

SEC/Enforcement/263/2004/
April 3, 2006

By Special Messenger

The Chief Executive
L. R. K. Securities Limited (Stock-dealer)
(DSE Membership No. 026)
Modhumita Building
160, Motijheel C/A, Dhaka-1000

Sub: Non-compliance with securities related laws-Warning

This refers to Commission's penalty Order No. SEC/Enforcement/263/2004/353 dated September 22, 2004 and appeal against the above said Order vide letter dated October 14, 2004.

The Commission imposed a penalty amounting to taka one lac on L.R.K Securities Limited (DSE Member No. 026) under section 22(1) of the Securities and Exchange Ordinance, 1969, vide its order No. SEC/Enforcement/263/2004/353 dated September 22, 2004, for contravention of rule 4 (Manner of transaction of member's business) of the Securities and Exchange Rules, 1987 and rule 3 of Margin Rules, 1999.

LRK Securities Limited through its letter dated October 14, 2004 preferred an appeal against the abovementioned order in the prescribed form stating, among others, the following:

- (a) LRK Securities Limited has started business long before these rules and ordinances were enacted. It is a matter of practice or customary that it receives telephonic order and the clients pay their dues after it issues the confirmation statements. And in all these years there had been any occurrence of trade settlement failure or complaint from the client regarding order carry out. So the allegation of creating indiscipline in the market does not stand.
- (b) Managing Director Mr. Kaiser Islam had solemnly acknowledged the anomaly in their business practices with the SEC rules and regulations during the hearing session. He has assured to take corrective measures and sought time in this regard. Necessary adjustments in procedures have already been taken to eliminate the anomaly. In this situation the management of LRK Securities Limited feels that the penalty imposed is unjust and harsh.

The Commission, considering the grounds of appeal, has decided to waive the penalty imposed vide its order No. SEC/Enforcement/263/2004/353 dated September 22, 2004 by placing on record the Commission's dissatisfaction on the defaults/contraventions made by the stock-dealer, with a warning to ensure compliance of all securities related laws in future.

Please note that this waiver of penalty does not absolve the stock dealer from its lawful responsibilities/obligations to any person, if affected as a result of above said defaults/contraventions.

For the Securities and Exchange Commission

(Mansur Alam)
Executive Director

CC:
Chief Executive Officer, Dhaka Stock Exchange Ltd.
Executive Director (R&D), SEC
Executive Director (Registration), SEC
Director (MIS), SEC
PO to Member (Enforcement), SEC
Chairman's Officer, SEC