

# **DHAKA STCOK EXCHANGE AUTOMATED TRADING REGULATIONS, 1999.**

## **NOTIFICATION**

**Dated, the 23rd October, 1999**

No. DSE/459/99.- In exercise of the powers conferred by section 34 of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Dhaka Stock Exchange Limited, with the approval of the Securities and Exchange Commission, makes the following regulations, namely:-

1. **Short title, commencement and application.**- (1) These regulations may be called the Dhaka Stock Exchange Automated Trading Regulations, 1999.

(2) These shall come into force at once.

(3) These shall apply to the members of Dhaka Stock Exchange Limited (DSE).

2. **Definitions.**- (1) In these regulations, unless there is anything in the subject or context,-

(a) “Commission” or “SEC” means the Securities and Exchange Commission established under the Securities and Exchange Commission Act, 1993 (Act XV of 1993);

(b) “CEO” means the Chief Executive Officer of DSE;

(c) “Council” means the Council of DSE;

(d) “Chairman” means the Chairman of the Council of DSE;

(e) “DSE” means the Dhaka Stock Exchange Limited;

(f) “hours of operation” means the time for trading during which the system is available to the members for trading;

(g) “member” means a member of DSE;

(h) “market” means the markets available under the system for trading of the listed securities by the traders;

(i) “order” means sale or purchase order placed by a member through the system;

(j) “protection price” means the touchline price plus (+) or minus (-) of the allowed percentage (%) variation;

(k) “security” shall have the same meaning as assigned to it by section 2 of the Securities and Exchange Ordinance, 1969 (XVII of 1969);

(l) “system” means the automated trading system of DSE;

(m) “trading” means the trading under the system;

- (n) “trader” means the member or his authorised representative allowed to perform trading;
- (o) “touchline price” means the lowest sale price and highest buy price for a security which is the best offer (sell) and best bid (buy) price for that security amongst all orders in the order book;
- (p) “trading workstation” means the computer of the member in which the automated trading system is installed by DSE;

(2) Words and expressions used herein and not defined but defined in the Securities and Exchange Ordinance, 1969 (XVII of 1969), or the Securities and Exchange Commission Act, 1993 (XV of 1993), shall have the same meanings as are respectively assigned to them in the said Ordinance or Act.

**3. Trading day.**- The trading shall be open on all days except bank holidays as declared under the Negotiable Instruments Act, 1881 (XXVI of 1881) :

Provided that where the Council, in consideration of any exigencies, considers it expedient may declare that there shall not be any trading on any other day as may be specified in the resolution under immediate intimation to SEC:

Provided further that the Council may, from time to time, refix the trading days in the interest of the Stock Exchange under immediate intimation to SEC.

**4. Trading period.**- Unless otherwise decided by the Council, the trading period shall be between 10-30 AM to 2-30 PM on all trading days:

Provided that the Council may, in consideration of any particular circumstance or situation, extend, curtail or change the trading period, including session timings of any particular trading day under immediate intimation to SEC:

Provided further that the power under the first proviso may also be exercised by the Management Team of DSE comprised of the CEO, the Secretary and the heads of relevant departments of DSE, if, in their opinion, convening of Council meeting is not convenient or expedient in consideration of the circumstances or situation concerned.

**5. Qualification for trading.**- (1) A member shall qualify himself for trading if he -

- (a) obtains a registration certificate from the Commission issued under regulation 5(4) of the Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorised Representative) Regulations, 1994;
- (b) becomes a member of the DSE Clearing House;
- (c) is not otherwise barred by DSE or SEC under any law, rule or regulations for the time being in force for trading.

- (2) The DSE shall notify the name and other necessary particulars of a member whenever he incurs a disqualification for trading or becomes otherwise ineligible for trading.
6. **Availability of workstation.**- (1) Depending on the availability, the DSE shall make available the system to the members by providing trading workstation connections.
- (2) The number of trading workstations for each member shall be such as may be decided by the Council.
- (3) The CEO may shutdown trading in the event the system becomes inoperative or inaccessible to all or part of the trading workstations under immediate intimation to SEC.
7. **Types of Markets.**- There shall be the following four markets in the system, namely :
- (a) *Public Market* - Matching in this market is automatic based on the touchline prices which follows normal settlement procedure.
  - (b) *Spot Market* - Matching in this market is also automatic, settlement of which follows procedure for spot transactions. The Management Team may put an instrument on compulsory spot to curb volatility in prices of the instrument.
  - (c) *Block Market* - This is the market for bulk selling and buying on automatic matching with equal quantity and best price (all or none condition) basis. Orders entered in this market are immediately flashed on all trading workstations. The minimum amount for a bid of bulk lot for a certain security shall be Tk. 0.5 (point five) million at market price unless otherwise fixed by the Council from time to time with the approval of the SEC.
  - (d) *Odd lot Market* - Odd lot shares are traded in this market on automatic matching with equal quantity and best price (all or none condition) basis.
8. **Trading sessions.**- (1) There shall be five sessions of trading period, namely :-
- (a) Pre-opening session;
  - (b) Opening session;
  - (c) Continuous or Regular trading session;
  - (d) Closing session; and
  - (e) Post-closing session.
- (2) Each session shall be of such hours of operation as may be determined by the Council.
- (3) The hours of operation mentioned in sub-regulation (1) may be changed by the Council under immediate intimation to SEC.

9. **Functions of trading sessions.**- The functions of trading sessions shall be as under, namely:-

- (a) *Pre-opening session.*- This is the session during which members are allowed only to enter orders and indicate their willingness for buying and selling of various securities. Orders made during this session are held in the system and not forwarded to the execution engine. The previous days closing price and index of di..... securities shall be made available in this session to the members for trading.
- (b) *Opening session.*- The opening price of securities are calculated in this session. The calculation is made on the basis of orders entered in the system during the Pre-opening session. The opening price of securities is established in this session. Where there is no trading of securities, the last closing price of that security shall be its opening price. No entry order shall be allowed or permitted in this session.
- (c) *Continuous or Regular trading session.*- Entry of orders, deletion and modification of orders can be made in this session. Orders are executed in this session and where any order or part of any order is not or can not be executed, such order or part thereof will be stored separately to be carried forward in the next following such session.
- (d) *Closing session.*- During this session the system stops receiving orders. The closing price for a security shall be determined as per the weighted average price of all the trades in the last 30 (thirty) minutes before the closing session. If there is no trade during the above specified time, the weighted average price of maximum 20 (twenty) number of trades preceding the above 30 (thirty) minutes shall be taken for determination of closing price. If there has been no trade in the security during the continuous trading session the opening price of the security shall be treated as the closing price.

Pending orders executable at closing price and orders 'match at closing price' shall be executed in this session. All other pending orders shall be carried forward to the Post-closing Session.

- (e) *Post-closing session.*- This session allows traders to execute their remaining orders and the fresh orders entered during this session. However, the trading engine accepts orders at closing price only during this session. All trades are executed at the closing price. No quotes are accepted during this session.

10. **Types of transactions.**- (1) Orders may be grouped or categorized based on the following, namely:-

- (a) Price;
- (b) Volume; and
- (c) Validity.

(2) Based on price, orders may be of the following categories, namely:-

- (a) *Limit order* - Limit order must have a price limit which ensures that the order shall be traded at the price equal to or better than the limit price.

- (b) *Market order* - Market order is the order to be executed at the touchline price. A market order is matched immediately on arrival in to the trading engine at the touchline price. To avoid the possibility of the market order being matched at ridiculous rate, this is protected by a price protection percentage as determined by the Council. If there is no touchline price then the market order shall be rejected.
- (3) Based on volume, orders may be of the following categories, namely :-
- (a) *Partial fill* - A partial fill (PF) order signifies that as much possible of the order quantity shall be executed as soon as the order is submitted to the trading engine. If the order is not fully executed the remaining order quantity shall be stored which shall be visible to the market.
- (b) *Partial fill and kill* - A partial fill and kill (PFAK) order signifies that as much as possible of the order quantity shall be executed as soon as the order is submitted and the remaining order quantity shall be returned to the trader who entered the order.
- (c) *Full fill or kill* - A full-fill or kill (FOK) order signifies that either all of the orders quantity shall be executed as soon as the order is submitted to the trading engine or the entire order shall be rejected and returned to the trader.
- (4) Based on validity, orders may be of the following categories, namely :-
- (a) *Good till day* - By default, all orders shall be valid till the end of the current trading day.
- (b) *Good till date* - The trader can specify the date till which the order should remain active in the market. The order validity date can be a date which is up to a maximum of thirty days from the current trading day.
11. **Matching of orders.**- (1) All orders with price equal to or better than the opening price will match automatically.
- (2) Orders which are at the most favourable price, that is, at the lowest selling or highest buying price, shall be executed first. If two or more orders are listed in the order book at the same price, the oldest order shall be executed first.
12. **Queue priority.**- (1) Orders that cannot immediately be executed shall be queued for future execution in a specific order of priority mainly based on price and time of entry.
- (2) In case an order is executed partly, the remaining part of such order shall not lose its priority.
- (3) The queue priority shall be determined by the system through an interactive process and the order of priority displayed by the system of conclusive.

13. **Disclosed and Undisclosed volume.**- (1) An order may specify the total and lesser volume of securities for disclosure to the market. The disclosed volume shall not exceed the total volume.

(2) Total and disclosed volume of an order must be of a market lot.

(3) An increase in disclosed volume shall change in the queue priority but a decrease in disclosed volume shall not change in queue priority.

14. **Order modification.**- Orders submitted to the system can be modified anytime before execution. Only the price, quantity and validity date of an order active in the system can be modified. Modification of price and quantity results in requeuing the order. If only the validity date is modified then the order's position in the queue shall not be disturbed.

15. **Order withdrawal.**- The trader can withdraw his orders anytime before execution.

16. **Trade confirmation.**- For every successful match, a trade with a unique contract number is created and the counter parties to the trade are notified by means of a trade confirmation. The security, the trade quantity, the howla type and price at which the trade occurred shall broadcast to all trading workstations which can be seen on the market ticker. The trade confirmation shall be seen on the trade ticker on the trading workstations of both the counter parties to the trade. The traders can view the trade details in the trade view and also have it printed.

17. **Crossing report.**- Crossings are trades in which the buy side member is the same as the sell side member. A situation may arise in a member where one of the customers of the member wants to buy a quantity of a certain security and at the same time another customer of the member wants to sell a certain quantity of the same security. In such cases, the member can use the crossing reporting facility to match the two orders and report the trade to the DSE. The price of execution for cross deal is the touchline price of buy or sell side in the public order book based on the demand and supply situation. If the total buy quantity (i.e. demand) is greater than the total sell quantity (i.e. supply) then the buy side touchline price shall be taken as the price at which the crossing is transacted and if the total buy quantity (i.e. demand) is less than the total sell quantity (i.e. supply) then the sell side touchline price is taken as the price at which the crossing is transacted. These trades shall be executed through the system as part of normal trading activities which shall be excluded from calculating index, opening, closing or average price of the concerned security.

18. **Market control parameters.**- The Council from time to time as it think fit, shall regulate the market control parameters, such as tick size (smallest increment of the currency for specifying the price for an order), market lot (smallest tradeable unit for security except in the odd lot market), minimum block size (minimum quantity allowed for block orders expressed in lots), maximum block size (maximum quantity allowed for block orders expressed in lots), minimum order size (minimum quantity for a public order or a spot order expressed in lots), closing price minutes (closing price will be calculated taking into account the trades which occurred during this time before the closing time), closing price trades (the number of trades which shall be taken into account for calculating the closing price), circuit breaker (the maximum permissible deviation of the price from the circuit breaker base price for that security), circuit filter (the maximum

permissible deviation of the price of an aggressor order from the last trade price), market protection percentage (a fixed percentage of the touchline price to avoid the possibility of market orders being matched, during continuous trading, at ridiculous rates), index calculating frequency (interval at which index shall be calculated), etc. under immediate intimation to SEC.

Provided that the system shall automatically enforce the price limit regulations/orders which shall reject any order beyond the price limit set under the price limit regulations/orders.

19. **Exposure limit.**- (1) DSE shall regulate the net limit for a member. If a member exceeds the limit at any point of time such member shall be automatically suspended by the system under immediate intimation to SEC.

(2) DSE shall, from time to time, determine the size of every security as limits for a single buy or sell order under immediate intimation to SEC. Any order breaching these limits shall be automatically rejected by the system.

20. **Settlement.**- The settlement of all tradings shall be made in accordance with the provisions of the rules or regulations made in this behalf by DSE for the time being in force.

21. **General.**- (1) A member shall be responsible for all orders entered from his trading workstation.

(2) Transaction fee(s) shall be charged and realised by DSE from the members concerned upon execution of order(s) as specified by DSE.

(3) The Council may issue guidelines and clarifications from time to time for removal of any difficulty in the execution or operation of these regulations under immediate intimation to SEC.

(4) The terms and phrases used herein without a specific definition shall have the meaning in accordance with the other relevant rules, regulations and current trade practices in these behalf.

(5) Any determination made by the system through an interactive process shall be conclusive.

22. **Removal of difficulties.**- If any difficulty arises in giving effect to the provisions of these regulations, the CEO may, with the prior approval of the Council, by order, take appropriate measures necessary for the purpose or removing the difficulty under immediate intimation in writing to SEC.

23. **Matters not covered.**- In matters not covered by these regulations the decision of the Council in the concerned matter shall be applicable:

Provided that notwithstanding anything contained in these regulations the trading in the DSE shall not follow any system which contradicts to any other securities law, rules or regulations made in this behalf for the time being in force.

By order of the Council  
MD. RAKIBUR RAHMAN  
Chairman  
Dhaka Stock Exchange Ltd.

রেজিস্টার্ড নং ডি এ-১

বাংলাদেশ



গেজেট

অতিরিক্ত সংখ্যা  
কর্তৃপক্ষ কর্তৃক প্রকাশিত

মঙ্গলবার, নভেম্বর ১০, ২০০৯

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**DHAKA STOCK EXCHANGE LIMITED**

**NOTIFICATION**

Dated the 20<sup>th</sup> October 2009

**Amendment in the “Dhaka Stock Exchange Automated  
Trading Regulations, 1999”**

**No. DSE-42/2009/6650**—In exercise of powers conferred by section 34(1) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Dhaka Stock Exchange Ltd., with the prior approval of the Securities and Exchange Commission, is pleased to insert the second proviso after the first proviso under regulation No. 18, in the Dhaka Stock Exchange Automated Trading Regulations, 1999 in the following manner, namely :—

“Provided further that, no broker shall be allowed to carry out transactions in the odd lot market by breaking market lot from any of the securities, and none should be allowed to place buy order of odd lot securities in excess of the number of securities sufficient enough to render his possession of odd lot securities

into market lot. Violation of this provision shall be punishable as follows :—

- (1) the concerned broker shall be imposed with a fine of Tk. 5000 if the contravention occurs for the first time in a month; and
- (2) the concerned broker shall be imposed with a fine of Tk. 10,000 if the contravention occurs for the second time and successive times in a month.”

**MD. RAKIBUR RAHMAN**

*President*

*Dhaka Stock Exchange Ltd.*

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