SEC/Enforcement/411/2006/ June , 2011

Order

Whereas, as per section 2(i) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), A.B.S Safdar & Company Limited is a member of Dhaka Stock Exchange Limited;

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to A.B.S Safdar & Company Limited under aviv 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 on unusual price movement in shares of Chittagong Vegetable Oil Industries Limited a show cause-cum-hearing notice No. SEC/Enforcement/411/2006/807 dated November 29, 2010 was issued to A.B.S Safdar & Company Limited to appear at the hearing on the December 20, 2010. 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 Order No. SEC/SRMID/94-231/1640 dated January 31, 2008, money adjustment facility will be applicable in respect of A, B, N and G category securities. **Therefore, money adjustment facility will not be applicable in respect of Z category securities.**

Whereas, record shows that Ms. Nasim Ara Sultana (client code: 211) a client of A.B.S Safdar & Company Ltd. bought shares of CTGVEG without having sufficient balance in her account and also used money adjustment facilities:

A.B.S Safdar & Company Ltd.

Client code	Client Name	Date	Buy Quantity	Ledger Balance at the end of day
211	Nasim Ara Sultana	19.01.10	90	-20294.5

Contravention: A.B.S. Safdar & Company Ltd. has violated clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999 as per SEC's Directive no. SEC/CMRRCD/2001-43/169 dated October 01, 2009 by providing margin loan facilities in purchasing shares of Chittagong vegetable oil industries ltd which is a Z category company.

Ms Nasim Ara Sultana (Client code 211) bought CTGVEG shares in her account and sold some other share (s) to adjust the ledger balance, which indicated the client has used money adjustment facilities in respect of 'Z' category securities.

Client code	Client Name	Date	Buy Quantity
211	Nasim Ara Sultana	20.01.10	10

Contravention: A.B.S Safdar & Company Ltd. has violated SEC Order No. SEC/SRMID/94-231/1640 dated January 31, 2008 by allowing netting/money adjustment facilities to it's client."

Hearing was conducted as per schedule. Mr. Shiekh Mohammad Asad Uz Zaman (Authorised Representative) attended the hearing on behalf of A.B.S Safdar & Company Limited. They submitted a reply letter No.NIL dated December 20, 2010. In the letter they confessed the allegation and among others they stated that

“MZ 19.01.10 Ges 20.01.10 Bs Zwi‡L Avgv‡`i Ab‡gw`Z cwZwbwa Rbve †gvt kwdKj Bmjvg m¤§wbZ MvnK wg‡mm bwmg Aviv mjZvbv, (Kv‡q›U †KvW-211) †Z D‡jwLZ ÒZÓ K¨vUvMwii wPUvMvs †fwR‡Uej Gi †kqvi µq K‡ib| wg‡mm bwmg Aviv mjZvbv Avgv‡`i GKRb m¤§wbZ MvnK, wZwb D³ †kqvi µ‡qi wecix‡Z bM` UvKv cwi‡kv‡a Avk¯Z Ki‡j I we‡kl Amweavi Kvi‡b h_vmg‡q gj¨ cwi‡kv‡a e¨_ nb| cieZx‡Z Ab¨ †kqvi weµ‡qi gva¨‡g gj¨ mgšq K‡ib|

D‡jL¨ †h, Mvn‡Ki c‡¶ †kqvi µq m¤úv`bKvix †Kv¤úvbxi Ab‡gw`Z cwZwbwa Rbve †gvt kwdKj Bmjvg‡K wbqgewnfZ fv‡e mswkó †kqvi µ‡qi Rb¨ Kvib `kv‡bvi †bwUk c`vb Kiv n‡q‡Q Ges cieZx‡Z Zv‡K PvKwi n‡Z Ae¨vnwZ ‡`qv n‡q‡Q|”

Whereas, the above mentioned written statement proves that the mentioned allegation against A.B.S Safdar & Company Limited is correct. Their 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 above mentioned Rule and Order. The said violations attract 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 A.B.S Safdar & Company Limited for the stated violations.

Now, therefore, 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 Tk.1 (Tk.One) Lac upon A.B.S Safdar & Company Limited which is to be deposited to the Commission in the form of Bank Draft/Payorder favouring ‘Securities and Exchange Commission’ within 15 days from the date of issuance of this order.

By order of the Securities and Exchange Commission

Professor Dr. M. Khairul Hossain
Chairman

Distribution:

A.B.S Safdar & Company Limited
DSE Membership No.124
Room No.626
DSE Annex Building
9/E,Motijheel C/A
Dhaka-1000.