BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

নং-বিএসইসি/এনফোর্সমেন্ট/২৭২২/২০১৯/ ৫৫১

তারিখঃ অক্টোবর ১৪, ২০১৯ ইং

আদেশ

যেহেতু, কমিশন, Adil Securities Ltd. (DSE TREC No. 17) কে তার আবেদনক্রমে, নির্ধারিত শর্তাধীনে সিকিউরিটিজ ক্রয় বিক্রয় কর্মকান্ড পরিচালনা করার জন্য বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (অত:পর 'কমিশন' বলে উল্লিখিত বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ (১৯৯৩ সনের ১৫ নং আইন) এর ১০(১) এ প্রদত্ত ক্ষমতাবলে সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক-ডিলার, স্টক-ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ এর বিধি ৫(৫) সহ পঠিত স্টকব্রোকার/ডিলার রেজিস্ট্রেশন সার্টিফিকেট প্রদান করেছে;

যেহেতু, কমিশন এর আদেশ নং SEC/SRI/DSE-Policy/14/2010/256 dated August 17, 2010 পরিপালনের লক্ষে Dhaka Stock Exchange Limited কতৃক Adil Securities Ltd. এ পরির্দশন কার্যক্রম পরিচালিত হয় এবং উক্ত পরির্দশন কমিটির দাখিলকৃত প্রতিবেদন অনুযায়ী findings and contraventions নিম্নরূপঃ

Description of alleged violation of securities laws:

01. After random checking, it was observed that an Authorized Representative (AR) of the company had been maintaining customer and BO account with the company. Details of the account are given below:

Code	Full Name	Remarks
13668	Md. Mostafizur Rahman	AR

Whereas, as per Regulation 14(3)(iv) of Dhaka Stock Exchange (Trading Right Entitlement Certificate) Regulations, 2013 (Powers of the Exchange to Issuance, Suspension and Cancellation TC) *"...a TC may be cancelled by the Exchange on the following grounds:...(iv) If a TC holder is found to be actively involved in buying and selling of securities in the Exchange in his/her own account or any of his family member's name in the capacity of being Authorized person of any BO account holder."*

Whereas, as per Deed of Agreement, clause-5 under সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক-ডিলার, স্টক-ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ এর বিধি ৪(২)(৪), *"Authorized Representative shall not conduct buy or sell of any security in the Stock Exchange in his/her own account or for the account of any of his family member in the capacity of being Authorized person of any Beneficiary Owner (BO) Account holder."*

It is appeared that the company violated:

- **Regulation 14 (3)(iv) of Dhaka Stock Exchange (Trading Right Entitlement Certificate) Regulations, 2013;**
- **সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক-ডিলার, স্টক-ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ এর বিধি ৪(২)(৪) এর Deed of Agreement, clause-5**

by maintaining customer and BO account in the name of Authorized Representative of the company.

2. After randomly checking, it was observed that the company opened 03 (three) BO accounts in the name of a single client which is given below:

Code	BO Type	Name	Father's name	Mother name
3456	Individual	Mr. Asaduzzaman	Late Abdul Kuddus Miah	Rokeya Begum
7390				
3457				

Whereas as per ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ এর প্রবিধান ২৬(১) *"ডিপজিটরির সেবা গ্রহন করিতে ইচ্ছুক ব্যক্তি তাহার পছন্দমতো ডিপজিটরি অংশগ্রহনকারীর সহিত হিসাব খুলিতে পারিবে------------- তবে শর্ত থাকে যে, প্রাতিষ্ঠানিক বিনিয়োগকারী ব্যতিত কেহ একই ডিপজিটরি অংশগ্রহনকারীর সহিত একাধিক হিসাব খুলিতে পারিবে না।"*

It is appeared that the company violated:

- **ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ এর প্রবিধান ২৬(১)**

by maintaining more than one individual account in the name of the aforesaid single client with the company

3. After randomly scrutinizing, it was revealed that the company provided credit facilities to its one director which is shown below:

Code	Name	Date	Day end Ledger Balance	Remarks
1577	Md. Joinal Abedin	09-Jul-18	(2,159,895.13)	Director
		15-Jul-18	(497,844.27)	
		17-Jul-18	(637,237.76)	

Whereas, as per BSEC Directive No. SEC/CMRRCD/2001-43/31 dated March 23, 2010, "*it is further directed that the stock brokers shall not provide margin facilities to any member of the Board of Directors of its own company, officer and staff employed in the company management, their parent, spouse, son, daughter, sister, brother, son-in-law, daughter-in-law and other relatives as per directive issued by the Commission from time to time*"

It is appeared that the company violated:

- **BSEC Directive No. SEC/CMRRCD/2001-43/31 dated March 23, 2010**

by providing credit facilities to its director.

4. After randomly scrutinizing, it was revealed that the company provided credit facilities to its employees which are shown below:

Code	Name	Date	Day end Ledger Balance	Remarks
10970	Md. Abu Bakar	14-Feb-18	(12,279.11)	Office Assistant
		8-Jul-18	(22,078.07)	
		24-Jul-18	(32,965.15)	
13668	Md. Mostafizur Rahman	28-Jun-18	(160,638.00)	Authorized Representative
		19-Jul-18	(20,502.63)	
		31-Jul-18	(86,489.91)	

Whereas, as per BSEC Directive No. SEC/CMRRCD/2001-43/31 dated March 23, 2010, "*it is further directed that the stock brokers shall not provide margin facilities to any member of the Board of Directors of its own company, officer and staff employed in the company management, their parent, spouse, son, daughter, sister, brother, son-in-law, daughter-in-law and other relatives as per directive issued by the Commission from time to time*"

It is appeared that the company violated:

- **BSEC Directive No. SEC/CMRRCD/2001-43/31 dated March 23, 2010**

by providing credit facilities to the employees of the company.

5. After randomly scrutinizing, it was revealed that the company provided unauthorized credit facilities to some clients in their cash accounts without having any margin agreement; which are shown below:

Code	Name	Date	Day end Ledger Balance (Tk.)
239	Mohammad Abdur Razzaque	6-Jun-18	(56,015.76)
		12-Jul-18	(25,839.00)
		10-Sep-18	(8,055.52)
283	Md. Monoarul Huque	13-Sep-17	(334,784.00)
		5-Oct-17	(84,128.42)
		12-Aug-18	(32,300.02)
4016	Md. Salim Mollah	3-Oct-17	(45,139.42)
		28-Nov-17	(29,351.72)
4753	Md. Noyan Rari	1-Sep-17	(18,005.91)
		18-Jul-18	(80,325.29)
		30-Aug-18	(35,091.71)
4999	Sharif Uddin Ahmed Chowdhury	18-Jul-18	(84,483.70)
		26-Jul-18	(84,536.86)
		13-Aug-18	(5,160.77)
5349	Md. Emran Hossain Mina	6-Sep-17	(171,968.76)
		30-Apr-18	(50,924.87)
		4-Sep-18	(29,009.87)
7075	Md. Sarwar Alam	27-Dec-17	(37,223.41)
		11-Jan-18	(44,087.25)
		19-Aug-18	(34,379.52)
8016	Md. Sohel Ahmed	6-Mar-18	(10,573.83)
		16-Jul-18	(30,351.99)
		11-Sep-18	(55,541.26)
8855	Nahidul Islam	3-Jul-18	(44,678.38)
		11-Jul-18	(96,891.09)
		22-Jul-18	(183,595.47)

Whereas, as per Rule 3(1) of Margin Rules, 1999, "*A member may extend credit facilities to his approved client for securities transactions subject to the margin account requirements of these rules.*"
And as per Rule 3(2) of Margin Rules, 1999 "*Margin account arrangements must be evidenced in the form of a written agreement executed between the member and the client.*"

It appeared that the company violated:

- **Rule 3(1) of Margin Rules, 1999;**
- **Rule 3(2) of Margin Rules, 1999.**

by providing credit facilities to the aforesaid clients in their cash accounts without having margin agreement.

06. After randomly analyzing, it was revealed that there were some mismatches between DPA6 and BackOffice Stock Report of the company as on August 30, 2018; which are shown below:

Sl No	Name of Securities	Free Balance in DPA6 (A)	Back office Free Balance (B)	Difference (A-B)
1	Pacific Denims Ltd.	282,597	251,778	30,729
2	ACME Laboratories	34,994	35,635	-641
3	Square Pharma	570,208	571,207	-1000
4	Nahee Aluminium	17,044	23,891	-6,847
5	Oimex Electrode Ltd.	49,162	59,531	10,369
6	Fortune Shoes Ltd.	329,993	350,427	-20,123

Whereas, as per ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ প্রবিধান এর ৩৪(১) ও (২): *"(১) উপ- আইন দ্বারা নির্ধারিত পদ্ধতিতে, ডিপজিটরি অংশগ্রহনকারী কর্তৃক যথাযথ তথ্য, রেকর্ড ইত্যাদি সংরক্ষণ নিশ্চিতির নিমিত্তে উহার অভ্যন্তরীণ মূল্যায়ন ও নিরীক্ষার পর্যাপ্ত ব্যবস্থা থাকিতে হইবে। (২) ডিপজিটরি অংশগ্রহনকারী কর্তৃক ডিপজিটরির সহিত উহার রেকর্ড প্রত্যেক কর্মদিবসে মিলাইয়া দেখিতে হইবে ।"*

It is appeared that the company violated:

- ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ প্রবিধান এর ৩৪(১) ও (২)

by not maintaining records of securities of the clients properly.

Explanation of the alleged person submitted at the time of hearing:

"In response to BSEC Memo No BSEC/Enforcement/2722/2019/181, dated 01st April 2019 regarding the captioned subject. In this connection we would like to provide you following clarification with additional supporting documents in this respect.

1. An Authorized Representative (AR) had been maintaining BO account with our company. Upon further investigation we found out that proper delegation were not followed when opening that particular BO account. We identified the person who were involved in this breach of incident and subsequently sacked him from our company for his illegal action. Please also note that we have closed that BO account and there are no other BO accounts of any Authorized Representatives. Kindly see Annexure A for additional details.

Code	BO ID	Name	Remarks
13668	1202060062696542	Md. Mostafizur Rahman	Close on 14/10/2018

2. The client opened both single BO Account Code 3456 and joint BO Account Code 3457 on 09th May 2017 from our branch office with proper documentation. Later after few years the same client also applied to open another single BO Account Code 7390 on 9th March 2010 from another branch office with proper documentation. We did not have any tools to check if the client operated any other BO account with us in the same name. We have addressed this issue to CDBL and requested them to upgrade the CDBL system so that we can identify if client has been operating more than one single BO account with the same brokerage company. Kindly also note that the client has closed one of the single BO account and now operating only one single and one joint BO account. Kindly see Annexure B for additional details.

Code	BO ID	Name	Account Type	Remarks
3456	1202060012318042	Mr. Asaduzzaman	Single Account	Close on 14/10/2018
3457	1202060012318069	Mr. Asaduzzaman	Joint Account	Active
7390	1202060029546386	Mr. Asaduzzaman	Single Account	Active

3. Our Director was working from home as he had a medical operation. His portfolio and trade execution was maintained over the phone by another authorized representative. We do not extend credit limit facility to any of our company director. However on that particular instance our Authorized Representative was unable to follow the execution order as per instruction. The sale order did not go through due to technical error and as a result negative ledger balance was shown at the end of the day. Please note it was an honest unforeseen error and we immediately rectified the issue on the next day. Kindly see Annexure C for additional details.

Code	BO ID	Name	Date	Ledger Bal	Remarks
1577	1202060015977049	Md. Joinal Abedin	15.04.2019	28,64,013.67	Adjusted

4. The company provided credit facility to its employees. Upon further investigation we found out that proper credit limit authorization were not followed and they obtained the credit limit by improper means. We identified the person who were involved in this breach of incident and subsequently sacked him immediately from our company for his illegal action. Please also note that we have taken action and closed those BO account subsequently. Kindly see Annexure D for additional details.

Code	BO ID	Name	Date	Ledger	Remarks
10970	1202060050328735	Md. Abu Bakar	15.10.2018	Nil	Close on 14/10/2018
13668	1202060062696542	Md. Mustafizur Rahman	15.10.2018	Nil	Close on 14/10/2018

5. We believe investors should not take out loan to invest in capital market. Investors should only invest through his personal savings and no more than 25% of personal savings should be invested in capital market. Based on this motto our company does not provide any margin loan facilities to any of our clients. However at times we extend credit limit facilities to our clients based on overall market situation to support the capital market. We have approved OD limit facilities from our existing bank and those funds are used from time to time to temporary support the capital market through our clients. We bear the interest payment to the bank and we do not charge any interest to our clients in this regard.
We understand we have violated Rule 3(1) and 3(2) of Margin Rules 1999. In our defense we honestly confess that we only did this to support and stabilize the market and to earn the faith of the investors. Please note that we have taken steps and have withdrawn unauthorized credit facilities from all BO accounts. Kindly see Annexure E for additional details.

Code	Name	Date	Ledger Balance	Remarks
239	Mohammad Abdur Razzaque	15.04.2019	3,67,052.30	Adjusted
283	Md. Monoarul Huque	15.04.2019	7882.58	Adjusted
4016	Md. Salim Mollah	15.04.2019	296924.14	Adjusted
4753	Md. Noyan Rari	15.04.2019	98407.97	Adjusted
4999	Sharif Uddin Ahmed Chowdhury	15.04.2019	192287.81	Adjusted
5349	Md. Emran Hossain Mina	15.04.2019	43.29	Adjusted
7075	Md. Sarwar Alam	15.04.2019	5.47	Adjusted
8016	Md. Shohel Ahmed	15.04.2019	2656.72	Adjusted
8855	Nahidul Islam	15.04.2019	69487.72	Adjusted

6. Dealer Account back office software data was integrated with Client Account back office software data in the same platform thus as a result mismatch appeared between DPA6 and Back Office Stock Report. However we have rectified the issue by separating our Dealer Account back office software data from Customer Account back office software data. Kindly see Annexure F for additional details.
Please note CDBL Audit has been performed by authorized personnel of CDBL on 13th February 2019 and they have not found any irregularities or mismatch between CDBL DPA6 and our Back Office Stock Report.

Stock Report as on 30th August 2018.

Sl No	Name of Securities	CDBL Current Balance (A)	CDBL Clearing Account (B)	CDBL Free Balance (A-B)	Back Office Total ©	Buy (D)	Back Office Free Balance (C-D)	Difference
1	Pacific Denims Ltd	292,469	9,962	292,469 – 9,962 = 282,507	317,107	34,600	317,107 – 34,600 = 282,507	Nil
2	ACME Laboratories	35,694	700	35,694 – 700 = 34,994	34,994	0	34,994 – 0 = 34,994	Nil
3	Square Pharma	570,230	22	570,230 – 22 = 570,208	572,288	2,080	572,288 – 2,088 = 570,208	Nil
4	Nahee Aluminium	136,744	119,700	136,744 – 119,700 = 17,044	17,044	0	17,044 – 0 = 17,044	Nil
5	Oimex Electrode Ltd	54,462	5,300	54,462 – 5,300 = 49,162	51,162	2,000	51,162 – 2,000 = 49,162	Nil
6	Fortune Shoes Ltd	341,899	11,906	341,899 – 11906 = 329,993	330,243	250	330,243 – 250 = 329,993	Nil

Stock Report as on 30th August 2018.

Sl No	Name of Securities	CDBL Free Balance (A)	Back Office Free Balance (B)	Difference (A-B)
1	Pacific Denims Ltd	282,507	282,507	Nil
2	Acme Laboratories	34,994	34,994	Nil
3	Square Pharma	570,208	570,208	Nil
4	Nahee Aluminium	17,044	17,044	Nil
5	Oimex Electrode Ltd	49,162	49,162	Nil
6	Fortune Shoes Ltd	329,993	329,993	Nil

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BANGLADESH SECURITIES AND EXCHANGE COMMISSION

Securities Commission Bhaban, E-6/C Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207, Bangladesh.

Adil Securities Ltd. এর লিখিত বক্তব্য কমিশনের বিচেনায় গ্রহণযোগ্য হয়নি।

যেহেতু, Adil Securities Ltd. এর লিখিত বক্তব্য কমিশনের বিবেচনায় গ্রহণযোগ্য হয়নি, যা সিকিউরিটিজ আইন পরিপালনে ব্যর্থতা বিধায় section 22 of the Securities and Exchange Ordinance, 1969 অনুযায়ী শাস্তিযোগ্য অপরাধ।

যেহেতু, কমিশনের বিবেচনায়, সিকিউরিটিজ আইন পরিপালনে উল্লিখিত ব্যর্থতার জন্য, তথা পুঁজিবাজারের উন্নয়নের পাশাপাশি বাজারের শৃংখলা ও স্বচ্ছতা রক্ষার স্বার্থে উক্ত ব্রোকার/ডিলার কে জরিমানা করা প্রয়োজন ও সমীচীন;

সেহেতু, কমিশন, উল্লিখিত যাবতীয় বিষয় বিবেচনাপূর্বক, Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) এর section 22 [যা The Securities and Exchange (Amendment) Act, 2000 দ্বারা সংশোধিত] এ প্রদত্ত ক্ষমতাবলে Adil Securities Ltd. এর উপর ১ (এক) লক্ষ টাকা জরিমানা ধার্য্য করল যা অত্র আদেশের তারিখ হতে ৩০ (ত্রিশ) দিনের মধ্যে 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' এর অনুকূলে ইস্যুকৃত ব্যাংক ড্রাফট/পে-অর্ডারের মাধ্যমে জমা করতে হবে।

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন এর পক্ষে

15.10.2019

খোন্দকার কামালউজ্জামান

কমিশনার

বিতরনঃ

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