



Capital Market Stabilization Fund (CMSF) is a custodian for unclaimed dividends of issuer companies as well as offers a buffer against market volatility. To support the market and its stakeholders, the CMSF has equipped different aspects including BSEC guidelines to provide loans to the intermediaries in the following strategies:

1. CMSF will provide loans to capital market intermediaries and market makers to stabilize the capital market as per Rule 5(15) of Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules. 2021.
2. CMSF will provide loans to the Market Intermediaries through the reputed bank that will take responsibility for Fund Disbursement, Collection, and Collateral Management.
3. CMSF will make an agreement with the bank and deposit funds for this purpose under the guidance of the CMSF Board of Governors.
4. Market Intermediaries who are interested in taking loans will make an application directly to the CMSF. Upon the initial selection of the intermediaries following the CMSF and BSEC guidelines for loans, CMSF will forward the application to the bank. The eligible intermediaries will get the loan fulfilling the required documents and conditions of the bank.
5. CMSF will not provide loans to any stock broker or any intermediary that has a deficiency in Consolidated Customers' Account (CCA); is not compliant with Risk Based Capital Adequacy (RBCA); Or has had any punishment from the regulators, or stock exchanges in the last 5 years;
6. If the intermediary or any director of the intermediary is a loan defaulter through the CIB Report, will not be eligible to get a loan.



## POLICY ON LOAN TO MARKET INTERMEDIARY FOR REFINANCING



7. The loan can be used in providing margin loans to their clients as per their margin loan policy. The loan shall be utilized in the dealer code / own portfolio for investment in only equity securities, not any Z category or other securities.
8. The market intermediaries will ensure a deposit of the equivalent of the loan amount to the Dealer Account / Portfolio Account from their own and the equivalent amount of the borrower won't be taken out until the CMSF Fund has received all payment for the loan.
9. The interest rate will be 7% and the tenure of the loan will be 180 days but renewable. The bank will charge a service fee (additional 1% less or more) from the applicants as per the agreement between CMSF and the Bank. Interest rates may fluctuate according to BOG strategies.
10. Primarily, CMSF will provide loans of BDT 2 crore to 5 Crore to a single market intermediary. Single borrower exposure will be 5% (maximum) of the total available funds for a loan to a market intermediary for refinancing.
11. Intermediaries are required to submit a monthly report on Margin Loans, they received from CMSF according to the defined format provided by CMSF/BSEC.
12. The borrower will bear all the costs related to the loan disbursement and legal expenses.
13. CMSF will approve or reject the loan application of the intermediary within 21 days of receiving all the required documents. The BOG has the full right to approve or reject any loan application.
14. Loan IT modules, such as the loan application module, loan status module (amount, expiry, interest, repayment, etc.), documentation module, and so on, will be developed by CMSF to facilitate the applicant more effectively and administer the loan in a designed way.

