

# Bangladesh Institute of Capital Market (BICM)



Newsletter  
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## *About Bangladesh Institute of Capital Market*

Bangladesh Institute of Capital Market (BICM) is a Government funded national institution for imparting practical capital market education and training. BICM was established on 24 July 2008. The setting up of the Institute materialized the long-cherished demand of the market intermediaries as well as development partners. Under the leadership of the Chairman, Bangladesh Securities and Exchange Commission (BSEC), the Institute has got a competent Board of Directors with a wide range of expertise representing cross section of stakeholders that includes government, regulator, market intermediaries, exchanges, academia and different professional bodies. The Institute is headed by the Executive President.



BICM is housed at BGIC Tower, in the commercial hub of the city, having 23,966.25 sqft. areas spreading over five floors. BICM is equipped with state of the art education and professional training facilities as well as advanced learning amenities to arrange and organize national and international training programs, workshops, seminars and conferences. It has the capacity to accommodate 250 participants at one go in its class rooms of different capacities, conference room and computer Lab. It also has break-away-session rooms and digital library for brain storming and carrying out research. The audio-visual and video conferencing facilities with dedicated 60 mbps fiber optics internet connection will enable the Institute to establish its linkage with Institutions from home and abroad in disseminating knowledge. The Institute has an enriched library with over 10,000 physical books and in process of procuring e- books, videos and other learning and reference materials.

The Institute, with the funding and policy support of Bangladesh government and under the able leadership of Bangladesh Securities and Exchange Commission (BSEC), is confident to play a catalytic role in having a fair, transparent, informed and vibrant capital market. The institute poised to be a regional hub of excellence in education, research and knowledge management in the days ahead.

## *Human Resources of BICM*

In 2010, the government approved the Organogram of BICM that has similarity to a public university, at small scale, having 97 employees including 27 faculty members. In 2013, the government also approved the compensation structure of the Institute. A total of 54 staff members including five faculty members and nineteen officers have been working in the institute.

### BICM Senior Management

**Mohammad Abdul Hannan Zoarder, MBA (IBA, DU)**

Executive President

**S. M. Rafiqul Islam (Ripon), FCA**

Director (Admin. & Finance)

### Faculty Members

Associate Professor

**Nitai Chandra Debnath, FCMA**

MBA (DU)

Lecturer

**Sifullah Khaled**

MBA (Finance, DU)

**Tasruma Sharmeen Chowdhury**

MBA (IBA, DU)

**Faysal Ahmad Khan**

MBA (Finance, DU)

**Md. Habibullah**

MBA (AIS, RU)

### Adjunct Faculty Members

Renowned academics, researchers, market experts and professionals are also attached with BICM as adjunct faculty.

## *Academic Activities of BICM*

### *Inauguration of Academic Activities*

On 09 December 2010, Mr. Abul Maal Abdul Muhith, the Honorable Finance Minister, Government of the People's Republic of Bangladesh inaugurated the academic activities of BICM. The government has been extending its unflinching support to elevate the Institute as a center of excellence.

### *Postgraduate Diploma Course*

Bangladesh Institute of Capital Market (BICM) has started, first of its kind, "Post Graduate Diploma in Capital Market (PGDCM)" in Bangladesh. BICM is offering PGDCM for the market intermediaries, full spectrum of market professionals and graduates who aspire to pursue career in the capital market. The Diploma will provide a blend of theoretical and practical knowledge on market mechanism, legal framework, new instruments and techniques. The year long PGDCM program consists of 13 courses of 36 credit hours including internship. The program is divided into three trimesters.

Mr. Abul Maal A Muhith, the Honorable Minister, Ministry of Finance, The People's Republic of Bangladesh graced the launching ceremony of "Post Graduate Diploma in Capital Market (PGDCM)" of BICM on 29 January, 2015 at BICM conference room. At present four batches of students are enrolled in the PGDCM program.

### *Investors Education Program*

To fulfill government's commitment of increasing awareness of general investors, BICM has been conducting day-long free "Investors Education Program" to disseminate the basic knowledge of capital market investment. General investors have been encouraged to assess the financial health of the listed companies prior to making investment decisions. Considering the increasing demand of the investors, BICM has started offering four investor awareness programs monthly instead of two.

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016 (Till February 29, 2016)
<b>Number of Investors Education Program</b>	8	15	25	46	29
<b>Number of Participants</b>	241	358	1107	1281	874

Till February 29, 2016, BICM conducted 122 'Investors Education Programs' and trained 3835 existing investors and future/ potential investors on the basics of capital market investment.

### *Certificate Courses on Capital Market*

The institute offers “Certification Programs” of different durations (one to six weeks long) programs for the sector professionals, market intermediaries, and related stakeholders.

Till 29 February 2016, BICM has conducted 39 “Certification Programs” of different durations (two weeks to six weeks long). A total of 832 participants have been certified. The following table represents the summary of information about “Certification Programs” conducted by BICM.

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016 (Till February 29, 2016)
<b>Number of Certification Program</b>	1	18	2	12	06
<b>Number of Participants</b>	43	409	38	237	105

### **Subject Matters of Certificate Courses:**

- Securities Laws in Bangladesh
- Investment in Capital Market
- Financial Statement Analysis
- Understanding IAS, IFRS and ISA
- Corporate Governance
- Insider Trading, Fraud & Market Manipulation
- Examination of Prospectus
- Legislative Drafting
- Understanding Revaluation of Assets
- Financial Journalism
- Investment Analysis and Securities Valuation
- Capital Raising and Investment in Primary Market
- Fixed Income Securities
- Technical Analysis
- Strategies of Portfolio Management
- Operations of Mutual Funds

## *BICM Conducts Investors Education Programs*

To fulfill the commitment of the government of increasing awareness of general investors, BICM has been conducting 'Investor Education Program' at free of cost. General investors are encouraged to assess the financial health of the listed companies prior to making investment decisions. In of 01 Jan 2016-29 Feb 2016 period, BICM arranged 08 'Investor Education Programs'. The daylong program starts at 9.30 AM and continues till 4.30 PM. The program is divided into five sessions in which BICM faculty discuss various topics relevant to investment in capital market. The Institute provides refreshment to the participants.

### **Topics covered in 'Investors Education Program'**

#### **Financial Market:**

Money Market and Capital Market  
Instruments of money market and capital market.  
Regulatory framework of Bangladesh Capital Market.  
Rights of a shareholder as per the Companies Act, 1994.

#### **Investment in Primary Market:**

Reading prospectus – equity and debt instruments.  
Reading mutual fund offer document.

#### **Investment in Secondary Market:**

Definition, Classification of investors and their investment, Objectives, Investment constraints, Investment process and Investment valuation consideration

#### **Financial Analysis through Ratio Analysis and Earning Quality:**

Liquidity, solvency, management efficiency, profitability and stockholders ratios-P/E, decomposition of ROE, Earning per Share, diluted earnings  
Earnings quality.

#### **Trading of Secondary Market:**

Spot market, public market, odd-lot market, bulk market  
Different types of order – market order, limit order etc.  
Short-sale Trading on margin Corporate actions – dividend – cum and ex dividend, bonus, rights, Share splits.  
Insider trading and market manipulations.



*A view of Investors Education Program' at BICM Conference Room.*

## *Certificate Course on 'Operations of Mutual Fund in Bangladesh'*

BICM completed a certificate course titled 'Operations of Mutual Fund in Bangladesh' in January 2016. The objective of the course was to enable the participants to understand the objectives, mechanisms, valuations of mutual funds, and analyze the factors affecting the performance of mutual funds. The duration of the certificate course was five days.

Executives from different market intermediaries participated in this course. Topics covered in this course are: Introduction to Mutual Fund, Securities and Exchange Commission (Mutual Fund) Rules, 2001, Performance, Prospect and Challenges of Mutual Fund in Bangladesh, Mutual Funds Management Strategies, and Evaluation of Performance of Mutual Fund.

Senior officials of 'Bangladesh Securities of Exchange Commission' discussed regulatory issues regarding 'Mutual Fund'. The participants also got the opportunity to hear from CEO of an asset management company about the strategies of managing Mutual Fund. Faculty members of BICM and Dhaka University also took classes.



## *Certificate Course on 'Financial Statements Analysis'*



A certificate course named 'Financial Statements Analysis' was completed by BICM in January 2016. The course had an objective to enable the participants to understand corporate financial statements with a view to taking investment decision. The course consists of ten classes.

Topics covered in this course are: introduction to financial statement analysis, financial reporting mechanics, understanding the statement of comprehensive income, understanding the statement of changes in equity, understanding the statement of financial position, understanding the cash flow statement, financial analysis techniques, evaluating earning quality.

BICM faculty, experts from market intermediaries, professors of University of Dhaka were the speakers in this course. Participants were awarded certificates after successful completion of the course.



## *Orientation Program of PGDCM New Batches*

An orientation program for the Post Graduate Diploma in Capital Market (PGDCM) - Spring 2016 Batch was held in BICM Conference Room on 25 February 2016 at 6.00pm. The PGDCM is the flagship program of the institute, duration of which is one year having 36 credit hours.

The orientation program was started with the recitation from the Holy Quran by Hafiz Maolana Faridul Islam, respected Imam, BICM. Executive President of BICM Mr. Mohammad Abdul Hannan Zoardar chaired the ceremony.

Executive President spoke about the background and the necessity of establishing the Institute and the contribution it could make towards the development of Bangladesh capital market. He also mentioned that the institute would put maximum emphasis on imparting quality education and training. The Institute also expects that, the PGDCM students shall invest their time, energy and efforts in acquiring knowledge and skill to excel as a capital market professional. To excel as a capital market professional, thorough knowledge and skills on new instruments and its regulations is imperative. Sound theoretical, mathematical and technical knowledge would enhance understanding of new instruments and techniques of transactions in the capital market. In this regard, comprehensive knowledge on economy and legal framework is of crucial importance. PGDCM would be of great help towards attaining those skills. Director Administration and Finance of the institute also spoke in this occasion.

The Executive President introduced the faculty with the students. Mr. Saifullah Khaled, Lecturer, BICM, among others, briefly discussed about the PGDCM program. The program concluded with a photo session. Mr. Md. Habibullah, Lecturer, BICM, acted as the anchor.



## *Homage to Language Martyrs by BICM*

BICM pays a glowing tribute to the martyrs of Language Movement, who sacrificed their lives for the recognition of Bangla as state language on this day of 1952.

In the early morning of 21 February, BICM employees led by the Executive President placed wreaths to the Central Shaheed Minar and solemnly stayed some time as a mark of respect to the martyred soul.



## *BICM Annual Sports and Cultural Program 2016*

BICM celebrated its first annual sports and cultural program with live entertainment, games, giveaways, good food and family. In celebration of employees' hard work and accomplishments throughout the year, the Institute arranged the program on 27 February, 2016 at Genentech Resort and Convention Center, Gazipur. A few members of BICM Board of Directors and all the employees of BICM with their families cheerfully attended the occasion.

The program was started with the welcome speech of the Executive President of BICM. Dr. M. Khairul Hossain, the Honorable Chairman, BICM graced the program as the chief guest and inaugurated the event at 9.00 in the morning.

The BICM family was delighted and honored to have the Honorable Chairman and his spouse amidst them. Prof. Dr. M. Kismatul Ahsan, Director, BICM and Chairman, Department of Finance, Dhaka University; Md. Saifur Rahman, Director, BICM and Executive Director, Bangladesh Securities and Exchange Commission; Md. Nasir Uddin Ahmed, Joint Secretary, BFID, Ministry of Finance and; Prof. Dr. Mahmood Osman Imam FCMA, Ex-director, BICM were present among the distinguished guests. Spouses of M. Kismatul Ahsan and Md. Nasir Uddin Ahmed also graced the ceremony.



Events included various indoor and outdoor games namely, Dart Board, Pillow Passing, Ball in the Basket, Sprint, Football and Cricket. A Cultural program was held where BICM employees and their family members performed. The program includes singing, recitation of poem etc. Breakfast, lunch and tea were arranged at the Greentech Resort and Convention Center's Convention Hall. The daylong program concluded with the prize giving ceremony. The celebration reflected BICM values 'Dignity of Each Person' and its emphasis on teamwork. It was a memorable day for BICM family.





## Regulatory Issues

### Bangladesh Securities and Exchange Commission took a set of decisions to form separate trading board for small capitalized companies

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Bangladesh Securities and Exchange Commission took a set of decisions to form separate trading board for small capitalized companies where qualified investors will be only allowed to trade shares, a BSEC press release on Feb 2016 stated.

The commission took the decision as it found formation of 'Small Cap Board' important to attract more foreign investment in the capital market. The commission meeting presided over by its Chairman M KhairulHossain took the decisions. The decisions which were taken based on the findings of a BSEC-committee which was formed earlier in this regard.

Separate trading platform titled 'Small Cap Platform' will be established at both DSE and CSE for facilitating listing and trading of the securities of small capital companies. Companies with minimum pre-issue paid-up capital Tk 5 crore and post-issue Tk 10 crore would be allowed to enlist with bourse's small cap .Post-issue paid-up capital of the companies must be within Tk 30 crore to get enlisted with the bourses.

High net worth individuals and institutional investors would only be considered as eligible investors. This decision has been taken considering the risk factors and critical analytical issues of the companies. The companies will be enlisted with the bourses based on the post-issue qualified investors' offer, while clearing and settlement, and trade cycle of the shares will be same as the existing rules of the bourses. Shares of existing shareholders of such companies will be locked in for certain period of time and for maintaining liquidity for trading appointment of market maker for three-year will be a must.

The terms and conditions for raising capital for the companies would be relatively easier than the process of getting approval of IPOs to raise capital. As formation of small-cap board is related with market maker rules, the commission will upgrade the existing rules. As per the Commission decision, bourses will be asked to take initiative to enhance awareness among investors as well as companies.

### New order has been issued regarding publication of price sensitive information

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Bangladesh Securities and Exchange Commission issued an order regarding publication of price sensitive information by all listed companies on Feb 15. According to the new guidelines, a firm must inform the commission and the relevant stock exchange within half an hour of taking any decision on such information. The decision will have to be faxed or sent through a special messenger or courier service. The firms have also been asked to publish the information in two dailies - one Bengali and one English, the order says. Companies listed on the stock market will now have to publish price sensitive information in online newspapers too. Earlier, the firms listed on the share market had to publish their price sensitive information only in dailies.

## Capital Market Review (01 January 2016-29 February 2016)

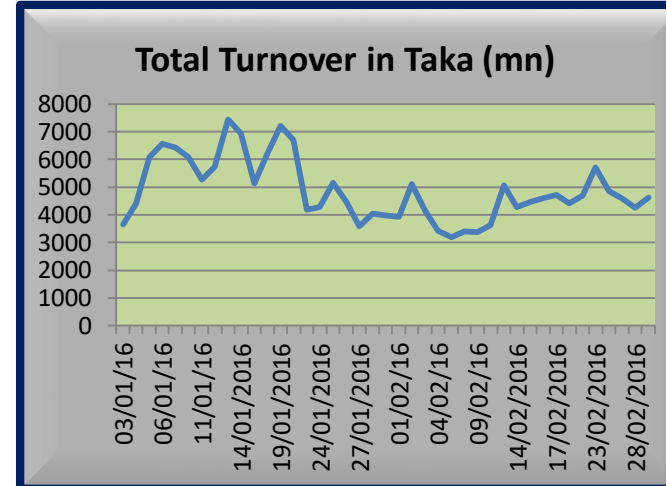
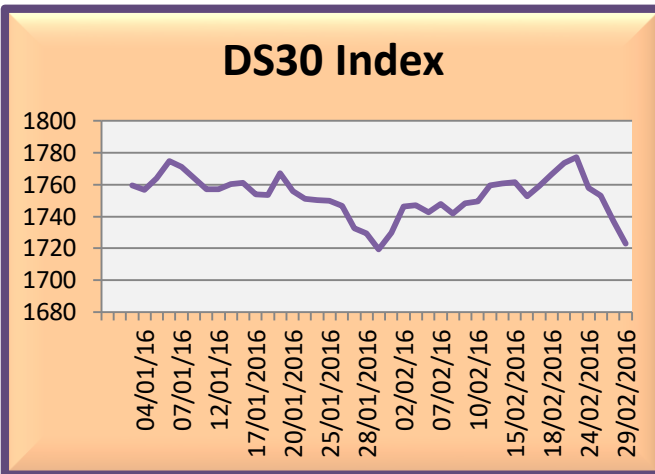
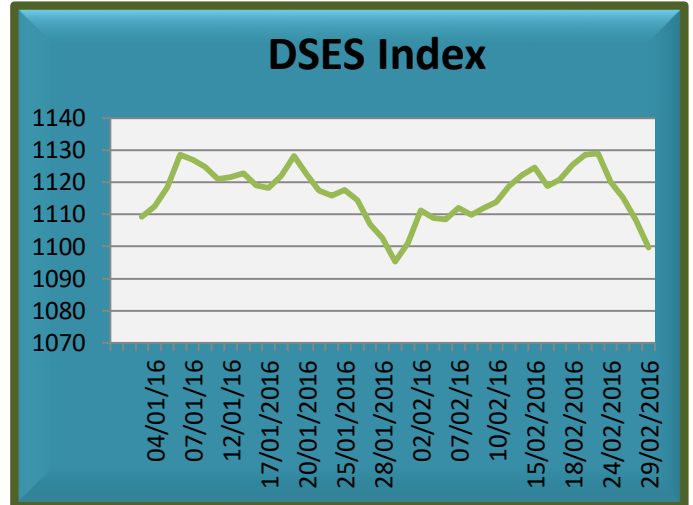
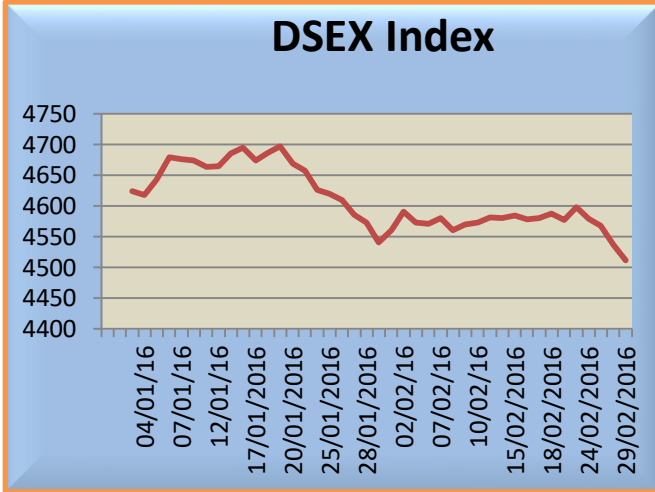
Throughout the period of Jan 2016-Feb 2016, Dhaka Stock Exchange (DSE) witnessed several negative streaks amid fluctuations. Ending green after first week of the year, market showed moderate fluctuations from 10 January 2016 to 19 January 2016. The Index declined sharply for consecutive eight trading days, from 20 January 2016-31 January 2016. The Prime Index turned green on the first two trading days of February 2016. Then again moderate fluctuations have been seen upto 23 February 2016. From 24 Feb 2016 another negative trend started. Stocks extended their losing spell for the fourth session in a row on 29 February 2016.

The market started first day of the year in a negative tone, from which it strongly turned around in the later part of the week. Ending with a negative note on the first two trading days of January, DSEX, the key index of Dhaka Stock Exchange, gained 62.7 points for the next consecutive two days. The Shariah index of the bourse, DSES, and DS30, the blue-chip index of the DSE, started the year with positive note. Dhaka stocks increased in the first week of the new year, with an increased turnover as investors remained optimistic about the market prospect. DSEX increased by 46.44 points, over the week to close at 4,676.08 points on 07 January 2016. DS30, increased to 1,771.29 points adding 1.18 per cent or 20.70 points in a week. DSES, ended at 1,126.90 points, adding 1.79 per cent or 19.78 points. At the end of first week of the year, the turnover increased to Tk 6434.28 Million from Tk 3664.229 Million at the beginning of the week. The daily average turnover at the bourse stood at Tk 5427.9 Million, which was Tk 3877.1 Million in the previous week. Improved export earnings report for the first half of the fiscal year, calm political situation, and institutional investors' fresh positioning move after year-end portfolio adjustment were identified by experts as the reasons for investors' optimism that lead the market to be in an upbeat mood.

From 10 January 2016 to 19 January 2016, moderate fluctuations were observed. During this period DSEX and DSES gained 21.43 and 1.36 points respectively, while DS30 lost 3.99 points. On 19 January 2016, DSEX Index closed at 4697.51 which is the highest within 01 Jan 2016-29 Feb 2016 period. On 20 January 2016, market broke a four-week gaining streak with a decreased turnover due to investors' profit-taking share sell-offs. Then market declined sharply for consecutive eight trading days. DSEX, shed 3.33%, or 156.62 points, over the mentioned period. DSES and DS30 also decreased by 32.9895 points and 48.15 points respectively. The daily average turnover at DSE during the period of 24- 28 January, was Tk 4304.4 mn which was 26.84 per cent less than that of the previous week.

All three indices turned green on the first two trading days of February 2016. DSEX index stood at 4591.09 adding 50.21 points or 1.11% in two days. DSES Index rose by 15.94 points while DS30 gained 27.02 points. Moderate volatility has been seen upto 23 February 2016 in DSEX index. The Index gained 7.24 point over the stated period amid volatility. DSES and DS30 were less volatile and gained 17.84 and 35.30 points respectively. From 24 Feb 2016 another negative trend started. Stocks extended their losing spell for the fourth session in a row on 29 February 2016. Profit-taking sell-offs and increased share selling by a number of mutual funds to finish liquidation process following a regulatory instruction on February 17 augmented the negative trend. Regulators asked two AIMS of Bangladesh-run MFs and one Investment Corporation of Bangladesh-run MF to finish winding-up process within March 2. Besides the three mutual funds, shares offloading from seven other ICB-run MFs were under process according to the regulatory instruction. Offloading shares by AIMS of Bangladesh and ICB created some additional selling pressure on the market, which may cause the market to decline. DSEX fell steadily, losing 86.38 points in four days. All the Indices closed in the red on the last day of February 2016. DSEX Index settled at 4,511.97. DSES closed at 1099.78 losing 29.27 points in four days. DS30 lost 54.37 point and closed at 1722.85. Turnover, another important indicator of the market, however, increased to Tk 4629.27 million on the premier bourse, which was 9.20 per cent higher than the previous day's 4243.36 million.

Performance of Capital Market at a glance  
(01 January 2016-29 February 2016)



Performance of Indices at a glance  
(Jan 2016-Feb 2016)

	DSEX	DSES	DS30
As on 03/01/16	4624.019	1109.28	1759.51
As on 29/02/16	4511.966	1099.78	1722.85
% Change	-2.42%	-0.86%	-2.08%
Highest Value	4697.51	1129.05	1777.22
Lowest Value	4511.966	1095.27	1719.15
Average	4610.162	1116.47	1752.94
Standard Deviation	49.35491	8.252277	13.2342

Market Indicators at a Glance  
(Jan 2016-Feb 2016)

	Turnover in Taka (mn)	Market Cap. In Taka (mn)
As on 03/01/16	3664.23	3158485.11
As on 29/02/16	4629.28	3143496.56
% Change	26.34%	-0.47%
Average in January	5404.59	3185788.94
Average in February	4321.07	3171834.42
% Change of Average	-20.05%	-0.44%

## Forthcoming Public Issues

### Energypac Power Generation Limited

The initial public offering of Energypac Power Generation Limited worth amount Tk 41.82 crore got regulatory approval under fixed price method. As per the Bangladesh Securities and Exchange Commission approval Energypac Power Generation will float its 1,67,30,200 shares at an issue price at Tk 25 including Tk. 15 premium on each share. Energypac will use the IPO fund for repayment of bank loan, meet up working capital requirements and IPO expenses, said a BSEC press release. The weighted average of last five-year earnings per shares of Energypac was Tk 2.91, while the net asset value per share stood at Tk. 31.13 for the year ended on June 30, 2015. IDLC Investments is the issue manager of Energypac. Share allotment will be: 60% for General Public, 20% for Small Affected, 10% for NRB and 10% for Mutual Fund.

Energypac is one of the leading Power Engineering Companies in Bangladesh. While creating better and environmentally compatible technologies, Energypac focuses on meeting customer's demand with appropriate products and solutions as well as service. The company is engaged in several diversified businesses including trading of standby and base load generators, JAC brand auto mobiles and construction machineries and material handling equipment and operation of CNG station along with after market service. The company is also engaged in installing power plants under engineering, procurement and construction (EPC) contracts, operation and installation of CNG refueling station and conversion kits and providing installation and maintenance services to power plants. The company intends to hold the leading position in power generation and engineering management sector of the country.

### ACME Laboratories Limited

On 23 February 2016 , BSEC Approved ACME to raise Tk. 409.60 crore by offloading 5 crore shares at a price of Tk. 77 to Tk. 85.20 each share. The Commission approved the IPO under the latest public issue rules although the company conducted book-building price bidding under the outdated public issue rules. The BSEC on 7 December 2015 allowed ACME to conduct eligible institutional investors bidding under the book building method of public issue rules 2006, which became obsolete after 31 December 2015 after the newly amended public issue rules came into action. According to newly enacted public issue rules, ACME's IPO shares will be offered to individual investors at 10 percent discount of cut-off price which was set by the bidding of the EIs. Shares will be allotted to general investors at Tk. 77 each. ICB Capital Management Limited is the issue manager.

The history of Acme Laboratories dates back to 1954. The company is engaged in manufacturing and marketing of generic pharmaceuticals formulation products including human, veterinary and herbal drugs. The products of the company are sold in domestic as well as international markets. ACME Laboratories will use the IPO fund in implementing three new projects : 1) Steroid & Hormone, 2) Oncology, and 3) Modern Herbal, Nutraceuticals and Ayurvedic.