evsjv‡`k wmwKDwiwUR A¨vÛ G·‡PÄ Kwgkb
Rxeb exgv UvIqvi (14,15,16 I 20 Zjv)
10, w`jKkv ev/G
XvKv-1000

bs-GmBwm/Gb‡dvm‡g›U/1075/2013/248 ZwiLt 07 Gwcj 2013

<u>Av‡`k</u>

Mercantile Bank Securities Limited
46/6, Purana Palton(3rd a& 4th floor)
Dhaka-1007

welq: Av‡`k|

Kwgk‡bi 07 Gwcj 2013 Zwi‡Li Av‡`k bs-GmBwm/Gb‡dvm‡g›U/1075/2013/247 Gi mZ¨wqZ Abwjwc Avcbvi AeMwZ I c‡qvRbxq e¨e¯’v Mn‡bi Rb¨ GZ`ms‡M msh³ Kiv n‡jv|

evsjv‡`k wmwKDwiwUR A¨vÛ G·‡PÄ Kwgk‡bi c‡¶

gxi †gvkviid †nv‡mb †PŠaix
cwiPvjK (Gb‡dvm‡g›U)

<u>weZibt</u>

cavb wbevnx KgKZv, XvKv óK G·‡PÄ wjwg‡UW

<u>AeMwZi Rb¨ Abwjwc:</u>

1| wbevnx cwiPvjK, AvBb, weGmBwm
2| wbevnx cwiPvjK, GgAvBGm, weGmBwm
3| wbevnx cwiPvjK, GmAviAvB, weGmBwm
4| †Pqvig¨vb g‡nv`‡qi `ßi, weGmBwm

evsjv‡`k wmwKDwiwUR A¨vÛ G· ‡PÄ Kwgkb
Rxeb exgv UvIqvi (14,15,16 I 20 Zjv)
10, w` jKkv ev/G
XvKv-1000

bs-GmBwm/Gb‡dvm©‡g›U/1075/2013/248 ZvwiLt 07 Gwcªj 2013

<u>Av‡`k</u>

‡h‡nZ, Kwgkb, Mercantile Bank Securities Limited (wWGmB m`m¨ bs-224) †K Zvi Av‡e`bµ‡g, wbawiZ kZvax‡b wmwKDwiwUR µq weµq KgKv‡Ê cwiPvjbv Kivi Rb¨ wmwKDwiwUR I G· ‡PÄ Kwgkb (AZ:ci ÒKwgkbÓ e‡j Dwj-wLZ) wmwKDwiwUR I G· ‡PÄ Kwgkb AvBb, 1993 (1993 m‡bi 15 bs AvBb) Gi 10(1) G c`Ë ¶gZve‡j wmwKDwiwUR I G· ‡PÄ Kwgkb (÷K-wWjvi, ÷K-‡evKvi I Ab‡gw`Z cÖwZwbwa) wewagvjv, 2000 Gi wewa 5(5) mn cwVZ ÷K‡evKvi/wWjvi †iwR‡óªkb mvwU©wd‡KU c`vb K‡i‡Q;

‡h‡nZ, an inspection on Mercantile Bank Securities Limited was conducted by the Commission vide Commission's Order No.SEC/SRI/INS/DSE-MEM/2010/496 dated September 23, 2012. From the inspection report it appears, among others, that:

"1. MBSL has deducted as a service charge from the different accounts Tk.1,75,94,942.00 in the year 2011 and Tk.3,272,57,814.00 from January 2012 to August 2012 which is illegal because there is no agreement between Client and MBSL regarding service charge.

Contravention: From the aforesaid activities it ios evident that MBSL violated wmwKDwiwUR I G· ‡PÄ Kwgkb (÷K wWjvi, ÷K †evKvi I Ab‡gw`Z cÖwZwbwa) wewagvjv, 2000 Gi wØZxq Zdwm‡ji (1) I (6) by deducting service charge from the clients.

2. Mercantile Bank Securities Limited did not maintain Dealer account properly (Annex-10) because after getting the Dealer Registration on 02.12.2008, they are yet to activate the said account and violated registration certificate condition 11 of the wmwKDwiwUR I G· ‡PÄ Kwgkb (÷K wWjvi, ÷K †evKvi I Ab‡gw`Z cÖwZwbwa) wewagvjv, 2000. (Annexure-10)

Contravention: By doing the aforesaid activities, MBSL violated the **registration certificate condition 11 of the** wmwKDwiwUR I G· ‡PÄ Kwgkb (÷K wWjvi, ÷K †evKvi I Ab‡gw`Z cÖwZwbwa) wewagvjv, 2000.

3. The some directors of MBSL traded shares with credit facilities. Details are given below:

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Client Code No.	Name of of the Director	Name of Instrument	Buy Quantity	Buy date	Sale Quantity	Ledger balance/Closing balance
589	Subratoy Narayan Roy	RN Spinning			30,000	-99,777.45
				29.04.12	10,500	-1,97,405.05
				30.04.12	21,000	-1,44,126.45
517	M.S. Ahsan	MercanBank	6,36,205	19.03.12		-1,43,41,967.34
502	A.K.M. Shahed Reza			26.01.10		-7,93,185.88
				14.06.10		-1,55,225.00
				04.07.10		-1,43,934.94
				25.07.10		-1,42,311.02
				15.09.10 to 27.11.11		-6,69,165.07 -33,01,149.73
				09.07.12		+850.27
607	MA Khan Belal			23.06.11		-26,03,,182.08
				28.07.11		-69,71,634.73

Contraventions: From the aforesaid activities it evident that MBSL violated the Commission Order No.SEC/CMRRCD/2001-43/51 dated July 2010 by utilizing loan facilities to their directors. **(Annexure-12)**

4. GPHISPAT was started trade on 19.04.2012 and 30 trading days has been expired on May 30, 2012. In between MBSL could not provide Margin loan to “N” category securities up to May 30, 2012, but they provided loan to the following client code.. Details are given below:

Date	Client Code	Instrument Name	Buy Quantity	Sale Quantity	Ledger Balance
25.04.2012	1102	GPHISPAT	4000		-324366.88
13.05.2012	1102	GPHISPAT	2000		-153609.28
21.05.2012	1102	GPHISPAT	2000		-161257.28

Contravention: From the activities it is evident that MBSL violated the SEC Directive No.SEC/CMRRCD/2001-43/169 dated October 01, 2009 by giving loan facilities to “N” category securities i.e. GPHISPAT.

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5. MBSL provided credit facilities to the following directors of Mercantile Bank Limited as there was no margin agreement between the MBSL and the Clients.

Client Code No.	Name of of the Director	Name of Instrument	Buy Quantity	Buy date	Sale Quantity	Ledger balance/Closing balance
611	Md. Anwarul Haque	MercanBank	2,68,500	12.04.12	-	
		MercanBank	500	12.04.12	-	-63,71,965.5
				29.04.12	10,500	-1,97,405.05
				30.04.12	21,000	-1,44,126.45
561	S.M. Shafiqul Islam (Mamun)	Premier Leasing	8,20,400	21.05.12		-2,08,22,359.00
				22.05.12		-73,22,359.00
				27.05.12		-34,12,359.00
				03.06.12		-3,12,359.00
				07.06.12		+41.00
				14.06.10		-1,55,225.00
				04.07.10		-1,43,934.94
				25.07.10		-1,42,311.02
				15.09.10 to 27.11.11		-6,69,165.07 -33,01,149.73
				09.07.12		+850.27
569	Md. Morshed Alam	ILFSL		10.11.10		-40,42,704.28
				21.11.10		-87,63,950.42
				23.11.10		-2,58,21,211.25
				24.11.10		-2,89,89,442.17
				29.11.10		-9,89,442.17
				12.12.10		-1,22,39,963.30
				13.12.10		-28,30,341.70
				15.12.10		-48,14,269.13
				19.12.10		-77,38,626.17
				01.03.11		-77,39,586.21
				11.04.11		-77,39,944.03
				05.07.11		-77,40,444.03
				28.07.11		-69,71,634.73
				02.08.11		-9,49,328.48
				08.08.11		+671.52

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Contravention: From the aforesaid activities it is evident that MBSL violated Rule 3 of the Margin Rules, 1999 by extending credit facilities to the above clients, but no margin agreement was found."

‡h‡nZ, Kwgkb Dc‡iwjwLZ AvBb cwicvj‡b e¨_©Zvi `i"b Mercantile Bank Securities Limited Gi eiv‡e‡i GKwU show-cause-cum-hearing notice mÎ bs-SEC/Enforcement/1075/2013/122 ZvwiL 3 ‡de"qvix 2013 †ciY K‡i Ges 13 ‡de"qvix 2013 Zvwi‡L kbvbxi w`b avh© K‡i Ges avh©KZ Zvwi‡L Mercantile Bank Securities Limited Gi wWGgwW Rbve ‡PŠaix †gvmZvK Avn‡g` Ges GdGwfwc Rbve G‡KGg dRjj nK Dcw¯Z n‡q 13 ‡de"qvix 2013 ZvwiL Gi wPwVi gva¨‡g †Kv¤úvbxi wjwLZ e³e¨ `wLj K‡ib| hv‡Z Ab¨v‡b¨i g‡a¨, wb‡bœv³ welq¸wji D‡jL Av‡Q:-

Mercantile Bank Securities Limited submitted a written explanation at the time of hearing stating, among others, the following:-

"In response to your letter # Sec/Enforcement/ 1075/2013/122 dated February 03, 2013 we hereby explain our position.

1. As per our margin agreement clause #12.0 Financial Charges on Investment the Account holder shall pay transfer on the investment facility as decided by the Company from time to time & according to our Margin Agreement Clause 15.0 margin fee the Account Holder shall pay fee on total equity (Daily Basis) to the charged monthly. The Company shall determine such fees from time to time

   These interest & margin fees have wrongly shown as serviced charge, which will be rectified at our earliest, Mercantile Bank Securities Limited expressed deep regrets for such incidents.

2. The Dealer Account of Mercantile Bank Securities ltd. has already been activated. We already have purchased shares in our dealer account.

3. Through some directors of MBSL trade shares with credit facilities, later those code have been adjusted within short span of time. In some exceptional case, some of our directors went abroad for business purpose as a reason why thee codes were adjusted little later.

4. The Customer bearing trading code # 1102 purchased the said instrument and placed cheque of our Bank on the same day after trading our consideration the customers precious good transaction behavior & old age. How ever, the cheques was placed in Bank on nest day. This was the reasons why ledger balance of that code became negative at the end o f the day.

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5. Though some directors of MBSL traded shares with credit facilities, later those codes have adjusted within short span of time. As all these codes were cash codes, so Margin Agreement was not necessary for these codes

   In view of the above, we apologize for our mistakes and assure you that such incidents will not repeat in future.”

‡h‡nZ, Mercantile Bank Securities Limited Gi wjwLZ e³e¨ †_‡K m¯úó cZxqgvb nq †h, Mercantile Bank Securities Limited ïbvbxi †bwU‡ki Awf‡hvMmgn ¯xKvi K‡i‡Qb hv B”QvKZ Ges wmwKDwiwUR I G·‡PÄ Kwgkb (÷K wWjvi, ÷K †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 Gi Gi wØZxq Zdwm‡ji (1) I (6), R**egistration certificate condition 11 of the** wmwKDwiwUR I G·‡PÄ Kwgkb (÷K wWjvi, ÷K †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000, Commission’s Order No.SEC/CMRRCD/2001-43/51 dated July 2010, Directive No.SEC/CMRRCD/2001-43/169 dated October 01, 2009 and Rule 3 of the Margin Rules ,1999 Gi m¯úó jsNb weavq section 22 of the Securities and Exchange Ordinance, 1969 and **12 of the** wmwKDwiwUR I G·‡PÄ Kwgkb (÷K wWjvi, ÷K †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 Abhvqx kw¯‡hvM¨ Acivа, hv †Kvbfv‡eB ¶gv‡hvM¨ b‡n;

‡h‡nZ, Kwgk‡bi we‡ePbvq, wmwKDwiwUR AvBb cwicvj‡b DwjwLZ e¨_Zvi Rb¨, Z_v cwRevRv‡ii Dbq‡bi cvkvcwk evRv‡ii ksLjv I ¯”QZv i¶vi ¯v‡_ Mercantile Bank Securities Limited †K Rwigvbv Kiv c‡qvRb I mgxPxb;

AZGe, †m‡nZ, Kwgkb, DwjwLZ hveZxq welq we‡ePbvceK, Securities and Exchange Ordinance, 1969 (Ordinance No. XVII of 1969) Gi section 22 [hv The Securities and Exchange (Amendment) Act, 2000 Øviv ms‡kwaZ] G c`Ë ¶gZve‡j Mercantile Bank Securities Limited Gi Dci 1 (GK) j¶ UvKv Rwigvbv avh¨ Kij hv AÎ Av‡`‡ki ZwiL n‡Z 15 (c‡bi) w`‡bi g‡a¨ ‘evsjv‡`k wmwKDwiwUR A¨vÛ G·‡PÄ KwgkbÕ Gi AbK‡j Bm¨KZ e¨vsK WvdU/†c-AWv‡ii gva¨‡g Kwgk‡b Rgv Ki‡Z n‡e|

evsjv‡`k wmwKDwiwUR A¨vÛ G·‡PÄ Kwgk‡bi Av‡`kµ‡g,

Aa¨vcK W: Gg Lvqi“j †nv‡mb
‡Pqvig¨vb

weZibt
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