



Dhaka Stock Exchange

**Internship Report on “Monitoring, Investigation
Compliance (MIC) & corporate image of Dhaka
stock exchange”**

Brac University

INTERNSHIP REPORT ON

Corporate image of Dhaka Stock exchange

Supervised By:

Mr. Shamim Ehsanul Haque

Assistant professor

Brac Business School

Prepared By:

H. M. Sibbir Haider

ID: 10304053

Submission Date:

22th August, 2015

Letter of Transmittal

Date: 22th August, 2015

To,

Shamim Ehsanul Haque

Associate Professor

BRAC Business School

66, Mohakhali Dhaka-1212

Subject: **Submission of an Internship Report on Dhaka Stock Exchange**

Dear Sir,

I am a student of BRAC Business School and I would like to present an Internship Report on **“Monitoring, Investigation Compliance (MIC) & corporate image of Dhaka stock exchange”**. To complete this Report Paper I have gathered information from various sources. According to your valuable advice I took some interviews of several Managers of Dhaka Stock exchange. The remaining data I got from their own websites, Annual Report and the meetings I attended working there. I really have learned a lot and gained valuable experience while working and preparing this internship report.

If you need any further clarification for any part of this Internship Report, I am eagerly always ready to provide any kinds of information regarding this Internship report on Dhaka Stock exchange.

Yours Sincerely,

(H.M. Sibbir Haider)

ID NO: 10304053

BRAC Business School

BRAC University

Acknowledgement

My acknowledgement begins by thanking my Internship Supervisor to Shamim Ehsanul Haque, Associate Professor, BRAC Business School, Brac University, for his invaluable guidance, encouragement and suggestions to prepare this report without which it would not be possible to complete and submit same. This report enhanced my knowledge one step ahead.

This report owes much to the different personnel's of Dhaka Stock Exchange, who have contributed to the thinking and development of this report. Without the cooperation of them it was not possible for me to prepare this report. I would like to show my warm-hearted gratitude and respect to **Mr. Saied Mahmud Zubayer (AGM)** and In Charge, Monitoring, Investigation & Compliance Department, Dhaka Stock Exchange Ltd., for accepting me to work in this renowned Department. My heartiest thanks go for their spontaneous help and constant guidance in carrying out the report and their supervision on my work in Dhaka Stock Exchange Ltd.

I gratefully acknowledge the help and guidance of Mr. Md. Wasi Azam (Senior Executive), Mr. Atikur Rahman (Executive), Mr. Gias Uddin (Senior Executive) and all the members of Monitoring, Investigation & Compliance Department. I am also grateful to all other employees of different department of Dhaka Stock Exchange Ltd. Without whom it would not possible for me to complete this difficult task, I got all necessary guideline, cooperation, advice from them to complete this complicated task. I am very much thankful to Dhaka Stock Exchange.

Executive summary

The Dhaka Stock Exchange is the prime bourse of the country. The bourse at present offers trading facilities of 750 securities through 238 of Member Companies and worth U.S\$50.28 million which accounts for 19.74% of the GDP of the country. Monitoring, investigation and compliance are one of the most vital activities of DSE in controlling the market, enlisted companies as well as the member companies.

This is an internship report titled as "An Application to submit the internship report entitled "A Study on Monitoring, Investigation & Compliance (MIC) & corporate image of Dhaka Stock Exchange Ltd.". This report includes ten chapters where all the chapters have distinguished objectives to be performed. The first chapter, introduction, explains mainly the purpose, scope and limitation of the study. The 2nd chapter presents the introduction of DSE and its various aspects. The 3rd chapter highlights over view of MIC of DSE. The 4th chapter highlights how and why different monitoring activities of DSE are performed. The 5th chapter presents the investigation activities of DSE. The 6th chapter presents some compliance aspects. The 7th chapter discusses about the Monitoring, Investigation & Compliance Department of DSE. The 8th chapter discusses about performance of the Monitoring, Investigation & Compliance Department of DSE. The 9th chapter includes some case analysis. And the last chapter contains some suggestions and the conclusion.

This was a great pleasure for me to get such an opportunity to work in prime bourse of the country and offered another chance for me to approach different department to know verity operational procedure of DSE and easy to collect data and thereby enhanced my knowledge for this topic.

Table of content

Sl. No.	Title	Page No.
	Letter of Transmittal	3
	Acknowledgement	4
	Executive Summary	5
01	Chapter One Background of the study	12-14
1.1	Introduction	12
1.2	Origin of the Report	12
1.3	Objectives of the study	12
1.4	Methodology	13
1.5	Sources of data collection	13
1.6	Scope of the study	14
1.7	Limitation of the study	14

02	Chapter Two At a glimpse of Dhaka Stock Exchange Ltd.	15-21
2.1	Introduction	15
2.2	Role of Stock Exchange	15
2.3	History of Dhaka Stock exchange	15
2.4	Mission & Vision of the Organization for Future	17
2.5	Board of Directors	17
2.6	Regulatory Structure Overview	18
2.7	Organizational Structure of Dhaka Stock Exchange	19
2.8	Management	20
2.9	Market Sector of DSE	21
03	Chapter Three Functional Area	22-27
3.1	Who can invest in DSE	22
3.2	General Function of DSE	22
3.3	Trading Function	23

3.4	Trading day	23
3.5	Trading Period	23
3.6	Qualification for Trading	24
3.7	Availability of work station	24
3.8	Types of Market	24
3.9	Trading Sessions	25
3.10	Swot Analysis	27
04	Chapter Four Corporate image of DSE	29-30
4.1	Theory of corporate image	29
4.1.1	Corporate Identity	29
4.1.2	Corporate Communication	30
4.1.3	Corporate Image	30
4.1.4	Feedback	30
05	Chapter Four Monitoring Activities of DSE	31-40
5.1	Monitoring activities by Surveillance Cell	31

5.2	Monitoring activities by Monitoring Cell	33
5.3	Different types of monitoring activities	33
5.4	Formal Monitoring	34
5.5	Spot Monitoring	37
5.6	Branch Office Monitoring	39
5.7	Special Monitoring ordered by SEC and directed by CEO	40
06	Chapter Five Investigation Activities of DSE	41-45
6.1	The Investigation Cell	41
6.2	Different Types of Monitoring Activities	41
6.3	Member Companies Investigation	41
6.4	Strategy to minimize risk	45
07	Chapter Seven Compliance Activities of DSE	47-48
7.1	Compliance function	47

7.2	Duties and Responsibilities of a Compliance Officer of the Member Company	48
7.3	Guidelines for Branch Office of the Brokerage Houses	48
08	Chapter Nine Problems , Suggestions & Future prospects	49-51
8.1	Problems	49
8.2	Suggestions	50
8.3	Future Prospects	51
09	Chapter Nine Recommendation	52
10	Chapter Ten Conclusion	53



1. Background of the Study:

1.1 Introduction

Corporate image, or reputation, describes the manner in which a company, its activities, and its products or services are perceived by outsiders. In a competitive business climate, many businesses actively work to create and communicate a positive image to the customer. As Dhaka stock exchange works on public money so they should have positive image on public mind so that public can rely on them.

1.2 Origin of the Report:

Internship is a part of BBA program under BRAC University. The report is originated from the curriculum requirement of BBA program. The topic of my report is “Corporate image of Dhaka Stock Exchange”. For this purpose, I have observed their functions and monitoring activities closely. I accommodate my Internship Program with Dhaka Stock exchange and as per consultation with my academic supervisor Mr. Shamim Ehsanul Haque, I chose the topic “Corporate image of Dhaka Stock Exchange “for my study and analysis.

1.3 Objectives:

- To highlight the role of DSE in the economic development of BD.
- To give a bird’s eye view of Monitoring, Investigation & Compliance of DSE.

- To suggest some remedial measures for improving the MIC of DSE to improve the capital market of BD.
- To relate the theoretical learning with the real life situation.
- To assemble various policies, procedure and practices regarding image of the organization.
- To formulate recommendations for possible improvement.

1.4 Methodology

1.4.1 Type of report:

This report is exploratory in nature focusing on qualitative analysis and description.

1.5 Sources of data collection:

Data collected from primary and secondary sources

1.5. 1 Primary Sources of Data Collections are:

The available primary sources are the personnel of the respective department. Information regarding how and why different Monitoring, Investigation and Compliance activities are performed will be collected through open discussion with the department personnel.

1.5.2 Secondary Sources of Data Collections are:

- Different publication regarding Stock Exchange Function
- Different newsletters of Dhaka Stock Exchange Ltd.
- Annual Reports of Dhaka Stock Exchange Ltd
- Journals and Monthly reviews of Dhaka Stock Exchange Ltd.
- Website of Dhaka Stock Exchange Ltd.

1.6 Scope

The scope of this report is to cover how the corporate image was implemented in the organization. For this Purpose data was collected from primary and secondary sources.

1.7 Limitation of the study:

This report is subject to a number of limitations. These are:

- Secrecy of documents posed a major problem since disclosure of some information's been restricted.
- Sufficient records, publications, facts and figures are not available. These constrains narrowed the scope of real analysis.
- Even I could not accumulate all the available information. However, I have tried my best to prepare my internship report as good as possible within these limitations

Chapter Two

At a glimpse of Dhaka Stock Exchange Ltd.

2.1 Introduction:

The stock exchange provides a market place where shares can be bought and sold. The efficiency and effectiveness of the financial market and the progress of the overall economy largely depends on the role of the stock exchange. The stock exchange performs various functions simultaneously for the growth and development of economy. It also depicts the economy as an instrument and helps to analyze the economic condition of the country. Without strong position of stock exchanges the economy cannot be predicted that it will be healthy in future.

2.2 Role of Stock Exchange

The stock exchange admits companies for trading at their securities.

- It provides a market for raising capital by companies.
- It provides a market place for shares of listed public companies to be bought and sold, by bringing companies and investors together at one place.
- The exchange's role is to monitor the market to ensure that it is working efficiently, fairly and transparently.

2.3 History of DSE:

The necessity of establishing a stock exchange in the then East Pakistan was first decided by the Government early in 1952. It was learnt that the Calcutta Stock Exchange had prohibited the transactions in Pakistani shares and securities. The provincial industrial advisory council soon thereafter set up an organizing committee for the formation of a Stock Exchange in East Pakistan. A decisive step was taken the second meeting of the organizing committee held on the 13th march, 1953. In the cabinet room, Eden Building, under the chairmanship of Mr. A.Khaleeli, secretary government of East Bengal, Commerce, labor and industries department at which various aspects of the issue were discussed in detail. The central government's

proposal regarding the Karachi Stock Exchange opening a branch at Dhaka did not find favor with the meeting who felt that East Pakistan should have an independent stock exchange. It was suggested that Dhaka Narayanganj chamber of commerce & industry should approach its members for purchase of membership cards at Rs.2000 each for the proposed stock exchange. The location of the exchange it was thought should be either Dhaka Narayanganj or Chittagong. An organizing committee was appointed consisting of leading commercial and industrial personalities of the province with Mr. Mehdi Ispahani as the convener in order to organize the exchange.

The necessity of establishing a stock exchange in the then East Pakistan was first decided by the Government when, early in 1952. It was learnt that the Calcutta Stock Exchange had prohibited the transactions in Pakistani shares and securities. The provincial industrial advisory council soon thereafter set up an organizing committee for the formation of a Stock Exchange in East Pakistan. A decisive step was taken the second meeting of the organizing committee held on the 13th march, 1953. In the cabinet room, Eden Building, under the chairmanship of Mr. A.Khaleeli, secretary government of East Bengal, Commerce, labor and industries department at which various aspects of the issue were discussed in detail. The central government's proposal regarding the Karachi Stock Exchange opening a branch at Dhaka did not find favor with the meeting who felt that East Pakistan should have an independent stock exchange. It was suggested that Dhaka Narayanganj chamber of commerce & industry should approach its members for purchase of membership cards at Rs.2000 each for the proposed stock exchange. The location of the exchange it was thought should be either Dhaka Narayanganj or Chittagong. An organizing committee was appointed consisting of leading commercial and industrial personalities of the province with Mr. Mehdi Ispahani as the convener in order to organize the exchange. It was also decided that membership fee was to be RS 2000 and subscription rate at 15 per month. The exchange was to consist of not more than 150 members.

The 8 promoters incorporated the formation as the East Pakistan stock exchange association ltd on 28 April 1954. As public company on 23 June 1962, the name was revised to East Pakistan stock exchange ltd. Again on 14 May 1964 the name of East Pakistan stock exchange limited was changed to "Dhaka stock exchange ltd."

At the time of incorporation the authorized capital of the exchange was RS. 300000 divided into 150 shares of RS. 2000 each and by an extra ordinary general meeting adopted at the extra

ordinary general meeting held on 22 February 1964 the authorized capital of the exchange was increased to Tk. 500000 divided into 250 shares of Tk. 2000 each. The paid up capital of the exchange now stood at tk.460000 dividend into 230 shares of Tk. 2000 each. However 35 shares out of 230 shares were issued at Tk. 80, 00,000 only per share of Tk. 2000 with a premium of Tk. 79, 98,000. Although incorporated in 1954, the formal trading was started in 1956 at Narayanganj after obtaining the certificates of commencement of business. But in 1958 it was shifted to Dhaka and started functioning at the Narayanganj chamber building in Motijheel C/A. On 1st October 1957 the stock exchange purchase a land measuring 8.75 kattah at 9f Motijheel C/A from the government and shifted the stock exchange to its own location in 1959.

2.4 Mission & Vision of the Organization for Future

The stock exchange has a clear and specific Mission & Vision for the future.

- ◆ Enhancing bond market through bringing in government and municipal bonds beside the corporate bonds.
- ◆ Bringing all securities under CDS in 2 years.
- ◆ Bringing all the corners of the country under trading network through the ongoing expansion and up gradation projects of DSE
- ◆ Bringing internet based traded trading creating provisions for investment and settlement from anywhere in the world.
- ◆ Ensure greater degree of transparency in financial disclosure for better corporate governance
- ◆ Making the market competitive in terms of regional securities market perspective through ensuring market friendly rules and regulatory framework.
- ◆ Initiate the process of creating derivative and future market.
- ◆ Creation of an independent central clearing company for integrated clearing of Electronic Securities.
- ◆ Introducing book-building process for IPO to ensure attractive IPO options for large & successful companies.

2.5 Boards of Directors:

The DSE Board comprises of 25 members of whom 12 are elected through direct election from the 250 shareholders of DSE. The other 13 Board Members are ex-officio in status. They include 12 members representing a wide range of distinguished personalities from different key economic and social arena of the country and the CEO of the Exchange.

2.6 Regulatory Structure Overview:

DSE is one of the most important institutions of the capital market in Bangladesh. However the functions of DSE is supervised by the regulatory authorities regarding the capital market decision makers including the Parliament of Government of Peoples Republic of Bangladesh and Ministry of Finance. It performs it duties as per the Rules and Regulation of Securities and Exchange Commission (SEC).

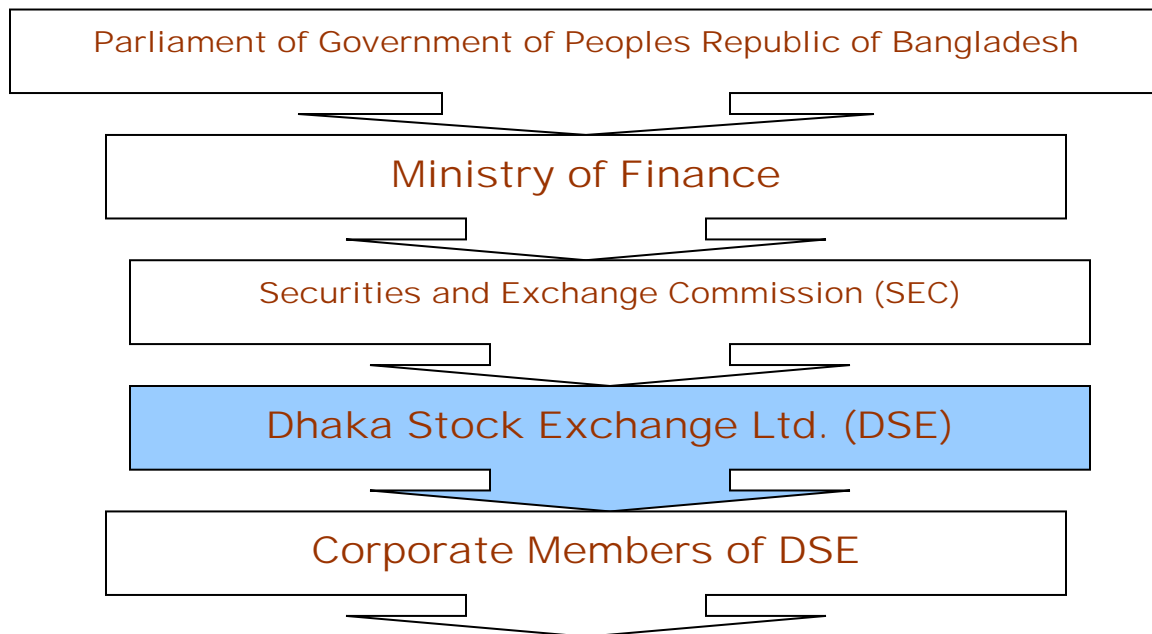


Figure-1: The Regulatory Structure of DSE

Source: Compiled by the author from the Database of Dhaka Stock Exchange

2.7 Organizational Structure of Dhaka Stock Exchange:

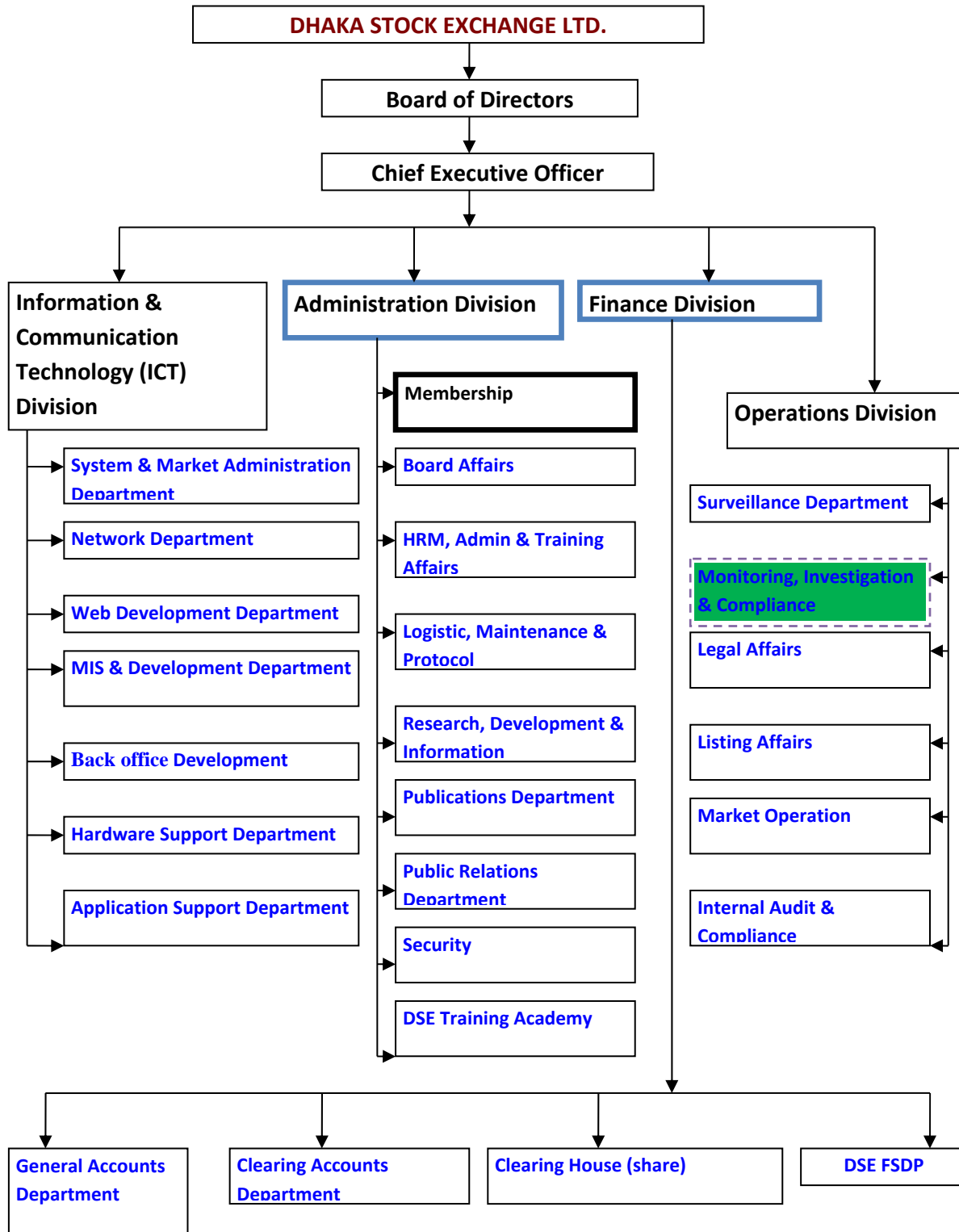


Figure-2: The Organizational Structure of DSE
 Source: Compiled by the author from the Database of Dhaka Stock Exchange

2.8 Management:

A highly Qualified and trained team of executives runs the day to day affairs of DSE who report direct to the CEO. The management runs independently under policies set by the highest policy making on covering body the Board of Directors. Ahead IT Secretary, Deputy Finance controllers assist the CEO in managing day to day affairs of the bourse. The framework is despite below-

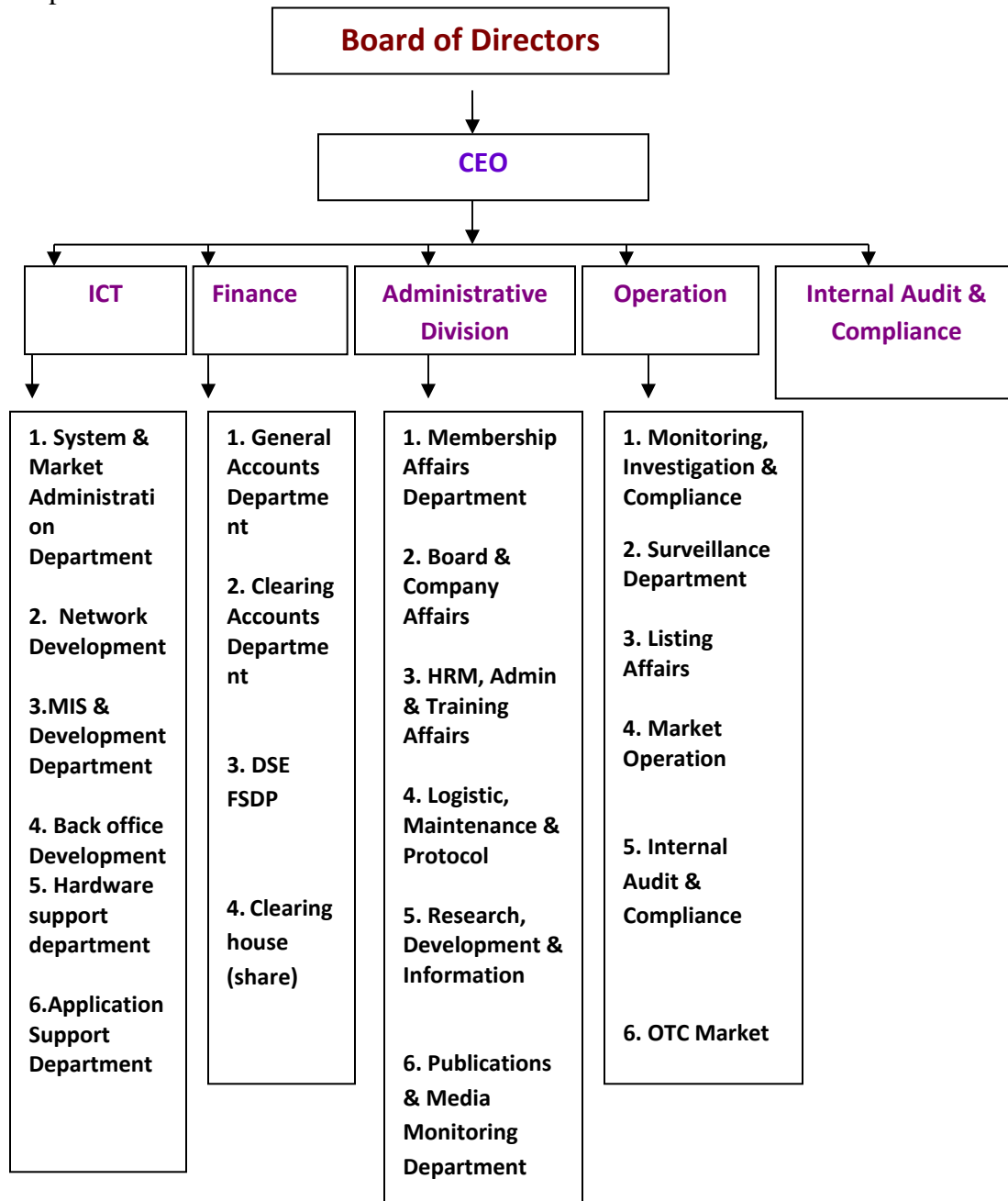


Figure: Board of management

2.9 Market Sector of DSE:

The market sectors of Dhaka Stock Exchange can be explained by the following Graph:



Figure: Market sectors

Source: Annual Report of Dhaka Stock Exchange Ltd.

3. Functional Area

3.1 Who Can Invest in DSE?

Anyone can invest in Dhaka stock exchange, be they are Bangladeshi residents or NRB n investors. They can access the market by contacting their stockbroker who will act on their behalf. Trading the Dhaka stock exchange is effected by a correspondent broker in the host country who acts as agent for the client broker in the home market the home broker is located in the country where the order originated, while the host broker is located in the country where the trade is executed. There is no income qualification required for participating in the market.

Many people would like to invest in the stock market to try and improve their financial fortunes. In recent years, a number of average people have made a lot of money by investing in the stock market There are a number of mythology that work to keep newcomers from the market, Such as the belief that investing in stocks is an extremely risky business, or that you have to be rich and well educated to invest in stock and bonds.

3.2 General Function of DSE:

- Listing of Companies. (As per Listing Regulations).
- Listing of securities and ensuring compliance by the issuers.
- Providing the screen based automated trading of listed Securities.
- Trading provisions for listed securities through efficient trading platform.
- Settlement of trading. (As per Settlement of Transaction Regulations)
- Gifting of share / granting approval to the transaction/transfer of share outside the trading system of the exchange (As per Listing Regulations 42)
- Market Administration & Control.
- Settlement and Clearance of executed trades.
- Publication of Monthly Review.
- Monitoring the activities of listed companies. (As per Listing Regulations).
- Investor's grievance Cell (Disposal of complaint bye laws 1997).

- Investors Protection Fund (As per investor protection fund Regulations 1999)
- Announcement of Price sensitive or other information about listed companies through online.
- Updating existing Regulation and promulgating new rules and regulation.

3.3 Trading Function of DSE

Globally the developments in information & communication technologies (ICT) have created a new instance in the securities market operations. Stock Exchanges all over the world have realized the potentiality of ICT and inclined to the electronic trading systems. It was understood by DSE that technology would ensure transparency, timeliness and satisfaction in customer service. Considering those DSE introduced Automated Trading System on 10th August 1998. Considering market growth the Automated Trading System was upgraded two times. The recently Upgraded Trading System was started from 21st December, 2008.

3.4 Trading Day:

The trading shall be open on all days except bank holidays as declared under the Negotiable Instruments Act, 1881 4.

Provided that where the Council, in consideration of any exigencies, considers it expedient may declare that there shall not be any trading on any other day as may be specified in the resolution under immediate intimation to SEC Provided further that the Council may from time to time, refax the trading days in the interest of the Stock Exchange under immediate intimation to SEC.

3.5 Trading Period:

Unless otherwise decided by the Council, the trading period shall be between 10-30 AM to 2-30 PM on all trading days.

Provided that the Council may, in consideration of any particular circumstance or situation, extend, curtail or change the trading period, including session timings of any particular trading day under immediate intimation to SEC:

Provided further that the power under the first proviso may also be exercised by the Management Team of DSE comprised of the CEO, the Secretary and the heads of relevant departments of DSE, if, in their opinion, convening of Council meeting is not convenient or expedient in consideration of the circumstances or situation concerned.

3.6 Qualification for Trading:

A member shall qualify himself for trading if he:

- (a) Obtains a registration certificate from the Commission issued under regulation 5(4) of the Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorized Representative) Regulations, 1994.
- (b) Becomes a member of the DSE Clearing House.
- (c) Is not otherwise barred by DSE or SEC under any law, rule or regulations for the time being in force for trading.

3.7 Availability of Workstation:

- (1) Depending on the availability, the DSE shall make available the system to the members by providing trading workstation connections.
- (2) The number of trading workstations for each member shall be such as may be decided by the Council.
- (3) The CEO may shutdown trading in the event the system becomes inoperative or inaccessible to all or part of the trading workstations under immediate intimation to SEC.

3.8 Types of Markets:

There shall be the following four markets in the system, namely:

3.8.1 Public Market

Matching in this market is automatic based on the touchline prices which follow normal settlement procedure.

3.8.2 Spot Market

Matching in this market is also automatic, settlement of which follows procedure for spot transactions. The Management Team may put an instrument on compulsory spot to curb volatility in prices of the instrument.

3.8.3 Block Market

This is the market for bulk selling and buying on automatic matching with equal quantity and best price (all or none condition) basis.

3.8.4 Odd Lot Market

Odd lot shares are traded in this market on automatic matching with equal quantity and best price (all or none condition) basis.

3.9 Trading Sessions:

- There shall be five sessions of trading period, namely:
 - (a) Pre-opening session.
 - (b) Opening session.
 - (c) Continuous or Regular trading session.
 - (d) Closing session and
 - (e) Post-closing session.
- Each session shall be of such hours of operation as may be determined by the Council.
- The hours of operation mentioned in sub-regulation (1) may be changed by the Council under immediate intimation to SEC.

3.9.1 Functions of Trading Sessions

The functions of trading sessions shall be as under, namely:

- **Pre-Opening Session**

This is the session during which members are allowed only to enter orders and indicate their willingness for buying and selling of various securities. Orders made during this session are held in the system and not forwarded to the execution engine. The previous day's closing price and index of securities shall be made available in this session to the members for trading.

- **Opening Session**

The opening price of securities is calculated in this session. The calculation is made on the basis of orders entered in the system during the Pre-opening session. The opening price of securities is established in this session. Where there is no trading of securities, the last closing price of that security shall be its opening price. No entry order shall be allowed or permitted in this session.

- **Continuous or Regular Trading Session**

Entry of orders, deletion and modification of orders can be made in this session. Orders are Executed in this session and where any order or part of any order is not or cannot be executed; Such order or part thereof will be stored separately to be carried forward in the next following such session.

- **Closing Session**

During this session the system stops receiving orders. The closing price for a security shall be determined as per the weighted average price of all the trades in the last 30 (thirty) minutes before the closing session. If there is no trade during the above specified time, the weighted average price of maximum 20 (twenty) number of trades preceding the above 30 (thirty) minutes shall be taken for determination of closing price. If there has been no trade in the security during the continuous trading session the opening price of the security shall be treated as the closing price. Pending orders executable at closing price and orders 'match at closing price' shall be executed in this session. All other pending orders shall be carried forward to the Post closing Session.

- **Post-Closing Session**

This session allows traders to execute their remaining orders and the fresh orders entered during this session. However, the trading engine accepts orders at closing price only during this session. All trades are executed at the closing price. No quotes are accepted during this session.

3.10 SWOT Analysis of DSE

S – Strengths of DSE

- Strong brand name.
- The widest network of branches in major cities in Bangladesh.
- Ability to provide a one stop service offering at all its branches.
- Exceptional quality and professionalism in its service offering to clients.
- Well trained and dedicated management team.
- DSE has a solid trading infrastructure like spacious trading floor and multiple VIP trading booths.
- DSE consistently providing their customer with expert advice, executing their customers order promptly and accurately. Provide support, as required, to assure total satisfaction.
- Well trained and dedicated management team.
- Good hardware infrastructure and software application for automated trading.
- Standard clearing and settlement process.

W – Weaknesses of DSE

- Fundamental weakness in IPO pricing method. So retail investors are getting more gain than the entrepreneurs (sponsors).
- Lack of strong surveillance over share price. As a result sometimes it goes up very high and then collapse.
- Need to improve guideline process for the investors when market collapse.
- Need to decentralize management committee decision making power.
- Need to improve internal audit control system.

O – Opportunities of DSE

- Plans are also underway to introduce brokerage houses in all the district level towns in Bangladesh.
- Steps are also underway to introduce On-line trading so that investors can have access to securities trading from across the world, which will also help the expansion of capital market in a broader dimension.

- DSE has also decided to open Media and Call Centre to cater to the need for information, which will be disseminated among the investors and relevant stakeholders time to time.
- DSE has planned to arrange investors' awareness programmed in every district of the country.
- Stock Exchanges of different countries have been being visited and experiences are utilized properly to the development of Bangladesh Capital Market.
- With the objective of reducing time period of transaction settlement and to ensure more transparency and accountability DSE has been trying to establish Independent Settlement and Clearing Company.
- Steps have also been underway to bring equalization in face value of securities.

T - Threats of DSE

- There is an imbalance between the demand and supply in capital market through increasing the supply of good shares. DSE authority has been trying to pursue the government to off-load shares it has in different companies and overcome from this situation.
- Now a day there is huge electricity, gas, shortage towards the country, as a result investors are de motivated to establish new investment so the national economy is hampered. As a result DSE failed to expansion its market.
- SEC has serious manpower shortage. With the present number of manpower the market regulator is not able to do its activities with growing volume of activities in the country's capital market.

4. Corporate Image of DSE

Dhaka Stock Exchange is one of the most important and influential institutions of Bangladesh. Governments always monitor and control DSE's activities. It is the center of this country's stock business operation. Thus people have great acceptance and trust about DSE. Thousands of people's income sources are based on DSE. But lately few share market collapse situations occurred which made the DSE's image and acceptance to people fury. The bullish market turned bearish during 2010, with the exchange losing 1,800 points between December 2010 and January 2011. Millions of investors have been rendered bankrupt as a result of the market crash. The crash is believed to be caused artificially to benefit a handful of players at the expense of the big players. So, Government is now focusing on re-establishing the image of DSE because gaining investors trust back is the only way to keep up and running the stock market. Government has established monitoring and surveillance system in order to track and prevent from such market collapse situations and corruptions.

4.1 THEORY OF CORPORATE IMAGE:

In the process of managing corporate image, the fundamental variables are: corporate identity, corporate communication, corporate image, and feedback. Corporate identity is the reality of the corporation—the unique, individual personality of the company that differentiates it from other companies. Corporate communication is the aggregate of sources, messages, and media by which the corporation conveys its uniqueness or brand to its various audiences. Corporate image is in the eye of the beholder the impression of the overall corporation held by its several audiences.

4.1.1 CORPORATE IDENTITY Corporate identity—the reality and uniqueness of the organization—may be broken down into four component parts: corporate strategy, corporate culture, organizational design, and operations. Strategy is the overall plan that determines the company's product/market scope and the policies and programs it chooses to compete in its chosen markets. Corporate culture is the shared values and beliefs that the organization's members hold in common as they relate to each other, their jobs, and the organization.

4.1.2 CORPORATE COMMUNICATION

Corporate communication provides the link between corporate identity and corporate image. It should be defined in the broadest possible sense, because companies communicate identities in many different ways. Communication can include almost anything the company does, from the way telephones are answered to the involvement of company employees in community affairs. Some of the principal sources of corporate communication include company and product names and logos, formal statements (mission statements, credos, codes of ethics, annual reports, advertising copy, and company slogans), and behavior during important events. These events encompass scheduled events such as open houses and anniversary sales as well as unscheduled events such as lawsuits or negative press coverage.

4.1.3 CORPORATE IMAGE

Corporate image is the reputation of the firm with the various audiences that are important to it. These groups that have a stake in the company are known as stakeholders. Stakeholders are affected by the actions of the company and, in turn, their actions can affect the company. Consequently, its image in the eyes of its stakeholders is important to the company. The principal stakeholders with which most large corporations must be concerned are: customers, distributors and retailers, financial institutions and analysts, shareholders, government regulatory agencies, social action organizations, the general public, and employees.

4.1.4 FEEDBACK

Feedback is essential to the management of corporate image. Business owners and managers need accurate information on how they and their company are perceived if they are to make sound decisions. Ideally, feedback should be continuous. As a practical matter, continuous feedback can be elicited from salespeople, clients, employees, and other local business owners.

5. Monitoring Activities of DSE

Monitoring activities are very much important for smooth operation of Capital Market and this monitoring activity is the way to continue good relationship with the member. Any member can come with their problem. At present Dhaka Stock Exchange has 238 Member Companies. Again these member companies have more than 350 branch offices. The activities of these Member Companies and their Branch Office are under close monitoring of Dhaka Stock Exchange through the following cells:

- Surveillance Cell
- Monitoring cell

5.1 Monitoring activities by Surveillance Cell:

The main objective of the Surveillance function of the Exchange is to promote market integrity in two ways, i.e., by monitoring price and volume movements (volatility) as well as by detecting potential market abuses at a nascent stage, with a view to minimizing the ability of the market participants to influence the price of the scrip/scrip's in the absence of any Meaningful information. Market Abuse is a broad term which includes abnormal price/volume movement, artificial transactions, false or misleading impressions, insider trading, etc. In order to detect aberrant behavior/ movement, it is necessary to know the normal market behavior. The department carries out investigation, if necessary, based on the preliminary examination/analysis and suitable actions are taken against members involved based on the investigation. All the instruments traded in the market come under the Surveillance umbrella of DSE.

Surveillance activities at the Exchange are divided broadly into two major segments -

5.1.1 Price Monitoring

Price monitoring is mainly related to the price movement or abnormal fluctuation in prices or volumes.

The functioning of the Price Monitoring is broadly divided into following activities –

On line Surveillance

Off-Line Surveillance

Surveillance Actions:

- Warning to Members
- Imposition of penalty/ suspension
- Rumor verification .

5.1.2 Position Monitoring

The position monitoring relates mainly to abnormal positions of members, etc. in order to manage default risk. The Surveillance Department closely monitors outstanding exposure of members on a daily basis. For this purpose, it observes various off-line and on-line market monitoring reports. The reports are scrutinized to ascertain whether there is excessive purchase or sale position build up compared to the normal business of the member, whether there are concentrated purchases or sales, whether the purchases have been made by inactive or financially weak members and even the quality of scrip's is considered to assess the quality of exposure. The following key areas are examined to assess the market risk involved –Online monitoring of Brokers Position Surveillance closely monitors brokers' gross turnover exposure for ensuring margin calls in time. B/S Statement of Trading Members Scrutinizing the statement on daily basis. It is for keeping a watch on the exposure of the members & ascertain the quality of exposures. A detailed report on the net outstanding positions of top purchasers and top sellers in individual scrip's, is prepared, if considered necessary.

- Concentrated B/S
- B/S of scrip's having thin trading .
- Verification of Institutional Trade.
- Verification of Foreign Trade
- Verification of Cross Reporting.
- Verification of Dealers own trades
- Verification of Sponsor's Trade
- Snap Investigation .

- Market Intelligence
- Review Block Trades
- Review List of Settlement Failures
- Review Media Information.
- Monitoring on Newly Listed Stock

5.2 Monitoring activities by Monitoring Cell:

To conduct with Monitoring activities, DSE has a smart and efficient Monitoring cell headed by the departmental in charge and under supreme control and supervision of CEO of the company. This monitoring cell is responsible directly for proper monitoring of the Capital Market. This cell monitors activities of registered Brokerage house with DSE regarding their services in the capital market in respect of share trading and settlement. The monitoring cell of the Monitoring, Investigation & Compliance Department is divided into two Monitoring Teams. These Monitoring Teams are formed by order of Chief executive officer according to SEC direction no SEC/SRMID/94-231/688 dated June21, 2003.

5.3 Different types of Monitoring Activities:

The core functions of the Monitoring Department are to conduct various types of monitoring. Some foremost types of monitoring are:

- Formal Monitoring of Member Companies
- Spot Monitoring of Member Companies
- Branch Office Monitoring of Member Companies
- Inspection on TWS Installation
- Terminal Work Station (TWS) Approval Monitoring
- Special Monitoring
- Activities as per the instruction of Taskforce
- Activities as per the instruction of Securities Exchange Commission (SEC)
- Activities as per the instruction of Anti-Corruption Commission
- Activities as per the instruction of Tax Commission

5.4 Formal Monitoring:

Under formal monitoring an intensive and detail monitoring of a member company is conducted to get a clear understanding of the Member Company regarding maintenance of proper books and records, perseverance of investors' securities and money accurately as well as compliance of Securities rules and regulation. Head offices as well as branch offices of a member company are monitored after giving them notice about the probable date of monitoring by the Monitoring Team.

5.4.1 Obligation of conducting Formal Monitoring:

Formal monitoring is conducted on a monthly basis to comply with the directive of Securities and Exchange Commission (SEC/SRMID/94-231/688 dated on June 21, 2003.) whereby the Commission has ordered the Exchange to conduct the formal monitoring on regular basis and report to the Commission on monthly basis. Besides the Monitoring, Investigation & Compliance Department has set a target of monitoring approximately twelve member companies in a month and submitting positive monitoring report to the Securities and Exchange Commission (SEC) of at least seven member companies each month. This is also an internal obligation of the Monitoring, Investigation & Compliance Department regarding formal monitoring.

5.4.2 Purposes of formal monitoring:

To inspect, monitor and feedback the member house in compliance with securities rules and regulations is the main purpose of formal monitoring. Dhaka stock Exchange is the guardian of the member companies. It is the responsibility of DSE to ensure proper compliance of rules and regulations in the member companies.

5.4.3 Items those are checked and verified under Formal Monitoring:

While speaking intently, Monitoring team generally examines the following documents while conducting a formal monitoring to a member company:

- Books and Records.
- A/C reconciliation.
- Share reconciliation.
- Compliance of rules, regulation and CDBL by laws.

5.4.4 Procedure of Formal Monitoring:

5.4.4.1 Activities before monitoring:

1. Formation of monitoring team: The first step before conducting monitoring activities is the formation of monitoring teams. This monitoring team is formed by order of Chief executive officer according to SEC direction no SEC/SRMID/94-231/688 dated June 21, 2003.

2. Selecting member companies: In this stage, ten to fifteen member companies are selected which will be monitored under formal monitoring. This selection is made mainly according to the serial numbers of the member companies. Besides member companies are also selected without serial position in special situations where

- There is a special order of SEC to conduct monitoring to a particular member companies in immediate basis.
- If monitoring team feels that an immediate formal monitoring should be conducted to a particular member company.

3. Informing the member companies: After selecting member companies for formal monitoring for a particular month, the selected members are then informed about the formal monitoring. A letter duly signed by the CEO is sent to the member companies seeking permission to monitor their house by DSE officials.

4. Getting permission from the member companies: In this stage the member companies give consent to conduct formal monitoring to their companies verbally or in written in response to the letter of the CEO of DSE.

5. Making and finalizing time schedule for formal monitoring: After getting permission of the member companies a time schedule and distribution of monitoring team for formal monitoring is prepared. The monitoring teams and their respective members are then informed about the schedule after finalizing it.

5.4.4.2 Activities during the monitoring period:

1. Examining/verifying the books and records: Reaching to the member company, the members of monitoring team starts their monitoring activities and examines/verifies all books and records intensively. This process normally includes the following:

- Interviewing the compliance officer and other responsible officers using the Questionnaire of formal monitoring
- Verifying all books and records as per requirements
- Fill up of questionnaire form
- On spot discrepancies identification and recording noticing the concerned officers
- Collecting documents from the member company as testimony of recordings in the questionnaire form

2. Collecting documents for Accounts Reconciliation and Share Reconciliation: The monitoring team also collects all the necessary documents and records as per requirement from the member companies for the purpose of Accounts Reconciliation and Share Reconciliation.

5.4.4.3 Activities after monitoring:

- 1. Accounts Reconciliation and Share Reconciliation: Returning to the department after formal monitoring, the monitoring team now prepares the Accounts Reconciliation Report and conducts with the Share Reconciliation of the member company.

- 2.. Submitting the formal monitoring file to the compliance team: After completing the Accounts Reconciliation and Share Reconciliation the monitoring team submits the whole file along with the documents to the compliance team of the department.
- 3. Preparation of report: In this stage, the compliance team prepared the formal monitoring report of the member company highlighting the discrepancies and also notifies the respective violation of laws and regulations by the member company.

5.5 Spot Monitoring:

5.5.1 Defining Spot Monitoring:

Spot Monitoring is defined as the monitoring of the head office or branch office or both of a member company without giving them any prior notice about the visit by the monitoring team. In case of spot monitoring, all required documents are not checked that is done for general monitoring. Here, the monitoring team generally has some specific targeted points which are subject to be checked. They go to house without notice and collect their necessary papers and documents.

5.5.2 Obligation of conducting Spot Monitoring:

Spot Monitoring is conducted whenever required. There is no specific directive of the Securities and Exchange Commission (SEC) as to when and how spot monitoring is to be conducted. Sometimes the SEC gives instructions to DSE about conducting spot monitoring and report to the Commission. In this case, spot monitoring is done according to the instruction of the SEC. Besides, to ensure the proper compliance of rules and regulation and to prevent any fraudulent activities by the member companies, Monitoring, Investigation and Compliance department conducts this spot monitoring on sudden basis. Thus in most of the time, spot monitoring is not an obligation; rather it is a requirement of the monitoring cell. But sometimes it becomes an obligation.

5.5.3 Purposes of spot monitoring:

The purpose of spot monitoring is to fulfill some specific target points that are subject to be checked by the monitoring team. The objective is to verify only one or few of the items that are monitored in formal monitoring. Another purpose of spot monitoring is to convey the message to the member company that the monitoring cell is always vigilant and active in the capital market to ensure the proper compliance of rules and regulations.

5.5.4 Items those are checked and verified under Spot Monitoring:

Only one or a few of the items that are monitored under formal monitoring are verified under spot monitoring. The items include:

- Pay in
- Pay out
- Share reconciliation
- Short Selling
- Stock Status of Clearing Account etc.

5.5.5 Procedure of Spot Monitoring:

1. Selecting item to be checked: The first step of conducting spot monitoring is selecting the item or group of items to be verified. The items are selected according to the demand of the situation, or sometimes it is pre selected by the SEC.
2. Selecting the member companies to be monitored: After selecting the item of spot monitoring, some member companies are selected by the monitoring cell. Normally they are selected based on their past record of obeying the Securities related rules and regulations.
3. Finalizing schedule of manpower distribution for spot monitoring: In this stage, the manpower distribution is finalized for monitoring. Normally, the groups for formal monitoring are redistributed into smaller groups according to the pattern of monitoring need.
4. Conducting field monitoring: In this stage the actual field monitoring is conducted to the member companies to fulfill the specific requirements.

5. Collecting supporting documents: Supporting physical documents is also collected by the monitoring team as evidence or for further verification.
6. On spot suggestion giving if required: The monitoring team also gives suggestion
7. To the member company if required about the compliance of rules and regulations.

5.6 Branch Office Monitoring:

5.6.1 Defining Branch Office Monitoring:

Branch Monitoring is defined as the monitoring of only the branch offices of a member company by giving a prior notice to the head office of the member company about the monitoring. The monitoring procedure is same as the formal monitoring.

5.6.2 Obligation of conducting branch office Monitoring:

Branch office monitoring is conducted to comply with the section 5 (1) of the directive of Securities and Exchange Commission (SEC) 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”. According to the direction of SEC, DSE monitoring teams visit all branch offices of the member companies of DSE at every three month.

5.6.3 Purposes of branch office monitoring:

The purpose of branch office monitoring is to inspect the real state of affairs of said branch office whether the branch is compiling the analogous rules and regulations or not. Recently, SEC has given importance to the proper monitoring of the branch offices and set more control over branch office activities of member companies.

5.6.3 Items those are checked and verified under branch office monitoring:

Monitoring team generally examines the books and records regarding compliance of rules and regulations by the branch office of the member companies. Generally, the following documents are checked and verified:

- Account opening Form
- Buy Sale order Slip
- Trade conformation Statement
- Buy /Sale order register
- Money receipt
- Payment Voucher

- Share receive and Delivery bill book
- Authorize 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 & Bank Book
- A.R. Yellow Card (by DSE)
- Staff List Based on Duties & 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

5.6.4 Procedure of branch office Monitoring:

The procedure of branch office monitoring is same as the formal monitoring. As a result, same steps are followed for branch office monitoring.

5.7 Special Monitoring ordered by SEC and directed by CEO:

Monitoring Department conducts special monitoring in brokerage house according to SEC order through their inspection report. The procedure is as same as general monitoring. Dhaka Stock Exchange acts as guardian of member companies and as guardian, it always tries to keep member houses on the track. Monitoring department of DSE conduct monitoring in few house by rotation in each month and send at least five reports to Securities and Exchange Commission (SEC). Beyond this conventional report SEC conduct monitoring on some house randomly. If SEC find any irregularity then it send an directive report to DSE Monitoring department to conduct farther monitoring to recheck missing points. Such type of monitoring is called special monitoring. Some other special monitoring that is conducted includes:

- Monitoring of a member company in case of fire incidence in that member company.
- Monitoring of a member company before the sale of the membership of the member company.

6. Investigation activities of DSE:

6.1 The Investigation Cell:

To conduct with Investigation activities, DSE has a smart and efficient Investigation cell headed by the departmental in charge and under supreme control and supervision of CEO of the company. This cell investigates any fraudulence activities in respect of securities market operations as well as violation of rules and regulations made by the brokerage houses or listed companies of DSE.

For conducting investigation activities on different issues, the Monitoring, Investigation & Compliance Department of DSE has only one investigation team. Besides, other executives of the department help the Investigation team whenever required in addition to their normal activities. But only one Investigation team consisting of two executives carries on the investigation activities usually.

6.2 Different types of monitoring activities:

The function of the Investigation cell is to conduct various types of investigation activities. Some foremost types of investigation are:

- Member Companies Investigation
- Enlisted Company Investigation
- Investigation on Clients' complaints.
- Investigation on companies applied for DSE MDS connectivity.
- Investigation on market manipulation.
- Investigation as per the instruction of Securities Exchange Commission (SEC)

6.3 Member Companies Investigation:

The most frequent and common type of investigation is the Member Companies Investigation. Member Companies Investigation activities of Investigation cell can be divided into two broad categories. They are:

- Regular investigation as per the note of surveillance department and instructed by CEO.
- Special investigation as per special order of SEC or the management of DSE and instructed by CEO.

6.3.1 Regular investigation as per the note of surveillance department and Instructed by CEO:

It is the responsibility of investigation cell to carry on the investigation activities as per the note of surveillance department and instructed by CEO. The primary responsibility of detecting violation of rules and regulations made by the brokerage houses or listed companies of DSE and primary inquiry rests on Surveillance cell. After conducting primary inquiry, if the surveillance cell feels that further investigation, then the surveillance cell hands over the file to the investigation cell by issuing a note and duly signed and marked by the CEO. The surveillance note usually contains requirement for investigation on the following types:

- Aggressive buy
- Aggressive sell
- Short sale
- Settlement failure

6.3.2 Special investigation as per special instruction of the management or SEC:

The Investigation team also conducts some special investigation to the member companies as per instruction of SEC or the DSE Management in special situation.

Some mentionable special situations are as follows:

- Sell of client share without informing the client.
- Irregular pay in of shares.

- Operating of TWS by person other than the Authorized Representative.
- Operating of branch office or TWS without permission of DSE.

6.3.3 Enlisted Company Investigation:

Another important task of investigation cell is to investigate the enlisted companies as per instruction if CEO. Enlisted companies under Z Category are most often investigated. The investigation cell and the Listing department jointly make this visit to the enlisted companies. The joint team verifies the following:

<ul style="list-style-type: none"> • Price Sensitive Information
<ul style="list-style-type: none"> • Audited Financial Report (According to BAS)
<ul style="list-style-type: none"> • Minutes of Board of Directors.
<ul style="list-style-type: none"> • Minutes of AGM / EGM.
<ul style="list-style-type: none"> • Register of Directors.
<ul style="list-style-type: none"> • Register of Shareholders.
<ul style="list-style-type: none"> • Register of Share Transfer.
<ul style="list-style-type: none"> • Joint Venture Agreement.
<ul style="list-style-type: none"> • Partnership Agreements.
<ul style="list-style-type: none"> • Investigation on Fraudulent Agreement and Information that leads the price of shares.
<ul style="list-style-type: none"> • Investigation on fake shares.
<ul style="list-style-type: none"> • Minutes of Board of Directors.

<ul style="list-style-type: none"> • Minutes of AGM / EGM.
<ul style="list-style-type: none"> • Register of Directors.
<ul style="list-style-type: none"> • Register of Shareholders.
<ul style="list-style-type: none"> • Register of Share Transfer.
<ul style="list-style-type: none"> • Joint Venture Agreement.
<ul style="list-style-type: none"> • Partnership Agreements.
<ul style="list-style-type: none"> • Investigation on Fraudulent Agreement and Information that leads the price of shares.
<ul style="list-style-type: none"> • Investigation on fake shares.

6.3.4 Investigation on Clients' complaints:

Investigating clients' complaints is a vital responsibility of the investigation cell. The main task of the Monitoring, Investigation & Compliance Department is to safeguard the Investors' interest. And to ensure the interest, the investigation team investigates on this issue very sincerely. Much importance is given to this type of investigation by the investigation team as well as by the DSE management.

A lot variety of complaints are received from the clients against the member companies as well as against the enlisted companies. Some of the most common complaints are as follows:

- Sell of client share without informing the client
- Irregular payment or delayed payment by the member company
- Nonpayment of money from sale of shares
- Non carrying of client order in a timely manner by member company
- Stock dividend is not disbursed to the BO Account
- Misuse of fund by the enlisted company

6.3.5 Investigation on market manipulation:

Manipulation is a common word heard in the capital market now a day. When the share price of a listed company increases or decreases abnormally without any price sensitive information, then the share price of the company is suspected to be manipulated. Investigation on market manipulation is a very wide and difficult task. It takes much time since a lot of documents are to be collected and verified to find out any sort of market manipulation. To detect any type of manipulation, the following steps are followed normally followed:

1. Detection of abnormal price increase/ decrease: The first step of identify manipulation is detection of abnormal price increase/decrease. But in most of the case, manipulation for price increase is investigated for manipulation.

2. Decision of detecting market manipulation if any: After close observation of the items subject to abnormal price increase/decrease, decision is taken to investigate if there is any price manipulation.

3. Collection of necessary documents by investigation team: The investigation committee asks for documents of the selected clients from the selected trading broker and merchant banks. DSE investigation Committee collected the following documents from the Member Houses & Merchant Banks and examined accordingly:

- BO A/C opening form.
- Account opening form
- Buy / Sell order record
- Financial Ledger
- Instrument ledger (client wise)
- Trade Confirmation Statement
- Trade Execution Status

4. Observation of trading nature: After identifying the major trading items of clients, the investigation committee then observes the trading nature of the clients in trading of the major trading items. The trading nature observation includes:

- How frequently the item was traded?
- Did the clients make buy, or sell mainly, or both buy and sell for the whole period under study of investigation committee?
- Did the client buy at lower rate in bulk and than sell at much higher rate?
- Time of exit from the item by the client etc.

6.4 Strategy to Minimize Risk

It is better strategy for investment that the investor should aware of company, which he wants to purchase the shares. In stock exchange most of the investors prefer to invest in blue chips. It is

because they considered that through trading in blue chips, their investment will be secured and they can protect them from big losses. There are some strategies to invest for maximum gain, Investment should make in different sectors and in different companies. The market trend and policies of company should be analyzed before the investment. Before the investment, it will be better that the investor should check the reports of companies whether quarterly, semiannually or annually. The other method is taking the long position. In this method the investor expect that the prices of shares will go up as compared to now. But he should conscious the situation with logic and complete information about the future trend of market.

Most investors can take short position for trading of shares in the market. The short position is usually taken for one day. It will better for investor to take position after opening some time in market and observing high and low price in the specific day at which he is taking position in a specific day.

7. Compliance activities of DSE

7.1 Compliance Functions:

The Compliance Department assists to settle dispute between client complaints as against member house. Arrange necessary legal procedure to settle investor claims. The department also assists in arrangement hearing of complaints and also takes necessary steps and correspondence.

The main function of Compliance Department of Dhaka Stock Exchange Limited is to ensure some significant rules and regulation regarding capital market which should be complied by a compliance officer and his/her respective member house. Compliance of departmental activities is also the responsibility of the Compliance cell. The list of them and details of few of them are as below:

- Duties & Responsibilities of a Compliance Officer of the Member Company
- Some core compliance functions of a compliance officer of Member Company:
- Stock Dealer/ Broker, Company Related Compliance Issues:
- Guidelines for Branch Office of the brokerage houses:
- Duties & Responsibilities of Branch in charge/Manager of Brokerage House:
- Pre-requisite for setting up a new Branch Office/TWS of Brokerage Houses:
- Compliance with Securities & Exchange Rules, 1987
- Compliance with The Dhaka Stock Exchange (Member's Margin) Regulations, 2000:
- Compliance with The Margin Rules, 1999:
- Compliance with Dhaka Stock Exchange Automated Trading Regulations, 1999:
- Compliance with The Settlement of Stock Exchange Transactions Regulations, 1998:
- DP Related Compliance Issues
- Compliance with The Listing Regulations:
- Compliance with The Banking Companies Act, 1991

Due to limitation of time and volume of report Details compliance points of some selected ground from above stated rules and regulation are presented here chronologically:

7.2 Duties and Responsibilities of a Compliance Officer of the Member Company:

The appointment of compliance officers in member companies in the capital market has been set in motion in order to ensure investor protection and increase market integrity. The compliance officer's basic responsibility is to secure internal control and an active segregation of duties between trading and operational functions within the firm. And as such the compliance officer should have good knowledge about securities related rules & regulations and proper educational qualifications as well. The duties & responsibilities of a compliance officer are as under:

- Reporting
- Observation
- Inspection
- Corrective action taken

7.3 Guidelines for Branch Office of the Brokerage Houses

- The In-charge of a branch office should be an authorized representative.
- The In-charge of a branch office should send his/her compliance report to the compliance officer of the principal office each month comprising all activities of the branch office.
- Maintenance of Customer registers (with client code, Bo ID, client name, client address, client phone etc.)
- Any material or other changes of the branch office by the brokerage house or itself, if necessary, the authority of the house must send the report on same to the Exchange within 30 working days.
- If the brokerage house desires to close any branch office, then the authority of the house must inform the same to the Exchange before 30 working days.
- Preservation of the photocopy of the Stock Broker/ Dealer registration certificate and the registration certificate of authorized representatives.
- Appointment of sufficient office staff & authorized representative and should maintain an alternative authorized representative

8.Problems,Suggestion & Future Prospects

8.1 Problems

The Monitoring, Investigation & Compliance department faces various problems while performing the Monitoring, Investigation & Compliance activities. Some are as follows:

- For lack of manpower, the activities of Monitoring, Investigation & Compliance activities are hampered. Present manpower of the department is very few compared to the requirement.
- To control the activities of the member companies are one of the objectives of the Monitoring, Investigation & Compliance activities. The members of the member companies are the owner of DSE. Therefore it becomes very much difficult to do the work properly.
- Some powerful and influencing members sometimes try to influence the investigation process of investigation team.
- In case of investigation on Market Manipulation, it takes a long time to complete the investigation because of manpower shortage. In some cases, it is too late to control the market when after a long period, the investigation is completed.
- The logistics facilities are also not proper for performing the Monitoring, Investigation & Compliance activities.
- DSE has very limited power to punish the member company or the enlisted company. For this reason also the strong control sometimes becomes difficult.
- Training facilities for employees are also very much limited in DSE that may increase the efficiency level of an employee.

8.2 Suggestions:

The problem mentioned in the earlier section cannot be solved in a day. It will take long time to remove all the problems. Indeed, full removal is not possible. Besides, it is also true that some of the problems easily if the management look into it very seriously. Here is given some suggestion regarding solving the problems of performing Monitoring, Investigation & Compliance activities:

- First and foremost, the manpower should be increased in the respective departments of Monitoring, Investigation & Compliance activities.
- The corporate culture of the organization should be improved so that a clear understanding is possible that ownership and management is different.
- More and more investigation should be conducted on a regular basis so that the controlling activities have a consistency.
- Proper logistics facilities should be provided so that the Monitoring, Investigation & Compliance activities as well as their timely reporting is ensured. Specially, each executive should be provided a computer to do his works smoothly.
- The SEC should give more power to DSE regarding monetary punishment to the member companies. This will ensure more controlling power of the DSE.
- The system of giving training to the employees on regular basis should be developed so that the efficiency level of employees improves in conducting Monitoring, Investigation & Compliance activities.
- Switching of manpower should be minimized through better salary structure and other benefits.

8.3. Future Prospects

Dhaka Stock Exchange is committed to becoming a world class Stock Exchange with unique investment opportunities for local as well as foreign investors in a fast developing market. Unfortunately the unstable political situation & the law & order problem are the main hurdles but the management is optimistic that the Stock Market would grow and the number of companies listed at DSE would increase and reach a reasonable figure within a short span of time.

9. Recommendations

Although DSE is adequately equipped with facilities required for foreign investors yet a couple of facilities mentioned above are required to make available for them. The following measures, if taken, can help attract the attention of foreign investors to the Dhaka Stock Exchange.

NIT, ICB and State Life may route some of their trade through DSE which would help the inventory building process.

DSE may ask its inactive Corporate Members to activate them and target foreign investors for business.

10. Conclusion

The overall management of DSE is better performing but in some areas there is need to improve for further improvement in future. All employees are hard worker and loyal to their organization.

The economic indicators in the economy show a good trend in 2008-2009. This will provide an opportunity the management of stock exchange to avail maximum opportunities through policies that will help to grow in future.

The turnover for chairman seat is for short span of time, which is for 1 year. This will not provide in policymaking experience. The decision by SEC to reduce board of directors will help to take the quick decision.

The management of DSE is too much dependent on SEC. The transparency in functions is very good sign for DSE whole management. Moreover the coordination in work and continuous struggle to bring change can help to show more progress.

Bibliography

Books & Journals:

- Dhaka Stock Exchange (2003) “Bangladesh Capital Market” Dhaka. DSE Publication
- Dhaka Stock Exchange (1995) “Memorandum & Articles of Association of DSE”, a publication of DSE.
- Dhaka Stock Exchange (1995) “Rules & Regulation of DSE”, DSE Publication.
- Market Update (Monthly Bulletin) of DSE.
- Review of literature, different published articles, journals, brochures.

Websites:

- <http://www.dsebd.org>
- <http://www.bangladeshjournal.com>
- <http://www.stockbangladesh.com>
- <http://www.bdstock.com>
- <http://www.wikipidia.com>
- www.referencebusiness.com