

CHITTAGONG STOCK EXCHANGE LTD.

Terms of Reference (TOR) of Regulatory Affairs Committee

The Regulatory Affairs Committee (“RAC”) shall act as the vehicle for separation of business and regulatory activities of the Exchange. RAC shall ensure that the Regulatory Affairs Division (“RAD”) functions effectively and take measures necessary to create and maintain an effective regulatory environment to improve investor confidence and market integrity.

RAC shall act as the vehicle for separation of business activities from self-regulation.

Functions:

The Regulatory Affairs Committee shall:

- (i) Develop an overall regulatory plan and roles and responsibilities of each department of RAD;
- (ii) Ensure adequacy and effectiveness of the exchange’s regulatory plan and approve annual plans/targets for the RAD;
- (iii) recommend all required regulatory amendments to the Board;
- (iv) assess performance of the RAD in the light of regulatory program and take measures and where necessary make recommendations to the Board for improvements;
- (v) recommend any allowance that may be paid to the personnel of RAD for proper and smooth functioning of the division;
- (vi) formulate and recommend to the Board for approval, budget and staff allocation for RAD;
- (vii) conduct hearings of any appeal against the enforcement actions/arbitration awards of RAD;
- (viii) identify and manage potential conflicts of interest between commercial and regulatory functions regularly;
- (ix) train/educate employees of RAD in respect of conflict management and also develop the manual on conflict management policy and circulate to all employees of RAD;
- (x) prepare an annual report of the RAD on the activities, conclusions, recommendations of the last year with special focus on the identification and mitigation of conflicts of interest and identify the targets for next year along with any other matters, for the Board and BSEC;
- (xi) all appointments and removals from RAD shall only be subject to the approval of RAC;
- (xii) establish criteria for evaluating candidates for the senior management of RAD including CRO; and

(xiii) carry out any other function that may be mutually agreed upon by the RAC and the Board.