

No.SEC/Enforcement/393/2005/815  
Dated: July 17, 2006

By Special Messenger

P.F.I Securities Limited  
(DSE and CSE stock broker)  
63, Dilkusha C/A (7<sup>th</sup> Floor)  
Dhaka-1000

Attention: Managing Director

**Subject: Order**

Please find enclosed attested copy of the Commission's Order No. SEC/Enforcement/393/2005/815 dated July 17, 2006 for your information and necessary action.

For and on behalf of  
the Securities and Exchange Commission

(A.K.M Ziaul Hasan Khan)  
Director

Distribution:

1. Chief Executive Officer, Dhaka Stock Exchange
2. Chief Executive Officer, Chittagong Stock Exchange

Copy for information:

1. Director (Law), SEC
2. Director (MIS), SEC
3. PO to Executive Director (R& D), SEC
4. PO to Executive Director (Registration), SEC
5. Public Reference Room, SEC
6. Chairman's Officer, SEC

## Order

Whereas, as per section 2(i) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), P.F.I Securities Limited is member of Dhaka Stock Exchange Limited (Member No.79) as well as Chittagong Stock Exchange Limited (Member No.95);

Whereas, the Commission, at the request of P.F.I Securities Limited, has issued to it the stock-broker registration certificates No. ৩৬৫৩-৩.১/৩৩গমব-৭৯/২০০২/৭০ ডি.সি.এ.সি. ১৮/১১/২০০২ বি.সি.এ.সি. and No. ৩৬৫৩-৩.২/৩৩গমব-০৯৫/১২১/২০০৩ ডি.সি.এ.সি. ০১, ২০০৩ বি.সি.এ.সি. under section 10(1) of the Securities and Exchange Commission Act, 1993, read with ৩৬৫৩ ৫ (5) of the ৩৩কডি.সি.এ.সি. ১ গ. ৩পাঁ কগক (০ক-৩৩জি.সি.এ.সি., ০ক-৩৬৫৩কি.সি.এ.সি. ১ ৩৩জি.সি.এ.সি. ৩ ৩৩জি.সি.এ.সি.) ৩৩জি.সি.এ.সি. ৩, ২০০০, to conduct securities trading related activities under certain terms & conditions stipulated in the said certificate;

Whereas, accordingly, as per definition given in ৩৬৫৩ ২ (T) of the ৩৩কডি.সি.এ.সি. ১ গ. ৩পাঁ কগক (০ক-৩৩জি.সি.এ.সি., ০ক-৩৬৫৩কি.সি.এ.সি. ১ ৩৩জি.সি.এ.সি.) ৩৩জি.সি.এ.সি. ৩, ২০০০, P.F.I Securities Limited is a stock-broker (hereinafter referred to as “ Stock-broker ”);

Whereas, pursuant to an inquiry vide Commission’s Order No. SEC/SRMI/99-789/884 dated August 14, 2005, it is revealed, among others, that PFI Securities Ltd. has contravened provisions of rule 4 (1) of the Securities and Exchange Rules, 1987 by not maintaining buy/sale orders for execution of trade in favor of clients, rule 8A of the Securities and Exchange Rules, 1987 by not maintaining a consolidated bank account, ০ক ৩৩জি.সি.এ.সি., ০ক ৩৬৫৩কি.সি.এ.সি. ১ ৩৩জি.সি.এ.সি. ৩ ৩৩জি.সি.এ.সি. ১ ৩৩জি.সি.এ.সি. ১, ২(২), ৬ ৩৬৫৩ ৭ as enumerated in the Second Schedule of ৩৩কডি.সি.এ.সি. ১ গ. ৩পাঁ কগক (০ক ৩৩জি.সি.এ.সি., ০ক ৩৬৫৩কি.সি.এ.সি. ১ ৩৩জি.সি.এ.সি.) ৩৩জি.সি.এ.সি. ৩, ২০০০ and ৩৬৫৩ ১১ of said ৩৩জি.সি.এ.সি. ৩ by submitting sale and buy orders in the market at a price, which by that time, was much lower than that of the available buy bid and higher than sale offer respectively during July 30, 2005 to September 5, 2005 and also by unauthorized netting of shares, regulation 13 of the Stock Exchange Transactions Regulations 1998 by short selling of Beximco Pharmaceutical Ltd’s shares, ৩৬৫৩ ৪৫ of the ৩৩কডি.সি.এ.সি. ১ (এ.সি.এ.সি.এ.সি.) ৩৬৫৩ ৩৩জি.সি.এ.সি. ৩, ২০০৩ by transfer of shares from one BO account to other BO account without obtaining consent from the Securities and Exchange Commission through stock exchange(s).

Whereas, the stock broker was given an opportunity to explain in writing as well as through personal hearing vide the Commission’s Show Cause Cum Hearing Notice No. SEC/Enforcement/393/2005/495 dated May 14, 2005 in respect, among others, of the above contraventions;

Whereas, the stock broker, through letter dated May 29, 2006, furnished its explanations to the Commission in course of hearing held on May 30, 2006 stating, among others, that mistakenly, some shares of Beximco Pharma Limited were sold for account having no shares although there were 3,71,277 shares available in other accounts which were maintained by an authorized person of the account holders concerned. They further mentioned that from the records it is seen that during the period from January 01, 2005 to July 30, 2005 the client through different accounts sold total 8,56,109 shares and purchased 6,54,480 shares of Beximco Pharma. As on 1<sup>st</sup> January 2005, the client had an opening balance of 2,21,263 shares of Beximco Pharma Limited in his different accounts. So, as on

30<sup>th</sup> July, 2005 after selling of 8,56,109 shares of Beximco Pharmaceuticals Limited, the client had closing share balance of 19,223 in his different accounts;

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Whereas, the explanations have not been considered acceptable to the Commission because;-

- P.F.I Securities Limited made short sale of Beximco Pharmaceutical Ltd., Popular Life Insurance Company and Libra Infusions Ltd.'s shares on account of the individual customer's concerned in violation of provision of regulation 13 of the Settlement of Stock Exchange Transactions Regulations, 1998 of Dhaka Stock Exchange Ltd. issued under the Securities and Exchange Ordinance, 1969;
- For the purpose of settlement of the short sale, the stock broker has transferred the shares from his other customers' accounts off-exchange in violation of the provision of regulation 42 of the Listing Regulations of Dhaka Stock Exchange Limited issued under the aforesaid Ordinance;

Whereas, provisions of the above Regulations issued under the Ordinance are considered directives and orders issued under the said Ordinance for compliance, failure of which tantamount to contravention of the provisions of the Ordinance attracting penal section 22 of the Securities and Exchange Ordinance, 1969;

Whereas, the Commission is satisfied after considering the broker's explanations and facts that the stated activities of the stock broker are deliberate which are contrary to the securities related laws, regulations, etc. affecting the market discipline, confidence of investors in securities and the capital market at large; and

Whereas, the Commission is also of the opinion that in order to maintain discipline in the capital market and in the interest of the investors, appropriate action against P.F.I Securities Limited should be taken for the aforesaid contraventions of securities related laws, regulations, etc.

Now, therefore, in exercise of the power conferred by section 22 of the Securities and Exchange Ordinance, 1969, the Securities and Exchange Commission hereby impose a penalty amounting to Tk. 2 (Two) lakh upon P.F.I Securities Limited (DSE Member No.35 and CSE Membership 95) which shall be deposited with the Commission through bank draft/pay order with 15(fifteen) days from the issuance of this Order.

**For and on behalf of the  
Securities and Exchange Commission**

**Faruq Ahmad Siddiqi  
Chairman**

**Distribution:**

Prime Finance & Investment Limited  
(DSE & CSE stock broker)  
63, Dilkusha C/A (7<sup>th</sup> Floor)  
Dhaka-1000

