

Order

Whereas, as per section 2(i) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), M. Abdul Rashid & Co. is a member of Dhaka Stock Exchange Limited (Member No.35);

Whereas, the Securities and Exchange Commission, at the request of M. Abdul Rashid & Co., issued to M. Abdul Rashid & Co. the Stock Dealer Registration Certificate No. ৱেউব-ৱমGK/ৱমGmB/ৱমJ vi /95/Gg-25(03/06/1995Bs) Zৱি L:30/05/2001 Bs under section 10(1) of the Securities and Exchange Commission Act, 1993, read with ৱেৱা 5 (5) of the ৱমমKDৱি ৱJR I G. ৱPÄ Kৱgkb (óK-ৱমJ vi, óK-ৱেতKvi I Abৱgৱি Z cóZৱৱৱা) ৱেৱagvj v, 2000, [(corresponding regulation 5(4) of the repealed Securities and Exchange Commission (Stock-dealer, Stock-broker & Authorized Representative) Regulations, 1994)] to conduct securities trading related activities under certain terms & conditions stipulated in the said certificate;

Whereas, accordingly, as per definition given in ৱেৱা 2 (S) of the ৱমমKDৱি ৱJR I G. ৱPÄ Kৱgkb (óK-ৱমJ vi, óK-ৱেতKvi I Abৱgৱি Z cóZৱৱৱা) ৱেৱagvj v, 2000, M. Abdul Rashid & Co. is a stock-dealer (hereinafter referred to as “ Stock-dealer”);

Whereas, the Commission, pursuant to the Inspection Order No. SEC/Surveillance/2003-0413/100 dated 16th November 2005 issued under ৱেৱা 15 I 16 of ৱমমKDৱি ৱJR I G. ৱPÄ Kৱgkb (óK-ৱমJ vi, óK-ৱেতKvi I Abৱgৱি Z cóZৱৱৱা) ৱেৱagvj v, 2000, read with section 6(1) of the Securities and Exchange Ordinance, 1969, conducted inspection of the books and records of M. Abdul Rashid & Co. (DSE Member No.35) regarding share trading of Summit Power Limited on 15th November, 2005;

Whereas, it revealed from the inspection report concerned that the stock-dealer has committed certain offence which tantamount to violation of the securities related laws, rules or regulations, as stated in the Commission’s letter No. SEC/Enforcement/392/2005/630 dated November 28, 2005 issued to the stock-dealer;

Whereas, the stock dealer was given an opportunity to explain in writing as well as through personal hearing vide the Commission’s Show Cause Cum Hearing Notice No. SEC/Enforcement/392/2005/630 dated November 28, 2005 in respect, among others, of the above matters;

Whereas, the stock dealer through letter dated 11th December, 2005 furnished its explanations to the Commission in course of hearing held on 11th December, 2005 stating, among others, that the sale of 550 shares of Summit Power Limited was unintentional, accidental and inadvertent innocent mistake committed by the stock dealer because of a slip of finger on the keyboard which was immediately informed to DSE and SEC; and that the stock dealer borrowed the same quantity shares from his eleven customers’ accounts for settlement of the said short sold shares;

Whereas, the explanations have not been considered acceptable to the Commission because:-

1. Had the execution of the sale occurred inadvertently, the settlement of the same should have been followed the procedure of the Settlement of the Stock Exchange Transactions Regulation, 1998 of Dhaka Stock Exchange Limited;

2. The stock-dealer has Sold 550 shares of Summit Power Limited on 15th November, 2005 using customer's code 475 of Mrs. Israt Ara Younus without having any share in the stock/BO ISIN Holding Report of the said customer which, being short sale, is violation of provision of regulation 13 of the Settlement of Stock Exchange Transactions Regulations, 1998 of Dhaka Stock Exchange Ltd. issued under the aforesaid Ordinance;

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3. For the purpose of settlement of the said 550 short sold shares, the stock dealer has transferred the said quantity shares from his other eleven customers' accounts which is a violation of the provision of regulation 42 of the Listing Regulations of Dhaka Stock Exchange Limited issued under the aforesaid Ordinance;

Whereas, provisions of the above Regulations issued under the Ordinance are considered directives and orders issued under the said Ordinance for compliance, failure of which tantamount to contravention of the provisions of the Ordinance attracting penal section 22 of the Securities and Exchange Ordinance, 1969;

Whereas, the Commission is satisfied after considering the relevant explanations given in writing as well as in course of hearing that the stated activities of the stock dealer are deliberate and purposeful which is contrary to the securities related laws, regulations, etc. affecting the market discipline, confidence of investors in securities and the capital market at large; and

Whereas, the Commission is of the opinion that in order to maintain discipline in the capital market in the interest of the investors, appropriate action against M. Abdul Rashid & Co. should be taken for the aforesaid contraventions of securities related laws, regulations, etc.

Now, therefore, in exercise of the power conferred by section 22 of the Securities and Exchange Ordinance, 1969, the Securities and Exchange Commission hereby impose a penalty amounting to Tk. 1 (one) lakh upon M. Abdul Rashid & Co. (DSE Member No.35) which shall be deposited with the Commission through bank draft/pay order with 15(fifteen) days from the issuance of this Order.

**For and on behalf of the
Securities and Exchange Commission**

**Dr. A B Mirza Azizul Islam
Chairman**

Distribution:

M/s. M. Abdul Rashid & Co. (DSE Member No. 35), Stock Dealer, Room No. 601, DSE Bhaban,
9/F, Motijheel C/A, Dhaka-1000
Dhaka Stock Exchange Limited
Chief Executive Officer, Dhaka Stock Exchange Limited