



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

জীবন বীমা টাওয়ার (১৫, ১৬, ১৭ ও ২১তম তলা), ১০ দিলকুশা বা/এ, ঢাকা-১০০০, বাংলাদেশ।

নং-এসইসি/এনফোর্সমেন্ট/২১৮৮/২০১৪/৯৪

তারিখঃ ১৯ মার্চ ২০১৫ ইং

হুদা ভাসি চৌধুরী এন্ড কোং, চার্টার্ড একাউন্টেন্টস্, ন্যাশনাল অফিস, BTMC ভবন (লেভেল-৮), ৭-৯ কাওরান বাজার, ঢাকা-১২১৫

বিষয়: আদেশ।

কমিশনের ১৯ মার্চ ২০১৫ ইং তারিখের আদেশ নং-এসইসি/এনফোর্সমেন্ট/২১৮৮/২০১৪/৯৩ এর সত্যায়িত অনুলিপি আপনার অবগতি ও প্রয়োজনীয় ব্যবস্থা গ্রহণের জন্য এতদসঙ্গে সংযুক্ত করা হলো।

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের পক্ষে

মোহাম্মদ হোসেন খান
উপ-পরিচালক

বিতরণঃ

প্রধান নির্বাহী কর্মকর্তা, ঢাকা স্টক এক্সচেঞ্জ লিমিটেড
প্রধান নির্বাহী কর্মকর্তা, চট্টগ্রাম স্টক এক্সচেঞ্জ লিমিটেড

অবগতির জন্য অনুলিপি:

- ১। নির্বাহী পরিচালক, আইন, বিএসইসি
- ২। নির্বাহী পরিচালক, মিউচুয়াল ফান্ড ও এস পিভি, বিএসইসি
- ৩। নির্বাহী পরিচালক, এমআইএস, বিএসইসি
- ৩। চেয়ারম্যান মহোদয়ের দপ্তর, বিএসইসি



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নং-এসইসি/এনফোর্সমেন্ট/২১৮৮/২০১৪/ ২৬

তারিখঃ ১২ মার্চ ২০১৫ ইং

আদেশ

যেহেতু, কমিশন এর আদেশ নং BSEC/MF&SPV-MF-112/2013/02/636 dated June 24, 2014 এর মাধ্যমে একটি তদন্ত কমিটি গঠিত হয় এবং উক্ত তদন্ত কমিটির দাখিলকৃত প্রতিবেদন অনুযায়ী findings and contraventions নিম্নরূপ:

Quote

“----- **Under TOR 2:** ফান্ডের কোনো অর্থ আইন বহির্ভূতভাবে উত্তোলন/স্থানান্তর করা হয়েছে কিনা তা নিরীক্ষা করা

Findings #05: LR Global is Charging a part of own “Office and Administrative Expenses” on the funds under its management contravening the Rules and without permission of the Commission.

Opinion of LR Global:

According to letter of LR Global that “.....Office and Administrative Expenses were charged as per 6th Schedule, Attachment – 2(details of the Revenue account) of Securities and Exchange Commission (Mutual Fund) Rules, 2001 and approved by the Trustee as represented in all Audited Accounts of the Mutual Funds....”

Again, according to LR Global ".....Office & Administrative Expenses" were charged after reasonability checking and within the limit that we understood of the mutual fund on periodical basis (monthly/ quarterly/annually, as applicable) under following categories those directly impact the operations of the mutual funds and also allowing us to maintain proper investor records and serve the unit-holders related to on- going dividend distribution and redemption of the placement shares:

- Salary & Allowances (employees who are directly involved with mutual fund operations),
- Investors Relation Office Expenses (rent, utility bills, maintenance charges, etc.),
- Bloomberg terminal fees (for NAV checking of the mutual fund portfolio),
- Software maintenance expenses (for daily fund operations)
- Conveyance bills (for daily fund operations),
- Other expenses, if any (directly related with mutual fund operations) including CDBL connection/Internet expense.....”

Again, LR Global is charging all type of legal expenses to the fund though it is not directly related with the fund operation ;and in this regard a brief statement of all legal expenses are placed in the following table along with the opinion of LR Global :

“.....Also please find enclosed list stating date-wise payment against legal expenses along with the supporting documents / invoices for each mutual fund. Since inception the legal expenses were made for the benefit of the unit-holders related to investment activities, clarifications and conflicts among legal documents, due diligence, brokerage agreements, evaluation of legal/offering documents, etc. services that are not available in-house.....”

According to statement of Office & Administrative expenses charged on the funds since inception are placed in the following table:



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Fund wise Office and Administrative Expenses:

Fund	Amount in Taka					
	2010	2011	2012	2013	2014	Total
DBH MF	4,041,357	2,443,269	2,927,111	3,822,130	2,613,072	15,846,940
Green Delta MF	921,497	2,010,865	2,672,796	2,441,790	2,543,072	10,590,019
AIBL 1 st MF		1,986,253	2,623,379	2,391,076	2,501,951	9,502,659
MBL 1 st MF		1,950,424	2,620,206	2,471,016	2,501,951	9,543,597
LR GB MF		380,093	2,732,567	2,491,982	2,489,001	8,093,643
NCCBL MF			1,278,554	2,102,318	2,514,998	5,895,870
Total	4,962,854	8,770,904	14,854,613	15,720,312	15,164,045	59,472,728

Additionally fund wise legal expenses are also placed in the following table:

Fund wise Legal Expenses:

Fund	Amount in Taka			
	2012	2013	2014	Total
DBH First Mutual Fund		100,000	402,151	502,151
Green Delta Mutual Fund	100,000	100,000	402,151	602,151
AIBL 1st Islamic Mutual Fund		50,000	402,151	452,151
MBL 1st Mutual Fund	50,000	50,000	402,151	502,151
LR Global Bangladesh Mutual Fund One	100,000	100,000	402,151	602,151
NCCBL Mutual Fund-I	50,000	50,000	402,155	502,155
Total	300,000	450,000	2,412,910	3,162,910

Additionally, in the response letter of LR Global they mentioned as follows:

".....We have made these decisions with the best of intentions. These expenses were not more than 0.25% of the NAV of each mutual fund keeping the annual total expenses of the fund approximately 2.00% of the NAV of the fund (inclusive of all expenses) - within the limit of 4% of the NAV of the fund.

Regardless of our intentions, we realize now that we should have approached the honorable commission for the approval of the expenses instead. We earnestly request the Commission to instruct us in this regard for rectifying any issues that in your supreme authority you deem appropriate which may have been misunderstood in good faith.



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We sincerely regret for not seeking clarification from the Honorable Commission since the inception of the funds. We sincerely hope the Honorable Commission will evaluate this with compassion and help us rectify issues that you deem appropriate.....”

Background of Charging Office & Administrative Expenses and Clarification of the Parties:

It is to be mentionable here that Office & Administrative expenses are charged after taking opinion of the Auditor “Hoda Vasi Chowdhury & Co.” but without any permission from the commission. The Trustee of the funds have also approved the Annual Accounts of the funds since long without taking any clarification/approval from the Commission in this regard. So, we sought clarification to Fund Manager, Auditor of the Fund and also the Trustee of the funds under management of LR Global.

Hence, in response to our letter of seeking clarification, LR Global replied among others as follows:

“Clarification regarding receipt of Auditors opinion from Hoda Vasi & Chowdhury & Co., we would like to inform you that the opinions were received from the said Auditor in good faith and for internal clarification and for our understanding back in 2010.

Subsequently, the opinion was also shared with the Trustee since inception of these fees. All our financial statements properly disclosed and itemized these expenses within the limit and Financial Statements were duly approved by the Trustee.....”

The Trustee of the funds “BGIC” clarified in their letter among others as: “...1. Trustee did not provide any written consent to LR Global Bangladesh Asset Management Company Ltd. to reimburse “Office & Administrative Expenses” from all the funds under their management. However, it is to be noted that based on the Professional advice of the Auditors received directly by the AMC and produced to us we approved the Annual Accounts of the Funds.

2. We would like to clarify that we as Trustee did not instruct or allow the Asset Manager to take any opinion from the Auditor, Hoda vasi Chowdhury & Co. about charging “Office & Administrative Expenses” from the funds.

.....in view of the above we have already instructed all the Asset Managers that charging of “Office & Administrative Expenses” is not permitted and have provided copies of our instruction letters to the esteemed Commission.”

Again the Audit firm “Hoda Vasi Chowdhury & Co.” clarified their position in their letter among others as: “.....There is no restriction anywhere on providing professional opinions to the clients. Our professional advice should not be treated as legal opinion but as guiding principle to the clients as a practicing member quasi legal profession like Chartered Accountants. In our letter dated 20 May 2013, in the absence of any clear provision, our conclusion of the professional opinion was to obtain BSEC’s written consent before charging and allocating a portion of Asset Management Company’s expenses to the mutual funds account.”

