

SEC/Enforcement/228/2004/667
December 14, 2005

By Special Messenger

M/s Haji Mohammad Ali & Co.
DSE Membership No.30
Room No.612, DSE Bhaban
9/F, Motijheel C/A, Dhaka-1000

Sub: Non-Compliance with Securities Law-Warning

The Commission has issued to you the stock-broker registration certificate No. ৩৬৫৩-3.1/ ৩৩৬৩৬-165/99/30 dated April 09, 2001 Bs under section 10(1) of the Securities and Exchange Commission Act, 1993, read with ৩৬৫৩ 5(5) of the ৩৩৬৩৬ ৩৩৬৩৬ ৩৩৬৩৬ (৩৬৬-৩৩৬ ৩৩৬-৩৩৬ ৩৩৬৩৬ ৩৩৬৩৬) ৩৩৬৩৬ ৩৩৬৩৬, 2000, [(corresponding regulation 5(4) of the repealed Securities and Exchange Commission (Stock-dealer, Stock-broker & Authorized Representative) Regulations, 1994)] to conduct securities trading related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.

An enquiry committee was constituted under section 21 of the Securities and Exchange Ordinance, 1969 through the Commission's Order No. SEC/SRMID/94-15/111 dated April 20, 2004 to enquire into the transactions made by Md. Asaduzzaman, Director of Uttara Bank Ltd., in the securities of Uttara Bank Limited as per his declaration dated 12th April, 2004 for purchase of 63,894 shares of the said bank through M/s Haji Mohammad Ali & Co. (the stock broker).

The enquiry committee has observed, among others, the following:

- (i) The stock-broker has executed the transactions without having proper buy and sell orders from the customers.
- (ii) The stock-broker has executed the buy orders of Md. Asaduzzaman without receiving the required fund from the buyer. The buyer provided the requisite money afterward for settlement of the transactions.
- (iii) The stock-broker has provided false/incorrect documents to the SEC's surveillance team showing receipt of necessary fund from the buyer on 19.04.2004. From the enquiry it revealed that the buyer, in fact, provided fund on 21.04.2004 through pay order.
- (iv) The stock-broker has executed sell of 23,858 shares of Mr. M. A. Samad (not a customer of the broker) through its customer's account (Mr. Fazlul Haque) despite those shares were not in the name of or belonged to the said customer.

By doing so, Haji Mohammad Ali & Co. has contravened the following:

- (i) Rules 4 & 8 of the Securities and Exchange Rules, 1987;
- (ii) Margin Rules, 1999;
- (iii) Code of conduct Nos. 1, 2(1), 2(6) & 8 to the Schedule Two of the ৩৩৬৩৬ ৩৩৬৩৬ ৩৩৬৩৬ (৩৬৬-৩৩৬ ৩৩৬-৩৩৬ ৩৩৬৩৬ ৩৩৬৩৬) ৩৩৬৩৬ ৩৩৬৩৬, 2000; (ref. Para c.1(iv) above- also for assisting dealing in other person's shares violating regulation 42 of the Listing Regulations of DSE);

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- (v) Rule 4, sub-rule (1), clause (Q) of the Securities and Exchange Ordinance, 1969, as amended;
- (vi) Conditions Nos. 2 & 3 of the stock broker registration certificate issued by the Commission.
- (vii) Section 18, read with section 7(1), of the Securities and Exchange Ordinance, 1969.

Stock broker's aforementioned contravention and non-compliance appeared deliberate attracting provisions of section 12 of the Securities and Exchange Ordinance, 1969, as amended. In this connection, the Commission vide memo. No. SEC/Enforcement/228/2004/181 dated April 20, 2004 issued a directive to Dhaka Stock Exchange Limited under section 20A of the Securities and Exchange Ordinance, 1969, to immediately stop the trading related facilities provided to M/s Haji Mohammad Ali & Co. Considering your request and assurance for due compliance of securities laws as well as the interest of the investors and securities market, the Commission vide memo. No. SEC/Enforcement/228/2004/209 dated May 24, 2005, has subsequently withdrawn the said directive with further directing the Dhaka Stock Exchange Limited to closely monitor the trading related activities of M/s Haji Mohammad Ali & Co. on daily basis.

Although the stock broker is responsible for overall activities relating to its affairs, yet in this case, the concerned Authorized Representatives (i.e. Messrs M. R. Khondokar and Kazi Mohibur Rahman) were found primarily responsible for the stated contraventions.

Considering the all above, the Commission has decided to dispose of the proceedings against M/s Haji Mohammad Ali & Co. by placing on record the Commission's dissatisfaction on the defaults/contraventions made by it, with a strong 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

CC:

Chief Executive Officer, Dhaka Stock Exchange Limited
Executive Director (SRMID) SEC
Executive Director (Registration), SEC
Director (MIS), SEC,
Chairman's Office, SEC