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

Order

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

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to HAC 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 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/411/2006/806 dated November 29, 2010 was issued to HAC 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 rule3 of the Margin Rules, 1999.

Whereas as per Order No. SEC/SRMID/94-231/1640 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 Major Alimul Karim Chowdhury (client code # 25381), a client of HAC Securities Ltd. bought shares of CTGVEG without having sufficient balance in his account and used money adjustment facilities:

HAC Securities Ltd.

Client code	Client Name	Date	Buy Quantity	Buy Value (Tk.)	Ledger Balance at the end of day
25381	Major Alimul Karim Chowdhury	10.02.10	10	3,236.10	-91803.71
25381	Major Alimul Karim Chowdhury	14.02.10	230	96,620.70	-32003.71

Contravention: HAC 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.

The said client bought CTGVEG shares in his account and sold some other share (s) to adjust the ledger balance, which indicates the client, has used money adjustment facilities in respect of 'Z' category securities.

HAC Securities Ltd.

Client code	Client Name	Date	Buy Quantity
25381	Major Alimul Karim Chowdhury	11.02.10	60

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Contravention: HAC Securities Ltd. has violated SEC Order No. SEC/SRMID/94-231/1640 dated January 31, 2008 by allowing netting/money adjustment facilities to it's client."

Hearing was conducted as per schedule. Mr. A.B.M Shamsuddin (Financial Advisor) attended the hearing on behalf of HAC Securities Limited. They submitted a reply letter No.NIL dated December 20, 2010. In the letter they confessed the allegation, begged apology and promised to be more careful regarding such violation in future. Among others they stated that "we like to inform you that Major Alimul Karim Chowdhury Client code no 25381 is one of our high profile client. He placed an order on telephone to buy shares of 10 shares and 230 shares of CTGVEG on 10/02/2010 and 14/02/2010 respectively. Since he was away from Dhaka on an important Government duty he assured us to make payment immediately on his arrival to Dhaka and accordingly made full cash payment of Taka 110,000.00 on 23rd February 2010. His ledger balance as on 24th February, 2010 stood at taka 23,825.00. His current ledger balance is Taka 750,475.00".

Whereas, the above mentioned written statement proves that the mentioned allegation against HAC 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 and 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 HAC 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 HAC 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

<u>Distribution:</u>

HAC Securities Limited
DSE Membership No.74
Room No.610
Stock Exchange Building(5th floor)
425,Motijheel C/A
Dhaka-1000.