

CAPITAL MARKET STABILIZATION FUND

Capital Market Stabilization Fund (CMSF) was established by the Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021 (CMSF Rule 2021) by Bangladesh Securities and Exchange Commission in exercise of the powers conferred by section 33(1) of the Securities and Exchange Ordinance, 1969. CMSF acts as a custodian of undistributed cash and stock dividend, non-refunded public subscription money and un-allotted rights shares from the issuer of listed securities. Cash and stocks in the fund will be returned back on due claim by the shareholders or investors at any time in the indefinite perpetuity. The CMSF will be utilized to stabilize the capital market ensuring liquidity to the market by buying and selling of listed securities, making investment in other securities, providing loan to market intermediaries, lending and borrowing of listed securities and settlement of investors' claim.

Maximum 40% of cash balance of the CMSF may be used for direct buying and selling of listed securities, at least 50% of cash balance of the fund shall be used for providing loan to market intermediaries for refinancing as margin loan, and maximum 10% of cash balance of the fund may be used for investment in other securities i.e. in fixed deposits, government securities, fixed income securities and mutual funds and so on. These ratio of use of cash balance of the fund may be varied by the BOG with prior approval of the Commission.

[Please click on the below link to have the full version of the Bangladesh Securities and Exchange Commission \(Capital Market Stabilization Fund\) Rules, 2021:](https://sec.gov.bd/slaws/Notification_05.07.2021.pdf)

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The fund is run by a Board of Governors (BOG) constituted of 11 members as follows:

- (i) The Chairman shall be appointed by the Commission; moreover 3 members of the BOG shall be nominated by the Commission;
- (ii) 1 member shall be nominated by the Dhaka Stock Exchange Limited
- (iii) 1 member shall be nominated by the Chittagong Stock Exchange Limited
- (iv) 1 member shall be nominated by the Central Depository Bangladesh Limited
- (v) 1 member shall be nominated by the Central Counterparty Bangladesh Limited
- (vi) 1 member shall be nominated by Bangladesh Association of Publicly Listed Companies;
- (vii) 1 member from the Professionals of Chartered Accountants or Cost and Management Accountants or Chartered Secretaries or Chartered Financial Analysts as selected by the Commission
- (viii) The Chief of Operation (COO) of CMSF shall remain as an ex-officio member

BSEC vide its notification number BSEC/CMRRCD/2021-391/20/Admin/121 dated June 01, 2021 has constituted the following Board of Governors which has become operational since September 02, 2021 holding an introductory meeting with the BSEC Chairman and Commissioners as well as the first BOG meeting:

1. Mr. Md. Nojibur Rahman, Ex- Principal Secretary, Chairman, CMSF
2. Mr. Saifur Rahman, Executive Director, BSEC and Member, CMSF
3. Dr. Sheikh Tanzila Deepty, Assistant Professor, Finance, DU and Member, CMSF

4. Mr. Shyamal Dutta, Editor, Vhorer Kagojh, and Member, CMSF
5. Mr. Asif Ibrahim, Chairman, Chittagong Stock Exchange Limited, and Member, CMSF
6. Mr. Md. Tarique Amin Bhuiyan, Managing Director, DSE, and Member, CMSF
7. Mr. A.K.M. Nurul Fazal Bulbul, Vice Chairman, CDBL, and Member, CMSF
8. Dr. Mohammad Tareq, Professor, AIS, DU, Independent Director, CCBL and Member, CMSF
9. Mr. Riad Mahmud, Vice-President, BAPLC and Member, CMSF
10. Mr. A.K.M. Delwer Hussain, FCMA, Member, ICMAB and member, CMSF

A member of the Board shall hold his/her office for a term of 3 (three) years, but shall continue to hold the office after the expiry of his/her term until a successor enters. However, no member of the Board shall be appointed for more than two terms.

For smooth operation of the Fund the BOG shall form some management committees – Operation Management Committee, Audit and Accounts Management Committee, Risk Management Committee, among others. The Operation Management Committee (OMC) shall be responsible and accountable to the Chief of Operation of the Fund and Chief of Operation shall also be responsible and accountable for all operational activities (i.e., buying and selling of listed securities, making investment in securities, providing loan/support to market intermediary and market maker, lending and borrowing of listed securities and settlement of investors' claims, etc.) to the BOG. Audit and Accounts Management Committee (AAMC) and Risk Management Committee (RMC) shall be comprised of at least three members including at least one member but not more than two members from the BOG and other members from the financial market professionals as mentioned at sub-section (7) of the CMSF Rule 2021. The AAMC and RMC also shall be responsible and accountable to the BOG.

Cash and stocks in the fund will be returned back to the owners on due claim. If any shareholder or securities holder claims his/her cash dividend after transfer of such dividend to the bank account of the CMSF, within 15 (Fifteen) days of receiving such claim, the issuer shall, after proper verification of the claim, recommend with a detailed information as mentioned in the proviso of rule 9 (1) of the CMSF Rule 2021 to the Chief of Operation to pay off such dividend. Similarly, if any shareholder claims his/her stock dividend after transfer of the dividend to the BO Account of the CMSF, within 15 (Fifteen) days of receiving such claim, the issuer shall, after proper verification of the claim, recommend with a detailed information as mentioned in the proviso of rule 9 (2) of CMSF Rule 2021 to the Chief of Operation to transfer the stock dividend from the BO Account of the CMSF. Provided that the Chief of Operation shall, after due scrutiny with the information recommendation and approval of the Board or the Operation Management Committee for settlement of investors' claims as the case may be, pay off or transfer the cash and/or stock dividend to the claimant's bank account through ETF and/or BO Account within 15 (fifteen) working days of receiving of such recommendation with intimation to the concerned issuer.

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