SEC/Enforcement/520/2006/16 **By Special Messenger**
January 13, 2009

1. Mercantile Insurance Company Limited, 61, Motijheel C/A, Dhaka-1000.

2. Directors, Mercantile Insurance Company Limited, 61, Motijheel C/A, Dhaka-1000.

3. Managing Director, Mercantile Insurance Company Limited, 61, Motijheel C/A, Dhaka-1000.

4. Company Secretary, Mercantile Insurance Company Limited, 61, Motijheel C/A, Dhaka-1000.

Subject: **Non-compliance of securities laws: In connection with submission of audio-visual recording of AGM held on June 29, 2006– WARNING**

As per section 2(g) of the Securities and Exchange Ordinance, 1969(ORDINANCE No.XVII of 1969) Mercantile Insurance Company Limited is an issuer (herein after referred to as an "issuer").

In accordance with provision (c) of the Commission's Order No.SEC/CFD-71/2001/Admin/02/05 dated January 3, 2002 published in the Bangladesh Gazette on January 30, 2002, the issuer shall make continuous and uninterrupted audio-visual recording of the entire proceedings of its annual general meeting and shall furnish a copy of the same in unedited form within the shortest possible time but not later than three working days from the date of holding of the annual general meeting to the Commission and the Stock Exchange(s). But the issuer has violated the abovementioned order by not submitting the unedited and continuous audio-visual recording of proceedings of AGM held on June 29, 2006.

A show-cause cum hearing notice dated September 5, 2006 was issued to the issuer and its directors as well as to the company secretary to explain the said default and also to appear at hearing on September 7, 2006. Mr. Nuruzzaman Khan, Managing Director, Mr. Nizamuddin Ahmed, Senior Executive Vice President and Mr. Abdur Rahman, Company Secretary appeared at the hearing. In course of hearing the issuer stated, among others, that they have submitted earlier a written explanation vide letter dated August 2, 2006 stating, among others that due to failure of electricity supply they could not record the entire proceedings of AGM in spite of full sincerity for continuous and uninterrupted audio-visual recording of proceedings of the said AGM for which they sought apology for the unfortunate incidents. The issuer also assured that from the next AGM they would strictly follow the SEC guidelines and took precautionary measures regarding the said default and such type of incident would not be repeated at all.

The Commission, taking into consideration and assurance for future compliance of the said default, has decided to dispose of the proceedings with a warning to ensure compliance of all securities related laws in future.
Please note that this disposal does not absolve the issuer or any of its directors or officers concerned from their lawful responsibilities/obligations to the persons, if any, affected as a result of the issuer's above stated default.

By Order of the Securities and Exchange Commission

Mohammed Jahangir Alam
Executive Director

Copy for information:
Chief Executive Officer, Dhaka Stock Exchange Ltd.

Chief Executive Officer, Chittagong Stock Exchange Ltd.
Executive Director (R&D), SEC
Executive Director (SRMI), SEC
Director (CFD), SEC
Director (MIS), SEC, Chairman’s Office, SEC