

**SEC/Enforcement/384/2005/584**  
**June 5, 2006**

J. K. Fabrics Limited (Sponsor/Director of UCBL)  
54, Inner Circular Road (Purana Paltan Line)  
Dhaka

Sub: **Non compliance of securities laws -Warning**

This refers to the show cause cum hearing notice No. SEC/Enforcement/384/2005/137 dated February 12, 2006 issued for non-compliance with the Commission's Notification No. SEC/SRMID/2000-953/313/Admin-06 dated March 25, 2001.

It is appeared from the letter No. UCBL/HO/BO/BOARD/F-61 (D) (II)/7532/2005 dated June 30, 2005 of United Commercial Bank Limited that you have declared and placed 15,226 share certificates, along with the relevant irrevocable sell order, with the stock dealer, namely, Md. Shajahan & Company, for execution at the prevailing market price.

According to the Commission's above mentioned notification, after the said declaration, the sale of shares must be executed within 30 working days.

It is further appeared from the letter dated August 23, 2005 of Mr. Jahangir Alam Khan (representative of J.K. Fabrics Limited) that the proposed sale was not executed by you as of the said date.

Your aforementioned activities tantamount to contravention of the Commission's said Notification No. SEC/SRMID/2000-953/313/Admin-06 dated March 25, 2001 which appeared deliberate attracting appropriate provisions of the Securities and Exchange Ordinance, 1969.

The above show cause cum hearing notice was issued to J. K. Fabrics Limited for explaining its position in respect of above mentioned alleged contravention.

The authorized representative namely Mr. Md. Azizul Hoque, General Manager (Accounts & Finance) appeared at hearing and submitted a letter No. JKFL/HO/06/ dated February 20, 2006 issued by J.K. Fabrics Ltd., under signature of Mr. Jahangir Alam Khan, Managing Director of J. K. Fabrics Ltd., mentioning, among others, that due to urgent requirement of fund for its ongoing textile project J. K. Fabrics Ltd. intended to sell some shares of United Commercial Bank Ltd. held with J. K. Fabrics Ltd. Accordingly J. K. Fabrics Ltd. submitted declaration for sell of 15,226 shares of UCBL through their brokerage house M/s. Md. Shajahan & Co. (DSE Membership No. 195) as per requirement. But, by that time, their fund flow improved and they were able to meet-up the requirement from their own source. As such, they were not that much concerned to execute the sell order without having any knowledge of the rules which was not even pointed out by the brokerage house, they added.

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After receiving SEC's notice, they took up the matter with brokerage house who told them that there was no DSE news in their computer for execution of the sell order. So, it is an unintentional mistake and there was no malafide intention behind it.

J. K. Fabrics Ltd. further mentioned that the company never bought or sold any shares of the Bank during the period of time even during the peak pricing and never ventured for share business.

A show cause cum hearing notice No.SEC/Enforcement/384/2005/204 dated March 1, 2006 was issued to the stock dealer namely Md. Shajahan & Co. The person appeared at hearing and submitted a letter dated nil during hearing mentioning, "J. K. Fabrics Limited Avgt` i GKRb m\$mbZ Client| WZwb G ch\$-Avgt` i Brokerage House Gi gva`tg tKvb tkqvi μq A\_ev weμq Kti bvb| Avgt` i Client 28/06/05Bs Zwi L tkqvi Rgv eB Gi 7554 bs tgtgvi gva`tg U.C.B.L Gi 15,226 tkqvi Avgt` i wBKU wWtgU Kivi Rb` Rgv t`b| cieZ#Z wWtgU nl qvi ci tkqvi weμq Kivi Rb` tKvb Sale Order l Pay In Avgt` i t`b bvb| Kv#RB Client Gi Sale Order cvB bvb weavq tkqvi weμq Kivi bvb|"

In view of the foregoing, J. K. Fabrics Ltd. earnestly requested SEC to exonerate them from the charges brought against them and consider favourably.

J. K. Fabrics Ltd. had also assured that, in future, they will take special care in offering the sale of share in the market.

The Commission, considering the admission of default, and assurance for future compliance with the securities related laws, has decided to dispose of the proceedings against you by placing on record the Commission's dissatisfaction on the defaults/contraventions made by you, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve you from your lawful responsibilities/obligations to any person, if affected as a result of your above said defaults.

For Securities and Exchange Commission

Mansur Alam  
Executive Director

**Copy for information:**

Chief Executive Officer, Dhaka Stock Exchange Limited

Chief Executive Officer, Chittagong Stock Exchange Limited

Managing Director, United Commercial Bank Limited, Federation Bhaban, 60, Motijheel C/A, Dhaka-1000

Executive Director (R & D), SEC

Executive Director (SRMID), SEC

Director (MIS), SEC

Chairman's Office SEC

