

Order

Whereas, as per section 2(i) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Country Stock (Bangladesh) Ltd. is a member of Dhaka Stock Exchange Limited (Member No.099);

Whereas, the Commission, at the request of Country Stock (Bangladesh) Ltd. has issued to it, the stock-broker registration certificate No. beÜb-3.1/WGmB-99/2002/65 Zwi L 28/05/2002 Bs under section 10(1) of the Securities and Exchange Commission Act, 1993, read with weia 5 (5) of the imiKDwi uJR I G. tPÄ Kigkb (óK-wWj vi, óK-tetKvi I Abtgv Z cãZibwa) weagvj v, 2000, to conduct securities trading related activities under certain terms & conditions stipulated in the said certificate;

Whereas, accordingly, as per de finition given in weia 2 (T) of the imiKDwi uJR I G. tPÄ Kigkb (óK-wWj vi, óK-tetKvi I Abtgv Z cãZibwa) weagvj v, 2000, Country Stock (Bangladesh) Ltd. is a stock-broker (hereinafter referred to as “Stock-broker”);

Whereas, the Commission formed an enquiry committee vide Order No. SEC/Surveillance/2003-029/048 dated 21st May 2005, issued under avi v 17K of imiKDwi uJR I G. tPÄ Kigkb AvBb, 1993, read with weia 32 of imiKDwi uJR I G. tPÄ Kigkb (gvPpU e'vsKvi I tcvUfcdwv I g'vfbRvi) weagvj v, 1996, and under section 21 of the Securities and Exchange Ordinance, 1969 (XVII of 1969), read with weia 15 I 16 of imiKDwi uJR I G. tPÄ Kigkb (óK wWj vi, óK tetKvi I Abtgv Z cãZibwa) weagvj v, 2000, to hold and conduct an enquiry into the transaction of the securities made by AB Bank Ltd. (merchant bank) in the recent past at DSE through their stock-brokers/stock-dealers of DSE and any other incidental matter thereto;

Whereas, it is reveled, among others, from the enquiry report concerned that:

1. Country Stock (Bangladesh) Ltd., (CSL) maintained two customers consolidated bank account -one with ABBL for depositing monies received from customers and another with Rupali Bank Ltd. for making payments to and depositing cheques received from Stock Exchange.
2. Country Stock (Bangladesh) Ltd., on several occasion, submitted sale offers in the market at a price which was much lower than that of the available buy offer and executed thereof.
3. Such price offering (sale), that results in aggressive offer instantly, is contrary to the basic norm (a broker shall try to execute sale order at the highest available price and try to execute buy order at the lowest available price) which contributed in securities price slide.
4. Country Stock (Bangladesh) Ltd. executed buy and sale in accordance with the buy and sale orders directly given by the IDA clients of AB Bank Ltd. (Merchant Banking Wing) who are not clients of CSL. (It maintained consolidated buy and sale orders in the name of AB Bank portfolio account instead of orders for every transaction separately).
5. In most of the cases name, address and code No. of the clients concerned were not mentioned on the buy and sale orders submitted by the AB Bank Limited, (MBW) on behalf of their IDA clients;

Whereas, it appeared from the above that the stock broker has contravened the following provisions of securities laws:

1. As per provisions of rule 8A of Securities and Exchange Rules, 1987, the stock-broker shall maintain a consolidated bank account for customers. Hence, Country Stock (Bangladesh) Ltd. acted in contravention of the provisions of said rule by maintaining two separate bank accounts for aforesaid activities.
2. Country Stock (Bangladesh) Ltd. violated “óK WJ vi , óK tetKvi I Abtgv Z cZibwa† i AvPi Y weia 1, 2(2), 6 Ges 7 as enumerated in the Second Schedule of imiKDwi uJR I G. tPÁ Kvgkb (óK WJ vi , óK tetKvi I Abtgv Z cZibwa) weagj v, 2000 and weia 11 of said weagj v by not quoting best prices for the selling customer.

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Whereas, the above the said stock-broker's aforementioned contraventions of securities laws appeared deliberate attracting provisions of weia 12 of the imiKDwi uJR I G. tPÁ Kvgkb (óK WJ vi , óK tetKvi I Abtgv Z cZibwa) weagj v, 2000, as amended, read with the provisions of section 10 (3) of the Securities and Exchange Commission Act, 1993, and the provisions of section 22 of the Securities and Exchange Ordinance, 1969, as amended;

Whereas, the stock-broker was given an opportunity to explain in writing as well as through personal hearing vide Commission's show cause cum hearing notice No. SEC/Enforcement/354/2005/27 dated December 11, 2005 in respect, among others, of the above matters;

Whereas, the stock-broker through letter dated January 26, 2006 furnished its explanation to the Commission stating, among others, that it maintained two consolidated customer account to facilitate business operation and it execute sell order at the price mentioned by customers.

Whereas, the explanations have not been considered acceptable to the Commission because as per securities related laws the stock-broker can maintain one consolidated customers account and can not quote a price lower than the price available for buying the concerned security;

Whereas, the above mentioned contraventions attract provisions of weia 12 of the imiKDwi uJR I G. tPÁ Kvgkb (óK WJ vi , óK tetKvi I Abtgv Z cZibwa) weagj v, 2000;

Whereas, the Commission is also 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;

Whereas, in the past, the said stock-broker was warned vide letter No. SEC/Enforcement/261/2004/337 dated July 11, 2005 for similar type of contravention; 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 Country Stock (Bangladesh) Ltd. 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, read with weia 12 of the imiKDwi uJR I G. tPÁ Kvgkb (óK WJ vi , óK tetKvi I Abtgv Z cZibwa) weagj v, 2000, the Securities and Exchange Commission hereby impose a penalty

amounting to Tk. 1 (one) lakh upon Country Stock (Bangladesh) Ltd. (DSE Member No.099) 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**

**Saleh Ahmed Chowdhury
Acting Chairman**

Distribution:

Country Stock (Bangladesh) Ltd.,(DSE Member No. 099),Room # 724, DSE Building, 9/F Motijheel
C/A,Dhaka-1000
Dhaka Stock Exchange Limited
Chief Executive Officer, Dhaka Stock Exchange Limited