



3rd Floor, DCCI Building, 65-66 Motijheel C/A Dhaka-1000
Temporary Address: 5th Floor, 9/G, Motijheel C/A, Dhaka – 1000
Cell: +8801743059940, email: info@cmsfd.org, claim@cmsfd.org

DRAFT

**Terms of Reference (TOR)
for
Operation Management Committee (OMC)**

Capital Market Stabilization Fund (CMSF)

The Capital Market Stabilization Fund (CMSF) has been established by the Bangladesh Securities and Exchange Commission (BSEC) under the BSEC (Capital Market Stabilization Fund) Rules, 2021. As per the Rule, CMSF acts as a custodian of cash and stocks in favor of the investors as received by transferring unclaimed and undistributed cash or stock dividend, non-refunded public subscription money, and un-allotted rights shares from the issuer of listed securities. Cash or stock deposited in the fund will be paid or settled on due claims by the shareholders or investors at any time. 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' claims.

To comply with Rule – 6 of the CMSF Rules-2021, the Board of Governors (BOG) has formed the Operation Management Committee (OMC) in its 16th meeting held on February 22, 2022. The scope of operation of the OMC shall be determined by the Board which is mentioned in Rule-6, Sub-Rule-3. As per the guidance, the following Terms of Reference for OMC are proposed for the approval:

Terms of Reference (TOR) for Operation Management Committee (OMC)

1. **Composition:** Operation Management Committee (OMC) shall be a management committee established by the board.
2. **Purpose:** The committee shall support the board in smoothening the operation of the Fund.
3. **Membership of the committee:**
 - a. Every member of OMC shall hold his/her office for a term of 3 (three) years, but shall continue to hold office after the expiry of his/her term until a successor enters.
Provided that no member of OMC shall be appointed for more than two terms.
 - b. The Board will have authority to remove and appoint any member of the OMC of the Fund.
 - c. In case of death, resignation, disqualification, or removal of any member of OMC or in any other cases of vacancies, the Board shall fill the vacancy within 30 (thirty) days of occurring such vacancy in the committee.
 - d. No member of OMC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than the management committee's meeting fees or honorarium from the Fund.

4. Secretarial and Meetings

- a. The Board shall select one member from each management committee as Chairman of the committee.
- b. The Chairman of OMC shall select one of the committee members as secretary of the committee.
- c. In absence of the regular Chairman of OMC remaining members may elect one of themselves as Chairman for that particular meeting; the reason for the absence of the regular Chairman shall duly be recorded in the minutes of the said meeting.
- d. The OMC shall conduct at least 6 (six) meetings in each financial year.
- e. The Chairman of OMC may convene any emergency meeting if he deems necessary or upon request by any member of the committee.
- f. Quorum of the meeting of OMC shall be constituted in presence of either two members or two-third of the members of the committee, whichever is higher.
- g. The proceedings of the meeting of the OMC shall duly be recorded in the minutes of the meeting and such minutes will be confirmed in the next meeting.

5. Responsibilities:

- a. The committee will conduct buying and selling of listed securities.
- b. Making the investment in securities and providing loan/support to market intermediary and market maker will also be done by the committee.
- c. The committee shall also be responsible for lending and borrowing of listed securities and settlement of investors' claims.

6. Proposed Terms of Reference of OMC:

- (a) Operational guidelines of investors' claim settlement for cash and stock dividend;
- (b) Investment guidelines for fixed deposits from the cash balance of the fund;
- (c) Loan policy for market intermediaries from the cash balance of the fund;
- (d) The buying /selling guidelines of listed securities from the cash balance of the fund;
- (e) Lending/borrowing of securities from the stock of the fund;
- (f) Investment policy of stock from the securities of the fund;
- (g) Product development to utilize the stock of the fund [e.g., Exchange-Traded Fund (ETF)]
- (h) Monitor and control investment of the fund to achieve desired targets;
- (i) Monitor the overall operation and compliance activity of the fund;
- (j) Effective coordination with the RMC and AAMC of the fund;
- (k) OMC should ensure the obligation processes for securities risks are well known in the fund and that heightened issues are managed and reported to the Board of Governors (BOG) within agreed times.

- (l) Review and agree on mitigations for operational risks, ensure mitigations are clearly defined, and communicate to relevant committees and to the BOG;
- (m) Oversight of fund policies in relation to risks, security, and fund development with changes;
- (n) Annual review of all operational processes in relation to regulatory compliance, conflict management, and capital market whistleblowing;
- (o) Complete the additional activities as given by the BOG or the Commission from time to time, etc.

7. Reporting Authority

- a. OMC shall be responsible and accountable to the Chief of Operation (COO) of the fund and the COO of the fund shall be responsible and accountable for all operational activities.
- b. The minutes of the meeting of the OMC shall be furnished to the Board within 3(three) days of confirmation.
- c. OMC shall perform their duties as per the terms of reference (TOR) as determined by the Board from time to time.