

SEC/Enforcement/350/2005/702

December 19, 2005

Chittagong Stock Exchange Limited
Depository Participant (DP)
CSE Building
1080, Sheikh Mujib Road
Agrabad, Chittagong-4100

Attention: Chief Executive Officer

Subject: Non-compliance of securities laws

It appeared from the copy of letter dated July 25, 2005 of Central Depository Bangladesh Limited, addressed to the Incharge, Sylhet Office of Chittagong Stock Exchange Limited that Clearing Accounts of Sylnet Securities Limited and Holy City Securities Limited (CSE Stock Brokers) had balance of 350 shares of EXIM Bank Limited and 50 shares of EXIM Bank Limited and Ambee Pharmaceuticals Limited respectively on July 24, 2005, i.e. on record date, which means your House did not make timely payout to your clients' account depriving the clients the benefits arising from the corporate action.

The Commission, in exercise of its power conferred by section 14 of the Securities and Exchange Commission Act, 1999, has issued a directive vide No. SEC/CDS/2:22/99/187 dated July 18, 2004, to all concerned to ensure, among others, to the effect “ P) ti KWqWtU tKvb W/CwRUwi AskMhbKvi x wKqwi s wnmvte (Clearing Account) D³ tKv=úvbxí tKvb wmwKDwi wJ i vL+z cvi teb bvó.

It appeared that by doing so, Chittagong Stock Exchange Limited has contravened the above directive of the Commission.

A show-cause-cum hearing notice No. SEC/Enforcement/350/2005/508 dated September 18, 2005 was issued to Chittagong Stock Exchange Limited under said section 14(2) of the Securities and Exchange Commission Act, 1999 to appear for hearing for above said non-compliance/contravention, along with written explanation, on September 28, 2005, which was rescheduled for September 29, 2005.

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The DP in a written statement vide letter No. Cse/sec/16, dated 27th September, 2005 has furnished that its clients namely Holy City Securities Limited and Sylnet Securities Limited had acknowledged that they mistakenly forgot to give the instruction to Chittagong Stock Exchange Limited for the transfer for which they apologized and have assured CSE that they would not make the same mistake again. The said clients have confirmed CSE that they would ensure of receiving the benefits by their concerned clients arising from the corporate action.

The Commission, after considering the all above has decided to dispose of the proceedings against Chittagong Stock Exchange Limited.

For the Securities and Exchange Commission

Mansur Alam
Executive Director

Copy for information:

Chief Executive Officer, Central Depository Bangladesh Limited
Executive Director (R&D), SEC
Executive Director (CDS), SEC
Executive Director (Registration), SEC
Director (MIS), SEC
Chairman's Office, SEC

Mansur Alam
Executive Director