No. SEC/Enforcement/522/2006/742
Dated: 05 July 2007

AAA Consultant & Financial Advisors
Merchant Banker- Issue Manager
Amin Court (4th Floor)
62-63, Motijheel C/A
Dhaka-1000

Sub: <u>Alleged non-compliance of securities law in connection with the IPO of Jamuna Bank Ltd: Warning.</u>

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Jamuna Bank Ltd. is an issuer (herein after refereed to as "issuer").

The Securities and Exchange Commission, at the request of AAA Consultant & Financial Advisors, issued to AAA Consultant & Financial Advisors the merchant banker registration certificate No. Ggwe-1.015/98-01 ZwiL 22 Rvbqvix 1998 Bs under wmwKDwiwUR I G·‡PÄ Kwgkb (gv‡P›U e¨vsKvi I †cvU©‡dvwjI g¨v‡bRvi) wewagvjv, 1996 to conduct activities as issue manager.

Jamuna Bank Ltd. appointed AAA Consultant & Financial Advisors as issue manager regarding IPO of the said issuer.

A draft prospectus was submitted, alongwith an application, to the Securities and Exchange Commission on 31 July 2005 under the repealed Public Issue Rules, 1998 [corresponding Securities and Exchange Commission (Public Issue) Rules, 2006] for Commission's consent/approval for issuance of shares to the public through IPO.

The said draft prospectus includes due diligence certificate issued by AAA Consultant & Financial Advisors.

Based on the said prospectus and relevant documents/information furnished/submitted to the Commission in connection with the said public issue, the Commission accorded its consent to the issue for the said purpose on 12 December 2005.

The subscription against said prospectus for IPO was due to open from 5 February 2006 thru 9 February 2006, and accordingly completed.

Subsequently it appeared to the Commission that the board of directors of the issuer, in its meeting held on 27 November 2005, approved transfer of certain sponsors' shares to some persons which, being material changes/information in respect of share holding position of the sponsors which were not informed/furnished by the issue manager to the Commission for consideration of the application for forthcoming IPO.

It appeared that, as issue manager, AAA Consultant & Financial Advisors has failed to exercise appropriate due diligence, as per requirements of the repealed Public Issue Rules, 1998, in violation of the conditions of the merchant bankers registration certificate and provisions of the wmwKDwiwUR I G·‡PÄ Kwgkb (gv‡P›U e¨vsKvi I †cvU©‡dvwjI g¨v‡bRvi) wewagvjv, 1996|

The aforesaid activities were also violative of rule 6 of the repealed Public Issue Rules, 1998 [corresponding rule 7 of the Securities and Exchange Commission (Public Issue) Rules, 2006] as well as section 18 of the Securities and Exchange Ordinance, 1969, read with section 17 of the said Ordinance, because of furnishing to the Commission certain incorrect information as well as concealment of certain important and relevant information to the Commission at the time of considering the IPO of the said issuer.

Contd...........Page-2

A show cause cum hearing notice No. SEC/Enforcement/522/2006/992 dated 13 September 2006 was issued to the issue manager to explain the above contravention and also to provide an opportunity of being heard by the Commission. The hearing was conducted on 24 September 2006.

Mr. Khwaja Arif Ahmed, Chief Executive Officer; Mr. Mohammad A. Hafiz, Partner and Mr. Mohammad Ferdous Mazid, AGM of the issue manager appeared for the hearing, and in course of hearing, the issue manager submitted written explanations in respect of the aforesaid contravention vide letter dated 24 September 2006, stating, among others, the following:

> "............It was our utter surprise that on August 08, 2006, we got a letter from Jamuna Bank Ltd, where we found the list of shareholders of the sponsors of the Bank did not reflect the same picture as was shown in the prospectus. Immediately on the same day we forwarded a letter to the SEC mentioning relevant information.
>
> On the basis of above situation it was absolutely impossible on our part on getting updated information as the issuer did not disclose the facts."

From the submissions, it appeared that the issue manager (AAA Consultant & Financial Advisors) has failed to exercise due diligence properly by not verifying the shareholding list for the period in between 25 August and 15 December 2005 as per requirements of the repealed Public Issue Rules, 1998, in violation of the conditions of the merchant bankers registration certificate and provisions of the wmwKDwiwUR I G·‡PÄ Kwgkb (gv‡P›U e¨vsKvi I †cvU©‡dvwjI g¨v‡bRvi) wewagvjv, 1996|

The Commission, considering the explanations, has decided to dispose of the matter against the issue manager for the stated contravention, by placing on record the Commission's dissatisfaction on the aforesaid default made by it, with a warning to ensure strict compliance of all securities related laws in future.

Please note that the above disposal does not absolve the issue manager from its lawful responsibilities/obligations to the persons, if any, affected as a result of its above said default.

For Securities and Exchange Commission

Md. Mizanur Rahman
Director

<u>Copy to</u>:

Managing Director, Jamuna Bank Ltd.
Executive Director (R&D), SEC
Executive Director (SRMID), SEC
Executive Director (CID), SEC
Director (MIS), SEC
Chairman's Office, SEC