SEC/Enforcement/873/2011/ **August , 2011**

Order

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

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to Al Arafa Islami Bank Limited under avi 10(1) of the wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993, read with wewa 5 (5) of the wmwKDwiwUR I G·‡PÄ Kwgkb (÷K-wWjvi, ÷K-‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000, to conduct securities trading related activities under certain terms & conditions stipulated in the said certificate;

Whereas, on the basis of the enquiry report of Securities and Exchange Commission a show cause-cum-hearing notice No. SEC/Enforcement/873/2011/111 dated February 24, 2011 was issued to Al Arafa Islami Bank Limited to appear at the hearing on the March 13, 2011. In the show cause-cum-hearing notice among others following were mentioned;-

"Whereas, as per স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.1/wWGmB-234/2008/312, ZwiLt 17/11/2008 Bs I স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.2/ wmGmB-139/2010/220, ZwiLt 09/06/2010 (issued to Al Arafa Islami Bank Limited) Gi শর্ত নং- ২ "mb` cvcK Securities and Exchange Ordinance, 1969 (XVII of 1969), wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993 (1993 m‡bi 15 bs AvBb), Ges wmwKDwiwUR I G·‡PÄ Kwgkb (÷K-wWjvi, ÷K-†evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 Gi Aaxb Kwgkb KZK mgq mgq c`Ë ev RvixKZ Av‡`k ev wb‡`k Ges GB mb‡`i mKj kZ gwbqv Pwj‡Z eva¨ _wK‡eb|"

Whereas, as per AvPiY wewa ১, ২ ও ৭ of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000;

"c‡Z¨K ÷K wWjvi, ÷K ‡evKvi I Ab‡gw`Z cwZwbwa‡K Zvnvi e¨emv I GZ`msµvšÍ Kvhw` cwiPvjbvi †¶‡Î mbvg, `¶Zv, wek¯Zv I mZZv eRvq iwL‡Z nB‡e|"

"c‡Z¨K ÷K wWjvi, ÷K ‡evKvi I Ab‡gw`Z cwZwbwa Zvnvi g‡°‡ji mwnZ Kvq-Kvie‡ii mgq wek¯Zvi mwnZ Zvnv‡`i digv‡qm †gvZv‡eK g‡°‡ji Rb¨ m‡evËg evRvi `‡i wmwKDwiwU µq ev weµq Kwi‡eb|"

" †Kvb ÷K wWjvi, ÷K ‡evKvi ev Ab‡gw`Z cwZwbwa GKKfv‡e A_ev Ab¨vb¨‡`i mwnZ mw¤§wjZfv‡e ‡Kvb KwÎg evRvi mwó Kwi‡Z cwi‡eb bv hvnv mvaviY wewb‡qvMKvix‡`i Rb¨ ¶wZKi nB‡e A_ev evRv‡ii mô I Aeva KvhKwiZv evavM¯ Kwi‡e|"

Whereas, an enquiry was conducted by Securities and Exchange Commission. Enquiry committee among others reported the following:

" On January 20, 2011, Al-Arafah Islami Bank Limited sold a number of shares on behalf of their clients aggressively without following the available buy order of those securities at the market at that time. As per the Trade execution documents provided by DSE, the inquiry officers found that the aforesaid stock-broker submitted sale order of different securities at a lower rate than the actual trade execution rate (available buy rate at that time). The detail transaction of the aforesaid stock-broker is delineated below:

TRADING REPORT ON JANUARY 20, 2011.

SL NO.	INSTRUMENT CODE	EVENT	BUY/SALE	PRICE	QUANTITY	CUSTOMER CODE	TIME
1	**BEXIMCO**	**Submitted**	**S**	**243.00**	**2000**	**B160**	**13:03:26:247**
	BEXIMCO	PartExec		250.00	200	B160	13:03:26:253
	BEXIMCO	PartExec		244.00	200	B160	13:03:26:263
	BEXIMCO	PartExec		244.00	500	B160	13:03:26:272
	BEXIMCO	PartExec		244.00	100	B160	13:03:26:278
	BEXIMCO	PartExec		244.00	200	B160	13:03:26:286
	BEXIMCO	PartExec		243.30	200	B160	13:03:26:294
	BEXIMCO	PartExec		243.30	300	B160	13:03:26:301
	BEXIMCO	PartExec		243.20	200	B160	13:03:26:309
	BEXIMCO	FullExec		243.20	100	B160	13:03:26:317
2	**CONFIDCEM**	**Submitted**	**S**	**212.00**	**2000**	**1324**	**13:00:39:866**
	CONFIDCEM	PartExec		229.00	100	1324	13:00:39:873
	CONFIDCEM	PartExec		214.00	20	1324	13:00:39:881
3	**AFTABAUTO**	**Submitted**	**S**	**251.00**	**1000**	**C86**	**13:02:40:509**
	AFTABAUTO	PartExec		255.00	200	C86	13:02:40:516
	AFTABAUTO	PartExec		252.00	50	C86	13:02:40:522
	AFTABAUTO	PartExec		251.10	50	C86	13:02:40:529
	AFTABAUTO	PartExec		251.10	50	C86	13:02:40:536
	AFTABAUTO	PartExec		251.10	200	C86	13:02:40:542
	AFTABAUTO	PartExec		251.10	200	C86	13:02:40:549
	AFTABAUTO	FullExec		251.00	250	C86	13:02:40:555
4	**NAVANACNG**	**Submitted**	**S**	**151.00**	**5000**	**875**	**13:00:41:912**
	NAVANACNG	PartExec		156.00	100	875	13:00:41:979
	NAVANACNG	PartExec		155.10	200	875	13:00:42:042
	NAVANACNG	PartExec		155.00	400	875	13:00:42:075
5	**SQUARPHARMA**	**Submitted**	**S**	**3135.00**	**130**	**B159**	**13:03:05:140**
	SQUARPHARMA	PartExec		3150.00	10	B159	13:03:05:145
	SQUARPHARMA	PartExec		3150.00	10	B159	13:03:05:165

	SQUARPHARMA	PartExec		3150.00	10	B159	13:03:05:180
	SQUARPHARMA	PartExec		3150.00	10	B159	13:03:05:196
	SQUARPHARMA	PartExec		3150.00	10	B159	13:03:05:207
	SQUARPHARMA	PartExec		3150.00	10	B159	13:03:05:221
	SQUARPHARMA	PartExec		3150.00	10	B159	13:03:05:237
	SQUARPHARMA	PartExec		3150.00	4	B159	13:03:05:257
	SQUARPHARMA	FullExec		3140.00	56	B159	13:03:05:282
6	**IFIC**	**Submitted**	**S**	1100.00	150	B58	13:01:24:272
	IFIC	PartExec		1112.00	50	B58	13:01:24:283
	IFIC	PartExec		1112.00	50	B58	13:01:24:298
	IFIC	FullExec		1110.00	50	B58	13:01:24:308
7	**ABBANK**	**Submitted**	S	**1200.00**	**250**	**1891**	**13:03:37:203**
	ABBANK	PartExec		1230.00	10	1891	13:03:37:208
	ABBANK	PartExec		1230.00	100	1891	13:03:37:223
	ABBANK	PartExec		1210.00	50	1891	13:03:37:241
	ABBANK	PartExec		1201.00	10	1891	13:03:37:260
	ABBANK	PartExec		1200.25	5	1891	13:03:37:270

Contravention: Through the aforesaid activities Al-Arafah Islami Bank Limited (DSE Membership No. 234 and CSE Membership No. 139) has violated শর্ত নং- ২ of কমিশন কর্তৃক ইস্যুকৃত স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.1/wWGmB-234/2008/312, ZvwiLt 17/11/2008 Bs I স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.2/ wmGmB-139/2010/220, ZvwiLt 09/06/2010 Bs **and** আচরণ wewa ১, ২ ও ৭ of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gvw`Z cÖwZwbwa) wewagvjv, 2000|""

Whereas, hearing was conducted as per schedule. Mr.Ekramul Hoque (M.D), Muhammad Husain Ahmad Faruqi ,Md.Mufazzal Hossain attended the hearing on behalf of Al-Arafah Islami Bank Limited and submitted a reply letter No. AIBL/Head Office/MDS/2011/10 dated March 13, 2011. In the letter among others they stated the following:

"(3) GmBwm c`Ë mb‡`i kZ bs 2 G D‡jwLZ Secrities and Exchange Ordinance, 1969 (XVII of 1969), wmwKDwiwUR GÛ G·‡PÄ Kwgkb AvBb, 1993 (1993 m‡bi 15 bs AvBb), wmwKDwiwUR I G·‡PÄ Kwgkb (óK-wWjvi, óK-‡evKvi I Ab‡gvw`Z cÖwZwbwa ) wewagvjv, 2000 Gi Aaxb Kwgkb KZK mgq mgq c`Ë ev RvixKZ Av‡`k ev wb‡`k Ges GB mb‡`i mKj kZ gwbqv mbv‡gi mv‡_ Avgiv A`¨vew` e¨emv cwiPvjbv K‡i AvmwQ |

(4) wmwKDwiwUR I G·‡PÄ Kwgkb (óK-wWjvi, óK-‡evKvi I Ab‡gvw`Z cÖwZwbwa ) wewagvjv, 2000Gi wewa 11 Gi Aax‡b Ò wØZxq ZdwkjÓ G ewbZ óK-wWjvi, óK-‡evKvi I Ab‡gvw`Z cÖwZwbwa†`i AvPib wewa 1 G D‡jwLZ AvPib wewa †g‡b e¨emv I GZ` msµvšÍ Kvhw` cwiPvjbvi †¶‡Î mbvg, `¶Zv, wek¯Zv I mZZv eRvq †i‡L P‡jwQ| d‡j A`¨vew` Avgv‡`i Kvhµg cms‡M †Kvb Mvn‡Ki c¶ †_‡K †Kvb Awf‡hvM DÌvwcZ nqwb|

(5) wmwKDwiwUR I G·‡PÄ Kwgkb (óK-wWjvi, óK-‡evKvi I Ab‡gvw`Z cÖwZwbwa) wewagvjv, 2000Gi wewa 11 Gi Aax‡b Ò wØZxq ZdkxjÓ G ewbZ AvPibwewa 2

(6) Gi 1,2 Abhvqx MvnK †mev c`vb K‡i AvmwQ| D‡jL¨ wW‡m¤i 2009 Bs ZwiL n‡Z Avgv‡`i

(7) wbR¯ †Kvb †cvUdwjI †bB| †KejgvÎ Mvn‡Ki µq/weµq Av‡`kB cwicvjb K‡i AvmwQ| d‡j GKKfv‡e ev mw¤§wjZfv‡e †Kvb KwÎg evRvi mwói m‡hvM †bB|

6) wmwKDwiwUR I G·‡PÄ Kwgkb (óK-wWjvi, óK-‡evKvi I Ab¨vb¨ gwa¨eZ©x cÖwZôvb) wewagvjv, 2000 Gi wewa 11 Abhvqx Avgv‡`i Kvhµg cwiPvjbvi wel‡q Avgiv m‡Pó AvwQ|

(7) Avcbv‡`i Show-case cm hearing notice G D‡jwLZ 7wU Bb÷‡g›U Gi msNwVZ †UW Gi wel‡q Awf‡hv‡Mi †cwi¶‡Z AbmÜv‡bi ci Rvbv hvq †h, Rvbqvix 20, 2011 Zvwi‡L ¯vfwweK mgq mKvj 11.00 NwUKvi cwie‡Z Aciv‡ü 1.00 NwUKvq †jb‡`b ïi" nq| mKvj 10.00 NwUKv †_‡KB Avgv‡`i †evKv‡iR nvD‡R AvMZ m¤§wbZ wewb‡qvMKvixMY Ae¨vnZ `icZ‡bi Kvi‡b D‡ØM-DrKÚvi g‡a¨ †UW ïi" nIqvi A‡c¶vq mgq AwZewnZ KiwQ‡jb| B‡Zvg‡a¨B ZvivAewnZ nb †h, `icZ‡bi Kvi‡b mPK 225 c‡q›U K‡g †M‡j evRvi ¯qswµqfv‡e eÜ n‡q hv‡e| G Ae¯vq †ejv 1.00 NwUKvq evRvi ïi" nIqv gvÎ nvD‡R Dcw¯Z AwaKvsk wewb‡qvMKvix evRvi `"Z eÜ nIqvi AvksKvq GK mv‡_ wbR wbR wnmv‡e ivL¶Z †kqvi weµ‡qi Rb¨ Zrci n‡q D‡Vb| GK‡Î AwaK Mvn‡Ki wewµqv‡`k ev¯evqb Ki‡Z wM‡q mswkó Ab¨vb¨ cÖwZôvbMb A‡bKUv Amnvq †eva K‡ib| `i cZb Ges evRvi eÜ n‡q hvIqvi AvksKvq MvnKMY AwaKZi ¶wZ ‡_‡K evPvi Rb¨ evRv‡i †h `‡i †µZv i‡q‡Q †mB `‡i †kqvi wewµi Rb¨ Ab¨vb¨ cÖwZôvbai Dci Pvc mwó K‡ib|

G‡nb Pvc I Amnvq‡Zi g‡a¨ I Avgv‡`i mswkó †UWviMY B Offer mg‡ni g‡a¨ †µZvi m‡ev"P `i A_vr Toch Line Price †`‡L evRv‡i wewµqv‡`k `wLj K‡ib| Aci w`‡K `icZbgLx evRv‡i †µZvMb AwZ Aí mg‡q evRvi eÜ n‡q hvIqvi Abgvb Abhvqx H mg‡q evRv‡i me‡P‡q Dc‡i †h `‡i we‡µZv i‡q‡Q Zv we‡ePbvq wb‡q weivRgvb †µZvi `img‡ni (B Offer) g‡a¨ me‡P‡q Dc‡i Aew¯Z `‡ii †P‡q wKQUv AwaK `‡i µqv‡`k `wLj K‡ib hv‡Z Zvi `wLjKZ µqv‡`k ev¯evqb nq| wewµqv‡`k `wL‡ji Rb¨ F2 Sale Order ¯ªxb L‡j HLv‡b Qantit, Client Code Entr w`‡Z nq| G‡Z wKQ mgq e¨q nq| B‡Zvg‡a¨ evRv‡i `wLjKZ bZb µqv‡`k Sale Order ¯ªx‡b †`Lvi †Kvb m‡hvM †bB|d‡j Avgv‡`i `wLjKZ wewµqv‡`k bZb K‡i evRv‡i AwaK`‡i `wLjKZ µqv‡`k Gi mv‡_ Match K‡i ev Execte nq| XvKv óK G·‡PÄ wjt Gi Ab jvBb †UwWs wm‡÷‡gI Zv wQj MnY‡hvM¨|wm‡÷g Mnb bv Ki‡j B"QvKZ ev Awb"QvKZfv‡e G ai‡bi AWvi Kvi I c‡¶ Execte Kiv m¤e n‡Zv bv|

D‡jwLZ †UW¸‡jv Mvn‡Ki Dcw¯wZ‡Z wek¯Zvi mwnZ Zv‡`i wjwLZ digv‡qk †gvZv‡eK H mg‡qi m‡evËg evRvi `‡i Execte Kiv nq| (Mvn‡Ki wewµqv‡`k I wjwLZ e³e¨ msh³ Kiv nj)| d‡j AvPib wewa 1 , 2 I 7 of wØZxq Zdwmj of wmwKDwiwUR I G·‡PÄ Kwgkb (óK-wWjvi, óK-‡evKvi I Ab¨vb¨ gwa¨eZ©x cÖwZôvb) wewagvjv, 2000 †Kvb Ae¯v‡ZB jsNb Kiv nqwb|

(8)Avcbv‡`i c‡Î D‡jwLZ MvnK †cvUdwj I chv©‡jvPbv‡š— †`Lv hvq †h, Rvbqvix 20,2011 Zvwi‡L MvnK ms‡KZ 1324 Gi BK¨BwU 23.55 j¶ UvKv, MvnK ms‡KZ 1891 Gi BK¨BwU 9.97 j¶ UvKv, MvnK ms‡KZ B-159 Gi BK¨BwU 17.96 j¶ UvKv, MvnK ms‡KZ B-160 Gi BK¨BwU 9.37 j¶ UvKv, MvnK ms‡KZ C-86 Gi BK¨BwU 29.08 j¶ UvKv gvÎ MvnK ms‡KZ 875 Gi BK¨BwU 11.41 j¶ UvKv I MvnK ms‡KZ B-58 Gi BK¨BwU 12.67 j¶ UvKv gvÎ|

ZvQvov Avcbv‡`i c‡Î D‡jwLZ Hw`‡bi 7wU Bb÷‡g›U Gi †jb‡`‡bi wPÎ A_©vr evRv‡i D³ Bb÷‡g›U mg‡ni †jb‡`bKZ †kqv‡ii msL¨v, Avgv‡`i nvD‡R D‡jwLZ wewµqKZ †kqv‡ii †gvU msL¨v, evRv‡ii †gvU †jb‡`bKZ †kqv‡ii Zjbvq Avgv‡`i nvD‡R wewµqKZ ‡kqv‡ii kZKiv nvi bx‡P Avcbv‡`i m`q AeMwZi Rb¨ Z‡j aiv n‡jv|

Sl	Instrument	AIBL Sold	Market Trade	%AIBL Sold
1	Beximco	2,000	151,300	1.32
2	Confidence	2,000	36,480	5.48
3	Aftabauto	1,000	53,100	1.88
4	Square Pharma	130	2,823	4.61
5	IFIC	150	1,230	12.20
6	AB Bank	250	15,075	1.66

ZvQvov, 20/01/2011 Bs Zvwi‡L Avgv‡`i nvDR †_‡K †gvU 56 wU †Kv¤úvbxi †kqvi †jb‡`b nq hvi †gvU cwigvb 2,78,37,429 UvKv hv H w`b evRv‡ii †gvU †jb‡`‡bi 4.09% gvÎ|

Dc‡ii mviYx †_‡K ¯úó cZxqgvb n‡"Q †h, evRv‡i H w`b †jb‡`bKZ †kqv‡ii Zjbvq Avgv‡`i †evKv‡iR nvDR †_‡K wewµqKZ †kqv‡ii kZKiv nvi AwZ bMb¨| D‡jwLZ wewb‡qvMKvixM‡bi wewb‡qv‡Mi cwigvb I Rvbqvix gv‡mi †jb‡`‡bi †iKW †_‡K cZxqgvb nq †h, cwR evRv‡ii ^`bw›`b

†jb‡`‡bi Zjbvq Zv‡`i †jb‡`b AwZ bMb¨ (MvnKM‡bi †cvUdwjI Ges †jb‡`‡bi weeibx GZ`ms‡M msh³ Kiv nj)| hvi gva¨‡g msNwVZ †UW Øviv evRvi cfweZ Kivi †Kvb m‡hvM †bB| Avj-Avivdvn Bmjvgx e¨vsK wjt Gi wbR¯ †cvU‡dwjI‡Z A_vr wWjvi GKvD‡›U wW‡m¤i 2009 n‡Z A`¨vew` †m‡KÛvix gv‡K‡U GKwU †kqviI µq/weµq nqwb| d‡j GKKfv‡e ev D‡jwLZ MvnKM‡bi mv‡_ mw¤§wjZfv‡e †Kvb KwÎg evRvi mwói †Kvb iKg AeKvk wQj bv|

GAvBweGj K¨wcUvj gv‡KU mwwf‡mm wjt, Avj-Avivdvn Bmjvgx e¨vsK wjt Gi GKwU mn‡hvMx cwZôvb wnmv‡e cwZôvjM †_‡K mbv‡gi mv‡_ KgKvÛ cwiPvjbv K‡i Avm‡jI bvg weåv‡Ui Kvi‡b AÎ Avj-Avivdvn Bmjvgx e¨vsK wjt Gi mbvg I mL¨wZi cwZ m¤§wbZ e¨vsK MvnK‡`i

m‡›`‡ni D‡`K n‡"Q| ZvQvov GAvBweGj K¨wcUvj gv‡KU mwwf‡mm wjt KZK Dc‡i ewbZ †h mg¯ Kvhw` m¤úb Kivi we¯wiZ weeib Z‡j aiv n‡q‡Q Zv‡Z m‡›`nvZxZfv‡e cgwbZ nq †h †Kvb iKg Awbqg ev `iwfmwÜgjK †Kvb Kvhµ‡g cwZôvbwU AskMnb K‡iwb hvnv msNwVZ n‡q‡Q Zvnv ¯vfweK wbqg Abhvqx n‡q‡Q| GZ`m‡ZI Avgv‡`i mn‡hvMx cwZôvbwUi Kvhµg Avcbv‡`i mšwó AR‡b †Kvb Kvi‡b e¨_ n‡q _vK‡j Zvi Rb¨ Avgiv AvšwiKfv‡e AbZß Ges ¶gvcv_x| GgZve¯vq cwR evRv‡ii weMZ `B erm‡ii fwgKv we‡ePbv K‡i D‡jwLZ Awf‡hvM †_‡K GAvBweGj K¨wcUvj gv‡KU mwwf‡mm wjwg‡UW‡K Ae¨vnwZ w`‡q h_vh_ Ae`vb ivLvi gva¨‡g †`‡ki cwR evRvi‡K kw³kvjx Kivi m‡hvM `v‡bi Rb¨ webxZ Ab‡iva KiwQ|"

Whereas, Al Arafa Islami Bank Limited has submitted sale order of different securities at a lower rate than the actual trade execution rate (available buy rate at that time), therefore the mentioned allegation of violating শর্ত নং- ২ of কমিশন কর্তৃক ইস্যুকৃত স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.1/wWGmB-234/2008/312, ZwiLt 17/11/2008 Bs I স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.2/ wmGmB-139/2010/220, ZwiLt 09/06/2010 Bs and আচরণ wewa ১, ২ ও ৭ of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 against Al Arafa Islami Bank Limited is proved as correct. Their written explanation is not acceptable to the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law, deliberate and clear contravention of the stated শর্ত and AvPiY wewa. The said violations attract penal provision of aviv 18 of wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993.

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 Al Arafa Islami Bank Limited for the stated violations.

Now, therefore, Securities and Exchange Commission, in exercise of the power conferred by aviv 18 of wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993 hereby imposes penalty for Tk.25 (Tk. Twenty Five) Lac upon Al Arafa Islami Bank Limited which is to be deposited to the Commission in the form of Bank Draft/Payorder favouring 'Securities and Exchange Commission' within 30 days from the date of issuance of this order.

By order of the Securities and Exchange Commission

Professor Dr. M. Khairul Hossain
Chairman

<u>Distribution:</u>

Al Arafa Islami Bank Limited
Peoples Insurance Bhaban (6th floor)
36, Dilkusha C/A
Dhaka-1000