



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন
Bangladesh Securities and Exchange Commission

Jiban Bima Tower, 10 Dilkusha C/A, Dhaka-1000, Bangladesh
Phone (PABX): 0088-02 9568101-2, 0088-02 9561525, Fax: 0088-02 9563721, 717660

SEC/Enforcement/973/2011/187

March 12 , 2013

Mirpur Securities Limited
CSE's Membership No. 50
M.M Islam Plaza
1-B/1-13 Kalwala Para (Main Road)
Mirpur-1
Dhaka-1216.

Attention: Managing Director/CEO

Subject: Penalty Order: Non-compliance of the Rule 3 (2) of the Margin Rules 1999 and Clause (d) of sub-rule (12) of rule 3 of the margin rules, 1999 as per SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 in connection with trading in shares of Safko Spinning Mills Limited.

Dear Sir,

Commission's penalty order No. SEC/Enforcement/973/2011/186 dated March 12 , 2013 is enclosed herewith for your kind information and necessary action.

For Bangladesh Securities and Exchange Commission

Mustari Jahan
Deputy Director (Enforcement Dept.)

Distribution:

Chief Executive Officer, Dhaka Stock Exchange Limited
Chief Executive Officer, Chittagong Stock Exchange Limited

Copy for information:

P.O to Commissioner (Enforcement), BSEC
P.O to Executive Director (Surveillance), BSEC
P.O to Executive Director (MIS), BSEC
Chairman's office, BSEC



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Order

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

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to Mirpur Securities Limited under article 10(1) of the Securities and Exchange Ordinance, 1969, read with rule 5 (5) of the Securities and Exchange Commission (Registration of Stock Brokers) Rules, 2000, to conduct securities trading related activities under certain terms & conditions stipulated in the said certificate;

Whereas, on the basis of the investigation report of Chittagong Stock Exchange Limited on unusual trading in shares of Safko Spinning Mills Limited, a show cause-cum-hearing notice No. SEC/Enforcement/973/2011/397 dated August 08, 2012 was issued to Mirpur Securities Limited to appear at the hearing. In the show cause-cum-hearing notice among others following were mentioned:-

“Whereas, as per Clause 1 of the Commission’s Directive No. SEC/CMRRCD/ 2001-43/169 dated October 01, 2009, issuer companies under Z category shall not be entertained as ‘marginable securities’ under clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999.

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

Whereas, an investigation has been conducted by CSE regarding unusual trading in shares of Safko Spinning Mills Limited.

Whereas, the Investigation Team among others reported the following:

Broker's Name : Mirpur Securities Ltd. (Membership # 50)

SL No	Client Name	Client Code	Client Type	Buy Date	Buy qty	Buy Rate	Opening Ledger Balance of the day	Cash/Cheque Received	Amount used to buy SAFKOSPIN	Financial Balance after end of the day
1	Mr. Md. Rokib Hasan Lalim	52736	Cash	09.08.2010	1000	148.49	(31,364)	100,000	148,489	(116,837)
2	Mr. G. M. Ahsanul Haque	8989	Cash	25.08.2010	1600	140.07	(12,924)	-	224,115	(497,636)
3	Mr. Md. Anowar Hossain	54200	Cash	05.08.2010	1000	129.75	(17,804)	-	129,745	(147,549)

Contravention:-

1. Mirpur Securities violated Rule 3(2) of the Margin Rules 1999 by providing credit facilities to the above mentioned clients without executing written margin agreement with them.



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2. Mirpur Securities Ltd. has violated clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999 as per SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 by providing margin loan facilities in purchasing shares of SAFKOSPIN which was a 'Z' category company on the dates of buying the shares.”

Whereas, hearing has been conducted. Mr. Md. Alomgir Hossain (Director, Mirpur Securities Limited) has attended the hearing on behalf of the broker. They submitted an explanation letter no. MSL/2012/205 dated September 05, 2012. In the letter they confessed the allegation, begged apology and promised to not to commit such violation in future.

Whereas, from the investigation report and the written confession of Mirpur Securities Ltd it is **proved** that the mentioned allegation of violating Rule 3(2) of the Margin Rules 199 and clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999 as per SEC Directive No. SEC/CMRRCD/2001-43/169 against Mirpur Securities Ltd is **correct**. Their explanation is not acceptable to the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law, appeared to be deliberate and clear contravention of the above mentioned Directive and Rule. Therefore the said non compliance attracts 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 Mirpur Securities Limited for the stated violations.

Now, therefore, Bangladesh 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.1.00 (Tk.One) Lac upon Mirpur Securities Limited which is to be deposited to the Commission in the form of Bank Draft/Payorder favouring 'Bangladesh Securities and Exchange Commission' within 15 days from the date of issuance of this order.

By order of the Bangladesh Securities and Exchange Commission

Professor Dr. M. Khairul Hossain
Chairman

Distribution:

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M.M Islam Plaza
1-B/1-13 Kalwala Para (Main Road)
Mirpur-1
Dhaka-1216