CAPITAL MARKET READY REFERENCE

BSEC Draft Direct Listing Rules, 2026

Bangladesh Securities and Exchange Commission (Direct Listing of Securities on the Stock Exchange) Rules, 2026

A rule-wise reference for investors, finance professionals, directors, merchant bankers and auditors

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Source and status

Bangladesh Securities and Exchange Commission, Notice dated 1 September 2026, publishing the draft Rules under section 33(1) and 33(3)(b) of the Securities and Exchange Ordinance, 1969 for public opinion. Comments were invited within two weeks of publication, addressed to the Chairman, BSEC. This reference summarizes that draft as supplied. It is not the final Gazette text, has no independent legal force, and must be read alongside the final notification and any subsequent BSEC or exchange clarifications.

Core Concept

Direct listing is not a conventional IPO. Under the draft Rules, existing sponsors, directors and primary shareholders ("offerors") sell their existing shares through the stock exchange. The intended company itself issues no new shares and does not receive the sale proceeds — a point the draft requires to be disclosed prominently to investors.

Key Metrics at a Glance

Item	Draft requirement
Eligible route	Main-board direct listing of equity securities of an “eligible company” (Rule 1)
Baseline offload eligibility	Company must intend to offload at least 10% of its equity securities to qualify (Rule 3(c))
Category-based offload target	10% (categories i–iii) or 20% (categories iv–viii) of shares, within 30 trading days of listing (Rule 11(4))
Sponsor/director holding	At least 30% collectively upon listing and at all times thereafter (Rule 3(q))
Price discovery	First 30 minutes of the first trading day; buy bids only (Rule 11(5))
Day-1 supply	At least 50% of the targeted offload offered on the first trading day (Rule 11(6))
Initial order cap	Maximum 1,000 shares per single order for the first 5 trading days (Rule 11(12))
Resale lock-up	Offerors may not sell more than 50% of their listing-date holding until the first AGM held after one full financial year (Rule 11(16))
Insider purchase restriction	Sponsors/directors may not purchase company shares for 1 year after listing (Rule 11(13))
Application fee	Tk. 100,000 payable to the stock exchange (Rule 5(1))

Eligibility Conditions for the Intended Company (Rule 3)

An intended company must satisfy all of the following conditions, in addition to meeting one of the eligible-company categories on the next page:

Condition	Practical meaning / example
Public limited company, going concern	No relevant threat to continuity of business
Minimum 3 years of commercial operation	Start-ups and very recently incorporated companies are excluded
Core-operations profit in each of the preceding 2 financial years, no accumulated loss	Relaxable by the Commission on the exchange's recommendation
Positive operating cash flow in the latest financial year	A company with strong accounting profit but negative latest operating cash flow would not meet this condition unless relaxed
Regular AGMs held	Per applicable company law
No fresh cash capital raised (other than bonus/rights issue) from outside existing shareholders in the preceding 2 years	Guards against pre-listing capital raises that bypass public-offer rules
Undertaking to meet Corporate Governance Code within 1 year of listing	Draft allows a transition period
No CIB default by company or its sponsors/directors	Per the latest Bangladesh Bank CIB report
Credit rating not below investment grade	From a registered credit rating company
IFRS-compliant financial statements, ISA-compliant audit by a panel auditor	Panel-auditor requirement is relaxed for 1 year from Gazette publication
No fraud/market-misconduct findings against sponsors or directors	Self-declared and verified during scrutiny
No default on previously issued debt securities	
No regulatory restriction barring listing	
Sponsors/directors to hold ≥ 30% collectively upon and after listing	Continuing obligation, not a one-time test

Eligible-Company Categories (Rule 2(1)(b))

A company must fall into at least one of the following categories to be considered an "eligible company." Meeting a category test does not by itself qualify a company for listing — the Rule 3 conditions above must also be satisfied.

Category	Threshold	Rule 11(4) offload band
Government enterprise/company	Government owns ≥ 51% of paid-up capital	10%
Government-invested company	Government holds ≥ 10%, directly or indirectly	10%
Foreign-owned company	Foreign shareholders own ≥ 51%	10%
Telecom / ICT	BTRC-licensed, paid-up capital ≥ Tk. 300 crore	20%
Bank / financial institution / insurer	In operation for ≥ 3 years	20%
Large company	Annual turnover or total assets ≥ Tk. 500 crore	20%
Market infrastructure entity	Registered stock exchange, depository or clearing & settlement company	20%
Other	Any other company specified by the Commission from time to time	20%

Application, Approval and Post-Listing Process

Rule	Stage	Key provision
4	Merchant banker & experts	A BSEC-registered merchant banker manages the offer for sale. The merchant banker, registrar, valuer, auditor and credit rating company are treated as "experts" under sections 136–137 and 139 of the Companies Act, 1994, and section 34 of the Financial Reporting Act, 2015 — each accountable for accuracy of their own reports.

Rule	Stage	Key provision
5	Application	Filed with the stock exchange, copied to BSEC, with the prescribed annexures, draft information document and a Tk. 100,000 application fee.
6	Valuation & reference price	Objective, independent valuation under Annexure-G; the company and merchant banker jointly determine and disclose the reference price.
7	Scrutiny, approval or rejection	The exchange examines documents, inspects premises, verifies the valuation methodology and compliance, and considers the recommendation of its Regulatory Affairs Committee (RAC) before deciding. Deficiencies are notified within 15 days; approval follows within 15 days of full compliance; rejection (with reasons and a hearing) may be issued within 30 days of the application.
8	Appeal	A rejected applicant may appeal to BSEC within 30 days of the rejection order; the Commission's decision is final.
9	Withdrawal	The company may withdraw its application, with a board resolution and stated reasons, at any time before the information document is published.
10	Publication	Approved information document published within 3 working days on the company's, merchant banker's, exchange's and BSEC's websites, with a notice in at least 4 national dailies (2 Bangla, 2 English) carrying a QR code/web link.
12	Clarification & guidelines	The exchange may issue BSEC-approved clarifications or guidelines consistent with the Rules.
13	Post-listing compliance	Direct listing does not exempt the company from ordinary continuing disclosure and governance requirements.
14	Repeal & savings	Regulations 8–13 of the DSE and CSE Listing Regulations, 2015 (the earlier direct-listing regime) are repealed, with savings for actions and proceedings already taken under them.

Valuation and Reference Price (Rule 6 and Annexure-G)

Annexure-G requires at least one absolute valuation method (e.g., FCFE/FCFF discounted cash flow, residual income, or asset-based) and at least one relative valuation method (e.g., P/E, P/B, P/CF, EV/EBITDA or EV/Sales), with disclosed assumptions.

Step	Illustration	Professional check
Absolute valuation	DCF/FCFF produces Tk. 105 per share	Test revenue, margin, capex, working-capital and terminal-growth assumptions, and the discount rate
Relative valuation	Comparable P/E and P/B analysis produces Tk. 95 per share	Confirm the comparables are genuinely similar in growth, leverage, profitability, size and liquidity
Reference price	Assume a justified reference price of Tk. 100	Must be supported by the valuation work and disclosed — it is not a guaranteed market value
Floor price	At least 20% below the reference price → Tk. 80 or lower	Rule 11(3): floor price is fixed by the company in consultation with the offerors, at least 20% below the reference price
Market discovery	Investors bid at or above the floor during the 30-minute discovery window	Final execution/trading price depends on valid bids, subsequent sell orders and market matching

Investor note

A traded price close to the reference price is not, by itself, a reason to invest. Test the valuation assumptions against earnings quality, operating cash flow, leverage and business risk before relying on the reference or floor price.

Offloading and the First Trading Days (Rule 11)

Stage	Draft mechanism	Practical effect
Before Day 1	Floor price disclosed in the information document; circulated by the exchange at least 3 days before the first trading day	Investors can evaluate the floor price ahead of trading
First 30 minutes (price discovery)	Buy bids only; offerors may not place sell orders; no bid accepted below the floor price	Floor Tk. 80: bids of Tk. 80, 84, 88, 92 are valid; Tk. 79 is not
After discovery opens	Offerors may place or revise sell/asking orders, subject to the floor price	Selling price responds to the discovered demand
Day 1	At least 50% of the targeted offload must be offered	Target offload of 20 crore shares → at least 10 crore offered on Day 1
Days 1–2	Trading in the spot market until 12:00 noon; general and institutional investors may not sell	A Day-1 buyer cannot resell on Day 1 or Day 2
Day 3	Trading suspended for distribution and settlement of Days 1–2 trades	No trading occurs under the direct-listing mechanism on Day 3
Day 4 onward	Normal main-board settlement resumes	Standard T+ settlement applies thereafter
First 5 trading days	No single buy or sell order above 1,000 shares	A demand for 5,000 shares must be split across orders within the cap
First 30 trading days	The category-based offload target (10% or 20%) must be completed, subject to Commission relaxation on the exchange's recommendation	For a 20% category with 100 crore shares outstanding, the target is 20 crore shares
Until the first post-listing AGM (after 1 full financial year)	No offeror may sell more than 50% of the shares it held at the time of listing	A sponsor holding 10 crore shares at listing may sell at most 5 crore before that AGM, regardless of the 30-day offload target already met

Stage	Draft mechanism	Practical effect
First year after listing	Sponsors/directors may not purchase company shares	A selling director cannot immediately repurchase after listing
Throughout offloading	Selling broker reports sold, cumulative and unsold shares to the exchange daily; a completion report is due within 3 working days of meeting the target	Provides the exchange with a running compliance record

10% vs 20% — worked example

Company A is majority government-owned with 100 crore shares outstanding: its Rule 11(4) category points to a target of at least 10 crore shares offloaded. Company B qualifies as a "large company" under the Tk. 500 crore turnover/assets test: its category points to at least 20 crore shares offloaded, both within 30 trading days and subject to the stated relaxation mechanism.

Information Document — What Investors Should Examine First (Annexure-H)

Focus area	What to examine	Illustrative red flag
Use of proceeds	Who actually receives the sale proceeds	The company receives none of it — proceeds belong to the selling offerors; this must be stated in bold on the cover
Risk factors	Material company-, project- and external risks and mitigation, in descending order of materiality	A single customer contributing 70% of revenue signals concentration risk
Shareholding	Sponsor/director holdings, pledged shares, transfers in the last 2 years	Heavily pledged sponsor shares warrant closer scrutiny
Financials	Profit, operating cash flow, liquidity and debt trends over 5 years (or since inception, if shorter)	Profit rising while operating cash flow turns sharply negative suggests an earnings-quality issue
Related-party transactions	Material connected transactions in the preceding 5 years or proposed	Large purchases from a director-related supplier require assessment of terms and governance

Focus area	What to examine	Illustrative red flag
Valuation	Methods, assumptions, sensitivity and the resulting reference price	A valuation highly sensitive to a small change in discount rate is a caution flag
Material contracts	Major buyer/supplier agreements and their key terms	A key supply contract expiring shortly after listing raises revenue-continuity questions
Litigation and penalties	Material civil, criminal, tax, labour or securities proceedings	A large unresolved tax demand can affect future cash flow
Governance	Board and key-management profiles, conflicts of interest, remuneration, and the corporate-governance compliance timeline	An undisclosed conflict of interest should be understood before investing

Mandatory investor warning (Rule and Annexure-H)

The draft requires the information document to state explicitly that stock-exchange approval of the listing does not amount to a guarantee of the company's financial soundness or a recommendation of the securities, and that investors must rely on their own examination of the company and the offer, including all disclosed risks.

Quick-Reference Answers

Question	Answer
Does the company receive the sale proceeds?	No — proceeds belong to the selling sponsors/directors/primary shareholders (Rule 2(1)(a); Annexure-H)
Minimum sponsor/director holding after listing?	30% collectively, maintained at all times (Rule 3(q))
Minimum eligibility offload?	At least 10% of equity securities, to qualify at all (Rule 3(c))
Category-based offload target?	10% or 20% of shares depending on eligible-company category, within 30 trading days (Rule 11(4))
First-day minimum offer?	At least 50% of the targeted offload (Rule 11(6))
Price-discovery period?	First 30 minutes of Day 1; buy bids only (Rule 11(5))

Question	Answer
Initial per-order cap?	1,000 shares, for the first 5 trading days (Rule 11(12))
Can a Day-1 buyer resell immediately?	No — general and institutional investors cannot sell on Days 1–2 (Rule 11(10))
Resale cap on offerors before the first AGM?	May not sell more than 50% of their listing-date holding until the AGM following one full financial year (Rule 11(16))
When can sponsors/directors buy back shares?	Not for 1 year from the date of listing (Rule 11(13))
Appeal window after rejection?	30 days from receipt of the rejection order, to BSEC; BSEC's decision is final (Rule 8)
Application fee?	Tk. 100,000 to the stock exchange (Rule 5(1))

Professional Notes and Disclaimer

- This report summarizes a draft published for public consultation on 1 September 2026; it has not yet been finalized or gazetted, and provisions may change before or after Gazette notification.
- Examples throughout are illustrative only and do not represent any actual company, transaction or regulatory determination.
- Before any listing application, transaction structuring, or investment decision, professionals should verify: (i) the final Gazette notification; (ii) any subsequent BSEC directives under Rule 12; (iii) the specific exchange's approved guidelines; and (iv) the approved information document of the specific company concerned.
- This document does not constitute legal, investment or audit advice and should not be relied upon as a substitute for the primary legal text or independent professional advice.

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