



# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

JIBON BIMA TOWER (14, 15, 16 & 20 FLOOR), 10 DILKUSHA C/A, DHAKA-1000, BANGLADESH

No. SEC/CMRRCD/2009-193/153

October 10, 2013

## **DIRECTIVE**

Bangladesh Securities and Exchange Commission (BSEC), in exercise of the power conferred on it under section 20A of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), and বিধি ৮১ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১ hereby directs the Sponsors, Assets Management Companies, Trustees, Custodian and Selling Agent of Mutual fund and also Stock Exchange(s), Central Depository Bangladesh Limited (CDBL) to comply with the following Guidelines in respect of Conversion of close-end mutual fund to open-end mutual fund:

1. Any conversion of Mutual Fund schemes shall be treated as a change in the fundamental attributes of the related scheme and Mutual Fund shall be required to comply with the Mutual Funds Rules in this regard.
2. The proposal and modalities of the conversion shall be approved by the Board of the Asset Management Company (AMC) and Trustee, after they ensure that the interest of unit holders under all the concerned schemes have been protected in the said proposal. The decision of the Trustee shall be treated as Price Sensitive Information and must be at least ninety (90) days before the trade suspension. The price Sensitive information shall contain the date of trade suspension and the Effective date.
3. The fund shall be de-listed on the "Effective Date". Effective Date means immediate next working day of the trade suspension date when the Trustee of the Fund shall take control over the Fund as per Clause 5 of this Guideline.
4. AMC shall publish Notice of conversion proposal in at least two national dailies and also to the website of exchanges (for at least two times at 3 days interval for exchange only) including the date of Unit holders meeting and date of trade suspension. Notice of above Conversion proposal must be circulated at least thirty (30) days before the Effective Date.





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5. Control and Management of all property, assets and liabilities along with allied balances of the Fund shall be transferred to the trustee of the Fund on the Effective Date. The Trustee of the Fund shall not change any status of the Fund upto the conversion date.
6. AMC shall publish a general notice to settle claim on the Fund (if any) with a stipulated time frame before trade suspension.
7. No later than ten (10) days of the effective date, the unit holders meeting shall be conducted.
8. Not later than four (4) days from the date of meeting of the Unit certificates holders, the Closed End Fund shall make an application to the Commission for conversion accompanied with a copy of the special resolution and also the documents in favour of the conversion.
9. A draft of the communication format to unit holders at their meeting shall be submitted to BSEC before five (5) days of the unit holders meeting which shall include the following as minimum:
  - (i) The latest portfolio of the scheme (NAV at cost price and Market Price)
  - (ii) Details segment wise break-up of the portfolio of the Fund (Like in the Capital market portfolio includes Listed securities, OTC securities, Debt instruments and others)
  - (iii) Details of the estimated cost required to be charge on the fund either at conversion or at liquidation and cost bearer
  - (iv) Details of previous five years financial performance of the scheme
  - (v) Details of the Conversion Process
  - (vi) Selection of Trustee, AMC and Custodian of the Open End Fund
  - (vii) Nature of the Unit Fund, unit sale and repurchase process
  - (viii) Unit Issue process under Conversion
  - (ix) Any Others





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10. If conversion proposal is approved in the unit holders meeting, conversion cost related to holding of the meeting shall be borne by the newly selected AMC. If the conversion proposal is not approved in the unit holders meeting, the cost related to holding of the meeting shall be borne by the existing AMC of the fund.
11. Immediately after control over the Trust Property as per Clause 6 of this Guideline, the Trustee of the Fund shall start the process to select auditor(s) (other than the existing auditors of the Fund, Trustee, Custodian and AMC) and took approval at the Unit holders Meeting. The Auditor(s) so appointed shall be responsible for Audit of the accounts of the fund and valuation of the fund. In the Audit Report, the Auditor shall give opinion along with other aspects, the accuracy of the documents and financial statements. The report of the Auditor(s) shall be submitted to the commission within 20 days of appointment of Auditor (s).
12. Since the scheme would re-open for fresh subscriptions, the disclosures contained in the existing offer document of the scheme shall be revised and updated. A copy of the draft Prospectus and other legal documents including draft Trust Deed, Investment Management Agreement shall be filed with BSEC in line with Rules within 10 days of unit holders meeting.
13. AMC shall prepare and submit all the legal documents related to formation of the fund in line with the Rules.
14. BSEC would communicate its observations, if any, within the time period prescribed under the Rules. The offer document shall be issued only after the final observations communicated by BSEC have been incorporated and final copies of the same have been filed with BSEC within seven (7) days of approval.
15. For conversion, the legal requirement of Sponsor of the Fund is exempted; however, the existing unit holders will be treated as Initial Subscribers to the Fund.
16. Commission shall approve the conversion scheme after submission of the valuation report and Audit report of the scheme & other documents.



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17. All the above documents (financial statements and valuation report) shall properly be disclosed at least two national dailies, and to the website of the Exchanges where the Fund was listed within three (3) days upon receipt of this approval.
18. The Trustee shall hand over the Trust Property of the earlier fund to the AMC of the converted fund within three (3) days after receiving the final approval of the Commission.
19. The AMC of the new fund shall issue letter of entitlement within 07 (seven) working days of conversion approval and issue Unit Certificate to the Unit Holders as per সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০১.
20. The complete conversion process shall not take more than sixty (60) days of the effective date.
21. The starting date of open-end fund shall be the next day after the Maturity date of the close-end fund.

Commission reserves the right to extend the time frame or clarify any issue regarding this Guideline, if required.

This shall have immediate effect.

By order of the Bangladesh Securities and Exchange Commission

Prof. Dr. M. Khairul Hossain  
Chairman.