By special messenger

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

National Securities and Consultants Limited (CSE Member No. 57) Printers Building, 5 Rajuk Avenue (7th floor) Motijheel C/A, Dhaka-1000

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 National Securities and Consultants Ltd.(stock-dealer) sold 4250 shares & bought 4250 shares for Mr. Tariqul Alam Chowdhury (Client code No. 02) without having any shares and adequate fund in his account, bought 200 shares for Mr. Delwar Hossain (Client code No. 47) without having adequate fund.

The authorized representative concerned of the dealer informed that they did not give credit facilities to their customers and, as such, they did not have margin agreement. But, debit balance was shown in certain customers' ledger.

It is also revealed, among others, from the enquiry report, that National Securities and Consultants 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/259/2004/360 dated September 25, 2004 was issued to the dealer 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 vide letter dated October 4, 2004 the stock dealer mentioned that they have not violated provisions of brokerage regulation. However, any lacuna from its side was totally unintentional and accordingly requested the Commission to condone such unintentional lacunae.

Prior to taking further measure, an opportunity of being heard for the contraventions of the above mentioned securities laws was given to the dealer, as provided in <code>wewa 12</code> of the <code>wmwKDwiwUR I G- \ddaggerPA Kwgkb ($\acute{O}K$ -wWj vi, $\acute{O}K$ - $\ddaggerviKvi I$ Abtgwi Z CtZwbwa) <code>wewagvj v</code>, 2000, read with the provisions of aviv 10(3) of the <code>wmwKDwiwUR I G- \ddaggerPA Kwgkb AvBb, 1993</code> and the provisions of section 22 of the Securities and Exchange Ordinance, 1969, through notice of hearing No. SEC/Enforcement/259/2004/493 dated September 14, 2005, that the hearing was conducted on September 27, 2005.</code>

Mr. Ainul Kabir, CEO of National Securities and Consultants Limited appeared for hearing and mentioned that netting settlement system became not permissible from September 4, 2004 i.e. after the incidence of the matter. As such netting was not prohibited at the time of incidence, he claimed.

Stock dealer's aforementioned contravention and non-compliance appeared deliberate attracting provisions of wewa 12 of the wmwKDwiwUR I G. ‡PÄ Kwgkb (óK-wWj vi, óK-‡etKvi I Abţgw`Z cŴZwbwa) wewagvj 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.

Cont'd.....P2

SEC/Enforcement/259/2004/ Page-2 2006

However, the Commission, considering the submissions of the stock delaer, has decided to dispose of the proceedings against the stock dealer 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

May,