**Dated: March 14, 2006** 

Whereas, as per section 2(i) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Salam & Co. is a member of Dhaka Stock Exchange Limited (Member No.190);

Whereas, the Commission at the request of Salam & Company Ltd.,has issued to you the stockbroker registration certificate No. wbeÜb-3.2/ wWGmB- 190/2002/68 Zwii L 21/07/2002 Bs under section 10(1) of the Securities and Exchange Commission Act, 1993, read with wew 5 (5) of the www.CDvii wUR I G- ‡PÄ Kwgkb (óK-wJj vi , óK-‡eňKvi I Ab‡gwì Z cůZwbwa) wewagyj v, 2000, [(corresponding regulation 5(4) of the repealed Securities and Exchange Commission (Stock-dealer, Stock-broker & Authorized Representative) Regulations, 1994)] to conduct securities trading related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 wew 2 (T) of the wmwKDwiwUR I G. ‡PÄ Kugkb (óK-wWj vi, óK-ţeñKvi I Abţgwi Z cñZwbwa) wewagvj v, 2000, Salam & Co. is a stock-broker (hereinafter referred to as "Stock-broker");

Whereas, Commission formed two enquiry committee vide Order No. SEC/SRMID/94-117/67 dated March 8, 2004 and Order No. SEC/SRMID/94-117/78 dated March 16, 2004 under section 21 of the Securities and Exchange Ordinance, 1969 and under clear 6 of the workDwi will I G. ‡PÄ Kwgkb (myeartfwlx e em wowl × Ki Y) clearbgyj v, 1995 to hold and conduct an enquiry into the transactions made since February, 2004 in the securities of Tripti Industries Limited in the Dhaka Stcok Exchange Limited and the Chittagong Stock Exchange Limited including all matters incidental thereto;

Whereas, it appeared from the enquiry report concerned that Salam & Company Ltd. (stockbroker) maintained and provided false/incorrect information to the enquiry committee about the identity of Mrs. Sabita Rani Bose and Mr. Maksudur Rahman (by providing false photographs and signatures of the above persons) who were employees of Olympic Industries Ltd./Tripti Industries Ltd. which appeared deliberate/collusive with the said employees (insider) of Olympic Industries Ltd./Tripti Industries Ltd.

Whereas, by doing so, the stock-broker has contravened relevant provisions of the Securities and Exchange Rules, 1987 (code of conduct, etc.) and the provisions/conditions of the stock-broker's registration certificate by not properly maintaining the trade related records of its customers, as well as section 18 of the Securities and Exchange Ordinance, 1969 by providing false information/concealing correct information in respect of its said customers;

Whereas, stock broker's aforementioned contravention and non-compliance appeared deliberate attracting provisions of wew 12 of the wmwKDwiwUR | G. ‡PÄ Kwgkb (óK-wWj vi, óK-‡enKvi | Ab‡gwi Z chZwbwa) wewagyj 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; and

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/321/2005/30 dated January 8, 2006 in respect, among others, of the above matters;

Whereas, the stock-broker through letter dated January 31, 2006 furnished its explanation to the Commission stating, among others, that these accounts were opened on request made by the stock

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## SEC/Enforcement/321/2005

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brokers employee Mr. Tajul Islam- Shipon and the whole process was conducted by Mr. shipon. It is a

regular practice to open accounts with us on request of employees of our company. Usually they prepare all paper work, supposedly after checking every detail. Any anomaly in this process is total responsibility of the employee involved. The company remains totally INDEMNIFIED in the whole. Any wrong doing and its subsequent punishment is on the shoulders of the employee involved. My request is not to punish the company and all its clients for the misdeeds of one employee."

Whereas, the explanations have not been considered acceptable to the Commission because the liability of any contravention ultimately lies with the company, it cant not avoid the responsibility by shift it to its employees;

Whereas, the above mentioned contraventions attract provisions of wew 12 of the wmwKDwiwUR I G. ‡PÄ Kwgkb (óK-wy vi, óK-‡e†Kvi I Ab‡gwi Z cůZwbw) wewaqvj 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; 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 Salam & 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 Salam & Co. (DSE Member No.190) 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 Chairman

## **Distribution:**

Salam & Company Limited (DSE Membership No.190)
Room No. 205, (2<sup>nd</sup> Floor),DSE Bhaban, 9/F Motijheel C/A Dhaka-1000

Dhaka Stock Exchange Limited Chief Executive Officer, Dhaka Stock Exchange Limited