

Academic Activities of BICM May-June 2019

Investors Education Program

To fulfill government's commitment of increasing awareness of general investors, BICM has been conducting day-long free "Investors Education Program" to disseminate the basic knowledge of capital market investment. General investors have been encouraged to assess the financial health of the listed companies prior to making investment decisions. BICM conducts this program on weekly basis in Dhaka and in regional cities on certain interval. During May-June 2019, the institute has conducted 07 "Investors Education Program", where total 159 investors participated.

Certificate Courses on Capital Market

The Institute offers "Certificate Programs" of different duration for the sector professionals, market intermediaries, and related stakeholders. As we have fulfilled the required numbers of certificate courses earlier for the year 2019, no additional certificate course has been conducted at this period.

Postgraduate Diploma in Capital Market (PGDCM)

BICM is offering PGDCM for the market intermediaries, full spectrum of market professionals and graduates who aspire to pursue career in the capital market. The Diploma provides a blend of theoretical and practical knowledge on market mechanism, legal framework, new instruments and techniques. The yearlong PGDCM program consists of 13 courses of 36 credit hours including internship. The program is divided into three trimesters. Till 30th June 2019 BICM has enrolled 12 PGDCM batches and in 12th batch there are 36 students in this batch.

Orientation Program for 12th batch of PGDCM

An orientation program has been arranged for the fresher students of 12 batch in Postgraduate Diploma in Capital Market (PGDCM) on 15 June, 2019 at Multipurpose Hall in BICM. The respected Executive President (acting), Nitai Chandra Debnath has chaired the program along with faculty members and other officials. Students were warmly welcomed to BICM family throughout the event. There was a refreshment arrangement at the end.



Innovation Showcasing 2019 at BICM

On 13 May 2019, Innovation showcasing of the Financial Institutions Division, Ministry of Finance, Government of the People's Republic of Bangladesh, was held in the Multipurpose Hall-room of the Bangladesh Institute of Capital Market. The Program was chaired by honorable **Md. Ashadul Islam**, Senior Secretary, Financial Institutions Division, Ministry of Finance. 2018-19 Innovation Idea of BICM has been presented there in a poster named "**Cloud Based Class Library**". A video has been created on "Cloud Based Class Library" which is available on the Institute's website and Facebook page.





Top: Participants in the Innovation Showcasing Program 2019. Representatives from the Financial Institutions Division, Ministry of Finance, Government of the People's Republic of Bangladesh are seen with the Executive President (Acting) of Bangladesh Institute of Capital Market.



Right: Mr. Faysal Ahmad Khan, Assistant Professor, BICM, explaining the presentation board of Cloud Based Class Management System Easy-Class. The innovation idea was widely discussed and greatly appreciated by the visitors.

Regulatory News

BSEC guided regarding Lock-in Period

BSEC directs that the provision of lock-in period shall be counted from the first trading day in the stock exchange instead of the date of issuance of prospectus.

BSEC guided regarding Block of Securities

BSEC directs that for the companies block securities of the respective company held in the BO accounts of the sponsor shareholders, directors and placement holders through the Block Module of Central Depository System (CDS) of Central Depository Bangladesh Limited (CDBL). In case of assets managers block units of the respective listed mutual fund held in the BO accounts of the sponsor unit holders and placement holders through the Block Module of Central Depository System (CDS) of Central Depository Bangladesh Limited (CDBL).

There are some directives for stock exchanges too. Upon receiving declaration and/or requisite Government tax, if any, from the sponsor shareholders or sponsor unit holders or directors or placement holders for buying or selling or otherwise disposing of their securities, the stock exchange shall allow crediting the declared quantity of buy, or debiting the declared quantity of sale, or otherwise disposing of the securities to/from the concerned BO account through the Block Module of Central Depository System (CDS) of Central Depository Bangladesh Limited (CDBL).

Upon receiving official communication from the listed companies or asset managers to un-block a blocked BO account due to changes in directorship, or blocked inadvertently, or for any other valid reason, the stock exchange shall unblock the BO account through the Block Module of Central Depository System (CDS) of Central Depository Bangladesh Limited (CDBL) after examination.

BSEC accorded holding of shares by sponsors and directors

BSEC has notified that all sponsors and directors other than independent directors of a company listed with any stock exchange shall all time jointly hold minimum 30% shares of the paid up capital of the company. If the sponsors and directors other than independent directors of any listed company fail to jointly hold the aforesaid amount of shares, the sponsors and directors other than independent directors shall not be able to execute any type of sale or transfer or transmission or pledge of shares until acquisition of the aforesaid amount of shares except transfer of pledged shares in case of confiscation for loan default or transmission of shares in case of death.

If the sponsors and directors other than independent directors of any listed company fail to jointly hold the aforesaid amount of shares, the respective company shall not be able to raise capital through rights share offer or repeat public offer or bonus shares or amalgamation of companies or any other mode of raising of capital. Each director other than independent director of a listed company shall hold minimum 2% shares of the paid up capital, otherwise there shall be a casual vacancy of director. Provided that any company or institution shall hold minimum 2% shares of the paid up capital of any listed company for nominating any

individual against each position of director, otherwise there shall also be a casual vacancy of director.

In case of aforesaid casual vacancy of director, the board of directors shall fill up the vacancy from the shareholders having 2% or more shares of the paid up capital within 30 working days of such vacancy in compliance with the provisions of the applicable securities laws.

BSEC imposes further conditions regarding declaration of bonus shares

BSEC accorded that no listed company shall declare bonus shares without justified reasons including the company's BMRE (Balancing, Modernization, Rehabilitation and Expansion) or any of its components. In case of declaration of bonus shares, the listed companies shall, among others, disclose the price sensitive information (PSI) mentioning some contents such as the reasons for declaration of bonus shares and utilization of such retained amount as capital; the bonus share is declared out of accumulated profit or share premium; and the bonus share is not declared from capital reserve or revolution reserve or any unrealized gain or out of profit earned prior to incorporation of the company or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

BSEC declared Investment Sukuk Rules, 2019 & Risk Based Capital Adequacy Rules, 2019

On May 29, 2019 BSEC has declared some new addition in Investment Sukuk Rules in all the four chapters. On the same day some additional rules have been attached in Risk Based Capital Adequacy Rules.

BSEC declared Short-Sale Rules, 2019 & Exchange Traded Derivatives Rules, 2019

On May 28, 2019 BSEC has declared Short-Sale Rules and Exchange Traded Derivatives Rules.

BSEC notify the conditions regarding IPO and Right Issue

BSEC has notified that no issuer of a listed security shall utilize more than one-third of the fund raised through IPO for the purpose of loan repayment. On the other hand, there are two new additional conditions for rights issue which will replace the earlier order and shall have immediate effect. First of all, no issuer of a listed security shall take decision to issue rights shares within two years from the date of publication of prospectus for IPO and before full utilization of fund raised through IPO or previous rights issue or repeat public offer (RPO), as the case may be. Another addition is that no issuer of a security de-listed from any stock exchange and/or traded through the over-the-counter (OTC), shall take decision to issue rights shares before completion of three financial years after the re-listing of its security with any stock exchange.

BSEC amended quarterly report collection

BSEC makes the amendment of quarterly report collection by stating that stock exchange shall collect quarterly report within first week of the next month of each quarter on its stock brokers' branch transactions and activities, and shall furnish a summary report thereon to the commission within seven days' thereafter.

BSEC instructed regarding using the same NID number, mobile number and bank account number in different BO account

Recently it is noticed that the same NID number, mobile number and bank account number is being used in different BO accounts which is illegal. BSEC has instructed that the accountholder has to use their own NID number, mobile number and bank account number to use BO account; those are not using their own account numbers have to amend those by July 21 of 2019.

Capital Market Review

Government to study prospects of producing APIs locally

Bangladesh will conduct a study to assess problems and prospects of producing active pharmaceutical ingredients (APIs) locally. Around 95 percent of the Tk. 50 billion worth of raw materials are imported, mainly from China, Korea and India. Whereas, Local producers supply only 5 percent. Domestic APIs are two to three times cheaper than those imported from abroad. To cut reliance on large-scale import of raw materials, the country needs to produce APIs on its own sufficiently. For lack of skills and technical knowhow, the industry cannot function up to its potential to produce APIs locally.

Listed FIs witness mixed performance in dividend recommendation

The listed financial institutions (FIs) have witnessed mixed performance in recommending dividends for the year ended on December 31, 2018 compared to previous year. The companies have recommended dividends in the form of cash and stock or both. The companies have also displayed a mixed trend in earnings per share (EPS) for the year ended on December 31, 2018 compared to same period on the previous year.

Number of BO accounts on rise

Around 65,235 new BO account were opened during January to May, 2019 as investors were more confident in pouring funds into the primary market rather than the secondary one. Guaranteed profit through initial public offerings (IPOs) encouraged the investors to hit the jackpot. To trade in the stock market and apply for primary shares, an investor has to open a BO (beneficiary owner's) account with the Central Depository Bangladesh Ltd through a depository participant, which is usually a stockbroker or a merchant bank. The data as of May 30, 2019 showed the number of BO accounts increased to 2,845,026 which was 2,779,791 in January 01, 2019.

Low profile, weak companies dominate IPO market

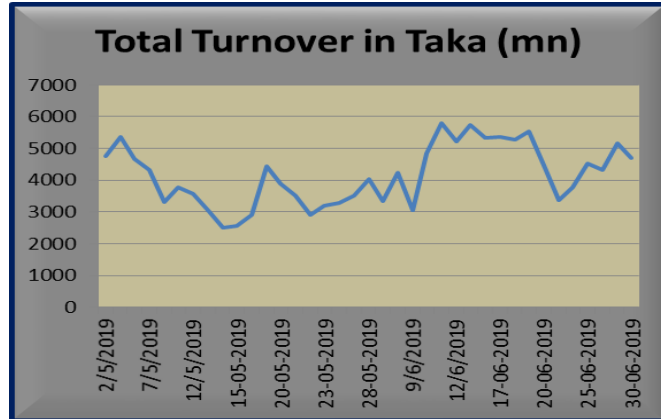
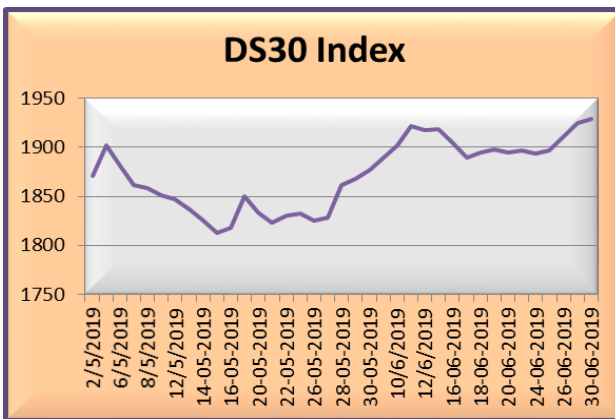
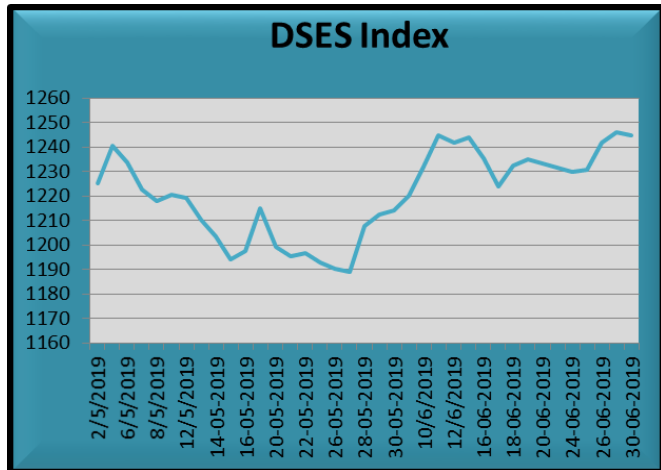
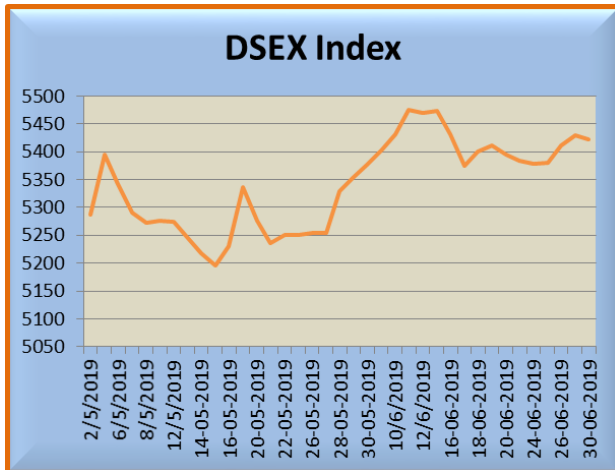
Low profile and fundamentally weak companies dominated the primary market as 13 entities and one mutual fund raised Tk. 5.71 billion through IPOs in the current fiscal year. The Dhaka Stock Exchange

(DSE) data shows 13 companies and one mutual fund raised an aggregate amount of Tk. 5.71 billion by floating IPOs during July, 2018 to May 2019. Fundraising by companies through IPOs rose 5.54 percent year on year in the current Fiscal Year (FY) 2018-19 compared to the same period of the previous fiscal. In the FY 2017-18, nine companies and two mutual funds raised a total of Tk. 5.41 billion through IPOs according to the DSE data. Among the 13 entities Esquire Knit Composite and Runner Automobiles used book building method and rest of the entities followed fixed-price method.

Investors stay off OTC market for complex sale procedure

Share trading on the over-the-counter (OTC) market of the premier bourse has remained extremely sluggish since its launching nearly ten years ago, causing much sufferings to investors. Shares in the companies delisted from the main trading floor are traded on the OTC market. In the last 11 months of fiscal year (FY) 2018-19, about 29.93 million shares worth only Tk. 653 million changed hands on the OTC market, according to data of the Dhaka Stock Exchange (DSE). The Bangladesh Securities and Exchange Commission (BSEC) formally opened the OTC market on September 06, 2009 to facilitate the trading of delisted companies. Market analysts said the OTC market could not attract the investors due to its complex sale procedure. Buyers do not show interest in purchasing stocks due to cumbersome sale procedure. To protect the investors' interest, the securities regulator should take steps to reconstruct the board of directors of the companies whose shares are being traded on the OTC market or appoint administrators for those companies as soon as possible, said an analyst at a leading brokerage firm. A BSEC official said the regulator has taken an initiative to revamp the OTC market by allowing electronic transaction of shares on this platform, which would not require the presence of investors.

Performance of Capital Market at a glance
(1 May 2019 – 30 June 2019)



Performance Indices at a Glance (May-June)			
	DSEX	DSES	DS30
As on 02/05/2019	5286.75	1224.97	1870.58
As on 30/06/2019	5421.62	1244.69	1929.09
% Change	2.55%	1.61%	3.13%
Highest Value	5475.98	1245.83	1929.09
Lowest Value	5196.03	1189.09	1812.82
Average	5341.10	1220.65	1872.33
Standard Deviation	81.09	17.73	35.11

Performance of Indicators at a Glance (May – June)		
	Turnover in Taka (mn)	Market Cap. In Taka (mn)
As on 02/05/2019	4753.00	3888787.35
As on 30/06/2019	4697.54	3998163.76
% Change	-1.17%	2.81%
Average	4153.01	3929527.64

International Capital Market Review (01 May 2019-30 June 2019)

Index	Country	Ending (May 2019)	Ending (June 2019)	1 month % Change
S & P 500 INDEX	United States	2,923.73	2,941.76	0.62%
Dow Jones Industrial Average	United States	26,430.14	26,599.96	0.64%
NASDAQ COMPOSITE INDEX	United States	8,049.64	8,006.24	-0.54%
FTSE 100 INDEX	United Kingdom	7,385.30	7,425.60	0.55%
DAX Index	Germany	12,345.42	12,398.80	0.43%
HANG SENG	Hong Kong	29,209.82	28,542.62	-2.28%
NIKKEI 225	Japan	21,923.72	21,275.92	-2.95%
SSE COMPOSITE INDEX	China	2,906.46	2,978.88	2.49%
S&P BSE SENSEX	India	38,981.43	39,394.64	1.06%

International capital market experienced both positive and negative change in different types of indexes during May-June 2019. US equities gained positive returns in case of S&P 500 and Dow Jones Industrial Average and negative return in terms of NASDAQ COMPOSITE INDEX. There was a .62% positive change in S&P 500 index over this period. Although Dow Jones Industrial Average grown by .64%, NASDAQ COMPOSITE INDEX deteriorated by .54%. On the other hand, FTSE 100 INDEX of United Kingdom showed optimistic trend and rose by .55%.

Over this period, HANG SENG index of Hong Kong and NIKKEI 225 index of Japan lost by 2.28% and 2.95% respectively. On the contrary, DAX Index of Germany and S&P BSE SENSEX of India demonstrated positive returns and flourished by .43% and 1.06% respectively. SSE COMPOSITE INDEX of China also increased by 2.49% during this period.

Source: finance.yahoo.com

The following graph demonstrates the percentage change of one month in index from May-June 2019:

