

“1. The Bank purchased 150,000 (one hundred fifty thousand) shares of IDLC of Bangladesh Limited through the Stock Exchange on July 27, 2005 divested by the International Finance Corporation (IFC), an affiliate of the World Bank, a sponsor of the company.

2. In the process, upon execution of the deal, the information was immediately disseminated to the Securities and Exchange Commission (SEC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

3. In this connection, due to the miscomprehension and omission on the part of the Bank regarding the interpretation of relevant rules of SEC (Acquisition of Substantial Shares, Merger and Takeover) Rules, 2002, this transaction, involving just 10 (Ten) per cent of the issued capital of the company, could not be processed in terms of the rules of the SEC that we understand would be considered by your kindself very leniently.

In this context, we however would ensure compliance of rules and procedures of the SEC in purchase of shares in future.”

The Commission, considering the admission of default, and assurance for future compliance with the securities laws, has decided to dispose of the proceedings against Mercantile Bank Ltd. 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 Securities and Exchange Commission

Mansur Alam
Executive Director

Copy for information:

Chief Executive Officer, Dhaka Stock Exchange Ltd.
Chief Executive Officer, Chittagong Stock Exchange Ltd.
P.O.to Executive Director (R&D), SEC
P.O.to Executive Director (SRMID), SEC
Director (MIS), SEC
Chairman’s Office, SEC