

## Draft Rules

In exercise of the power conferred by section 33(1) of the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), the Bangladesh Securities and Exchange Commission makes, with prior circulation, the following Rules, namely:-

**1. Short title.**-These Rules may be called the Bangladesh Securities and Exchange Commission (Qualified Investor Offer by Small Capital Companies) Rules, 2018.

**2. Definitions.**-(1) In these Rules, unless there is anything repugnant in the subject or context;-

- (a) “book-building method” means the process by which an issuer attempts to determine the price to offer its securities based on demand from the qualified investors;
- (b) “Commission” means the Bangladesh Securities and Exchange Commission (BSEC) established under the Bangladesh Securities and Exchange Commission Act, 1993 (Act No. XV of 1993);
- (c) “cut-off price” means the lowest price offered by the bidders at which fifty percent of the total issue could be exhausted;
- (d) “fees” means any money paid or payable to any person in connection with the qualified investor offer of securities under these Rules;
- (e) “qualified investor or QI” means the investors qualified and competent to understand the risk and return potentials to invest and commit capital to any small capital company which shall include the following persons who have business operation/investment in Bangladesh: -
  - (i) Merchant Bankers and Portfolio Managers;
  - (ii) Asset Management Companies;
  - (iii) Mutual Funds and other Collective Investment Schemes (CIS);
  - (iv) Stock Dealers;
  - (v) Market Makers;
  - (vi) Banks;
  - (vii) Financial Institutions;
  - (viii) Insurance Companies;
  - (ix) Listed Companies;
  - (x) Alternative Investment Fund Managers;
  - (xi) Alternative Investment Funds;
  - (xii) Approved Pension Funds, Recognized Provident Funds and Approved Gratuity Funds;

- (xiii) Issuer of other listed securities ;
  - (xiv) Resident or non-resident Bangladeshi “high net worth individual” or “HNI” having minimum net worth of TK. 10 (ten) million;
  - (xv) Foreign Investors who have portfolio investments in capital market of Bangladesh through any Security Custodian registered with the Commission; and
  - (xvi) Any other category of person as approved by the Commission;
- (f) “qualified investor offer” or “QIO” means offer of securities, by an issuer to the qualified investors, to be listed with any exchange in the small capital platform thereof;
- (g) “small capital company” means a public company limited by shares with growth potentials having paid-up capital from Tk. 50 (fifty) million to below Tk.300 (three hundred) million;
- (h) “small capital platform” means separate platform in an exchange for trading of securities issued by small capital companies; and
- (i) “web show” means online electronic presentation by an issuer and issue manager to qualified investors (QI) about the issuance of securities disclosing all the features including facilities for online discussions, comments and questions by qualified investors.

(2) Words and expressions used herein and not defined, but defined in the Securities and Exchange Ordinance, 1969 (XVII of 1969), ব্যাংক কোম্পানি আইন, ১৯৯১ (১৯৯১ সনের ১৪ নং আইন), Bangladesh Securities and Exchange Commission Act, 1993 (Act No. XV of 1993), আর্থিক প্রতিষ্ঠান আইন, ১৯৯৩ (১৯৯৩ সনের ২৭ নম্বর আইন), কোম্পানি আইন, ১৯৯৪ (১৯৯৪ সনের ১৮ নম্বর আইন), ডিপজিটরি আইন, ১৯৯৯ (১৯৯৯ সনের ৬ নম্বর আইন), বীমা আইন, ২০১০ (২০১০ সনের ১৩ নম্বর আইন), ফাইন্যান্সিয়াল রিপোর্টিং আইন, ২০১৫ (২০১৫ সনের ১৬ নম্বর আইন) shall have the same meanings respectively assigned to them in the said Acts and the Ordinance, and the Rules and Regulations made thereunder.

### **3. Requirements for filing application for a qualified investor offer.-**

- (1) Application for consent under these Rules may be made on any of the following methods:
- (a) fixed price method, when offered at par value; or
  - (b) book-building method, when offered above par value.
- (2) An issuer may make an application for qualified investor offer of its securities, if-
- (a) it has minimum existing paid-up capital of Tk. 50 (fifty) million;
  - (b) it intends to raise its paid-up capital by an amount of at least Tk. 50 (fifty) million through QIO;
  - (c) after the QIO, its paid-up capital stands below Tk. 300 (three hundred) million;
  - (d) the issue manager is in no way connected with the issuer, nor does hold any of its securities;

- (e) it has not made any material change including raising of paid up capital after the date of audited financial statements as included in the prospectus;
  - (f) it has prepared its financial statements in accordance with the requirements of the provisions of IFRS or IAS (as applicable for small and medium sized entities as adopted in Bangladesh) and audited the same as per Bangladesh Standards on Auditing (BSA) as well as the Companies Act, 1994 and other applicable legal requirements;
  - (g) it has got cost audit by professional accountants as per the Companies Act, 1994, if applicable;
  - (h) it has got its latest financial statements audited by an auditor from among the panel of auditors as approved by the Commission from time to time;
  - (i) it has complied with all the requirements of these Rules in preparing prospectus;
  - (j) it has complied with the provisions of guidelines regarding valuation of assets, if any, as published by the Commission from time to time;
  - (k) in case of an initial QIO, at least fifty percent of the issue has been underwritten on a firm commitment basis by the underwriter(s);
  - (l) the issuer or any of its directors is not a bank defaulter;
  - (m) it has been regular in holding annual general meeting (AGM); and
  - (n) it has positive net profit after tax at least for immediate preceding two financial years, if it offers its securities above par value.
- (3) Additional requirements for repeat qualified investor offer.-
- (a) Information concerning the repeat qualified investor offer has been disseminated as price sensitive information, in accordance with the relevant notifications issued by the Commission, immediately upon:
    - i) board decision;
    - ii) approval at the general meeting; and
    - iii) approval of the Commission.
  - (b) There is an explicit announcement while disseminating the information in first two events under sub-rule (a) that the repeat qualified investor offer shall be subject to approval of the Commission;
  - (c) Such offer has been approved by the board, the shareholders in a general meeting, and the consent to which is obtained from the Commission;
  - (d) Proceeds of any previous qualified investor offer or rights issue, as the case may be, have been utilized fully and relevant reports were duly submitted to the Commission; and
  - (e) The issue has been fully underwritten on a firm commitment basis by the underwriter(s).

#### **4. Submission and processing of application and subscription.-**

- (1) General requirements for submission and processing of application:
- (a) An issuer shall submit the application, to the Commission for consent of issuance of securities through qualified investor offer and any exchange for listing in the small capital platform thereof, as per requirements of these Rules and relevant listing regulations for small capital companies of the exchange, along with the draft prospectus or red-herring prospectus or information memorandum, prepared as per requirements of these Rules, duly completed, together with all annexure thereto, duly signed on each page, by the issuer's chief executive officer or managing director, chief financial officer, company secretary and chief executive officer or managing director of the issue manager;
  - (b) Immediate after submission of the application, the issuer shall post the draft prospectus or red-herring prospectus or information memorandum in the websites of the issuer, issue manager(s) and exchange(s) which shall be updated with any change made thereof;
  - (c) The audited financial statements of the issuer must be submitted along with the application and included in the draft prospectus or red-herring prospectus or information memorandum, but the said financial statements shall not be older than one hundred twenty days at the time of submission to the Commission;
  - (d) All the required documents as per Annexure - A, Annexure - B, Annexure - C, Annexure - D and Annexure - F shall be submitted with the application;
  - (e) Any amendment to the prospectus, signed by the said persons, shall also have to be filed with the Commission and the exchange(s), in accordance with clause (a) and duly posted in the websites;
  - (f) After receiving the application, the exchange(s) shall submit its primary recommendation to the Commission along with checklist, within twenty working days of receipt of the application, after due examination of the same in line with the provisions of these Rules;
  - (g) The Commission shall verify the application, documents and primary recommendation of the exchange(s);
  - (h) The Commission or the exchange(s) may require the issuer or its directors, officers, issue manager(s), auditors and valuer(s) to submit additional disclosure, information, documents, certification and clarification, as the case may be, to produce or to disclose, in the draft prospectus or red-herring prospectus or information memorandum, within such time as may be stipulated;
  - (i) The issuer or its directors, officers, issue manager(s), auditors and valuer(s) shall fulfill such requirements within the stipulated time;
  - (j) The exchange(s) shall submit its final recommendation along with a declaration as prescribed in the listing regulations for small capital companies to the Commission on

- the issue within sixty days of receiving the application mentioned in rule 4(1)(a), and all the communications to or from the exchange(s) shall be intimated to the Commission;
- (k) The Commission, after examination of the information, documents, recommendations of the exchange(s) and considering all the factors, shall take decision to approve or reject the application for qualified investor offer of securities through issuance of prospectus;
  - (l) In case of under-subscription by up to fifty percent in an initial qualified investor offer, the unsubscribed portion of securities shall be taken up by the underwriter(s) and, in case of under-subscription above fifty percent, an initial qualified investor offer shall be considered as cancelled;
  - (m) The issuer and the issue manager shall submit, with relevant documents, the status of subscription, list of qualified investors with number of securities subscribed and allotted, to the Commission and the exchange(s), within ten working days from the day of publication of the allotment list;
  - (n) The issue proceeds shall be transferred to the issuer's bank account after listing of the securities with the exchange.
- (2) Subscription under fixed price method:
- (a) If the Commission accords consent, the issuer or issue manager shall send invitation to the qualified investors along with the vetted prospectus, through e-mail and posting in the websites of the issuer, issue manager and the exchange(s), giving at least ten working days' time, to submit application through electronic subscription system indicating the subscription period and other relevant information;
  - (b) The subscription will be conducted through an uniform and integrated automated system of the exchange(s), especially developed for this purpose;
  - (c) Qualified investor subscription shall be opened for one hundred twenty hours round the clock;
  - (d) Qualified investors shall apply for their intended subscription quantity and deposit twenty percent of the application amount in advance in the designated bank account maintained by the exchange receiving the subscription;
  - (e) After closing of the subscription, qualified investors shall be allotted securities on pro-rata basis as per their intended quantity, and the final allotment list shall be sent through e-mail to the allottees and disseminated through posting in the websites of the issuer, issue manager and the exchange(s);
  - (f) The balance amount of subscription shall be deposited by the qualified investors into the designated bank account within five working days from the day of publication of the allotment list and refund of oversubscribed amount shall be made within the same time:

Provided that in case of failure to deposit the remaining amount by the qualified investors, advance subscription money deposited by them shall be forfeited by the Commission and the unsubscribed securities shall be taken up by the underwriters.

(3) Subscription under book-building method:

- (a) The issuer or issue manager shall send invitation to the qualified investors, through e-mail and posting in the websites of the issuer, issue manager and the exchange(s), giving at least ten working days' time, to the web show indicating time, web address and access information to such event; the invitation shall accompany a red-herring prospectus containing all relevant information covering the proposed size of the issue, audited financial statements and valuation report prepared by the issue manager, without mentioning any indicative price, as per internationally accepted valuation methods; and the red-herring prospectus shall be prepared without mentioning the issue price or number of securities to be offered;
- (b) After completion of the web show, the red-herring prospectus shall be finalized on the basis of comments and observations of the QIs participated in the web show, and the valuation report as finalized must be included in the red-herring prospectus including detail about the qualitative, quantitative factors and methods of valuation;
- (c) The application along with the red-herring prospectus and required documents shall be simultaneously submitted to the Commission and the exchange(s) as per sub-rule (1) of rule 4;
- (d) If the Commission accords consent, the issuer or issue manager shall send invitation to the qualified investors along with the vetted red-herring prospectus, through e-mail and posting in the websites of the issuer, issue manager and the exchange(s), giving at least ten working days' time, to participate in the electronic bidding indicating time and other information of the bidding;
- (e) The bidding will be conducted through an uniform and integrated automated system of the exchange(s), especially developed for book-building process;
- (f) Qualified investor bidding shall be opened for one hundred twenty hours round the clock;
- (g) Interested qualified investors shall participate in the electronic bidding process and submit their intended quantity and price:

Provided that any connected person or related party of the issuer shall not be qualified to participate in the bidding process;

- (h) The value of bid at different prices will be displayed on the screen without identifying the bidders;
- (i) The bidders shall deposit twenty percent of the bid amount in advance in the designated bank account maintained by the exchange conducting the bidding;

- (j) A bidder shall bid for its intended quantity in a single bid which can be revised for once, within the bidding period, up to twenty percent variation of its first bid price;
- (k) After completion of the bidding period, the cut-off price will be determined at nearest integer of the lowest bid price at which fifty percent of the total securities offered would be exhausted;
- (l) Bidders bidding at or above the cut-off price shall be allotted securities at cut-off price on pro-rata basis as per their intended quantity;
- (m) All other qualified investors bidding below the cut-off price shall be offered to subscribe, giving five working days' time, the balance securities at the cut-off price, through submitting their intension to buy in the electronic subscription system;
- (n) The applicant qualified investors shall be allotted securities at cut-off price on pro-rata basis as per their intended quantity, and the final allotment list shall be sent through e-mail to the allottees and disseminated through posting in the websites of the issuer, issue manager and the exchange(s);
- (o) The balance amount of subscription shall be deposited by the qualified investors into the designated bank account within five working days from the day of publication of the allotment list and refund of oversubscribed amount shall be made within the same time: Provided that in case of failure to deposit the remaining amount by the qualified investors, advance bid money deposited by them shall be forfeited by the Commission and the unsubscribed securities shall be taken-up by the underwriters.

**5. Format and contents of the prospectus.-**The red-herring prospectus or prospectus or information memorandum shall be prepared as per Annexure–E of these Rules.

**6. Limitation on the use of the prospectus.-**

- (1) A prospectus may be used to offer the securities until any of the following events occur, namely: -
  - (a) There are material changes in any of the information included in the prospectus; and
  - (b) Any transaction or event which is material to affect or change the conditions under which the offer is being made as per the contents of the prospectus and which should have otherwise been required to be reported to the Commission.
- (2) If any of the above events occur, the offer shall stand suspended until an amendment, duly signed by all the directors of the issuer, the chief executive officers of both the issuer and the issue manager, to the prospectus furnishing the appropriate information has been filed with and declared effective by the Commission.

- (3) The occurrence of any of the events mentioned in sub-rule (1) shall be notified to the qualified investors, after such declaration has been made effective by the Commission, prior to the date of the opening of the subscription:

Provided that in case there is any necessity for amendment to the prospectus during the subscription period, the subscription may be suspended by the Commission and the subscribers who have already deposited money may decide either to withdraw his application or continue with it.

- (4) A declaration under sub-rule (3) shall state in detail the nature of change or event which has occurred after the publication of the prospectus signed by all the directors of the company and the CEOs of the issuer and the issue manager shall be posted in the websites of the issuer, issue manager and the exchange(s) and a copy of the said declaration shall be submitted to the Commission.

**7. Lock-in.-**All ordinary shares of the issuer at the time of according consent shall be subject to lock-in for 1 (one) year:

Provided that ordinary shares converted from any other type of securities shall also be subject to lock-in for 1 (one) year.

**8. Issue manager.-**

- (1) The issuer shall appoint one or more issue manager(s), registered with the Bangladesh Securities and Exchange Commission, for the purpose of making the qualified investors offer.
- (2) The issue manager(s) shall be entitled to fees and be responsible for the issue including preparation and disclosures made in the prospectus and use of the issue proceeds by the issuer.

**9. Underwriter.-**

- (1) The issuer making qualified investor offer shall appoint underwriter(s), registered with the Bangladesh Securities and Exchange Commission, on a firm commitment basis.
- (2) The issuer, in the event of under subscription, shall send notice to the underwriter(s) within ten days of closure of subscription calling upon them to subscribe the securities and pay for this in cash in full within fifteen days of the date of said notice and the said amount shall be deposited into the designated bank account within the said period.
- (3) The underwriting agreement shall contain a condition to the effect as mentioned in sub-rule (2) above.



- (4) The issuer shall, within seven days of the expiry of the period mentioned in sub-rule (2), send to the Commission the proof of subscription and deposit of the money by the underwriter(s).

**10. Debt Securities.-**For issuance of debt securities through qualified investor offer, an issuer shall submit application under these Rules upon compliance of relevant requirements of the Securities and Exchange Commission (Private Placement of Debt Securities) Rules, 2012.

**11. Fees for qualified investor offer and listing of securities. -**

Types of fees	Fixed Price Method	Book-building Method
Issue management fee	Maximum Tk. 3,00,000.00	Maximum Tk. 5,00,000.00
Underwriting fee	Maximum 0.25% of the amount underwritten.	Maximum 0.25% of the amount underwritten.
Application fee for the Commission	Tk. 5,000.00 (non-refundable)	Tk. 5,000.00 (non-refundable)
Consent fee for the Commission	Tk. 10,000.00	Tk. 10,000.00
Listing fee for Exchange	As per listing regulations for small capital companies	
Other fees	As per listing regulations for small capital companies	

Provided that, the Commission may, from time to time, revise the above mentioned fees through such orders, as may deem fit, by publication in the official gazette.

**12. Approval, rejection and review.-**

- (1) On receipt of an application for qualified investor offer from an issuer, the Commission shall review the said application to ascertain whether it is complete and acceptable.
- (2) In case the said application is incomplete, the Commission shall inform the issuer in writing, to remove the incompleteness/deficiencies, within forty working days, after examination of the said application.
- (3) If the issuer fails to remove the incompleteness within the stipulated time, it shall have to file a fresh application.
- (4) The Commission shall issue letter of consent, subject to such conditions as it may deem fit to specify, within sixty working days of receipt of a complete application, if such application is acceptable to the Commission.

- (5) If the application is not acceptable to the Commission, it shall issue a rejection letter, stating the reasons for such rejection, within sixty working days of receipt of the last correspondence.
- (6) The issuer, whose application has been rejected by the Commission, may apply for review to the Commission within sixty working days from the date of such rejection, and the decision of the Commission thereon shall be final.
- (7) The Commission reserves the right to accept or reject any public issue proposal in its own discretion for the greater interest of the investors and the capital market as well.

**13. Contravention.**-If any issuer or any other person related with the issue is suspected to violate any of the provisions of these Rules or furnishes false, incorrect, misleading information or suppresses any information, the Commission may conduct inspection or enquiry and take appropriate actions under the Securities and Exchange Ordinance, 1969.

**14. Exemption.**-The Commission may, exempt any person or class of persons or any securities or class of securities or any transaction or class of transactions from the operation of any of the requirements of these Rules.

**15. Listing in the main board of exchange(s).**-If paid-up capital of the company exceeds Tk. 300.00 million, it can apply for listing in the main board of the exchange(s).

**16. Decision of the Commission shall be final on certain matter.-**

Notwithstanding anything contained in these Rules, in the event of any confusion or difference of opinion on any matter whatsoever, the decision of the Commission shall be final and binding on all concerned.

**17. Repeal and Savings.-**

- (1) The Bangladesh Securities and Exchange Commission (Qualified Investor Offer by Small Capital Companies) Rules, 2016 is hereby repealed.
- (2) Notwithstanding the repeal of the said Rules, any consent given, document or agreement made, fee received or paid, resolution passed, direction given, proceeding taken, instrument executed or issued or things done under or in pursuance of the said Rules shall, if in force before the commencement of these Rules, continue to be in force and shall have effect as if made, directed, passed, given, taken, executed, issued or done under or in pursuance of these Rules.

**Annexure- A**

**Declaration about the responsibility of the directors, including the CEO of the issuer in respect of the red-herring prospectus or prospectus or information memorandum**

**[See rule 4 (1)(d)]**

This red-herring prospectus or prospectus or information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this qualified investor offer and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this red-herring prospectus or prospectus or information memorandum to enable the qualified investors to make a well informed decision for investment.

**Signature**  
**[Full Name]**  
**Designation**  
**Date**

***Annexure-B***

**Due diligence certificate to be furnished by issue manager(s) in the red-herring prospectus or prospectus or information memorandum**

**[See rule 4 (1)(d)]**

To  
**The Bangladesh Securities and Exchange Commission**

**Sub: Qualified Investor Offer of ..... Ordinary Shares or Preference Shares or Debt Securities of Tk. ....by ..... (Name of the Issuer).**

**Dear Sir,**

We, the issue manager(s) to the above-mentioned forthcoming issue, state and confirm as follows:

- (1) We have examined all the documents submitted with the application for the above mentioned public issue, visited the premises of the issuer and interviewed the Chairperson, Directors and key management personnel of the issuer in connection with the finalization of the red-herring prospectus or prospectus or information memorandum pertaining to the said issue;
- (2) On the basis of such examination and the discussions with the directors, officers and auditors of the issuer, other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

**WE CONFIRM THAT:**

- (a) The red-herring prospectus or prospectus or information memorandum filed with the Commission is in conformity with the documents, materials and papers relevant to the issue;
- (b) All the legal requirements relating to the issue as also in the Rules, notifications, guidelines, instructions, etc. framed or issued by the Commission, other competent authorities in this behalf and the Government have been duly complied with;
- (c) As per our analysis and assessment, the issuer has high growth potentials. Detailed explanation of the analysis and assessment has been furnished in the red-herring prospectus or prospectus or information memorandum;
- (d) The disclosures made in the red-herring prospectus or prospectus or information memorandum are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1994, the Bangladesh Securities and Exchange

Commission (Qualified Investor Offer by Small Capital Companies) Rules, 2018 and other applicable laws;

- (e) Besides ourselves, all the intermediaries named in the red-herring prospectus or prospectus or information memorandum are registered with the Commission and that till date such registrations are valid;
- (f) We have satisfied ourselves about the capability of the underwriters to fulfill their underwriting commitments;
- (g) The proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out till now are valid interns of the object clause of its Memorandum of Association;
- (h) Necessary arrangements have been made to ensure that the moneys to be received pursuant to the issue shall be kept in a separate bank account and shall be used for the purposes disclosed in the use of proceeds section of the red-herring prospectus or prospectus or information memorandum;
- (i) All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (Qualified Investor Offer by Small Capital Companies) Rules, 2018 have been made in addition to other disclosures which, in our view, are fair and adequate to enable the investor to make a well informed decision;
- (j) We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background or the issuer, situation at which the proposed business stands, the risk factors, sponsors experiences etc. We also confirm that the due diligence related process, documents and approval memos shall be kept in record by us for the next 5 (five) years after the EIO for any further inspection by the Commission;
- (k) We enclose a checklist confirming rule-wise compliance with the applicable provisions of the Bangladesh Securities and Exchange Commission (Qualified Investor Offer by Small Capital Companies)Rules, 2018 containing details such as the rule number, its text, the status of compliance, page numbers of the red-herring prospectus or prospectus or information memorandum where the Rules has been complied with and our comments, if any;
- (l) We also declare that we have managed the qualified investor offers of the following issuers in the last 5 (five) years:

**Serial No Issue Month/Year Issue Price Dividend Payment History**

1.

2.

**Place: Managing Director/Chief Executive Officer**

**Name of the Issue Manager(s)**

**Date: Official Stamp(s)**

*Annexure - C*

**Due diligence certificate by the underwriter(s)  
[See rule 4 (1)(d) ]**

To

**The Bangladesh Securities and Exchange Commission**

**Sub: Qualified investor offer of ..... Ordinary Shares or Preferred Shares or Debt Securities of Tk. .... of .....(Name of the Issuer)**

Dear Sir,

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

- (1) We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
- (2) On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

**WE CONFIRM THAT:**

- a. We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and qualified to carry out the underwriting activities. Our present paid-up capital stands at Tk..... (.....) and we have the capacity to underwrite a total amount of Tk.....(.....) as per relevant legal requirements.  
We have committed to underwrite for up to Tk.....(.....) for the upcoming issue.
- b. At present, the following underwriting obligations are pending for us:

(Name of issue and amount underwritten)

i) .....

ii) .....

- c. All information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;
- d. We shall subscribe and take up the un-subscribed securities against the above-mentioned issue within 15 (fifteen) days of calling up thereof by the issuer; and
- e. This underwriting commitment is unequivocal and irrevocable.

**For the Underwriter:**

Managing Director/Chief Executive Officer

Name of the Underwriter

Official Stamp

Date:

***Annexure -D***

**Ratios pertinent to the red-herring prospectus/prospectus/information memorandum  
[See rule 4 (1)(d)]**

- (1) Among others, the following ratios of the issuer for the last 5 (five) years or shorter period from commercial operation certified by the Auditors;
- (2) If the issuer is not in commercial operation, projected ratios shall be furnished;
- (3) Any other ratio as may be pertinent to the issuer and the issue or required by the Commission shall also be furnished;
- (4) All the ratios shall be explained and compared with the industry/sector average ratios of the same periods along with sources of the information.

**I. Liquidity Ratios:**

- (i) Current Ratio; and
- (ii) Quick Ratio.

**II. Operating Efficiency Ratios:**

- (i) Accounts Receivable Turnover Ratio;
- (ii) Inventory Turnover Ratio; and
- (iii) Asset Turnover Ratio.

**III. Profitability Ratios:**

- (i) Gross Margin Ratio;

- (ii) Operating Profit Ratio;
- (iii) Net Profit Ratio;
- (iv) Return on Assets Ratio;
- (v) Return on Equity Ratio
- (vi) Earnings per Share (EPS); and
- (vii) Earnings before interest, taxes, depreciation and amortization (EBITDA) margin.

**IV. Solvency Ratios:**

- (i) Debt to Total Assets Ratio;
- (ii) Debt to Equity Ratio;
- (iii) Times Interest Earned Ratio; and
- (iv) Debt Service Coverage Ratio.

**V. Cash Flow Ratios:**

- (i) Net Operating Cash Flow per Share (NOCFPS); and
- (ii) NOCFPS to EPS Ratio.

*Annexure - E*

**Disclosure requirements in the red-herring prospectus or prospectus or information memorandum**

[See rule 5]

**(A) Instructions:**

- (1) Only relevant and updated information and statistics shall be disclosed in the prospectus/red-herring prospectus/information memorandum. Sources and basis of all statements or claims made shall be disclosed. Superlative adjectives shall not be used for any party unless they can be substantiated by proper source of information which is disclosed.
- (2) Simple language for easy understanding of the contents of the prospectus/information memorandum should be used. All technical terms used should be clarified using simple terms to ensure better understanding by investors.
- (3) Wherever it is mentioned in the prospectus/information memorandum that details are given elsewhere in the document, the same shall be adequately cross-referenced by indicating the page and paragraph numbers.
- (4) The prospectus/information memorandum should not make any statement that cannot be substantiated or may be misleading.



- (5) In addition to the information specifically required by these Rules, the prospectus shall contain all material information necessary to enable investors to make an informed assessment of the business engaged in or to be engaged in by the issuer, its assets and liabilities, its financial position, its profits and losses and its future prospects and the rights attaching to the securities being offered and, in case of more than one project being included in the proposed qualified investors' offer, separate full disclosure for each project.
- (6) The Commission may require disclosure of additional information in the prospectus as it considers appropriate in a particular offer, and the issuer shall comply it.

**(B) An issuer making a qualified investor offer of securities shall make the following disclosures in the red-herring prospectus/prospectus/information memorandum:**

- (1) **Front Cover Page:** On the front cover page of the prospectus, the following information and statements shall be given, namely:
- (a) The following statements in bold type on face in red color-  
“পুঁজিবাজারে বিনিয়োগ ঝুঁকি পূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”  
“Investment in capital market involves certain degree of risks. The investors are required to read the prospectus and risk factors carefully, assess their own financial conditions and risk taking ability before making their investment decisions.”;
- (b) Amount and type of securities being offered;
- (c) Issue date of the prospectus;
- (d) Offer price of the securities on a per unit and aggregate basis/total size of fund to be raised, as the case may be;
- (e) Opening and closing date of subscription;
- (f) The type of red-herring prospectus/prospectus/information memorandum;
- (g) Names of the issuer and the issue manager.
- (2) **Subsequent pages:** The inside pages of the prospectus shall contain the following information/disclosures:
- (a) Preliminary Information and Declarations:**
- (i) Name(s), address(s), telephone number(s), web address(s), e-mail(s), FAX number(s) and contact persons of the issuer, issue manager(s), underwriter(s), auditors, credit rating company and valuer, where applicable;
- (ii) A declaration that a person interested to get a prospectus may obtain from the issuer, and the issue manager(s);

(iii)The following statement: “If you have any query about this document, you may consult the issuer, issue manager and underwriter”;

(iv)The following statement in bold type in a box format:

**“CONSENT OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (QUALIFIED INVESTOR OFFER BY SMALL CAPITAL COMPANIES) RULES, 2018. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER, MANAGING DIRECTOR, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, ISSUE MANAGER, ISSUE MANAGER’S CHIEF EXECUTIVE OFFICER, UNDERWRITERS, AUDITOR(S) AND/OR VALUER (IF ANY).”;**

(v) The following clause on ‘Risks in relation to the First Issue’ (where applicable) shall be incorporated in a box format in bold type in case of an initial qualified investor offer:

**"This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the securities is Tk. 10.00 (ten) and the issue price is Tk....., i.e. ‘X-times’ of the face value. The issue price has been determined and justified at par value/upon bidding by the qualified investors as stated under the paragraph on “Justification of Issue Price” should not be taken to be indicative of the market price of the securities after listing. No assurance can be given regarding an active or sustained trading of the securities or the price after listing.”;**

(vi)The following clause on ‘General Risk’ shall be incorporated in a box format in bold type:"**Investment insecurities involves a degree of risk**

and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before making an investment decision in this offer. For making an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. Given the emerging nature of small capital companies, there may be a higher investment risk attached to the securities being offered. The securities to be traded on the Small Capital Platform may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be an active market for trading of such securities. The securities have not been recommended by the Bangladesh Securities and Exchange Commission (BSEC) nor does BSEC guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of ‘risk factors’ given on page number(s) ..... ”;

(vii) The following clause on ‘Issuer’s Absolute Responsibility’ clause shall be incorporated in a box format in bold type:

**“The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this red-herring prospectus or prospectus or information memorandum contains all material information with regard to the issuer and the issue, that the information contained in the red-herring prospectus or prospectus or information memorandum is true, fair and correct in all material aspects and are not misleading in any respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.”;**

**(b) Availability of Prospectus:**

- (i) Website addresses and e-mail addresses and names of contact persons of the institutions where the prospectus are available in soft form;
- (ii) Definitions and Acronyms/Elaborations;

(c) **Table of Contents:** the table of contents shall inter-alia include components under the following broad-heads chronologically:

- (i) Executive Summary;
- (ii) Conditions imposed by the Commission;
- (iii) Declaration and due diligence certificates;
- (iv) About the issuer;
- (v) Corporate directory of the Issuer;
- (vi) Description of the Issuer;
- (vii) Management's discussion and analysis of financial condition;
- (viii) Directors and Officers;
- (ix) Certain Relationships and Related Transactions;
- (x) Executive Compensation;
- (xi) Options granted to Directors, Officers and Employees;
- (xii) Transaction with the Directors and Subscribers to the Memorandum;
- (xiii) Ownership of the Company's Securities;
- (xiv) Corporate Governance;
- (xv) Valuation Report of securities prepared by the Issue Manager;
- (xvi) Analysis of high growth potentials of the issuer prepared by the Issue Manager;
- (xvii) Debt Securities;
- (xviii) Parties involved and their responsibilities;
- (xix) Material contracts;
- (xx) Outstanding Litigations, Fine or Penalty;
- (xxi) Risk Factors and Management's Perceptions about the Risks;
- (xxii) Description of the Issue;
- (xxiii) Use of Proceeds;
- (xxiv) Lock-in;
- (xxv) Markets for the Securities Being Offered;
- (xxvi) Description of securities outstanding or being offered;
- (xxvii) Financial Statements;
- (xxviii) Application Procedure;
- (xxix) Others;

**(d) Executive Summary:**

- (a) About the industry;
- (b) About the Issuer;
- (c) Financial Information;
- (d) Features of the issue and its objects;
- (e) Legal and other Information;
- (f) Promoters' background;

- (g) Capital structure and history of capital raising;
  - (h) Summary of Valuation Report of securities;
  - (i) Others;
- (e) Conditions imposed by the Commission in the consent letter:**
- (f) Declaration and due diligence certificates as per Annexure-A, Annexure-B and Annexure-C:**

**(3) About the issuer:**

- (a) Name of the issuer, dates of incorporation and commencement of its commercial operations, its logo, addresses of its registered office, other offices and plants, telephone number, FAX number, contact person, website address and e-mail address;
- (b) The names of the sponsors and directors of the issuer;
- (c) The name, logo and address of the auditors, along with their telephone numbers, FAX numbers, contact persons, web site and e-mail addresses;
- (d) The name(s) of the stock exchange(s) where the specified securities are proposed to be listed.

**(4) Corporate directory of the Issuer:**

**(5) Description of the Issuer.**

**(a) Summary:**

- i) The summary of the industry and business environment of the issuer, the summary shall not be one-sided or biased to highlight the issuer or the issue;
- ii) Summary of consolidated financial, operating and other information;

**(b) General Information:**

- (i) The board of directors of the issuer;
- (ii) Names, addresses, telephone numbers, FAX numbers and e-mail addresses of the chairman, managing director, whole time directors, etc. of the issuer;
- (iii) Names, addresses, telephone numbers, FAX numbers and e-mail addresses of the CFO, company secretary, legal advisor, auditors and compliance officer;
- (iv) Names, addresses, telephone numbers, FAX numbers, contact person, website addresses and e-mail addresses of the issue manager(s) etc;
- (v) Following details of underwriting:

(a) The names, addresses, telephone numbers, FAX numbers, contact persons and e-mail addresses of the underwriters and the amount underwritten by them;

(b) Declaration by the underwriters that they have sufficient resources as per the regulatory requirements to discharge their respective obligations;

**(c) Capital Structure:**

(i) Authorized, issued, subscribed and paid-up capital (number and class of securities, allotment dates, nominal price, issue price and form of consideration);

(ii) Size of the present issue, with break-up (number of securities, description, nominal value and issue amount);

(iii) Paid-up capital before and after the present issue, after conversion of convertible instruments (if any) and share premium account (before and after the issue);

(iv) Category wise shareholding structure with percentage before and after the present issue and after conversion of convertible instruments (if any);

(v) Where shares have been issued for consideration in other than cash at any point of time, details in a separate table, indicating the date of issue, persons to whom those are issued, relationship with the issuer, issue price, consideration and valuation thereof, reasons for the issue and whether any benefits have been accrued to the issuer out of the issue;

(vi) Where shares have been allotted in terms of any merger, amalgamation or acquisition scheme, details of such scheme and shares allotted;

(vii) Where the issuer has issued equity shares under one or more employee stock option schemes, date-wise details of equity shares issued under the schemes, including the price at which such equity shares were issued;

(viii) If the issuer has made any issue of specified securities at a price lower than the issue price during the preceding two years, specific details of the names of the persons to whom such specified securities have been issued, relation with the issuer, reasons for such issue and the price thereof;

(ix) The decision or intention, negotiation and consideration of the issuer to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue;

(x) The total shareholding of the sponsors and directors in a tabular form, clearly stating the names, nature of issue, date of allotment, number of shares, face value, issue price, consideration, date when the shares were made fully paid-

up, percentage of the total pre and post issue capital, the lock-in period and the number and percentage of pledged shares, if any, held by each of them;

- (xi) The details of the aggregate shareholding of the sponsors and directors, the aggregate number of specified securities purchased or sold or otherwise transferred by the sponsor and/or by the directors of the issuer and their related parties within six months immediate preceding the date of filing the red-herring prospectus or prospectus or information memorandum;
- (xii) The name and address of any person who owns, beneficially or of record, 5% or more of the securities of the issuer, indicating the amount of securities owned, whether they are owned beneficially or of record, and the percentage of the securities represented by such ownership including number of equity shares which they would be entitled to upon exercise of warrant, option or right to convert any convertible instrument;
- (xiii) The number of securities of the issuer owned by each of the top ten salaried officers, and all other officers or employees as group, indicating the percentage of outstanding shares represented by the securities owned;

**(d) Description of Business:**

- (i) The date on which the issuer company was incorporated and the date on which it commenced operations and the nature of the business which the company and its subsidiaries are engaged in or propose to engage in;
- (ii) Location of the project;
- (iii) Plant, machinery, technology, process, etc.;
- (iv) Details of the major events in the history of the issuer, including details of capacity/facility creation, launching of plant, products, marketing, change in ownership and/or key management personnel etc;
- (v) Principal products or services of the issuer and markets for such products or services. Past trends and future prospects regarding exports (if applicable) and local market, demand and supply forecasts for the sector in which the product is included with source of data;

**(e) Description of Property:** contain the following information in respect of properties of the issuer namely: -

- (i) Location and area of the land, building, principal plants and other property of the company and the condition thereof;
- (ii) Whether the property is owned by the company or taken on lease;

- (iii) Dates of purchase, last payment date of current rent (খাজনা) and mutation date of lands, deed value and other costs including details of land development cost, if any and current use thereof;
- (iv) If the property is owned by the issuer, whether there is a mortgage or other type of charge on the property, with name of the mortgagee;
- (v) If the property is taken on lease, the expiration dates of the lease with name of the lessor, principal terms and conditions of the lease agreements and details of payment;
- (vi) A physical verification report by the issue manager(s) regarding the properties as submitted to the Commission;

**(f) Plan of Operation and Discussion of Financial Condition:**

- (i) If the issuer has not started its commercial operation, the company's plan of operations for the period which would be required to start commercial operation which shall, among others, include:
  - (a) Projected financial statements up to the year of commercial operation;
  - (b) Rationale behind the projection;
  - (c) Any expected significant changes in the issuer's policy or business strategies;
  - (d) Detail plan of capital investment with break-up;
  - (e) Summary of feasibility report, etc.;
- (ii) If the issuer had been in operation, the issuer's revenue and results from operation, financial position and changes in financial position and cash flows for the last five years or from commercial operation, which is shorter, shall be furnished in tabular form which shall, among others, include the following information:
  - a. Internal and external sources of cash;
  - b. Any material commitments for capital expenditure and expected sources of funds for such expenditure;
  - c. Causes for any material changes from period to period in revenues, cost of goods sold, other operating expenses and net income;
  - d. Any seasonal aspects of the issuer's business;
  - e. Any known trends, events or uncertainties that may have material effect on the issuer's future business;
  - f. Any assets of the company used to pay off any liabilities;



- g. Any loan taken from or given to any related party or connected person of the issuer with details of the same;
- h. Any future contractual liabilities the issuer may enter into within next one year, and the impact, if any, on the financial fundamentals of the issuer;
- i. The estimated amount, where applicable, of future capital expenditure;
- j. Break down of all expenses related to the qualified investor offer;
- k. If the issuer has revalued any of its assets, the name, qualification and experiences of the valuer and the reason for the revaluation, showing the value of the assets prior to the revaluation separately for each asset revalued in a manner which shall facilitate comparison between the historical value and the amount after revaluation and giving a summary of the valuation report along with basis of pricing and certificates required under the revaluation guidelines of the Commission;
- l. Where the issuer is a holding/subsidiary company, full disclosure about the transactions, including its nature and amount, between the issuer and its subsidiary or holding company, including transactions which had taken place within the last five years of the issuance of the prospectus or since the date of incorporation of the issuer, whichever is later, clearly indicating whether the issuer is a debtor or a creditor;
- m. Financial Information of Group Companies: following information for the last three years based on the audited financial statements, in respect of all the group companies of the issuer, wherever applicable, along with significant notes of auditors:
  - (1) Date of Incorporation;
  - (2) Nature of Business;
  - (3) Equity Capital;
  - (4) Reserves;
  - (5) Sales;
  - (6) Profit after tax;
  - (7) Earnings per Share (EPS) and Diluted EPS;
  - (8) Net Asset Value (NAV);
  - (9) The related business transactions within the group and their significance on the financial performance of the issuer;
  - (10) Sales or purchase between group companies/subsidiaries/associate companies when such sales or purchases exceed in value in the aggregate ten percent of the total sales or purchases of the issuer and

also material items of income or expenditure arising out of such transactions;

(11) Where the issuer is a banking company, insurance company, non-banking financial institution or any other company which is regulated and licensed by another primary regulator, a declaration by the board of directors shall be included in the prospectus stating that all requirements of the relevant laws and regulatory requirements of its primary regulator have been adhered to by the issuer;

(12) A report from the auditors regarding any allotment of shares to any person for any consideration otherwise than cash along with relationship of that person with the issuer and rationale of issue price of the shares;

(13) Any material information, which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public;

n. Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity along with reasons thereof, lock out, strikes and reasons for the same, etc.;

**(6) Management's discussion and analysis of financial condition and results of operations:**

- a. Overview of business and strategies;
- b. Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis;
- c. Analysis of the financial statements of last five years with reason(s) of fluctuating revenue/sales, other income, total income, cost of material, finance cost, depreciation and amortization expense, other expense; changes of inventories, net profit before and after taxes, EPS, etc.;
- d. Known trends demands, commitments, events or uncertainties that are likely to have an effect on the company's business;
- e. Trends or expected fluctuations in liquidity;
- f. Off-balance sheet arrangements those have or likely to have a current or future effect on financial condition.

**(7) Directors and Officers:** following information in respect of directors and officers of the issuer, namely:

- (a) Name, father's name, age, residential address, educational qualification, experience and position of each of the directors of the company and any person nominated/represented to

be a director, showing the period for which the nomination has been made and the name of the organization which has nominated him;

- (b) The date on which he first became a director and the date on which his current term of office shall expire;
- (c) If any director has any type of interest in other businesses, names and types of business of such organizations. If any director is also a director of another company or owner or partner of any other concern, the names of such organizations;
- (d) Statement of if any of the directors of the issuer are associated with the securities market in any manner. If any director of the issuer company is also a director of any issuer of other listed securities during last three years then dividend payment history and market performance of that issuer;
- (e) Any family relationship (father, mother, spouse, brother, sister, son, daughter, spouse's father, spouse's mother, spouse's brother, spouse's sister) among the directors and top five officers;
- (f) A very brief description of other businesses of the directors;
- (g) Loan status of the issuer, its directors and shareholders who hold 5% or more shares in the paid-up capital of the issuer in terms of the CIB Report of Bangladesh Bank;
- (h) If the Chairman or any director or any shareholder receives any monthly salary then this information should also be included;
- (i) A profile of the sponsors including their names, father's names, age, personal addresses, educational qualifications, and experiences in the business, positions/posts held in the past, directorship held, other ventures of each sponsor and present position;
- (j) If the present directors are not the sponsors and control of the issuer was acquired within five years immediately preceding the date of filing prospectus details regarding the acquisition of control, date of acquisition, terms of acquisition, consideration paid for such acquisition etc;
- (k) If the sponsors/directors do not have experience in the proposed line of business, the fact explaining how the proposed activities would be carried out or managed;
- (l) Interest of the key management persons;
- (m) All interests and facilities enjoyed by a director, whether pecuniary or non-pecuniary;
- (n) Number of shares held and percentage of share holding (pre issue);
- (o) Change in board of directors during last three years; and
- (p) Director's engagement with similar business.

**(8) Certain Relationships and Related Transactions:**

- a. The prospectus shall contain a description of any transaction during the last five years, or any proposed transactions certified by the auditors, between the issuer and

any of the following persons, giving the name of the persons involved in the transaction, their relationship with the issuer, the nature of their interest in the transaction and the amount of such interest, namely:

- (i) Any director or sponsor or executive officer of the issuer;
  - (ii) Any person holding 5% or more of the outstanding shares of the issuer;
  - (iii) Any related party or connected person of any of the above persons;
- b. Any transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at anytime during the last three years prior to the issuance of the prospectus;
- c. Any loans either taken or given from or to any director or any person connected with the director, clearly specifying details of such loan in the prospectus, and if any loan has been taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan, rate of interest applicable, date of loan taken, date of maturity of loan, and present outstanding of such loan.

**(9) Transaction with the Directors and Subscribers to the Memorandum:**

- (a) The names of the directors and subscribers to the memorandum, the nature and amount of anything of value received or to be received by the issuer from the above persons, or by the said persons, directly or indirectly, from the issuer during the last five years along with the description of assets, services or other consideration received or to be received;
- (b) If any assets were acquired or to be acquired from the aforesaid persons, the amount paid for such assets and the method used to determine the price shall be mentioned in the prospectus, and if the assets were acquired by the said persons within five years prior to transfer those to the issuer, the acquisition cost thereof paid by them.

**(10) Ownership of the Company's Securities:**

- (a) The names, addresses, BO ID Number of all shareholders of the company before QIO, indicating the amount of securities owned and the percentage of the securities represented by such ownership, in tabular form;
- (b) There shall also be a table showing the name and address, age, experience, BO ID Number, TIN number, numbers of shares held including percentage, position held in other companies of all the directors before the public issue;

- (c) The average cost of acquisition of equity shares by the directors certified by the auditors;

**(11) Valuation Report of securities prepared by the Issue Manager:**

- (a) The valuation report of securities to be offered shall be prepared and justified by the issue manager on the basis of the financial and all other information pertinent to the issue;
- (b) To prepare the valuation report, the issue manager may consider all qualitative and quantitative factors which shall be explained in details with rationale to consider such factors, the valuation methods used, sources of information and authenticity of such information;
- (c) While preparing the valuation report, the issue manager shall avoid exaggeration and biasness and shall exercise independence and due diligence;
- (d) The issue manager(s) shall, among others, consider the following methods for valuation of the securities:
  - (i) net asset value at historical or current costs;
  - (ii) earning-based-value calculated on the basis of weighted average of net profit after tax for immediate preceding five years or such shorter period during which the issuer was in commercial operation;
  - (iii) projected earnings for the next three accounting year with rationales of the projection, if not in commercial operation;
  - (iv) average market price per share of similar stocks for the last one year immediately prior to the offer for common stocks with reference and explanation of the similarities or in case of repeat qualified investor offer, market price per share of common stock of the issuer for the aforesaid period.

**(12) Debt Securities:**

- (a) the terms and conditions of any debt securities that the issuer company may have issued or is planning to issue within next six months, including their date of redemption or conversion, conversion or redemption features and sinking fund requirements, rate of interest payable, Yield to Maturity, encumbrance of any assets of the issuer against such securities and any other rights the holders of such securities may have;
- (b) all other material provisions giving or limiting the rights of holders of each class of debt securities outstanding or being offered, for example subordination provisions, limitations on the declaration of dividends, restrictions on the issuance of additional debt or maintenance of asset ratios;

(c) name of the trustee(s) designated by the indenture for each class of debt securities outstanding or being offered and describe the circumstances under which the trustee must act on behalf of the debt holders;

(d) repayment or redemption or conversion status of such securities.

**(13) Parties involved and their responsibilities, as applicable:**

(a) Issue manager(s);

(b) Underwriters;

(c) Auditors;

(d) Cost and Management Accountants;

(e) Valuer.

**(14) Material contracts:**

(a) Major agreements entered into by the issuer;

(b) Material parts of the agreements;

(c) Fees payable to different parties.

**(15) Outstanding Litigations, Fine or Penalty:**

(a) The following outstanding litigations against the issuer or any of its directors and fine or penalty imposed by any authority.

(i) Litigation involving Civil Laws;

(ii) Litigation involving Criminal Laws;

(iii) Litigation involving Securities, Finance and Corporate Laws;

(iv) Litigation involving Labor Laws;

(v) Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes/duties);

(vi) Litigation involving any other Laws.

(b) Outstanding cases filed by the Company or any of its directors:

(i) Litigation involving Civil Laws;

(ii) Litigation involving Criminal Laws;

(iii) Litigation involving Securities, Finance and Corporate Laws;

(iv) Litigation involving Labor Laws;

(v) Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes/duties);

(vi) Litigation involving any other Laws.

**(16) Risk Factors and Management's Perceptions about the Risks:**

All risk factors and management's perception about how to address the risks are to be clearly stated. All risk factors which are specific to the project and internal to the issuer

and those which are external and beyond the control of the issuer and all qualitative or quantitative risks those may not be material at present but may have a material impact in future shall be included;

**(17) Description of the Issue:**

- (a) Issue size;
- (b) Number of securities to be issued;
- (c) Authorized capital and paid-up capital;
- (d) Face value, premium and offer price per unit of securities;
- (e) Holding structure of different classes of securities before and after the issue;
- (f) Objective of the issue including financing requirements and feasibility in respect of enhanced paid-up capital.

**(18) Use of Proceeds:** The use of the issue proceeds shall be disclosed in the prospectus in details:

- (a) Use of net proceeds of the offer indicating the amount to be used for each purpose with head-wise break-up;
- (b) Where the sponsors' contribution or privately placed fund has been brought prior to the qualified investor offer and has already been deployed by the issuer, indication of use of such funds in the cash flow statement;
- (c) If one of the objects is an investment in a joint venture, a subsidiary, an associate or any acquisition, details of the form of investment, nature of benefit expected to accrue to the issuer as a result of the investment, brief description of business and financials of such venture;
- (d) If QIO proceeds are not sufficient to complete the project, then source of additional fund must be mentioned. In this connection, copies of contract to meet the additional funds are required to be submitted to the Commission. The means and source of financing, including details of bridge loan or other financial arrangement, which may be repaid from the proceeds of the issue along with utilization of such funds;
- (e) A schedule mentioning the stages of implementation and utilization of funds received through qualified investors' offer in a tabular form, progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, the approximate date of completion of the project and the projected date of full commercial operation etc. The schedule shall be signed by the Chief Executive Officer or Managing Director, Chief Financial Officer and Chairman on behalf of Board of Directors of the issuer;

- (f) If there are contracts covering any of the activities of the issuer for which the proceeds of sale of securities are to be used, such as contracts for the purchase of land or contracts for the construction of buildings, the issuer shall disclose the terms of such contracts, and copies of the contracts shall be closed as annexure to the prospectus;
- (g) If one of the objects of the issue is utilization of the issue proceeds for working capital, basis of estimation of working capital requirement along with the relevant assumptions, reasons for raising additional working capital substantiating the same with relevant facts and figures and also the reasons for financing short with long term investments and an item wise break-up of last three years working capital and next two years projection;
- (h) Where the issuer proposes to undertake one or more activities like diversification, modernization, expansion, etc., the total project cost activity-wise or project wise, as the case may be;
- (i) Where the issuer is implementing the project in a phased manner, the cost of each phase, including the phases, if any, which have already been implemented;
- (j) The details of all existing or anticipated material transactions in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies;
- (k) Summary of the project appraisal/feasibility report by the relevant professional people with cost of the project and means of finance, weaknesses and threats, if any, as given in the appraisal/feasibility report.

**(19) Lock-in:**

- (a) Provisions for lock-in as per these Rules;
- (b) Statement of securities to be locked in for each shareholder along with BO account number, lock-in period and number of securities to be locked-in.

**(20) Description of securities outstanding or being offered:** All types of securities outstanding or being offered with date/proposed date of such issue and to whom those are offered, number of securities and issue or offer price along with the following information:

- (a) Dividend, voting and preemption rights;
- (b) Conversion and liquidation rights;
- (c) Dividend policy;
- (d) Other rights of the securities holders.

**(21) Financial Statements:**



- (a) The latest financial statements prepared and audited by the Commission's panel auditors in adherence to the provisions of the Companies Act,1994, International Financial Reporting and Auditing Standards (IFRS) for small and medium sized entities as adopted in Bangladesh from time to time;
- (b) Information as is required under section 186 of the কোম্পানি আইন, ১৯৯৪ relating to holding company;
- (c) Selected ratios as specified in Annexure-D;
- (d) Auditors report under section 135(1), Paragraph 24(1) of Part II of Schedule III of the কোম্পানি আইন, ১৯৯৪. The report shall include comparative income statements and balance sheet and aforementioned ratios for immediate preceding five accounting years of the issuer. If the issuer has been in commercial operation for less than five years, the above mentioned inclusion and submission will have to be made for the period since commercial operation;
- (e) Financial spread sheet analysis for the latest audited financial statements;
- (f) Earnings per Share (EPS) on fully diluted basis (with the total existing number of shares) in addition to the weighted average number of shares basis. Future projected Net Income should not be considered while calculating the weighted average EPS;
- (g) All extra-ordinary income or non-recurring income coming from other than core operations should be shown separately while showing the Net Profit as well as the Earnings Per Share;
- (h) Quarterly or half-yearly EPS should not be annualized while calculating the EPS;
- (i) Net asset value (with and without considering revaluation surplus or reserve) per unit of the securities being offered at the date of the latest audited statement of financial position;
- (j) The Commission may require the issuer to re-audit the audited financial statements, if any deficiency/anomaly is found in the financial statements;

**(22) Application Procedure:** As mentioned in the consent letter.

*Annexure-F*

**Documents to be filed by the issuer**

[See rule 4 (1) (d)]

The following documents attested by the Managing Director/Chief Executive Officers of the issuer and the issue manager shall be filed with the application for consent to an issue of capital through qualified investors' offer, namely:-

- (1) Memorandum and Articles of Association-certified by the Registrar of Joint Stock Companies and Firms (RJSC);
- (2) Certificate of Incorporation and Certificate of Commencement of Business – certified by the Registrar of Joint Stock Companies and Firms;
- (3) Extract from the Minutes of Meeting of the Board of Directors for raising paid-up capital;
- (4) Consent of the Directors to serve, in original, signed by all directors;
- (5) Land Title Deed with current rent receipts;
- (6) If plant and machinery is reconditioned or second-hand – PSI certificates along with the import documents;
- (7) Loan agreements, if any;
- (8) Banker's letter confirming opening of separate bank account for qualified investor offer purposes;
- (9) Due Diligence Certificate from Trustee of debt securities as prescribed in the Securities and Exchange Commission (Private Placement of Debt Securities) Rules, 2012, in original;
- (10) Agreement with (a) Investment Adviser, (b) Issue Manager along with a copy of inter-se allocation of responsibilities of each merchant banker, in case the issue is managed by more than one merchant banker, (c) Underwriter(s) and (d) Trustee of debt securities;
- (11) Joint venture agreement, if any;
- (12) Tax holiday approval letter from NBR, if any;
- (13) Copy of return of allotment and particulars of directors certified by the Registrar of Joint Stock Companies and Firms;
- (14) Banker's certificate or bank statement showing deposit of the amount of paid-up capital or auditor's certificate in this regard;
- (15) Undertakings of the issuer and its directors and shareholders having more than 5% of share for obtaining CIB Report from Bangladesh Bank;
- (16) Copies of valid license from the regulatory authority, where applicable;
- (17) Deed of Trust (in case of debt securities);
- (18) Proper documents in support of information disclosed in prospectus regarding Income tax, VAT status etc.;

- (19) Revaluation Report as prepared according to Commission's guidelines;
- (20) Audited financial statements for last 5 years or shorter period for which the issuer is in commercial operation;
- (21) Auditors certificate in pursuance to section 135 of the Companies Act,1994;
- (22) Feasibility report prepared by professional people in case the issue proceeds are to be used in new projects;
- (23) Copies of contract or agreement or loan section letter from bank or financial institutions to meet the additional funds required beyond the issue proceeds to complete the project;
- (24) Any other document as may be required by the Commission.