SEC/Enforcement/338/2005/915
August 15, 2006 By Special Messenger

Nouvelle Securities Ltd. (DSE stock-dealer)
Room No. 719 (7th Floor)
DSE Building,
9/F Motijheel C/A
Dhaka-1000

Attention: The Managing Director

**Sub: Non compliance with securities related laws: In connection with purchase of Mercantile Bank Limited's shares for Mr. Jamsed Raza Khan: Warning**

This refers to the Commission's show cause cum hearing notice No. SEC/Enforcement/338/2005/31 dated 08/01/2006 issued for contravening relevant provisions of the wmwKDwiwUR I G·‡PÄ Kwgkb (÷K-wWjvi, ÷K-‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 and Margin Rules, 1999 based on which the hearing was conducted on 31/01/2006.

The Commission constituted an enquiry pursuant to the Order vide No. SEC/SRMID/2003-28/1102/103 dated 13/04/2004 wherefrom it is appeared that Mr. Jamshed Reza Khan opened customer account with the said stock dealer on 10/03/2004.The stock dealer accepted Mr. Khan's buy order on 10/03/2004 for buying 25,450 shares of Mercantile Bank Limited at market rate, but the dealer written the order price as Tk. 205.00 per share by way of crossing over the word 'M.R.' in the order sheet concerned. The dealer received Tk. 71,26,000 from Mr. Khan on 08/05/2004, but Mr. Khan withdrawn the money from the dealer on 15/05/2004, reason not disclosed .It appeared that the said order was not executed by the dealer. No evidence was found as to whether the dealer placed the buy order in the trading system since the dealer failed to provide the order status reports to the enquiry officers. It was observed that the dealer did not maintain the order status reports for the period of March through May 2004.

By doing so, Nouvelle Securities Limited has contravened relevant provisions of the wmwKDwiwUR I G·‡PÄ Kwgkb (÷K-wWjvi, ÷K-‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000, read with the relevant provisions of the Securities and Exchange Rules, 1987 and Margin Rules, 1999, by not maintaining customers and trade related records, not taking money alongwith the buy orders from his said customer, not executing the said customer's buy order, unauthorisedly changing the customer's quoted buy price (M.R.) into Tk. 205, etc.

A show cause cum hearing notice No. SEC/Enforcement/338/2005/31 dated January 8, 2006 was issued to Nouvelle Securities Ltd. to explain the alleged contraventions and also to provide an opportunity of being heard prior to taking any measure as per securities related laws.

In reply, Nouvelle Securities Ltd. vide letter dated 31/01/2006 mentioned, among others, that due to non-payment (withdrawal) of money, the order was not valid and, as such the dealer could not execute the order.

The Commission, considering the submissions made by the dealer, has decided to dispose off the proceedings against the dealer for the stated contravention by placing on record the Commission's dissatisfaction on the defaults made by the dealer, with a warning to ensure strict compliance of all securities related laws in future.

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Please note that this disposal does not absolve the dealer from its lawful responsibilities/obligations to the persons, if any, affected as a result of the dealers’ above said defaults.

For and on behalf of
the Securities and Exchange Commission

(Mansur Alam)
Executive Director

CC:

Chief Executive Officer, Dhaka Stock Exchange
Executive Director (R&D), SEC
Executive Director (Registration), SEC
Director (MIS), SEC
Chairman’s Office, SEC