বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন
Bangladesh Securities and Exchange Commission

Jiban Bima Tower, 10 Dilkusha C/A, Dhaka-1000, Bangladesh
Phone (PABX): 0088-02 9568101-2, 0088-02 9561525,Fax: 0088-02 9563721, 717660

SEC/Enforcement/973/2011/189 **March 12, 2013**

Mona Financial Consultancy and Securities Limited
CSE's Membership No. 121103
Room No.413,417
DSE Building
9/F,Motijheeel C/A
Dhaka-1212.
Attention: Managing Director/CEO

Subject: Penalty Order: Non-compliance of the Rule 3 (2) of the Margin Rules 1999 and Clause (d) of sub-rule (12) of rule 3 of the margin rules, 1999 as per SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 and SEC Directive No. SEC/CMRRCD/2009-193/63

Dear Sir,

Commission's penalty order No. SEC/Enforcement/973/2011/188 dated March 12, 2013 is enclosed herewith for your kind information and necessary action.

For Bangladesh Securities and Exchange Commission

Mustari Jahan
Deputy Director (Enforcement Dept.)

Distribution:
Chief Executive Officer, Dhaka Stock Exchange Limited
Chief Executive Officer, Chittagong Stock Exchange Limited

Copy for information:
P.O to Commissioner (Enforcement), BSEC
P.O to Executive Director (Surveillance), BSEC
P.O to Executive Director (MIS), BSEC
Chairman's office, BSEC

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Order

Whereas, as per section 2(i) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Mona Financial Consultancy and Securities Limited is a member of Chittagong Stock Exchange Limited;

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to Mona Financial Consultancy and Securities Limited under avivi 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‡gw`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 investigation report of Chittagong Stock Exchange Limited on unusual trading in shares of Safko Spinning Mills Limited, a show cause-cum-hearing notice No. SEC/Enforcement/973/2011/398 dated August 08, 2012 was issued to Mona Financial Consultancy and Securities Limited to appear at the hearing. 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 rule 3 of the Margin Rules, 1999.

Whereas, as per Rule 3 (2) of the Margin Rules 1999, "Margin account arrangements must be evidenced in the form of a written agreement executed between the member and the client."

Whereas, as per SEC's Directive No. SEC/CMRRCD/2009-193/63 dated September 06, 2010; non marginable securities shall not be allowed to buy against pre-matured sell proceeds of any marginable securities.

Whereas, an investigation has been conducted by CSE regarding unusual trading in shares of Safko Spinning Mills Limited.

Whereas, the Investigation Team among others reported the following:

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SL No	Client Name	Client Code	Client Type	Buy Date	Buy qty	Buy Rate	Opening Ledger Balance of the day	Cash/Cheque Received	Amount used to buy SAFKOSPIN	Financial Balance after end of the day
1	Mr.Md. Alauddin Chowdhury	5427	Cash	08.08.2010	8850	130.66	69,407	1,523,000	1,156,332	(673,616)
2	Ms. Lucky	1702	Cash	24.10.2010	100	301.20	(5,471,871)	5,276,000	30,120	(28,014)
				04.11.2010	400	562.24	(18,246)	-	224,896	(8,040)
				22.11.2010	200	803.20	143,878	-	160,640	(5,736,259)
3	Mr. Nazim Uddin	731	Cash	09.11.2010	200	491.46	(2,420)	-	98,292	(5,890)
				22.11.2010	550	801.47	395,206	-	440,806	(5,270,289)

SL No	Client Name	Client Code	Client Type	Buy Date	Buy qty	Buy Rate	Opening Ledger Balance of the day	Cash/Cheque Received	Amount used to buy SAFKOSPIN	Financial Balance after end of the day
1	Mr. Nazim Uddin	731	Cash	03.11.2010	400	527.10	68,661	-	210,840	270,493
				10.11.2010	500	502.00	(5,890)	-	251,000	20,834
				14.11.2010	400	527.60	20,834	-	211,041	109,305
				21.11.2010	1000	701.80	24,234	-	701,796	395,206

Contravention:

1.Mona Financial Consultancy & Securities Ltd. violated Rule 3(2) of the Margin Rules 1999 by providing credit facilities to the above mentioned clients without executing written margin agreement with them.

2.Mona Financial Consultancy & Securities Ltd. has violated clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999 as per SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 by providing margin loan facilities in purchasing shares of SAFKOSPIN which was a 'Z' category company on the dates of buying the shares.

3.Mona Financial Consultancy & Securities Ltd. has violated SEC Directive No. SEC/CMRRCD/2009-193/63 dated September 6, 2010 and SEC letter no. SEC/SRMID/94-231/472 dated February 13, 2005 by allowing its clients netting or adjustment facilities to buy SAFKOSPIN share (non marginable and Z category shares)."

Whereas, hearing has been conducted.Mr. Md.Mahfuzur Rahman (CEO, Mona Financial Consultancy & Securities Limited) has attended the hearing on behalf of the broker. They submitted an explanation letter no. MFCSL/SEC/2012-02 dated September 06,2012. They have stated that they have collected fund later on. Finally, in the letter they confessed the allegation, begged apology and promised to not to commit such violation in future.

Whereas, from the investigation report and the written confession of Mona Financial Consultancy & Securities Ltd, it is **proved** that the mentioned allegation of violating Rule 3(2) of the Margin Rules

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1999, (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999 as per SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 and SEC Directive No. SEC/CMRRCD/2009-193/63 dated September 6, 2010 against Mona Financial Consultancy & Securities Ltd is **correct**. Their explanation is not acceptable to the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law, appeared to be deliberate and clear contravention of the above mentioned Directive and Rule. Therefore the said non compliance attracts 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 Mona Financial Consultancy and Securities Limited for the stated violations.

Now, therefore, Bangladesh 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.1.00 (Tk.One) Lac upon Mona Financial Consultancy and Securities Limited which is to be deposited to the Commission in the form of Bank Draft/Payorder favouring 'Bangladesh Securities and Exchange Commission' within 15 days from the date of issuance of this order.

By order of the Bangladesh Securities and Exchange Commission

Professor Dr. M. Khairul Hossain
Chairman

Distribution:
Be Rich Limited
CSE's Membership No. 27,C&F Tower (9th floor),1222,Sk. Mujib Road,Agrabad,Chittagong