

Report On
Impact Analysis of Floor Price on Dhaka Stock Exchange

By

Md Kamal Hossain
21164006

An internship report submitted to the Brac Business School in partial fulfillment of the requirements for the degree of Master of Business Administration.

Department of Finance
Brac University

February, 2024

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Md Kamal Hossain
21164006

Supervisor's Full Name & Signature:

Suman Paul Chowdhury, PhD
Associate Professor of Accounting, BBS
Brac University

Letter of Transmittal

Suman Paul Chowdhury, PhD
Associate Professor of Accounting,
Finance
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Internship report on “Impact Analysis of Floor Price on Dhaka Stock Exchange report of Prime Bank Investment Limited”.

Dear Sir,

This is my pleasure to display my internship report regarding “Impact Analysis of Floor Price on Dhaka Stock Exchange report of Prime Bank Investment Limited.”, which I was appointed by your direction.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

Md Kamal Hossain
21164006
BRAC Business School
BRAC University
Date: February 28, 2024

Non-Disclosure Agreement

This Agreement is made and entered into by and between Prime Bank Investment Limited and the undersigned student at BRAC University, Md Kamal Hossain, ID of 21164006.

Organization Supervisor's Full Name & Signature:

Syed Reazul Haque
Equity Research Analyst | SEO
Research Department
Prime Bank Investment Limited

Acknowledgment

At first, Thanks to Almighty Allah.

I want to express my gratitude especially to my honorable supervisor Suman Paul Chowdhury, PhD Associate Professor of Accounting, Department of Brac Business School for inspiring me to write the report, patiently coaching me, and providing us with a lot of help to clear up any queries.

I am appreciative to Prime Bank Investment Limited as they provided me with the facility needed to complete my internship. All of the members of Research Department they helped me with a friendly working environment, guidance, valuable advice and co-ordination for internship and in the preparation of this report. It was a great chance for me learning and helps me to develop my professional skills.

In particular, grateful to my co-supervisor Syed Reazul Haque who have helped me to complete my internship. Last but not least, having such a wonderful group makes me feel fortunate and pleased. Because I understood more, my attempt was more fruitful and unforgettable.

Thank you.

Sincerely,

Md Kamal Hossain

21164006

Executive Summary

The internship report is prepared concerning the three-month internship program at Prime Bank Investment Limited, is a financial Institution. PBIL offer a comprehensive suite of services, including portfolio management services, equity fund raising, mergers and acquisitions, business valuation, issue management services, corporate advisory, etc. Leveraging a strong clientele base and support from the parent company, PBIL have a competitive advantage in providing diverse investment banking services.

Throughout this internship, I worked in the Research Department. My main responsibilities I worked in the Daily data for Ami broker, daily market update, Preparing Company & NBF I annual report, and prepared research reports on macroeconomics policies mostly. He possesses outstanding qualities and excellent knowledge of Research and other sectors. People in different departments admire him for his vast knowledge and quick collaboration with any task that might be assigned to him. Actively involved in data collection, pre-processing and matching branch data with bank statements. I honed my skills in creating detailed monthly reports, enhancing my knowledge of management and financial operations. This internship allowed me to contribute to the organization's goals and gain practical financial skills, which I find fulfilling.

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List of Acronyms

PBIL	Prime Bank Investment Ltd
DSE	Dhaka Stock Exchange
SEC	Securities and Exchange Commission
EPS	Earnings Per Share
NBFI	Non-Banking Financial Institution
LTD	Limited
CAGR	Compound Annual Growth Rate

Chapter 1: Internship Summary

1.1: Student Overview: Name, ID, Program and Major/Specialization

I am Md Kamal Hossain, and my student ID is 21164006. I belong to the BRAC Business School, where I pursued major in Finance. I begin my academic journey in the spring 2021 semester and completed my MBA courses by the summer 2024 semester except the internship.

1.2: Internship Information

1.2.1: Employment Overview (Period, Company Name, Department, Address)

My internship experience began on October 01, 2023, in Prime Bank Investment Limited, Head office in the Research department. This a 3 months full-time internship program. I will conclude my internship on December 30, 2023. The address of this Head Office is Tajwar center (5th Floor), #House 34, #Road 19/A, Banani, Dhaka-1213, and Bangladesh.

1.2.2: Company Supervisor's profile: Name and Position

My supervisor for the internship program is Syed Reazul Haque. He is the Equity research analyst, SEO of Research department in Prime Bank Investment Ltd. Right from the initial day, he is guiding me about various issues and way of work in Research Department and reporting. Under his supervision, I worked in the Daily data for Ami broker, daily market update, Preparing Company & NBFIs annual report, and prepared research reports on macroeconomics policies mostly. He possesses outstanding qualities and excellent knowledge of Research and other sectors. People in different departments admire him for his vast knowledge and quick collaboration with any task that might be assigned to him.

1.2.3: Role Responsibilities (Job Description/Responsibilities/Duties)

Under the guidance of my supervisor, I worked in,

- Prepared Research reports on macroeconomics polices.
- Prepared Daily data for Ami broker.
- Publishing daily market update, weekly report etc.
- Preparing Company & NBFIs update annual report.
- Prepared research reports on macroeconomics policies.
- Preparing Comparison Sheet.
- Prepared research related documents for web side.
- Working closely with other departments to make strategic decision

1.3: Internship Outcomes

1.3.1: Student's Engagement and Contribution to The Company

As an interne, my responsibilities were quite limited. My coworkers are occasionally tasked with completing various financial reports for the Research team, I was only there to assist them. Whatever guidelines I had received and I was carrying out my duties properly. It was not a simple process to do a market daily report & NBFU Update of the by collecting data from different Company. With patience and the assistance of coworkers, I successfully finished my daily tasks like file approval and write nothing on that, talk with vendor and different PBIL branches to collect data or solve their problems. My supervisor has been really helpful in completing each task.

1.3.2: Learning Advantages to the student

As a student about to dive into the corporate world, an internship serves as a fantastic way to kick start my journey toward becoming a professional. Initially, completing an internship is a mandatory step for every BRAC Business School graduate, earning them three credits. To meet this requirement, I had to explore internship opportunities across various organizations, submitting my CV and resume to different companies. Through this process, I've gained insights into the skills recruiters' value in entry-level employees and recent graduates. Since joining the office, I've gradually understood the significance of upholding a corporate culture and how it directly influences an employee's performance.

I've also discovered the importance of interacting with senior-level employees, effectively engaging with different branches of PBIL by being approachable, maintaining professionalism in gestures and posture, and keeping personal and professional life distinct. Additionally. Lastly, my supervisor taught me the essential skill of wrapping up documents at the end of each day. In essence, an internship can effectively prepare a young graduate for a successful start in the corporate world.

1.4: Challenges & Overcome the Situation:

It's a pretty normal business scenario that everyone confronts challenges at first, like I did. I always wanted to assess the case first, then go to my coworkers and supervisor to solve the problems. Everyone at my employment was helpful, and they always briefed me on the real circumstances, which I took notes on and implemented while working.

Chapter 2: About the Company

2.1: Overview of the Company

PBIL at a Glance:

Prime Bank Investment Ltd (PBIL), established on April 28, 2010, is a subsidiary of Prime Bank PLC. With a paid-up capital of BDT 3,000 million, we have emerged as a leading investment bank in the country. Operating actively in the capital market since 2006, our management brings over a decade of experience. PBIL offer a comprehensive suite of services, including portfolio management services, equity fund raising, mergers and acquisitions, business valuation, issue management services, corporate advisory, etc. Leveraging a strong clientele base and support from the parent company, PBIL have a competitive advantage in providing diverse investment banking services.

Board of Director:

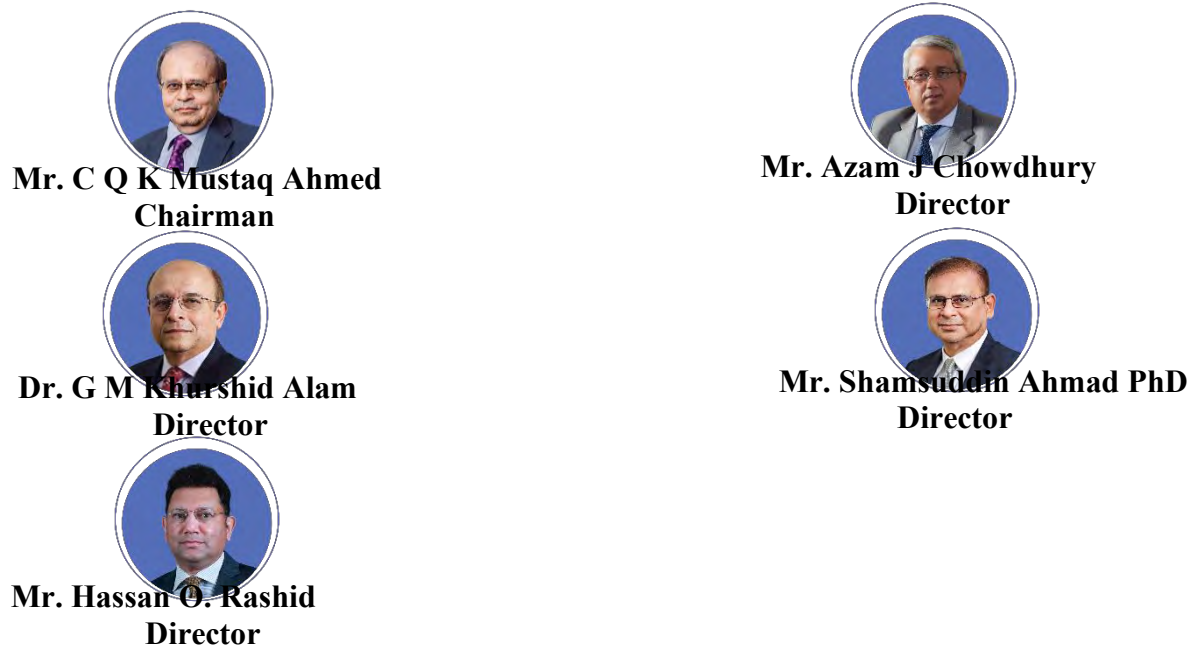


Fig 1: Board of Director

2.2: Vision

“PBIL vision is to be the leading investment bank, driving economic prosperity through innovative financial solutions. As architects of capital, we aim to propel businesses forward with integrity, expertise, and enduring partnerships, becoming the trusted catalyst for sustainable success in capital markets and creating lasting value for clients and communities.”

2.3: Prime Invest Portal

1. Investment Performance
2. Fund Deposit & Withdrawal
3. IPO Application
4. Tax Certificates
5. Dividend Information
6. Portfolio & Ledger
7. Trade Confirmation

2.4: Prime Bank Investment Clients

Glimpses of **Our Valued Clients**



Fig 2: Prime Bank Investment Clients

2.5: Services

At Prime Bank Investment, we leverage our diverse range of services to deliver innovative investment banking and advisory solutions to our clients. Our approach centers around a deep understanding of our clients' needs, allowing us to offer tailor-made solutions that address their investment banking requirements.

1. Equity Capital
2. Debt Capital
3. Advisory
4. Portfolio Management

2.6: Equity Capital

Prime Bank Investment Limited is your trusted partner for navigating the dynamic world of private and public equity funding in Bangladesh. Our equity solutions are designed to empower businesses and entrepreneurs like you, unlocking new opportunities for growth and capitalizing on your vision.

At PBIL, we understand that raising funds through equity is a strategic and pivotal decision for your business. Our dedicated team of seasoned professionals is committed to providing tailored solutions that meet your unique needs, enabling you to achieve your capital goals with confidence and success.

Whether you are considering a Public Offering, such as an Initial Public Offer (IPO), Repeat Public Offer (RPO), Rights Offer, or Initial Qualified Investor Offer (IQIO), or exploring Private Placement strategies, we have the expertise and experience to guide you every step of the way. Check out our Equity Solutions to learn more.

1. Initial Public Offering (IPO)

Access the capital markets and unlock the potential of your business through an IPO, offering shares to the public for the first time, enabling growth, liquidity, and enhanced brand recognition.

2. Repeat Public Offer (RPO)

Build on your previous successful public offering by accessing additional capital through an RPO, allowing your company to expand, invest in new ventures, and solidify its position in the market.

3. Rights Offer

Offer existing shareholders the opportunity to acquire additional shares at a discounted price, enabling them to expand their ownership stake and participate in the company's growth and success.

4. Initial Qualified Investor Offer (IQIO)

Small & Medium Enterprises (SMEs) can now offer securities exclusively to qualified investors,

leveraging their expertise and financial capabilities to accelerate their business growth and raise capital in a targeted and efficient manner.

5. Private Equity & Venture Capital (Local & Foreign)

Tailor your fundraising approach by privately placing equity shares with strategic investors and venture capital from both local and foreign sources. This offers a flexible and customized solution to meet your capital requirements while maintaining confidentiality and control over the investor base.

6. Preference Shares (Listed & Non-listed)

Raise capital for your company through the issuance of preference shares, allowing you to attract investors who seek a fixed dividend and preferential treatment, providing a versatile financing option to support your business growth and expansion plans.

7. Underwriting Services

Comprehensive underwriting services to provide businesses with reliable and effective support in their capital-raising endeavors. As underwriters, we assume the financial risk of distributing securities, therefore we ensure a successful issuance and distribution process.

2.7: Debt Capital

Prime Bank Investment Limited, your trusted partner for flexible and customized debt solutions that empower businesses to achieve both their long-term and short-term objectives. We understand the intricacies of debt markets and work closely with our clients and regulators to structure and execute various debt instruments, including bonds, debentures, and foreign loans.

Our experienced team of professionals is dedicated to optimizing your financial structure and executing your business plans through strategic fund arrangements. Whether you require capital for business expansion, project financing, or working capital management, we offer tailored solutions that align with your specific needs and goals. As Mandated Lead Arranger (MLAs) and Placement Agent, we leverage our extensive network and expertise to arrange funds from both local and foreign sources, ensuring competitive terms and favorable financing options for your business. We as Trustee uphold the highest standards of integrity and transparency, safeguarding the rights and interests of all stakeholders involved.

1. Fixed Income Securities

Discover our range of carefully designed fixed income securities based on your financial requirements, i.e.-Coupon Bonds, Zero-Coupon Bonds, Asset-backed securities, Subordinated

Bonds, Perpetual Bonds, Green Bonds, and Blue Bonds.

2. Placement Agent

A trusted placement agent, we utilize our extensive network and expertise to connect businesses with potential investors, facilitating the successful subscription of your bond issue.

3. Foreign Loans

Access global financiers and diversify your funding sources through our foreign loan services, enabling businesses to secure financing from international lenders.

4. Islamic Financing Solutions

A comprehensive Islamic financing solutions that adhere to Shariah principles. Our Islamic finance offerings include a wide range of products such as Islamic bonds (Sukuk), Islamic syndicated financing, and Islamic project financing. These solutions provide businesses and individuals with the opportunity to access capital while complying with Islamic principles of fairness, transparency, and risk-sharing. Our dedicated team of experts ensures the structuring and execution of Islamic finance transactions, catering to the unique needs of clients seeking ethical and Shariah-compliant financial solutions.

5. Trustee Services

Trust in our dedicated trustee services, where we prioritize the protection of stakeholders' rights and interests, ensuring compliance, transparency, and the highest standards of integrity in managing and safeguarding assets and facilitating smooth transactions.

2.8: Advisory

In today's complex and ever-changing business landscape, strategic advice is crucial for making sound decisions. Our Advisory services bring together a team of industry experts who provide comprehensive and unbiased guidance to clients across a wide range of area. Whether you're considering Mergers and Acquisitions, strategic partnerships, corporate restructuring, or valuation exercises, our advisors leverage their deep market insights and extensive network to deliver strategic solutions that drive long-term value for your business.

1. Mergers & Accusations Advisory

Our Mergers & Acquisitions Advisory services provide comprehensive guidance and expertise to businesses looking to navigate complex Merger & Acquisition, Demerger & Reverse Merger transactions. From strategic planning to due diligence, valuation, negotiation, and deal structuring, our experienced team assists in every step of the process, ensuring optimal outcomes

and value creation for our clients.

2. Startup Advisory

As a one-stop service for local business start-ups, our Startup Advisory offers essential support and guidance to entrepreneurs. We assist with business planning, market research, financial modeling, funding strategies, and legal and regulatory compliance, helping startups establish a strong foundation for growth and success.

3. Foreign Direct Investment (FDI) Advisory

Our Foreign Direct Investment (FDI) Advisory services facilitate the entire process of FDI in Bangladesh. Through collaboration with regulatory authorities such as BSEC, BIDA, BB and others, we assist investors in navigating regulatory frameworks, obtaining necessary approvals, and ensuring compliance. We also provide support for repatriation of funds from Bangladesh, ensuring a seamless and efficient process.

4. Listing Advisory

Our Listing Advisory services cover a wide range of listing-related activities. From direct listings and listing of debt securities to listing on the ATB Platform, delisting from stock exchanges, re-listing from OTC markets, and cross-border listings, we offer comprehensive guidance and support to help businesses access capital from local and foreign sources.

5. Business Valuation & Feasibility Analysis

With expertise in business valuation and feasibility analysis, we assist clients in various scenarios, including repatriation of foreign investors, fresh equity raising, divestiture of promoter shares, and conducting feasibility studies for BMRE (Balancing, Modernization, Rehabilitation, and Expansion) projects or new ventures. Our analysis provides valuable insights to support informed decision-making.

6. Capital Structuring

Our Capital Structuring Advisory focus on suggesting businesses on achieving a healthy and sustainable equity-debt capital mix. We assess the financial needs, risk appetite, and growth objectives of our businesses, providing strategic guidance and assistance in structuring their capital to optimize efficiency, stability, and growth potential.

7. Other Bespoke Advisory

We offer customized advisory services to meet specific client needs. This includes but not limited to services such as Company Formation and Registration, Registration for Eligible & Qualified

Investors, Establishment of Provident Funds and Gratuity Funds, Formulation of Exit Strategies for Shareholders, Sourcing Potential Investment Avenues, Divestment of Companies, Advisory on Substantial Share Acquisitions, and Corporate Governance Advisory.

2.9: Portfolio Management

In the ever-evolving capital market, the task of managing investments has become increasingly complex and time-consuming. It now requires individuals and companies to continuously track a vast amount of financial data and market information. To address this ongoing challenge, we are pleased to introduce our discretionary portfolio management service: PrimeInvest, a wide-ranging discretionary stock investment product suite that we believe will be a game changer in stock investing. Our 360-degree investment solutions are designed to suit your personal/institutional risk appetite and fulfill your reward expectations.

1. Discretionary Portfolio

Let our experienced professionals make investment decisions on your behalf. You can sit back and relax as our portfolio managers will work relentlessly to grow your wealth.

2. Non-Discretionary Portfolio

Margin Account

It's a fully non-discretionary portfolio account where the accountholder will have the option to avail margin loan facility. The investors will manage his account in a way that suits them. Portfolio Manager will only take action in accordance with instructions from the customer and oversee all account management services. Nothing in this plan will obligate the portfolio manager to bear the repercussions of any action taken by the account holder.

Salient Features:

- ❖ To invest in securities, any client may select to open an account using any of the several products or services offered by the Prime Invest program.

Non-Margin Account

It's a fully non-discretionary portfolio account where the accountholder shall have NO option to avail margin loan facility. The investors will manage his account in a way that suits them. Portfolio Manager will only take action in accordance with instructions from the client and oversee all account-maintenance-related management services. Nothing in this plan will obligate the portfolio manager to bear the repercussions of any action taken by the account holder.

Salient Features:

- ❖ Any Client may choose to open an Account from the different types of products/services under Prime Invest

- ❖ The client and the portfolio manager must sign an agreement. The portfolio manager will execute the operations in accordance with the contract.
- ❖ The client will have complete control over all investment decisions, and he may occasionally give the portfolio manager instructions to carry out such decision(s) on his behalf.
- ❖ The customer will be able to obtain a margin loan in accordance with the Bank's "Margin Loan Policy."
- ❖ Only stocks from the "list of securities" that have been approved by the Portfolio Manager may be purchased by the customer.
- ❖ A single client may designate one representative to operate on his behalf.
- ❖ The client will provide the portfolio manager "Power of Attorney" so that the manager can administer the portfolio in accordance with the client's wishes.
- ❖ The portfolio manager is responsible for overseeing custodian, brokerage, and other services needed to manage clients' portfolios.
- ❖ The portfolio manager is responsible for keeping records of each individual client independently.
- ❖ After paying a service fee, the client will be able to use the portfolio manager's "assisted service" feature.
- ❖ The customer may withdraw up to program to invest in securities.
- ❖ The client and the portfolio manager must sign an agreement. The portfolio manager will execute the operations in accordance with the contract.
- ❖ The client will possess complete discretionary authority to decide on investments, and he may occasionally give the portfolio manager instructions to carry out such decision(s) on his behalf.
- ❖ The client shall have the option to avail margin loan under "Margin Loan Policy" of the Bank.
- ❖ The client shall be eligible to purchase only the securities from the "list of securities" approved by the Portfolio Manager.
- ❖ A single client may designate one representative to operate on his behalf.
- ❖ The Client shall give "Power of Attorney" to the portfolio manager to perform portfolio management activities as per direction/instruction of the client.
- ❖ The portfolio manager is responsible for overseeing custodian, brokerage, and other services needed to manage clients' portfolios.
- ❖ Portfolio manager shall maintain records of all individual clients separately.
- ❖ The client shall have the option to avail "assisted service" facility from

40% of the account's balance, free of any fees and penalties, provided that the account has positive purchasing power.

- ❖ The portfolio manager will make sure that all of the clients' corporate entitlements are collected on schedule.
 - ❖ As agreed upon by the parties, the portfolio manager is entitled to recoup from the investor a number of costs and fees, such as brokerage fees for the purchase and sale of securities, necessary stamp duty and other costs associated with the transfer of securities, portfolio fees, and other pertinent costs indicated in the investor's financial account.
- the portfolio manager on payment of service charge.
- ❖ The portfolio manager will make sure that all of the clients' corporate entitlements are collected on schedule.
 - ❖ The portfolio manager has the right to recoup from the investor a variety of costs and fees that were agreed upon by the parties, such as brokerage fees for the purchase and sale of securities, required stamp duty and other costs associated with the transfer of securities, portfolio fees, and other pertinent costs that are indicated in the investor's financial account.
 - ❖ For NITA account transaction will only be executed upon receipt of written instruction. Electronic communication is allowed but client should submit written order within 72 hours by means of electronic confirmation. No telephonic order will be executed unless any written instruction through fax or e-mail is received. A tripartite agreement will be signed among the Investors, Branch (Commercial Bank) and Portfolio Manager. Investors must be open a Non Residential Investor's Taka Account (NITA) with any of our branch having Authorized Dealer (AD) license from Bangladesh Bank. Regarding fund transfer investor will instruct Branch and Portfolio Manager

simultaneously and in case of security trading investor will communicate the message to the Portfolio Manager only.

2.10: Prime Bank Investment launches 5 products to boost access to investment

The PrimeInvest products:

1. Wealth Maximizer
2. Monthly Investment Plan
3. Capital Protected Scheme
4. Equity Sharing Scheme
5. Performance Scheme

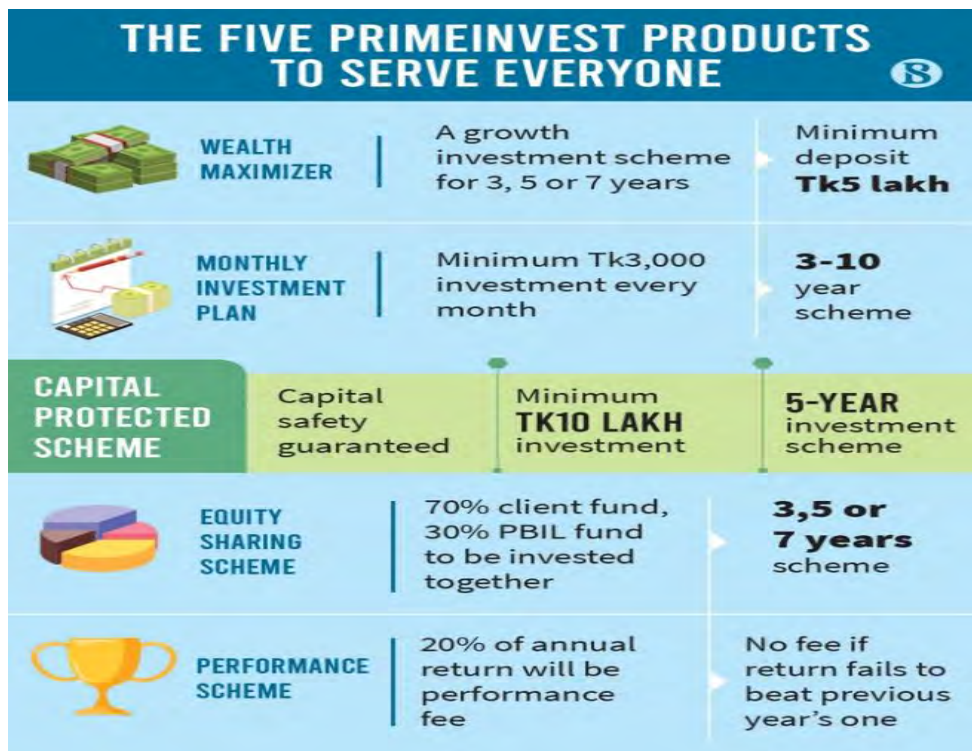


Fig 3: The five prime invest products to serve everyone.

1. Wealth Maximizer:

A minimum of Tk 5 lakh can be deposited by investors for a period of three, five, or seven years. To optimize its long-term investment returns, PBIL will astutely allocate the funds to growing stocks. As annual fees, PBIL will deduct 1% of the fund that is being managed.

2. Monthly Investment Plan:

An investor may deposit the full sum each month for three to ten years if they are able to save at least Tk3, 000 each month. The PBIL team will endeavor to demonstrate the efficacy of the long-term, penny-pinching strategy of investing in fundamentally good stocks.

If the forced savings yield a respectable double-digit yearly average return, they might eventually amount to a sizable amount. PBIL will levy annual fees equal to 2% of the entire amount.

3. Capital Protected Scheme:

For investors who are risk averse, this product ensures a minimum return of the capital placed, even in the event that the investment manager experiences losses.

For a period of five years, an investor must deposit a minimum of Tk 10 lakh. Upon completion of this period, the investor will receive all good returns. PBIL will levy annual management fees equal to 2.5% of the entire amount.

4. Equity Sharing Scheme:

To prove the commitment for maximum efforts to ensure the best outcome for their clients, PBIL will invest 30% and the client will invest 70% of the size of an investment account. PBIL and the client will proportionately share the profits or losses.

An investor can deposit at least Tk5 lakh for three, five or seven years under the scheme. The investment manager will charge 1.5% annual management fees.

5. Performance Scheme:

Another bold move by the investment bank. It will charge 20% of the annual profit as performance fees. If there is no profit in a year, PBIL will not have any fee. Even if, the profit is less than the previous year, the investment bank will take no fee for the year.

2.11: Financial Overview of PBIL

- 2.12.1: Total Asset

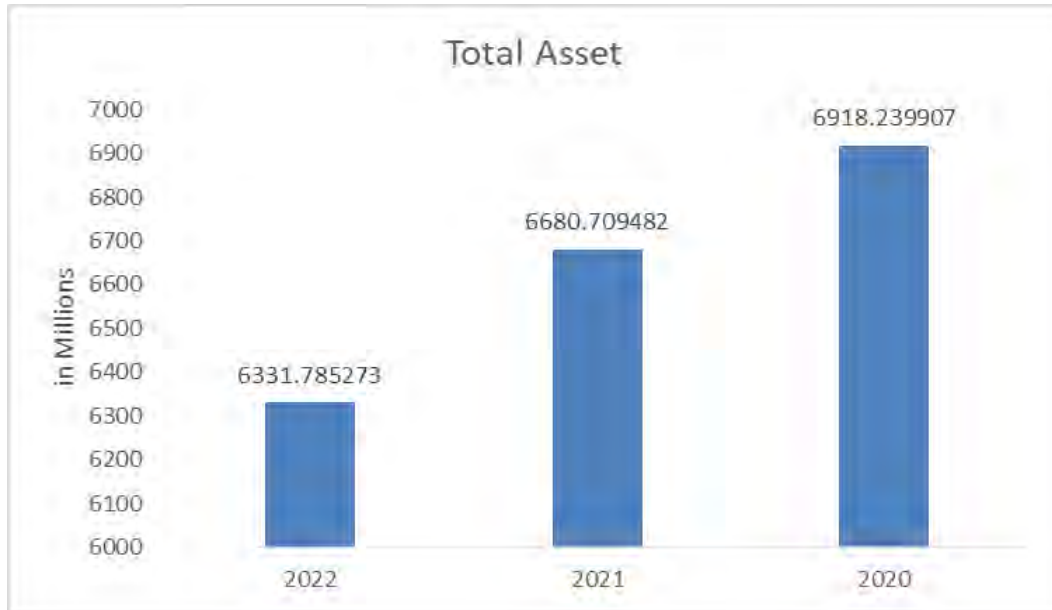


Fig 4: Total Asset of PBIL

2.13.2: Statement Change of Equity

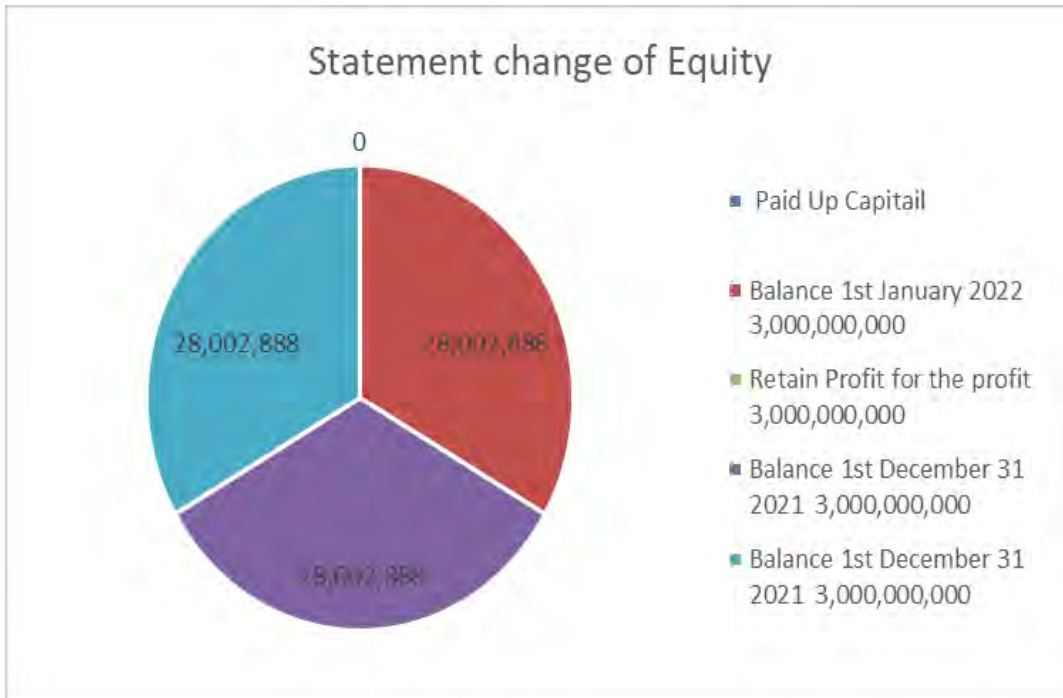


Fig 5: Statement Change Of Equity of PBIL

2.14.3: Financial Income

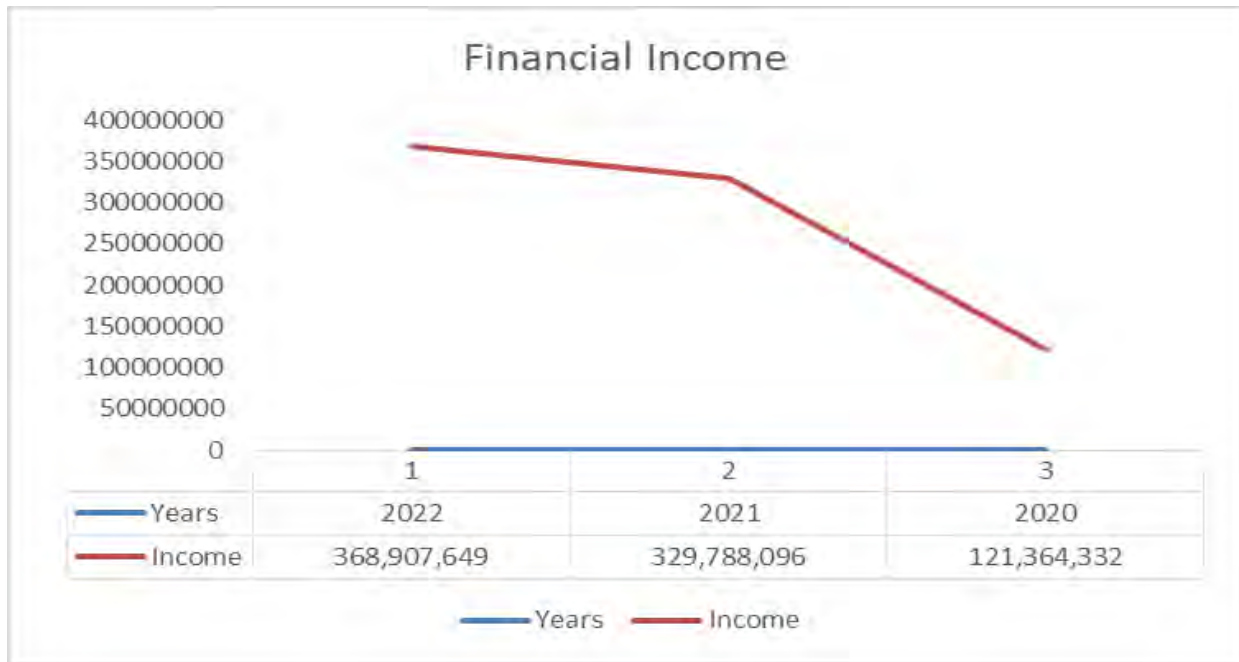


Fig 6: Financial Income of PBIL

2.15.4: Financial Expenditure



Fig 7: Financial Expenditure OF PBIL

2.16.5: 05 Long Term Liabilities

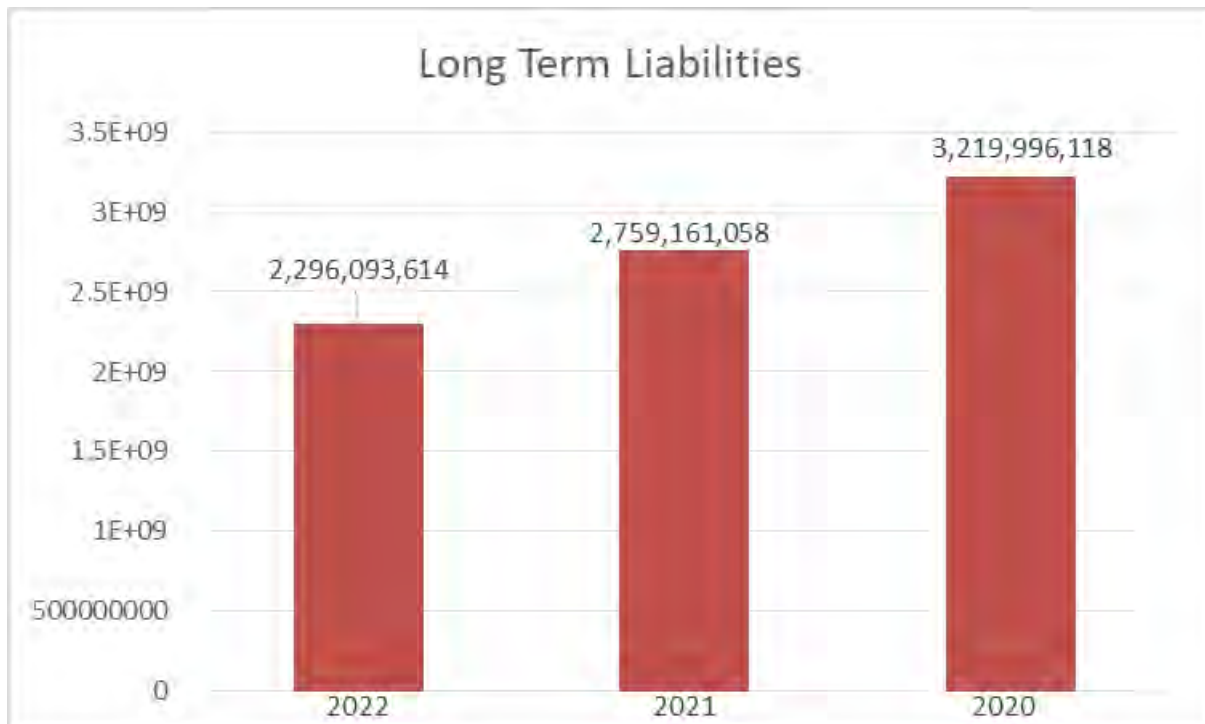


Fig 8: Long Term Liabilities of PBIL

Chapter 3: My Assigned Role

3.1: Overview of PBIL Program:

BASIS has started a new initiative in association with Prime Bank Investment Limited (PBIL) with a view to making Investment Banking services convenient for the respected members. Prime Bank Investment Limited (PBIL) is a full-fledged Merchant Bank in Bangladesh and a wholly-owned subsidiary of Prime Bank Limited.

During my three month experience with the Research Team, I gained further insight into how it helps those in need. It became clear to me that the program plays an integral role in building the strength and progress of people with economic difficulty. My main goal was to learn how to create monthly reports for the Financial Information System (FIS) and Management Information System (MIS). I gained useful skills in reporting and data management from this experience.

3.2: Floor Price

A price floor is a minimum amount that is typically imposed by the government for products and services. Any business or individual that sells their products or services for less than the minimum price is breaking the law. It can therefore benefit sellers and suppliers, who might see an increase in revenue as a result. Price floors are intended to guarantee suppliers a minimum price that keeps the company in operation. Alternatively, to raise living standards, as in the case of the minimum wage (an illustration of a price floor). When price floors are positioned above the point of equilibrium when supply and demand converge, they work best. This is due to the fact that the price floor is set below the market value if it is placed below the equilibrium. Stated differently, the company can sell for more than the minimal amount stipulated.

The floor price of every stock has once again been set by the Bangladesh Securities and Exchange Commission (BSEC) in order to stop the market indices from falling out of control given the global economic uncertainties that have affected Bangladesh's economic statistics in recent months. In a notice released yesterday, the stock market regulator stated that the floor price will be the average of the closing prices on July 28 of this year and the four days prior. In order to prevent the index from declining during the pandemic, the stock market regulator set a floor price earlier on March 19, 2020, by computing the average price of all stocks over the

previous five days. The majority of analysts and foreign investors condemned the decision, which caused the floor to rise.

334: The positive impact of the floor price

The floor price has the benefit of preventing investors from purchasing securities at unreasonably low prices. This is significant because dishonest sellers could exploit investors if they were permitted to buy securities at any price. The floor price makes ensuring that investors get a fair price for the securities they buy and are not taken advantage of.

3.4 The Negative impact of the floor price

The floor price has the drawback of potentially lowering the price at which a share can be sold. Investors that need to sell their shares fast and for any price may find this problematic. This is meant to shield investors from suffering uncontrollably large losses too soon.

The market is experiencing a liquidity crisis as a result of the floor price, and the seller was unable to sell the shares since there was no bidder. It is not a tool that should be used in the stock market. Even the commodity market is too volatile for us to regulate with ceilings.

3.5: Floor price lifted for 23 more scrips as stocks bounce back

As the major stock index recovered from the losses it had sustained on Sunday amid investor anxiety following the removal of the minimum price for the majority of the listed businesses, the stock market authority raised the floor price for 23 more shares today. On July 28, 2022, the fake price measure was implemented in an effort to stop the decline in share prices, shield small investors from losses, and lower corporate earnings in the face of the nation's ongoing economic difficulties. Out of 349 corporations and mutual funds, 12 listed companies will now be subject to the floor pricing.

With the exception of 35 stocks, the Bangladesh Securities and Exchange Commission (BSEC) lifted the floor prices on January 18 in an effort to revive the market after a protracted "bear run."

On Sunday, the first trading day after the price limitations were lifted, the DSEX, the benchmark index at the primary market, fell 1.52 percent. The DSEX bounced back today, closing at 6254.30, up 14 points or 0.22 percent from the day before. Turnover, which reflects the flow of liquidity in the market, stood at Tk 1042 crore on the DSE, highest since July 18 of 2023, amid increased participation of investors



Fig 9: Dhaka Stock Exchange PLC.

3.6: Regulator lifts floor price curbs on most stocks after 18 months

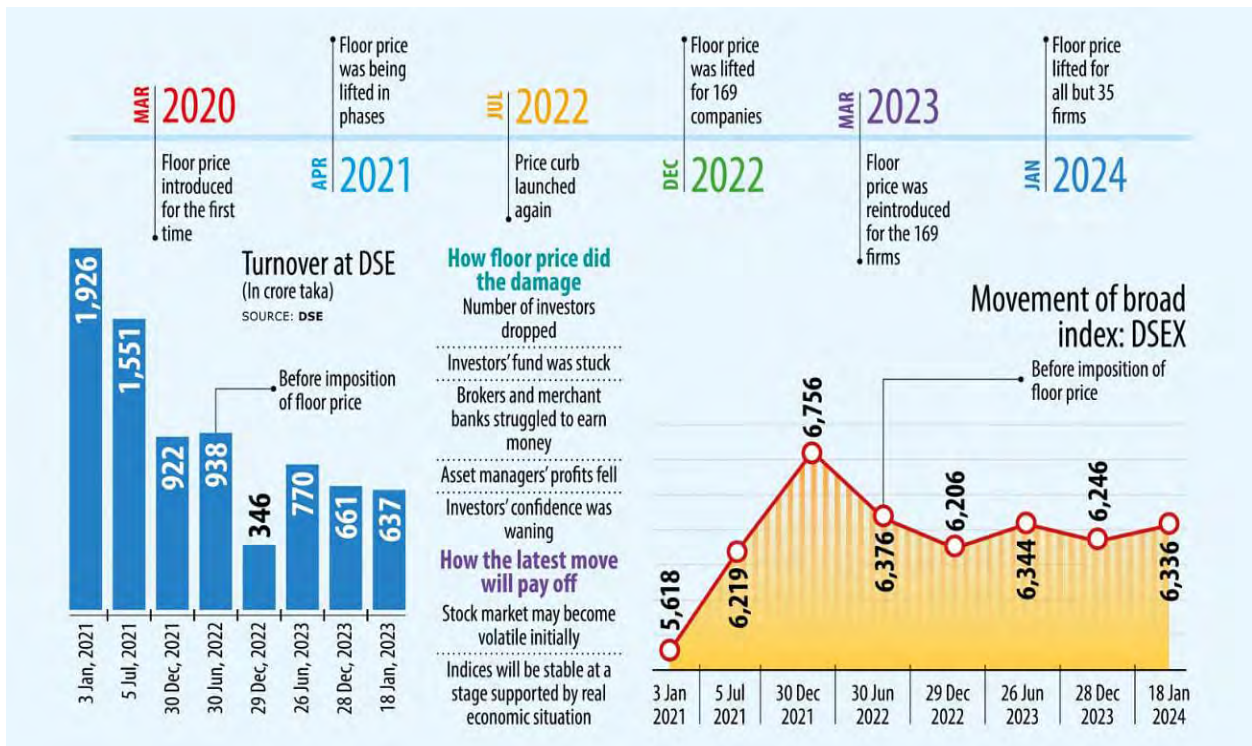


Fig 10: Regulator lifts floor price curbs on most stocks after 18 months

3.7: Bangladesh lifts floor price on most stocks

According to a BSEC order released today, the floor price will still apply to 35 organizations, and for the remaining enterprises, the circuit breaker's upper and lower limits will be in place. The 35 companies are: IDLC Finance, Index Agro Industries, Islami Bank, Anwar Galvanizing, Baraka Power, British American Tobacco Bangladesh, Beximco Ltd, Bangladesh Submarine Cables, BSRM Ltd, BSRM Steel, Confidence Cement, DBH, Doreen Power, Envoy Textile, Grameenphone, HR Textile, Padma Oil, Renata Ltd, Robi, Saiham Cotton, Shasha Denim, Sonali Paper, Sonarbangla Insurance, Shinepukur Ceramics, Shahjibazar Power, Summit Power, and United Power are among the 35 companies.

In response to the worldwide economic downturn, the BSEC established the floor price of each stock at the end of July 2022. The closing prices on July 28, 2022, and the four days prior were averaged to determine the floor price. But in an effort to liven up the market, the watchdog for the stock market increased the floor price for 169 businesses in December 2022. The regulator reinstated the floor pricing for 169 enterprises in March 2023.

3.8: Stock market during last fiscal year: Indices moving nowhere for floor price

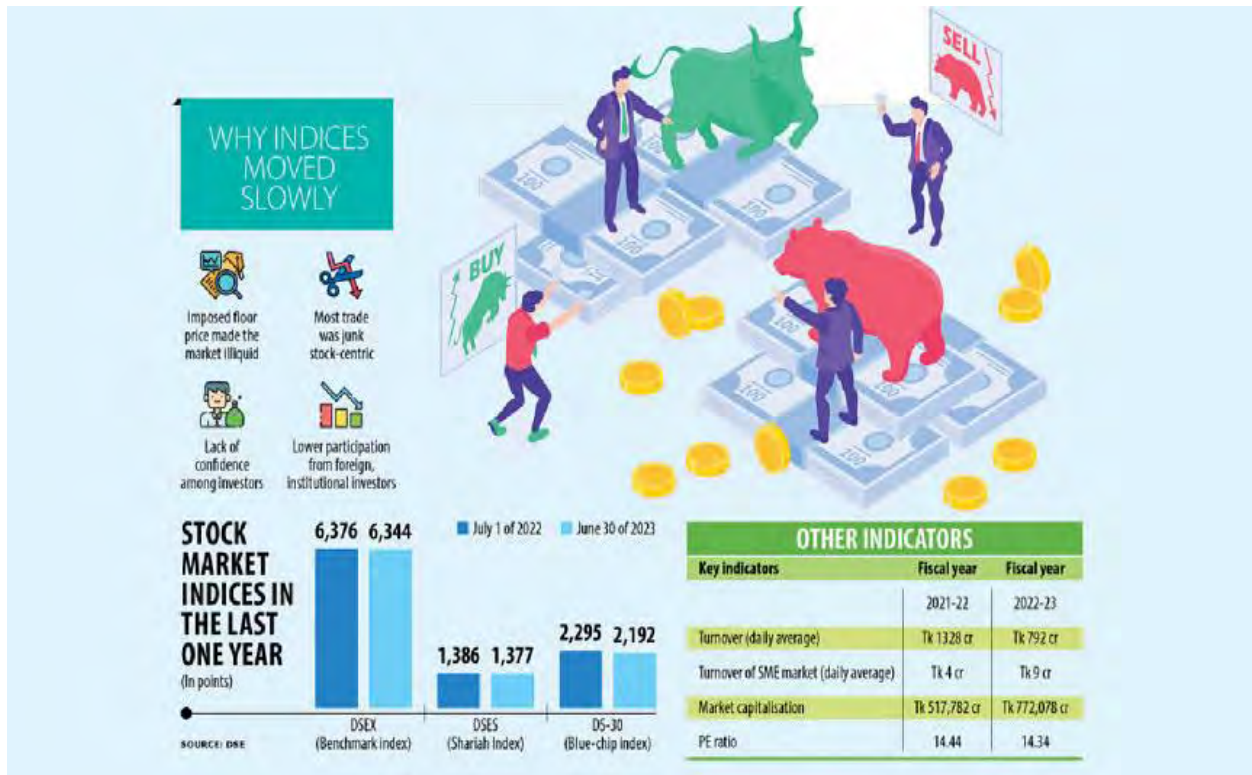


Fig 11: Stock market indices in the last one year

Due to the fact that most scrips were trading at their floor price, market observers claim that the major index of the Bangladeshi stock market stayed mostly stable throughout the previous fiscal year. From July 1 of 2022 to June 30 of this year, the Dhaka Stock Exchange's (DSE) main index, the DSEX, dropped by a total of 16 points, or 0.52 percent. This indicates that the index spent the majority of its time hovering around the 6,200-mark, despite going through various ups and downs during the course of the year, with a range of 6,600 to 5,980 points. In the midst of uncertainty about the state of the world economy, the Bangladesh Securities and Exchange Commission established floor prices for all stocks by the end of July 2022. Each share's floor price was determined by averaging its closing price on July 28, that year, over the four trading days prior. However, in an effort to liven up the market, the stock market regulator lifted the mechanism for 169 businesses later in December. Then, floor prices were once more reintroduced for all stocks in March 2023. The official added that although the process has transformed the market into a "regulated stock market" as opposed to a "free" one, some ordinary investors are unaware of how floor prices are hurting it. However, the official noted that foreign, institutional, and corporate investors recognized that the illiquidity of this stock market made it unsuitable for investing. Hussain remarked, "But the stock market hasn't given me anything," adding that he might have at least gotten some interest by putting his money in a bank.

"In addition, I am unable to even sell the shares and take the money out quickly, which is unexpected from a stock market employee of a private pharmaceutical company. The DSE's daily average turnover fell by 40% to Tk 792 crore during the most recent fiscal year from Tk 1,328 crore the year before. Furthermore, a prominent stockbroker claims that even if turnover decreased, it does not accurately depict the state of the market because the majority of trading took place on the block market. A lot of stocks can be traded on the block market at agreed-upon prices in a single transaction, all without having an impact on the index. "In the meantime, a great deal of trading occurred among junk or underperforming stocks, mostly due to rumors," the stockbroker reported. The majority of blue-chip and successful stocks, meanwhile, remain trapped at their floor price. The stockbroker said, "So, even though a few investors traded good stocks, they are unable to sell the shares and their investments are stuck." Treasury bond secondary trading was introduced to the stock exchanges throughout the fiscal year to enable general investors to purchase the securities.

However, the platform has not drawn any investors, and as a result, market capitalization increased when Treasury bonds were added, despite the lackluster trading activity on the alternative trading board. In the fiscal year 2022–2023 the market capitalization of the DSE soared by 49% to Tk 772,078 crore. Since the alternative trading board's founding in January of this year, its total turnover has amounted to Tk 63 crore.

3.9: The floor price dilemma

The floor price is a stopgap measure. A longer duration will have a negative impact on the market since no investors will be willing to buy the shares at the floor price. As a result, there will be less market liquidity.

It will also have an impact on the industry's general growth and turnover at the same time. To guarantee market liquidity and fair prices for stocks, the stock regulator must quickly come up with a substitute.

Chapter: Recommendation

4.1: After working 3 months in the Research Team of PBIL, to the dismay of all parties involved, the majority of market indicators are far from healthy. Due to the ongoing decline in share prices, the euphoria that was seen among investors, market participants, and the heads of the securities regulator last year is now at an all-time low. The 'floor price' mechanism has been in place for several months in an attempt to prevent additional market declines, which has caused excruciating pain for numerous investors. At the floor price of their shares, these investors are not able to find purchasers. Consequently, there has been a considerable decline in daily market transactions, leading to low turnover. Two other major issues mentioned were:

- (a) Investors' overwhelming propensity to make quick bucks
- (b) The financial literacy of the investors.

It is no denying that most people investing in the Bangladesh stock market want to be rich overnight. But someone should not blame solely them for developing such an absurd attitude. So-called small investors not knowing the operational intricacies of the stock market or manipulative activities by certain quarters had rushed to the market when they, rightly or wrongly, got the impression that investment in stocks could be the right way to become rich overnight. A few had managed a notable gain, but most others had burnt their fingers. It happened in 1996 and 2010. None, not even the BSEC, has done anything to restrain the behind-the-scene actors who had pushed the market well beyond its limit through manipulation of all sorts. So, at an opportune moment, there could be a repetition of the same in the future.

Chapter 5: Conclusion

My time at PBIL Prime Bank Investment Ltd, specifically in the Research team, has been an eye-opening experience. During my internship, I gained valuable insights into how the Research team Ami broker, Daily market, floor price analysis, NBF1 financial data, weekly report etc. making it. Learning how to prepare research reports on macroeconomics policies and Preparing comparison sheet reports was a crucial part of my role, providing me with practical skills in financial analysis and reporting.

I had an awesome time at PBIL. I'm so thankful for the chance to give advice on how to set up a research related and to join in the activities of the Research Analyst. My understanding of finance in a real-world setting has gotten a boost from this internship, and it has also sparked my interest in innovative ways of helping out with community development. I'm really grateful for the chance to work for a company that uses accessible financial solutions to improve people's lives.

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