

রেজিস্টার্ড নং ডি এ-১

বাংলাদেশ



গেজেট

অতিরিক্ত সংখ্যা
কর্তৃপক্ষ কর্তৃক প্রকাশিত

মঙ্গলবার, মে ২৮, ২০১৯

[বেসরকারি ব্যক্তি এবং কর্পোরেশন কর্তৃক অর্থের বিনিময়ে জারীকৃত বিজ্ঞাপন ও নোটিশসমূহ]

Bangladesh Securities and Exchange Commission

Securities Commission Bhaban

E-6/C Agargaon

Sher-e-Bangla Nagar Administrative Area

Dhaka-1207, Bangladesh.

NOTIFICATION

Dated: 22 May 2019

No. BSEC/CMRRCD/2019-369/218/Admin/86.—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 and applicability.—(1) These rules may be called the Bangladesh Securities and Exchange Commission (Exchange Traded Derivatives) Rules, 2019.

(2) These rules shall be applicable to all types of derivatives excluding commodity derivatives.

(১৬৪৬৫)

মূল্য : টাকা ৮.০০

2. Definitions.—(1) In these rules, unless there is anything repugnant in the subject or context,—

- (a) “call option” means a contract that gives the holder the right but not the obligation to buy a given quantity of the underlying asset for a given price on or before a given future date;
- (b) “commodity derivative” means a derivative instrument based on a commodity such as gold, silver, base metals, or agriculture products;
- (c) “derivative” means “derivative” as defined in the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969);
- (d) “exchange traded derivative” means a derivative that is, or to be, listed and traded on the exchange;
- (e) “futures” means an agreement between two parties to buy or sell an asset on a specified date in the future against a specified price, futures contracts are a special category of forward contracts in that they are standardised and exchange traded;
- (f) “market participant” means an eligible stock-broker or stock-dealer to undertake derivative trading and related functions as determined by the exchange;
- (g) “option” means an exchange traded derivative product that allows the holder to exercise its right either in the form of put or call;
- (h) “OTC derivative” means a derivative transacted directly between two parties, “over the counter” and includes-
 - (i) “forward” means customised contract between two parties to buy or sell an asset at a specified price on a future date;
 - (ii) “swap” means a derivative contract on exchange of the cash flows or liabilities from two different financial instruments;

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- (i) “price” means the price of the derivative as listed on the exchange;
- (j) “put option” means a contract that gives the holder the right but not the obligation to sell a given quantity of the underlying asset for a given price on or before a given future date.

(2) Words and expressions used herein and not defined, but defined in the Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969), ব্যাংক কোম্পানি আইন, ১৯৯১ (১৯৯১ সনের ১৪ নং আইন), Bangladesh Securities and Exchange Commission Act (Act No. 15 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), এক্সচেঞ্জ ডিমিউচুয়ালাইজেশন আইন, ২০১৩ (২০১৩ সনের ১৫ নং 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. Application for Trading of Derivative Product.—(1) The exchange, prior to allowing a derivative product to be traded on the applicable platform, shall apply to the Commission for permission by providing the information specified in rule 4 and rule 5 of these rules.

(2) The Commission shall review the information provided and shall approve or reject within 30 (thirty) calendar days.

(3) The exchange shall publish each derivative product on its own website.

4. Products and Product Design.—(1) The exchange may introduce any type of derivative product to be traded on the exchange under these rules:

Provided that for introducing OTC derivative products the exchange needs to have prior permission from the commission.

(2) The product design of a derivative contract shall address the following elements:

- (a) eligibility criteria of underlying assets and its price discovery mechanism;
- (b) trading hours;
- (c) size of contract;
- (d) margin requirements including mark to market criteria;
- (e) quotation;
- (f) tenure of the contract;
- (g) available contracts;
- (h) cash settlement mechanism;
- (i) settlement price;
- (j) final settlement day;
- (k) eligibility criteria for market participants; and
- (l) any other requirement as determined by the Commission from time to time.

5. Contract Specification.—(1) Any derivative contract shall contain standard contract specifications as specified by the exchange.

(2) The standard contracts shall contain at least the following information:

- (a) name of the exchange of trading;
- (b) security description;
- (c) contract size;
- (d) margin requirements;
- (e) price increments;
- (f) price bands;
- (g) trading cycle;
- (h) expiry date;
- (i) settlement basis;
- (j) settlement price; and
- (k) any other requirement as determined by the Commission from time to time.

6. Eligibility Criteria of Market Participants.—(1) Any derivative trade shall be undertaken by market participants on the basis of eligibility criteria approved by the exchange.

(2) The exchange or central counterparty (CCP), as appropriate, shall prepare the eligibility criteria considering at least the following elements:

- (a) capital and margin adequacy must be commensurate to the level of their intended trading activity;
- (b) risk management processes and procedures need to adequately cover derivatives trading and the specific risks associated with these transactions;
- (c) sufficiently knowledgeable staff in derivative products;

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- (d) adequate resources;
 - (e) adequate internal control and risk management systems, processes and procedures;
 - (f) past performance; and
 - (g) any other requirement that may be determined from time to time by the Commission.

(3) The exchange shall publish the list of market participants on its website.

7. Reporting on Non-compliance.—The exchange shall report to the Commission a summary of the non-compliance and respective corrective action taken by the exchange within 3 (three) working days of the non-compliance occurring.

8. Risk Management.—(1) The exchange or CCP, as appropriate, shall adopt an adequate risk management framework to manage the risk associated with exchange traded derivatives covering at least the following:

- (a) margin requirements, liquid net worth, position limits;
- (b) mark to market; and
- (c) managing of potential conflicts of interest, market abuse, and market manipulation at all appropriate levels.

(2) The risk management framework shall be reviewed by the exchange or CCP, as appropriate, to ensure it is adequate.

9. Continuing Education.—The exchange and CCP shall conduct continuing education programmes for market participants and investors.

10. Position Limits.—(1) The exchange or CCP, as appropriate, shall propose position limits to monitor the concentration of positions.

(2) Position limits shall be reviewed by the exchange or CCP, as appropriate, at any interval.

11. Disclosures on Derivative.—(1) The exchange shall make disclosures on its website on all derivatives that may be traded.

(2) The disclosures shall contain:

- (a) description of the contract;
- (b) date from which trading has been approved;
- (c) specific limitations (if any);
- (d) date from which the clearing obligation will take effect; and
- (e) others (if any).

12. Trade Information.—The exchange shall be responsible for providing appropriate trade related information, if required, to any market participant for trade or clear derivatives contracts on the exchange.

13. Reporting.—The exchange or CCP, as appropriate, shall determine the reporting requirements with prior approval of the Commission.

By order of the Bangladesh Securities and Exchange Commission

Dr. M. Khairul Hossain

Chairman.

মোঃ তারিকুল ইসলাম খান, উপপরিচালক, বাংলাদেশ সরকারী মুদ্রণালয়, তেজগাঁও, ঢাকা কর্তৃক মুদ্রিত।

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