



# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

JIBON BIMA TOWER (14, 15, 16 & 20 FLOOR), 10 DILKUSHA C/A, DHAKA-1000, BANGLADESH

নং-বিএসইসি/এনফোর্সমেন্ট/২৩৫১/২০১৬/৬৫৪

তারিখঃ ১ লা মার্চ ২০১৭ ইং

## আদেশ

যেহেতু, কমিশন, Alliance Securities & Management Limited (ডিএসই টিআরসি নং-১৩৭) কে তার আবেদনক্রমে, নির্ধারিত শর্তাধীনে সিকিউরিটিজ ক্রয় বিক্রয় কর্মকাণ্ড পরিচালনা করার জন্য সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (অতঃপর 'কমিশন' বলে উল্লিখিত) সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ (১৯৯৩ সনের ১৫ নং আইন) এর ১০(১) এ প্রদত্ত ক্ষমতাবলে সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক-ডিলার, স্টক-ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ এর বিধি ৫(৫) সহ পঠিত স্টকব্রোকার/ডিলার রেজিস্ট্রেশন সার্টিফিকেট প্রদান করেছে;

যেহেতু, Dhaka Stock Exchange Limited এর চিঠি নং DSE/2016/IED/2299 dated April 10, 02, 2016 এর মাধ্যমে Alliance Securities & Management Limited এর তদন্ত প্রতিবেদন কমিশনের নিকট দাখিল করে এবং দাখিলকৃত প্রতিবেদন অনুযায়ী findings and contraventions নিম্নরূপ:

The investigation team randomly examined the documents collected from Alliance Securities & Management Limited (DSE TREC No-137). After examining the relevant documents, our findings are as follows:

### A. Use of margin facilities by Board of Directors of the company and their relatives:

#### Observations:

The investigation team of DSE collected the relevant documents of the identified account to examine the letter of the Chairman of Alliance Securities & Management Limited (DSE TREC No-137). The investigation team also collected list of Board of Directors and relevant documents of Alliance Securities & Management Limited. After examining the relevant documents, it was observed that some of directors of Alliance Securities & Management Limited and their relatives are maintaining Customer accounts and BO accounts with the aforementioned company and they are also enjoying substantial amount of credit facilities. The details of the accounts are shown below:

Client Code	Client Name	Date	Ledger Balance	Remarks
00872	Lakshman Kumar Saha & Shipra Rani Saha	01.06.15	-58,23,945.24	• Shipra Rani Saha is sister of <b>Madhab Chandra Das, Managing Director</b> of Alliance Securities & Management Limited
		22.07.15	-61,18,424.53	
		19.08.15	-18,32,244.03	• Lakshman Kumar Saha is brother-in-law of <b>Madhab Chandra Das, Managing Director</b> of Alliance Securities & Management Limited



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00823	Sanjoy Kumar Saha	01.06.15	-45,46,518.38	• Nephew of <b>Madhab Chandra Das, Managing Director</b> of Alliance Securities & Management Limited
		09.07.15	-47,76,401.80	
		19.08.15	-19,80,595.01	
00009	Madhab Chandra Das	14.07.15	-2,79,23,379.68	• <b>Managing Director</b> of Alliance Securities & Management Limited
		02.08.15	-2,77,72,160.81	
00017	Narayan Chandra Das	01.06.15	-3,62,15,791.68	• Father of <b>Madhab Chandra Das, Managing Director</b> of Alliance Securities & Management Limited
		30.06.15	-3,03,47,234.66	
		23.07.15	-3,00,84,290.45	
		18.08.15	-2,42,97,823.60	
00570	Madhabi Rani Das	02.06.15	-36,49,692.08	• Wife of <b>Madhab Chandra Das, Managing Director</b> of Alliance Securities & Management Limited
		08.06.15	-31,04,300.46	
00060	Amita Podder	30.06.15	-11,73,466.49	• Sister of <b>Tapan Krishna Podder, Director</b> of Alliance Securities & Management Limited
		26.08.15	-11,73,475.71	
00019	Goutam Moni Das	01.06.15	-6,32,64,257.68	• Brother of <b>Partha Pratim Das, Director</b> of Alliance Securities & Management Limited
		30.06.15	-6,64,96,822.25	
		26.08.15	-6,49,23,270.38	
00028	Loknath Singha Roy	01.06.15	-81,31,933.86	• Authorized person to operate this account is Narayan Chandra Das, Father of <b>Madhab Chandra Das, Managing Director</b> of Alliance Securities & Management Limited
		22.07.15	-85,43,063.12	
		26.08.15	-49,44,257.47	• His address is same as that of <b>Madhab Chandra Das, Managing Director</b> of Alliance Securities & Management Limited



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20040	Shilpi Roy	01.06.15	-4,81,30,233.75	<ul style="list-style-type: none"><li>• Wife of <b>Pankaj Roy, Chairman</b> of Alliance Securities &amp; Management Limited</li></ul>
		06.07.15	-4,90,69,576.96	
		26.08.15	-4,80,61,140.23	
R0004	Shilpi Roy & Sushmita Roy	01.06.15	-5,35,65,332.93	<ul style="list-style-type: none"><li>• Shilpi Roy is wife of <b>Pankaj Roy, Chairman</b> of Alliance Securities &amp; Management Limited</li><li>• Sushmita Roy is daughter of <b>Pankaj Roy, Chairman</b> of Alliance Securities &amp; Management Limited</li></ul>
		14.07.15	-5,61,82,362.28	
		26.08.15	-5,22,61,147.38	
10143	Rumpa Roy & Pankaj Roy	01.06.15	-1,59,84,067.26	<ul style="list-style-type: none"><li>• <b>Pankaj Roy</b> is Chairman of Alliance Securities &amp; Management Limited</li><li>• Rumpa Roy is wife of <b>Pankaj Roy, Chairman</b> of Alliance Securities &amp; Management Limited</li></ul>
		03.08.15	-1,64,28,374.78	

## Findings:

It is seen from the above table that some of directors of Alliance Securities & Management Limited and their relatives are enjoying substantial amount of credit facilities from the aforementioned company.

Whereas as per Commission's Directive No. SEC/CMRRCD/2001-43/31 Dated: March 23, 2010:

*".....the stock brokers shall not provide margin facilities to any member of the Board of Directors of its own company, officer and staff employed in the company management, their parent, spouse, son, daughter, sister, brother, son-in-law, daughter-in-law and other relatives....."*



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It is evident from the relevant documents that Alliance Securities & Management Limited (DSE TREC No-137) has violated Commission's Directive No. SEC/CMRRCD/2001-43/31 dated March 23, 2010 by extending credit facilities to the Board of Directors of Alliance Securities & Management Limited and their relatives.

## B. Credit facilities to clients without margin agreement:

### Observations:

After random examination of various client accounts, it was observed that Alliance Securities & Management Limited has extended credit facilities to some of clients without margin agreements. The details of the accounts are as follows:

Client Code	Client Name	Date	Day End Ledger Balance	Account Type
10055	Dilip Kumar Saha	01.06.15	-60,06,906.97	Cash
		09.07.15	-63,20,016.73	
		05.08.15	-62,93,628.54	
00323	Gopal Chandra Saha	01.06.15	-25,04,839.03	Cash
		30.06.15	-26,31,472.56	
00970	Mihir Kanti Saha & Kalpana Rani Saha	01.06.15	-3,57,806.68	Cash
		10.08.15	-1,43,516.23	
00441	Kulsum Akter Lukey	01.06.15	-26,74,383.71	Cash
		30.06.15	-28,09,588.66	

### Findings:

From the above table, it is found that Alliance Securities & Management Limited has extended margin facilities to cash account holders.



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Whereas as per Sub-Rule (1) of Rule 3 of Margin Rules, 1999:

*“.....A member may extend credit facilities to his approved client for securities transactions subject to the margin account requirements of these rules.....”*

And Sub-Rule (2) of Rule 3 of Margin Rules, 1999:

*“.....Margin account arrangements must be evidenced in the form of a written agreement executed between the member and the client.....”*

It is evident from the relevant documents that Alliance Securities & Management Limited (DSE TREC No-137) has violated Sub-Rules (1) and (2) of Rule 3 of Margin Rules, 1999 by extending credit facilities without margin agreement.

## C. Credit Facility Beyond the Permissible Limit:

### Observations:

After analyzing the portfolio statements, it was found that Alliance Securities & Management Limited has extended excess credit facility to some of clients as shown below:

Client Code	Date	Name of Client	Market value of Marginable Securities	Ledger Balance	Clients Margin Deposit	Margin Ratio
00021	30-06-2015	Sumesh Ch. Saha	3,54,34,761.40	(1,95,26,957.84)	1,59,07,803.56	1:1.23
	29-07-2015		3,77,52,269.20	(1,98,00,432.00)	1,79,51,837.20	1:1.10
	17-08-2015		3,93,00,768.70	(1,98,36,900.05)	1,94,63,868.65	1:1.02
00176	30-06-2015	Sujan Paul	39,30,049.00	(28,19,841.36)	11,10,207.64	1:2.54
	26-08-2015		55,64,800.00	(28,20,549.05)	27,44,250.95	1:1.03
00042	30-06-2015	Krishna Pada Saha	1,24,48,256.80	(67,74,967.16)	56,73,289.64	1:1.19
	22-07-2015		1,28,59,517.90	(67,75,068.01)	60,84,449.89	1:1.11
00075	30-06-2015	Nripendra Chandra Saha	15,71,951.60	(41,90,621.38)	(26,18,669.78)	Can't be determined
	26-08-2015		14,88,588.10	(41,90,670.63)	(27,02,082.53)	Can't be determined
00679	01-06-2015	Suborna Saha	2,60,106.90	(5,46,712.83)	(2,86,605.93)	Can't be determined
	22-07-2015		2,77,792.60	(5,74,357.20)	(2,96,564.60)	Can't be determined



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00162	30-06-2015	Nitya Nanda Bardhan	24,75,230.00	(1,42,61,946.24)	(1,17,86,716.24)	Can't be determined
	20-08-2015		24,24,760.00	(1,42,60,586.24)	(1,18,35,826.24)	Can't be determined
00084	30-06-2015	Abdur Rahim Mullick & Masuma Mullick	4,79,292.00	(6,20,816.40)	(1,41,524.40)	Can't be determined
	26-08-2015		4,79,292.00	(6,20,822.79)	(1,41,530.79)	Can't be determined
00481	23-06-2015	Salahuddin Chowdhury	1,23,75,259.00	(1,67,99,744.90)	(44,24,485.90)	Can't be determined
	22-07-2015		1,26,18,164.00	(1,75,99,734.45)	(49,81,570.45)	Can't be determined

## Findings:

Alliance Securities & Management Limited did not follow the Directive of BSEC, however, they have extended excess credit facility to the margin clients.

As per BSEC directive No SEC/CMRRCD/2009-193/135 dated September 30, 2012:

***".....from 01/07/2014, Credit facilities shall be on 1:0.5 basis i.e. 50% of clients' margin/clients' deposit....."***

However, the above table shows that Alliance Securities & Management Limited extended credit facilities to some of their clients beyond the approved limit as set by BSEC.

**It appears that Alliance Securities & Management Limited (DSE TREC No-137) has violated BSEC Directive No. SEC/CMRRCD/2009-193/135 dated September 30, 2012 by extending credit facilities to clients beyond the approved limit.**

## Explanation of the alleged person submitted at the time of hearing:

Dear Sir,

This is in reference to your letter no. BSEC/Enforcement/2351/2016/432 dated October 30, 2016 on the captioned subject and as desired our observations are as follows:



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## 1. Directors and their relatives accounts:

Sl No	Client Code	Client Name	A/C Opening Date	Market Value of Securities at 31.10.2016	Interest Applied after 2011 till to 31.10.2016	Ledger Balance at 31.10.2016	Remarks
1	00872	Lakshman Kumar Saha & Shipra Rani Saha	22.09.2010	-	1,745,437	-2,437,784	In process of settlement
2	00823	Sanjoy Kumar Saha	05.08.2010	-	1,582,399	-2,585,351	Do
3	00009	Madhab Chandra Das	22.10.2006	-	24,041,249	46,869	Avail No Margin
4	00017	Narayan Chandra Das	07.09.2006	16,398,150	24,054,957	-26,745,326	Father of Mr. Madhab Chandra Das has Expired & Legal documentation is under process.
5	00570	Madhabi Rani Das	06.10.2009	139,050	4,715,247	3,775	Non Margin
6	00060	Amita Podder	15.11.2006	-	958,955	-	Closed
7	00019	Goutam Moni Das	07.09.2006	-	44,091,834	-58,509,288	In process of settlement
8	00028	Loknath Singha Roy	19.09.2006	-	6,512,772	-6,415,423	No relation of any Director & No transaction after 2011
9	20040	Shilpi Roy	28.01.2008	17,813,447	20,799,548	-45,476,129	In process of recovery
10	R0004	Shilpi Roy & Sushmita Roy	10.02.2015	2,241,962	14,941,187	-15,458,983	
11	10143	Rumpa Roy & Pankaj Roy	05.02.2014	-	6,160,978	-4,539,965	In process of recovery

All the aforesaid accounts except Sl Nos-01, 02, 10 & 11 were opened during/before FY2010 (year of enacting the restriction for Directors & their relatives) and have been availing margin facility since beginning of their operation.

Due to crash of the Capital market and continuing depression of the market, the value of stock went deep down than purchase price and like innumerable investors those above-mentioned accounts were also forced to remain stuck up with their holding. **In almost all the cases, outstanding amount represents the interest charges after 2011.** Had there been normalcy in the market and no crash, the credit balance in those accounts would have been adjusted immediately after the issuance of SEC directive in March 2010. However, with the recent stabilization of the market we are in the process of fast realizing the loan from these accounts and hope to regularize all the accounts related to Directors within few months.

Though investors of the accounts of Sl Nos- 1 to 2 are the relative to Mr. Madhab Chandra Das but these accounts was opened and operated by the investor own without any knowledge of him or any director. When this matter came to the knowledge of the company, it was occupied by the company by selling all shares.



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Investments in accounts of SI Nos- 9 to 11 was opened, traded and operated by our Chairman personally applying his authority as Chairman of the company and Authorized Person to the DSE. At my repeated requests to adjust the said loans, major adjustments in two accounts were done and hope to realize the balance within next few months.

It may be further be noted that due to continuous loss of the company during last few years due to low volume of trading and non-recovery of loan from margin loan holders, the Directors had been using the Shareholders' Surplus Equity fund lying with the Company. This was done with the intention to ensure adequate return during the crisis period witnessed by the capital market as well as broker houses in Bangladesh. However, finally the Directors witnessed to these losses from their transactions and we are in the process of recovery that may be witnessed from the present outstanding shown in the aforesaid statement.

## 2. Using margin facility without agreement:

We are sorry for allowing loans against the client codes 10055, 00323, 00970 & 00441 without signing Margin Agreements. These were our operational lapse but immediate after identifying the lapse we have taken steps to regularize them and Margin agreements with all of them were signed. We assure you that no such lapse will be in future.

## 3. Excess Credit Facility:

SI No	Client Code	Client Name	A/C Opening Date	Market Value of Marginable Securities as on 31.10.2015	Interest Applied after 2011 till to 31.10.2016	Ledger Balance as on 31.10.2016	Remarks
1	00021	Sumesh Ch. Saha	07.09.2006	44,371,596	39,147,161	-27,353,614	Margin ratio is 1:0.62 and hope to bring down more shortly.
2	00176	Sujan Paul	27.08.2007	-	-	-	Closed
3	00042	Krishna Pada Saha	24.09.2006	3,550	18,737,696	3,550	Avail No Margin Loan
4	00075	Nripendra Chandra Saha	15.01.2007	-	3,371,320	-4,054,444	Account handed over to the Company
5	00679	Suborna Saha	27.01.2010	-	440,040	-453,644	Account handed over to the Company
6	00162	Nitya Nanda Bar dan	05.08.2007	2,024,310	12,023,817	-18,204,266	In process of recovery
7	00084	Abdur Rahim Mullick & Masuma Mullick	04.02.2007	521,226	503,190	-796,550	In process of recovery
8	00481	Salahuddin Chowdhury	23.06.2009	9,337,396	11,013,679	-22,489,693	In process of recovery

All the aforesaid accounts were opened and operated since the initial stage of the company and also using margin loan facility from the beginning. Loans in most cases increased due to fall in price of shares by market crash, additional loan injection for averaging prices and continuous credit of quarterly interest on the outstanding loan amount. Now with the stabilization of the market, we are in the process of recovering the loan from the accounts having shares.





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It may be noted that accounts under SL No-4 to 8 were transacted by our Chairman and loan facility were also allowed by him at his own responsibility. Some of the aforesaid clients handed over their Accounts to the company due to their inability to pay their loan. However we hope to minimize the loss as the capital market is now improving. We also inform you that we have used only our Equity fund and not used the Clients fund. Despite those negative accounts and severe bad situation of the market, we could always maintain adequate liquid fund to meet the liability of the Company. For your rich understand, we are enclosing herewith the copy of net capital balance at the end of the month of December, 2015 and October, 2016 submitting to DSE.

It is pertinent to note here that after identifying the weaknesses we have given efforts to regularize those accounts. Meantime significant improvement was made and we have been reporting periodically to the DSE showing the improvements. With the improvement of the market scenario we hope to improve and regularize most of them in few months. We sincerely express our apology for the aforesaid lapses happened and further pledge to strictly follow the regulations in managing our Company.

In this backdrop we would request your honor to excuse us from taking any action and considering our lapses were not deliberate but rather steps to survive during the crisis period of the market, no way our clients were suffered from our actions. We reiterate that cautious steps will be taken in future to strictly follow all the rules and regulations.

যেহেতু, Alliance Securities & Management Limited এর লিখিত বক্তব্য কমিশনের বিবেচনায় গ্রহণযোগ্য হয়নি, যা সিকিউরিটিজ আইন পরিপালনে ব্যর্থতা বিধায় section 22 of the Securities and Exchange Ordinance, 1969 অনুযায়ী শাস্তিযোগ্য অপরাধ এবং যা ক্ষমার অযোগ্য;

যেহেতু, কমিশনের বিবেচনায়, সিকিউরিটিজ আইন পরিপালনে উল্লিখিত ব্যর্থতার জন্য, তথা পুঁজিবাজারের উন্নয়নের পাশাপাশি বাজারের শৃংখলা ও স্বচ্ছতা রক্ষার স্বার্থে উক্ত ব্রোকার/ডিলার কে জরিমানা করা প্রয়োজন ও সমীচীন;

অতএব, সেহেতু, কমিশন, উল্লিখিত যাবতীয় বিষয় বিবেচনাপূর্বক, Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) এর section 22 [যা The Securities and Exchange (Amendment) Act, 2000 দ্বারা সংশোধিত] এ প্রদত্ত ক্ষমতাবলে Alliance Securities & Management Limited এর উপর ৫০ (পঞ্চাশ) লক্ষ টাকা জরিমানা ধার্য করল যা অত্র আদেশের তারিখ হতে ১৫ (পনের) দিনের মধ্যে 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' এর অনুকূলে ইস্যুকৃত ব্যাংক ড্রাফট/পে-অর্ডারের মাধ্যমে কমিশনে জমা করতে হবে।

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের আদেশক্রমে,

  
মো: আমজাদ হোসেন  
কমিশনার

বিতরণঃ

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