

SEC/Enforcement/109/2002/1141
October 19, 2006

By Special Messenger
By Fax No. 9564944

Social Investment Bank Limited (Issuer)
Head Office: 15 Dilkusha C/A, Dhaka-1000

Directors
Social Investment Bank Limited
Head Office: 15 Dilkusha C/A, Dhaka-1000

The Managing Director
Social Investment Bank Limited
Head Office: 15 Dilkusha C/A, Dhaka-1000

Company Secretary
Social Investment Bank Limited
Head Office: 15 Dilkusha C/A, Dhaka-1000

Sub: **Non compliance of securities law concerning payment of declared dividend: Warning**

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII Of 1969) Social Investment Bank Limited is an issuer (herein after referred to as “issuer”).

Social Investment Bank Limited declared dividend for the shareholders in its 6th, 7th, 8th and 9th Annual General Meeting (AGM) held on 2nd June, 2004, which was to be paid off within 60 days of declaration in terms of the erstwhile CCI’s Notification No. SRO 385-LAW/91 dated 15.12.1991, being the order made under section 2G of the Securities and Exchange Ordinance, 1969.

It appeared from the letters dated February 1, 2006 of Bangladesh Social Peace Foundation (BSPF) and Social Fund Trust (SFT) that Social Investment Bank Limited did not pay off the declared dividend to its shareholders, namely Bangladesh Social Peace Foundation (BSPF), (Folio No. 00014), and Social Fund Trust (SFT), (Folio No. 00070), which indicated that Social Investment Bank Limited did not comply with the terms of the aforesaid Notification.

The issuer’s aforesaid activities tantamount to non-compliance of the securities related laws which appeared to be deliberate and contravention of the provisions of the notification mentioned above attracting penal provisions of the Securities and Exchange Ordinance, 1969.

A show cause cum hearing notice No.SEC/Enforcement/109/2002/143 dated February 14, 2006 was issued to the issuer for explaining the said non-compliance. The hearing was conducted on March 2, 2006.

Subsequently, the issuer submitted a letter No.SIBL/HO/BS/2006/164 dated March 20, 2006 mentioning, among others, that the dividend had been paid, but the documents furnished alongwith the said letter did not reflect that the stock dividend had been paid. Another notice No.SEC/Enforcement/109/2002/365 dated April 4, 2006 was issued to the issuer for further hearing. The hearing was conducted on April 18, 2006. The issuer submitted a letter No.SIBL/HO/BS/2006/336 dated June 28, 2006 requesting to allow time upto July 31, 2006 to

Contd.....P/2

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resolve the issue, but failed. It submitted another letter No.SIBL/HO/BS/2006/388 dated August 3, 2006 requesting further to allow time upto September 30, 2006.

Another notice No.SEC/Enforcement/109/2002/916 dated August 17, 2006 was issued to the issuer for further hearing. The hearing was conducted on September 5, 2006. The persons appeared at hearing committed to deliver the said stock dividend within September 30, 2006.

The issuer subsequently submitted a letter No. SIBL/HO/BS/2006/448 dated September 24, 2006 mentioning, among others, that it already delivered the whole stock dividend to Bangladesh Social Peace Foundation (BSPF) and Social Fund Trust (SFT).

The Commission, considering the all above, has decided to dispose of the proceedings against the issuer and its officials concerned by placing on record the Commission's dissatisfaction on the default/contravention made by them, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve the issuer or any of its directors or officials concerned from their lawful responsibilities/obligations to the persons, if any, affected as a result of the issuer's 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.
Executive Director (R & D), SEC
Executive Director (SRMID), SEC
Executive Director (CFD), SEC
Director (MIS), SEC
Chairman's Office, SEC

Copy also to (alongwith a copy of the SIBL's letter No.SIBL/HO/BS/2006/448 dated September 24, 2006):

Prof. Dr. M. A. Mannan, Founder Chairman of Social Fund Trust and Bangladesh Social Peace Foundation, Megh Mallar, 97 Suhrawardy Avenue (Biswa Road), Baridhara, Dhaka-1212.