৫০১১৯

বাংলাদেশ ব্যাংক

(সেন্ট্রাল ব্যাংক অব বাংলাদেশ)

প্রধান কার্যালয়

মতিঝিল, ঢাকা-১০০০

বাংলাদেশ।

ডেট ম্যানেজমেন্ট ডিপার্টমেন্ট

ডিএমডি সার্কুলার নং-০১

১৪ মাঘ, ১৪৩২

তারিখ: ---------------------

২৮ জানুয়ারি, ২০২৬

ব্যবস্থাপনা পরিচালক/প্রধান নির্বাহী কর্মকর্তা
বাংলাদেশে কার্যরত সকল তফসিলি ব্যাংক ও ফাইন্যান্স কোম্পানি

প্রিয় মহোদয়,

'Guidelines for the Enlistment and Operations of Primary Dealers in Government Securities, 2025 (Amended)'-জারিকরণ প্রসঙ্গে।

গণপ্রজাতন্ত্রী বাংলাদেশ সরকারের অর্থ মন্ত্রণালয়ের অর্থ বিভাগ কর্তৃক ২৮/০১/২০২৬ তারিখের ০৭.০০.০০০০.১৩৬.২৩.০১৬.২১-২৮ নং স্মারকের মাধ্যমে জারিকৃত পরিপত্রটি আপনাদের অবগতি ও প্রয়োজনীয় ব্যবস্থা গ্রহণের জন্য এতদ্‌সঙ্গে প্রেরণ করা হলো। উল্লেখ্য, জারিকৃত এই পরিপত্রটি অবিলম্বে কার্যকর হবে।

আপনাদের বিশ্বস্ত,

সংযুক্তি: বর্ণনা মোতাবেক (২৭ পাতা)।

(সোহেলী আফরীন)
পরিচালক (ডিএমডি) (চলতি দায়িত্বে)
ফোন: ৯৫৩০১৩০

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
অর্থ বিভাগ, অর্থ মন্ত্রণালয়
ট্রেজারী ও ঋণ ব্যবস্থাপনা অনুবিভাগ
সরকারি ঋণ ব্যবস্থাপনা
www.mof.gov.bd

স্মারক নম্বর- ০৭.০০.০০০০.১৩৬.২৩.০১৬.২১- ২৮

তারিখঃ ২৮ জানুয়ারি, ২০২৬
১৪ মাঘ, ১৪৩২

পরিপত্র

বিষয়ঃ "Guidelines for the Enlistment and Operations of Primary Dealers in Government Securities, 2025 (Amended)"-জারিকরণ।

সরকারি সিকিউরিটিজের জন্য প্রাইমারি ও সেকেন্ডারি বাজার শক্তিশালী এবং কার্যকর করার লক্ষ্যে এতদ্বারা 'Guidelines for the Enlistment and Operations of Primary Dealers in Government Securities, 2025 (Amended)' জারি করা হলো।

০২। যথাযথ কর্তৃপক্ষের অনুমোদনক্রমে জারীকৃত এই পরিপত্র অবিলম্বে কার্যকর হবে।

সংযুক্তিঃ পরিপত্র।

২৮/০১/২০২৬
(মোহাম্মদ রাশেদুল আমীন)
যুগ্মসচিব
ই-মেইলঃ mrashed@finance.gov.bd

বিতরণ:

(১) মন্ত্রিপরিষদ সচিব, মন্ত্রিপরিষদ বিভাগ/মুখ্য সচিব, প্রধান উপদেষ্টার কার্যালয়, তেজগাঁও, ঢাকা।
(২) গভর্নর, বাংলাদেশ ব্যাংক, প্রধান কার্যালয়, মতিঝিল, ঢাকা।
(৩) মহা হিসাব নিরীক্ষক ও নিয়ন্ত্রক, অডিট ভবন, ৭৭/৭ কাকরাইল, ঢাকা।
(৪) সিনিয়র সচিব/সচিব,..মন্ত্রণালয়/বিভাগ।
(৫) হিসাব মহানিয়ন্ত্রক, সেগুন বাগিচা, ঢাকা (তাঁর অধীনস্থ সকল অফিসে এর অনুলিপি প্রেরণের জন্য অনুরোধ করা হলো)।
(৬) ডেপুটি গভর্নর (ঋণ ব্যবস্থাপনা বিভাগ) বাংলাদেশ ব্যাংক, প্রধান কার্যালয়, মতিঝিল, ঢাকা।
(বাংলাদেশ ব্যাংকের ওয়েবসাইটে পরিপত্রটি প্রকাশ এবং সকল তফসিলি ব্যাংক ও ফাইন্যান্স কোম্পানি কে এর অনুলিপি প্রেরণের জন্য অনুরোধ করা হলো)।
(৬) অর্থ উপদেষ্টার একান্ত সচিব, অর্থ মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা।
(৭) অর্থ সচিবের একান্ত সচিব, অর্থ বিভাগ, বাংলাদেশ সচিবালয়, ঢাকা (অর্থ সচিবের সদয় অবগতির জন্য)।
(৮) সিনিয়র সিস্টেম এনালিস্ট, অর্থ বিভাগ, বাংলাদেশ সচিবালয়, ঢাকা (তাঁকে পরিপত্রটি অর্থ বিভাগের ওয়েবসাইটে আপলোড করার জন্য অনুরোধ করা হলো)।

Guidelines for the Enlistment and Operations of Primary Dealers in Government Securities, 2025 (Amended)

28 January, 2026

Treasury & Debt Management Wing
Finance Division, Ministry of Finance
Government of the People's Republic of Bangladesh
www.mof.gov.bd

Table of Contents

1. Preamble

Whereas, the issuance of Government Securities serves as a vital instrument for mobilizing domestic resources to finance the national Budget;

Whereas, an efficient and liquid Government Securities market is essential to meet financing objectives, foster secondary market development, and broaden the investor base;

Whereas, the role of Primary Dealers is critical in ensuring the smooth functioning of the primary and secondary markets for Government securities, necessitating enhanced performance through comprehensive review and accountability framework;

Whereas, the existing Bangladesh Bank (BB) Guideline No. FRTMD-6/2003 of 29/07/2003 on Guidelines for Enlistment and Operations of Primary Dealers in Government Securities requires revision to align with evolving market dynamics and regulatory best practices;

Now, therefore, in pursuance of the considerations outlined above, this Guideline on Primary Dealers of Government Securities is hereby promulgated to establish a comprehensive framework for the enlistment, operations, evaluation, and oversight of Primary Dealers, ensuring their effective contribution to the stability and growth of the Government Securities market.

2. In view of

In exercising the powers conferred to the Finance Division (FD), Ministry of Finance (MoF), Government of People's Republic of Bangladesh under 'সরকারি ঋণ আইন, ২০২২' (Public Debt Act, 2022) (Act No. 17 of 2022), Finance Division hereby issues the 'Guidelines for the Enlistment and Operations of Primary Dealers in Government Securities'.

3. Definition

(i) For the purpose of these Guidelines, the following terms shall be defined as indicated below, provided that such meanings shall apply unless the context clearly indicates otherwise.

a) **Bidding Obligation** means a commitment taken from the Primary Dealers for the minimum bidding of a certain amount of Government Securities in the primary auction.

b) **Cut-off yield** means the yield of the last bid that is accepted in the primary auction or the corresponding yield of accepted price;

c) **Government Securities** means tradable debt instruments (Treasury Bills and Treasury Bonds) issued by the Government of the People's Republic of Bangladesh under the Public Debt Act, 2022;

d) **Liability Management Operation (LMO)** means the transactions and operations undertaken by the Government to change the composition of its outstanding debt portfolio with the objective of minimizing borrowing costs, mitigating refinancing and rollover risks, and enhancing the composition, maturity profile, liquidity, and efficiency of the public debt structure;

e) **Primary Dealer (PD)** means a bank, finance company, or their subsidiary appointed by Finance Division of Ministry of Finance, Government of the People's Republic of Bangladesh, to act as an intermediary in the Primary Market and as a market-maker in the Secondary Market of Government Securities;

f) **Primary Market** means a market where the initial issuance or reissue of Government Securities takes place directly to investors through a defined market mechanism;

g) **Secondary Market** means the market for subsequent transactions of Government Securities initially issued or reissued in the Primary Market. The Secondary Market involves the transfer of outstanding securities between holders or investors without affecting the face value amount or the composition of the outstanding public debt;

h) **Secondary Market Turnover** is the total purchase and sales of Government Securities during a fiscal year in the Secondary Market;

i) **Standalone Primary Dealer** means a subsidiary of banks/Finance Companies (FC) or any other financial institution that is specially authorized to participate in the Primary Market for Government Securities, providing liquidity and market-making services in the Secondary Market, while operating independently of banks/FCs;

j) **Securities Lending Facility** means a mechanism that enables the temporary lending of Government Securities to PDs against acceptable collateral, with the objective of supporting Primary Dealers in performing their market-making obligations to enhance liquidity in the Secondary Market, support price discovery, and facilitate smooth functioning of the market;

k) **Success Ratio** means the ratio of successful bids of Primary Dealer in an auction to its Bidding Obligation;

l) **Treasury Bill** means short-term Government Securities (up to one year) issued by the Government;

m) **Treasury Bond** means long-term Government Securities (more than one year) issued by the Government.

(ii) All other words and expressions used herein, even if not defined, shall indicate the meaning prescribed in the provisions of the Bangladesh Bank Order, 1972 (up to date), Bank Companies Act, 1991 (up to date), Public Debt Act, 2022, Finance Company Act, 2023, and any other standards, laws and regulations that are in force.

4. Objectives

a) With the purpose of introducing an effective and transparent primary dealer system, the objectives of these guidelines are to establish the Operational and Regulatory

Framework for the Primary Dealer system, specifying their eligibility, roles, rights, and obligations in both the Primary and Secondary Markets.

b) Ensure Efficient Debt Absorption by defining the mandatory bidding obligation of Primary Dealers to facilitate the successful and timely issuance and auction clearance of Government Securities.

c) Enhance Market Liquidity and Depth in the Government Securities market by facilitating transparent price discovery and promoting sufficient turnover among a diverse range of investors.

d) Develop Market-Making Capabilities and professionalism among the appointed Primary Dealers, obligating them to quote continuous two-way prices to guarantee market efficiency and accessibility.

e) Broaden and Diversify the Investor Base of Government Securities to facilitate the deepening and sophistication of the domestic bond market.

f) Promote Market Integrity and Stability by defining strict standards of conduct, reporting requirements, and risk management guidelines for all Primary Dealers.

5. Appointment of Primary Dealers (PD)

Finance Division (FD) of Ministry of Finance, Government of the People's Republic of Bangladesh with consultation with Bangladesh Bank (BB) shall select and appoint PDs from banks, finance companies and their subsidiaries. Prospective applicants shall submit an application to FD at any time expressing their interest, outlining how they meet the criteria listed below, their expertise, business model, and the value they can add as a PD. In the process of selecting PDs among the prospective applicants, FD shall consider the following criteria, or any additional criteria that may be determined by FD in consultation with BB from time to time.

5.1 Criteria for Banks and Finance Companies

Banks and Finance Companies must have-

a) Willingness to comply with the regulations as a Primary Dealer;

b) Willingness to participate in the primary and secondary markets of Government Securities, Liability Management Operations and to establish connectivity with their infrastructure;

c) Internal control system for fair conduct of business, settlement of trade, and risk management capabilities and arrangements;

d) Skilled and capable personnel, internal organization and IT applications to ensure efficient participation in the Primary and Secondary Markets;

e) Capacity to fulfill the reporting and technical requirements for settlement, record keeping, and analysis of day-to-day transactions;

f) Past engagement in the Primary and Secondary Market of the Government Securities, if applicable;

g) Financial strength evidenced by the factors but not limited to Risk Based Supervision (RBS) Assessment, CAMELS rating, structural abilities, and corporate governance;

h) Solvency and overall standard of the applicant's compliance with the prudential and regulatory guidelines of the BB and other relevant regulatory agencies.

5.2 Criteria for Standalone Primary Dealers

a) Standalone Primary Dealers shall focus solely on trading Government Securities, acting as market makers in both the Primary and Secondary Markets, and operating independently without taking deposits and engaging in other banking activities;

b) FD shall develop the regulatory guidelines for establishing Standalone Primary Dealers in consultation with BB when deemed appropriate;

c) The criteria for selection, obligations, roles and responsibilities, as well as the performance evaluation process of Standalone Primary Dealers, shall be incorporated into these guidelines when deemed appropriate.

5.3 Selection Process of PD

FD shall appoint a PD or reject the application submitted by a bank, FC, or their subsidiary to act as a PD, based on its assessment of market needs, the applicant's suitability, and the value added to the system. FD may also specify the number of PDs from time to time. Accordingly, the selection processes of a PD are as follows:

a) For enlistment as a PD, the intended applicant shall submit an application in the prescribed format (Annexure-1) with necessary documents (Annexure-2) to the FD;

b) FD shall forward the Primary Dealer applications to the Debt Management Department (DMD) of BB, requesting their opinion and specific recommendations for approval or rejection.

c) Based on the application and recommendations received from BB, FD shall analyze the performance of the institution in achieving the eligibility criteria;

d) Based on the evaluation, FD shall approve bank and finance company to act as an PD;

e) FD shall issue an authorization letter to the institution to act as a PD;

f) PD shall give an undertaking to comply with all the terms and conditions to act as a PD;

g) PD shall initially be appointed for a period of three years, subject to the yearly performance evaluation for renewal or termination.

6. Obligations of PD

PD shall play an active role in the Government Securities market, both in its Primary and Secondary Market segments, through various obligations like participating in primary auctions (bidding obligation), market making of Government Securities, achieving a minimum secondary market turnover and maintaining an efficient internal control system for fair conduct of business etc.

6.1 Primary Market Obligation

PDs shall actively support the primary issuance of Government Securities through mandatory bidding obligations, structured as follows:

a) The Bidding Obligation shall be designed to ensure continuous demand for the issuance of Government Securities by mandating the participation of PDs and facilitating the participation of intermediary investors [as described in paragraph 7(c)] through the PD system

b) The aggregate Bidding Obligations assigned to all PDs for any given auction shall, in total, equal the notified amount of that specific auction.

c) BB shall determine and announce the total bidding obligation on a quarterly basis, after consulting with the Finance Division (FD), by formally notifying all PDs;

d) The Bidding Obligation for individual PDs shall be divided into two segments, unless otherwise notified by the Bangladesh Bank from time to time: i. Sixty percent (60%) of the Bidding Obligation shall be calculated based on the Total Demand and Time Liabilities (TDTL) of the respective PDs and ii. The remaining forty percent (40%) shall be equally distributed among all appointed PDs.

e) PDs shall be required to maintain a quarterly success ratio of at least 60 percent or as determined by FD time to time of their assigned Bidding Obligations to remain eligible in the Primary Dealer System.

6.2 Secondary Market Obligation

Primary Dealers (PDs) shall fulfill mandatory obligations in the Secondary Market to ensure liquidity, price discovery, and continuous accessibility for investors:

a) PDs shall maintain an active dealing desk or electronic trading access, ensuring their capacity to engage in secondary market transactions throughout the official business hours of each working day.

b) PDs shall be obligated to continuously quote firm, two-way (bid and offer) prices for all (Benchmark) Government Securities designated by Bangladesh Bank (BB) from time to time. These quotes shall adhere to the following minimum standards: i. Quotes must be provided for a minimum transaction size as stipulated by BB. ii. The spread between the bid and offer prices shall not exceed the maximum spread limits set by BB, ensuring competitive pricing and genuine market-making.

c) To support continuous market-making activities, PDs shall acquire and maintain a quarterly average of at least twenty percent (20%) of their total Government Securities holdings in their Trading Book (Mark-to-Market Portfolio)/under HFT portfolio, or as specified by BB from time to time. This inventory must be readily available for secondary market transactions.

d) Each PD shall be required to achieve a minimum annual secondary market turnover based on its average annual bidding obligation, ensuring active participation. This requirement shall be reviewed annually as follows:

Average Annual Bidding Obligation	**Minimum Annual Secondary Market Turnover**
Less than or equal to 3%	Minimum Tk. 3,000 Crore
More than 3% but less than or equal to 7%	Minimum Tk. 5,000 Crore
More than 7%	Minimum Tk. 10,000 Crore

e) In addition, each PD shall ensure that at least fifteen percent (15%) of its required annual turnover is achieved within each quarter to maintain consistent market liquidity.

f) PDs shall actively contribute to market transparency by publishing the official link of the Government Securities Order Matching Platform (GSOM) and the Yield Curve published by BB prominently on their official websites for the timely dissemination of information to all investors.

7. Primary Market Operations of PD

The Primary Market participation of Primary Dealers (PDs) shall adhere to the following mandatory roles and conditions, in addition to any specific instructions issued by Bangladesh Bank (BB) from time to time:

a) PDs shall regularly and actively participate in all primary auctions and issues of tradable Government Securities, fulfilling their Bidding Obligation for a minimum amount as determined and notified by BB.

b) PDs shall maintain the exclusive right to participate directly in the competitive segment of the primary auction, thereby serving as the sole authorized competitive bidders.

c) Bid Submission Types: PDs are mandated to submit: i. Competitive Bids for their own proprietary trading books. ii. Non-Competitive Bids on behalf of their clients who do not maintain a current account with BB.

Exception for Amanat Surokkha Tahabil:
Notwithstanding the general rule, PDs are specifically authorized to submit non-competitive bids on behalf of the “Amanat Surokkha Tahabil”, even though the Tahabil maintains a current account with BB, given its designated role in safeguarding depositors' funds.

d) Banks or Financial Institutions (FIs) that are not designated as PDs but maintain a current account with BB shall not be eligible to participate in the primary auction for their own proprietary trading. However, they retain the right to submit non-competitive bids on behalf of their clients (who do not have a current account with BB) through a formally linked Primary Dealer.

e) PDs shall ensure that sufficient and immediately available funds are present in their respective current accounts maintained with BB by the required settlement date to cover the full accepted value of their successful competitive and non-competitive bids.

f) Separate bids shall be submitted for each individual auction, and PDs are permitted to submit multiple, distinct bids in any single auction.

g) Non-Competitive Reservation: The aggregate accepted amount of non-competitive bids in the primary auction shall be limited to fifteen percent (15%) of the total issue amount. Should the volume of non-competitive bids exceed this limit, the allocation shall be made on a pro-rata basis among all non-competitive bidders.

h) Successful non-competitive bids shall be allocated the security at the weighted average rate/price of the competitive bids accepted in the same auction.

i) Single Bidder Cap: To mitigate market concentration risk, the total bid amount submitted by a PD shall be capped at seventy-five percent (75%) of the notified issue amount for that auction.

j) Market Integrity and Conflict of Interest: PDs shall undertake all necessary due diligence while acting on behalf of their clients. Furthermore, PDs are strictly prohibited from using any non-public or sensitive customer bid information for their own proprietary trading activities, thereby ensuring the prevention of conflicts of interest and maintaining market integrity.

8. Other Roles and Responsibilities of PD

Apart from the general regulatory instructions and prudential guidelines for banks and financial companies as applicable, a PD shall be subject to the following regulations in its operations as a dealer of Government Securities:

a) Each financial year, PDs shall submit the annual business plan to FD, including business strategies, research, and marketing efforts with the target of achievement;

b) PDs shall maintain separate books of accounts for their Primary Dealer business;

c) PDs shall act as relationship manager for creating awareness among investors about the Government Securities;

d) PDs shall establish a separate window for providing cliental services or other services as specified by BB from time to time to the investors of Government Securities;

e) PDs shall facilitate investors for trading of Government Securities in the stock exchange along with BB's trading platform;

f) PDs shall participate in meetings regularly, or as and when required, with FD and the BB.

9. Privileges of PD

In recognition of their sustained commitment to debt management and market development, Primary Dealers shall be entitled to the following incentives and special privileges:

a) PDs shall be eligible to get a commission on the total amount of its successful bids 'on its own account' over the SLR requirement and purchases made 'on behalf of its individuals and institutional clients who have no current account with BB';

b) The commission shall be paid to PDs on a monthly basis at the specific rate prescribed by the FD from time to time;

c) PDs shall be eligible for the commission for the month only if they submit bids in every auction conducted during that month;

d) PDs shall be exclusively entitled to participate directly in the Liability Management Operations of the Government, including, but not limited to, buy-back and exchange operations;

e) PDs shall be entitled to submit purchase and sale bids in all private placements and bilateral buyback arrangements conducted by the Government or BB;

f) PDs shall have the exclusive rights to participate in the Securities Lending Facilities of the Government. The Finance Division (FD), in consultation with BB, shall provide the necessary detailed guidelines regarding these facilities.

10. Performance Evaluation

a) FD shall annually evaluate the performance of PDs, in consultation with the BB, according to the Performance Evaluation System (Annexure-3) developed on the basis of terms and conditions mentioned in these guidelines;

b) The continuation of PD business shall depend on its performance evaluation and compliance with these guidelines.

11. Selection of Best PDs

a) The Finance Division (FD) shall, on an annual basis and in consultation with Bangladesh Bank (BB), formally rank all PDs based on the performance evaluation system defined herein. Following this ranking, the Top Three (3) Performing Primary Dealers shall be formally designated as Star Performers.

b) An Official Commendation (Letter of Appreciation) shall be formally awarded to the Top Three Performing PDs. This achievement shall be publicly announced by the Finance Division to acknowledge their contribution to the Government Securities Market.

c) The Top Three Performing PDs shall be eligible to receive a differential incentive commission at a higher rate than the regular commission, as prescribed by the FD from time to time, for the subsequent one-year performance cycle, serving as a special incentive for maintaining excellence.

12. Reporting

a) PDs shall submit periodical statements/reports to the FD as per the directions of FD from time to time;

b) PDs shall provide an implementation report of their annual development plan on a quarterly basis;

c) PDs shall immediately bring to the notice of the FD through the BB any major complaint and any action initiated or taken against them by any regulatory entity, including the Bangladesh Securities and Exchange Commission, the Register of Joint Stock Companies, the Income Tax/VAT Authorities, the Financial Reporting Council or ICAB, the Stock Exchanges etc.

13. Restructuring or Reorganization of PDs

a) In the event that a Bank or FC appointed as a PD undergoes restructuring or reorganization in the form of a merger, acquisition, consolidation, division, integration, and/or other forms, the PD shall submit a written notification to the FD through the BB;

b) The written notification shall be submitted along with the following attachments:

   i) Approval from the relevant authority regarding the restructuring or reorganization plan; and

   ii) A statement letter confirming the commitment to remain a PD, comply with all regulations and obligations, and affirming that no changes affect the fulfillment of the PD criteria and requirements.

c) FD shall follow up on the written notification submitted by the PD as referred to in paragraph (a) by reappointing the entity as a PD;

d) The obligations of the Bank or Finance Company as a PD that were fulfilled before the reappointment shall still be considered in the evaluation of the PDs obligations and annual performance assessment.

14. Discontinuation of PD

The discontinuation of PD status can occur either through voluntary exit, or through suspension and cancellation by FD for failing to meet regulatory standards or non-compliance.

14.1 Voluntary Exit

a) If a PD intends to voluntary surrender its authorization, it shall submit a formal application to the Finance Division (FD) at least two (02) months prior to the proposed effective date of the surrender, including a brief yet adequate explanation for the reasons for exit. ;

b) FD shall forward the surrender application to the Debt Management Department (DMD) of BB seeking their opinion on the request and its potential implications for the market;

c) BB shall review the applications. ensuring that the exit process for a PD is conducted in a manner that does not cause any unfavorable disruptions for other market participants, and subsequently forward the application back to the FD with its comprehensive comments and recommendation;

d) Upon reviewing the recommendation from BB, if FD finally approves the application, it shall officially notify all relevant stakeholders. Conversely, in the event of a rejection, the applicant shall be duly notified by the FD;

e) In case of an approved exit from PD status, the outgoing PD shall not be eligible to receive any commission for the fractional period of the month in which the exit becomes effective.

14.2 Suspension and Cancellation

(i) The Primary Dealer (PD) status may be suspended or cancelled by the Finance Division (FD), in consultation with Bangladesh Bank (BB), as deemed necessary, under the following circumstances:

a) Any violation of the regulatory guidelines or the terms and conditions of the undertaking executed by a PD with the FD;

b) Failure to meet the established performance criteria on an ongoing basis;

c) Repeatedly providing bids and offers that are not reasonably competitive based on prevailing market conditions;

d) If there is any evidence that a PD has intentionally attempted to manipulate the market or failed to provide required information or provided incorrect, inaccurate, or incomplete information;

e) FD reserves the right to revoke PD status if it deems such action necessary for the betterment, stability, or integrity of the Government Securities market;

(ii) PDs failing to meet minimum obligations or ranking consistently at the bottom of the yearly performance evaluation may have their status cancelled or be replaced by new interested participants who satisfy the eligibility criteria. The procedure of suspension or cancellation is as follows:

a) FD shall issue a formal explanation notice to a PD if it violates any of the clauses mentioned in paragraph 14.2;

b) If FD is dissatisfied with the explanation received, it shall notify and consult the BB prior to making a final decision regarding the termination of the PD status of the institution;

c) Upon consultation with BB and finalization of the decision, FD may proceed to formally terminate the PD status;

d) Such cancellation shall be made public by FD, with a copy of the final decision formally communicated to the BB.

15. Monitoring

a) BB shall have the right to inspect the books, records, documents, accounts, and systems of a PD, in coordination with Bangladesh Securities and Exchange Commission (BSEC) as and when applicable;

b) PDs are required to make available all such documents, records, etc. to the BB and render all necessary assistance as and when required;

c) BB shall have the right to call for an explanation notice from a PD against any major complaint lodged against it by a customer or an investor.

16. Dispute Resolution

Any dispute arising regarding the operations of the Primary Dealer system shall be resolved by the Finance Division (FD) in accordance with applicable laws and regulations of the Government of the People's Republic of Bangladesh.

17. Modification of Guidelines

The Finance Division (FD) reserves the right to modify, extend, add to, or remove policies and procedures related to Primary Dealers as it deemed necessary to ensure market efficiency and alignment with national/public debt management objectives and strategies.

18. Effective Date of the Guidelines

These guidelines shall be effective from the date of their issuance.

Annexure-1: Application Form for Primary Dealership in Government Securities

Date:

Secretary
Finance Division
Ministry of Finance, Bangladesh Secretariat,
Dhaka.

(Attention: Joint Secretary/Additional Secretary, Treasury & Debt Management)

Subject: Application for Appointment as Primary Dealer in Government Securities.

Dear Sir,

With reference to the Finance Division's notification No. _____ dated _________, we hereby apply for appointment as Primary Dealer of Government Securities. The required documents are attached herewith.

We hereby declare that the particulars, information/documents/reports furnished here are true, correct, and complete to the best of our knowledge. We hereby, also, promise to abide by the aforesaid guidelines and any other guidelines/instructions to be issued by Finance Division and/or Bangladesh Bank on behalf of Finance Division from time to time, if Finance Division appoints us as a primary dealer in Government Securities.

Signature:
Name:
Designation: MD/CEO
Institution name:
E-mail:
Phone:

Annexure-2: List of documents to be submitted with the application form

A. Organization and Treasury details of the institution;
B. Financial Condition of the institution;
C. Primary and Secondary Market Performance;
D. Undertaking to perform as a Primary Dealer by following all the rules and regulations provided by the Finance Division in 300 Taka Non-Judicial Stamp;
E. Proposed annual business plan for operation as a Primary Dealer in Government Securities;
F. Audited Financial Statements for the previous two years, if applicable;
G. Extract of the enabling clause in the Memorandum of Association/Articles of Association/relevant charter for engagement in the role of Primary Dealer in Government securities.

A. Organization and Treasury Details

1. Name of the Bank/Institution :
Official address :
Telephone No :
E-mail :

2. Organogram of the Treasury Division:
3. Availability of Government Securities Investment Window:

4. Physical infrastructure and staff details:

a) Facilities available in securities trading house:
i) Availability of Reuters or Bloomberg service etc. for dealing in securities business: Y/N
ii) Availability of IT support: Y/N

b) Qualification and experiences of officials engaged in Government Securities business of Treasury Division:

Sl. No.	Name and Designation	Educational Qualification (Latest degree)	Experience (no. of year)	Contact Number and Email

5. Whether the following arrangement for communication network in securities trading available or not?

a) Between different offices and windows with treasury: (Y/N)
b) Between Treasury, Principal Office, Local Office and Bangladesh Bank: (Y/N)
c) Listed in the stock exchange: Y/N
d) Arrangements for on-line trading through electronic registry with depository of Bangladesh Bank or CDBL: (Y/N)

6. Whether the institution has business continuity plan and disaster recovery site: Y/N

7. State arrangement for separate record keeping system of Primary Dealership Activities from other business activities:

B. Financial Conditions of the Institution

1. CAMELS Rating
2. Credit Rating (both Short and Long Term)
3. Capital Metrics
   a. Capital to Risk Weighted Asset Ratio
   b. Tier-1 Capital to RWA
   c. Capital surplus (%)
4. Liquidity Ratio
   a. AD ratio
   b. Liquidity Coverage Ratio
   c. Maintenance of CRR and SLR
   d. HQLA to Short-term liabilities
5. Asset Quality
   a. NPL %
   b. Concentration of Loans given to Largest 5 groups of the Bank
   c. Required and Maintained provision
   d. Deferred Provision
   e. NPL Coverage ratio (Provision Maintained/Gross NPL)
6. Growth Metrics
   a. Deposits
   b. Loans and Advances
   c. Government Securities
   d. Employment
7. Efficiency Ratio
   a. ROE
   b. ROA
   c. Net Profit Margin (Profit after Tax/Gross Income)
   d. Weighted average interest rate of loans
   e. EPS
   f. Dividend payout ratio
8. HTM and HFT Holding (%)

C. Primary and Secondary Market Performance

1. Purchases of Government Securities from primary auction in the previous two financial years:

Instruments	FY01 Face value (in Crore Taka)	FY02 Face value (in Crore Taka)
14 Days Treasury Bills		
91 Days Treasury Bills		
182 Days Treasury Bills		
364 Days Treasury Bills		
02 Years BGTB		
03 Years FRTB		
05 Years BGTB		
10 Years BGTB		
15 Years BGTB		
20 Years BGTB		
Other Govt. Bonds (Please Specify)		
Total:		

2. Volume of Secondary Trading of Government Securities (if any) at face value Previous two financial years:

Instruments	FY01 Face value (in Crore Taka)		FY02 Face value (in Crore Taka)	
	Buy	Sell	Buy	Sell
14 Days Treasury Bills				
91 Days Treasury Bills				
182 Days Treasury Bills				
364 Days Treasury Bills				
02 Years BGTB				
03 Years FRTB				
05 Years BGTB				
10 Years BGTB				
15 Years BGTB				
20 Years BGTB				
Other Govt. Bonds (Please Specify)				
Total:				

D. Undertaking to Perform as Primary Dealer

Secretary

Finance Division

Ministry of Finance

Bangladesh Secretariat, Dhaka.

By

WHEREAS the Finance Division has agreed in principle to appoint us as a Primary Dealer in Government Securities in accordance with the Finance Division Notification no. _________Dated _________

AND WHERES as a precondition to our being authorized as a Primary Dealer we are required to furnish an undertaking covering the relevant terms and conditions,

AND WHEREAS at the duly convened Board of Directors meeting of on, the Board has authorized me(us) to execute and submit an UNDERTAKING to Finance Division as set below:

NOW, THEREFORE, in consideration of Finance Division agreeing to admit us as a Primary Dealer, I/we hereby undertake and agree:

1. To accomplish the transactions in Government Securities through a separate unit and maintain separate accounts therefore. We also undertake to maintain separate accounts in respect of our own position and customer transactions;
2. To maintain infrastructure in terms of both physical apparatus and skilled manpower for efficient participation in primary issues, trading in the secondary market, and for providing portfolio advice and education to investors;
3. To maintain a sound communication network system for securities business throughout the country;
4. To maintain On-line arrangement with Central Depository System of Bangladesh Bank (FMI) and CDBL as required for primary dealership transactions through electronic registry;
5. To put in place an efficient internal control system for fair conduct of business and settlement of trades and maintenance of separate accounts;
6. To offer firm two-way prices reflective of market sentiment and keep the trading window open throughout the day with active trading of Government Securities. In the secondary market, we are bound to make prices within a limit as per the directions of Bangladesh Bank;

~~7.~~ To bid for Government Securities in primary issues to the extent not less than what is required by Finance Division as minimum. We understand that we are required to achieve a minimum success ratio as specified by Finance Division from time to time;

8. To acquire and maintain certain percentage of Government Securities under the HFT portfolio for market making as specified by BB from time to time;

9. To achieve the required secondary market turnover as specified by Finance Division from time to time;
10. To respect the need for confidentiality in our dealings with the central bank, other dealers, and customers. We shall not divulge confidential information nor attempt to persuade or coerce others into revealing confidential information;
11. To observe high standards of just and equitable principles of trade. All communications with others shall be based on principles of fair trading and good faith and shall provide a sound basis for evaluating the facts;
12. To bring to Finance Division's attention through Bangladesh Bank any major complaint against us by authorities such as the Stock Exchanges, Bangladesh Securities and Exchange Commission (BSEC), National Board of Revenue (NBR), etc.;
13. To maintain and preserve such information, records, books, and documents pertaining to our work as a Primary Dealer, as may be specified by Bangladesh Bank from time to time;
14. To permit Bangladesh Bank to inspect all records, books, information, and documents, and to make available the records to the inspectors and render all necessary assistance;
15. To comply with the conditions to submit statements and returns as prescribed, either specifically or generally, by Finance Division/Bangladesh Bank through any of its instructions, circulars, or directives;
16. If Bangladesh Bank imposes a penalty for non-compliance, we shall be obliged to comply with it;
17. If any dispute arises while participating as PD, we shall be obliged to comply with the decision taken by Finance Division;
18. We understand that we are subject to all prudential and regulatory guidelines issued by Finance Division and/or Bangladesh Bank on behalf of Finance Division from time to time;
19. This undertaking shall remain valid for an indefinite period unless we voluntarily exit or Finance Division suspends or cancels our Primary Dealer status.

We do hereby confirm that the above undertaking shall be binding on our successors and assigns.

Dated this DD/MM/Year

Signatory:

Witness:

Annexure-3: Performance Evaluation System

A. Quantitative Criteria	Requirement	Weightage
1. Maintaining Success Ratio	Minimum 60% of its Bidding Obligation (Quarterly)	30%
2. Contribution in Primary Auction	Own Successful Bid	5%
3. Two Way Price Quoting	100%	10%
4. Secondary Trading	Annual Secondary Market Turnover	35%
Subtotal		**80%**
B. Qualitative Criteria	**Requirement**	**Weightage**
1. Submission of Annual plan	Minimum 15% weightaged is required to be eligible for Best PD Selection	1%
2. Achivement of target		10%
3. Best Competitive Quoting in Secondary Trade		1%
4. Comparison of New Investor Creation with Best Contributor		2%
5. Overall Health of the Company		2%
6. Standard of Customer Service		2%
7. Participations in LMOs		2%
Subtotal		**20%**
Total (A+B):		**100%**

A. Quantitative Criteria

1. Maintaining Success Ratio

Minimum Success Ratio	60%
Total Auction Amount	200,000.00
Max Success Ratio	100%

Name of PD	Bidding Obligation	Bidding Obligation Amount (Crore)	Successful Bid(Crore)*	Success Ratio (in %)	Conversion to Maximum weightage	Points achieved based on Succes ratio
a	b	c=Total Auction Amount*B	d	e=d/c*100	f	g=(f/Max Success Ratio)*30
A	17.50%	35,000	50,000	143%	100%	30.00
B	14.50%	29,000	20,000	69%	69%	20.69
C	13.00%	26,000	12,000	46%	46%	0.00
D	9.00%	18,000	15,000	83%	83%	25.00
E	5.50%	11,000	1,000	9%	9%	0.00
F	10.00%	20,000	12,000	60%	60%	18.00
G	11.50%	23,000	9,000	39%	39%	0.00
H	9.50%	19,000	25,000	132%	100%	30.00
I	7.50%	15,000	20,000	133%	100%	30.00
J	2.00%	4,000	10,000	250%	100%	30.00

Minimum 60% of its Bidding Obligation is required for eligibility

*Successful Bid=Own bid+own client Bid+linked Non-PD client bid

2. Contribution in Primary Auction

Total Auction Amount	200,000.00
Max Success Ratio	225%

Name of PD	Bidding Obligation	Bidding Obligation Amount (Crore)	Own Successful Bid (Crore)*	Own Success Ratio (in %)	Points Achieved Based on Own Success Ratio
a	**b**	**c=Total Auction Amount*B**	**d**	**e=d/c*100**	**g=(f/Max Success Ratio)*5**
A	17.50%	35,000	40500	116%	2.57
B	14.50%	29,000	18000	62%	1.38
C	13.00%	26,000	10800	42%	0.92
D	9.00%	18,000	13500	75%	1.67
E	5.50%	11,000	900	8%	0.18
F	10.00%	20,000	10800	54%	1.20
G	11.50%	23,000	8100	35%	0.78
H	9.50%	19,000	22500	118%	2.63
I	7.50%	15,000	18000	120%	2.67
J	2.00%	4,000	9000	225%	5.00

3. Two Way Price Quoting (TWPQ)

Minimum Quotation 100%

Maximum 215%

Name of the Banks	Required no. of quote	Submitted Quote	Actual Quote in %	Conversion to Maximum weightage	Achieved points
a	b	c	d=(c/b)*100	e	f=10*e
A	720	1500	208%	97%	9.68
B	720	1000	139%	65%	6.45
C	720	300	42%	0%	-
D	720	1400	194%	90%	9.03
E	720	1550	215%	100%	10.00
F	720	720	100%	46%	4.65
G	720	1200	167%	77%	7.74
H	720	1250	174%	81%	8.06
I	720	520	72%	0%	-
J	720	900	125%	58%	5.81

TWQ per day	12
Avg day per month(Estimated)	20
TWQ in a Quarter (Actual)	720

4. Secondary Trading

Max Trading Amount	25,000.00
Max Weightage	100%

Name of PD	Average Annual Bidding Obligation	Annual secondary market turnover requirement	Secondary Trading Volume in a year (in Crore)	% of Annual secondary market turnover	Achieved Point
a	**b**	**c**	**d**	**e=d/c*100**	**f**
A	17.50%	10000	25000	250%	35.00
B	14.50%	10000	18000	180%	35.00
C	13.00%	10000	16000	160%	35.00
D	9.00%	10000	17000	170%	35.00
E	5.50%	5000	3500	70%	0.00
F	10.00%	10000	2890	29%	0.00
G	11.50%	10000	15000	150%	35.00
H	9.50%	10000	1750	18%	0.00
I	7.50%	10000	8000	80%	0.00
J	2.00%	3000	9000	300%	35.00

If achieved equal or more than 100% then 35 point, otherwise 0 point

B. Qualitative Criteria

Name of PD	Submission of Annual Business plan	Achivement of Annual Business Plan target						Best Competitive Quoting in Secondary trade	Comparison of new investor creation with Best Contributor	Overall health of the company*	Standard of Customer service**	Participations in LMOs (Buy back, bond switching etc.)	Total Points
		Increase of New Investors	No. of Awareness Meeting arranged	Establishment of Govt. Securities Window Desk	Increase number of Branch involved in providing G-Sec services	Arrangement of Training of GSEC for employee	Yearly Secondary Turnover Target						
Max Point	**1%**	**2%**	**2%**	**1%**	**1%**	**2%**	**2%**	**1%**	**2%**	**2%**	**2%**	**2%**	**20%**
A	1	1	1	1	1	1	1	1	2	1	1	1	**13**
B	1	1	1	1	1	1	1	1	2	1	1	2	**14**
C	1	1	1	1	1	1	1	0	1	1	1	0	**10**
D	1	2	2	1	1	2	2	1	2	2	2	2	**20**
E	1	1	1	1	1	1	1	1	2	1	1	2	**14**
F	1	1	1	1	1	1	1	1	2	1	2	1	**14**
G	1	1	1	1	1	1	1	0	2	1	1	1	**12**
H	1	1	1	1	1	1	1	1	0	1	1	1	**11**
I	1	1	1	1	1	1	1	1	1	1	1	2	**13**
J	1	1	1	1	1	1	1	1	2	1	1	2	**14**

***Overall Health of Company (2%)**

SL.	Criteria	Marks
1	CAMELS Rating	0.5
2	Corporate Governance	0.5
3	Adherence to regulatory framework	0.25
4	ALM Rating	0.25
5	CRM Rating	0.25
6	AML Rating	0.25

****Standard of Customer service (2%)**

SL.	Criteria		Marks
1	Publication and circulation of Brochure		0.25
2	performance		0.5
3	Customer review		0.25
4	Physical presence/publication of Govt. securities investment procedure		0.5
5	Innovation in customer service		0.5