

SEC/Enforcement/GP/2010/835/447
May 26, 2010
Lanka Bangla Finance Limited
A-A Bhaban Level-6
23 Motijheel C/A
Dhaka-1000

By Special Messenger
By Fax: 88-02-9561107

Attention: Managing Director/CEO

Subject: Show cause cum notice for hearing: Non-compliance of securities related laws.

Whereas, as per section 2(T) of the Securities wmwKDwiwUR I G·þPÄ Kwgkb (gvþP©›U eˆvsKvi I †cvU©þdvwji gˆvþbRvi) wewagvjv, 1996, Lanka Bangla Finance Limited is a “gvþP©›U eˆvsKviÓ|

Whereas, the Securities and Exchange Commission, at the request of Lanka Bangla Finance Limited issued a Merchant Banker Registration Certificate to Lanka Bangla Finance Limited under aviv 10(1) of the wmwKDwiwUR I G·þPÄ Kwgkb AvBb, 1993, to conduct securities related activities under certain terms & conditions stipulated in the said certificate;

Whereas, an inspection was conducted by the Commission inspect of share trading of Grameenphone Limited. The findings of inspection report are as under:

“Mr. Syed Siraj Ud dawla, Most. Sabina Yasmin and Mohammad Mahmudul Huq, clients of Lanka Bangla Finance Limited purchased a bulk quantity of Grameen Phone Limited shares using excess loan facilities. The details are as follows:

DATE	CLIENT NAME	CURRENT DEPOSIT	BUY QTY	MAXIMU M LOAN	LOAN AMOUNT ACTUALLY USED	RATIO
23.05.10	SYED SIRAJ UD DWALA	21296934.3	49600	31945401.45	38643431.07	1:1.8
	90					
20.05.10	MOST. SABINA YASMIN	5844520.35	8000	8766780.525	12070954.4	1:2
	815					
23.05.10	MOHD. MAHMUDUL HAQ	12071965.8	15000	18107948.72	26512021	1:2.1
	980					

Contravention: Through the aforesaid activities Lanka Bangla Finance Limited violated the Directives of the Commission No.SEC/CMRRCD/2001-43/30 dated March 15, 2010 under wmwKDwiwUR I G·þPÄ Kwgkb (gvþP©›U e¨vsKvi I †cvU©‡dvwjI g¨vþbRvi) wewagvjv, 1996,.”

Whereas, the aforesaid activities are tantamount to non-compliance of securities laws that appears deliberate and clear contravention of the Directives of the Commission No.SEC/CMRRCD/2001-43/30 dated March15, 2010 under wmwKDwiwUR I G·þPÄ Kwgkb (gvþP©›U e¨vsKvi I †cvU©‡dvwjI g¨vþbRvi) wewagvjv, 1996, attracting penal provision of wewa 33 of wmwKDwiwUR I G·þPÄ Kwgkb (gvþP©›U e¨vsKvi I †cvU©‡dvwjI g¨vþbRvi) wewagvjv, 1996;

Whereas, the Commission feels in this respect that an opportunity of being heard be given to the Merchant Banker on the above matter before taking any further measures as per provision of wewa 33 of wmwKDwiwUR I G·þPÄ Kwgkb (gvþP©›U e¨vsKvi I †cvU©‡dvwjI g¨vþbRvi) wewagvjv, 1996,

Now, therefore, you are requested to appear at hearing personally or through authorized persons (written authorization need to be submitted during hearing) on June 14, 2010 at 10.00 A.M. at Commission’s Board Room, as provided under wewa 33 of wmwKDwiwUR I G·þPÄ Kwgkb (gvþP©›U e¨vsKvi I †cvU©‡dvwjI g¨vþbRvi) wewagvjv, 1996 on the stated ground of contraventions, along with your written explanation, if any, showing cause as to why appropriate action should not be taken by the Commission against Lanka Bangla Finance Limited for the above stated contraventions, failing which the Commission will be constrained to take decision exparte in this respect.

For the Securities and Exchange Commission

Mir Mosharraf Hossain Chowdhury
Director

Copy for information:

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