SEC/Enforcement/840/2010/ **June 14, 2011**

Order

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

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to DSFM Securities Limited under avi 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 a show cause-cum-hearing notice No. SEC/Enforcement/840/2010/737 dated October 18, 2010 was issued to DSFM Securities Limited to appear at the hearing on the November 02, 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 rule3 of the Margin Rules, 1999.

Whereas record shows that the following client of DSFM Securities Limited bought shares of **Alpha tobacco manufacturing company ltd.** without having sufficient balance in his account:

Client code	Client Name	Date	Buy Quantity	Ledger Balance at the end of day
9874	Md. Shafiqul Islam	10.03.10	500	-12782.05

Contravention: DSFM Securities Limited 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 **Alpha tobacco manufacturing company ltd.** which is a Z category company."

Whereas, hearing was conducted as per schedule. Mr. Forid Uddin Ahmed (General Manager) attended the hearing on behalf of DSFM Securities Limited and submitted a reply letter No.DSFM/1359/10 dated November 02, 2010. Vide written explanation they confessed the allegation and stated among others that the said violation was occurred due to customer's inability to deposit the required fund.

Whereas, the above mentioned written statement proves that the mentioned allegation against DSFM 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. 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 DSFM 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 DSFM 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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Dhaka-1000.