

SEC/Enforcement/824/2010/
May 09, 2010

By Special Messenger
By Fax: 02-9561205

Arafat Securities Limited
DSE Membership No.094
59/3/3, Purana Paltan (3rd floor)
Dhaka-1000.

Attention: Managing Director/Chief Executive Officer

Subject: Show cause cum notice for hearing: Non-compliance of securities related laws regarding enquiry report conducted by SEC vide Commission's Order No. SEC/ Surveillance/2009-0561/182 dated December 03, 2009.

Whereas, as per section 2(i) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Arafat Securities Limited (DSE Membership No.094) is a member of Dhaka Stock Exchange Limited;

Whereas, the Commission, at the request of Arafat Securities Limited has issued to Arafat Securities Limited a stock-broker/dealer registration certificate 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 (óK-wWjvi, óK-æ*vKvi I Aby±gvw`Z cÖwZwbwa) wewagvjv, 2000, to conduct securities trading related activities under certain terms & conditions stipulated in the said certificate;

Whereas, an enquiry was conducted vide Commission's Order No. SEC/ Surveillance/ 2009-0561/182 dated December 03, 2009 to conduct an enquiry to review the inspection report on unusual share trading of Al-Amin Chemicals Industries Limited, Shyampur Sugar Mills Ltd. and Meghna Pet Industries Limited in the stock exchanges. The findings and contraventions are as under:

“ SHYAMPUR SUGAR MILLS LIMITED:

After randomly checking all the documents of the major clients of Arafat Securities Limited who traded bulk quantity of Shyampur Sugar Mills Limited shares during the period of 01.01.2009 to 09.08.2009, the enquiry officers found some clients who sold their shares before maturity, which is delineated below:

CLIENT CODE	NAME	QTY	BUY DATE	MATURITY DATE	SALE DATE	QTY	SOLD	REMARKS
00017	BAZLUR RAHMAN	500	21.01.09	01.02.09	28.01.09	500	T+5	SHORT SELL OF 500
		500	22.01.09	02.02.09	28.01.09	500	T+4	SHORT SELL OF 500
00126	SIMA AKTER	500	21.01.09	01.02.09	28.01.09	500	T+5	SHORT SELL OF 500
00725	JASHIAM UDDIN	20000	21.01.09	01.02.09	27.01.09	2100	T+4	SHORT SELL OF 2100
					28.01.09	10000	T+5	SHORT SELL OF 10000
					29.01.09	7900	T+6	SHORT SELL OF

					9			7900
01563	MUKUL KHAN	1500	21.01.09	01.02.09	28.01.09	1500	T+5	SHORT SELL OF 1500
01813	ABDUL MATIN	5000	21.01.09	01.02.09	28.01.09	5000	T+5	SHORT SELL OF 5000
03350	KAMRUZZAMAN	2000	21.01.09	01.02.09	27.01.09	2000	T+4	SHORT SELL OF 2000
15313	HAWLADER ABU BAHAR	283900	21.01.09	01.02.09	27.01.09	20000	T+4	SHORT SELL OF 20000
					28.01.09	263900	T+5	SHORT SELL OF 263900
		118100	22.01.09	02.02.09	28.01.09	102800	T+4	SHORT SELL OF 102800

Contravention: Through the aforesaid activities, Arafat Securities Limited violated the Regulation 4 (1) of the “ Dhaka Stock Exchange (Short Sale) Regulations, 2006”.

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Whereas, by doing above it appeared that Arafat Securities Limited violated the Regulation 4 (1) of the “ Dhaka Stock Exchange (Short Sale) Regulations, 2006.

Whereas, the stock-broker’s aforesaid violation of the securities laws appeared to be deliberate attracting penal provision of section 22 of the Securities and Exchange Ordinance, 1969;

Now, therefore, you are hereby given an opportunity of being heard by the Commission and, accordingly, request you to appear at hearing on May 24, 2010 at 10.20 AM, at the Commission’s Board Room, along with your written explanation, if any, showing cause as to why appropriate action should not be taken by the Commission against Arafat Securities Limited (DSE Stock-Broker), under section 22 of the Securities and Exchange Ordinance, 1969, for the above stated violation, failing which the Commission will be constrained to take decision ex-parte in this respect.

For Securities and Exchange Commission

Mir Mosharraf Hossain Chowdhury
Director

Copy for information:

Chief Executive Officer, Dhaka Stock Exchange Ltd.
Member (Enforcement), SEC
Executive Director (Surveillance), SEC
Director, (Registration), SEC
Executive Director, (SRI), SEC
Chairman’s Office, SEC