SEC/Enforcement/915/2011/ August , 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‡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 investigation report of Dhaka Stock Exchange Limited, a Show cause-cum-hearing notice No. SEC/Enforcement/915/2011/180 dated March 23, 2011 was issued to Azam Securities Limited to appear at the hearing on the April 05, 2011. In the show cause-cum-hearing notice among others following were mentioned;-

"Whereas, an investigation was conducted by Dhaka Stock Exchange Limited. Investigation team reported that "DHAKAFISH is a Z category scrip for which margin facility cannot be provided to purchase the said shares. As such in compliance of SEC directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009; DHAKAFISH shares cannot be treated as marginable securities. However, in respect of client Mr. Mohammad Khairul Imam (client code- 0547), Azam Securities Ltd. (Member No. 19), allowed to buy DHAKAFISH shares by using margin facilities".

Azam Securities Ltd.

Client code	Client Name	Date	Buy Quantity	Purchase Cost (fig.in Tk.)	Ledger Balance at the end of day (fig.in Tk.)
0547	Mr. Mohammad Khairul Imam	18.07.2010	150	**46612.50**	(378,589.00)

Contravention: Azam Securities Limited has violated clause SEC's Directive no. SEC/CMRRCD/2001-43/169 dated October 01, 2009 by providing margin loan facilities to it's client in purchasing shares of DHAKAFISH 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-019/04/2011/DHAKAFISH_0547 dated April 04, 2011. They confessed the allegation. In the letter among others they requested the Commission to view the matter as an unwanted mistake. They promised to be more vigilant and not to commit such violation in future.

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.

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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.

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.5.00 (Tk.Five) 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:

Azam Securities Limited
DSE's Membership No.19
Room No.726&727
DSE Annex Building
9/E,Motijheel C/A
Dhaka-1000.