

BANGLADESH BANK

Website:www.bb.org.bd

Head Office
Post Box No.-325
Dhaka.

Department of Off-site Supervision

DOS Circular letter No.-07

Date: 25/02/2014

Chief Executives
All Scheduled banks in Bangladesh

Consolidated Capital market investment limit for the scheduled banks

Pursuant to section 26KA of 'ব্যাংক-কোম্পানী আইন, ১৯৯১ (২০১৩ পর্যন্ত সংশোধিত)', DOS Circular No.-02/2013 has been issued to clarify issues related to individual and aggregate limits of investment in shares of any company or companies by banks. International best practice requires that capital adequacy, risk measurement, and management be done on a consolidated basis. In order to strengthen the capital base of the banks in Bangladesh by keeping their capital market risk within acceptable limit, the following additional instructions are issued:

1. (1). The market value of total investment of a banking company in capital market on consolidated basis shall not exceed 50% of the sum of its consolidated paid up capital, balance in share premium account, statutory reserve and retained earnings as stated in the latest audited financial statements. While computing total capital market investment on consolidated basis, the following components shall have to be considered:

- a) all components mentioned in Para 2(1) of DOS Circular No.-02/2013 except the inter-company (parent bank to subsidiary/subsidiaries or vice versa) transactions;
- b) subscription by the subsidiary or subsidiaries of the bank to any fund intended to invest in the capital market;
- c) market value of all types of shares, debentures, corporate bonds, mutual fund units and any other capital market leaning securities held by the subsidiary or subsidiaries of the bank;
- d) margin loan (outstanding) provided to the customers by the subsidiary or subsidiaries of the bank;
- e) bridge loans provided to companies by the subsidiary or subsidiaries of the bank against expected equity flows/issues.

(2). All components mentioned in Para 2(2) of DOS Circular No.-02/2013 shall be excluded while computing total capital market investment on consolidated basis.

2. Banks having total capital market investment above the consolidated limit set in Para 1(1) shall have to bring it down gradually within July 21, 2016.

3. Banks shall submit a report (both soft and hard copy) of their month end solo and consolidated basis position regarding capital market investment in the prescribed formats to Department of Off-site Supervision (DOS) within the 10th of the following month. The formats provided with DOS Circular No.-02/2013 are suitably revised to enable the banks to report both positions in one format. The soft copy of the formats can be collected from DOS.

P.T.O.

This shall come into effect immediately and the formats provided with DOS Circular No.-
02/2013 shall be considered revised.

Please acknowledge receipt.

Sincerely yours,

Sd./-

(S. M. Rabiul Hassan)
General Manager
Phone: 9530093

Statement Regarding Total Investment in Capital Market (TICM)
(To be submitted within the 10th of the following month)

Name of the bank
Reporting date (dd/MM/yyyy)

TICM: SOLO

Market Value of Investment In Capital Market (in crore Tk.)		Total of Capital Components (in crore Tk.) as stated in the last audited balanceSheet					% of Investment in Capital Market to Total prescribed Capital Components
Components	Amount	Paid up	Statutory Reserve	Retained Earnings	Share Premium	Total	
a) Shares	-						Bank has no exposure in capital market
b) Mutual Fund/Fund	-						
c) Bonds/Debentures	-						
d) Loan to own subsidiary/subsidiaries	-						
e) Loan to others for merchant banking and brokerage activities	-						
f) Loan to Stock Dealer	-						
g) Placement/others	-						
h) Equity Investment in Merchant bank and/Brokerage Subsidiaries	-						
Total	-						

TICM: CONSOLIDATED

Market Value of Investment In Capital Market (in crore Tk.)		Total of Consolidated Capital Components (in crore Tk.) as stated in the last audited balanceSheet					% of Investment in Capital Market to Total prescribed Capital Components
Components	Amount	Paid up	Statutory Reserve	Retained Earnings	Share Premium	Total	
1 Portfolio:Bank							
a) Shares	-						Bank has no exposure in capital market
Less Equity investment in subsidiaries other than Merchant bank and/Brokerage Subsidiaries							
b) Mutual Fund/Fund	-						
c) Bonds/Debentures	-						
d) Loan to others for merchant banking and brokerage activities	-						
e) Loan to Stock Dealer	-						
f) Placement/others	-						
Less placement in subsidiaries							
2 Portfolio:Subsidiary/subsidiaries							
a) Shares	-						
b) Mutual Fund/Fund	-						
c) Bonds/Debentures	-						
d) Loans:							
Margin Loans	-						
Bridge Loans	-						
e) Placement/others	-						
Total	-						

Certified that the above information is correct.

Signature

Name

Designation

ID no.

Phone

Cell no.

Email

Fax no.

INVESTMENT IN CAPITAL MARKET : LOANS/ADVANCES AND EQUITY INVESTMENT IN SUBSIDIARY (Parent Bank)

BANK NAME:

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 DATE:

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 (dd/MM/yyyy)

Exposure in capital market

(Fig. in TK.)

#1 Loan to own subsidiary/subsidiaries established for Merchant banking or brokerage activities:

Sl. No	Name	Outstanding Loan/Limit whichever is higher	Total Capital of the bank as on the last base date	Outstanding Loan	% of Outstanding loan to Total Capital
1	2	3	4	5	6=col.5/col.4
Total		-			

#2 Loan to others for Merchant banking or brokerage activities:

Sl. No	Name	Outstanding Loan/Limit whichever is higher	Total Capital of the bank as on the last base date	Outstanding Loan	% of Outstanding loan to Total Capital
1	2	3	4	5	6=col.5/col.4
Total		-			

#3 Loan to Stock dealer:

Sl. No	Name	Outstanding Loan/Limit whichever is higher	Member of (name of the stock exchange, eg. DSE/CSE etc.)	Outstanding Loan	Membership No.
1	2	3	4	5	5
Total		-			

#4 Balance Kept/Placed with any company involved with Capital Market Activities

Sl. No	Name	Balance
1	2	3
Total		-

#5 Equity Investment in Subsidiary/Subsidiaries established for Capital Market activities

Sl. No	Name	Balance
1	2	3
Total		-

Insert as many rows as needed by 'Insert row' function of excel in the databox.

