By Courier service

D. N. Securities Ltd. (CSE Member No. 89) 1080, SK. Mujib Road 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, D. N. Securities Ltd.(stock-broker) sold 1000 shares & bought 1000 shares for Mr. Abdul Hannan (Client code No. 77), sold 50 shares & bought 50 shares for Mr. B N Saha (Client code No. 12) on 08 January 2004 without having any shares and adequate fund.

Mentionable that the said client Mr. B N Saha deposited 50 shares of Bank Asia but the shares were not registered in his name and 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 balance appeared in customer's ledger of client code 12.

It is also revealed, among others, from the enquiry report that D. N. Securities Ltd. 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/259/2004/358 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, D.N Securities vide letter dated October 05, 2004 mentioned, among others, that Mr. Abdul Hannan (code No. 77) bought the shares first and sold it later and B.N Saha had sufficient amount of other shares in his account, so no cash/cheque had been received from him on account of that transaction. Mentioning above, D.N Securities has informed with regret that above situation arose due to lack of clear concept on margin rules, which they have overcome by now and presently maintained properly.

Prior to taking further measure, an opportunity of being heard for the contraventions of the above mentioned securities law was given to you, as provided in wew 12 of the wmwKDwiwUR I G. ‡PÄ Kwgkb (óK-wWj vi , óK-‡e†Kvi I Ab‡gwi Z cıZwbwa) wewagyj v, 2000, read with the provisions of aviv 10(3) of the wmwKDwiwUR I G. ‡PÄ Kwgkb AwBb, 1993 and the provisions of section 22 of the Securities and Exchange Ordinance, 1969, through notice of hearing No. SEC/Enforcement/259/2004/492 dated September 14, 2005, that the hearing was conducted on September 27, 2005.

Mr. Mohammad Ibrahim, Authorized Representative of D.N 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 non compliance with margin rules. Mr. Mohammad Ibrahim, sought exoneration from the charges against D.N Securities Limited.

Stock broker's aforementioned contravention and non-compliance appeared deliberate attracting provisions of wew 12 of the wnwKDwiwUR I G- \ddagger PÄ Kwgkb (óK-wVj vi , óK- \ddagger e \dagger Kvi I Ab \ddagger gwi Z c \dagger Zwbwa) wewaguj 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.

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However, the Commission, considering the submissions of the stock 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