

**SEC/Enforcement/383/2005/554**  
**May 28, 2006**

SNM Securities Ltd.  
Depository Participant (DP No. 68)  
Room No.732, DSE Annex Building  
9E Motijheel C/A  
Dhaka-1000

Attention: **Chief Executive Officer**

**Subject: Non-compliance of securities laws - WARNING**

It is appeared from the copy of letter of Central Depository Bangladesh Limited dated August 22, 2005, addressed to Mr. Bijan Kumar Roy, Authorised Assistant of SNM Securities Ltd. (DP), that the DP's Clearing Account had a balance of 212 shares of Square Pharmaceuticals Limited on August 21, 2005, i.e. on record date, which means the DP did not make timely payout into DP's clients' account depriving the clients the benefits arising from the corporate action.

The Commission, in exercise of its power conferred by *art 14* of *Securities 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 KW@tWtU tKvb WcRUi AskMhbKvi x Wqwi s wmwte (Clearing Account) D<sup>3</sup> tKvubvi tKvb wmwKDwi wU i vLtz cvi teb bvO.*

It is appeared that SNM Securities Ltd. (DP) has violated the above directive of the Commission.

The Depository Participant's aforementioned non-compliance/violation appeared to be deliberate attracting penal provision of *art 14(2)* of the *Securities Act, 1999*.

A show-cause-cum hearing notice No.SEC/Enforcement/383/2005/439 dated April 17, 2006 was issued to the DP under said *art 14(2)* of the *Securities Act, 1999* to appear for hearing for above said non-compliance/contravention, along with written explanation. The hearing was conducted on May 4, 2006.

The DP in a written statement dated May 3, 2006 submitted at the time of hearing has mentioned, among others, that due to lack of information regarding owner of the shares it could not pay out and the said shares were remain in the Clearing Account on record date. Subsequently, the DP transferred those shares to the client's account including benefits.

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The Commission, considering the admission of default, paying out the concerned shares along with the benefits to the client and assurance for future compliance with the securities laws, has decided to dispose of the proceedings against the DP by placing on record the Commission's dissatisfaction on the defaults/violation 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, Central Depository Bangladesh Limited  
Executive Director (R&D), SEC  
Executive Director (CDS), SEC  
Executive Director (Registration), SEC  
Director (MIS), SEC  
Chairman's Office, SEC