SEC/Enforcement/1195/2013/743
December 31 , 2014 **By Courier**

S.R Capital Limited
(CSE Member # 38)
AnandaTower (3rd floor)
Jail Road
Sylhet

Attention: Managing Director/CEO

Subject: Penalty Order: Non-compliance of Regulation 4(1) of Chittagong Stock Exchange (Short-Sale) Regulations, 2005

Dear Sir,

Commission's penalty order No. SEC/Enforcement/1195/2013/742 dated December 31, 2014 is enclosed herewith for your kind information and necessary action.

For Bangladesh Securities and Exchange Commission

Mustari Jahan
Deputy Director (Enforcement)

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

SEC/Enforcement/1195/2013/ December , 2014

Order

Whereas, as per section 2 (cc) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII of 1969) "Commission" means Bangladesh Securities and Exchange Commission constituted under Securities and Exchange Commission Act 1993;

Whereas, as per section 2(i) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), **S.R Capital Limited** is a Trecholder of Chittagong Stock Exchange Limited;

Whereas, on the basis of the observation report of the Commission regarding short sale, a show cause-cum-hearing notice No. SEC/Enforcement/1195/2013/14 Dated: January 07, 2014 was issued to S.R Capital Limited to appear at the hearing accusing for violating regulation 4(1) of the Chittagong Stock Exchange (Short-Sale) Regulations, 2005. Hearing has been conducted with the accused. In the show cause-cum-hearing notice following have been mentioned among others;-

Quote

Whereas, as per regulation 4 of the Chittagong Stock Exchange (Short Sale) Regulation, 2005, short sale of listed securities is prohibited.

Whereas, Surveillance Department, BSEC has reported the following among others;

“S.R. Capital Ltd. (CSE Member # 38) was involved with SHORT-SELLING of different listed securities in its client codes on different dates. Details are shown below the table:-

SL No.	Name of Client & BO A/C No.	Trading Date	Name of Instrument	Sold Qty.	Available Holding as per DPA6 Report	Short-Sale Qty.
01	Md. Siddiqur Rahman BOID#1203550045039311	11/07/13	AFTABAUTO	12,700	10,000	2,700
02	Md. Babul Hossain BOID#1203550046710182	14/07/13	UNITEDAIR	10,000	0	10,000
03	Md. Shaista Miah BOID# 1203550007802459	30/07/13	ALLTEX	5,500	4,500	1,000
04	Md. Abdul Motalab BOID#1203550015821084	13/08/13	UNITEDAIR	2,25,000	0	2,25,000
05	Banu Debnath BOID# 1203550039463721	18/08/13	UNITEDAIR	82,200	52,200	30,000

Contravention: Through the aforesaid activities, S.R. Capital Ltd. (CSE Trec# 38) violated regulation 4(1) of the Chittagong Stock Exchange (Short-Sale) Regulations, 2005."

Unquote

Whereas, Mr. Md.Siddiqur Rahman (Managing Director, **S.R Capital Limited**) has attended the hearing. He has submitted an explanation reply letter No. NIL dated February 24, 2014. Among others they have stated that due to back office software problem some accounts shares have not been deposited appropriately in the real BO Accounts. These were actually not short sale.

Whereas, according to Commission's instant watch market trade report aforesaid shares were not bought in those accounts on T-3 and same type of occurrence has been done repeatedly. From these observations it is proved that the broker has committed the violation advertently. Hence, the Commission has not accepted their explanation.

Whereas, the broker's aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of regulation 4(1) of the Chittagong Stock Exchange (Short-Sale) Regulations, 2005 attracting 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 its development the Commission deems it appropriate and necessary to impose penalty upon **S.R Capital Limited** (broker).

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 Tk5.00. (Tk.Five) Lac upon **S.R Capital Limited** (broker) 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

<u>Distribution</u>

Managing Director/CEO

S.R Capital Limited
(CSE Member # 38)
AnandaTower (3rd floor)
Jail Road
Sylhet