SEC/Enforcement/840/2010/ **June 14, 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 Ltd.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 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 show cause-cum-hearing notice No. SEC/Enforcement/840/2010/728 dated October 14, 2010 was issued to Azam Securities Limited to appear at the hearing on the October 31, 2010. In the show cause-cum-hearing notice among others following were mentioned;-

“Whereas as per Order No. SEC/SRMID/94-231/1641 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 the following client of Azam Securities Ltd.. bought shares of **CMC kamal textile mills ltd** in their account and sold some other share(s) to adjust the ledger balance which indicates the clients have used money adjustment facilities in respect of ‘Z’ category securities:

Name	Md. Ashraf Uddin Farhad		Client code: SZ26			
Buy Date	Instrument	Buy Quantity	Ledger Balance of previous day	Cash/Cheque received	Amount used to buy CMCKAMAL	Ledger Balance at the end of the day
23.03.10	CMCKAMAL	500	7,186.28	0.00	99,000.00	14,661.08

Name	A H M Masudul Karim		Client code	4753		
Buy Date	Instrument	Buy Quantity	Ledger Balance of previous day	Cash/Cheque Received	Amount used to buy MCKAMAL	Ledger Balance at the end of the day
30.03.10	CMCKAMAL	50	9,947.54	0.00	15,050.00	14,863.84

Contravention: Azam Securities Ltd. violated SEC’s Order No. SEC/SRMID/94-231/1641 dated January 31, 2008 by allowing money adjustment facilities in purchasing shares of **CMC kamal textile mills ltd** which is a Z category company.”

Whereas, hearing was conducted as per schedule. Md.Rezaul Kibria(CEO & Compliance Officer) attended the hearing on behalf of Azam Securities Limited and submitted a reply letter No. ASL/DSE-019/10/2010/SEC-S.Cause-SZ26,4753 dated October 31, 2010. Vide written explanation they confessed the allegation and stated among others that the said violation was occurred due to lack of knowledge of the authorised representative.

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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 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 Azam Securities 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 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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