

Dhaka Stock Exchange (Member's Margin) Regulations, 2000

In exercise of the powers conferred by section 34(1) of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Dhaka Stock Exchange Limited makes, with the approval of the Securities and Exchange Commission, the following regulations, namely :-

1. **Short title.**- These regulations may be called the Dhaka Stock Exchange (Member's Margin) Regulations, 2000.
2. **Definitions.**- (1) In these regulations, unless the context otherwise requires,-
 - (a) "additional trade exposure" means the amount of the aggregate (gross) trade exposure exceeding the free limit for each member;
 - (b) "aggregate (gross) trade exposure" means total buys and total sales position of a member at any point of time during a trading day;
 - (c) "clearing house" means the clearing house set up by the Exchange;
 - (d) "direct settlement" means direct settlement between the members under the Settlement of Stock Exchange Transactions Regulations, 1998;
 - (e) "Exchange" or DSE means the Dhaka Stock Exchange Limited;
 - (f) "free limit" means the amount of the aggregate (gross) trade exposure for each member on which no member's margin shall be applicable;
 - (g) "instruments" means the papers and documents including cash for the purpose of members' margin;
 - (h) "member" means a member of the Exchange who is registered as the stock-dealer or stock-broker by the Securities and Exchange Commission under the Securities and Exchange Commission (Stock-dealer, Stock-broker and Authorised Representative) Regulations, 1994;
 - (i) "member's margin" means the margin deposited by a member with the clearing house under these regulations;
 - (j) "security deposit" means the amount compulsorily deposited by each member with the clearing house as prescribed by the Exchange.

(2) Words and expressions used herein but not defined shall have the same meanings respectively assigned to them in the Securities and Exchange Ordinance, 1969 (XVII of 1969), Securities and Exchange Commission Act, 1993 (XV of 1993), and the rules and regulations made thereunder.
3. **Free limit.**- The free limit shall be taka one crore per trading day.
4. **Member's margin.**- (1) Every member shall, in addition to the security deposit, deposit with the clearing house, free of interest, as member's margin an amount at the rate specified in sub-regulation (3) on his additional trade exposure within one hour of his exceeding the free limit failing which his trade shall remain suspended.
 - (2) Transaction for direct settlement between member's shall be excluded from calculation of the aggregate (gross) trade exposure.

- (3) Every member shall deposit the member's margin with the clearing house on the additional trade exposure at the following rates :-

<u>Additional trade exposure</u>	<u>Member's margin rate</u>
(a) Up to taka two crore	@ 5%
(b) Above taka two crore but not exceeding taka five crore	@ 7.5%
(c) Above taka five crore but not exceeding taka seven crore and fifty lac	@ 15%
(d) Above taka seven crore and fifty lac but not exceeding taka ten crore	@ 25%
(e) Above taka ten crore but not exceeding taka fifteen crore	@ 50%
(f) Above taka fifteen crore but not exceeding taka twenty crore	@ 75%
(g) Above taka twenty crore	@ 100%

5. **Instruments for member's margin.**- (1) The following instruments shall be the instruments for the member's margin :-
- (a) Irrevocable and Without Recourse to the Drawer Bank or Insurance Guarantee;
 - (b) Government securities;
 - (c) Fixed Deposit Receipt issued by any scheduled bank;
 - (d) Sanchay Patra and Defense Saving Certificate issued by the Government of Bangladesh;
 - (e) Life Insurance Policy at surrender value;
 - (f) Demand Draft or Payment Order issued by any scheduled bank;
 - (g) Securities listed with the Exchange (valued at seventy percent of the lowest market price prevailed in the Exchange in the previous week); and
 - (h) cash.
- (2) The instruments mentioned in clause (a), (b), (c), (d), (e), (f) or (g) under sub-regulation (1) shall be endorsed in favor of the Exchange.
- (3) 90% of the value of the instruments mentioned in sub-regulation (2) shall be considered as the value of the member's margin deposited under these regulations.
6. **Adjustment or refund of member's margin.**- (1) The Exchange, in addition to other available recourses, shall, without giving any prior intimation to the member concerned, immediately realize the value of the instruments deposited by a member as member's margin and adjust the amount so realised against the dues of the member concerned, if he fails to settle his trade with the clearing house on the settlement day.
- (2) The member shall be liable to pay the shortfall, if any, to the clearing house which remains after making the adjustment as per sub-regulation (1), including the costs, interest, charges and expenses involved in the realization process, within three days of the written notice of demand issued to him by the Exchange.
 - (3) The Exchange shall issue the notice of demand within twenty-four hours of realization of member's margin as per sub-regulation (1).

- (4) The notice of demand shall contain, among others, details of the dues, the amount realized against member's margin, the costs, interests, charges and expenses involved in the realization process, and the amount that remains outstanding for payment by the member to the clearing house.
 - (5) The Exchange may either retain the unutilized member's margin or refund the same to the member concerned within twenty-four hours of receipt of the member's request in writing in this respect.
 - (6) Trade of the concerned member shall remain suspended until full realization from him the amount mentioned in the notice of demand as per sub-regulation(4).
7. **Maintenance of books and records.**- (1) The clearing house and every member shall maintain proper books and records in respect of the member's margin in such Form as the Exchange, with the prior approval of the Commission, prescribes from time to time.
- (2) The books and records maintained under sub-regulation (1) shall always be kept updated and ready for inspection by the Exchange or by the Commission.
8. **Power to grant exemption.**- The Commission may, from time to time, exempt any order or trade of any member from all or any of the provisions of these regulations.

MD. SHAHIQ KHAN
CHAIRMAN
DHAKA STOCK EXCHANGE LTD.

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ORDER

Whereas, the Securities and Exchange Commission deems it to be expedient that, in the interest of the investors and the capital market, certain further amendments should be made in the Dhaka Stock Exchange (Member's Margin) Regulations, 2000 and Chittagong Stock Exchange (Member's Margin) Regulations, 2000.

Now, therefore, the Securities and Exchange Commission, in exercise of its power conferred by section 34, sub-section 4 of the Securities and Exchange Ordinance, 1969 (XV11 of 1969), hereby directs the Dhaka Stock Exchange Ltd. and the Chittagong Stock Exchange Ltd. to amend their respective Member's Margin Regulations, 2000 in the following manner which shall have immediate effect.

Regulation 3 shall be substituted by the following:

“3. Free limit-The free limit shall be taka one crore per trading day.”

Regulation 4(3) will be substituted by the following: -

“4. (3) Every member shall deposit the member’s margin with the clearing house on the additional trade exposure at the following rates:-

Additional Trade Exposure	Member’s Margin Rate
(a) above taka one crore but not exceeding taka two crore	@20%
(b) above taka two crore but not exceeding taka three crore	@ 30%
(c) above taka three crore but not exceeding taka five crore	@ 50%
(d) above taka five crore	@ 100%

Regulation 5 (1) (a) shall be substituted by the following:

“5 (1)(a) Irrevocable and Without Resource to the Drawer Bank or Insurance Guarantee or Guarantee issued by the non-banking financial institution (NBFI) registered with the Bangladesh Bank provided such NBFI is lawfully authorised in this behalf.”

By order of the Commission

Farhad Ahmed
Executive Director