

Bangladesh Securities and Exchange Commission

No. SEC/SRMIC/165-2020/ 83

Date: April 2, 2023

Chief of Operation
Capital Market Stabilization Fund (CMSF)
Dhaka Chamber Building (3rd Floor)
65-66 Motijheel C/A, Dhaka-1000.

Subject: Loan to market intermediary for refinancing.

You are authorized to provide loan to the market intermediary for refinancing to their clients as margin loan as per the Rule 7(4)(ii) of Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021 subject to the following conditions:

1. CMSF will frame a policy for providing loan / support to market intermediary and market maker as per Rule 5(15) of Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021;
2. CMSF will perform comprehensive credit risk assessment before sanctioning any loan to the market intermediary;
3. The loan can be used in providing margin loan to their clients as per their margin loan policy;
4. The loan shall be utilized in the dealer code / own portfolio for investment in only “A” category securities for consecutive 5 years. In this regard, CMSF will collect utilization report from borrowers on a fortnightly basis and will submit a comprehensive report to the Commission on a monthly basis (within 7th day of each month);
5. The market intermediaries will ensure deposit of the equivalent of loan amount to the dealer account / own portfolio account from their own.
6. Collateral will be 100% of the loan amount for margin loan and it can only be in the form of BG / any other disposable securities;
7. Interest rate will be fixed by the Board of Governors of the CMSF. However, it will not be less than the 3-month avg. FDR rate (higher side) prevailing in the banking industry;
8. Maximum tenor of loan will be 180 days (renewable);

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9. Single borrower exposure will be 5% (maximum) of total available fund for loan to market intermediary for refinancing;
10. The loan can not be allowed to any stock broker which has deficiency in Consolidated Customers' Account (CCA) or are not compliant with Risk Based Capital Adequacy (RBCA) or has any punishment in last 5 years;
11. CMSF will take immediate steps to develop loan IT modules such as loan application module, loan status module (amount, expiry, interest, repayment etc.), documentation module and so on;
12. CMSF will ensure to approve / reject loans of eligible borrowers within 21 days of receiving applications.
13. Total loan amount shall not be more than 20 crore or less than 5 crore at a time.

This letter shall have immediate effect.

For Bangladesh Securities and Exchange Commission.

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02.04.23

Md. Minhaz Bin Salim
Assistant Director (SRMIC)
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Copy for information:

1. Chairman, Capital Market Stabilization Fund;
2. Managing Director, DSE, CSE, CDBL;
3. P.S. to Chairman, BSEC;
4. PO to Commissioner-SRMIC, BSEC.