



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন
সিকিউরিটিজ কমিশন ভবন
ই-৬/সি আগারগাঁও, শের-ই-বাংলা নগর প্রশাসনিক এলাকা, ঢাকা-১২০৭
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নং- বিএসইসি/এনফোর্সমেন্ট/২৯৪৫/২০২০/১১৫৬

তারিখঃ ডিসেম্বর ২৭, ২০২০ ইং

আদেশ

যেহেতু, কমিশন, North West Securities Ltd (CSE TREC No. 19) এর আবেদনক্রমে উক্ত প্রতিষ্ঠানকে, নির্ধারিত শর্তাধীনে সিকিউরিটিজ ক্রয় বিক্রয় কর্মকান্ড পরিচালনা করার জন্য বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (অতঃপর 'কমিশন' বলে উল্লিখিত), বাংলাদেশ সিকিউরিটিজ অ্যান্ড 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) অনুযায়ী স্টক ব্রোকার/স্টক ডিলার নিবন্ধন সনদ প্রদান করেছে;

যেহেতু, কমিশন এর আদেশ নং SEC/SRI/DSE-Policy/14/2010/256 তারিখ August 17, 2010 পরিপালনের লক্ষ্যে চিটাগাং স্টক এক্সচেঞ্জ লিঃ কর্তৃক North West Securities Ltd এ পরিদর্শন কার্যক্রম পরিচালিত হয় এবং উক্ত পরিদর্শন কমিটির দাখিলকৃত প্রতিবেদন অনুযায়ী নিম্নরূপ সিকিউরিটিজ আইনের বিধি বিধান লঙ্ঘন পরিলক্ষিত হয় :

Description of alleged violation of securities laws:

(i) Consolidated Customers' Bank Account (CCBA):

North West Securities Ltd (NWSL) had been maintaining 03 (three) Consolidated Customers' Bank Account (CCBA) in its name with Social Islami Bank Ltd. (A/C no. 0041360001207), First Security Islami Bank Ltd. (A/C no. 0152111000003175) and First Security Islami Bank Ltd. (A/C no.010411100009938) for deposit of the money received from and for, and payment of money to and for the customer. It is evident from the documents provided by NWSL that they maintained the CCBA with a deficiency in it by Tk. 7,684,507/- as on June 30, 2018. The details of the information are given in the table:

Sl.	Particulars	Amount (Tk.)	
	Payable to clients	9,082,539	-
	Add: Payable to CSE as per M.O. Report	508,247	-
A	Total payable	-	9,590,786
	Cash & Bank balance (CCBA) as per Bank Statement	1,471,389	-
	Add: Receivable from CSE as per M.O. Report	434,890	-
B	Fund available for payment	-	1,906,279
C	Deficiency (A-B)	-	7,684,507

Contravention:

NWSL violated Rule 8A(1) of The Securities and Exchange Rules, 1987 by maintaining the deficit balance in their Consolidated Customer's Bank Account.



(ii) Branch Operation

As per condition 2(c) and 2(d) of the BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008, a Stock-Broker shall have professional competence and capacity to deliver service at the branch office, and for that it shall have at least two authorized representatives, two DWS, a compliance officer and a branch manager in each branch. However, inspecting officer noted during their inspection at the following branch offices of NWSL that they did not comply with the aforementioned directive. Details are as follows:

Branch	Date	Particulars	Minimum requirement as per directive	Existing Status
Nasirabad	24.09.2018	Authorized Representative	02	01
Muradpur	25.09.2018		02	01
EPZ	04.10.2018		02	01

Contravention:

NWSL contravened condition 2(c) of the BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008 by not maintaining required number of authorized representatives in each of its branch offices.

- (iii) The stock broker shall have required back office software to handle its client service at branch office as per condition 4(1) of BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008 but inspecting officer did not find any support of Back office software in the Muradpur branch office of NWSL.

Contravention: NWSL contravened condition 4(1) of BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008 by not having back office software in its Muradpur branch office.

- (iv) As per condition 4(7) of the BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008, any change of the branch office must be reported to the Exchange and the Commission three working days prior to said change(s). However, inspecting officer noted in the following cases that, NWSL did not comply with the aforementioned condition:

- Although the area of Muradpur Branch office of NWSL is 800 sft as per tenancy agreement, major portion of the said office has been occupied by another concern (Travel Agency). But the change of area was not reported to the CSE and the Commission.
- Nasirabad Branch office of NWSL was shifted to Yakub Trade Center, East Nasirabad, Chittagong from Eves Center, 4th Floor, House-A1/47, East Nasirabad, Chittagong without informing the CSE and the Commission.



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Contravention:

NWSL contravened condition 4(7) of BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008 by not informing the Exchange and Commission regarding the changes in branch offices.

- (v) As per condition 4(8) of the BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008, branch office can be closed after paying of all claims of the investors, subject to at least three months' prior information to the Commission, stock exchange and concerned customers of the stock broker. However, inspecting officer noted that NWSL did not inform the Commission and CSE regarding the closure of Khatungonj branch office.

Contravention:

NWSL contravened condition 4(8) of BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008 by not informing the Commission and CSE regarding the closure of Khatungonj branch office.

- (vi) NWSL failed to provide required documents i.e. Clients' Receivable (Debit Balance) and Payable Statements (Credit Balance) from back office software to the inspection officers within a reasonable time.

Contravention:

NWSL contravened Regulation 7 (1) (ii) of Chittagong Stock Exchange (Trading Right Entitlement Certificate) Regulations, 2013 and বিধি ৫ of দ্বিতীয় তফসিল (সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ এর বিধি ১১ দ্রষ্টব্য) by failing to provide required documents within reasonable time.

- (vii) A cross check between Client's Financial Ledger and Trade Report (CSE market data) of a client revealed the following differences in trade quantity indicated that NWSL did not maintain and update the books and records relating to securities of the clients properly:

Client Code	Trade Date	Buy/Sale	Scrip Name	Quantity (seper)		Difference
				Trade Report	Financial Ledger	
457	14.02.18	Buy	RDFOOD	5,000	-	5,000
		Sale		5,000	-	5,000

Contravention:

NWSL violated Rule 8(1)(cc) of the Securities and Exchange Rules, 1987 and Code of conduct no. 1 of 2nd Schedule of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক-ডিলার, স্টক-ব্রোকার ও অনুমোদিতপ্রতিনিধি) বিধিমালা, ২০০০ by not maintaining necessary books of accounts, register and other documents properly.

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

“We refer to your letter no. BSEC/Enforcement/2945/2020/765, dated October 14, 2020 in connection to the above subject.

We would like to submit our clarifications to your good office regarding the non-compliance of securities laws as mentioned in your above letter are as follows:

(i) Consolidated customers' bank account:

Regarding deficient amount of Tk. 76,84,507.00 in consolidated customers' bank account as on 30.06.2018, we would like to inform you we had been maintaining 3 (Three) consolidated customers' Bank accounts in the name of the company bearing A/c No. 0041360001207 with Social Islami Bank Ltd and A/c No. 010411100009938 and A/c No. 0152111000003175 respectively with First Security Bank Ltd. We have been also maintaining a Public Issue application account (IPO) bearing A/c No. 0103131000001730 with Premier Bank Ltd, Agrabad branch, Chattogram for clients' IPO application purpose. We had transferred application money from CCBA to Public Issue application account for clients' IPO application purpose which was not reimbursed erroneously to CCBA after free of the blocked amount. It is to be mentioned here that as on 30.06.2018 an amount of Tk. Tk. 75,88,824.00 was available as free at IPO account (0103131000001730).

As on 30.06.2018, the total balance amount in the above CCB accounts was Tk. 14,71,389.00 and in the IPO A/c was Tk. 75,88,824.00. Therefore, if we consider the amounts in cash in hand, Bank balance in CCBA, pending clearing with Social Islami Bank Ltd and IPO account then no deficit amount in CCBA compare to payable to clients. We have depicted the CCBA position of our company as follows:

Sl.	Particulars	Amount (Tk)	
	Payable to Clients	90,82,539.00	-
	Add: Payable to CSE as aper MO Report	5,08,247.00	-
A	Total Payable	-	95,90,786.00
	Cash and Bank Balance (CCBA) as per Bank Statements	15,84,909.00	-
	Add: Bank Balance in IPO account as per bank statement	75,88,824.00	
	Add: Receivable from CSE as per MO Report	4,34,890.00	-
	Add: Pending Clearing with SIBL	83,000.00	
B	Total fund available for payment		96,91,623.00
C	Surplus		1,00,837.00

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(ii) Branch Operation:

Regarding maintaining required number of Authorized Representatives in the mentioned branches, we are informing you that due to our enormously poor turnover and bearish situation in the market, we could not afford maintaining two Authorized Representatives in each branch. Moreover, some Authorized representatives had left the company at that time without giving us prior notice which was caused to fallen the required number to maintain. Presently, we are marinating the required number of Authorized Representatives in our existing branch(s).

(iii) Not maintenance of Back Office software:

Regarding not maintaining the back-office software at Muradpur branch office, we are informing you that the server of our back-office software of the said branch was badly affected by computer virus and it took times to recover. Presently, we are marinating the back-office software in the said branch without any interruption.

(iv) Change of Branch Office:

(a) Regarding not reporting the change of office space/area to CSE and the Commission, we are informing you that the change of said office space area was used by another concern for a while which was not reported to CSE and the Commission in appropriate time and indeed it was mistake from our side. We are really submitting our sincere apology for the above fault and we assure that we shall be more cautious to discharge our responsibility in future.

(b) Regarding change/shift of branch office without informing to the CSE and the Commission, we like to inform you that the above shift/change of said branch office was done also by our previous management that was really fault from our side. In this regard, we do hereby submit our sincere apology for the above failure and we assure that we shall be more cautious to comply the securities laws so that and these types of incidents will not be happened in future.

(v) Closure of Branch Office:

Regarding closure of branch office without informing to the commission and CSE, we are informing you that the said branch office was not closed formally at that time from our end but due to shifting of portfolio of some of clients' accounts from the branch to our head office and had problem in the back office software, we had to stoppage the operation for the time being. We do hereby understand that the non-operation in the said branch should have reported to CSE and the Commission in appropriate time which was unintentional and inappropriate decision from our side. However, we subsequently had closed the operation of the said branch and formally reported the matter to the Commission and CSE. We are really submitting our sincere apology for the above fault and we assure that we shall be more vigilant in future to comply the securities laws.



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(vi) Failed to provide required documents:

Regarding failing to provide required documents (Clients receivable and payable statements) from back office software to the inspecting officers within a reasonable time, we like to inform you that we could not submit the documents at that time lacking in proper maintenance and updated of books of records of clients. However, we had submitted the same few days later to CSE after retrieving the same from the back office. We are authentically tendering our regret for the above fault and we assure that we shall be more cautious in future to comply the securities laws.

(vii) Not maintenance and updated Books and records:

Regarding not properly maintaining and update books and records related to securities of the clients, we like to inform you that we could not maintain and update the book of accounts, register and other documents properly which indicated and caused the mismatch (differences) in trade quantity and stock ledger. Meantime, we have warned the person for the above for the above non-compliances. We are extremely express our regret for the above fault and we assure that we shall be more vigilant in future.

In the meantime, we have had taken some measures and necessary changes in the management to run the brokerage company smoothly. The new management are fully aware, committed and careful to comply with all the securities laws.

We are sincerely express and humbly submit our apology for the above inadvertent mistakes. We assure you that we would be more cautious in future and assure you that these types of mistakes will not take place in future.

We therefore request you to consider the above matter quietly and oblige thereby. ”

It is observed in the report of Supervision and Regulation of Intermediaries (SRI) Department of Commission and documents submitted by North West Securities Ltd that the company violated the followings:

Rule 8A(1) of The Securities and Exchange Rules, 1987 by maintaining the deficit balance in their Consolidated Customer's Bank Account;

Condition 2(c) of the BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008 by not maintaining required number of authorized representatives in each of its branch offices;

Condition 4(1) of BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008 by not having back office software in its Muradpur branch office;

Condition 4(7) of BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008 by not informing the Exchange and Commission regarding the changes in branch offices;



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Condition 4(8) of BSEC Directive no. SEC/CMRRCD/2002-90/34 dated July 29, 2008 by not informing the Commission and CSE regarding the closure of Khatungonj branch office;

Regulation 7 (1) (ii) of Chittagong Stock Exchange (Trading Right Entitlement Certificate) Regulations, 2013 and বিধি ৫ of দ্বিতীয় তফসিল [সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ এর বিধি ১১ দ্রষ্টব্য] by failing to provide required documents within reasonable time;

Rule 8(1)(cc) of the Securities and Exchange Rules, 1987 and Code of conduct no. 1 of 2nd Schedule of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক-ডিলার, স্টক-ব্রোকার ও অনুমোদিতপ্রতিনিধি) বিধিমালা, ২০০০ by not maintaining necessary books of accounts, register and other documents properly.


এমতাবস্থায়, North West Securities Ltd. এর উপরে উল্লিখিত বক্তব্য কমিশনের বিচেনায় গ্রহণযোগ্য হয়নি।

যেহেতু, North West Securities Ltd. এর লিখিত বক্তব্য কমিশনের বিবেচনায় গ্রহণযোগ্য হয়নি, যা সিকিউরিটিজ আইন পরিপালনে ব্যর্থতা বিধায় Securities and Exchange Ordinance, 1969 এর Section 22 অনুযায়ী শাস্তিযোগ্য অপরাধ।

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

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 North West Securities Ltd. এর উপর ০২ (দুই) লক্ষ টাকা জরিমানা ধার্য করল যা অত্র আদেশের তারিখ হতে ৩০ (ত্রিশ) দিনের মধ্যে 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' এর অনুকূলে ইস্যুকৃত ব্যাংক ড্রাফট/পে-অর্ডারের মাধ্যমে জমা প্রদান করতে হবে এবং ২ (দুই) মাসের মধ্যে উক্ত স্টক ব্রোকার/ স্টক ডিলার উল্লিখিত অনিয়মসমূহ সম্বয় করে স্টক এক্সচেঞ্জ এর মাধ্যমে কমিশনকে অবহিত করবে, অন্যথায় সম্বয়ের ব্যর্থতার দায়ে প্রতিদিনের জন্য ১০ (দশ) হাজার টাকা হিসাবে জরিমানা ধার্য হবে।

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28.12.2020
খোন্দকার কামালউজ্জামান
কমিশনার

বিতরণঃ

1) North West Securities Ltd. (CSE TREC No. 19)
Aktharuzzaman Center (6th Floor),
21-22 Agrabad Commercial Area, Chittagong.

2): Managing Director, Chittagong Stock Exchange Ltd.: with request to monitor the mentioned irregularities with intimation to the Commission.

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