



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/969/2011/177

March 12 , 2013

Salta Capital Limited
DSE's Membership No. 095
Modhumita Building (9th floor)
Room No.1002
158-160, Motijheel C/A
Dhaka-1000.

Attention: Managing Director/CEO

Subject: Penalty Order: Non-compliance of SEC's Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 and Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010 in connection with unusual trading in shares of 'LEGACYFOOT' and "BDAUTOCA".

Dear Sir,

Commission's penalty order No. SEC/Enforcement/969/2011/176 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



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/969/2011/177

March 12, 2013

Order

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

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to Salta Capital Limited under article 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, on the basis of the investigation report of Dhaka Stock Exchange Limited regarding unusual trading in shares of 'LEGACYFOOT' and "BDAUTOCA", a show cause-cum-hearing notice No. SEC/Enforcement/969/2011/50 dated February 13, 2012 was issued to Salta Capital 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 Commission's Directive No. SEC/CMRRCD/ 2001-43/42 dated June 15, 2010 equity securities with price-earning ratio of above 40 (forty) shall not be entertained as 'marginable securities' under clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999 and the stock broker shall not provide loan facilities to their clients to purchase the said securities.

Whereas, during the reported period PE ratio of BDAUTOCA was above 40. Therefore as per Commission's Directive No. SEC/CMRRCD/ 2001-43/42 dated June 15, 2010 shares of BDAUTOCA can not be treated as 'marginable securities'.

Whereas, an investigation has been conducted by DSE regarding unusual trading in shares of 'LEGACYFOOT' and "BDAUTOCA".

Whereas, investigation team among others reported the following; -

"After checking the relevant documents collected from Salta Capital Ltd. It was found that In respect of the following client codes, they have bought 'BDAUTOCA' share without having sufficient balance as shown below whereas as per our calculation the PE ratio of BDAUTOCA is over 40 as on the following dates-

Client code	Client Name	Buy Date	Buy Qty	Buy Rate	Amount used to buy BDAUTOCA	Ledger Balance at the end of the day
H06	Mahmud Siddique	09.03.11	110	343.02	37847.51	-216415.57



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/969/2011/177

March 12, 2013

H06	Mahmud Siddique	14.03.11	335	354.82	119225.65	-262207.42
-----	-----------------	----------	-----	--------	-----------	------------

Contravention: Salta Capital Ltd. has violated SEC's Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010 by providing margin loan to it's clients to purchase shares of BDAUTOCA."

"In respect of the following clients of Salta Capital Limited (Member No- 095) has bought 'LEGACYFOOT' without having sufficient balance as shown below:

Client code	Client Name	Date	Buy Quantity	Rate	Ledger Balance at the end of day
H06	Mr. Mahmud Siddique & Ms. Gazala Siddika	23.03.11	1000	39.00	-268,362.98
D4972	Mr. Md. Abul Monsur	13.03.11	1000	35.70	-60,679.00
D2334	Mr. Muhammad Mizanur Rahman	10.03.11	1000	38.30	-5147.04
D1578	Mr. Chandan Dutta (MFL)	10.03.11	6000	38.00	-55,605.80
19858	Mr. S.M. Rabiul Hasan	08.03.11	1500	35.30	-10,217.59

Contravention: Salta Capital Limited (Member No- 095) has violated SEC's Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 by providing margin loan facilities in purchasing shares of 'LEGACYFOOT' which is a Z category company."

Whereas, hearing has been conducted. Mr. Md Rezaul Karim (CEO) has attended the hearing on behalf of the broker. They submitted an explanation letter no. Nil dated March 11, 2012 to the Commission. In the letter among others they stated the following;

D 4972: On March 13, 2011 client bought Legacy Footwear worth Tk. 35,700/= but he also deposited Tk.

4,54,700/= on the same day. At the end of the trading day, his account stood at debit balance of Tk. 60,679/= due to purchase of Beximco Limited which was and still is a marginable security.

D 2334: Due to Tk. 5147.04 is a small figure, therefore our Authorized Representative did not put very high emphasis on it. In order to buy 1000 Legacy Footwear, client deposited Tk. 25,000/=, sold some Daffodil Computer shares and above figure was remain unadjusted at that time.

D 1578: This client is a sort of aggressive type and forces our Authorized Representative while doing transaction.

19858: This client has positive balance of Tk. 73,035/= from previous days transaction and on March 08, 2011 this client used fund of Tk. 53,161/= for buying Legacy Footwear.

After market crash in 2010, most of our regular clients were in terrible loss of assets with high volume of liability and they were literally broken down mentally. We do admit that we were failed to face client in that situation with iron hands. We also must confess that situation could have been worst had we faced with them with stricter rules at that time.

Having describing above, we would like to request you to consider our stance and let us have a chance. Hope you would understand our situation."



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/969/2011/177

March 12 , 2013

Whereas, from the investigation report and the written explanation of the broker it is proved that the allegation of violating SEC's Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 (by providing margin loan facilities to the client code no.D1578, H06, D 2334 in purchasing shares of 'LEGACYFOOT' which is a Z category company) and Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010 (by providing margin loan to it's clients to purchase shares of BDAUTOCA) is correct.

Whereas, for the client code no. D 4972 and 19858 their explanation is acceptable. They have not explained regarding violation of Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010. 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 Directives . 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 Salta Capital Limited for the stated violations.

Now, therefore, Bangladesh Securities and Exchange Commission, in exercise of the power conferred by Section 22 of the Securities and Exchange Ordinance, 1969 hereby imposes penalty for Tk.1.00 (Tk.One) Lac upon Salta Capital 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:

Salta Capital Limited

DSE's Membership No. 095,

Modhumita Building (9th floor), Room No.1002,158-160, Motijheel C/A,Dhaka-1000