv) 1 (one) member shall be nominated by the Central Depository Bangladesh Limited and 1(one) member shall be nominated by the Central Counterparty Bangladesh Limited;
 - (v) 1 (one) member shall be nominated by Bangladesh Association of Publicly Listed Companies (BAPLC);
 - (vi) 1 (one) member from the Professionals of Chartered Accountants or Cost and Management Accountants or Chartered Secretaries or Chartered Financial Analysts as selected by the Commission; and
 - (vii) The Chief of Operation (CO) of the Fund shall remain as an ex-officio member:

Provided that no person shall be eligible for the position of Chairman or member of the Board if he/she has no knowledge in accounting, finance, economics, law or capital/ financial market with at least 15 (fifteen) years of professional experiences:

Provided further that the first Board of the Fund shall be constituted by the Commission within **one month of coming into force of these rules**;

Provided further that no Board of the Fund shall be constituted without approval of the Commission.

- (2) A member of the Board shall hold his/her office for a term of 3 (three) years, but shall continue to hold office after the expiry of his/her term until a successor enters: Provided that no member of the Board shall be appointed for more than two terms.
- (3) The Commission shall have authority to remove and appoint any member of the Board of the Fund.
- (4) In case of death, resignation, disqualification, or removal of any member of the Board or in any other cases of vacancies, the Commission shall fill the vacancy within 30(thirty) days of occurring such vacancy in the Board of the Fund.
- (5) The Chief of Operation of the Fund shall also act as the secretary of the Board of the Fund.
- (6) No member of the Board of the Fund shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Board meeting fees or honorarium from the Fund.
- (7) In absence of the regular Chairman of the Board of the Fund remaining members may elect one of themselves as Chairman for that particular meeting; the reason of absence of the regular Chairman shall duly be recorded in the minutes of the meeting.
- (8) The Board shall conduct at least 6 (six) meeting in each financial year.
- (9) The Chairman of the Board may convene any emergency meeting upon request by any member of the Board.
- (10) Quorum of the meeting of the Board shall be constituted in presence of at least 6(six) members of the Board.