

SEC/Enforcement/259/2004/  
May 15 , 2006

By Courier Service

JIC Securities Limited  
(CSE Member No. 30)  
950/C, Osman Manjhil, Asadganj, Chittagong

Attention: Managing Director/Chief executive Officer

**Subject: Non-compliance of securities laws - WARNING**

Pursuant to the enquiry conducted by the Commission into the transactions made on 8 January 2004 in the securities of Bank Asia Ltd. in Chittagong Stock Exchange Ltd. by its members, it is revealed, among others, that JIC Securities Limited (stock-broker) bought 2750 shares for client code No. N/25 whereas buy order was for 2700 shares, sold 2750 shares & bought 2750 shares for M/s. Nishat Trading Corporation (Client code No. N/25) on 08 January 2004 without having any shares and adequate fund.

The authorized representative of the broker informed that they did not give credit facilities to their customers and, as such, they did not have margin agreement. But, debit balances appeared in ledger of client code No. N/25.

It is also revealed, among others, from the enquiry report, that JIC Securities Limited has contravened rule 3 of the Margin Rules, 1999 and regulation 13 of the Settlement of Stock Exchange Transactions Regulations, 1998.

Show cause notice No. SEC/Enforcement/259/2004/359 dated September 25, 2004 was issued to the broker for explaining the contraventions of rule 3 of the Margin Rules, 1999 and regulation 13 of the Settlement of Stock Exchange Transactions Regulations, 1998.

In reply, the stock-broker mentioned vide letter dated October 3, 2004, among others, that transactions of shares by M/s Nishath Trading Corporation were in accordance with the CSE settlement regulation and due to inadvertence it did not sign margin agreement with M/s Nishath Trading Corporation.

Prior to taking further measure, an opportunity of being heard for the contraventions of the above mentioned securities law was given to the broker, as provided in section 12 of the Securities and Exchange Ordinance, 1969 (১৯৬৯ সালের সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ অর্ডিন্যান্স) and the provisions of section 10(3) of the Securities and Exchange Ordinance, 1969 (১৯৬৯ সালের সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ অর্ডিন্যান্স) through notice of hearing No. SEC/Enforcement/259/2004/494 dated September 14, 2005, that the hearing was conducted on September 27, 2005.

Mr. Abul Kashem Sikder, Authorized Representative of JIC Securities Limited, appeared at the hearing and in a written statement dated September 27, 2005 mentioned that they are sorry for the unintentional mistakes concerning transactions of shares. He also mentioned that JIC Securities Limited has subsequently signed margin agreement with M/s Nishath Trading Corporation and also with other clients in accordance with SEC rules and regulations. Mr. Abul Kashem Sikder, sought exoneration from the charges against JIC Securities Limited.

Stock broker's aforementioned contravention and non-compliance appeared deliberate attracting provisions of section 12 of the Securities and Exchange Ordinance, 1969 (১৯৬৯ সালের সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ অর্ডিন্যান্স) and the provisions of section 10(3) of the Securities and Exchange Ordinance, 1969 (১৯৬৯ সালের সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ অর্ডিন্যান্স).

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.

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However, the Commission, considering the submissions of the broker, has decided to dispose of the proceedings against the broker by placing on record the Commission's dissatisfaction on the defaults/contraventions made by it, 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 the Securities and Exchange Commission**

(Mansur Alam)  
Executive Director

Copy for information:

Chief Executive Officer, Chittagong Stock Exchange Ltd.  
Executive Director (R&D), SEC  
Executive Director (Registration), SEC  
Director (MIS), SEC  
Chairman's Office, SEC