

Order

Whereas, as per section 2(i) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Arena Securities Limited is a member of Dhaka Stock Exchange Limited;

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to Arena Securities Limited under section 10(1) of the Securities and Exchange Ordinance, 1969, read with section 5 (5) of the Securities and Exchange Ordinance, 1969, to conduct securities trading related activities under certain terms & conditions stipulated in the said certificate;

Whereas, as per Rule 3(2) of Margin Rules, 1999, “Margin account arrangements must be evidenced in the form of a written agreement executed between the member and the client.”

Whereas, as per Securities and Exchange Commission letter No. SEC/SRMID/94-231/472 dated February 13, 2005; a customer shall be allowed to buy “A” category scrip (not the same scrip) up to the amount of sold scrip of “A” category within the same settlement period without waiting for the actual settlement.

Whereas, on the basis of the Investigation Report sent by Dhaka Stock Exchange Limited and findings of Surveillance Department, SEC a show cause-cum-hearing notice No. SEC/Enforcement/841/2010/786 dated November 01, 2010 was issued to Arena Securities Limited to appear at the hearing on the December 02, 2010. In the show cause-cum-hearing notice among others following were mentioned;-

“Whereas, record shows that Arena Securities Ltd. extended credit facilities to Golam Nur Baksh Choudhury (Client Code # 2662) without written agreement between Arena Securities Ltd. and the said client.

Contravention: Through the aforesaid activity, Arena Securities Ltd. has violated Rule 3(2) of Margin Rules, 1999.

Whereas, record shows that Golam Nur Baksh Choudhury (client code # 2662), a client of Arena Securities Ltd. bought 150 shares of “Singer Bangladesh Ltd.” amounting Tk. 7,67,608.20 on 16.06.2010, whereas from the client ledger and portfolio statement it was found that available purchase power for the said client was Tk. (8,73,390.41).

Portfolio Date	Market Value of Securities (Tk.)	Ledger Balance (Tk.)	Deposit (Tk.)	Purchase Power dated 16.06.2010
15.06.2010	13,12,225.00	(8,73,390.41)	4,38,834.59	(8,73,390.41)

Available bal. to buy 150 SINGERBD (Total sale on 16.06.2010 – sell of 140 SINGERBD + purchase power dated 16.06.2010)	Money used to buy 150 shares of SINGERBD	Remarks
(8,73,390.41)	7,67,608.20	Netted without fund

Golam Nur Baksh Choudhury (client code # 2662) sold 140 shares of “Singer Bangladesh Ltd.” on 16.06.2010. As per Securities and Exchange Commission letter No. SEC/SRMID/94-231/472 dated February 13, 2005; a customer shall be allowed to buy “A” category scrip (not the same scrip) up to the amount of sold scrip of “A” category within the same settlement period without waiting for the actual settlement. Therefore, Golam Nur Baksh Choudhury (client code # 2662) should not be allowed buying 150 shares of “Singer Bangladesh Ltd.” by using the sale proceed of 140 shares of “Singer Bangladesh Ltd.”

SEC/Enforcement/841/2010/

August , 2011

Contravention: Through the aforesaid activity, Arena Securities Ltd. (Member # 25) has violated Commission's letter No. SEC/SRMID/94-231/472 dated February 13, 2005."

Whereas, hearing was rescheduled and conducted on the December 20, 2010. M.A Hanif Mridha (General Manager) attended the hearing on behalf of Arena Securities Ltd and submitted a reply letter No.NIL dated December 19, 2010.In the letter confessing the allegation the following were stated among others;-

- “1. Our Trader (Authorized Representative) Mr. Md. Mofiz Alam Inadvertently executed the clients (client code no-2662) said buy order of 150 Singer Bangladesh Ltd. on 16.06.2010 for which he begged Pardon to us on the same day. We warned all our Traders particularly Mr. Md. Mofiz Alam for meticulous Compliance of margin Rules, 1999 & relative SEC Directives at share Trading time.
2. We believe that the said violation had happened inadvertently at peak Trading hour due to pressure work for which we are very sorry and repented. We also believe that there were no any bad intention behind the said purchase. It is merely a mistake for which we also beg pardon to honorable Commission. At the same time we assure that this type of mistake shall not happen in future.

We therefore request your honor to consider the unwanted incident sympathetically & oblige thereby.”

Whereas, the above mentioned written statement proves that the mentioned allegation against Arena Securities Ltd. was correct. Explanation is not acceptable to the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law, deliberate and clear contravention of the above mentioned Rule and Letter. The said violations attract penal provision of section 22 of the Securities and Exchange Ordinance, 1969.

Whereas, to protect the discipline and transparency of the capital market along with it's development the Commission deems it appropriate and necessary to impose penalty upon Arena Securities Ltd. for the stated violations.

Now, therefore, Securities and Exchange Commission, in exercise of the power conferred by section 22 (amended by the Securities and Exchange (Amendment) Act, 2000) of the Securities and Exchange Ordinance, 1969 (XVII of 1969) hereby imposes penalty for Tk.1 (Tk.One) Lac only which is to be deposited to the Commission in the form of Bank Draft/Payorder favouring 'Securities and Exchange Commission' within 15 days from the date of issuance of this order.

By order of the Securities and Exchange Commission,

Professor Dr. M. Khairul Hossain
Chairman

Distribution:

Arena Securities Limited
Modhumita Building (5th floor)
160,Motijheel C/A
Dhaka-1000.