



Bangladesh Securities and Exchange Commission

BSEC/MF & SPV/MF-246/2021/1443

Date: March 14, 2022

✓ Managing Director

MBL Asset Management Limited (Asset Management Company of the Fund)
61, Dilkusha Commercial Area, Dhaka-1000

Managing Director

ICB Capital Management Limited (Trustee)
Green City Edge (5th & 6th Floor)
89, Kakrail, Dhaka-1000

Managing Director

Brac Bank Ltd. (Custodian)

Anik Tower

220/B, Tejgaon Gulshan Link Road

Tejgaon, Dhaka 1208.

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Subject: Approval for issuance of Prospectus and Abridged Version of 'Mercantile Bank Unit Fund' (Open-end).

Dear Sir,

With reference to your letter dated 08 February 2022 (Ref.: MBL AML/MBUF/2022/013); the Commission is pleased to accord consent to issue the prospectus of 'Mercantile Bank Unit Fund' (Open-end) under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউসিআল ফান্ড) বিধিমালা, ২০০৯ and subject to following conditions imposed under Section-2CC of the Securities and Exchange Ordinance, 1969:

PART-A

- (1) The Fund shall not account for any upward revaluation of its assets creating reserve without clearance from the Bangladesh Securities and Exchange Commission;
- (2) The fund shall not be involved in option trading, short selling or carry forward transactions;
- (3) A confirmation of Unit allocation shall be issued at the cost of the Fund at par value of Tk. 10.00 (ten) each within 90 (ninety) days from the date of sale of such units;
- (4) Money receipt/acknowledgement slip issued at the time of sale of units will be treated as allotment letter, which shall not be redeemable/ transferable;
- (5) The annual report of the Fund /or its abridged version will be published within 45 (forty-five) days of the closure of each accounting year of the Fund;
- (6) An annual report and details of investment and savings of the Fund shall be submitted to the Commission, Trustee and Custodian of the Fund within 90 (ninety) days from the closure of the accounts;
- (7) Half-yearly accounts/financial results of the Fund will be published in at least one English and another Bangla National daily newspaper within 30 (thirty) days from end of the period;
- (8) Dividend shall be paid within 45 (forty-five) days of its declaration, and a report shall be submitted to BSEC, Trustee and Custodian within 7 (seven) days of dividend distribution;

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- (9) Net Asset Value (NAV) of the fund shall be calculated and disclosed publicly at least once a week;
- (10) The script wise detail portfolio statement consisting of all securities holdings of the fund shall be disclosed in the website of the AMC and will be sent to Unit Holders on quarterly basis within 30 (thirty) days of each quarter end;
- (11) After initial public subscription, the sale and repurchase/surrender price of units will be determined by the Asset Management Company. NAV at market price calculated on a date shall form the sale price of units by rounding up the amount and shall be effective up to next calculation of NAV of the Fund. The difference between sale price & repurchase/surrender price shall not exceed 1% of the NAV per unit at fair value of the Fund;
- (12) BSEC may appoint auditors for special audit/investigation on the affairs of the Fund, if it so desires;
- (13) The Fund shall maintain separate bank account(s) to keep the sale proceeds of units and to meet up day-to-day transaction including payment against repurchase of units. All transactions of the account shall be made through banking channel and shall be properly documented;
- (14) The prospectus/abridged version of the prospectus shall be published in one widely circulated Bengali national daily newspaper. Provided that information relating to publication of the prospectus be published in 2 (two) national daily newspapers (Bengali and English) and one online newspaper;
- (15) If abridged version of the prospectus is published in the newspaper, complete prospectus shall be made available to the applicants;
- (16) Initial target size of the fund shall be TK. 50.00 (fifty) crore. The Sponsor shall hold at least 10.00 (ten) percent of the initial target size and shall disclose Sponsor's amount in the offer document/published prospectus. The size of the fund may be increased from time to time by the AMC subject to approval of the Trustee and with intimation to the Commission;
- (17) If the Asset Manager fails to collect the minimum 40% of the initial target amount under বিধি ৪৬ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউসিআল ফান্ড) বিধিমালা, ২০০১, shall refund the subscription money within 30 (thirty) days without any deduction. In case of failure, the Asset Manager will refund the same with an interest @ 18 (eighteen) percent per annum from its own account within the next month;
- (18) On the achievement of 40% of the initial target amount, the fund will be allowed to transfer the money from Escrow Account to Operational Account and to commence investment activities of the fund with permission of the Trustee;
- (19) The AMC should ensure compliance of বিধি ৪৬ of the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সিউসিআল ফান্ড) বিধিমালা, ২০০১.
- (20) Unit allocation of the Sponsor's contribution amount shall be subject to a lock-in period of 01 (one) year from the date of formation of the fund and then 1/10th of the Sponsor's contribution only shall be subject to a lock-in period of full tenure of the Fund until liquidation;
- (21) A confirmation of Unit allocation of the Sponsor's contribution amount will be issued in favor of the Sponsor. The said confirmation letter shall be in the custody of Trustee. No splitting of the Unit of Sponsor shall be made without prior approval of the Commission;



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- (22) Annual fee of the fund shall be submitted to the Commission on the fund size i.e., year end Net Asset Value at market price of the fund on advance basis as per Rule; and may adjust the fee in the next year if necessary;
- (23) Subscription period of the fund will be 45 (forty-five) days which will be started on 22.03.2022 and be ended on 05.05.2022 as per বিধি ৪৭ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯.

PART-B

Please ensure that the following are adhered to:

1. As per provisions contained in the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মিউচুয়াল ফান্ড) বিধিমালা, ২০০৯ regarding limitation of time on closure of subscription, the initial public subscription will remain open for forty-five days or for a period up to achievement of the initial target amount, whichever is earlier;
2. The paper cutting of the published prospectus and all other published documents/notices regarding the Unit Fund shall be submitted to the Commission within 24 (twenty-four) hours of publication thereof;
3. The asset management company shall submit 20 (twenty) copies of printed prospectus to the Commission for official record;
4. The asset management company shall ensure in writing to the Commission that the prospectus/abridged version is published correctly and is a verbatim copy of the prospectus/abridged version vetted by the Commission;
5. The expiry date of the sponsor's locked-in portion shall be specifically mentioned on the body of the jumbo confirmation of Unit allocation;
6. The AMC shall apply the spot buying rate (TT clean) of Sonali Bank prevalent on the date of opening of subscription for conversion of foreign currencies;
7. The AMC shall submit to the Commission a diskette containing the vetted prospectus and its abridged version;
8. All conditions imposed under Section 2CC of the Securities and Exchange Ordinance, 1969 must be complied with and be incorporated in the body of the prospectus and in its abridged version;
9. After due approval by the Trustee regarding issue and formation expenses, the AMC shall submit in details along with supporting documents to the Commission regarding issue and formation expenses within 15 (fifteen) days of operation of the Fund. The Auditor of the fund shall also put opinion about the above expenses in the initial financial statements of the fund;
10. Bank Statement along with the subscribers list, copies of agreements with Custodian and Selling Agents (if applicable) shall be submitted to the Commission within 15 (fifteen) days of the completion of the subscription;
11. The investment policy and guideline and information on constituents of Investment Committee of the fund approved by the Board shall be submitted to the Commission within 30 (thirty) days from the receipt of the Consent Letter. The investment policy and guideline shall include among other issues, the investment delegation power of Chief Executive Officer and the Committee separately and also the meeting resolution presentation process;



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12. After due approval of the Trustee, the Asset Manager shall submit the Systematic Investment Plan (SIP) brochure to the Commission complying the Rules within 30 (thirty) days of issuance of consent letter.

Full and abridged version of the Prospectus vetted by the Commission enclosed herewith for taking necessary actions at your end.

For Bangladesh Securities and Exchange Commission,

14.03.2022

Binoy Das
Assistant Director
Mutual Fund & SPV Department
Email: binoy@sec.gov.bd

Enclosure: Vetted Prospectus and Abridged Version of the Prospectus.

CC to:

1. Chairman, National Board of Revenue;
2. Registrar of Joint Stock Companies and Firms;
3. Office of the Chairman, BSEC;
4. Office of all Commissioners, BSEC;
5. All Departmental Heads, BSEC;
6. Office copy.