

- (11) Every member of the Board shall have **one vote and the** decision of the majority shall prevail, and in case of equality of votes, the Chairman shall have a second or casting vote.
- (12) The proceedings of the meeting of the Board shall duly be recorded in the minutes of the meeting and such minutes shall be confirmed in the next meeting of the Board.
- (13) The minutes of the meeting of the Board shall be furnished to the Commission within 3(three) days of such confirmation.
- (14) The Board shall be responsible and accountable to the Fund and to the Commission;
- (15) The Board shall remain responsible for performing the following activities:
  - (i) The Board shall take all the policy initiatives (including devising of investment policy, securities lending and borrowing policy, policy on selling and buying of listed securities and investors' claim settlement policy, etc.) for achieving the objectives and purpose of the Fund and smooth functioning of the Fund.
  - (ii) The Board shall also be responsible to stabilize the capital market ensuring liquidity to the market by way of selling and buying of listed securities, lending and borrowing (SLB) of listed securities for short selling purpose, support to the market maker and settlement of investor' claims;
  - (iii) The Board shall formulate necessary management committee or sub-committee to accomplish the objectives and purpose of the Fund as mentioned at sub-clause (ii) above.
  - (iv) The Board shall fix the terms of reference (TOR) of the management committee or the sub-committee;
  - (v) The Board may appoint necessary officers and employees or hire management support from any organization for smooth functioning and operation of the Fund:
 

Provided that Chief of Operation of the Fund shall not be appointed without prior approval of the Commission.
  - (vi) The terms and conditions of service of the officers and employees or management contract as mentioned at clause (iv) above shall be determined by the Board of the Fund;
  - (vii) The Board shall fix the salaries and allowances of the Chief of Operation, officers and employees or remuneration of the management support/ services of the Fund.
  - (viii) The Board shall conduct an Annual General Meeting of the Board of Governors within 6(six) months of the financial year end.
  - (ix) The annual financial statements of the Fund shall be approved in the Annual General Meeting of the Board of Governors;
  - (x) The periodical financial statements and other reports shall be approved in the Board meeting.
  - (xi) The Board shall responsible for settlement of any claim by the investor;
- (16) The Board shall have full control over the administration and management of the Fund and shall be vested with all powers, authorities and discretion necessary or expedient for the objectives and purpose of the Fund.

#### 6. Management Committee of the Fund.

- (1) The Board shall form several management committees as sub-Committee of the Board for selling and buying of listed securities, lending and borrowing (SLB) of listed securities for short selling purpose and settlement of investors' claims;
- (2) The Board shall, among others, form the following management committee;
  - (a) Management committee for selling and buying of listed securities;
  - (b) Management committee for lending and borrowing of listed securities;
  - (c) Management committee for settlement of investors' claims;
  - (d) Management committee for audit and accounts; and
  - (e) Risk management committee;
- (3) The Board may form any other committee if necessary;
- (4) All management committees shall be responsible to the Board;
- (5) Each management committee shall be comprised of at least three members of the Board;
- (6) Every member of any management committee 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 any management committee shall be appointed for more than two terms.
- (7) The Board shall have authority to remove and appoint any member of the management committee of the Fund.
- (8) In case of death, resignation, disqualification, or removal of any member of any management committee or in any other cases of vacancies, the Board shall fill the vacancy within 30(thirty) days of occurring such vacancy in the management committee;
- (9) The Chief of Operation of the Fund shall act as the secretary of all the management committees;

- (10) No member of any management committee shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than management committee's meeting fees or honorarium from the Fund.
- (11) The Board shall select one of the members from each management committee as Chairman of the committee;
- (12) In absence of the regular Chairman of any management committee 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.
- (13) Every management committee shall conduct at least one meeting in each month.
- (14) The Chairman of any management committee may convene any emergency meeting upon request by any member of the committee.
- (15) Quorum of the meeting of each management committee shall be constituted in presence of either two members or two third of the members of the committee, whichever is higher.
- (16) The proceedings of the meeting of the management committee shall duly be recorded in the minutes of the meeting and such minutes shall be confirmed in the next meeting;
- (17) The minutes of the meeting of the management committee shall be furnished to the Board within 3(three) days of confirmation;
- (18) The management committee shall be responsible and accountable to the Board and to the Fund;
- (19) All the management committee shall perform their duties as per the terms of reference (TOR) as fixed by the Board from time to time;\

#### 7. Objective and purpose of the Fund:

- (1) The main objectives and purpose of the Fund are to stabilize the capital market ensuring liquidity to the market by way of selling and buying of listed securities, lending and borrowing (SLB) of listed securities for short selling purpose and settlement of investors' claim;
- (2) Without prejudice to the objectives and purpose as mentioned at sub-rules (1), the functions of the Fund shall include the followings:
  - (i) to ensure depth to the market by way of direct buying and selling of listed securities;
  - (ii) to ensure securities lending & borrowing (SLB) to the market maker in support of short selling as well as to the capital market intermediary;
  - (iii) to support to the market maker for the development of capital market;
  - (iv) to ensure settlement of investors' claims; and
  - (v) any other function as instructed by the Board or by the Commission.

#### 8. Operation of the Fund:

- (1) The Fund shall be operated by maintaining a bank account with any scheduled bank in the name of "Capital Market Stabilization Fund" and maintaining a consolidated securities account or Beneficiary Owner's (BO) Account in the name of "Capital Market Stabilization Fund".
- (2) The said bank account and the BO account shall be maintained by joint signatories of the Chief of Operation of the Fund and two members of the Board of the Fund;
- (3) All receipts other than securities shall be deposited to the bank account;
- (4) All payments including salaries, allowances, fees and all other expenses shall be made from the bank account;
- (5) All payments relating to investments shall be made the from the bank account;
- (6) All payment of investors claims shall be made from the bank account;
- (7) All securities receipts shall be deposited to the consolidated securities account or Beneficiary Owner's (BO) account;
- (8) All buy or sale of securities shall be made from the BO account;
- (9) All lending and borrowing of securities shall be made from the BO account;
- (10) All claims of securities by the investors shall be made/settled from the securities account or BO account;
- (11) Operating income of the Fund may be the followings:
  - (i) Any profit or gain from buying and selling of securities and from any investments;
  - (ii) Any profit or interest income from securities lending and borrowing activities and other credit facilities;
  - (iii) Any profit or interest income on bank deposits;
  - (iv) Any other fees and fine received.
- (12) All payments or claims or expenses as mentioned at sub-rule (4), (5) and (6) above including fees for auditors, legal advisers or other professionals and all related other costs shall be charged to the Fund with approval of the Board or related management committee as the case may be;

#### 9. Procedures of transferring unclaimed or unsettled dividend or cash balance or securities left with the issuer, stock broker and portfolio manager:

- (1) If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by the issuer to the bank account of the Fund within such time as directed by the Commission or the Fund from time to time:
 

Provided that the issuer shall provide detailed information (e.g., year of dividend, name of shareholder/unit holder, BO account number/folio number, permanent & contact address, shareholding/unit holding, nominee (if any), amount of dividend, tax deducted at source, net amount of dividend, etc.) to the Fund during transfer of cash dividend.