

Bangladesh Securities and Exchange Commission

ORDER

Dated 29 September 2022

No. BSEC/CMRRCD/2021-394/45- 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, securities market and for the development of securities market, certain directions should be issued to the stock exchange, the depository and other capital market intermediaries with regard to smooth transactions and settlement of trading of Government Securities (hereinafter also referred to as “G-Sec”) in the trading platform of the stock exchange;

Now, therefore, in exercise of the powers conferred by section 20A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Exchange Commission hereby directs the Dhaka Stock Exchange Limited, the Chittagong Stock Exchange PLC and Central Depository Bangladesh Limited and their stock brokers or depository participants or other capital market intermediaries to comply with the following, namely:-

1. Interpretation of the Terms used:

- (1) In this Order, the following expressions or terminologies shall, unless the context otherwise requires, have the meanings as assigned to them hereunder:
 - (i) “BOID” means Beneficiary Owner Identification, which is maintained with the depository registered under the ডিপজিটরি আইন, ১৯৯৯ (১৯৯৯ সনের ৬ নং আইন);
 - (ii) “BPID” means Business Partner Identification which is maintained with the Bangladesh Bank (BB) under the Subsidiary General Ledger (SGL) or Investment Portfolio Securities (IPS) accounts for the investment in Government Securities (G-Sec);
 - (iii) “Capital Market Intermediaries” means the Stock Exchanges and their stock brokers, depository and its depository participants, clearing & settlement company and its participants or any other market intermediaries registered with the Commission which are related to G-Sec trading.
 - (iv) “Depository” means Central Depository Bangladesh Limited (CDBL), which is registered under the ডিপজিটরি আইন, ১৯৯৯ (১৯৯৯ সনের ৬ নং আইন);
 - (v) “Market Infrastructures (MI) Module” means an electronic system maintained with the Bangladesh Bank (BB) for recording and management of Government Securities,

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which acts as a secondary trading platform as well as a depository of Government Securities;

- (vi) “Member Dealer (MD)” means a bank, financial institution or any other institution either it is a Primary Dealer or Non-Primary Dealer, is maintaining a current account with the Bangladesh Bank (BB) and can interact/transact directly with the MI Module for proprietary dealing or for dealing on behalf of their clients;
- (vii) “Mutual Agreement” means the Memorandum of Understanding (MoU) signed on 12 June 2022 among the parties, i.e., by the Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank (BB), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange PLC (CSE), Central Depository Bangladesh Limited (CDBL) and subsequent amendment to the said MoU; and
- (viii) “Stock Exchange” means the Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange PLC (CSE).

2. Role of the Capital Market Intermediaries:

- (1) Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange PLC (CSE) (hereinafter referred to as the “Stock Exchange” or “Exchange”) shall ensure the facility of trading platform (in an order-driven and screen-based as well as yield based trading platform) for trading of government securities in the stock exchange (hereinafter referred to as the G-Sec trading at the Stock Exchange Platform) by any individual, institutional investor including Non-Resident Bangladeshi (NRB) and foreign investor. The Stock Exchange shall also ensure continuous listing of the government securities and de-listing of government securities at maturity and such listing or delisting of government securities shall be treated as those are done under the provision of the Securities and Exchange Ordinance, 1969. The trading, clearing & settlement of G-Sec shall be based on Mutual Agreement. The Stock Exchange shall be entrusted for clearing & settlement of G-Sec trading until the separate Clearing & Settlement Company i.e., Central Counterparty Bangladesh Limited (CCBL) starts its operation.
- (2) Central Depository Bangladesh Limited (hereinafter referred to as the “CDBL”) shall be entrusted for the efficient delivery and/or transfer of government securities as per on-market settlement instruction through computerized book entry system i.e., recording and maintaining of G-Sec accounts and registering transfer of G-Sec; changing the ownership without any physical movement or endorsement of certificates and execution of settlement instruction, as per provision of the ডিপজিটরি আইন, ১৯৯৯ (১৯৯৯ সনের ৬ নং আইন). The CDBL shall be entrusted to play the role of gateway between Bangladesh Bank and

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capital market intermediaries and shall also act as a shadow depository for G-Sec of MI module of Bangladesh Bank based on Mutual Agreement.

- (3) Central Counterparty Bangladesh Limited (CCBL) registered under the Bangladesh Securities and Exchange Commission (Clearing & Settlement) Rules, 2017, in future, engaging in the Mutual Agreement, shall conduct the role of Central Counter Party i.e., clearing and settlement (C&S) function of G-Sec trading at the stock exchange platform when starts its operation.

3. Registration, Listing and Delisting of G-Sec:

- (1) All outstanding eligible G-Sec or G-Sec which is to be issued that referred by Bangladesh Bank as per Mutual Agreement shall be registered with the Depository under the provision of the ডিপজিটরি আইন, ১৯৯৯ (১৯৯৯ সনের ৬ নং আইন);
- (2) All existing G-Sec or treasury bonds listed with the stock exchange before the mutual agreement shall be delisted before the start of G-Sec trading at the stock exchange platform.
- (3) All outstanding eligible G-Sec or G-Sec which is to be issued that referred by Bangladesh Bank as per Mutual Agreement shall be listed with the stock exchange automatically under the provision of the Securities and Exchange Ordinance, 1969;
- (4) Every G-Sec at its maturity shall be automatically delisted by the stock exchange;
- (5) Any G-Sec which is eliminated before its maturity by Bangladesh Bank shall also be delisted by the stock exchange:

Provided that information of such elimination before the maturity shall be disseminated in the trading monitor immediately after receiving such information from the Bangladesh Bank.

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4. Account Opening, Transfer and Trading, etc.:

- (1) Trading of G-Sec at the stock exchange platform shall be executed using BOID:

Provided that BPID holders can trade G-Sec at the stock exchange platform through their existing BOIDs or opening new BOID by transferring their holdings of G-Sec from BPID to BOID using the transfer form as specified in the Mutual Agreement:

Provided further that BOID holders can also transfer their holdings of G-Sec from BOID to their existing BPID or by opening new BPID using the transfer form as specified in the Mutual Agreement:

Provided further that intention to buy any G-Sec by any investor (i.e. BOID holder) at the stock exchange platform shall be considered as his consent of opening a BPID in the MI Module if he has no BPID in the MI Module, and in this regard, the CDBL will send the buyer BO details to Bangladesh Bank via API to open the BPID as per Mutual Agreement.

- (2) Trading of G-Sec (Pay-in of G-Sec or deposit of fund by the buyer) shall be executed on the trading day (i.e. on T+0 basis) and settlement of G-Sec (Pay-out of G-Sec or fund transfer to seller) shall be executed on T+2 basis:
- (3) The trading of the G-Sec shall remain suspended for 02 (two) trading days prior to coupon payment date i.e., trading of G-Sec shall be suspended on the day before the record date and on the record date. Record date shall be the last trading date before the coupon date. There shall be no spot trade for G-Sec:

Provided that the stock exchange shall disseminate the record date in the website of the stock exchange at least 07 (seven) trading days before the coupon date.

- (4) The Stock Exchange shall ensure an order-driven and screen-based as well as yield based trading platform for G-Sec trading as per the Mutual Agreement and shall make available order management system (OMS) for all the stock brokers:

Provided that trading mechanism for shari'ah based G-Sec, e.g. Government Sukuk may be determined by the Commission from time to time.

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- (5) Trading of G-Sec at the stock exchange platform shall be at clean price and settlement shall be at dirty price:

The buyer of G-Sec shall pay the sum to the seller at dirty price (i.e., clean price plus accrued interest or profit considering the holding period of the seller, where such holding period may also include additional days of one settlement cycle).

Explanation:

Clean Price: The value derived as the present value of the bond discounted at the required or desired yield.

Dirty Price: The value derived as the sum of accrued interest/profit and clean price.

- (6) Any off-market transaction of G-Sec with consideration or without consideration shall be settled outside the stock exchange as per the respective regulations of DSE and CSE.
- (7) The stock broker or depository participant shall always keep update of BOID details including nominee related information at least half yearly basis for each G-Sec holder to ensure smooth coupon and principle payment by the Bangladesh Bank and also regularly update in the depository system.

5. Connectivity with Bangladesh Bank:

- (1) The CDBL shall act as the gateway between the Bangladesh Bank and the stock exchange as per the Mutual Agreement.
- (2) To facilitate G-Sec trading at the stock exchange platform, the CDBL shall be connected with the Bangladesh Bank as per the Mutual Agreement.
- (3) The CDBL, in consultation with the Bangladesh Bank, shall ensure system up-gradation, connectivity, data storage, cyber security, etc., as per the Mutual Agreement.

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6. Clearing & Settlement, and Payment of Coupon & Principal:

- (1) Clearing & settlement of G-Sec trading at the stock exchange platform shall take place as per the existing regulations of the stock exchange.
- (2) The stock exchange is solely responsible for the settlement of fund and securities against each trade of G-Sec at the stock exchange platform.
- (3) The CDBL and stock exchange shall perform all the formalities as per the Mutual Agreement for making coupon and principal payment by the Bangladesh Bank to the respective bank account of BOID holder:

Provided that if any BOID holder maintains link bank account in any shari'ah based bank, the said BOID holder shall also need to have a different bank account in any conventional bank, which should be updated in the BOID details to receive coupon and principal payment against G-Sec from the Bangladesh Bank.

7. Parameters of G-Sec trading at the stock exchange platform:

1	Trade Events including time applicable for new Boards YELDDBT, BUYDBT and ALTDBT	:	Shall remain same as the Main Board of stock exchange.
2	Circuit Breaker/ Circuit filter	:	Circuit Breaker 2% (+/-) on the reference price of respective G-Sec or treasury bond (T-bond) as provided by the Bangladesh Bank before start of trading of the day: Provided that the stock exchange may refix the circuit breaker from time to time with prior approval of the Commission.
3	Tick size	:	Tk. 0.0001
4	Valid Qty Steps LV (Lot size)	:	1000
5	Settlement Period	:	T+2 settlement cycle shall be followed as for “A category” securities of the stock exchange.
6	Min Value	:	Not Applicable
7	YIELD Decimals	:	It allows up to 4 decimal point
8	Price Decimals	:	It allows up to 4 decimal point

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“মুজিববর্ষের অঙ্গীকার
উন্নয়ন-অর্থায়নের উৎস হবে পুঁজিবাজার”

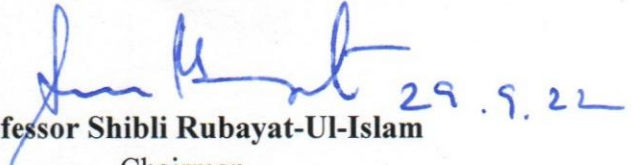
8. Fees and charges for secondary market trading of G-Sec:

SL	Type of fees	Amount	Share/Percentage
1.	Registration and Listing fee	Waived.	N/A
2.	Annual listing fee	Waived	N/A
3.	Clearing & Settlement charge/fee	(i) Transaction & Settlement charge/fees shall be 1 bps or 0.01% on the trade value (at clean price), but not exceeding Tk. 1000 per trade, which may be refixed by the Commission from time to time. (ii) The fees/charges as mentioned at clause (i) shall be effective from 02 July 2023.	As per Mutual Agreement.
4.	Transaction charge/fee (Brokerage)	Stock Broker may charge maximum 10 bps or 0.10% on the trade value (at clean price) basis, which may be refixed by the Commission from time to time.	N/A

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9. Risk Management of G-Sec trading at the stock exchange platform shall be followed as per the Mutual Agreement and existing regulations of the Stock Exchange.
10. Each stock broker shall avail additional Tk. 02 (two) crore as non-margin limit above the non-margin limit fixed under the Dhaka Stock Exchange (TREC Holder's Margin) Regulations, 2013 and Chittagong Stock Exchange (TREC Holder's Margin) Regulations, 2013 for G-Sec trading only and any transaction of G-Sec above the limit is marginable under the respective regulations of the DSE and CSE.
11. **Compliance with the Mutual Agreement:** All the capital market intermediaries shall comply with the provisions of this Order as well as the Mutual Agreement and any violation or contravention or non-compliance of any provision of this Order or the Mutual Agreement shall be enforceable under the Securities and Exchange Ordinance, 1969.

By order of the Bangladesh Securities and Exchange Commission


Professor Shibli Rubayat-Ul-Islam
Chairman.