

Bangladesh Securities and Exchange Commission

Law Division
CMRRC Department
Regulatory Section
www.sec.gov.bd

No. SEC/CMRRCD/2009-193/74(R)

15 February, 2024

ORDER

Whereas, the Bangladesh Securities and Exchange Commission (hereinafter referred to as the 'Commission') deems it to be proper that in the interest of investors in securities and the capital market, certain directives shall be issued to the stock exchanges with regard to redefinition of "Z category companies", Clearing Day for Securities and Fund of Z-category companies and placement and adjustment of different category companies, including Z-category:

Now, therefore, in exercise of the power conferred by the section 20A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Exchange Commission hereby directs the following to Dhaka Stock Exchange PLC, Chittagong Stock Exchange PLC, and Central Depository Bangladesh Limited namely: -

1. Any listed company shall be shifted or transferred to the "Z-category" by the Stock Exchanges immediately for any of the following reasons or events:
 - (a) if the issuer fails to declare any dividend for a period of 2 (two) consecutive years from the date of declaration of last dividend, or the date of listing with the stock exchange, as the case may be;
 - (b) if the issuer fails to hold its Annual General Meeting (AGM) within a stipulated time as per relevant laws:
Provided that in case of non-holding of AGM in the consequence of any writ petition or any legal process pending before the court, i.e. being sub-judice matter or in the event of force majeure maximum 2 (two) years may be considered for placement or adjustment of securities to "Z-category";
 - (c) if the issuer company is not in operation or production or exploration continuously for a period of minimum 6 (six) months excluding any such period for renovation or BMRE (Balancing, Modernization, Rehabilitation and Expansion) or in the event of force majeure;
 - (d) if negative balance of retained earnings exceeds its paid-up capital:

Provided further that whose accumulated loss/ negative balance of retained earnings after adjustment of revenue reserve, if any, exceeds its paid-up capital' shall not be applicable for the companies which have declared dividend, including interim dividend, out of the current profits in the last English calendar year and held annual general meeting(s) relating to all outstanding financial year(s) despite having such accumulated loss exceeding the paid-up capital.



2. Any listed company shall be placed or adjusted to "Z-category" subject to approval of the Commission for any non-compliance with any provision of securities laws, rules, regulations, notifications, orders, directives as well as failure to comply with the continuous listing requirements as per listing regulations of the stock exchanges and the agreement thereof.
3. In case of clause 2 above, the stock exchange shall review such non-compliances by the listed companies regularly and shall place a company or adjust to "Z-category" subject to prior approval of the Commission.
4. Any listed company, excluding bank, insurance company and non-bank financial institution, may from time to time pay the shareholder any interim dividend (except stock/bonus share) as appears to the board of directors to be justified by the profits on the basis of related periodical audited financial statements. Such interim dividend shall be considered for adjustment or placement of categorization of the company.
5. No sponsor or director of "Z-category company", excluding bank, insurance company and non-bank financial institution, shall be allowed to transact (buy/sell/transfer) any of his/her share or equity security of such "Z-category company" on any platform of the stock exchanges or outside the stock exchanges in any form without prior approval of the Commission.
6. This directive shall supersede the provisions of regulation No.5(2) of the Dhaka Stock Exchange (Settlement of Transactions) Regulations, 2013 and the Chittagong Stock Exchange (Settlement of Transactions) Regulations, 2013 and effect henceforth as follows:

"Clearing Day for contracts listed under Z-category other than contracts in spot market or contracts categorized as contract type (howla) Delivery Versus Payment "DVP" shall be the third day following the Trading Day (i.e., T+3)".
7. This Order shall either repeal or supersede the Order No. SEC/CMRRCD/2008-178/679 dated 15 January 2008, Order No. SEC/CMRRCD/2008-178/680 dated 15 January 2008, Order No. SEC/CMRRCD/2009-193/08 dated 01 September 2020 and Order No. BSEC/CMRRCD/2009-193/69 dated 30 November 2023, whichever is applicable.
8. This Order shall be effective from the day of next declaration of dividend or annual/interim corporate declaration of the issuer company.

By order of the Bangladesh Securities and Exchange Commission


Professor Shibli Rubayat-ul-Islam
Chairman