Department of Financial Institutions and Markets
Bangladesh Bank
Head Office
Dhaka-1000

DFIM Circular No.04 Date: 30 March 2016 / 16 Chaitro 1422

Chief Executives/Managing Directors
All Financial Institutions in Bangladesh

Dear Sir,

Regarding Investment in Non-listed Special Purpose Funds registered with Bangladesh Securities and Exchange Commission

It has been decided that from now on Financial Institutions (FIs) willing to invest in non-listed special purpose funds (e.g. Alternative Investment Fund, Special Purpose Vehicle, or any other similar fund) which are registered with Bangladesh Securities and Exchange Commission (BSEC) shall follow the guidelines stated below:

1. The aggregate investment in such funds made by any FI shall not exceed 50 percent of its paid up capital.

2. The investment in such a single fund made by any FI shall not exceed 10 percent of its paid up capital or 20 percent of that particular fund, whichever is lower.

3. The investment decision in such funds must be approved by Board of Directors of FIs and before making commitment to invest FIs shall obtain approval from Bangladesh Bank (BB). In this connection, FIs shall submit their latest information on capital, liquidity, quality and quantity of assets and liabilities along with all the information related to above mentioned funds (including the declaration of clause 4) to BB.

4. The trustee of the fund shall declare that-

    a. No investment shall be made to purchase the share/debenture/bond or any other instruments of investor FI and its related party by such funds;

    b. The fund has no financial claim over any bank and FI and no investment shall be made that may create such claim over any bank or FI in future;

5. Investment in such funds shall be excluded from the limit mentioned in section 16 of the Financial Institutions Act, 1993.

This shall come into force with immediate effect.

Sincerely yours,

(Md. Shah Alam)
General Manager
Phone: 9530178