SEC/Enforcement/411/2006/ **June , 2011**

Order

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

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to Azam Securities 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‡gvw`Z cÖwZwbwa) 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/411/2006/808 dated November 29, 2010 was issued to Azam Securities 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, record shows that the following client of Azam Securities Ltd. bought shares of CTGVEG without having sufficient balance in his account

Azam Securities Ltd.

Client code	Client Name	Date	Buy Quantity	Ledger Balance at the end of day
2012	S M Sharifur Rahman	12.01.10	100	-10075.98

Contravention: Azam Securities 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.”

Hearing was conducted as per schedule. Mr. Md.Rezaul Kibria (CEO) attended the hearing on behalf of Azam Securities Limited. They submitted a reply letter No.ASL/DSE-019/10/2010/SEC-S.Cause-2012-CTGVEG dated December 20, 2010. In the letter they confessed the allegation, begged apology and promised to no commit such violation in future. Among others they stated that “The incident was occurred, was nothing but the lack of knowledge by the Authorised Representative of our Company.”

Whereas, the above mentioned written statement proves that the mentioned allegation against Azam Securities 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 issued under the Securities and Exchange Ordinance, 1969 (XVII of 1969) . The said violation attracts 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 Azam Securities Limited for the stated violation.

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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 Azam Securities 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:

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