বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন
Bangladesh Securities and Exchange Commission

Jiban Bima Tower, 10 Dilkusha C/A, Dhaka-1000, Bangladesh
Phone (PABX): 0088-02 9568101-2, 0088-02 9561525,Fax: 0088-02 9563721, 717660

SEC/Enforcement/966/2011/159 **February 27 , 2013**

By Special Messenger
Fax No.880-2- 9550212

Globe Securities Limited
DSE's Membership No.189
Room No.302, 314
Stock Exchange Building
9/F, Motijheel C/A
Dhaka-1000.
Attention: Managing Director/CEO

Subject: Penalty Order: Non-compliance of SEC's Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 in connection with unusual trading in shares of Alltex Industries Limited.

Dear Sir,

Commission's penalty order No. SEC/Enforcement/966/2011/158 dated February 27, 2013 is enclosed herewith for your kind information and necessary action.

For Bangladesh Securities and Exchange Commission

Mustari Jahan
Deputy Director (Enforcement Dept.)

Distribution:
Chief Executive Officer, Dhaka Stock Exchange Limited
Chief Executive Officer, Chittagong Stock Exchange Limited

Copy for information:
P.O to Commissioner (Enforcement), SEC
P.O to Executive Director (Surveillance), SEC
Chairman's office, SEC

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন
Bangladesh Securities and Exchange Commission

Jiban Bima Tower, 10 Dilkusha C/A, Dhaka-1000, Bangladesh
Phone (PABX): 0088-02 9568101-2, 0088-02 9561525,Fax: 0088-02 9563721, 717660

SEC/Enforcement/966/2011/159 **February 27 , 2013**

Order

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

Whereas, Bangladesh Securities and Exchange Commission issued Stock Broker Registration Certificate to Globe 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 investigation report of Dhaka Stock Exchange Limited on unusual trading in shares of Alltex Industries Limited, a show cause-cum-hearing notice No. SEC/Enforcement/966/2011/55 dated February 13, 2012 was issued to Globe Securities Limited to appear at the hearing. 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, an investigation has been conducted by DSE regarding unusual trading in shares of Alltex Industries Limited.

Whereas, investigation team among others reported the following; -

“Globe Securities Ltd. (Member No. 189) bought ‘ALLTEX’ in respect of the mentioned client codes without having sufficient balance as shown below:

Client codes	Client Name	Date	Buy Quantity	Ledger Balance(End of day)
00955	Md.Shahjahan Khokan	21.03.11	1000	-701,626.59
21736	Khaleda Akhter	21.03.11	2500	-21,56,829.88
04435	Md.Shahjahan Khokan & Mrs. Tahmina	21.03.11	2000	-889,037.01

Contravention: Globe Securities Limited has violated SEC’s Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 by providing margin loan facilities in purchasing shares of Alltex Industries Limited which is a Z category company.”

Whereas, hearing has been conducted.Mr. K.M Shamsul Alam (Compliance Officer) and Mr.Md.Sajjad Hossain has attended the hearing on behalf of the broker. They have submitted an explanation letter No. GSL/SEC/2012/273 dated March 10, 2012 to the Commission .They have confessed the allegation. In the letter among others they stated that

“........the authorized representative normally have to face a tremendous pressure and as an ultimate result of it, sometimes they can not match up themselves with the laws unfortunately.

In this case, we regret to inform you that our authorized representative Mrs.Nighat Sultana could not follow the relevant margin rules of 1999.But there was no previous record of compliant against her regarding any contravention of SEC rules, and since it was her first time, we would earnestly request your good self to take the case with compassion and consider it for this time. After all, we are human beings and to err is human.”

Whereas, from the enquiry report and the written explanation of the broker it is proved that the allegation of violating Non-compliance of SEC’s Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 in connection with

Jiban Bima Tower, 10 Dilkusha C/A, Dhaka-1000, Bangladesh
Phone (PABX): 0088-02 9568101-2, 0088-02 9561525,Fax: 0088-02 9563721, 717660

SEC/Enforcement/966/2011/159 **February 27 , 2013**

unusual trading in shares of Alltex Industries Limited against Globe Securities Limited is correct. Their explanation is not acceptable to the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law, appeared to be deliberate and clear contravention of the above mentioned Directive. Therefore the said non compliance attracts penal provision of section 22 of the Securities and Exchange Ordinance, 1969, wewa 12 of the wmwKDwiwUR I G·‡PÄ Kwgkb (÷K-wWjvi, ÷K-‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 and aviv 18 of wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993;

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 Globe Securities Limited for the stated violations.

Now, therefore, Bangladesh 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.1.00 (Tk.One) Lac upon Globe Securities Limited which is to be deposited to the Commission in the form of Bank Draft/Payorder favouring 'Bangladesh Securities and Exchange Commission' within 15 days from the date of issuance of this order.

By order of the Bangladesh Securities and Exchange Commission

Professor Dr. M. Khairul Hossain
Chairman

<u>Distribution:</u>
Globe Securities Limited
DSE's Membership No.189
Room No.302, 314
Stock Exchange Building
9/F, Motijheel C/A
Dhaka-1000.