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A Study on Monitoring Activities of Dhaka Stock Exchange

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Abstract

Dhaka Stock Exchange (DSE) is one of the most important stock market in the world. At present recent authority of the stock market i.e. Bangladesh Security Exchange Commission (BSEC) is taking strong initiatives against any illegal activities. For this reason faith has grown in the mind of the investors of stock market of Bangladesh. So investors are investing in DSE as a result investment has increased. Presently stock market of Bangladesh is in positive and growing trend. However this study has conducted to identify the monitoring system of Dhaka stock exchange. The study was documentary analysis type. Information and data were collected from secondary sources such as books, research report, journal, website of Dhaka Stock Exchange and website of Bangladesh Securities and Exchange Commission and annual reports of DSE and BSEC and internet etc. From the result it was found that present monitoring system is good. Present monitoring authority is not giving any illegal facilities to any listed companies of DSE. Present monitoring authority has given punishment of some companies not following the rules and regulations and the guidelines of the authority. Present monitoring authority is working independently and without fearing any dominating people of the DSE. Stock market is a vital supplier of money in the economy of any country. The economic growth and development is in a positive and increasing trend. To continue this growth and development, government should not interfere the stock market authority, Government should help the BSEC and government should not give shelter of any people who will do any illegal activities in DSE.

Key words: *Stock, investor, share, monitoring, activities, illegal works.*

INTRODUCTION

Dhaka Stock Exchange was first incorporated as East Pakistan Stock Exchange Association Limited on 28 April 1954 and started formal trading in 1956. It was renamed as East Pakistan Stock Exchange Ltd on 23 June 1962. Again renamed as Dacca Stock Exchange Ltd on 13 May 1964. After the liberation war in 1971 the trading was discontinued for five years. In 1976 trading restarted in Bangladesh, on 16 September 1986 DSE was started. The formula for calculating DSE all share price index was changed according to IFC on 1 November 1993. The automated trading was initiated on 10 August 1998 and started on 1 January 2001. A Central Securities Depository System was initiated on 24 January 2004.

As of 16 November 2009, the benchmark index of the Dhaka Stock Exchange (DSE) crossed 4000 points for the first time, setting another new high at 4148 points. In 2010, the index crossed 8500 points and finally crashed in the first quarter of 2011. Millions of investors lost their money and came out onto the street blaming the speculators and regulators for the bubble that finally burst in what became known as the 2011 Bangladesh share market scam. Currently, there are total 22 industrial sectors in DSE which accommodate 578 listed companies.

Formation

Dhaka Stock Exchange (DSE) is a public limited company. It is formed and managed under Company Act 1994, Security and Exchange Commission Act 1993, Security and Exchange Commission Regulation 1994,

and Security Exchange (Inside Trading) regulation 1994. The issued capital of this company is Tk. 500,000 which is divided up to 250 shares each pricing Tk. 2000. No individual or firm can buy more than one share. According to stock market rule only members can participate in the floor and can buy shares for himself or his clients. At present it has 238 members. Market capitalization of the Dhaka Stock Exchange reached nearly \$9 billion in September 2007 and \$27.4 billion on 9 December 2009.

Management

The management and operation of Dhaka Stock Exchange is entrusted on a 25 members board of directors. Among them 12 are elected from DSE members, another 12 are selected from different trade bodies and relevant organizations. The CEO is the 25th ex officio member of the board. The government has appointed Professor Shibli Rubayat Ul Islam, who teaches banking and insurance at Dhaka University, as the chairman of Bangladesh Securities and Exchange Commission, reports bdnews24.com.

The following organizations are currently holding positions in DSE Board:

- a) Bangladesh Bank
- b) ICB – Investment Corporation of Bangladesh
- c) President of Institute of Chartered Accountants of Bangladesh
- d) President of Federation of Bangladesh Chambers of Commerce and Industries
- e) President of Metropolitan Chambers of Commerce and Industries
- f) Professor of Finance Department of Dhaka University
- g) President of Dhaka Chamber of Commerce & Industry.

OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

1. To explore the Dhaka Stock Exchange of Bangladesh.
2. To identify the monitoring system of Dhaka Stock Exchange of Bangladesh.
3. Provide policy recommendations.

METHODOLOGY OF THE STUDY

The study was descriptive and analytical type. This was also a documentary analysis type study. The study was conducted at Dhaka district in Bangladesh. The study was conducted from April 2019 to July 2020. The present study was based on secondary information and data. Secondary information and data were collected from different relevant publications, dissertations, books, journal articles, reports and website of Dhaka Stock Exchange and website of Bangladesh Securities and Exchange Commission and annual reports of DSE and BSEC and internet etc.

RESULTS AND DISCUSSION

1 Monitoring, Investigation and Compliance Department's History

Monitoring, Investigation and Compliance (MIC) department is one of the most significant departments of the operation division. In the year of 2003, this department has started its functions with simply two employees. Initially, the department name was called as Monitoring, Investigation and Grievance. In fact, the range and capacity of the department also have improved with the course of time to handle rapidly with the growing capital market. The name of the department has altered as Monitoring, Investigation & Compliance department in 2005. Currently, there is a group of ten executive, eight senior executive, one Manager, one Assistant General Manager (AGM) headed by Deputy General Manager (DGM). The main goal is to ascertain a specialized and skilled department in this regard.

2 MIC Department's Vision

- To lessen any deceitful actions in securities market business by considering and implementing Bangladesh Securities and Exchange Commission rules and regulations.
- With the useful and well-organized management of human resources and suitable use of time it can be attained a high level of efficiency in all of its operations.
- Extra careful regarding the functions of branch offices of member companies nationwide.

- Encouraging a qualified atmosphere inside the division where individual development of the personnel can be confirmed.
- Confirming the smooth running of the capital market of Bangladesh.

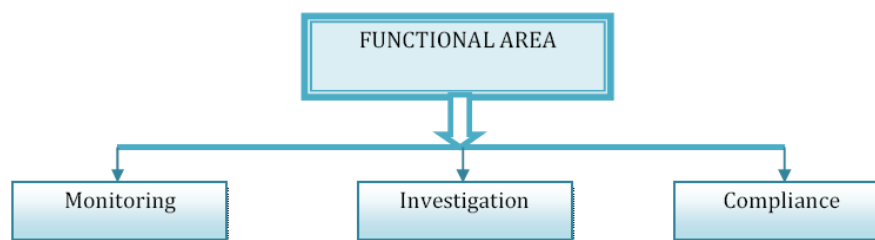
3 MIC Department's Objectives

The objectives of MIC department of DSE are as follows:

- To examine, observe and response the member house in obedience by securities rules and regulations.
- To resolve is agreement among investor and member house.
- To deliver backing to resolve one-sided investors' entitlements in contradiction of brokerage house.
- To observe other functions of the exchange like functions of DSE DP concerning timely pay in/ pay out, and other legitimate facts of the exchange.

4 MIC Department's Functional Areas

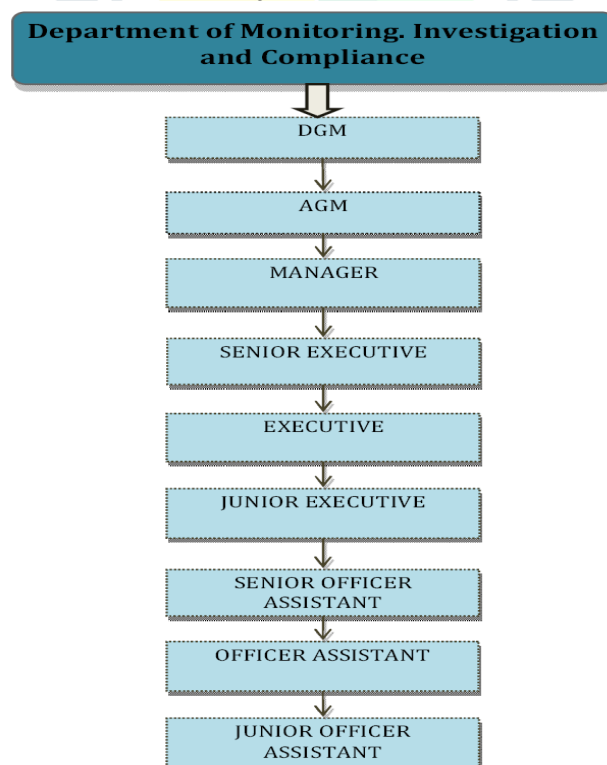
The core functional areas of this department are Monitoring, Investigation and Compliance which can be presented as under:



5. MIC Department's Human Resources

In fact, the whole functions of Monitoring, Investigation and Compliance Department of DSE is completely charged and regulated by Chief Executive Officer (CEO). Actually, under his ultimate control and advice this department conducts its functions.

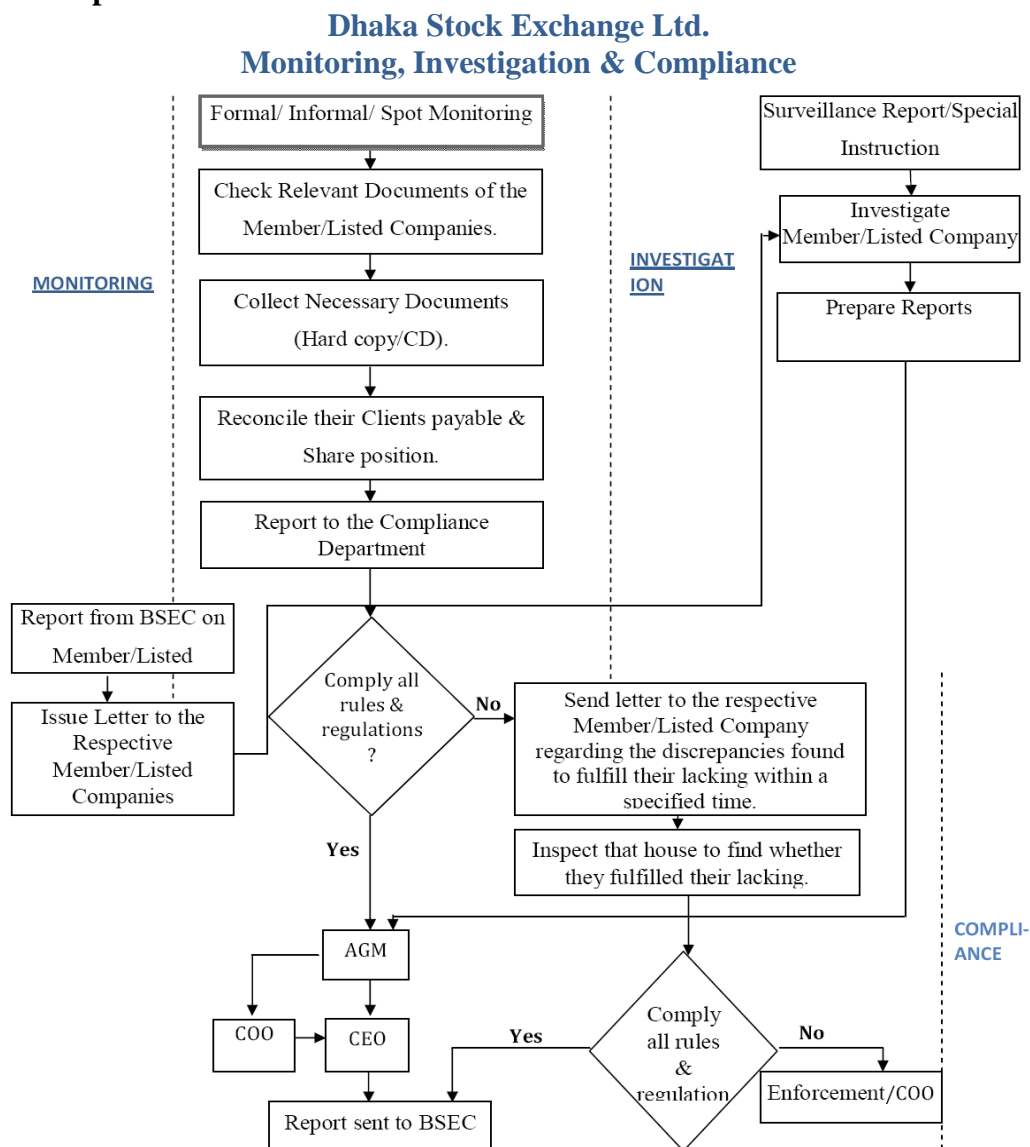
6. MIC Department's Organizational Hierarchy



Organizational Hierarchy of MIC Department

Source: DSE Website

7. Flow Chart of Departmental Activities



Flow Chart of Departmental Activities

It is very much essential of monitoring activities for smooth behavior of capital market of Bangladesh. There are 248 member companies at Dhaka Stock Exchange at present. In addition to that, actually these member companies have more than 620 branch offices. More specifically, the doings of these associate companies and their branch offices are under close monitoring through the under mentioned cells:

- Monitoring Cell
- Surveillance Cell

8. Monitoring Activities through Surveillance Cell

Usually, the key objective of the surveillance activities of the Exchange is to encourage market integrity in two fold techniques-

8.1 Monitoring Price and Volume volatility

Through observing price and volume volatility or uncertainty as well as using identifying likely market misuses with an understanding to lessening the capability of the market participants to impact the price of the scrip or scrip's in the nonappearance of any meaningful evidence.

8.2 Managing Default Risk

Managing default risk through captivating required actions on time. Market manipulation is a wide term which contains irregular price or volume volatility, fake trades, fabricated or deceptive impersonations, insider trading, etc. Truly, it is essential to know the usual market behavior in order to discover unfamiliar conduct or

undertaking. In course of time, if required, the department moves for investigation, based on the initial inspection or examination and appropriate actions are taken against participants involved. Eventually, all the instruments operated in the market derive under the surveillance umbrella of DSE. Surveillance functions at the Exchange are divided mostly into two fold main parts which are-

8.3 Price Monitoring

It is mostly linked to the price volatility or irregular variation in prices or volumes etc. The activities of the price monitoring are generally separated into under mentions categories:

8.4 Surveillance in on-Line

By all means for discovering possible market manipulations at an emerging point to lessen capability of the market participants to unjustifiably effect the price and volume of the scrip's transacted at DSE through retrieving into instructions plus transactions of the members.

8.5 Surveillance in off-Line

Indeed, it is the observing of highest and lowest variance in prices, proportion of change in prices over a week or month plus transaction in irregular operated securities.

8.6 Caution to members

If market anomalies in the transaction are alleged the department may issue verbal as well as written warning to participants or members.

8.7 Imposition of penalty or suspension

According to the enquiry and based on the evidence presented from investigation report, the department, through the CEO, enforces penalty or suspend the members' activities who are involved in market misdeeds.

8.8 Verification of rumor

Linking through compliance officers of companies to acquire comments of the company on numerous price sensitive corporate news matters seeming in nominated newspapers and notes acknowledged from the companies are distributed to the market through online news report.

8.9 Position Monitoring

It relates predominantly to unusual situations of participants in order to achieve nonappearance risk. With a dream to develop the most valued department it has established for being scrutinized the activity of the participants as well as members with the volatility and movements of all transactions of the stock exchange on a daily, weekly or monthly basis. The main parts inspected to evaluate the market risk associated for position monitoring are online monitoring of stock brokers position, concentration on balance sheet statement of trading members, verification of institutional trade, verification of foreign trade, verification of dealers own trades, verification of sponsor's trade market intelligence, review List of settlement failures, verification of company accounts, review of media information, monitoring of newly listed stock.

9 Monitoring Activities through Monitoring Cell

DSC believes in relationship building and focuses on sustainable and long term growth in spite of the constant threat of the global economic recession and its subsequent effect on the Bangladesh market in 2015. Thus, the monitoring and compliance department is separated into two monitoring teams. These monitoring teams are designed by the order of chief executive officer according to BSEC direction no BSEC/SRMID/94-231/688 dated June21, 2003.

10. Various Monitoring Activities through Monitoring Cell

Particularly, the fundamental activities of the monitoring department are to conduct different types of monitoring activities. Some notable kinds of monitoring are general monitoring ordered by BSEC and directed by CEO, special monitoring ordered by BSEC and directed by CEO, other monitoring, formal monitoring of member Companies, spot monitoring of member Companies and branch office monitoring of member companies.

10.1 General Monitoring

Virtually, this general monitoring has been divided into two categories one is general observation and another is special observation.

10.2 General Observation

It relates the general documents associated with securities trading. It includes as account opening form, buy and sale order slip, trade confirmation statement, buy and sale order register, money receipt, payment voucher, share receive and delivery certificate, client ledger, stock report, bank account statement, net capital balance position, compliance report, compliant register.

10.3 Special Observation

It relates the monitoring house activities as depository participant. It includes BO account opening form, pay in slip and pay out slip, BO stock report, finding discrepancies and variability of houses' activities and generating report, informing the concerned house about their discrepancies, final report submitting to Bangladesh Securities and Exchange Commission about house status.

10.4 Special Monitoring

More specifically, the recent assessment philosophy states that the decision-making emphasis should be on the performance of the employees and the future goals of the departments, rather than on the employee characters, deficits and capabilities. This department firmly considers in the philosophy. The management of this department is very thoughtful about the current performance of the employees and offers all essential supports to them. In addition to that, Bangladesh Securities Exchange Commission (BSEC), beyond its conventional report, conducts monitoring on some house arbitrarily. If BSEC discovers any wrongdoing then it directs a directive report to DSE monitoring department to conduct further monitoring to recheck missing points. Obviously, this type of monitoring is named special monitoring. Some other special monitoring that is accompanied includes:

- Monitoring of a member company in case of fire occurrence in that member company.
- Monitoring of a member company earlier the sale of the membership of the member company.

10.5 Other Monitoring

Generally, there are some other kinds of monitoring excluding the general and special monitoring which are as under:

10.5.1 Formal Monitoring

The management of this department provides the response in a formal session with each individual member of staff. This session works as the evaluation meeting. This evaluation meeting holds in two steps: an employee face it after the end on an important task and again at the end of the year. In both cases, the managers deliver a broad response, which contains assessment of past performance, problem solving capacity etc. The head of the department also requests for input an opinion on new problem solving findings.

10.5.1.1 Responsibility of Accompanying Formal Monitoring

To comply with the directive of Bangladesh Securities and Exchange Commission (BSEC) whereby the commission has directed the exchange to conduct the formal monitoring on regular basis and report to the commission on monthly basis, due to this, formal monitoring is organized on a monthly basis. Additionally, the Monitoring, Investigation and Compliance Department has set an objective of monitoring around twelve member companies in a month and submitting progressive monitoring report to the Bangladesh Securities and Exchange Commission (BSEC) of at least seven member companies every month. Hence, this is also an internal duty of the Monitoring, Investigation and Compliance Department concerning formal monitoring.

10.5.1.2 Objectives of Formal Monitoring

To examine, observe and response the member house in compliance with securities rules and regulations is the leading object of formal monitoring. The member companies' protector is the Dhaka Stock Exchange. Certainly, it is the duty of DSE to confirm appropriate compliance of rules and regulations in the member companies.

10.5.1.3 Matters that are Tested and Verified in Formal Monitoring

Actually, monitoring team inspects the following documents when leading an official checking to a member company, those are books and records, a/c reconciliation, share reconciliation, compliance of rules, regulation and CDBL bylaws.

10.5.1.4 Formal Monitoring Procedure

10.5.1.4.1 (a) Steps before Monitoring

10.5.1.4.1.1 (i) Monitoring Team Formation

At the first step before beginning monitoring activities is the construction of monitoring team by order of Chief Executive Officer according to BSEC direction no BSEC/SRMID/94-231/688 dated June 21, 2003.

10.5.1.4.1.2(ii) Member Company Selection

In this step, ten to fifteen member companies are carefully chosen which will be monitored under official monitoring. Mostly, this selection is completed essentially according to the serial numbers of the member companies.

10.5.1.4.1.3(iii) Notifying the Member Companies

Soon after choosing member companies for official monitoring for a specific month, the nominated members are then informed about the official monitoring. In no time, a letter accordingly signed by the managing director or CEO is sent to the member companies pursuing consent to monitor their houses by DSE officials.

10.5.1.4.1.4 (iv) Receiving Consent from the Member Companies

At this step the consent receive from member companies to conduct official monitoring to their companies orally or in printed in reply to the letter of the CEO of DSE.

10.5.1.4.1.5 (v) Constructing and Confirming Time Schedule for Formal Monitoring

Last but not the least, after receiving consent of the member companies a time schedule and delivery of monitoring team for official monitoring is arranged. After completing the time schedule the monitoring teams and their respective members has been informed.

10.5.1.4.2 (b) Monitoring Period Activities

10.5.1.4.2.1 (i) Inspecting or Examining the Books and Records

After reaching to the member company, the members of monitoring team initiate their monitoring actions with examines or inspects all the books and records intensively. This procedure generally comprises the following:

- To interview the compliance officer and other accountable officers with the questionnaire of official monitoring.
- To verify all the books and records as per necessities.
- To fill up of questionnaire form.
- To identify on the spot discrepancies and to record noticing the concerned officers.
- To collect documents from the member company as testimony of recordings in the questionnaire form.

10.5.1.4.2.2 (ii) Collecting Documents for Accounts Reconciliation and Share Reconciliation

For being identifying discrepancies the monitoring team also accumulates all the essential documents and records as per necessity from the member companies for the determination of accounts reconciliation and share reconciliation.

10.5.1.4.3 (c) Activities after Monitoring

10.5.1.4.3.1 (i) Accounts and Share Reconciliation

After returning to the department of official monitoring, the monitoring team prepares the Accounts Reconciliation Report and Share Reconciliation of the member company.

10.5.1.4.3.2 (ii) Submitting the Formal Monitoring File to the Compliance Team

In fact after finishing the accounts and share reconciliation the monitoring team submits the entire file along with the documents to the compliance team of the department.

10.5.1.4.3.3 (iii) Report Preparation

It needs to be mention that at this stage, the compliance team prepared the formal monitoring report of the member company emphasizing the inconsistencies and also informs the corresponding violation of laws and regulations by the member company.

10.5.2 Spot Monitoring

Ruling oriental direction emphases on past performance and is worried mostly with the dimension of performance and also with the uses of information produced. Actually, they use this part to control behavior, satisfying desired behaviors with wage raises, promotions, and entering into high-potential employee development programs and notify undesired behaviors and sometimes take actions like transfers and discharges or rejection in wage rises.

10.5.2.1 Spot Monitoring Obligation

Generally, spot monitoring is conducted whenever essential. In fact, there is no specific directive of Bangladesh Securities and Exchange Commission (BSEC) as to when and how spot monitoring is to be directed. Occasionally the BSEC provides directives to DSE about leading spot monitoring. Finally, in this case, spot monitoring is completed conferring to the order of the BSEC. Moreover, to confirm the proper compliance of rules and regulations and to stop any deceitful activities by the member companies, Monitoring, Investigation and Compliance department bearings this spot monitoring on sudden basis. Hence, in most of the time, spot monitoring is not a compulsion; rather it is a necessity of the monitoring cell. However, in some cases it works as an obligation.

10.5.2.2 Spot Monitoring objectives

Basically, the objective of spot monitoring is to justify some definite target points that are exposed to be tested by the monitoring team. The purpose is to confirm only one or few of the matters that are checked in official monitoring. Alternative purpose of spot monitoring is to transport the message to the member company that the monitoring cell is always watchful and energetic in the capital market to confirm the appropriate compliance of rules and regulations.

10.5.2.3 Procedure of Spot Monitoring

10.5.2.3.1 (a) Selecting Item to be checked

At the beginning, the first stage of important spot monitoring is to choice the item or group of items to be established. The items are nominated according to the demand of the condition, or sometimes it is preselected by BSEC.

10.5.2.3.2 (b) Selecting the Member Companies to be monitored After selecting the item of spot monitoring, some member companies are designated through the monitoring cell. Generally they are carefully chosen based on their past record ensuing the securities related rules and regulations.

10.5.2.3.3 (c) Finalizing the Schedule of Manpower Distribution for Spot Monitoring

In this stage, the manpower allocation is confirmed for spot monitoring. Usually, the groups for official monitoring are reallocated into lesser groups conferring to the design of monitoring requirement.

10.5.2.3.4 (d) Conducting Field Monitoring

Hence, in this stage the real field monitoring is conducted to the member companies to achieve the precise necessities.

10.5.2.3.5 (e) Collecting Supporting Documents

Supporting physical documents are also collected by the monitoring team as evidences or for additional verification.

10.5.2.3.6 (f) Giving On-Spot Suggestion if Required

The monitoring team also gives suggestion to the member company if required about the compliance of rules and regulations.

10.3.3 Monitoring Branch Office

In this context, monitoring branch office is called as the monitoring of only the branch offices of a member company by giving a preceding announcement to the head office of the member company about the monitoring. It can be submitted that the monitoring process is identical as like the formal monitoring.

10.5.3.1 Conducting Branch Office Monitoring Obligation

For conducting branch office monitoring is to comply with the section 5 (1) of the directive of Bangladesh Securities and Exchange Commission (BSEC) No. SEC/CMRRCD/2002-90/34 dated July 29, 2008, where it is written that “Stock exchanges shall inspect on cause and on routine basis all branch offices of the stock brokers at least in every three months’ and report to the Commission on regular basis”. Thus, according to the direction of BSEC, DSE monitoring teams needs to visit all branch offices of the member companies of DSE at every single three month.

10.5.3.2 Branch Office Monitoring Objectives

Basically, the objectives of branch office monitoring are to examine the actual state of affairs of said branch office whether the branch is compiling the consistent rules and regulations or not. Currently, BSEC has given prominence to the appropriate monitoring of the branch offices and regular more control over branch office functions of member companies.

10.5.3.3 Matters that are Tested and Certified under Branch Office Monitoring

Actually, monitoring team observes the books and records concerning compliance of rules and regulations by the branch office of the member companies. Basically, the documents that are checked and verified such as account opening form, buy/sale order slip, trade confirmation statement buy/sale order register, money receipt, payment voucher, share receive and delivery bill book, authorized registration certificate signboard at the entrance of the member company, branch approval of member company, updated price sensitive news in the notice board, client ledger, customers’ stock status report-client wise, customers’ stock status report-instrument wise, cashbook and bank book, A.R. yellow card-by DSE, staff list based on duties and responsibilities, compliant register, customer register, trade order status report from TESA, trade status report, preservation of separate, customer’s securities of physical share, BO account holder’s list-with name, address, BO ID numbers, BO account opening form, pay-in slip.

10.5.3.4 Branch Office Monitoring Purposes

Actually, the branch office monitoring purposes is identical as the official monitoring. Eventually, similar steps are followed for branch office monitoring also.

10.5.3.5 Branch Office Monitoring Process

Basically, the process of branch office monitoring is to examine the actual state of affairs of said branch office whether the branch is accumulating the conforming rules and regulations or not. Currently, BSEC has given importance to the appropriate monitoring of the branch offices and set more control over branch office functions of member companies. Actually, the branch office monitoring purposes is identical as the official monitoring. Eventually, similar steps are followed for branch office monitoring also.

11 Departmental Activities Statistical Overview in 2016 and 2017

Table 6.1: Main Monitoring Activities in 2016 and 2017

Types of Monitoring	Years (Number of Member House)	
	2016	2017
Formal Monitoring	50	35
Spot Monitoring	50	15
Special Monitoring (BSEC related)	30	30
Branch Office Monitoring	60	60
TWS set up Monitoring	50	50

Table 6.2: Main Companies Examined in 2016 and 2017

Categories of Companies	Quantity (2016)	Quantity (2017)
Banks & NBFIs	03	02
IT Sector	04	03
Textile	01	0
Engineering	02	03
Foods & Allied	04	02
Tannery Industries	02	02
Total	16	12

12 Some Special Services of Monitoring, Investigation & Compliance

12.1 Training Program Authorized Representative

Ultimately, the head of the department used to play the role of lecturer in the training program for the improvement of authorized representative.

12.2 Interview Program of Authorized Representatives

In fact, authorized representatives are selected and appointed through interview program.

12.3 Investor's Direct Services

One of the central accountabilities of Monitoring, Investigation and Compliance Department is to confirm the settlement of claim and safe investment of investors in the capital market. With this objectives Monitoring, Investigation and Compliance Department delivers differentiated facilities to the investors that are such as account opening procedure, procedure of link account, ensuring the claim of investors, BO account closing procedure, handling different complaints against member houses, instruction for the safe participation in capital market.

12.4 Activities as per the Instruction of Taskforce:

In various situations it needs to find out the shares holdings and capital investment of different politicians, businessmen, former government high officials and other general public as per the instructions of taskforce.

12.5 Activities as per the Instruction of Bangladesh Securities Exchange Commission (BSEC):

- To investigate the listed companies concerning price sensitive information, various joint ventures and partnership contract, bilateral and multilateral contracts.
- To inspect the brokerage houses as per the direction of BSEC.

13. MIC Department's Goal in DSE

MIC is one of the operation departments of DSE runs with the goal of supporting likely assist to all other departments in their smooth operation. In present time the number of member companies in DSE has been improved from 238 to 248. Currently, the DSE has also started advanced trading system. Because of that such development and extension of DSE, the functions connected to MIC greater than before by a substantial degree.

The MIC department runs numerous supports to the member companies for the well-organized operation of stock exchange. The under mention functions have concerned by this side:

- To ensure the compliance of securities related rules and regulations.
- To ensure the compliance of the orders/notifications/directives of the BSEC and regulatory bodies.
- To serve the member companies.
- To ensuring the interest of investors.
- To transferring membership of DSE.
- To preserve all documents of all members.

- To update the database of membership affairs.
- To keep ledgers (or other comparable records) reflecting asset, liability, reserve capital, income and expense accounts.
- To Keep separate customer ledgers (or other comparable records) reflecting the customers' assets and liabilities which shall include, among others, the following namely:
- To follow chronological and customer-wise record of money received and paid;
- To keep chronological record of transactions made in a consolidated customers' account;
- To record of all balance of all ledger accounts in the form of trial balances to be prepared at least once at the end of the six months of every year of account;
- To record of transactions with the banks;
- To continue the books of accounts and other documents referred above shall be preserved for a period of not less than five years.

14. MIC Department's Achievements

- Actually, Monitoring, Investigation and Compliance Department developed 2000 clients' complaints as against one member firm bearing membership no.156 of Tk.15crore
- Finally, the department effectively finished investigation of task force, anti-corruption commission, the Income Tax Commission & BSEC inquiry and concurrently succumbed report to the concerned authority.

15. MIC Department's Future Vision

- Monitoring at least 20 member houses per month,
- Monitoring at least 5 listed companies per month,
- Promising more cautious about the activities of branch offices of member houses countrywide,
- Ensuring securities and exchange rules and to mitigate any fraudulent activities in respect of securities market operations,
- Attaining a high level of efficiency in all of its operations through effective and efficient management of human resources and proper utilization of time and
- Promoting an environment within the department where personal growth of the employees can be ensured.

CONCLUSION AND RECOMMENDATIONS

Obviously, the regulatory body of capital market, Bangladesh Security and Exchange Commission (BSEC) may carry out selected required realistic steps with suitable regulatory support to generate enthusiasm of the fund owners to create investments in capital markets. Actually, to this end, BSEC may confirm good corporate governance, encourage good companies for issuing shares or bonds and sukuk providing by way of additional striking encouragements. In recent time BSEC has taken lots of significant steps to increase the gravity of the capital market of Bangladesh. The Securities regulator distributed letter to the 35 banks, plus four non-listed ones and demanded on February 10, 2020 and June 28, 2020 under the section 11(2) of the Securities and Exchange Ordinance, 1969 to inform the commission concerning the status of formation of special fund and its investments in the capital market. As well as on February 10 2020, Bangladesh Bank delivered a circular permitting all the scheduled banks to generate a Tk 2.0 billion special fund each for a period of five years for investment in the capital market. On May 17, 2020 BSEC has started its fresh journey under the leadership of Professor Shibli Rubayat Ul Islam and Dr M Khairul Hossain has finished his tenure on May 14, 2020. New leadership of BSEC has taken some significant initiatives to boost up the investor's confidence; they noticed on July 2020, that 61 directors of 22 listed companies had not minimum 2.0 per cent shares. The BSEC directed those directors to hold a minimum 2.0 per cent shares in their own companies within 45 days to continue their director's post. In addition to that the securities regulator has also focused within 60 working days from July 29, 2020 the listed companies and their board of directors to comply with the directive concerning holding minimum 30 percent shares jointly by the directors, other than independent ones.

Securities regulators specially BSEC had established countless measures to sustain the capital market. Basically, to attract investor BSEC implemented series of steps like central depository, circuit breaker, online trading, the Demutualization Act, the Banking Control Act (BCA), Independent Financial Reporting

Council and modifying rules for Mutual Fund Services. Side by side Bangladesh Bank directed the banks to recomputed bank's investment in the capital market.

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