

Bangladesh Securities and Exchange Commission

Securities Commission Bhaban

E-6/C Agargaon

Shere-e-Bangla Nagar Administrative Area

Dhaka-1207, Bangladesh

NOTIFICATION

20 June 2018

No. **BSEC/CMRRCD/2006-158/208/Admin/81**:Whereas, the Bangladesh Securities and Exchange Commission (hereinafter referred to as the “Commission”) deems it fit that the consent already accorded by the Commission, or deemed to have been accorded by it, or to be accorded by it in future, to the issue of capital by the companies listed with any stock exchange in Bangladesh, shall be subject to certain further conditions on financial reporting and disclosure in order to enhance disclosure and transparency in the interest of investors and the capital market;

Now, therefore, in exercise of the power conferred by section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Commission hereby imposes the following further conditions to the consent already accorded by it, or deemed to have been accorded by it, or to be accorded by it in future, to the issue of capital by the companies listed with any stock exchange in Bangladesh, namely:-

1. Preparation of Financial Statements.-

The financial statements (annual or interim) of the company shall be prepared in accordance with the Securities and Exchange Rules, 1987 as well as the provisions of International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh or as per requirements under the ফাইন্যান্সিয়াল রিপোর্টিং আইন, ২০১৫ (২০১৫ সনের ১৬নং আইন)(Financial Reporting Act, 2015) as the case may be, unless otherwise specified in the referred Rules and other rules related to the issue or issuer of securities.

2. Auditing of Financial Statements.-

- (1) The company shall get its annual financial statements or, where applicable, interim financial statements, audited by duly appointing an auditor or audit firm enumerated in the panel of auditors as declared by the Commission from time to time.

Explanation: In this sub-condition, “panel of auditors” means any partnership firm of Chartered Accountants which is in the panel of the Commission within the meaning of the Bangladesh Chartered Accountants Order, 1973 (President’s Order No. 2 of 1973) as per the guidelines as prepared by the Commission from time to time in this regard.

- (2) The company shall not appoint any firm of chartered accountants as its statutory auditors for a consecutive period exceeding three years.

- (3) The auditor or audit firm shall not also be eligible for performing the auditing of financial statements of the company for a consecutive period exceeding three years.
- (4) The chartered accountant or auditor or partner of an audit firm shall make the audit report in accordance with the International Standards on Auditing (ISA) applicable in Bangladesh ensuring the provisions of the কোম্পানী আইন, ১৯৯৪ (১৯৯৪ সনের ১৮নং আইন) (Companies Act, 1994), the Financial Reporting Act, 2015, securities laws and other relevant laws.
- (5) The chartered accountant or auditor or partner of the audit firm shall have to follow or ensure the compliance with the provisions or professionalisms or practices or ethical requirements of the International Standards on Auditing (ISA), system of quality control requirement under the International Standard on Quality Control (ISQC), the Code of Ethics for Professional Accountants and other relevant standards and pronouncements as applicable in Bangladesh in conduction of auditing and issuing audit report.
- (6) The company shall not get its financial statements audited by any firm of chartered accountants or auditor which or who is convicted for any offence related to securities or stock exchange or financial matter under any law, or which or who has been declared ineligible by the Commission for acting as auditor of any issuer under sub-rule (3B) of rule 12 of the Securities and Exchange Rules, 1987 or against whom any disciplinary action has been taken by the Institute of Chartered Accountants of Bangladesh (ICAB), or the Financial Reporting Council (FRC).

3. Adoption of Quarterly Financial Statements.-

- (1) The company shall notify the Commission and the stock exchange in advance the date and time of its board of directors' meeting specially called for consideration or adoption of its quarterly financial statements and for declaration of any entitlement including interim dividend for the shareholders before 3 (three) working days of holding such meeting.
- (2) The board of directors of the company, while considering or adopting any quarterly financial statements, shall, in the same board meeting, declare the net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per share (NOCFPS) and the board shall not take any decisions with regard to recommending interim dividend for the shareholders on the basis of said financial statements without being duly audited and without declaring the shareholders who shall be entitled to such dividend:

Provided that no stock or bonus entitlement shall be declared as interim dividend:

Provided further that the board of directors may from time to time pay to the shareholders such interim dividend as appears to the board of directors to be justified by the profits of the company on the basis of related periodical audited financial statements:

Provided further that the decision about recommending interim dividend and entitlement for such dividend cannot be changed:

Provided further that the company shall, among others, disclose comparative net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per

share (NOCFPS) in respect of the previous period for such NAV per share, EPS and NOCFPS as declared for the current period's financial statements.

- (3) It is optional that the company may call a conference on its quarterly financial statements or results for its shareholders or investors or analysts or financial reporters or other stakeholders within the shortest possible time but not later than 7 (seven) days from the date of adopting or considering of such quarterly financial statements by the board of directors and duly published in the national dailies and posted in the website as well as in one online daily news site.
- (4) The Chairperson of the board of directors and/or the Chief Executive Officer (CEO) or Managing Director (MD), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall remain present in the above conference for providing explanation on the quarterly financial results and to answer the queries of the shareholders or investors or analysts or financial reporters or other stakeholders on the said financial results.
- (5) The company shall notify the stock exchange and the Commission in advance the date, time and venue of the above conference before 3 (three) days of holding such conference and immediately publish such notice in at least two widely circulated national dailies, one in Bengali and the other in English as well as in one online daily news site.

4. Submission of Quarterly Financial Statements.-

- (1) The company excepting the life insurance company shall, within 45 (forty five) days of end of the first quarter (Q1) of the financial year, submit quarterly financial statements (audited or unaudited) to the stock exchange and the Commission, and publish the same in at least two widely circulated national dailies, one in Bengali and the other in English as well as in one online daily news site:

Provided that in case of significant deviation in any parameter between the quarterly periods, the company shall provide reasons therefor:

Provided further that life insurance company shall, within 90 (ninety) days of end of Q1 of the financial year, submit quarterly financial statements (audited or unaudited) to the Commission and the stock exchange, and publish them in the same manner as above.

- (2) The company shall, within one month of end of the second quarter (Q2) of the financial year, submit quarterly financial statements (audited or unaudited) to the Commission and the stock exchange, and publish the same in at least two widely circulated national dailies, one in Bengali and the other in English as well as in one online daily news site:

Provided that in case of significant deviation in any parameter between the quarterly periods, the company shall provide reasons therefor.

- (3) The company shall, within one month of end of the third quarter (Q3) of the financial year, submit quarterly financial statements (audited or unaudited) to the Commission and the stock exchange, and publish the same in at least two widely circulated national dailies, one in Bengali and the other in English as well as in one online daily news site:

Provided that in case of significant deviation in any parameter between the quarterly periods the company shall provide reasons therefor.

- (4) Disclosure of quarterly (Q1, Q2 and Q3) financial statements shall be in accordance with the provisions of the Securities and Exchange Rules, 1987 as well as the provisions of the International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh, as the case may be, unless otherwise specified in the referred Rules along with special disclosures on:
- (a) detailed break-up or composition of shareholders' equity: paid-up capital, share premium and number of ordinary shares with face value and date of issue, preference share capital, number of preference shares with face value and date of issue, conversion features of preference shares (if any) with conversion date, conversion features of any other securities (if any) with conversion date, detailed break-up of reserve and surplus;
 - (b) calculation of net asset value (NAV) per share;
 - (c) calculation of basic and diluted earnings per share (EPS);
 - (d) calculation of net operating cash flows per share (NOCFPS); and
 - (e) in addition to disclosures on direct method of cash flows, a reconciliation of net income or net profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for the net changes in operating accruals.

5. Submission of Annual Financial Statements.-

- (1) Annual financial statements of the company except a life insurance company shall be audited within 120 (one hundred and twenty) days from the date on which the company's financial year ends and a copy of such audited financial statements shall be submitted to the Commission and the stock exchange within fourteen days thereof:

Provided that a listed life insurance company shall, within 30th June of Gregorian calendar, submit the audited annual financial statements to the Commission and the stock exchange:

Provided further that on an application filed by the company under rule 12(3A) of the Securities and Exchange Rules, 1987, the Commission may, on good cause shown and only under extreme circumstances, extend the time for auditing the annual financial statements or submission of the annual financial statements to the Commission, as the case may, as it deems fit.

- (2) Disclosure of annual audited financial statements shall be in accordance with the provisions of the Securities and Exchange Rules, 1987 as well as the provisions of the International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh, as the case may be, unless otherwise specified in the referred Rules along with special disclosures on:
- (a) detailed break-up or composition of shareholders' equity: paid-up capital, share premium and number of ordinary shares with face value and date of issue, preference share capital, number of preference shares with face value and date of issue, conversion features of preference shares (if any) with conversion date, conversion

- features of any other securities (if any) with conversion date, detailed break-up of reserve and surplus;
- (b) calculation of net asset value (NAV) per share;
 - (c) calculation of basic and diluted earnings per share (EPS);
 - (d) calculation of net operating cash flows per share (NOCFPS); and
 - (e) in addition to disclosures on direct method of cash flows, a reconciliation of net income or net profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for the net changes in operating accruals.

6. Adoption of Annual Financial Statements.-

- (1) The company shall notify the Commission and the stock exchange in advance the date and time of its board of directors' meeting specially called for consideration or adoption of its annual audited financial statements and for declaration of any entitlement for the shareholders before 7 (seven) days of holding such meeting.
- (2) The board of directors of the company, while considering or adopting annual audited financial statements shall, in the same board of directors' meeting, declare the net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per share (NOCFPS) and also fix the date of the relevant annual general meeting (AGM) and take specific decisions with regard to:
 - (a) recommending or not recommending dividend for the shareholders on the basis of said financial statements; and
 - (b) the shareholders who shall be entitled to such dividend, if recommended:

Provided that the decision about recommending or not recommending dividend and entitlement for such dividend, if recommended, shall be taken after considering the interim dividend already distributed and cannot be changed prior to holding of the annual general meeting:

Provided further that no dividend shall be paid other than out of profits of the year or any other undistributed profits:

Provided further that no dividend shall be declared out of the capital reserve account or the revaluation reserve account or any unrealized gain or out of profit earned prior to the incorporation of the company, if any, or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance:

Provided further that in case of declaration of stock dividend for the year, the company shall explain the reason for declaring stock dividend and utilization of such retained amount as capital (stock dividend) shall be disclosed in the annual report:

Provided further that the company shall, among others, disclose comparative net asset value (NAV) per share, earnings per share (EPS) and net operating cash flows per share (NOCFPS) in respect of the previous year for such NAV per share, EPS and NOCFPS as declared for the current year's financial statements.

7. Authentication of Financial Statements.-

- (1) Any unaudited financial statements of the company shall be authenticated on behalf of the board of directors with the signatures of the Chief Executive Officer (CEO) or Managing Director (MD), Chief Financial Officer (CFO) or Head of Finance and Accounts and the Company Secretary (CS) including at least two directors of the board until and unless otherwise required by applicable primary regulators.
- (2) Any audited financial statements of the company shall be authenticated as per the provisions of the Companies Act, 1994 and requirement of the Commission as well as requirement of primary regulator of the issuer, if any.

8. Posting of Financial Statements in the Website.-

The company shall make available the detailed financial statements (annual or quarterly) in its website as well as in the website of the stock exchange through link arrangement and in case of quarterly (Q1, Q2, Q3) financial statements, the company shall include the following paragraph in bold letters at the end of the quarterly financial statements published in the newspapers:

“The details of the published quarterly (Q1 or Q2 or Q3) financial statements are available in the website of the company. The address of the website is.....”.

9. Submission of Annual Report.-

- (1) The company shall furnish a copy of its annual report in soft form or printed form as the case may be, including all relevant annual audited financial statements, management's discussion and analysis, report or certificate on compliance of the Corporate Governance Code and Directors' Report along with the notice of the annual general meeting, etc., to the shareholders at least 14 (fourteen) days before the annual general meeting of the shareholders of the company at which the annual report is to be laid before them and shall simultaneously furnish 30 (thirty) printed copies of such reports to the Commission and to the stock exchange.
- (2) The company shall publish its annual report in its website linked with the stock exchange within at least 14 (fourteen) days before the annual general meeting of the shareholders of the company, with proper notification, specifying the web address, in two widely circulated national dailies (one in Bengali and one in English) as well as in one online daily news site for general information of the shareholders:

Provided that the company shall also send the annual report to the e-mail addresses of the shareholders available in their beneficial owner (BO) accounts with the depository.

- (3) The company shall also print sufficient number of annual reports so that any shareholder may collect the printed copy of the annual report from the registered address of the company or its Investors' Relation Department or from the AGM venue if any shareholder requires in writing beforehand.

10. Repeal and Savings.-

- (1) This Notification shall repeal following Notifications, Directive and Order of the Commission, in full or part, as stated below:
 - (a) Notification No. SEC/CFD-71/2001/Admin/08 dated March 28, 2001, published in the Bangladesh Gazette on April 29, 2001;
 - (b) Notification No. SEC/CMRRCD/2009-193/Admin/03-31 dated June 01, 2009, published in the Bangladesh Gazette on June 29, 2009;
 - (c) Condition No. 2 of the Notification No. SEC/CMRRCD/2008-183/Admin/03-34 dated September 27, 2009, published in the Bangladesh Gazette on January 12, 2010;
 - (d) Directive No. SEC/CMRRCD/2009-193/09/Admin/21 dated January 17, 2010, published in the Bangladesh Gazette on February 20, 2010; and
 - (e) Condition No. (b) of the Order No. SEC/CMRRCD/2009-193/104/Admin/26 dated July 27, 2011, published in the Bangladesh Gazette on September 29, 2011 and Order No. SEC/CMRRCD/2009-193/174/Admin/61 dated July 08, 2015, published in the Bangladesh Gazette on August 30, 2015.
- (2) Notwithstanding the repeal of the Notifications, Directive and Order of the Commission, in full or part, as stated above, any document or statement or report made or disclosed, resolution passed, instrument issued or action taken under or in pursuance of the said Notifications, Directive and Order shall, if in force before the commencement of this Notification, continue to be in force and shall have effect as if made, disclosed, passed, issued or done under or in pursuance of this Notification.

By order of the Bangladesh Securities and Exchange Commission

Dr. M. Khairul Hossain
Chairman.