

**Directive**

Whereas, as per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Mercantile Bank Limited is an issuer (hereinafter referred to as “issuer”);

Whereas, the said issuer has issued its shares to the general public, and also that its share is listed with the Stock Exchanges;

Whereas, Mercantile Bank Ltd. considered and adopted its audited accounts for the year 2003 at the 49<sup>th</sup> board meeting held on 28/02/2004. But the bank took decision for 25% stock dividend at the 51<sup>st</sup> board meeting held on 30/03/2004 and disclosed this price sensitive decision on the same day;

Whereas, as a director of the said issuer, you were present in the two board meetings on 28/02/2004 and 30/03/2004;

Whereas, the Commission instituted an enquiry pursuant to the Order vide No. SEC/SRMID/2003-28/1102/103 dated April 13, 2004 and it appeared from the concerned enquiry report that Mr. Amanullah, a director of the issuer, made irrevocable declaration on 16/03/2004 intending to buy 115,000 shares of the said bank through two alternate stock brokers of Dhaka Stock Exchange (DSE), but actually bought 1,70,550 shares of the bank through both the brokers during 21/03/2004 to 11/04/2004. His buy orders were at market price, but he didn't place the buy orders, deposit money along with the buy orders placed subsequently despite he mentioned in his declaration of 16/03/2004 that he placed buy orders and deposited the money with the stock-brokers. Mr. Amanullah opened customer account with his stock-broker subsequent to his declaration;

Whereas, it also appeared from the enquiry report concerned that Mr. Amanullah was involved in insider trading and made certain false/incorrect regulatory declarations in respect of his buying shares of the bank and accordingly has contravened relevant provisions of:-

- (i) section 17 of the Securities and Exchange Ordinance, 1969 for his involvement/attempted involvement in insider trading; and
- (ii) section 18 of the Securities and Exchange Ordinance, 1969 by providing false/incorrect information in the declaration for buy of shares (in respect of opening customer accounts, placing buy orders, depositing money with stock-brokers, etc.).

Whereas, in order to provide an opportunity of being heard, a show cause cum hearing notice No. SEC/Enforcement/338/2005/34 dated January 8, 2006 was issued to Mr. Amanullah for explanations of the above stated contraventions and the hearing was scheduled on January 30, 2006;

Whereas, Mr. Amanullah attended the hearing and submitted his written explanation vide letter of January 30, 2006 stating, among others, that he had no prior experience/knowledge as to contravention either as an investor or sponsor/director of a publicly listed company before becoming a sponsor/director of the bank and also that he was not familiar with the relevant rules of SEC/DSE/CSE.

Whereas, the said explanation of Mr. Amanullah was not considered acceptable to the Commission because ignorance of law cant not be an excuse and that he made personal gain by purchasing 79,150 shares at lower price before dissemination of price sensitive information.

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Whereas, protection of interest of investors in securities as well as sustained development of the capital and securities markets are, among others, the objectives of the Commission for which the Securities and Exchange Commission has been set up under the Securities and Exchange Commission Act, 1993 (Act No. XV of 1993); and

Whereas, in view of above facts, the Commission deems it expedient that, in the interest of the investors in securities and the capital and securities markets as well, appropriate directive to the above mentioned director, as well as to the issuer, should be given in connection with conducting the insider trading by Mr. Amanullah.

Now, therefore, the Securities and Exchange Commission, in exercise of its power conferred by section 20A of the Securities and Exchange Ordinance, 1969 (XVII of 1969), hereby directs the Mercantile Bank Limited and Mr. Amanullah, director of Mercantile Bank Limited, to the effect that:-

- (iii) Mr. Amanullah shall not sell or make any type of transfer of the said 79,150 shares of Mercantile Bank Limited which were purchased by him through insider trading before dissemination of price sensitive information within next for 2(two) years from the issuance of this Directive; and
- (iv) Mercantile Bank Ltd. shall ensure that the said 79,150 shares are not allowed to be transferred within the said 2(two) year period during which the said shares shall be kept as “ locked-in “ by the said issuer company.

**By the order of the Securities and Exchange Commission**

**(Mansur Alam)**  
**Executive Director**

Distribution:

- ?? Managing Director, Mercantile Bank Limited, 61, Dilkusha C/A, Dhaka-1000
- ?? Company Secretary, Mercantile Bank Limited, 61, Dilkusha C/A, Dhaka-1000
- ?? Mr. Amanullah , Director, Mercantile Bank Limited, 61, Dilkusha C/A, Dhaka-1000
- ?? Chief Executive Officer, Central Depository of Bangladesh Limited, BSRS Bhaban (18<sup>th</sup> Floor), 12, Kawran Bazar, Dhaka-1215