



DIRECTIVE

Dated, 22 March 2021

No. BSEC/CMRRCD/2009-193/11 - Whereas, the Board of Directors of issuer companies listed with any stock exchange in Bangladesh whose shares are placed or transferred to the “Z-category” did not take appropriate measures to improve the performance of such companies during the period of trading of shares under the “Z-category”;

And whereas, in some cases, sponsors and directors of such issuer company are representing the company holding shares jointly less than 30% (thirty percent) of paid-up capital of the company by breaching such requirements, but the Board of Directors of such company did not take any initiative to comply with the requirements of jointly holding of 30% (thirty percent) shares of paid capital of the company by its sponsors and directors;

And whereas, such issuer companies are not appropriately operating their business and the shareholders are not getting dividend from such companies for a period more than three years;

And whereas, such issuer companies have failed to ensure the compliance of conditions or requirements of Notification No. SEC/CMRRCD/2009-193/07/Admin/106 dated September 01, 2020 and Directive No. SEC/CMRRCD/2009-193/15/Admin/112 dated 10 December 2020;

And whereas, the Bangladesh Securities and Exchange Commission (hereinafter referred to as the ‘Commission’) deems it appropriate that in the interest of investors and the capital market, certain further conditions should be imposed to the aforesaid issuer companies;

Now, therefore, in exercise of the powers conferred by section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969) the Commission hereby imposes the following further conditions to the issuer companies whose shares are trading under “Z category” or who failed to comply with the Commission’s direction regarding jointly holding of 30% (thirty percent) shares by the sponsors and directors or who are not operating their business properly and failed to pay dividend for a period more than three years, in addition to the conditions of the Corporate Governance Code issued vide the Commission’s Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, namely:-

- (1) Independent Director(s) nominated or appointed by the Commission [for improvement of operational performance as well as governance of such company whose shares are trading under “Z category” or who failed to comply with the Commission’s direction regarding jointly holding of 30% (thirty percent) shares by the sponsors and directors or who are not operating their business properly and failed to pay dividend for a period more than three years] shall not be included in the particulars of directors (FORM – XII) of the company.



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- (2) Such Independent Director(s) shall not provide any personal guarantee for the purpose of company's loan or any other liabilities or obligations;
- (3) Such Independent Director(s) shall not be a loan defaulter in any case for such company;
- (4) The Board of Director may, in addition to Audit Committee and Nomination & Remuneration Committee as required under the Corporate Governance Code, form an additional sub-committee of the Board comprising at least 3(three) members including at least one Independent Director on specific ground and with specific terms of reference (TOR).
- (5) The Board of Directors shall conduct at least 4 (four) meetings in each financial year:

Provided that the Board of the Directors shall not conduct more than 4 (four) meetings in a month:

Provided further that the Board of the Directors may conduct more than 4 (four) meetings for the first four months but not exceeding 8 (eight) meetings for the first two months and 6 (six) meetings for the next two months from the date of reconstitution of the Board:

Provided further that the Chairman of the Board may convene any other emergency meeting upon request by any member of the Board, with intimation to the Commission and the stock exchange(s).

- (6) Sub-committee of the Board shall conduct at least 4 (four) meetings in each financial year:

Provided that such sub-committee of the Board shall not conduct more than 1 (one) meeting in a month:

Provided further that such sub-committee of the Board may conduct maximum 2 (two) meetings for the first 2 (two) months from the date of reconstitution of the Board:

Provided further that the Chairman of the sub-committee may convene any other emergency meeting upon request by any member of the sub-committee, with intimation to the Commission and the stock exchange(s).



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- (7) All directors including Independent Directors shall entitle to get remuneration or honorarium for attending the Board of Directors meeting and its sub-committee's meeting as per remuneration or honorarium policy of the issuer company:

Provided that such remuneration or honorarium for each member of the Board or the sub-committee shall not be more than Taka 8,000 (eight thousand) for each meeting subject to deduction of income tax at source.

- (8) Such Independent Director(s) appointed or nominated by the Commission shall submit the report regarding status of compliance and progress of the company of previous month within 10th (tenth) day of each month of Gregorian calendar to the Commission.

This Directive shall have immediate effect.

By order of the Bangladesh Securities and Exchange Commission

Professor Shibli Rubayat-Ul-Islam
Chairman.