



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

সিকিউরিটিজ কমিশন ভবন, ই-৬/সি আগারগাঁও, শের-ই-বাংলা নগর প্রশাসনিক এলাকা, ঢাকা-১২০৭, বাংলাদেশ।

নং-বিএসইসি/এনফোর্সমেন্ট/২৬২৮/২০১৮/৩২৮

তারিখঃ ২৪ মার্চ, ২০১৯ ইং

আদেশ

যেহেতু, as per section 2 (cc) of the Securities and Exchange Ordinance, 1969 Commission means Bangladesh Securities and Exchange Commission constituted under the Bangladesh Securities and Exchange Act, 1993;

Whereas, As per section 17(e) (v) of the Securities and Exchange Ordinance, 1969 "No person shall, for the purpose of inducing dissuading, effecting, preventing or in any manner influencing or turning to his advantage, the sale or purchase of any security, directly or indirectly,-

(e) do any act or practice or engage in a course of business, or omit to do any act which operates or would operate as fraud, deceit or manipulation upon any person, in particular-

(v) directly or indirectly effect a series of transaction in any security creating the appearance of active trading therein or of raising of price for the purpose of inducing its purpose by others or depressing its price for the purpose of inducing its sale by others; "

Mentionable that As per enquiry order no. BSEC/Surveillance/2018-911/30, dated-August 16, 2018. The enquiry team of BSEC conducts the enquiry on recent unusual movement of price and volume of shares of the Bangladesh Autocars Limited and Legacy Footwear Ltd. in the stock exchanges in favor of its Clients and other related parties. From the enquiry report it appears, among others, that:

The following persons/group of persons and institution was involved in manipulative transactions (Data taken from the transaction ledgers, instrument ledgers and the Instant Watch Market Surveillance System).

Mr. Mahafuz Alam:

SL.	BO ID	Name	Name of the DP
1	1201910062892980	Mahafuz Alam	Unicap Securities Ltd.
2	1203000064980577	MAHAFUZ ALAM	Commerce Bank Securities And Investment Ltd.



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

সিকিউরিটিজ কমিশন ভবন, ই-৬ সি অগারগাঁও, শের-ই-বাংলা নগর প্রশাসনিক এলাকা, ঢাকা-১২০৭, বাংলাদেশ।

i) LEGACYFOOT (DSE & CSE public market):

a) Individual trade patterns(Mr. Mahafuz Alam):

Date	1				2				Total			
	1201910062892980				1203000064980577							
	Mahafuz Alam				MAHAFUZ ALAM							
	Unicap Securities Ltd.				Commerce Bank Securities And Investment Ltd.							
	BQ	BR	SQ	SR	BQ	BR	SQ	SR	BQ	BR	SQ	SR
3-Jul-18	493,235	90.58	-	-	-	-	-	-	493,235	90.58	-	-
5-Jul-18	124,912	109.60	-	-	-	-	-	-	124,912	109.60	-	-
9-Jul-18	-	-	318,147	132.50	50,000	132.50	-	-	50,000	132.50	318,147	132.50
12-Jul-18	-	-	17,135	170.00	-	-	-	-	-	-	17,135	170.00
16-Jul-18	-	-	136,303	184.03	-	-	-	-	-	-	136,303	184.03
18-Jul-18	-	-	96,562	191.71	-	-	50,000	190.24	-	-	146,562	191.21
19-Jul-18	-	-	40,000	205.10	-	-	-	-	-	-	40,000	205.10
22-Jul-18	104,299	207.80	-	-	-	-	-	-	104,299	207.80	-	-
25-Jul-18	9,500	203.78	-	-	-	-	-	-	9,500	203.78	-	-
Total	731,946	112.00	608,147	159.28	50,000	132.50	50,000	190.24	781,946	113.31	658,147	161.63

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বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

বাংলা নগর প্রশাসনিক এলাকা, ঢাকা-১২০৭, বাংলাদেশ।

b) Combined effects-LEGACYFOOT at DSE & CSE (public market) by Mr. Mahafuz Alam:

Opening balance: 0 shares

Date	Buy			Sale			Cost of shares sold			Stock position			Comparison with the market				
	Qty	Price	Amount	Qty	Price	Amount	Price (W.Avg)	Amount	Qty	Price (W.Avg)	Amount	Mkt trade Qty (DSE & CSE Normal)	Mkt price (DSE & CSE Normal)	Market price changed by	Client Buy (%)	Client sale (%)	Client Trade (%)
3-Jul-18	1	2	3 (1*2)	4	5	6 (4*5)	7	8 (4*7)	9 (9+1-4)	10	11 (9*10)	12	13	14	15	16	17
	493,235	90.58	44,676,847	-	-	-	-	-	493,235	90.58	44,676,847	1,993,929	90.45	0.00%	24.74%	0.00%	(15+16) (15+16)
5-Jul-18	124,912	109.60	13,690,355	-	-	-	-	-	618,147	94.42	58,367,202	189,405	109.59	11.00%	65.95%	0.00%	24.74%
9-Jul-18	50,000	132.50	6,625,000	318,147	132.50	42,154,478	97.27	30,946,894	350,000	97.27	34,045,308	2,460,822	132.30	9.80%	2.03%	12.93%	65.95%
12-Jul-18	-	-	-	17,135	170.00	2,912,950	97.27	1,666,761	332,865	97.27	32,378,547	1,547,160	151.25	-5.27%	0.00%	1.11%	14.96%
16-Jul-18	-	-	-	136,303	184.03	25,083,752	97.27	13,258,508	196,562	97.27	19,120,040	1,418,327	178.19	9.30%	0.00%	9.61%	1.11%
18-Jul-18	-	-	-	146,562	191.21	28,023,763	97.27	14,256,424	50,000	97.27	4,863,615	938,269	190.83	7.44%	0.00%	15.62%	15.62%
19-Jul-18	-	-	-	40,000	205.10	8,203,909	97.27	3,890,892	10,000	97.27	972,723	1,164,020	194.02	1.67%	0.00%	3.44%	3.44%
22-Jul-18	104,299	207.80	21,672,900	-	-	-	-	-	114,299	198.13	22,645,623	716,707	202.38	0.00%	14.55%	0.00%	14.55%
25-Jul-18	9,500	203.78	1,935,931	-	-	-	-	-	123,799	198.56	24,581,554	545,995	205.13	-2.94%	1.74%	0.00%	1.74%
Total	781,946	113.31	88,601,033	658,147	161.63	106,378,852	97.27	64,019,479	123,799	198.56	24,581,554	10,974,634	152.66	68.78%	7.13%	6.00%	13.12%

(Signature)



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

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c) Gain/loss by Mr. Mahafuz Alam from the trading of LEGACYFOOT at DSE& CSE (Public +Block) :

Buy			Sale			Cost of shares sold		Stock position		
Qty	Price	Amount	Qty	Price	Amount	Price (W.Avg)	Amount	Qty	Price (W.Avg)	Amount
781,946	113.31	88,601,033	658,147	161.63	106,378,852	97.27	64,019,479	123,799	198.56	24,581,554

Realized capital gain/(loss) per unit	64.36
Realized capital gain/(loss) %	66.17%
Realized capital gain (loss) Tk.	42,359,373
Closing price at DSE- 25-Jul-2018	196.00
Unrealized gain (loss) per unit	(2.56)
Unrealized gain/(loss) %	-1.29%
Unrealized gain (loss) Tk.	(316,950)

Findings: It is observed that Mr. Mahafuz Alam effected manipulative transactions. He effected a series of transactions through the aforesaid 2 (two) BO accounts in the shares of LEGACYFOOT creating the appearance of active trading therein.

Contraventions: It appears that Mr. Mahafuz Alam have violated section 17 (e) (v) of Securities and Exchange Ordinance, 1969 by directly or indirectly effecting a series of transactions in the shares of LEGACYFOOT creating the appearance of active trading therein.

যেহেতু, জনাব মাহাফুজ আলম অ্যান্ড এসোসিয়েটস (জনাব মাহাফুজ আলম, বিওআইডি : ১২০৩০০০৬৪৯৮০৫৭৭, ১২০১৯১০০৬২৮৯২৯৮০) কে উপরোক্ত ব্যর্থতার জন্য কমিশন কর্তৃক ৩১ অক্টোবর ২০১৮ ইং তারিখের নং বিএসইসি/এনফোর্সমেন্ট/২৬২৮/ ২০১৮/৪৬৩ নম্বর স্মারকমূলে জনাব মাহাফুজ আলম -কে নির্ধারিত তারিখে উপরোক্ত ব্যর্থতার কারণ প্রদর্শনসহ শুনানীতে উপস্থিত হতে বলা হয় এবং জনাব মাহাফুজ আলম, উক্ত শুনানীতে ১২ নভেম্বর, ২০১৮ তে উপস্থিত হয়ে তার নিম্ন লিখিত বক্তব্য দাখিল করেন:

“Please refer to your letter no SEC/Enforcement/2628/2018/466 dated October 31, 2018, 2018 on the captioned subject.

Before my explanation I want reveal that I am originally a business man. I do business of Import of construction heavy equipment since 2005. One day, I heard from one of my closed friends that stock market is a great place to make huge money. With the words of encouragement, I felt very excited and started withdrawing money from my core business and investing those to stock market. Not to mention here that significant portion of the money I use at my business as capital had been collected from different sources; like banks, friends and relatives as loan. So, there exists a cost of fund of around 12%-14%. With the dream in my eyes, I started investing in the



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

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stock market since 01 May, 2017 and the market continued to disappoint and gave rather torrid time. Once I earned some capital gains from one stock, it had completely been taken over by the loss from another. Thereafter, I undertook few technical analysis and learnt the art of selecting stocks at uptrend. With the help of my friends, I become more confident about the stock market. I believe that even, at present, I have not been able to obtain sufficient return to satisfy my investment goal, I will soon be able to do so, InShaAllah!

Now, I would like to draw your kind attention to the investment position in capital market:

Capital Gain/(Loss) in my reported portfolios at UNICAP securities Ltd (USL) and Commerce Bank Securities and Investment Ltd. (CBSIL)

Name of TREC	Particulars	Gain/(Loss)	Duration of Transaction
UNICAP Securities	Before start of transaction of Legacyfoot	(4,864,878.31)	1-Jan-2017 To 2-Jul-2018
	After transaction of Legacyfoot	(4,497,857.18)	26-Jul-2018 To 5-Nov-2018
	During transaction of Legacyfoot	22,536,005.65	03-Jul-2018 To 25-Jul-2018
	Total period of transaction (I)	13,173,270.16	1-Jan-2017 To 05-11-2018
Total Unrealized Gain/(Loss) (II)		2,039,577.57	as on 05/11/2018
A: Total Gain_at UNICAP(I+II)		15,212,847.73	
Name of TREC	Particulars	Gain/(Loss)	Duration of Transaction
Commerce Bank Securities and Inv. Ltd. (CBSIL)	Before start of transaction of Legacyfoot	688,371.84	1-Jan-2017 To 2-Jul-2018
	After transaction of Legacyfoot	(5,877,495.80)	26-Jul-2018 To 5-Nov-2018
	During transaction of Legacyfoot	2,830,438.10	03-Jul-2018 To 25-Jul-2018
	Total period of transaction (I)	(2,358,685.86)	1-Jan-2017 To 05-11-2018
Total Unrealized Gain/(Loss) (II)		(4,077,224.56)	as on 05/11/2018
B: Total Gain_at CBSIL(I+II)		(6,435,910.42)	
Net Gain / (Loss): A+B		8,776,937.31	

Summarized position of investment and year return on investment at UNICAP & CBSIL:

Particulars	UNICAP	CBSIL
Account Open Date	1-May-17	24-Jun-18
Deposit	201,559,500	24,893,500
Withdraw	165,265,000	400,000
Net Deposit	36,294,500	24,493,500
Total Gain/(Loss)=A & B	15,212,848	(6,435,910)
No. of days after account opened till 05/11/2018	554	135
Yearly Return on Investment	27.74%	-70.07%
Cumulative gain from total investment	8,776,937	
% of Cumulative gain from total investment:C	13.82%	
PtoP inflation as per Bangladesh Bank August'18:D	5.48%	
Inflation adjusted approximate return : C-D	8.34%	

From above table, it is very clear that I had invested a cumulative amount of about **Tk. 6.08** crore for the time period ranging from 6 months to 1 and half years. Where I have managed to earn only **Tk. 87.77 lac** which is, approximately **13.82%** return on my investment. If anyone considers the effect of inflation, the return would be of about **8.34%** which is less than my cost



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

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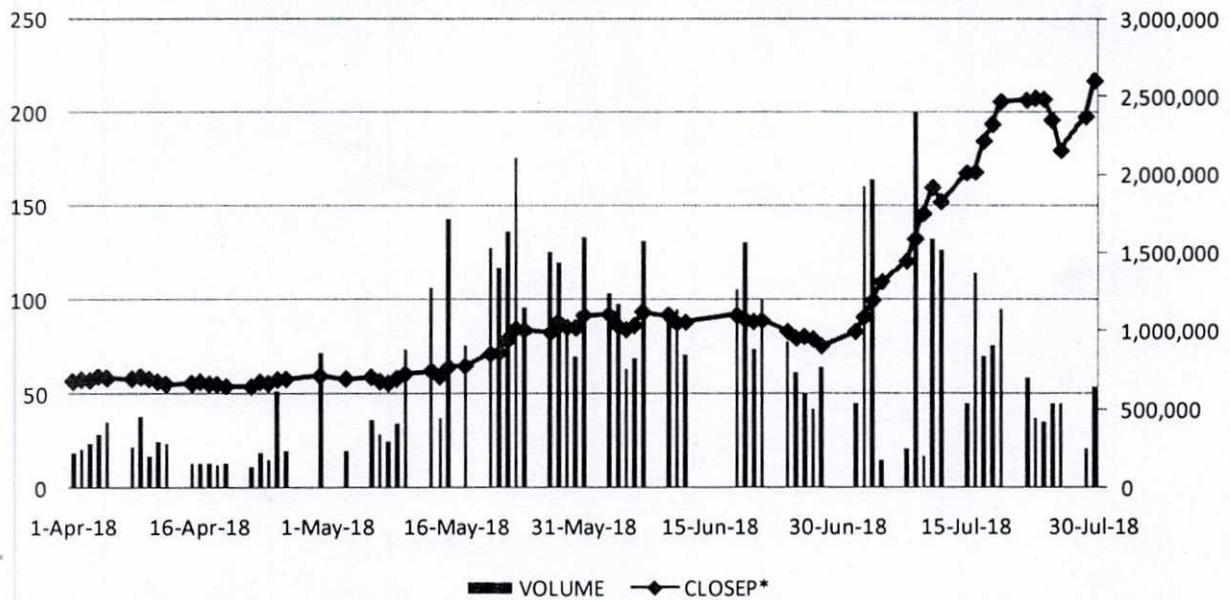
of fund. As I mentioned earlier, I had investment that money taking fund from my business from bank loan.

EXPLANATION AGAINST THE ALLEGED VIOLATION OF SECTION 17(e) (v): Why I traded the shares of Legacy footwear?

I had been following the shares of legacy since May 2018. However, due to shortage of fund and huge unrealized loss in my portfolio against stocks such as--- Peninsula, BSRM, Alif manufacturing company ltd., C & A Textiles Limited hindered me to transact the share. The volume and price was so significantly attracting under all technical signs that I could resist myself to frequently transact the stock. This is to be mentioned here that all the fundamentally sound stocks, such as-- GP, Squarpharma, Olympic etc. were performing so disappointingly that I had to think differently to protect the fund of my business. Thereafter, I followed the market pattern and transacted the share based on my trading capacity maintaining full compliance of the regulators. I neither purchased a single stock aggressively nor did I break any trading norms.

The price and volume movement of LEGACYFOOT is presented as under for kind reference

Price of volume movement of Legacy footwear Ltd.



1. It could be noticed that I have traded only about 7.13% shares of Legacy (Being unaware of total volume in advance) out of the total volume at DSE which is not very significant to influence the trade of any particular stock.
2. I traded the stock on good faith without any intention to induce its price. As reported by you, my buy percentage on that stock during period under report was only 7.13%, which I believe, was not all significant compared to my investment size.



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

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3. As per your complaint in the above referred letter, the undersigned through his own and other accounts, actively participated in the shares of Monno Ceramic Industries Ltd. from 23.01.2018 to 09.04.2018 for the purpose of inducing the movement of its price and volume:
4. I reiterate my humble submission that during transaction, I never concentrated on making big volumes to manipulate price. Moreover, it is quite impossible to know the total volume at the beginning of a trading day. To the best of my knowledge, there is no specific rule that limits a client to trade certain percentage of volume in any particular stock on a single trading day.
5. It may also be observed that the trend for the stocks under investigation started much earlier but I could not avail the opportunity of catching of an uptrend of the share. It is known to every stock market participant that catching the beginning of a trend gives an investor to earn more profit. And the analysis suggests that there was an uptrend in terms of price and volume of the reported stock.
6. During the reported transaction period, I have bought 7,81,946 no. of shares against sale of 6,58,147 no. of shares of LEGACYFOOT, indicating that it was not a one way traffic, I have periodically took the netting facilities in an attempt to earn some profit, which I believe, is permissible by securities law.

The above analysis signifies that the prices of the LEGACYFOOT increased without my significant participation. I traded that share thinking that I could make up for some of my previous losses.

However, I humbly submit that I have not acted contrary to Section 17 (e) (v) of the SEC Ordinance, 1969.

Therefore, we humbly request you to kindly accept my explanation and withdraw allegations of being in violation of Section 17 (e) (v) of the SEC Ordinance, 1969.”

Mr. Mahafuz Alam এর লিখিত বক্তব্য কমিশনের বিচেনায় গ্রহণযোগ্য হয়নি।

যেহেতু, Mr. Mahafuz Alam 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 জনাব মাহাফুজ আলম কে জরিমানা করা প্রয়োজন ও সমীচীন;




বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

সিকিউরিটিজ কমিশন ভবন, ই-৬/সি আগারগাঁও, শের-ই-বাংলা নগর প্রশাসনিক এলাকা, ঢাকা-১২০৭, বাংলাদেশ।

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 জনাব মাহাফুজ আলম (বিওআইডি : ১২০৩০০০০৬৪৯৮০৫৭৭, ১২০১৯১০০৬২৮৯২৯৮০) এর উপর ১ (এক) কোটি টাকা জরিমানা ধার্য করা হল। উক্ত জরিমানার অর্থ আদেশের তারিখ হতে ১৫ (পনের) দিনের মধ্যে 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' এর অনুকূলে ব্যাংক ড্রাফট/পে-অর্ডারের মাধ্যমে জমা করতে হবে।

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের আদেশক্রমে,



১৪/০৬/২০১৯

খোন্দকার কামালউজ্জামান
কমিশনার

বিতরণঃ

জনাব মাহাফুজ আলম

(বিওআইডি : ১২০৩০০০০৬৪৯৮০৫৭৭, ১২০১৯১০০৬২৮৯২৯৮০)

কমার্স ব্যাংক সিকিউরিটিজ অ্যান্ড ইনভেস্টমেন্ট লি:

তরঙ্গ কমপ্লেক্স, ৩য় তলা, ১৯, রাজউক এ্যাভিনিউ,

মতিঝিল, ঢাকা-১০০০।