

রেজিস্টার্ড নং ডি এ-১

বাংলাদেশ



গেজেট

অতিরিক্ত সংখ্যা  
কর্তৃপক্ষ কর্তৃক প্রকাশিত

শনিবার, মার্চ ১, ২০১৪

[ বেসরকারি ব্যক্তি এবং কর্পোরেশন কর্তৃক অর্থের বিনিময়ে জারীকৃত বিজ্ঞাপন ও নোটিশসমূহ ]

**DHAKA STOCK EXCHANGE  
(SETTLEMENT OF TRANSACTIONS) REGULATIONS, 2013**

**NOTIFICATION**

**Dated: December 04, 2013**

In exercise of the powers conferred by section 34(1) of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) and read with section 23 of the Exchanges Demutualization Act, 2013, Dhaka Stock Exchange Limited makes, with the prior approval of the Bangladesh Securities and Exchange Commission, the following Regulations, namely:

**1. Short title:**

- (1) These Regulations may be called the Dhaka Stock Exchange (Settlement of Transactions) Regulations, 2013;
- (2) These Regulations shall come into effect on Demutualization Date.

**2. Definitions:**

- (1) In these Regulations, unless there is anything in the subject or context,
  - (a) "A-category companies" means companies which are regular in holding the annual general meetings and have declared dividend at the rate of ten percent or more in the last English calendar year;

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- (b) "B-category companies" means companies which are regular in holding the annual general meetings but have failed to declare dividend at least at the rate of ten percent in the last English calendar year;
- (c) "Board" means the Board of Directors of Dhaka Stock Exchange Limited;
- (d) "Commission" or "BSEC" means the Bangladesh Securities and Exchange Commission established under the Securities and Exchange Commission Act, 1993 (XV of 1993);
- (e) "Clearing House" means the clearing house set up for the purpose of settlement of transactions;
- (f) "Clearing Day" means the day, as prescribed herein, on which the DSE/Clearing House, as the case may be, settles all obligations relating to the transactions carried out by the parties in accordance with these Regulations;
- (g) "Clearing Member" means a person registered with DSE to perform settlement and clearing functions with DSE under these Regulations;
- (h) "Clearing Account" means account as defined in the Depository Bye Laws;
- (i) "Contract" means a contract for the sale and purchase of securities between the TREC holders in the trading system of DSE;
- (j) "Day" means any business day on which DSE trading system is open for trading of securities;
- (k) "Dematerialized Securities" means securities in electronic form maintained by a depository certified by BSEC or otherwise, listed in the trading platform of DSE;
- (l) "Demutualization Act" means the Exchanges Demutualization Act, 2013 (Act XV of 2013);
- (m) "Demutualization Date" means the date from which the Exchange stands demutualized in accordance with the provisions of section 10 of the Demutualization Act;
- (n) "Depository" means a Depository organization operating the functions/facilities of a depository and registered with the BSEC under the Depository Act, 1999 and any Rules, Regulations made thereunder;

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- (o) “DSE” or “Exchange” means Dhaka Stock Exchange Ltd., a public limited company incorporated under the Companies Act, 1913;
- (p) “DVP” means the trading Contract, otherwise also known as howla type, meaning Delivery Versus Payment between TREC holders;
- (q) “Electronic Contract Note” means an unique confirmation of contract issued by the DSE trading system in electronic form for confirmation of transaction between TREC holders;
- (r) “Fund Settlement Day” means the day on which payment of consideration is required to be settled by a TREC holder/Clearing Member through cheque/pay order/demand draft or electronic transfer to the Clearing House of DSE/Clearing House for the transactions carried out by the TREC holder;
- (s) “G-category Companies” means green-field companies of which shares are listed with the DSE before the company goes into commercial operation and prior to listing the said company declares the year of first declaration of dividend;
- (t) “N-category Companies” means newly listed companies except green-field companies which shall be transferred to other categories in accordance with their first dividend declaration and respective compliance after listing of their shares;
- (u) “Securities Settlement Day” means the day when TREC holders/Clearing Members credit securities in the designated clearing account in connection with the transactions carried out on a Trading Day;
- (v) “Settlement” means the process under which a trading contract is completed with the final unconditional transfer of securities from the seller to the buyer and the final settlement of price payments in their respect;
- (w) “Trading day” means the day on which contract note is generated between the TREC holders in DSE trading system (i.e. T+0);
- (x) “TREC” means Trading Right Entitlement Certificate as defined in the Demutualization Act;
- (y) “TREC holder” means a person who holds a TREC issued by the Exchange;

- (z) "Z-category Companies" means companies which have failed to hold the annual general meeting when due or have failed to declare any dividend based on annual performance or which are not in operation continuously for more than six months or whose accumulated loss after adjustment of revenue reserve, if any, exceeds its paid up capital:

Provided that the Managing Director of the Exchange may bring any other company under this category, if deemed necessary, with the prior written consent from the Commission:

Provided further that the words, 'or whose accumulated loss after adjustment of revenue reserve, if any, exceeds its paid up capital' shall not be applicable for the companies which have declared 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) Words and expressions used that are not defined herein but defined in the Companies Act, 1994 (XVIII of 1994), or the Securities and Exchange Ordinance, 1969 (XVII of 1969), or the Securities and Exchange Commission Act, 1993 (XV of 1993), or the Exchanges Demutualization Act, 2013 or Dhaka Stock Exchange (Automated Trading) Regulations, 2013 or Central Depository Bangladesh Limited Bye Laws 2003 shall have the same meanings as are respectively assigned to them in the said Ordinance or Act or Regulations or Bye Laws.

- 3. How Transactions shall be carried out:** All transactions carried out in DSE shall be evidenced by an Electronic Contract Note. Subject to the provisions of Regulation 12, all transactions evidenced by Electronic Contract Note shall be settled through the Clearing House.

**4. Settlement Day for Securities and Funds:**

- (1) Securities Settlement Day for all securities, transacted in all markets, other than those transacted on behalf of a Foreign Investor shall be the Trading Day (i.e. T+0).
- (2) Securities Settlement Day for foreign investors for all securities, except transaction of the spot market or contract (howla) type "DVP", shall be the next day following the Trading Day (i.e. T+1).
- (3) Fund Settlement Day for all contracts transacted in markets other than the spot market and contract (howla) type "DVP" shall be the next day following the Trading Day (i.e. T+1).

- (4) Fund Settlement Day for all contracts in spot market other than contract (howla) type “DVP” shall be the Trading Day (i.e. T+0).

**5. Clearing Day for Securities and Fund:**

- (1) Clearing Day for all contracts other than securities listed under Z-category or contracts in spot market or contracts with contract (howla) type “DVP” shall be the second day following the Trading Day (i.e. T+2).
- (2) Clearing Day for contracts listed under Z-category other than contracts in spot market or contracts with contract (howla) type “DVP” shall be the ninth day following the Trading Day (i.e. T+9).
- (3) Clearing Day for all contracts in spot market other than contract (howla) type “DVP” shall be the next day following the Trading Day (i.e. T+1).

**6. Position for settlement:**

- (1) The Clearing House shall work out the due position of every TREC holder in all categories of securities in which it deals in on a Trading Day; and
- (2) The Clearing House shall also ascertain the net balance of funds receivable from and payable to every TREC holder for the Trading Day; and shall notify every TREC holder the due position and the net balance as aforesaid on the Trading Day for settlement:

Provided that transactions in ‘Z’-category companies or transactions in spot market or transactions with contract (howla) type “DVP” shall not be net-off in calculating net balance of funds receivable and payable:

Explanation: The due position for every securities means total securities sold by the TREC holder on a Trading Day, unless otherwise defined by the BSEC from time to time.

**7. Adjustment of category:**

- (1) Placement of ‘A’ or ‘B’ category company shall be adjusted to ‘Z’ category on the day following the submission of report regarding declaration of dividend or if it fails to submit compliance report with DSE by 4 pm on the day when it is due.
- (2) Placement of a company in ‘G’ or ‘N’ or ‘Z’-category, as the case may be, shall be adjusted to ‘A’ or ‘B’-category, as the case may be, on the day following the date of submission of compliance report with DSE.

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- 8. Security deposit:** Every TREC holder shall keep such amount of money as security deposit with DSE as determined by DSE from time to time at its discretion.
- 9. Settlement by delivery of securities and payment by electronic transfer or cheque/ pay order/ demand draft by the TREC holder:**
- (1) Every TREC holder or Clearing Member shall deliver securities to the designated Clearing BO Account and make the fund available in the designated Clearing Bank Account to facilitate DSE/Clearing House to secure payment through electronic transfer on the Settlement Day.
- (2) In case of a force majeure event (an event that is caused by something beyond the control of the Exchange or the TREC Holder), a TREC holder may settle the payment of fund through cheque/pay order/demand draft during such period, which shall not exceed one month from the date thereof.
- 10. Automatic buying in and selling out:**
- (1) If a TREC holder or Clearing Member fails to deliver securities and/or make payment within the Settlement Day, DSE shall automatically square up the unsettled transaction by buying-in or selling-out, as the case may be, in DSE after the day following the settlement day on the risk and account of the defaulting TREC holder or the Clearing Member, without any further reference. DSE shall inform the defaulting parties as to the shortfall, if any, for payment upon buying in or selling out by DSE, as the case may be.
- (2) If a cheque or any other negotiable instrument issued by a TREC holder or the Clearing Member as consideration for the securities is dishonoured by its bank, DSE shall automatically square up the unsettled transaction by selling out its securities in DSE following dishonour of the cheque at the risk and account of the defaulting Clearing Member without any further reference to it. Dishonour of cheque shall be treated as non-payment for that purpose. DSE shall inform the defaulting parties as to the difference money, if any, for payment immediately after selling out by DSE.
- (3) If required quantity of securities cannot be bought-in as per Sub-Regulation (1) due to suspension of the trade or de-listing of a security or for any reason whatsoever, the defaulting parties shall make payment of the amount equal to the buying price plus the contract charges and commissions for the unsettled securities through electronic transfer to the Clearing House on the day

following the relevant settlement day, and the buying TREC holder shall receive the payment from the Clearing House on the second day following the relevant settlement day.

- (4) Without prejudice to the foregoing, unless the defaulting amount is sufficiently accounted for from the Settlement Guarantee Fund, trading of the defaulting TREC holder shall be suspended from the day following the settlement day until recovery of the difference or compensation money and fine as prescribed under Regulations 16 and 18 are made to DSE/Clearing House. Excess money, if any, shall be returned to the TREC holder.

Provided that if any TREC holder defaults in payment and/or delivery of securities within the settlement day more than once in any calendar month, DSE shall inform such default to BSEC immediately and trading by such defaulting TREC holder shall remain suspended till clearance by BSEC.

- (5) Liabilities of defaulting TREC holder and Clearing Member under this Regulation shall be joint and several.
- (6) In case of any default in spot market the relevant transaction of defaulting seller shall be removed from payout data file while for the defaulting buying TREC holder's relevant transaction will be replaced by DSE's Clearing Account and the further settlement process shall be completed as per Sub-Regulation (1), (2), (3), (4) and (5).

- 11. Continuous failure of a TREC holder to pay any amount, difference money, interest and/ or fine:** If any TREC holder fails continuously to pay any amount, difference money, interest and/or fine in terms of Regulations 9 and 10, DSE shall have the right to adjust the security deposit of the defaulting TREC holder; and in case of shortfall, to declare the TREC holder a defaulter and cancel its TREC.

**12. TREC holder in Default**

A TREC holder shall be declared a defaulter and its TREC cancelled in each of the following cases:

- (1) where it is so declared by the Exchange after the TREC holder has failed to deliver the securities or pay the money demanded of it pursuant to Regulation 11 above;
- (2) where the Exchange has made such inquiries (if any) as it thinks fit and resolves that, in its opinion, it is in, or is reasonably likely to experience difficulties and has failed or is

reasonably likely to fail to meet its actual or prospective (including contingent) liabilities;

- (3) where it becomes insolvent or has called a meeting of its creditors or has made an arrangement with its creditors; or
- (4) where the Exchange has made such inquiries (if any) as it thinks fit and resolves that, in its opinion, other circumstances exist which justify such TREC holder being considered a defaulter in order to protect the financial interests of all other TREC holders or of the investing public or for such other reasons as may be considered to be relevant in the interests of the well-being and proper conduct of the Exchange.

**13. Transaction of foreign buyer and/or seller:**

- (1) TREC holders shall be allowed to carry out transaction of foreign buyer and/or seller with contract (howla) type DVP involving a custodian bank to be settled directly between the TREC holder through the custodian bank within the fifth day subsequent to the trading day (i.e. T+5), in respect of the transactions carried out on each trading day with intimation to the Clearing House. The TREC holders concerned shall submit details of the settlements along with the documentary evidence thereof, as prescribed by DSE in this behalf, which shall include a confirmation certificate issued by the concerned custodian bank to DSE in respect of settlement of transaction, to the Clearing House before trading hour of the sixth trading day subsequent to the concerned trading day (i.e. T+6).
- (2) The defaulting TREC holders shall not be allowed to carry out trade in DSE from the day of default (i.e. T+2 and T+6 respectively) until the concerned trade is settled to the satisfaction of DSE and a fine of Tk. 10,000 (ten thousand) per day for each default is paid to DSE. DSE shall simultaneously furnish details of such default to the BSEC.

**14. Short selling and prohibition of carry-forward of securities transaction:**

- (1) No TREC holder shall be allowed to short-sell any securities or carry forward any transaction. The defaulting TREC holder shall be barred from trading in DSE immediately upon detecting the default by DSE through spot verification of the TREC holder's books and records. DSE shall simultaneously furnish details of such default to the BSEC.



**Explanation :** “Short selling” in relation to a security, means the sale of security which a TREC holder does not earlier own in its own account or possess for the account of its client at the time of sale.

- (2) The defaulting TREC holder shall not be allowed to carry out trade until a fine equivalent to the short sell amount is paid to DSE.
  - (3) If the defaulting TREC holder infringes this provision for more than once in a month of the English era, the suspension of its trade shall continue, without prejudice to the provisions of Regulation 18, until a written clearance is issued by the BSEC in this respect.
- 15. Settlement to client by delivery of securities and payment by cheque by a TREC holder:** A TREC holder shall make settlement to its client by crediting securities to client’s BO Account on the day the securities are received and/or make payment by cheque “good for payment”/electronic transfer within one day of its receipt of requisition for clearance of payment upon maturity. Any default shall attract a fine of Tk. 1,000 (one thousand) for each day for each default payable to DSE. Interest shall also be payable to a client for delayed payment at 1.5% per month.
- 16. Settlement between TREC holder and Clearing Member:** A Clearing Member shall make settlement to its client, who is a TREC holder, by crediting of securities to the designated Clearing BO Account of TREC holder on the day the securities are received and/or make payment by cheque “good for payment”/electronic transfer on the day it is received from Clearing House for clearance of payment. Any default shall attract a fine of Tk. 5,000 (five thousand) for each day for each default. Interest shall also be payable to a client for delayed payment at 1.5% per month.
- 17. Liability of TREC holders and Clearing House for default:** Every TREC holder who fails to comply with the provisions of Regulations 9 and 10 hereof shall be liable to make good the loss suffered by the investor for the failure to deliver securities along with attributable benefits.
- 18. Fine for default:** In addition to the requirement of making good the loss of an investor along with the attributable benefits, if any, the defaulting TREC holder/Clearing Member shall be liable to pay a fine to DSE for each default as per the following schedule:

For value equivalent	Fine per day
Up to Tk. 1 (One) lac	Tk. 5,000
Above Tk. 1 (One) lac up to Tk. 2 (Two) lac	Tk. 7,500
Above Tk. 2 (Two) lac and up to Tk. 10 (Ten) lac	Tk. 10,000
Above Tk. 10 (Ten) lac and up to Tk. 50 (Fifty) lac	Tk. 25,000
Above Tk. 50 (Fifty) lac and up to Tk. 1 (One) crore	Tk. 50,000
Above Tk. 1 (One) crore	1% of the default amount

**19. Reporting to the Bangladesh Securities and Exchange**

**Commission:** DSE shall furnish a weekly report to BSEC in the form determined by BSEC on clearing and settlement of transactions within two days of the end of the week.

**20. Violations to attract penal provisions:**

Violations of these Regulations shall attract penal provisions of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক-ডিলার, স্টক-ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ [Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorized Representative) Rules, 2000], the Securities and Exchange Commission Act, 1993 and the Securities and Exchange Ordinance, 1969.

**21. Clearing Member:**

(1) Unless otherwise intimated to the DSE/Clearing House in writing, every TREC holder shall be deemed to be a Clearing Member from the date of coming into effect of these Regulations.

(2) In addition to the TREC holders, any custodian bank or scheduled bank having a DP Account with Depository shall be eligible to become a Clearing Member of DSE/Clearing House:

Provided that the Board/Clearing House may set qualification criteria, as it deems fit, for maintaining a clearing membership with the DSE/Clearing House with defined timeline to do so.

(3) An application for becoming a Clearing Member may be submitted to DSE by a custodian bank or schedule bank in the prescribed form.

**22. Repeal and saving:**

- (1) **Repeal:** The *Settlement of Stock Exchange Transaction Regulations 1998* is hereby repealed. Notwithstanding repealing of the aforesaid Regulations, any transaction carried out under the repealed Regulation shall be treated as if the same is still in force.
- (2) **Savings:** Notwithstanding the repeal, the *Settlement of Stock Exchange Transaction Regulations 1998* and any amendments of the Regulations made thereunder, shall continue to apply, as if those Regulations had not been repealed to any acts of the Exchange at any period prior to the commencement of these Regulations.

By order of the Board of Directors

**Professor DR. SWAPAN KUMAR BALA, FCMA**

*Managing Director*

Dhaka Stock Exchange Limited