

Whereas, the stock broker has traded demated shares in the account of Mrs. Jakia Chowdhury (Client code No. 011) without having any BO account, and also that it could not produce BO-ISIN holding report on the said client, but they stated that all demated shares produced from BO account of Mr. Chowdhury Nurul Azam, who is not a client of the stock-broker;

Whereas, it is further appeared from the record that Mrs. Jakia Chowdhury (Client code No. 011) authorized Mr. Chowdhury Nurul Azam, director, M. Securities Ltd., to execute trade in favor of her, but she had no person authorized in her account opening form;

Whereas, the authorized representative of the stock-broker informed that they did not give credit facilities to their customers, but debit balances appeared in certain customers' ledger account;

Whereas, through the stated activities, the stock broker has contravened rule 13 of the Settlement of Stock Exchange Transactions Regulations, 1998, clause 24 I 42 of W/C/R/U/I (e'enw/K) c'ea/v/g/j v, 2003, Form IA, see rule 8(1), (ccc) of the Securities and Exchange Rules, 1987 and Securities and Exchange Commission Order No SEC/SRMID/94-231/379 dated 21st December 2004;

Whereas, stock broker's aforementioned contravention and non-compliance appeared deliberate attracting provisions of section 12 of the W/K/D/W/J R I G. t'P'A K/g/k/b (oK-w/vj vi, oK-t'e'tKvi I Ab't/gw` Z c'i/Z/b/w/a) w'e/a/g/vj 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.

Whereas, a show cause notice No. SEC/Enforcement/319/2005/332 dated July 9, 2005 was issued for contravention of rule 13 of the Settlement of Stock Exchange Transactions Regulations, 1998, clause 24 I 42 of W/C/R/U/I (e'enw/K) c'ea/v/g/j v, 2003, Form IA, see rule 8(1), (ccc) of the Securities and Exchange Rules, 1987 and Securities and Exchange Commission Order No SEC/SRMID/94-231/379 dated 21st December 2004;

Whereas, in a reply letter dated July 21, 2005, M. Securities Ltd. has stated, among others, that it is a new member house and that the alleged contravention caused due to ignorance, and has given assurance that these sorts of lapses will not repeat in near future;

Whereas, prior to taking any measures as per securities laws, an opportunity of being heard to the said stock-broker, as provided in section 12 of the W/K/D/W/J R I G. t'P'A K/g/k/b (oK-w/vj vi, oK-t'e'tKvi I Ab't/gw` Z c'i/Z/b/w/a) w'e/a/g/vj v, 2000, was given to M. Securities Limited through notice of hearing No. SEC/Enforcement/319/2005/409 dated August 7, 2005, and that the hearing was conducted on August 18, 2005;

Whereas, Mr. Nurul Azam Chowdhury, Managing Director and Sk. Golam Kuddus, Chief Executive Officer of M. Securities Limited admitting the fact during the hearing and has assured that they will take necessary measures so that such lapses would not happen again in future;

Whereas, explanations submitted in response to the show cause and during hearing were not considered acceptable to the Commission because it was the responsibility of the broker to perform its activities in accordance with the provisions of the relevant securities laws, regulations and order mentioned hereinabove;

Whereas, the Commission is satisfied that such activities of the broker affects the investor at large and the capital market as well; and

Whereas, the Commission is of the opinion that in order to maintain discipline in the capital market, appropriate action against M. Securities Limited should be taken for the aforesaid contraventions of securities related laws.

Now, therefore, the Commission, in exercise of the power conferred by section 12 of the Securities and Exchange Commission Act, 2000, hereby imposes penalty amounting to taka one lac on M. Securities Limited, which shall be deposited with the Securities and Exchange Commission within 15 (fifteen) days from the service of this order through bank draft/ pay order issued in favor of the Securities and Exchange Commission.

On behalf of the Securities and Commission

Saleh Ahmed Chowdhury
Chairman (In Charge)

Distribution:

M/s M. Securities Limited
(DSE Membership No.44)
Room # 434, 9/E, Motijheel C/A (3rd Floor)
Dhaka1000