SEC/Enforcement/411/2006/ **June , 2011**

Order

Whereas, as per section 2(i) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), National Bank Limited is a member of Dhaka Stock Exchange Limited;

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to National Bank Limited under avi 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, after reexamining the enquiry report of Securities and Exchange Commission on unusual price movement in shares of Chittagong Vegetable Oil Industries Limited it has been observed that Mohammad Abdul Hai (client code # 01570), a client of National Bank Limited bought 6100 number of shares of CTGVEG from January 10, 2010 to January 12, 2010 using netting/money adjustment facilities. Abdul Hai sold 31,000 no of shares of Rangpur Foundry valuing Tk.41,63,080.80 on the January 10,2010 which would be matured on the January 13,2010 .But before January 13,2010 Abdul Hai bought shares of CTGVEG (Z category) without depositing fund.

Date	Quantity of shares bought	Rate (Tk.)	Commission (Tk.)	Amount (Tk.)
10.01.10	70	146.25	40.95	10,278.45
11.01.10	1230	154.31	759.22	1,90,564.22
12.01.10	4800	165.89	3185.22	7,99,490.22

Contravention: Through the aforesaid activities, National Bank Limited (DSE Member # 203) violated Commission's Order No. SEC/SRMID/94-231/1640 dated January 31, 2008 by allowing netting/money adjustment facilities to it's client.

Whereas, on the basis of the enquiry report a show cause-cum-hearing notice No. SEC/Enforcement/411/2006/803 dated November 29, 2010 was issued to National Bank Limited to appear at the hearing on the December 20, 2010. Hearing was conducted as per schedule. Mahmud Al Hasan (AVP and Head of NBL Securities Division) and Pranatosh Barua (Officer and Authorised representative of NBL Securities Division) attended the hearing on behalf of National Bank Limited. They submitted a reply letter No.NBL SD/SEC/2010/0315 dated December 19, 2010. Vide written explanation confessing the allegation among others they stated the following;

"In this connection we would like to inform you that, Mr. Pranatosh Barua, Officer and Authorised Representative of our company has been assigned to operate one of our Trading Work Stations (TWS 08) at our Head Office. While trading he had executed the buy orders of Client Code No. 01570 for the shares of CTGVEG during the period from January 10 to 13, 2010 by using netting/ money adjustment facilities. **It may be mentioned here that, after receiving your above mentioned notice we have issued a Show cause Notice to Mr. Pranatosh Barua vide our letter No. NBL SD/Admin/2010/303 dated 01.12.2010 to explain as to why charges of violation of the securities related rules and administrative action should not be taken against him for such type of unusual trading** (Copy of the letter is enclosed).

In reply vide his letter dated 08.12.2010 he informed us that, he had no intention to execute the buy orders against code No. 01570 for the shares of CTGVEG by using netting/ money adjustment facilities. The order was placed after checking the positive balance of Client ledger. Since Mr. Mohammad Abdul Hai did approached the buy order for 'Z' category shares (CTGVEG), it was mandatory to check the matured fund, but it was not checked by him inadvertently (Copy of reply is enclosed).

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We are extremely sorry for such kind of mistake made by the Trader and we assure that we shall look into the matter so that such kind of mistake do not repeat in future.

Under the circumstances we would like to request your goodself would be kind enough to take a lenient view on the issue and exonerate us from the charges of violation of SEC's order No. SEC/SRMID/94-231/1640 dated 31.01.2008 and the penal provision of section 22 of the Securities and Exchange Ordinance 1969 and wewa 12 of the wmwKDwiwUR GÛ G·‡PÄ Kwgkb (÷K wWjvi, ÷K-‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000."

Whereas, the above mentioned written statement proves that the mentioned allegation against National Bank Limited is correct. Their explanation is not acceptable to the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law, deliberate and clear contravention of the above mentioned Order. The said violations attract 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 National Bank Limited for the stated violations.

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

By order of the Securities and Exchange Commission

Professor Dr. M. Khairul Hossain
Chairman

<u>Distribution:</u>

National Bank Limited
DSE's Membership No.203
18, Dilkusha C/A
Dhaka-1000