



**Capital Market Stabilization Fund (CMSF)**  
DCCI Building (Level-3), 65-66 Motijheel -C/A,  
Dhaka-1000.



## **Terms of Reference (TORs) for External Auditors**

### **Background:**

Capital Market Stabilization Fund (CMSF) is an innovation of the Bangladesh Securities and Exchange Commission (BSEC). It was established by the Bangladesh Securities and Exchange Commission (BSEC) in the exercise of the powers conferred under 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 unallotted rights shares from the issuer of listed securities. Cash and stocks in the fund will be returned on a due claim by the shareholders or investors at any time.

In this connection, initially the Commission will engage maximum 4 (four) external audit firms to authenticate the distribution of cash and stock dividend as per corporate declaration since listing as well as the status of the unclaimed amounts as per BSEC (CMSF) Rules, 2021 – Rule 9(1), 9(2), 9(3), and 9(4) lying with issuers companies.

### **The Terms of Reference (TORs):**

- 1) Examine, review, and report status of cash dividend that remains unpaid or unclaimed or unsettled or undistributed for a period of 3 (three) years from the date of declaration or approval or record date in hands of issuer companies whether transferred or not to CMSF as per the Rule 9(1) of Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021;
- 2) Examine, review, and report status of stock dividend or bonus shares that remain unallotted or unsettled including corporate benefit in terms of bonus shares for a period of 3 (three) years from the date of declaration or approval or record date in hands of issuer companies whether transferred or not to CMSF as per Rule 9(2) Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021;
- 3) Examine, review, and report status of right shares that remain unallotted or unsettled for a period of 3 (three) years from the date of subscription or allotment in hands of issuer companies whether transferred or not to CMSF as per Rule 9(3) of Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021;
- 4) Examine, review, and report status of Initial Public Subscription (IPO) transfer process and find out whether any non-refunded money remains in hands of issuer companies that is not transferred to CMSF as per Rule 9(4) of Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021;

- 5) Examine and review all transactions in suspense BO account of the respective issuer company / security maintained for the purpose of bonus shares, right shares or any other purpose.
- 6) Examine and review share register as well as suspense BO account maintained by the issuer company / security for paper share (non-demat share) for the purpose of unclaimed / undistributed / unallotted cash / bonus / right / stock dividend along with accrued entitlement with subsequent corporate actions.
- 7) Examine, review and verify all dividend distribution reports submitted as per Directive No. BSEC/CMRRCD/2021-386/03, dated 14/01/2021 & also reconcile with the line item in balance / notes to the accounts.
- 8) Examine, review, and report status of the bank interest accrued on the unclaimed cash dividends, IPO subscription money, or right share subscription money as well as dividend and interest pending in Foreign Currency (if any).
- 9) Examine, review, and report on the amount and status of unclaimed dividend lying in the foreign currency where applicable.
- 10) Examine, review and reconcile the paid-up capital with the increase of its capital, time to time, through issuance of stock and rights and shareholding report (RT-14) as per CDBL's report.
- 11) Examine, review and reconcile the declared amount of unclaimed dividend (stock & cash) by the issuer company / security before implementation of CMSF Rules as per dividend distribution compliance report and subsequent reports by stock exchanges.
- 12) Examine all aspects of the issuer company's procedures to determine the fairness and accuracy of its dividend payments to the investors; etc.
- 13) Report the amount of unclaimed dividend (cash & stock) to be matured within a year for transfer to the CMSF.
- 14) The Auditor will be consultative with CMSF, especially through the Audit and Accounts Management Committee (AAMC) of CMSF and it (i.e., Auditor) will keep CMSF along with BSEC posted on the progress of their works.
- 15) Before submission of final report, a tripartite meeting among BSEC, CMSF & auditors shall take place.

**Audit Duration:**

The audit work shall be completed within 2 (two) weeks to 4 (four) weeks on the basis of the size of capital & number of years of the unclaimed dividend of issuer companies.

**Qualification of the Audit Firm:**

- 1 The audit firm must be based in Bangladesh;
- 2 The audit firm must be in the auditor panel of BSEC;
- 3 The audit firm should also be included in the list of BSEC auditors' panel.

**Audit Fees:**

The audit fees will be fixed through a competitive bidding process.