



Vision & Mission

Vision of Central Depository Bangladesh Limited (CDBL) is to be a dynamic, forward looking institution committed to adding value to the business of its clients. It will be equipped with up-to-date Information Technology to ensure prompt customer response and provide innovative solutions to the needs of the capital market playing a pivotal role in Bangladesh's financial services sector.

Mission of CDBL is to have a sound management team with carefully-chosen, highly-motivated staff fostering a spirit of enthusiasm balanced with prudent policies to achieve a high level of sophistication and expertise in the performance of its personnel by consistently striving to provide high quality services that are reliable, transparent and efficient by:

- ▶ Emphasizing the importance of the customer,
- ▶ Unleashing employee initiative by empowering them,
- ▶ Viewing activities of the business as processes and the goal of continuous improvement.

Management's leadership endeavour is to forge a passionate, inspired, motivated and cohesive team to operate from a truly common bottom line, sharing the same agenda, driven by the same vision to achieve the best possible results, not only for the shareholders and the employees but also to boost public confidence in CDBL's growing strength as an independent, professionally managed institution.

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Central Depository Bangladesh Limited (CDBL)

Overview

Central Depository Bangladesh Limited (CDBL) was incorporated on 20th August 2000 sponsored by the country's Nationalized Commercial Banks (NCBs), Investment Corporation of Bangladesh (ICB), Private Commercial Banks (PCBs), Foreign Banks, Merchant Banks, Publicly listed Companies, Insurance Companies and Dhaka & Chittagong Stock Exchanges with the collaboration of the Asian Development Bank (ADB).

CDBL's core services cover the efficient delivery, settlement and transfer of securities through computerized book entry system i.e. recording and maintaining securities accounts and registering transfer of securities; changing the ownership without any physical movement or endorsement of certificates and execution of transfer instruments. The Central Depository System (CDS) operated by CDBL has proved to be a convenient and reliable means to settle securities transaction. The investor has been freed from the hassles of physical handling of certificates, errors in paper work and the risks associated with damaged, lost and forged certificates.

Legal basis for CDBL's operations is set out in the Depositories Act 1999, Depositories Regulations 2000, Depository (User) Regulations 2003, and the CDBL Bye Laws.

CDBL's operations are carried out in its Main Data Centre which is linked to a remote Disaster Recovery Centre operating as a backup with data update taking place simultaneously.

CDBL's Software application VeDAS (Versatile Engine for Depository Accounting System) is built on three-tier architecture, with Visual Basic at the Front End, TUXEDO as the middle tier transaction manager, and Oracle at the Back End centralized database.

Network connectivity to Depository Participants, Issuers, Banks, Stock Exchanges & Bangladesh Bank is through Front End interfaces accessed by WAN link and dial-up telephone lines.

Live operations of the CDS commenced with the inauguration of the Electronic Government Securities Registry (EGSR) by the Governor of Bangladesh Bank on 20th October 2003. The EGSR also serves as a platform for secondary market sale/purchase as well as Repo transactions of government securities to commercial banks linked online to the CDS. Equity market securities dematerialization process i.e. eliminating physical certificate as record of security ownership by substituting it as an electronic book entry record in the CDS commenced on 24th January 2004 with the entry of Square Pharmaceuticals Limited into the CDS.

Highlights of progress of CDS

Depository elements	June '06	June '07	June '08	June '09	June '10
Investors Accounts set-up in the CDS	792,463	1,385,144	1,777,334	2,124,976	3,432,295
Investors Accounts in operable state in the CDS	719,265	1,303,020	1,395,617	1,419,015	2,570,659
Percentage of operable Investors Accounts	91%	94%	79%	67%	75%
Depository Participants (Equity market)	202	222	250	272	300
Growth of Depository Participants	-	10%	13%	9%	10%
Equity Securities in the CDS - Issuers	100	118	150	179	225
Growth of Issuers entry in the CDS	-	18%	27%	19%	26%
Number of Equity Shares in the CDS (in millions)	482	714	1,098	1,854	5,412
Growth of Equity Shares in the CDS	-	55%	54%	69%	192%
% of stock exchange turnover settled in the CDS	81	86	95	97	98
% of Government Securities held in the CDS	100	100	100	100	100

CDBL is the National Numbering Agency for ISIN (International Securities Identification Number) in Bangladesh as a member of ANNA (Association of National Numbering Agencies).

CDBL is a member of Asia Pacific CSD Group (ACG) and an associate member of South Asian Federation of Exchanges (SAFE).



CDBL Team

Managing Director & CEO
Mohammed Habibus Samad, FCA, CTA

Chief Financial Officer & Company Secretary
Shuvra Kanti Choudhury, M. Com, ACA

Chief Operating Officer
Sayed Javed Ahmad, B. Tech (IT), MBA, FBCS

Application Support

Md. Tohabin Huq, M Com, PGD (IT & Comp Sc)
Md. Faruque Ahmed, Dip in Comp Sc (Japan)

Customer Support Services & Marketing

Md. Shariful Alam, B Sc, Comp Sc & Engg
Md. Muniruzzaman Rana, B Sc, Comp Sc & Engg
Shihab Bari, B Sc, Comp Sc & Engg
Kazi Minhaz Uddin, B Sc, Comp Engg
Md. Mokhlesur Rahman, B Sc, Comp Sc & Engg
Md. Monirul Islam, B Sc (CIS), MBA (MIS)
Ms. Farkhunda Dorin, B Sc (Hons), Comp Sc & Engg
Shafaet Ahmed Siddique, B Sc (Hons), Comp Sc

Training

Maksudur Rahman, B Sc, B Ed

Finance & Accounts

Abdur Rahman Sarker, B Com
Md. Golam Mostafa, B Com
Jayanta Biswnu Mondal, M Com
Ms. Rumana Rahman, B Com
Ms. Nurjahan Begum, M Sc
Ms. Shanaz Begum, M Com
Md. Shahidul Islam, BBA
Almas Arefin, M Com
Naveed Farhan Aziz, BABS, (UK)
Ms. Monoara Begum, BSC (Hons), M Sc

Systems Operation

G M Ahsanul Haque, M Sc, Comp Sc
Md. Moinul Haque, M Sc, Comp Sc
Raquibul Islam Chowdhury, M Sc Comp Sc
K M Shaberul Islam, B Sc Comp Sc
Quazi Ghulam Shakur, MSS (Econ)
Saber Mahmud, B S (USA)
Parvin Khan, MA, Dip in Comp Engg

Network Administration

A Hasib Rahman, MA, MCSE (Aus)
Mashrur Sakib, B Sc Comp Sc
Md. Imam Hossain Sayem, B Sc Comp Sc (Russia)

Legal Affairs

Ms. Feroza Ahmed, LL M, Notary Public

H R & Administration

Salahuddin Haidar, MBA (USA), MSCIT (Aus.)
Shafiqul Islam, Dip-in-Electrical Engineering
Md. Anisul Haque Chowdhury
Ms. Supria Florence Biswas, BSS
Ms. Nasrin Haque
Ms. Shrabony Teresa Biswas
Ms. Taslima Akhter, B A
Md. Abdus Salam
Md. Humayun Kabir
Md. Joynal Abedin Sagor

Milestones

July 2009	11 th Cross Training Seminar of Asia-Pacific CSD Group held at Dhaka
April 2009	SMS Alert Service
January 2009	BO Accounts setup in CDBL surpass 2 million
October 2008	CDBL completes five years of depository operations
June 2008	90% threshold reached of stock exchange trades settled in the CDS
February 2007	BO accounts setup in CDBL surpass 1 million
January 2007	Dematerialized securities held in CDBL surpass BD Tk. 100 billion
August 2006	Global Internet Securities Balance Enquiry and Portfolio Valuation Service for BO accountholders launched
January 2004	Dematerialization of equity market securities commenced with the entry of Square Pharmaceuticals Limited into the CDS
October 2003	Electronic Government Securities Registry (EGSR) live operation inaugurated by the Governor of Bangladesh Bank
February 2003	Became National Numbering Agency for ISIN (International Securities Identification Number) in Bangladesh
September 2001	Depository Registration Certificate awarded by the SEC
July 2001	Contract signed with the depository system provider CMC Limited
August 2000	CDBL Incorporated
June 2000	Request For Proposal (RFP) issued to implement the country's first automated Depository System
June 2000	Gazette notification of Depository Regulation, 2000 by the SEC
June 1999	Enactment of Depositories Act, 1999



Dr. Fakhruddin Ahmed, Governor of Bangladesh Bank inaugurating the Electronic Government Securities Registry



Mr. Samson H Chowdhury, Chairman of Square Group inaugurating the start up of the Central Depository System (CDS)



Mr. Faruq Ahmad Siddiqui, Chairman of the SEC inaugurating CDBL's global Internet Securities Balance Enquiry and Portfolio Valuation Service

CDBL - Board of Directors

Mr. Samson H Chowdhury Nominee of Square Pharmaceuticals Ltd.	- Chairman
Mr. Fakhor Uddin Ali Ahmed Nominee of Chittagong Stock Exchange Ltd.	- Director
Mr. Azam J Chowdhury Nominee of Prime Bank Ltd.	- Director
Mr. Syed Manzur Elahi Nominee of Mutual Trust Bank Ltd.	- Director
Mr. Md. Fayekuzzaman Nominee of Investment Corporation of Bangladesh (ICB)	- Director
Mr. M Zahid Hossain Nominee of Asian Development Bank (ADB)	- Director
Mr. A K M Rafiqul Islam Nominee of Bangladesh Insurance Association (BIA)	- Director
Mr. Md. Humayun Kabir Nominee of Sonali Bank Ltd.	- Director
Mr. Md. Rezaul Karim Nominee of Sadharan Bima Corporation	- Director
Mr. M Fazlur Rahman Nominee of AB Bank Ltd.	- Director
Mr. Salman F Rahman Nominee of Bangladesh Association of Publicly Listed Companies (BAPLC)	- Director
Mr. Md. Shakil Rizvi Nominee of Dhaka Stock Exchange Ltd.	- Director
Mr. A K M Shamsuddin Nominee of Standard Chartered Bank	- Director
Mr. Mohammed Habibus Samad, FCA, CTA Central Depository Bangladesh Ltd.	- Managing Director & CEO

Central Depository Bangladesh Limited (CDBL) 9th Annual General Meeting



The 9th Annual General Meeting and Extra-Ordinary General Meeting of Central Depository Bangladesh Limited (CDBL) was held on Saturday 5th December 2009 at the Pan Pacific Sonargaon Hotel presided over by Mr. Samson H Chowdhury, Chairman of the Company. Directors present (from left to right) Mr. M. Fazlur Rahman, Mr. Fakhor Uddin Ali Ahmed, Mr. S A Chowdhury, Mr. M Zahid Hossain, Mr. A K M Shamsuddin, Mr. Syed Manzur Elahi, Mr. Samson H Chowdhury, Mr. M H Samad, Mr. Md. Rakibur Rahman, Mr. A K M Rafiqul Islam, Mr. Md. Humayun Kabir, Mr. Md. Rezaul Karim & Auditor of the Company Mr. A F Nesaruddin, FCA



Directors' Report



The Board of Directors of Central Depository Bangladesh Limited (CDBL) is pleased to present the audited financial statements of the Company for the year ended 30th June 2010, Auditors' Report thereon along with a market overview relating to the Company's operations.

Market Overview

Despite overall GDP growth being somewhat stifled at under 6 percent due to unabated power supply outages during the year and slow economic recovery of principal export markets of Bangladesh, the stock market put up a highly robust performance. Triple digits growth was recorded in market capitalization though some wide fluctuations in day to day transaction volumes was seen from time to time. Around the close of the year new peaks were reached in respect of both market capitalization at Tk. 2,727 billion (US\$ 38.95 billion) on 15th June 2010 and daily turnover at Tk. 26.66 billion (around US\$ 380 million) on 16th June 2010.

All Share Price Index of Dhaka Stock Exchange (DSE) advanced by 103% from 2,520 on 30th June '09 to 5,112 on 30th June '10 whilst Chittagong Stock Exchange (CSE) index was up from 10,477 to 18,116, a gain of around 73%.

Turnover of DSE at Tk. 2,564 billion as against Tk. 893.79 billion in the previous year was up around 187%. CSE's turnover at Tk. 217 billion compared to Tk. 125.15 billion in the previous year was also up over 73%. Turnover top performers list, taking the combined turnovers at both DSE & CSE during the year was headed by the conglomerate BEXIMCO Limited as tabulated below:-

Company	Turnover Tk. Billion
BEXIMCO Limited	169.06
Titas Gas Transmission & Distribution Company Limited	109.12
Bextex Limited	85.43
AB Bank Limited	83.15
Grameenphone Limited	78.42
LankaBangla Finance Limited	78.27
Summit Power Limited	67.36
Beximco Pharmaceuticals Limited	54.88
Jamuna Oil Company Limited	54.15
Premier Bank Limited	47.71

Market Capitalization at the close of the year ended 30th June '10, stood at Tk. 2,700 billion (US\$ 38.94 billion) registering a gain of over 117% during the year over the figure of Tk. 1,241.34 billion (US\$ 17.99 billion) at the end of the previous year. Share prices of the largest contributors to market capitalization all gained during the year, with only one exception (on account of a 60% bonus share credit having taken place on 22nd June 2010 in the case of BEXIMCO Limited) as indicated overleaf:-

Company	Market Cap. (Tk. billion)	Closing Price (Tk.)	% Price Gain / (Decline)
Grameenphone Limited	318.27	235.70	Newly Listed
Investment Corporation of Bangladesh	99.84	4,991.75	99.55
Titas Gas Trans. & Dist. Co. Ltd.	88.15	1,029.25	52.99
Square Pharmaceuticals Ltd.	59.28	3,928.25	5.08
BEXIMCO Limited	47.80	298.80	(5.23)

Total number of listed securities excluding 171 Bangladesh Government Treasury Bonds at DSE stood at 279 at end of the year made up of 243 companies, 26 mutual funds, 8 debentures and 2 corporate bonds. Number of shares, debentures, corporate bonds and mutual funds at DSE was 7,739 million and issued capital of these securities stood at Tk. 213.25 billion as at 30th June '10.

Initial Public Offerings (IPO) by 21 entities tapped the market for around Tk. 14,217.74 million as tabulated below which included 8 new Mutual Funds and a Repeat Public Offering (RPO) by an engineering company.

Subscription Date		Company	IPO (Tk.-mln)
Opening	Closing		
02.08.09	10.08.09	Marico Bangladesh Limited (At Face Value Tk. 10 and premium Tk. 80 per share)	283.50
09.08.09	16.08.09	ICB AMCL Second Mutual Fund	400.00
16.08.09	20.08.09	Islami Insurance Bangladesh Limited	90.00
30.08.09	03.09.09	The Dacca Dyeing and Manufacturing Company Ltd.	170.00
04.10.09	08.10.09	Grameenphone Ltd (At Face Value Tk. 10 and premium Tk. 60 per share)	4,860.76
08.11.09	12.11.09	Golden Son Limited (RPO) (At Face Value Tk. 10 and premium Tk. 10 per share)	200.00
15.11.09	19.11.09	Provati Insurance Company Limited	90.00
22.11.09	26.11.09	R.N. Spinning Mills Limited	300.00
22.11.09	26.11.09	ICB Employees Provident Mutual Fund One: Scheme-1	525.00
06.12.09	10.12.09	Dhaka Insurance Limited (At Face Value Tk. 100 and premium Tk. 20 per share)	108.00
06.12.09	10.12.09	Prime Bank 1st ICB AMCL Mutual Fund	400.00
06.12.09	10.12.09	Trust Bank 1st Mutual Fund	400.00
13.12.09	20.12.09	DBH First Mutual Fund	400.00
31.01.10	04.02.10	ACI 20% Convertible Zero Coupon Bond	534.00
07.02.10	11.02.10	IFIC Bank 1st Mutual Fund	400.00
07.03.10	11.03.10	Phoenix Finance 1st Mutual Fund	300.00
28.03.10	01.04.10	ICB AMCL 3rd NRB Mutual Fund	800.00
25.04.10	29.04.10	RAK Ceramics (Bangladesh) Limited (At Face Value Tk. 10 and premium Tk. 38)	1,656.48
16.05.10	20.05.10	United Airways (BD) Limited	1,000.00
06.06.10	10.06.10	Malek Spinning Mills Limited (At Face Value Tk. 10 and premium Tk. 15)	1,000.00
20.06.10	24.06.10	Beacon Pharmaceuticals Limited	300.00
			14,217.74

Monies raised through IPOs were 5 times more in comparison to the previous year when 15 companies raised Tk. 2.78 billion through initial public offerings.

Central Depository System (CDS) Operations

Depository Participants (DP) increased by 28 from 272 to 300 during the year ended 30th June '10 as detailed below:

Depository Participants (DPs) admitted to CDBL	30th Jun '09	30th Jun '10
Broker Dealers – Full Service DPs	243	263
Custodian Banks	27	35
Stock Exchanges	2	2
	272	300

Investors Accounts in operation, as tabulated below, registered an 82% growth during the year, increasing by 1,152,242 due to large-scale participation of new investors in popular IPOs like Grameenphone Ltd, RAK Ceramics (Bangladesh) Limited, Marico Bangladesh Limited, United Airways (BD) Limited, Beacon Pharmaceuticals Limited all of which were many times oversubscribed. Even the largest share issue ever of Grameenphone of Tk. 4.86 billion was more than 3 times oversubscribed.

Investor Accounts in operation	30th Jun '09	30th Jun '10
Individual Accounts	878,752	1,581,505
Joint Accounts	517,316	964,667
Company Accounts	4,096	5,941
Omnibus Accounts	302	423
Principal Accounts	341	374
Clearing Accounts	358	497
	1,401,165	2,553,407

Listed Securities of 46 publicly listed companies came into the CDS during the year taking the total from 179 as at 30th June '09 to 225 as at 30th June '10.

Number of shares held in the CDS increased during the year by 3,558,695,047 (around 192%) taking the total from 1,854,028,146 as at 30th June '09 to 5,412,723,193 as at 30th June '10. Market value of the shares held in CDS as at 30th June '09 amounted to around Tk. 592.17 billion which increased to Tk. 1,395.95 billion as at 30th June '10 registering a gain of around 136%.

With the increase in securities held in the depository, share transfers in the depository relating to settlement of stock exchange trades during the year were significantly higher compared to the previous year, as also, transactions value up over 177% as tabled below resulting in a upsurge in this income stream:

No of Shares in CDS	Year Ended	No of Trades	No of Shares Traded	Turnover Tk.
5,412,723,193	30 th June '10	41,105,880	11,084,982,714	2,734,320,819,200
1,854,028,146	30 th June '09	22,076,285	6,184,772,212	984,422,959,892
191.94%	% Increase	86.20%	79.23%	177.76 %

Of the DSE & CSE combined trades during the year ended 30th June '10, as much as 98% of the turnover was settled in the demat market segment as detailed below:-

Exchanges Demat Segment	No of Trades	No of Shares	Turnover Tk.
DSE/CSE combined	42,410,650	11,523,794,629	2,781,217,397,382
Settled at CDBL	41,105,880	11,084,982,714	2,734,320,819,200
% at CDBL	97	96	98

Corporate Actions relating to bonus issues, right issues and stock split were much higher compared to the previous year. Consequently credits to the investors depository accounts in the Central Depository System (CDS) of CDBL arising from Corporate Actions of Issuers during the year increased substantially in number as well as in value compared to the previous year as depicted below:-

Year Ended	No of Shares			Total		
	Bonus	Rights	Stock split	Shares	A/Cs credited	Value Tk. Billion
30 th June '10	637,074,141	56,135,846	97,834,399	791,044,386	1,538,532	326.56
30 th June '09	328,378,372	53,397,393	2,966,574	384,742,339	965,931	151.20
% Increase	94	5	3,189	106	59	116

Electronic Government Securities Registry (EGSR) of Bangladesh Bank holdings of outstanding T-Bills in the EGSR at the end of the year on 30th June '10 decreased by 22.68% compared to the end of previous year whilst T-Bonds were up by 25.87% as follows:

Tenure Amount	28 Days Tk mln	91 Days Tk mln	182 Dys Tk mln	364 Dys Tk mln	2 Yrs Tk mln	5 Yrs Tk mln	10 Yrs Tk mln	15 Yrs Tk mln	20 Yrs Tk mln	Total Tk mln
T-Bills outstanding in the EGSR										
On 30-Jun-10	-	10,500	27,250	64,500	-	-	-	-	-	102,250
On 30-Jun-09	-	41,500	26,500	64,250	-	-	-	-	-	132,250
% Variance	-	(74.70)	2.83	0.39	-	-	-	-	-	(22.68)
T-Bonds outstanding in the EGSR										
On 30-Jun-10	-	-	-	-	-	150,899	172,410	42,100	30,850	396,259
On 30-Jun-09	-	-	-	-	-	121,916	142,310	29,300	21,300	314,826
% Variance	-	-	-	-	-	23.77	21.15	43.69	44.84	25.87

T-Bills issued lodged at CDBL during the year ended 30th June '10 decreased around 13% compared to the previous year as follows:

Tenure Amount	28 Days Tk mln	91 Days Tk mln	182 Dys Tk mln	364 Dys Tk mln	2 Yrs Tk mln	5 Yrs Tk mln	10 Yrs Tk mln	15 Yrs Tk mln	20 Yrs Tk mln	Total Tk mln
T-Bills issued										
During the year ended 30 th Jun 10	-	92,000	54,250	64,500	-	-	-	-	-	210,750
During the year ended 30 th Jun 09	-	134,000	44,500	64,250	-	-	-	-	-	242,750
% Variance	-	(31.34)	21.91	0.39	-	-	-	-	-	(13.18)

T-Bonds issued lodged at CDBL during the year ended 30th June '10 decreased around 29% compared to the previous year as follows:

Tenure Amount	28 Days Tk min	91 Days Tk min	182 Dys Tk min	364 Dys Tk min	2 Yrs Tk min	5 Yrs Tk min	10 Yrs Tk min	15 Yrs Tk min	20 Yrs Tk min	Total Tk min
T-Bonds issued										
During the year ended 30 th Jun 10	-	-	-	-	-	35,400	30,100	12,800	9,550	87,850
During the year ended 30 th Jun 09	-	-	-	-	-	46,000	46,000	15,800	15,300	123,100
% Variance	-	-	-	-	-	(23.04)	(34.57)	(18.99)	(37.58)	(28.64)

During the year ended 30th June '10, 375 T-Bills Repo transactions took place involving face value of Tk. 79,919 mln and 1,710 Repo transactions of T-Bonds were executed with face value of Tk. 422,649 mln.

Non-bank entities (including provident funds) purchase of T-Bills during the year involved 392 transactions in the amount of Tk. 77,278 mln, whilst there were 982 T-Bonds transactions, mainly of provident funds amounting to Tk. 148,464 mln.

System Operations

Contingency setup were thoroughly tested during the year with CDS operations being run from the Disaster Recovery Site (DRS) for around 9 months with switchover to Main Data Centre also put through thorough tests for a number of occasions. From March 10 CDS operations have been returned to the Main Data Centre with DR Site put on standby.

VeDAS (Versatile engine for Depository Accounting System) software application continued to be fine tuned during the year by increasing instances together with regular housekeeping like purging of old data yielding favourable results. Processing time saved from daytime operation was at least an hour and End Of Day night processing time saved was as much as 3 hours.

Virtual Private Network (VPN) connectivity over the Internet was setup between CDBL and its software application provider, CMC Limited in Mumbai. This connectivity is helping CMC in troubleshooting, modification and enhancement of the Central Depository System (CDS) software run by CDBL directly from CMC Mumbai support desk.

A significant up-gradation and consolidation of the data communication network infrastructure in terms of client connectivity took place during the year.

Two more 'Dark fibre' point-to-point links have been established with Chittagong Stock Exchange's new office location at Dilkusha, Dhaka connecting to CDBL's Main Data Centre at Kawran Bazar and Disaster Recovery (DR) Site at Topkhana in Dhaka. These two new links have now been integrated with the three existing links connecting the Main Data Centre, DR Site and the Dhaka Stock Exchange at Motijheel, Dhaka to form a 'mesh' or 'grid' resulting in greater resilience/redundancy with regard to link failure.

The Public Switched Telephone Network (PSTN) dialup pool of CDBL for dialup connectivity has been replenished with an additional 42 phone lines which increased the total number of phone lines available for dialup to 102. Currently, 233 system users are using the dialup option to connect to CDBL. Most of these users are Issuer companies who do not need to connect daily to the Central Depository System (CDS).

Personnel

Workforce of the Company as on 30th June '10 was 60, of whom 33 were IT professionals. The workforce increased by 15 during the year as against 1 in the previous year. During the year 9 System Maintenance Shift Operations staff joined the services of the Company towards achieving a 24 x 7 surveillance of Main Data Center as well as the Disaster Recovery Site.

In view of the growth in business volume and clientele the Company is continuing its ICT Management Trainee Program of 6 months duration.

Towards advanced level capacity building of CDBL's ICT Team four people attended training programs during the year at HP Education Services, Singapore.

The Company has continued to outsource its security and cleaning services.

Asia-Pacific Central Securities Depository Group (ACG)

This year's 11th ACG Cross Training Seminar was held at Pan Pacific Sonargaon Hotel, Dhaka, on 3rd and 4th July 09 which CDBL was privileged to host.

The objective of Cross Training Seminar is to facilitate the exchange of information and promoting mutual assistance among member securities depositories and clearing corporations in the Asia Pacific Region.

I had the pleasure of welcoming the delegates from the Central Securities Depositories and Clearing Corporations of Asia-Pacific Region countries of China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Mongolia, Pakistan, Singapore, Thailand & also our own participants from CDBL Bangladesh.

ACG holds every year, as a part of its activities, Cross Training Seminars with the members hosting these seminars by turn. ACG Cross Training Seminars provides executives of member organizations with the opportunity to exchange information on each others business operations and learn about the various services extended to investors in the different markets.

CDBL participants have no doubt availed this opportunity to develop personal relationship with their fellow ACG colleagues to foster communication and exchange of ideas in future as well as have learned from them of developments and best practices in the other markets of the Asia Pacific Region.

Deliberations of the 11th ACG Cross Training Seminar have been documented at the end of this year's Annual Report for those interested in workings of the depository system in other countries of the Asia Pacific Region.



(L-R) Mr. Yasushi Yoshikawa, Seminar Coordinator, Japan Securities Depository Centre, Inc (JASDEC), Mr. Samson H Chowdhury, Chairman, CDBL, Mr. Ziaul Haque Khandker, Chairman, Securities & Exchange Commission, Ms. NIU Wenjie, Director, Legal Affairs, China Securities Depository & Clearing Corporation (SD&C) and Mr. M H Samad, Managing Director & CEO, CDBL

Financial Results

Outstanding financial results have been achieved in the year as a consequence of the favourable market conditions and the tight lid maintained on expenditure. Profit after tax at Tk. 867 mln for the year was up around 59% compared to the previous year as a result of growth in income from depository operations of around 60% net of rebates to customers.

Cash Dividend : Considering the profitability attained by the Company during the year, the Board of Directors in its meeting held on 29th September 10 recommended a cash dividend of 10% i.e. Tk. 1 per ordinary share of Tk. 10 each for the year ended 30th June 10 to share holders in the register of members as on 7th October 10 for the consideration of the shareholders at the 10th Annual General Meeting of the Company.

Stock Dividend : In addition, to further strengthen the capital base of the Company, the Board of Directors in its meeting held on 12th August 2010 have also recommended 1:1 stock dividend i.e. 1 bonus share for each share held as on 12th August 2010 for the consideration of the shareholders.

Appropriations	Taka
Net profit after taxation	867,155,651
Un-appropriated profit brought forward	877,855,004
Cash dividend @ 10% paid for the year ended 30 th June 2009	(34,600,000)
Stock dividend 1:1 Bonus Shares for the year ended 30 th June 2009	(346,000,000)
Profit available for appropriation	1,364,410,655
Dividends proposed for year ended 30th June 2010	
Cash dividend @ 10%	(69,200,000)
Stock dividend 1:1 Bonus Shares	(692,000,000)
Un-appropriated profit carried forward	603,210,655

Contribution to National Exchequer

During the year ended 30th June 2010 the Company paid Tk. 484,129,490 as direct tax.

Initial Public Offering (IPO) and Further Issuance of Shares

Paid up capital having reached Tk. 69.2 crore CDBL has breached the threshold of Tk. 50 crore set by SEC for mandatory share issuance to the public. Accordingly, the Board of Directors in its meeting held on 29th September 2010 resolved to go for an Initial Public offering (IPO) of 40 million ordinary shares of Tk. 10 each face value at an issue price of Tk. 60 including a premium of Tk. 50 each subject to the consent of the Securities and Exchange Commission.

The Board of Directors also resolved to offer 19.70 million ordinary shares to the existing shareholders in proportion to their shareholdings as of 29th September 2010 and around 1.90 million ordinary shares to the CDBL employees and Provident Fund of CDBL employees of Tk. 10 each face value at an issue price of Tk. 60 including a premium of Tk. 50 each subject to the consent of the Securities and Exchange Commission.

The proposed 1:1 Stock Dividend, further issuance of shares to the existing Shareholders, issuance of shares to the CDBL employees & Provident Fund of CDBL employees and Initial Public Offerings (IPO) would increase the paid up capital of the Company from Tk. 692 million to Tk. 2,000 million.

Outlook

The business outlook for the Company in the coming year generally appears to be good though the stock market may be vulnerable to overheating which invariably leads to a bubble burst at some stage.

The Company is making investments to keep itself technologically well placed with upgraded systems to handle ever increasing trade volumes at the stock exchanges efficiently and deliver improvements in its service to depository participants and issuers.

Changes in Directorship

During the year changes that occurred in the directorship of the Company were as follows:

17 th November 09	Mr. Fakhor Uddin Ali Ahmed, President, Chittagong Stock Exchange Ltd (CSE) replaced Mr. Nasiruddin Ahmed Chowdhury as nominee of CSE.
5 th January 10	Mr. Salman F. Rahman, President, Bangladesh Association of Publicly Listed Companies (BAPLC) inducted as nominee of BAPLC.
5 th April 10	Mr. Md. Shakil Rizvi, President, Dhaka Stock Exchange Ltd (DSE) replaced Mr. Md. Rakibur Rahman as nominee of DSE.
25 th May 10	Ms. Dina Ahsan, Managing Director (Additional Charge), Investment Corporation of Bangladesh (ICB) replaced Mr. Md. Humayun Kabir as nominee of ICB.
25 th May 10	Mr. Md. Humayun Kabir, Managing Director, Sonali Bank Ltd. replaced Mr. Kazi Faqurul Islam as nominee of Sonali Bank Ltd.
25 th May 10	Mr. M Zahid Hossain, Country Specialist, Asian Development Bank (ADB), Bangladesh Resident Mission replaced Mr. Paul J Heytens as nominee of ADB.

Election of Directors

Pursuant to Article 117 to 120 of the Company, Mr. Samson H Chowdhury, Mr. Salman F. Rahman, Mr. A K M Shamsuddin, Mr. Md. Rezaul Karim and Mr. M Fazlur Rahman, Directors of the Company will retire and, being eligible, offer themselves for re-election.

Appointment of Auditors

The auditors of the Company, Hoda Vasi Chowdhury & Co., Chartered Accountants, retire as per Sec. 210 (6) of the Companies Act. 1994 and being eligible have offered themselves for re-appointment.

Conclusion

The Board of Directors is grateful for the assistance and support rendered to the Company by the Securities and Exchange Commission of Bangladesh. The trust and confidence reposed on the Board and extended to the Company by the sponsor shareholders and the increasing number of users of the Company's CDS is most heartening and deeply appreciated as also the wholehearted support extended to CDBL by the Dhaka Stock Exchange Ltd. and the Chittagong Stock Exchange Ltd.

The Board of Directors is also pleased to record its appreciation for the relentless efforts of the Company's staff at all levels in achieving excellent financial results in the year. The support extended by the Company's IT solution provider, CMC Limited and hardware maintenance team of HP Singapore in keeping the CDS up and running is also duly acknowledged and appreciated by the Board.

For and on behalf of the Board of Directors



Samson H Chowdhury
Chairman

Hoda Vasi Chowdhury & Co Chartered Accountants

Independent Correspondent Firm to Deloitte Touche Tohmatsu

Auditors' Report To the shareholders of Central Depository Bangladesh Limited

We have audited the accompanying Balance Sheet of **Central Depository Bangladesh Limited (CDBL)** as of 30 June 2010 and the related Profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that as disclosed in accompanying accounting policy 2.4(b) and note - 13, deferred tax asset amounting to Taka 24,096,403 was not recognized by the Company, which is apparently non-compliant with Bangladesh Accounting Standards - 12 "Income taxes".

In our opinion, except the above noted non - compliance, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the Company's affairs as of 30 June 2010 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, Depositories Act 1999, the Depository (User) Regulations 2003 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) The Company's Balance Sheet and Profit and Loss Account along with the annexed notes 1 to 22 dealt with by the report are in agreement with the books of account; and
- d) The expenditures incurred and payments made were for the purposes of the Company's affairs.



Chartered Accountants

Dhaka, 29 September, 2010


National Office : BTMC Bhaban (8th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka - 1215, Bangladesh
Motijheel Office : Isphani Building (3rd Floor), 14-15 Motijheel Commercial Area, Dhaka - 1000, Bangladesh
Chittagong Office : Delwar Bhaban (4th Floor), 104 Agrabad Commercial Area, Chittagong - 4100, Bangladesh

Central Depository Bangladesh Limited
Balance Sheet
As at 30 June 2010

	Notes	2010 Taka	2009 Taka
Sources of fund			
Shareholders' equity			
Share capital	3	692,000,000	346,000,000
Retained earnings		1,364,410,655	877,855,004
		2,056,410,655	1,223,855,004
Security deposits	4	72,555,000	54,555,000
Net worth		2,128,965,655	1,278,410,004
Application of fund			
Fixed assets-at cost less accumulated depreciation	5	54,659,732	78,649,754
Current assets			
Account receivables	6	358,200,310	196,269,949
Interest receivables		67,900,345	54,696,435
Deposits and pre-payments	7	1,415,920	9,674,071
Advances and loans	8	9,944,772	9,748,672
Cash and cash equivalents	9	1,929,838,605	1,193,320,150
		2,367,299,952	1,463,709,277
Less: Current liabilities			
Creditors and other liabilities	10	99,624,361	38,329,865
Unearned revenue	11	24,943,058	105,063,061
Provision for income tax	12	168,426,610	120,556,101
		292,994,029	263,949,027
Net current assets		2,074,305,923	1,199,760,250
Net assets		2,128,965,655	1,278,410,004

These financial statements should be read in conjunction with annexed notes



Chairman


Director


Managing Director & CEO


CFO & Company Secretary

Auditors' Report to the Shareholders
See annexed report of date

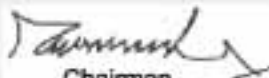

Chartered Accountants

Dhaka, 29 September 2010

Central Depository Bangladesh Limited
Profit and Loss Account
For the year ended 30 June 2010

	Notes	2010 Taka	2009 Taka
Operating income	14	1,343,318,140	840,175,293
Less: Operating and administrative expenses	15	106,227,823	89,727,269
Operating profit		1,237,090,317	750,448,024
Add: Other income	16	162,065,334	127,256,154
Net Profit before tax for the year		1,399,155,651	877,704,178
Provision for income tax	12	532,000,000	332,000,000
Net Profit after tax		867,155,651	545,704,178
Profit brought forward from previous year		877,855,004	418,650,826
Profit available for appropriation		1,745,010,655	964,355,004
Less: Dividend paid:	17		
Cash dividend		34,600,000	86,500,000
Stock dividend		346,000,000	-
		380,600,000	86,500,000
Accumulated profit transferred to retained earnings		1,364,410,655	877,855,004
 Earnings per share		 12.53	 7.89

These financial statements should be read in conjunction with annexed notes

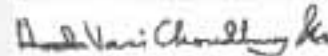

Chairman


Director


Managing Director & CEO


CFO & Company Secretary

Auditors' Report to the Shareholders
See annexed report of date



Chartered Accountants

Dhaka, 29 September 2010

Central Depository Bangladesh Limited
Statement of Changes in Equity
For the year ended 30 June 2010

Particulars	Share capital Taka	Accumulated profit Taka	Total Taka
Balance as at 1 July 2008	346,000,000	418,650,826	764,650,826
Net profit for the year	-	545,704,178	545,704,178
Dividend paid for 2007-08	-	(86,500,000)	(86,500,000)
Balance as at 30 June 2009	346,000,000	877,855,004	1,223,855,004
Net profit for the year	-	867,155,651	867,155,651
Cash Dividend paid for 2008-09	-	(34,600,000)	(34,600,000)
Stock dividend	346,000,000	(346,000,000)	-
Balance as at 30 June 2010	692,000,000	1,364,410,655	2,056,410,655


Chairman



Director


Managing Director & CEO



CFO & Company Secretary

Central Depository Bangladesh Limited
Cash Flow Statement
For the year ended 30 June 2010

	2010 Taka	2009 Taka
Cash flows from operating activities		
CDS bills receipts	1,098,149,138	815,220,600
Office & administrative expenses	(14,722,803)	(46,411,166)
Income tax paid	(484,129,490)	(332,498,350)
Net Cash flows from operating activities	599,296,845	436,311,084
Cash flows from investing activities		
Bank interest receipts	148,861,419	99,368,894
Purchase of fixed assets	(1,278,860)	(3,543,870)
Central Depository System - equipment additions	(1,823,000)	(816,270)
Deposits and pre-payments	8,258,151	(8,602,185)
Advances and loans	(196,100)	(3,190,702)
Liabilities for capital goods	-	(52,327,465)
Net cash flows from investing activities	153,821,610	30,888,402
Cash flows from financing activities		
Dividend paid	(34,600,000)	(86,500,000)
Security deposits	18,000,000	10,080,000
Net cash used in financing activities	(16,600,000)	(76,420,000)
Net increase in cash and cash equivalents during the year	736,518,455	390,779,486
Cash and cash equivalents at the beginning of the year	1,193,320,150	802,540,664
Cash and cash equivalents at the end of the year	1,929,838,605	1,193,320,150


Chairman


Director


Managing Director & CEO


CFO & Company Secretary

Central Depository Bangladesh Limited
Notes to the financial statements
For the year ended 30 June 2010

1 Background and objective of the Company

Central Depository Bangladesh Limited (hereinafter referred to as CDBL) was incorporated on 20 August 2000 in Bangladesh as a public limited company for running a central depository operation, first of its kind in Bangladesh. The Company is sponsored by the country's Nationalized Commercial Banks (NCBs), Investment Corporation of Bangladesh (ICB), Private Commercial Banks (PCBs), Foreign Banks, Merchant Banks, Publicly listed Companies, Insurance Companies and Dhaka & Chittagong Stock Exchanges with the collaboration of the Asian Development Bank (ADB). The Company received registration from the Securities & Exchange Commission (SEC) on 11 September 2001 under Depositories Regulations 2000 and subsequently obtained business commencement certificate on 23 December 2003 from the SEC. However, the Company commenced depository operations of Government securities from 20 October 2003 and that of listed securities from 24 January 2004. The main objective of the Company is to assist listed companies in the handling of scripless transfer of ownership of shares, debentures, mutual funds and also Government bonds and treasury bills issued by the Bangladesh Bank.

2 Accounting policies

2.1 Basis of preparation and presentation of financial statements

These financial statements have been prepared on Generally Accepted Accounting Principles and in compliance with Bangladesh Financial Reporting Standards (BFRS), Companies Act 1994, Depositories Act 1999, the Depositories Regulations 2000 and the Depository (User) Regulations 2003 and other applicable laws.

2.2 Fixed assets and depreciation

Acquisition of fixed assets

Operating fixed assets are capitalized at cost inclusive of the cost of installation and erection. These are stated at cost less accumulated depreciation. Expenditure relating to 'site preparation and office renovation' has been capitalized whilst incidental expenses in relation to repairs, renewals and maintenance are charged to Profit & Loss Account.

Depreciation of fixed assets

The Company uses straight line depreciation method. Depreciation on additions during the year is charged for the whole year irrespective of date of acquisition, while no depreciation will be charged in the year of retirement/disposal.

2.3 Foreign currency transactions

Foreign currency transactions are converted into Bangladesh Taka at the rate of exchange prevailing on the transaction dates.

2.4 Taxation

a) Current tax

Current income tax is recognized on the basis of Company's computation based on the best estimated assessable profit for the year @ 37.5% pursuant to provisions of Income Tax Ordinance 1984. The tax rate for the year is applied on the basis of Finance Act 2010.

b) Deferred tax

It is the consistent policy of the Company not to recognize the effect of deferred tax income calculated in compliance with BAS - 12 "Income Taxes".

2.5 Revenue recognition

Consistent to the previous practice, the income of the Company is recognized based on the services rendered and invoices raised thereagainst on accrual basis.

2.6 Employee benefits

a) Provident fund

The Company operates a recognized provident fund scheme with equal contribution by the employees and the Company @ 10% on monthly basic salary.

b) Gratuity

The gratuity fund is maintained in accordance with the rules of Gratuity fund which is approved by the National Board of Revenue (NBR). The employees having five years of services with the Company are eligible to get one month's last drawn pay for each completed year of service.

	2010 Taka	2009 Taka
3 Share capital		
3.1 Authorized capital		

200,000,000 ordinary shares of Tk 10 each	<u>2,000,000,000</u>	<u>500,000,000</u>
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During the year, the Company has increased its authorized share capital from Tk. 500,000,000 to Tk. 2,000,000,000 on 5th December, 2009. Further, the denomination of the share has been converted to Tk. 10 each from Tk. 1,000,000 each.

3.2 Issued, subscribed and paid up capital

69,200,000 ordinary shares of Tk 10.00 each fully paid in cash	<u>692,000,000</u>	<u>346,000,000</u>
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During the year, the Company issued bonus share at 1:1 ratio and these shares have duly been credited to the accounts of respective shareholders on 1st April, 2010.

3.3 Composition of shareholders

Name of Shareholders	No of shares		
Nationalized and Specialized Banks	12,800,000	128,000,000	64,000,000
Private Commercial and Specialized Banks	20,200,000	202,000,000	101,000,000
Foreign Commercial Banks	7,600,000	76,000,000	38,000,000
Insurance Companies	5,200,000	52,000,000	26,000,000
Publicly Listed Companies	7,000,000	70,000,000	35,000,000
Non Banking Financial Institutions/Merchant	2,200,000	22,000,000	11,000,000
Asian Development Bank (ADB)	6,000,000	60,000,000	30,000,000
Dhaka Stock Exchange Limited (DSE)	2,000,000	20,000,000	10,000,000
Chittagong Stock Exchange Limited (CSE)	2,000,000	20,000,000	10,000,000
Investment Corporation of Bangladesh (ICB)	2,000,000	20,000,000	10,000,000
Sadharan Bima Corporation	2,000,000	20,000,000	10,000,000
Apex Pharma Limited	200,000	2,000,000	1,000,000
	<u>69,200,000</u>	<u>692,000,000</u>	<u>346,000,000</u>

3.4 Classification of shares by holding

Slabs by number of shares	No. of Shareholders	No. of Shares	Holding %
Less than 500	-	-	-
From 500 to 5,000	-	-	-
From 5,551 to 10,000	-	-	-
From 10,001 to 20,000	-	-	-
From 20,001 to 30,000	-	-	-
From 30,001 to 40,000	-	-	-
From 40,001 to 50,000	-	-	-
From 50,001 to 100,000	-	-	-
From 100,001 to 1,000,000	86	28,000,000	40.46%
Above 1,000,000	17	41,200,000	59.54%
	<u>103</u>	<u>69,200,000</u>	<u>100%</u>

4 Security deposits

Participants	28,305,000	24,105,000
Issuers	43,900,000	30,100,000
Direct Account Holders	350,000	350,000
	<u>72,555,000</u>	<u>54,555,000</u>

In case of mutual funds, security deposits are accepted at 50% of applicable slab as specified in the bye-laws of the Company.

5 Fixed Assets - at cost less accumulated depreciation

Figures in Taka

Particulars	C O S T				D E P R E C I A T I O N				Written down value at 30 June 2010	Rate (%)
	Balance on 01 July 2009	Additions during the year	Disposal during the year	Balance at 30 June 2010	Balance on 01 July 2009	Charge for the year	Adjustment during the year	Balance at 30 June 2010		
Central Depository System (CDS):										
Software	85,197,384	-	-	85,197,384	85,197,284	-	-	85,197,284	100	20
Hardware	152,540,578	1,695,000	-	154,235,578	89,651,845	21,267,120	-	110,918,965	43,316,613	20
Network equipment, LAN & WAN	24,950,227	128,000	-	25,078,227	19,989,209	1,951,117	-	21,940,326	3,137,901	20
Sub-total	262,688,189	1,823,000	-	264,511,189	194,838,338	23,218,237	-	218,056,575	46,454,614	
Computers & accessories	4,685,720	808,520	-	5,494,240	3,144,787	600,377	-	3,745,164	1,749,076	20
Office & electrical equipment	3,628,642	470,340	-	4,098,982	2,028,246	617,295	-	2,645,541	1,453,441	20
Furniture & fixtures	4,216,726	-	-	4,216,726	3,287,165	192,361	-	3,479,526	737,200	15
Air conditioners	3,072,100	-	-	3,072,100	2,260,368	237,818	-	2,498,184	573,916	20
Site preparation & office renovation	2,710,140	-	-	2,710,140	1,713,852	207,060	-	1,920,712	789,428	15
Power generator	3,526,895	-	-	3,526,895	1,410,758	705,384	-	2,116,142	1,410,753	20
Auto sensor fire alarm	2,060,260	-	-	2,060,260	1,526,904	177,756	-	1,704,660	355,600	20
Motor vehicles	8,778,000	-	-	8,778,000	6,506,700	1,135,596	-	7,642,296	1,135,704	20
Total 2010	295,366,672	3,101,860	-	298,468,532	216,716,918	27,091,882	-	243,808,800	54,659,732	
Total 2009	291,748,438	4,825,140	1,206,906	295,366,672	191,205,432	26,718,292	1,206,806	216,716,918	78,649,754	

The ownership of the leased vehicle, the term of which has expired, is yet to be transferred in favour of the Company from Bay Leasing & Investment Limited.

6 Account receivables	2010 Taka	2009 Taka
Participants	323,403,414	165,477,868
Issuers	14,949,758	27,378,206
Bangladesh Bank for EGSR maintenance	22,796,544	3,284,044
Other Bank for EGSR transactions and connections	169,232	129,832
	<u>361,318,948</u>	<u>196,269,950</u>
Less: Provision for bad debt	3,118,638	-
	<u>358,200,310</u>	<u>196,269,949</u>

7 Deposits and pre-payments

Deposits with

Bangladesh Development Bank Limited - office rent	440,928	440,928
Bangladesh General Insurance Company - office rent for DRC at BGIC Tower	119,350	119,350
	<u>560,278</u>	<u>560,278</u>

Pre-payments

Pragati Insurance Company Limited	855,642	841,243
CMC Limited, Mumbai - CDS software maintenance	-	8,272,550
	<u>855,642</u>	<u>9,113,793</u>
	<u>1,415,920</u>	<u>9,674,071</u>

8 Advances and loans

Loans

Employees (Note - 8.01)	9,944,772	9,748,672
	<u>9,944,772</u>	<u>9,748,672</u>

8.01 The above noted loans to the employees of Tk. 9,944,772 represent interest free loans on different personal grounds which are being recovered from monthly salaries.

9 Cash and cash equivalents

Cash in hand	270,714	160,210
Cash at bank		
Current account with:		
Standard Chartered Bank, Kawran Bazar Branch, Dhaka	3,144,879	(60,912,393)
Short Term Deposits with:		
Sonali Bank Limited, Local office, Dhaka	878,666	850,308
Standard Chartered Bank, Kawran Bazar Branch, Dhaka	95,746,636	4,349,991
Bangladesh Development Bank Limited (BDBL)	15,690,210	15,132,272
	<u>115,460,391</u>	<u>(40,579,822)</u>
Term deposits	1,814,107,500	1,233,739,762
	<u>1,929,838,605</u>	<u>1,193,320,150</u>

10 Creditors and other liabilities**Creditors**

CMC Limited	760,000	-
Thakral Information System Limited	713,500	-
Chittagong Stock Exchange (CSE) - network sharing	96,700	205,000
	1,570,200	205,000

Other liabilities

Hoda Vasi Chowdhury & Co - audit fee	200,000	150,000
Salary & allowances	18,351,915	8,873,638
Contribution to provident fund - June 2010	167,850	144,850
Contribution to Gratuity fund	2,210,500	2,238,000
Securities & Exchange Commission for annual account maintenance fee (note 10.1)	76,996,475	24,998,900
Provision - ACG cross training seminar	-	1,596,956
Sundry creditors - mobile bill	25,000	60,100
Withholding tax - payroll	102,421	62,421
	98,054,161	38,124,865
	99,624,361	38,329,865

10.1 The amount represent Securities & Exchange Commission's portion of annual account maintenance fee (Tk 50 per BO account) collected by the Company.

11 Unearned revenue

Annual fee - issuers	8,767,558	6,758,875
Connection fee - issuers	712,500	547,500
Annual accounts maintenance fee	-	97,756,686
EGSR maintenance - Bangladesh Bank	15,463,000	-
	24,943,058	105,063,061

12 Provision for income tax

This has been arrived at as follows:

Opening balance	120,556,101	121,054,451
Add: Provision made for current year	532,000,000	332,000,000
	652,556,101	453,054,451

Less: Advance and payments made during the year:

Tax deducted at sources by Bangladesh Bank	-	2,751,000
Tax deducted at sources from interest on short term deposit	821,301	1,049,338
Tax deducted at sources from interest on fixed term deposit	14,064,840	8,887,551
Tax deducted at sources from issuer bills	18,710	104,646
Advance income tax paid	385,000,000	319,705,815
Income tax paid for year 2009	69,816,099	-
Tax paid for AY 2001-02	479	-
Tax paid for AY 2006-07	14,408,062	-
	484,129,491	332,498,350
	168,426,610	120,556,101

13 Deferred tax calculation

Deferred tax liability has been recognised in accordance with the provision of BAS 12 based on temporary differences arising due to difference in the carrying amount of the assets or liabilities and its tax base which resulted in a Deferred tax asset of Tk. 24,096,403 arrived as follows:

	2010 Taka	2009 Taka
Carrying amount of fixed assets	54,659,732	78,649,754
Less: Value of vehicle in accordance with provision under clause g, subparagraph - 3, paragraph - 11 of 3rd schedule of ITO 1984 being permanent difference	735,767	1,871,300
	53,923,965	76,778,454
Tax base value of fixed assets	102,210,988	124,473,986
Deductible temporary difference- (A)	(48,287,023)	(47,695,532)
Provision for gratuity	(9,081,500)	(6,871,000)
Provision for bad debt	(3,118,638)	-
Provision for leave encashment	(3,769,915)	(2,723,638)
Deductible temporary difference- (B)	(15,970,053)	(9,594,638)
Total deductible temporary differences- (A+B)	64,257,076	57,290,170
Applicable tax rate	37.50%	37.50%
Deferred tax asset	24,096,403	21,483,814
Deferred tax asset in previous year	21,483,814	19,878,013
Deferred tax income for the year	2,612,590	1,605,801
	24,096,403	21,483,814

The Company has however considered it prudent not to account for the effect of Deferred tax income in the Profit & Loss Account until such time it is actually realized.

14 Operating Income

Dematerialization of securities	17,411,180	9,296,556
Settlement of securities transactions	867,117,024	508,073,544
Documentations	205,000	140,000
CDS connections	3,179,500	2,746,958
Rematerialization of securities	688,684	647,537
Issuers book entry demat register maintenance	9,541,317	11,493,279
Electronic Government Securities Registry (EGSR)	4,049,500	26,891,025
EGSR connections and transactions	386,700	412,450
Corporate actions	95,924,377	66,820,037
Pledging of securities	13,373,237	6,427,958
Suspensions & revocations	36,190	54,420
Fresh issues (IPO)	19,376,304	2,016,750
Statement verifications	5,900	720
Transfers & transmissions	39,243,315	23,888,724
Radio Link installations	15,000	60,000
Radio Link connections	1,203,751	1,225,125
Freeze	34,900	1,600
Internet balance inquiry	225,812	154,850
Confiscations	100,114	2,082
Annual accounts maintenance	271,185,335	179,820,678
SMS alert service	15,000	1,000
	1,343,318,140	840,175,293

15 Operating and administrative expenses

	2010 Taka	2009 Taka
Salaries and allowances	44,554,838	31,381,643
Office rent	5,073,844	4,131,639
Electricity and water	2,560,697	2,129,053
Depository system maintenance	10,464,343	12,080,814
Insurance	1,306,664	987,198
Motor car maintenance	261,520	328,925
Advertisement expenses	265,000	522,760
Entertainment expenses	61,249	54,735
Printing, postage and stationery	477,449	644,289
WAN, telephone & internet	2,623,360	1,999,994
Traveling and conveyance	118,493	121,733
License fees & subscriptions	261,000	2,270,410
Legal & professional fees	1,300,918	338,349
Training and development	2,008,552	3,298,036
Marketing & capacity building	1,386,107	25,407
Refectory expenses	386,101	122,375
Security services	717,518	459,502
Repairs & maintenance	689,262	881,282
Office cleaning	99,982	51,424
Bank charges & excise duty	170,300	107,564
Audit fee	200,000	150,000
Meetings & participant conferences	380,587	388,109
Directors fee	566,000	501,050
Depreciation (Note -05)	27,091,882	26,718,292
Other expenses	83,519	32,686
Bad debts	3,118,638	-
	106,227,823	89,727,269

16 Other income

Interest income on FDR	153,852,335	116,297,812
Interest income on STD account:		
Sonali Bank Limited	31,500	29,304
Bangladesh Development Bank Limited (BDBL)	629,440	598,672
Standard Chartered Bank Limited	7,552,059	9,865,466
	162,065,334	126,791,254
Profit on sale of equipment	-	464,900
	162,065,334	127,256,154

17 Dividend paid

Cash dividend	34,600,000	86,500,000
Stock dividend	346,000,000	-
	380,600,000	86,500,000

During the year, the Company paid cash dividend @ 10% amounting to Tk. 34,600,000 and the bonus share at 1:1 ratio of paid-up capital.

18 Proposed dividend

The directors in their meeting held on 12 August 2010 have proposed a bonus share issue at 1:1 ratio of the paid up capital as on the record date of 12 August 2010. In Addition to stock dividend, they recommended a cash dividend @ 10% i.e. Tk. 1 per ordinary share of Tk. 10 each in their meeting held on 29 September 2010. The financial statements for the year ended 30th June 2010 do not include the effects of the above stock dividend and cash dividend which will be accounted for in the period in which it is paid.

19 Payments/perquisites to directors

Directors, attending Board Meetings, were paid Tk. 10,000 per meeting. The Managing Director & CEO, received an aggregate amount of Tk 5,720,000 (2009 : Tk 4,857,500) as emoluments during the financial year.

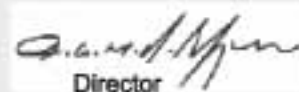
	2010 Taka	2009 Taka
20 Contingent liabilities and commitments		
20.1 Contingent liability	<u>Nil</u>	<u>Nil</u>
20.2 Claims against the Company not acknowledged as debts	<u>Nil</u>	<u>Nil</u>
20.3 Capital expenditure commitments:		
i) Contracted and incurred but not provided for in the accounts	<u>Nil</u>	<u>Nil</u>
ii) Approved by the Board but not contracted for	<u>Nil</u>	<u>Nil</u>
21 Number of employees engaged for drawing remuneration		
	Number of employees	Number of employees
Above Tk. 3,000 per month	<u>60</u>	<u>45</u>
Below Tk. 3,000 per month	<u>Nil</u>	<u>Nil</u>

22 General

- Figures relating to previous year have been rearranged wherever considered necessary to conform to current year's presentation.
- Figures appearing in these financial statements have been rounded off to the nearest Taka.


Chairman


Managing Director & CEO


Director


CFO & Company Secretary

Asia-Pacific Central Securities Depository Group (ACG) Cross Training Seminar held by CDBL at Dhaka

Asia-Pacific Central Securities Depository Group bearing the acronym "ACG" was formed in November 1997 as an international association with the objective of facilitating the exchange of information and promoting mutual assistance among member securities depositories and clearing corporations in the Asia Pacific region. Central Depository Bangladesh Limited (CDBL) is a member of ACG.

ACG holds every year, as a part of its activities, Cross Training Seminars with the members hosting these seminars by turn. ACG Cross Training Seminars provides executives of member organizations with the opportunity to exchange information on each others business operations and learn about the various services extended to investors in the different markets. Most recent ACG Cross Training Seminars have been held in Bangkok, Kuala Lumpur and Bali.

This year's 11th ACG Cross Training Seminar was held at Pan Pacific Sonargaon Hotel, Dhaka, on 3rd and 4th July 09 hosted by Central Depository Bangladesh Limited (CDBL).

Mr. Ziaul Haque Khandker, Chairman, Securities and Exchange Commission, Bangladesh inaugurated the 11th Asia-Pacific Central Securities Depository Group (ACG) Cross Training Seminar at Pan Pacific Sonargaon Hotel, Dhaka, on Friday morning 3rd July 09.

The SEC Chairman in his inauguration address stated that in Bangladesh, corporate sector and the capital markets were in a fast pace of development. However, market capitalization was still small compared to neighboring Asia-Pacific countries. The size of Bangladesh's GDP called for much higher market capitalization.



Mr. Ziaul Haque Khandker

Bangladesh had been fortunate however in being largely unaffected by the recent turmoil in the financial markets around the world. The economy continued to register a steady growth of around 6%. Developments in the capital market can certainly accelerate this growth and it was his belief that enormous opportunities existed for rapid development of the Bangladesh capital market in the coming years.

Institutions like Central Securities Depositories and Clearing Corporations were key elements in the development of investors' confidence in the markets. And it was his belief that the ACG Cross Training Seminar would offer the CDBL personnel a good opportunity to enhance their knowledge and skills in adopting best practices in vogue in the more mature markets in the Asia-Pacific region represented at the Cross-Training Seminar.

The Chairman of CDBL Mr. Samson H Chowdhury welcomed the delegates from the Central Securities Depositories and Clearing Corporations of Asia-Pacific Region countries of China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Mongolia, Pakistan, Singapore, Thailand & the delegates of the host from CDBL Bangladesh.

In his address the Chairman of CDBL expressed the hope that the participants would avail this opportunity to develop personal relationship with their fellow ACG colleagues to foster communication and exchange of ideas in future as well as to keep themselves abreast of developments and best practices in each others markets.



Mr. Samson H Chowdhury

The agenda items of the ACG Cross-Training Seminar were set by the 3 ACG Taskforces. Japan Securities Depository Center, Inc (JASDEC) as the convener of The Exchange of Information Taskforce of ACG coordinated all aspects of the 11th ACG Cross-Training Seminar held at Dhaka with a 4 member team drawn from their International Department, Business Planning Department and Information Service Department. This year the information taskforce consisted of the following members:



Mr. Yasushi Yoshikawa



Mr. Hideki Tomita



Ms. Naoko Watanabe



Mr. Kohshi Nagaoka



Ms. NIU Wenjie

China Securities Depository & Clearing Corporation (SD&C) as the convener of the Legal Taskforce of ACG assigned their Director Legal Affairs Ms. NIU Wenjie and Director Registration & Depository Mr. KONG Qingwen to organize the legal affairs content of the 11th ACG Cross-Training Seminar



Mr. KONG Qingwen

Korea Securities Depository (KSD) as the convener of New Business Initiatives Taskforce of ACG assigned a 3 member team drawn from their Risk Management, Derivatives Services and International Relations & Planning Teams to organize the new business initiatives content of the 11th ACG Cross-Training Seminar. Following were the members of the new business initiative taskforce:



Ms. Michelle Park



Mr. Hyun Chul Cho



Ms. Yeon Wook Kang



Ms. Silmat Chisti

CDBL as the host had to provide a key note speaker on the topic "Impact of the world financial crisis on the market and actions taken by the CSDs" and a Master of Ceremonies (MC) to conduct the seminar throughout the 2 days. Ms. Silmat Chisti, Head, Bangladesh Capital Markets of Citibank, N.A accomplished this task very well on behalf of CDBL by arranging for Dr. Hasan Imam, Managing Director & CEO, RACE Capital Management to deliver the key note address and her Citibank colleague Ms. Shaery Aziz to act as the MC which role she fulfilled most admirably at her eloquent best.



Ms. Shaery Aziz

The seminar moderators on the dias included the 3 taskforce conveners i.e. Mr. Yasushi Yoshikawa of JASDEC Japan, Ms. NIU Wenjie of SD&C China & Ms. Michelle Park of KSD Korea. ACG Secretariat was represented by Mr. Samuel Tan of SGX Singapore. Mr. A C Gautam, Managing Director of BOI Shareholding India and Mr. M H Samad of CDBL also acted as moderators of the seminar.



Mr. Samuel Tan

The proceedings of the seminar began with a message from The Central Depository (Pte) Ltd. a part of Singapore Exchange, SGX, the current ACG Secretariat. The message was delivered by Mr. Samuel Tan, Vice President of SGX who stated that over recent years, Asian markets had grown exponentially in terms of their dominance in the global financial market. As such, when the dust of the current financial crisis settles Asia would emerge with even greater prominence. Accordingly, there was no better time than now for us to put in place the cog wheels of growth whilst riding out this wave.

All the participants thereafter introduced themselves one by one. Mr. Yasushi Yoshikawa of JASDEC, Japan then delivered an introduction to the seminar outlining its structure and contents together with the time that would be devoted to the various presentations under the agenda topics listed in the seminar program.

"CDBL Story" was the first of the presentations delivered by Mr. M H Samad Managing Director & CEO of CDBL. He retraced the birth of CDBL to the 1996 bubble burst in Bangladesh when daily turnover of the exchanges from around half a million dollars multiplied four-fold to US\$ 2 million by July 1996, to US\$ 5.5 million in October 1996, culminating to US\$ 7 million in November 1996 when the bubble burst. On 7th December 1996 the day's turnover at the exchanges collapsed to US\$ 130,000.



Mr. M H Samad

The 1996 bubble was a national scandal and the reforms of the markets that followed brought about automated online trading systems at the exchanges in Bangladesh and the establishment of a CSD which came into operation in October 2003.

The next session was devoted to "Comparison of Depository Models" with presentations made by delegates from China, Hong Kong, Indonesia, India, Japan, Malaysia & Singapore.



Mr. KONG Qingwen

China Securities Depository & Clearing Corporation Ltd, SD&C, is probably the largest operations of this type in the world with around 120 million account holders being provided centralized electronic book entry management of accounts by SD&C. From Mr. KONG Qingwen's presentation it was gathered that Account types were not only classified by markets e.g. Shanghai & Shenzhen but also by usage e.g. Renminbi ordinary accounts (A share accounts) & Renminbi special accounts (B share accounts), Security investment fund accounts (fund accounts) etc. SD&C system further classifies A share accounts between individual accounts, ordinary institutional accounts and special institutional accounts and B share accounts by domestic investor accounts and foreign investor accounts. At the same time distinguishing direct holding accounts from indirect holding accounts.

Altogether, it was clear that SD&C was accomplishing a colossal task in serving a market as gigantic as China whilst meeting such needs as different accounts for different markets and different accounts for different securities which no doubt entailed critical management of vast system resources at SD&C.

NSDL i.e. National Securities Depository Limited affiliated to the National Stock Exchange of Mumbai, India was very well represented at the seminar by a team of four senior managers namely Mr. Manoj Mhatre, Mr. Supratim Mitra, Mr. Mandar Karlekar & Mr. Prasanna Bhangale.



Mr. Supratim Mitra

Mr. Supratim Mitra made the presentation of the NSDL depository model which served close to 10 million investor account holders covering 943 cities / towns in India having 9,223 service centres. Issuers served by NSDL were 7,817 and the securities held in the system were valued at over US\$ 909 billion as on 31 May 09. NSDL had implemented a number of internet initiatives namely Online Account View (IDeAS), Online Account Transfer (SPEED-e) & Straight Through Processing - STeADY. Core competence of NSDL in management of large databases has enabled it to extend its services beyond depository function to entities such as Income Tax Department of Government of India, Central Recordkeeping Agency for Pension Authority and National Skill Registry.



Mr. Amit Krishnan

Central Depository Services (India) Ltd (CDSL) is the depository promoted by the Bombay Stock Exchange Limited (BSE) along with leading Indian Banks. With 2 depositories in operation in India, a large number of inter-depository transfers of securities take place between investor accounts in the 2 systems. As a result of the competition, services of both the depositories in India are well developed nationwide and comparatively inexpensive for the investors. Mr. Yogesh Kundnani, Assistant Vice President made the presentation of the CDSL depository model assisted by Mr. Amit Krishnan, Manager, Authorization Cell. CDSL serves close to 6 million investor account holders through 480 Depository Participants spread across India.



Mr. Yogesh Kundnani



Mr. David Ho Sen Loong

Mr. David Ho Sen Loong, Assistant Vice President, Depository Operations, of the Central Depository (Pte) Ltd. (CDP), a wholly owned subsidiary of Singapore Exchange Ltd. (SGX), made the presentation of the CDP Depository model (Account Structure) which had 1,437,408 investors accounts as at 30th May 09 - 94% Direct Accounts of individuals, 1% Direct Accounts of Corporates and 5% sub-accounts maintained by Depository Agents.

There is no fee for opening and maintaining a Direct Account with CDP but individuals and corporates are entitled to open one Direct Account only. Joint Account can have up to 2 co-applicants and an individual can have up to 3 Joint Accounts with 3 different co-applicants. However, Joint Accounts cannot be used for IPO applications. While joint signatories cannot trade, alternate signatories can trade.

CDP Direct Accounts enable accountholders to trade through different brokers but have the flexibility to settle via single CDP securities account without being exposed to credit risk in relation to Depository Agents. CDP provides a suite of services such as Internet and telephone access to account information and direct crediting services for corporate entitlements / payments.

For the purpose of opening and maintaining sub-accounts, a Depository Agent is required to sign a Depository Agent Agreement with CDP and shall at all times ensure clear segregation of its own portfolio from the securities held for the account of each of its clients. A yearly audit certification that the Depository Agent has complied with such obligations is required.

Hong Kong Monetary Authority - HKMA as well as Hong Kong Securities Clearing Company Limited - HKSCC were represented at the seminar. Ms. Yuk Kuen NG, Kathy from HKMA's Payment Operations and Mr. Kwok Tung, Tony, Senior Manager & Mr. Lai Ming Kin, Ken, Assistant Manager from HKSCC's Depository and Nominee Services attended the Cross Training.



Mr. Ken Lai made the presentation of HKSCC's Depository and Nominee Services, beginning with some historical background going back to the formation of Hong Kong Securities Clearing Company Limited (HKSCC) in 1989 and its launching in 1992 of Central Clearing and Settlement System (CCASS) based on immobilization of share certificates in a central depository operated by HKSCC.

Physical certificates deposited into CCASS become immobilized and are transformed into electronic records to effect settlement. All shares of the same stock held in the CCASS Depository are fungible and not earmarked for a particular participant or transaction.

CCASS's physical depository site is located at Vicwood Plaza, Sheung Wan with service counter hall and vault for over 15 million share certificates. There is also a back up site at Chinachem Centre, Quarry Bay. Security is tightly controlled at both sites.

CCASS depository offers physical shares deposit for settlement or for custodial safekeeping purpose as well as physical share withdrawal services to Direct Clearing Participants, General Clearing Participants, Custodian Participants as well as Investor Participants and Stock Pledge Participants (with limited rights of withdrawal from CCASS). CCASS participants are responsible to HKSCC for the good title of the securities deposited into CCASS.



Mr. Lai Ming Kin, Ken

It also provides nominee services (e.g. dividend distribution, entitlement election, voting, subscription, etc.) in respect of shares held in the depository.

Eligible securities held in the CCASS depository include ordinary shares, debt securities, preference shares, units, warrants, depository receipts etc. In quantity terms, over 70% of the shares admitted into CCASS are currently held under CCASS custody. Individuals can lookup online the number of shares held by each CCASS participant free of charge.

As of end of December 2008, securities under CCASS custody were: 6.34 million physical certificates, 3,408.32 billion number of shares, 72.57% of issued shares of admitted securities representing, 44.62% of market capitalization having a market value of HK\$ 5,040.54 billion.

Bursa Malaysia was represented at the seminar by Mr. Zailan Azhar Baharin, Head, Counter Management, Ms. Sharon Barbosa, Head, Participants - Clearing, Settlement & Depository, Regulatory Policy & Advisory, Regulation and Mr. Sallehuddin Muhammad, Senior Manager, Equities Risk Management / Market Operations.



Bursa Malaysia Depository Sdn Bhd, a wholly owned subsidiary of Bursa Malaysia Berhad, was established in April 1990 with a paid up capital of RM25 million and commenced operations in November 1992. The depository model presentation was made by Mr. Zailan Azhar Baharin who stated that immobilization of all equities and non-equity securities listed on the stock exchange was completed in June 1997. Un-deposited securities cannot be traded on stock exchange or utilized to settle market trade. Share Registrar issues certificates in the name of Bursa Malaysia Depository Nominees Sdn Bhd, deemed as a bare trustee.

Securities Industry (Central Depositories) Act 1991 (SICDA), is the legal framework which empowers the Central Depository to draw up the rules of Bursa Malaysia Depository and the issuance of any directions.

Users of the Central Depository System (CDS) are Authorized Depository Agent (ADA), Authorized Direct Member (ADM), Issuer, Issuing house, Share registrar, Account holder / depositor & Clearing house. Account is maintained in the CDS at client level and must be under the name of beneficial owners or in the name of authorized nominee and is tagged with the stock broker where the account is opened. Withdrawal of securities is not allowed (except when a security is de-listed) and transfers of securities take place within the "Approved Reasons to Transfer."



Mr. Zailan Azhar Baharin

Individuals, Corporate bodies, Institutional investors' etc. can open through the ADAs direct accounts in their own names and in such cases their share entitlements will be credited directly to their account. There is also provision for opening indirect accounts with custodian banks or brokers under the name of the nominee company with the depositor as the beneficial owner. However, in such cases the name of the nominee company is registered as the shareholder. Nominee companies can also operate omnibus account in the CDS.

CDS account is mandatory for making IPO applications which can be made by using a prescribed application form or via Electronic Share Application (ESA) using automated teller machines or through the Internet. CDS accounts of successful applicants are credited with the securities two market days before listing. Record of Depositors (ROD) as at book closure date of a corporate action is provided to issuer / share registrar to ascertain the entitlement to be distributed and credited to the depositors account.



PT Kustodian Sentral Efak Indonesia - KSEI i.e. Indonesian Central Securities Depository added a touch of glamour to the Cross Training Seminar by sending a delegation of four ladies namely Ms. Dian Kurniasarie, Head, Business Development, Ms. Hartati Handayani, Head, Corporate Action, Ms. Roshida Widyawati, Head, Legal Department & Ms. Erna Mudji Ambarsari, Quality Assurance Officer, Information System Development Division.



The depository model presentation was made by Ms. Dian Kurniasarie and Ms. Hartati Handayani who indicated that the Indonesian capital market structure was made up of the stock exchange, central counter party and the depository. KSEI was incorporated on 23rd December 1997 as a Self Regulatory Organization (SRO) pursuant to Capital Market Law no. 8 Year 1995. It received its business license from the Capital Market



Supervisory Board and Financial Institution (Bapepam - LK) on 11th November 1998 to provide Central Securities Depository services and operates as a non-profit limited liability company.

As on 31 December 2008 KSEI's paid up capital was Rp 30 billion (around US\$ 3 million) and it had retained earnings of Rp 310 billion (around US\$ 31 million).

As of 18th June 2009 KSEI's Participants number was 642 i.e. Issuers 472, Custodian Banks 23, Registrars 13, Securities Companies 130 & 4 Payment Banks. Instruments of various types in KSEI's system C-BEST were 828 i.e. Equity 424, Govt. bonds 66, Certificate of Bank Indonesia 45, MTN 23, Sukuk - govt. 3, ABS 1, Corporate Bonds 206, Warrant 51, Treasury Bills 7 & 2 ETF.

Sub Securities Accounts in the KSEI's system increased from around 215,000 in January 08 to around 333,000 by mid June 09. However, as a result of the financial storm that hit the Indonesian and world Capital Market, total values of assets under the management of KSEI dropped from around Rp 1300 trillion in January 08 to around Rp 1000 trillion by mid June 09 largely accounted for by the decrease in the value of Shares.

For investors convenience KSEI offers facility enabling Securities Companies and Custodian Banks to grant their clients access to inquire balance position and movement of securities or other portfolio record owned in sub-securities accounts in KSEI with a single investor ID. Besides additional information and transparency, the user can get consolidated portfolio reports spread over several securities companies and custodian banks.

KSEI offers Corporate Action distribution service, which includes Mandatory Corporate Action such as dividend distribution, interest / principal Bonds payment, Rights distribution, Stock Bonus, Warrants, Merger, Acquisition, Stock Split/Reverse Split; and Voluntary Corporate Action, such as Rights and Warrants execution.

The depository model presentation of Japan Securities Depository Center, Inc. JASDEC was made by Mr. Kohshi Nagaoka, who stated that by 5th January 09 Japanese listed stocks had been dematerialized. The implementation of the dematerialization process had started with Commercial Papers in 2003 followed by Corporate Bonds in 2006, Investment Trusts in 2007, ETFs in 2008 and finally Stocks, Bonds with Share Options (CB), Investment Units (REIT), and Preferred Equity Investments in 2009. Dematerialization has eliminated costs such as printing, stamp duty & registration and has also removed the risks of loss, robbery and forgeries. According to the research by Nomura Research Institution, the total reduction in cost through the dematerialization is estimated to be approximately 100bn JPY (1bn USD).



Mr. Kohshi Nagaoka

The new dematerialized system is characterized by two points. One is the multi-layer holding structure. In this structure, a financial institution is able to be an Account Management Institution (AMI) without holding an account directly in JASDEC. Such an AMI is called an "Indirect AMI", because it holds an account in another AMI, not JASDEC.

The other is the uniform management of shareholder registries. In the dematerialized system, basic shareholder's information (name, address, etc.), which used to be managed by each participant in the old system, is integrated for each investor in JASDEC beforehand. JASDEC can therefore inform issuers about shareholder's information collected from AMIs smoothly. Because of this new function, JASDEC is now providing several new services under the dematerialized system.

Now in Japan, listed stocks, etc. are completely dematerialized. This means that property rights related to listed stocks are based on AMIs' Transfer Account Books. In cases where an AMI's records are in error, such AMI is required to repurchase the miss-recorded stocks. If the AMI goes bankrupt before repurchasing all miss-recorded stocks, Participant Protection Trusts are prepared to cover the losses caused by such errors to protect investors.

Breakout sessions are an integral part of the ACG Cross Training Seminar where a mix of participants are formed into groups and given different topics to brainstorm on. Later the group leaders present their summary and conclusion to the seminar gathering.

Breakout Session on Issuer Services took place after the tea / coffee break following the presentations on Comparison of Depository Models. Discussions by 69 participants in 7 groups covered the following themes:

Services that can be offered by CSDs to Issuers

Drivers for introduction of new issuer services

Benefits to issuers

Case study on introduction of new issuer services

The most popular theme was "Services that can be offered by CSDs to Issuers" with 4 groups taking up this topic led by group leaders and participants as depicted overleaf:

Group-1 Mr. Shuvra Kanti Choudhury, Chief Financial Officer, CDBL - Group Leader with participants Ms. NIU Wenjie, from SD&C China, Mr. A C Gautam from BOI Shareholding India, Mr. Mandar Karlekar from NSDL India, Mr. A Rasool Hooda from CDC Pakistan, Mrs. Naovarat Veerapala from TSD Thailand & Mr. Ahsanul Haque, Mr Quazi Ghulam Shakur, Mr Maksudur Rahman & Ms. Nazia Zerine Hossain from CDBL.



Group-2 Mr. Supratim Mitra, Senior Manager, National Securities Depository Limited - NSDL - Group Leader with participants Mr. Reynant Hadi from KPEI - Indonesia, Ms. Mendjargal Orosoo from MSCH&CD - Mongolia, Ms. Waranuch Worapathirunmas TSD - Thailand & Mr. K M Shaberul Islam, Mr. Mashrur Sakib, Mr. Muniruzzaman Rana, Mr. Monirul Islam & Mr. Shafiqul Islam from CDBL.



Group-3 Mr. Aamir Vasi Manager, Internal Audit, CDC Pakistan - Group Leader with participants Mr. Manoj Mhatre from NSDL - India, Ms. Dian Kurniasarie from KSEI - Indonesia, Mr. Zailan Azhar Baharin from Bursa Malaysia, Mr. Karan Poongam from TSD - Thailand & Mr Hasib Rahman, Mr Raquibul Islam Chowdhury, Mr. Shafaet Ahmed Siddique & Mr. Shihab Bari from CDBL.



Group-4 Mr. Hideki Tomita, Business Planning Department, - JASDEC - Group Leader with participants Ms. Kathy NG from HKMA - Hong Kong, Mr. Prasanna Bhangale from NSDL - India, Mr. Yogesh Kundnani from CDSIL - India, Mr. Faisal Abdul Razaque Parekh CDC - Pakistan & Mr. Suman Das from The City Bank B'desh, Mr Saber Mahmud, Mr. Muhammad Saiful Islam, Mr. Rezaul Rahman from CDBL.



Exchange of information that took place in the brainstorming sessions in the 4 groups that opted for the topic "Services that can be offered by CSDs to Issuers" is summarized overleaf:

Reports on Ownership, turnover and securities holding statistics, particularly as on record date, were provided by all the depositories to issuers. In some cases online, otherwise against requests entered in the depository system.

In respect of Corporate Actions, all depositories provided facilities to issuers for crediting bonus and right shares directly to their shareholders accounts in the depository. Corporate Actions announcements were generally hosted in the websites of all depositories.

Shareholders were provided internet access to their depository accounts to check on their holdings, in most cases. A few depositories allowed their accountholders to move securities from their accounts in certain circumstances. SMS alerts of debits and credits to investors accounts in the depository was also a fairly common service that was being provided by the depositories.

In isolated cases depositories also acted as International Securities Identification Numbering (ISIN) Agency for the country.

On new services that can be offered by CSDs to issuers, consensus that emerged was as follows:

As depositories usually had bank account details of their accountholders in their database, cash dividend could conveniently be distributed on behalf of the issuers by the depositories as was being done by KSEI in Indonesia & TSD in Thailand. TSD was also arranging corporate events like AGMs for the issuers which can be considered by the others along with proxy voting services, also provided by TSD.

Logical extension of cash dividend distribution service would be the payment of withholding tax to the government treasury which is undertaken by KSEI & TSD.

Group-5 Drivers for introduction of new issuer services Group was headed by Mr. Sayed Javed Ahmad, COO, CDBL with participants Mr. Ken Lai from HKSCC - Hong Kong, Mr. Razif Yunus from KPEI & Ms. Roshida Widyawati from KSEI - Indonesia, Mr. Yasushi Yoshikawa from JASDEC - Japan, Ms. Sharon Barbosa from Bursa Malaysia, Mr. David Ho from CDP - Singapore, Mr. Samiul Haque, Prime Bank & Mr. Shahidul Islam, Phoenix Leasing B'desh, Mr. Faruque Ahmed & Ms. Farkhunda Dorin from CDBL.



*Mr. Shuvra Kanti Choudhury
Group Leader & Speaker*





*Mr. Sayed Javed Ahmad
Group Leader & Speaker*

Group participants identified a host of "Drivers for introduction of new issuer services" arising from both internal organization specific reasons such as cost savings, enhancing revenue, simplifying transaction processing to increase efficiency in service delivery to investors particularly in the case of Corporate Actions and thereby earning their trust as well as external factors such as enticing issuers to list at the exchanges, more and more people to invest in the market, reducing settlement cycle time and reaching out to larger markets, etc.

Enabling regulators in implementing policies to maintain a stable and orderly market is also a high priority driver for introduction of new issuer services as also focusing on overcoming technical and infrastructural limitations by adopting advanced technologies to deliver new services.

Group-6 Benefits to issuers Group was led by Ms. Hartati Handayani Head, Corporate Action, Indonesian Central Securities Depository - KSEI with participants Mr. Amit Krishnan from CDSIL - India, Mr. Burus Sumedi from KPEI - Indonesia, Mr. Kohshi Nagaoka from JASDEC - Japan, Ms. Michelle Park from KSD - Korea, Mr. Sallehuddin Muhammad from Bursa Malaysia & Mr. Tohabin Huq, Mr Imam Hossain Sayem, Ms Parvin Akhter, Mr. Kazi Minhaz Uddin, & Mr. Shariful Islam from CDBL.



*Ms. Hartati Handayani
Group Leader & Speaker*

Issuers are immensely benefited from the coming of the CSDs
Benefits to issuers

In this topic, the group focused on issuers. Issuer service is provided to satisfy their needs, and issuers' benefits from such services.

But issuers' satisfaction may depend on the quality of service. Because many issuer services are mandatory, that means there will be much room for improvement. Comparing with issuers in many countries, the group captured the common benefits to issuers and the specific benefits in some regions.

Dematerialization has eliminated costs such as printing, stamp duty & registration and has also removed the risks of loss, robbery and forgeries. According to the research by Nomura Research Institution, the total reduction in cost through the dematerialization in Japan is estimated to be approximately 100bn JPY (1bn USD).

Group-7 Case study on introduction of new issuer services Group was headed by Mr. Samuel Tan, Vice President, CDP - Singapore with participants Mr. KONG Qingwen from SD&C - China, Mr. Tony Kwok from HKSCC - Hong Kong, Mr. Kurnia Imam Rianto from KPEI - Indonesia, Ms. Erna Mudji Ambarsari from KSEI - Indonesia, Ms. Naoko Watanabe from JASDEC - Japan & Mr Moinul Haque, Mr. Saiful Malik, Mr. Shariful Alam & Mr. Mokhlesur Rahman from CDBL.





Mr. Samuel Tan
Group Leader & Speaker

The group did a case study on the introduction of a particular issuer service and it was interesting to note that most CSDs were interested in implementing standard templates for corporate action announcements.

As part of the business case, most members of the group agreed that the use of standard templates would bring about benefits for issuers, investors, CSDs / Exchanges.

Benefits include the minimizing errors / ambiguity, reducing the need for manual checking by CSDs and the ability to turnaround information to various parties quicker or sell information to subscribers / vendors. To implement this proposal, engagement of the various stakeholders is necessary, particularly, issuers who would need education / convincing. Challenges would include the ever-evolving corporate action types, nuances across issuers and the difficulty in setting global / universal standards.

In his summing up of the breakout session Mr. Yasushi Yoshikawa talked about the services offered by the CSDs as discussed by Groups 1, 2, 3 & 4 from which it was apparent that many services were common to almost all the CSDs. There were of course differences arising from such factors as direct and indirect accounts being maintained but core elements of services largely followed the same standard pattern. Introduction of new services required involvement of not only the issuers but other stakeholders such as the investors and was not an easy task, not necessarily on account of technical issues but more so on arriving at an arrangement that is acceptable and beneficial to the numerous stakeholders.



Mr. Yasushi Yoshikawa



Ms. NIU Wenjie

Ms. NIU Wenjie, Director Legal Affair, China Securities Depository & Clearing Corporation (SD&C) as the convener of the Legal Taskforce of ACG introduced the next session of the seminar covering two topics namely "CSD's legal protection in case of participant insolvency" and "Legal issues and implications raised by UNIDROIT Convention".

In her introduction she mentioned that legal issues can be complex and several ACG securities markets were giving considerations to improving their legal regimes. So the proposal for establishment of a Legal Taskforce was raised at ACG 11 in 2007 in China which was approved by the General Meeting of ACG 12 in Singapore in 2008. There were now 8 members in the Legal Taskforce and some other members were also interested in Legal Taskforce activities.

Through telephone conference calls the Legal Taskforce has been promoting communication among ACG members on legal issues of depository operations and taking up research projects by circulating questionnaires on legal matters such as legal framework of CSDs. Particular focus has been on the UNIDROIT Convention with some members represented in the Committee of the Governmental Experts.

Central Depository Company of Pakistan Limited (CDC) was well represented at the seminar by a team of three participants namely Mr. Abdul Rasool Hooda, Manager, Legal & Compliance, Mr. Faisal Abdul Razaque Parekh, Deputy Manager, Operation & Mr. Aamir Vasi, Manager, Internal Audit. Mr. A R Hooda made a presentation on "Key impacts of participant insolvency



on the Central Depository System of the Central Depository Company of Pakistan Limited" against the background of CDC's operations being recognized and supported by specific legislation namely the Central Depositories Act, 1997, (Act) which sets out the principles dealing with ownership of securities in the CDS in accounts of the Participants (usually members of stock exchanges) and Sub Accounts of the clients of the Participants held in the CDS in electronic form. The act vests title to book-entry securities of the Account Holder or, as the case may be, Sub Account Holder.

Accordingly, the relevant Sub Account Holders are protected in case any Participant becomes insolvent as the securities entered in the Sub Accounts of the Sub Account Holders will not be mixed with the securities entered in the Account of the insolvent Participant.

CDC Regulations add to this protection by requiring Participant to segregate their beneficially owned securities from the securities owned by their Sub Account Holders.



Mr. Abdul Rasool Hooda

Further protection for Sub Account Holders is provided under section 24 of the Act, which prohibits Participants from transferring, pledging or withdrawing from the CDS any securities without the consent of Account Holders. In case of any violation the aggrieved person can claim damages against the defaulting party through court of law by moving an application (High Court). While section 11 of the Act bars rectification of the Central Depository Register, the court may award damages to the aggrieved party. Section 8 expressly exonerates CDC if it acts in good faith and without negligence on transfer instructions given to it by the Account Holders and Participants.

As such both CDC and the Sub Account Holders of a Participant, as well as the other Elements of the CDS, are remote from any legal impact of Participant insolvency, CDC Regulations [Regulation 15.2.1] empower it to: Impose full or partial restrictions on the Participant, Suspend a Participant for a limited time or Terminate the admission of the Participant to the CDS. CDC determines the action to be taken having regard to the finality of the insolvency proceedings against the Participant and will give notice of the action taken by it to the Participant and the stock exchange of which the Participant is a member.

In case the insolvent Participant's admission to the CDS is terminated, CDC may make such arrangement with the liquidator / administrator / receiver or trustee of the Participant so as to withdraw from the CDS, or remove from the control of the Participant the securities entered in any holdings controlled by him. While making such arrangement, CDC shall also take into account the wishes of the Sub-Account Holders of the insolvent Participant and the Eligible Pledgees where securities are held in pledged position.

The presentation of the Malaysian perspective on "Clearing, Settlement & Depository's legal protection in the case of participants insolvency" was delivered by Ms. Sharon Barbosa, Head, Participants - Clearing, Settlement & Depository Regulatory Policy & Advisory, Regulation of Bursa Malaysia Berhad.



Ms. Sharon Barbosa

By way of background she outlined the roles of the market entities operating under Bursa Malaysia Berhad, the parent company with Bursa Malaysia Securities Berhad handling trades of the Main & ACE Markets whilst securities clearing and settlement was done by Bursa Malaysia Securities Clearing Sdn Bhd which also acted as central counter party for trades executed on Bursa Securities. Bursa Malaysia Depository Sdn Bhd as the Central Depository made the book entry delivery of securities in the securities account of the depositors.

Bursa Malaysia Derivatives Berhad dealt with Equity, Financial & Commodity Derivatives trades with Derivatives clearing and settlement entrusted to Bursa Malaysia Derivatives Clearing Berhad.

In the event of participants' insolvency, Bursa Securities Clearing has recourse to the provisions contained in the Capital Market and Services Act 2007 (CMSA) and Rules of Bursa Depository.

To close out existing novated contracts of defaulting participant

To dispose such securities held under lien and apply the proceeds along with any other sum standing to the credit of the defaulter participant.

To take any other action deemed necessary to protect the interest of counter parties of the defaulting participant at the defaulting participant's expense and in its name, if appropriate.

Depositors and Bursa Securities Clearing are protected from a participant's insolvency by specific provisions contained in Section 43 of the CMSA and also from the fact that securities accounts are maintained at 'client level' with ownership vested in the account holders who are entitled to all rights even in the event of a participant's insolvency on the one hand and clients' monies with the trading participating organization on the other hand being kept in a trust account with withdrawal restricted to specified circumstances only.

UNIDROIT, International Institute for the Unification of Private Law was the subject matter of the next lot of presentations by speakers from Korea Securities Depository, JASDEC & Thailand Securities Depository.

UNIDROIT, having its headquarter in Rome, is an independent intergovernmental organization currently comprising 63 member States. Its purpose is to study needs and methods for modernizing, harmonizing and coordinating private and, in particular, commercial law as between States and groups of States. So far it has drawn up 11 Conventions, admitted into Municipal law by ratification and 2 Principles & 2 Model Laws adopted by an arbitrator and contracting parties freely.

The seminar topic of discussion was "Legal Issues and Implications raised by UNIDROIT Convention" and presentations were made from delegates from Korea, Japan & Thailand as depicted overleaf:

Ms. Kang Yeon-Wook, Lawyer, Risk Management Team, Korea Securities Depository

Mr. Hideki Tomita, Manager, Business Planning Department, Japan Securities Depository Center, Inc. (JASDEC)

Ms. Waranuch Worapathirunmas, Deputy Head, Legal Department, Thailand Securities Depository Co. Ltd. (TSD)



Ms. Waranuch Worapathirunmas



Mr. Hideki Tomita



Ms. Kang Yeon-Wook

The participants heard about the Convention on Substantive Rules regarding Intermediated Securities against the background of cross-border securities transactions with complexity of intermediation chain highlighting the need for increasing awareness of the legal risks from different legal frameworks in different countries in a multi-tier holding system with a chain of intermediaries ultimately connected to the CDS. Speakers traced the progress of UNIDROIT Convention going back to the first meeting of UNIDROIT Study Group in September 2002, Preliminary Draft Convention in December 2004, four Sessions of the Committee of the Governmental Experts between May 2005 and May 2007 leading to the First Session of the Diplomatic Conference to adopt a Convention in September 2008 with the Final Session of the Diplomatic Conference scheduled for October 2009 to adopt a Convention structured as follows:

Chapter I: Definition, scope of application and interpretation

Chapter II: Rights of account holder

Chapter III: Transfer of intermediated securities

Chapter IV: Integrity of intermediated holding system

Chapter V: Special provisions with respect to collateral transactions

Chapter VI: Transitional provisions

Chapter VII: Final provisions.

UNIDROIT Convention is expected to operate as global standard for clearing and depository settlements and as such will call for revision of existing securities laws in most ACG countries for the Convention to succeed in removing the legal risks associated with cross border trades.

"Collateral Management" was the seminar topic of the next lot of presentations by speakers from Indonesian Clearing & Guarantee Corporation KPEI, Thailand Securities Depository TSD & Korea Securities Depository KSD as depicted overleaf:

Mr. Razif Yunus, Risk Management, Indonesian Clearing & Guarantee Corporation KPEI

Mr. Karan Poongam, Clearing Operations, Thailand Securities Depository TSD

Mr. Hyun Chul Cho, Derivative Service, Korea Securities Depository KSD



Mr. Razif Yunus



Mr. Karan Poongam



Mr. Hyun Chul Cho

Presentations highlighted the role of Collateral as a risk management tool. However, it was stressed that effective Collateral Management required that Collateral be correctly valued and be adequate in comparison to exposure / outstanding positions or trading limits.

Some examples of instruments acceptable as Collateral in the case of KPEI and haircuts applied were presented, as given below:

Online Collateral in Collateral account at KSEI:

Collateral	Valuation
Cash	100 %
Securities	(Lowest Price and Haircut)

Offline Collateral deposited to KPEI :

Collateral	Valuation
Time Deposit (IDR)	98 %
Time Deposit (US\$)	95 %
Bank Guarantee	95 %
Stock Exchange Memberships	IDR 50,000,000
SBI (Certificate of Central Bank)	98%
Bonds	Haircut from Rating

Marked to Market is done when there is a new lowest / highest price of securities. Adjustment of collateral and exposure is done two times a day:

- Inter-day:
 - End of day
- Intra-day:
 - End of first session
 - Every 30 minutes (in progress)

Perfect Collateral is considered to be the securities owned by Clearing Member in Delivery Acc./and Collateral Acc. that match with Clearing Member's outstanding obligations.

Guarantee Funds managed by KPEI as of 29/05/2009: IDR 978,409,578,437, - (US\$ 97,840,957).

The presentation from TSD Thailand dealt with their current architecture on Collateral Management involving equity, fixed income and derivatives markets and securities borrowing and lending / repo transaction. Presently each market was independently supported by collateral relating to it and excess collateral was manually moved by the Member from market to market. TSD was working on excess collateral being automatically moved to deficit account in the Clearing House which would enhance efficiency, curtail back office work, save costs and reduce risks.

In case of KSD in Korea, its Collateral Management Services, apart from dealing with participants request for setting up pledge, covers Korea Exchange derivatives trades, OTC derivatives trades, secured call transactions, repo trades and securities lending and borrowing. Investors in futures and options listed on Korea Exchange deposit margins in cash or eligible substitute securities such as listed stocks, listed bonds etc. and KSD manages the collateral carrying out valuation and mark-to-market whilst allowing deposits and withdrawal according to margin requirement. KSD began this service in March 1999 and extended it to OTC derivatives transactions in September 2002. In October 2003 KSD started to provide Collateral Management Service to Secured Call Transaction which are money lending and borrowings of financial institutions collateralized by securities. To the tri-party repo settlement system, KSD provides deposit of traded securities and settlement of trades under its Collateral Management. KSD also functions as intermediary and Collateral Manager for Securities Lending & Borrowing transactions in the Korean market.

"Impact of the world financial crisis on the market and actions taken by CSDs" was the seminar topic of the last lot of presentations by speakers from Mongolian Securities Clearing House & Central Depository MSCH&CD, Japan Securities Depository Center, Inc. JASDEC & BOI Shareholding Ltd India and Keynote address by Guest Speaker as follows:

Dr. Hasan Imam, Managing Director & CEO, RACE Capital Management, Bangladesh

Ms. Mendjargal Orossoo, Researcher, Settlement & Risk Management Department, MSCH&CD

Ms. Naoko Watanabe, International Department, JASDEC

Mr. A C Gautam, Managing Director, BOI Shareholding Ltd, India

Dr. Hasan Imam began his Keynote address by repeating the words of the first Treasury Secretary of the United States Thomas Jefferson spoken in 1802 as follows:

"I believe that banking institutions are more dangerous to our liberties than standing Armies. If the American people ever allow the private banks to control the issue of their currency, first by inflation then by deflation the banks and corporations that will grow up around the banks will deprive the people of all property until their children wake up homeless in the continent their fathers conquered."

Dr. Imam noted that Thomas Jefferson had somewhat predicted the financial crisis faced by our world today back in 1802.



Dr. Hasan Imam

Dr. Imam began by describing the typical business cycles in capitalist economies involving a period of expansion with systematic build up of risks which then eventually leads to a contraction or recession of the economy and in the third phase to recovery and growth once again. However, in an unprecedented severe global crisis situation since the great depression of 1929 as is presently the case, build up of risks has been so great that the contraction phase has been violent requiring massive global intervention by way of bail-out and stimulus measures to find a road to recovery.

Dr. Imam traced the roots of the global financial crisis to the low interest rates prevailing over a long period in advanced economics resulting in a flood of cheap capital looking for higher returns with appetite for risk taking in abundance. To quench this demand for higher returns Wall Street structured financial instruments packaging on the back of United States Sub-prime loans (adjustable rate mortgage - ARM in particular) higher-graded papers like US Treasuries to achieve an overall investment grade and marketed these new products worldwide to financial institutions like banks and others. When interest rates rose again, defaults on sub-prime loans mounted and the bottom fell out of these instruments of around US\$ 10 trillion which seized trading as investments took flight to US Treasuries and credits totally dried up with banks having stopped lending even to each other. By product of this was the burst of the housing bubble and consequent wiping out of the home equity of peoples in a large scale and bank failures like Merrill Lynch & Lehman Brothers as they were forced to mark-to-market their investments resulting in piling up huge losses. The stock market slumped registering around US\$ 8 Trillion losses over 3 months in the United States where consumer spending also dried up as unemployment rose.

With 70% of US GDP accounted for by consumer spending, its detrimental impact on the US economy was huge. At the same time with US corporate and consumer spending accounting for 20% of global GDP, export oriented economies like Germany and Japan slumped and others like China also followed leading up to a severe global recession that we know today.

Dr. Imam noted that governments around the world had reacted to the crisis both with fiscal and monetary stimulus packages as well as bail outs where circumstances warranted and these measures were working through the economies but it was not altogether clear if recovery was well in place even though some stock markets were showing signs of having reversed.

Looking ahead Dr. Imam felt that things would have generally steadied in 2010 but real expansion and growth, particularly in the advanced economies, may be elusive till 2011 - 2012.

Ms. Mendjargal Orosoo representing Mongolian Securities Clearing House & Central Depository MSCH&CD made the presentation on the situation prevailing in Mongolia arising from the global financial crisis.

Ms. Orosoo began by giving an introduction to Mongolia which spanned over an area of 1.6 million sq km having a population of 2.7 million with a per capita GDP of US\$ 2,100. Currency unit Tugrug (1\$ = 1420 T). Four seasons prevailed with 200 days of sunshine. Temperature ranged from minus 31C in January to 50C in Gobi desert. Ulaanbaatar is the capital city and the seat of the Parliamentary Republic. The market economy is centered on mining and agriculture. GDP growth was 3% in 2008.



Ms. Mendjargal Orosoo

The global financial meltdown had an adverse affect on the economy of Mongolia arising from huge drop in international prices of its mineral resources particularly that of Copper which dropped from its peak price of US\$ 8,600 per ton to US\$ 3,100. Development of mining operations could not be

undertaken due to lack of availability of international finance on account of the global crisis. The currency Tugrug has fallen against the US Dollar with inflation mounting as cost of import escalated and export revenue declined.

Looking ahead Ms. Orosoo plotted a much brighter future for Mongolia in the discovery of world class mineral resources in Oyu Tolgoi project which held prospects of 8.9 billion Pounds of recoverable Copper and 7.6 million Ounces of Gold. The World Bank was helping Mongolia in mobilizing resources for this project.

Ms. Naoko Watanabe of Japan Securities Depository Center, Inc. JASDEC made a presentation on Impact of Subprime Crisis and Lehman Brothers Bankruptcy on Asian Economics and Japan and Impact of Lehman Brothers Bankruptcy on post-trade system in Japan.

Ms. Watanabe presented a comparative table of real GDP growth of Asia Pacific countries before and after the Subprime Crisis. She observed that by and large real GDP growth of all the countries was down as a result of the crisis by varying degrees. However, the effect of the crisis was most noticeable in the export oriented economies like Singapore, Taiwan, Japan Hong Kong and Korea, all of which had registered negative real GDP growth. Thailand and Malaysia were also hard hit but still managed marginal growth.

Mr. A C Gautam, Managing Director, BOI Shareholding, India spoke at length on the genesis of the Global Financial Crisis with particular reference to the developments leading to the meltdown in the markets in India. On the global front his speech covered a number of interesting developments including aggressive easing of monetary policies in the United States and other western countries following the dot com bubble. Excesses of 2002 - 06 leading to the housing boom with asset prices recording unprecedented gains in the face of demand constantly exceeding domestic output. All these mirrored in growing current account deficits over the period and ultimately became the recipe for the global meltdown from which there was no escape for most of the developed economies as well as the emerging ones.



Ms. Naoko Watanabe



Mr. A C Gautam

Magician Jewel Ich displaying his bag of tricks



Farewell Dinner



Asia-Pacific Central Securities Depository Group (ACG) Cross Training Seminar hosted by CDBL at Dhaka



Mr. Ziaul Haque Khandker, Chairman of SEC, Mr. Samson H Chowdhury, Chairman of CDBL and Mr. M H Samad, Managing Director & CEO of CDBL with the participants from Asia Pacific Regional Countries of China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Mongolia, Pakistan, Singapore, Thailand & the host CDBL Bangladesh, pictured at the 11th Asia Pacific Central Securities Depository Group "ACG" Cross Training Seminar held at Pan Pacific Sonargaon Hotel, Dhaka, 3-4 July 09