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/964/2011/203 **March 12, 2013**

Oshadi Securities Limited
DSE's Membership No. 208
Room No.705
Modhumita Building
158-160,Motijheel C/A
Dhaka-1000.
Attention: Managing Director/CEO

Subject: Penalty Order: Non-compliance of আচরনবিধি ১, ২(২) of দ্বিতীয় তফসিল of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (ষ্টক ডিলার, ষ্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ and Rule 16 (a) of the Securities and Exchange Commission Ordinance, 1969 in connection with unusual trading in shares of Quasem Drycells Limited.

Dear Sir,

Commission's penalty order No. SEC/Enforcement/964/2011/202 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), Oshadi Securities Limited is a member of Dhaka Stock Exchange Limited;

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to Oshadi Securities Limited under aviv 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‡gwv`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 Dhaka Stock Exchange Limited regarding unusual trading in shares of Quasem Drycells Limited during August 01, 2010 to November 30, 2010, a show cause-cum-hearing notice No. SEC/Enforcement/964/2011/ 123 dated March 29, 2012 was issued to Oshadi Securities Limited to appear at the hearing. In the show cause-cum-hearing notice among others following were mentioned;-

Whereas as per **আচরনবিধি ১, ২(২) of দ্বিতীয় তফসিল of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (ষ্টক ডিলার, ষ্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০;**

"প্রত্যেক স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধিকে তাহার ব্যবসা ও এতদসংক্রান্ত কার্যাদি পরিচালনার ক্ষেত্রে সুনাম, দক্ষতা, বিশ্বস্ততা ও সততা বজায় রাখিতে হইবে"

"তিনি মক্কেলের প্রদত্ত সুনির্দিষ্ট তথ্য ভিত্তিক ফরমায়েস অনুসারে সিকিউরিটি ক্রয়-বিক্রয় এবং উহার কারবার করিবেন এবং মক্কেলের ফরমায়েস মোতাবেক ক্রয় বিক্রয় করিতে পারিলেন কি না তাহা যথাসময়ে লিখিতভাবে তাহাকে অবহিত করিবেন এবং কোন সিকিউরিটি বিক্রয় করিয়া থাকিলে বিক্রয় লব্ধ অর্থ মক্কেলকে যথাসময়ে পরিশোধ করিবেন এবং ক্রয় করিয়া থাকিলে ক্রয়কৃত সিকিউরিটি এবং সংশ্লিষ্ট চুক্তিপত্র উহা সম্পাদনের পর যথাসময়ে মক্কেলকে সরবরাহ করিবেন।"

Whereas, as per Rule 16 (a) of the Securities and Exchange Commission Ordinance, 1969**, "**No member or associate shall, in contravention of any rules made under this Ordinance, directly or indirectly,-

extend or maintain credit, or arrange for the extension or maintenance of credit, to or for any person for the purpose of purchasing or carrying any security;"

Whereas, an investigation has been conducted by DSE regarding unusual trading in shares of Quasem Drycells Limited during August 01, 2010 to November 30, 2010.

Whereas, the investigation team among others reported the following;

"After checking of the relevant documents collected from **Oshadhi Securities Ltd. (DSE Member No- 208) and DSE Surveillance offline data report**, some mismatch were found between the actual buy quantity and buy quantity shown by the ledger for the period of 01.08.2010 to 30.11.2010 as shown by the following table:

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Sl No.	Client code	Actual buy Quantity	Buy quantity shown by the ledger	No. of Mismatched share
1	02	86,500	80,000	6,500
2	03	68,000	65,000	3,000
3	10	67,000	60,000	7,000
4	26	61,000	63,000	(2000)
5	210	45,500	23,000	22,000

Contravention: Reported data shows that Oshadhi Securities Ltd. (DSE Member No- 208) has violated আচরনবিধি ১, ২(২) of দ্বিতীয় তফসিল of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (ষ্টক ডিলার, ষ্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০.

"This is mentioned here that, as per the client BO account opening form of the client code # 00210, it was found that the client maintains cash account with the member company. However, **Oshadhi Securities Ltd. (DSE Member No- 208)** allowed to buy shares by using credit facilities in the client code# 0210 as shown below-

Client code	Client Name	Buy Date	Buy Qty	Buy Rate	Ledger Balance of previous day	Cash/Cheque received	Amount used to buy QSMDRY CELL	Ledger Balance at the end of the day
0210	B.K. Khanam	04.10.10	3000	97.00	-4,548.85	-	90,651.00	-37,499.80

Contravention: Through the aforesaid activities, Oshadhi Securities Ltd. (DSE Member No- 208) has violated the section 16 (a) of the Securities and Exchange Commission Ordinance, 1969.".

Whereas, hearing has been conducted. Mr. Md.Aminul Islam (Managing Director) has attended the hearing on behalf of the broker. They submitted an explanation letter no. NIL dated April 23, 2012 to the Commission. In the letter among others they stated that for the first case their authorised representative has unintentionally committed the mistake. They have verbally warned the authorised representative.For the second case they have stated that the client (code no.210) had positive balance before buy of shares of Quasem Dry cell and after buy it became Tk (30850.95) which had been adjusted on 06/10/2010 by selling shares.

Whereas, from the investigation report and the written explanation of the broker, it is proved that the allegation of violating আচরনবিধি ১, ২(২) of দ্বিতীয় তফসিল of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (ষ্টক ডিলার, ষ্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ and Rule 16 (a) of the Securities and Exchange Commission Ordinance, 1969 in connection with unusual trading in shares of Quasem Drycells Limited against Oshadhi Securities Ltd. is correct. Because since share mismatch have been found in several codes so the violation can not be committed unintentionally. It is definitely intentional. In this respect their explanation is unacceptable. For the second case the client's day end ledger balance was Tk. -37,499.80 which proves

that the broker has provided credit facilities to it's cash client which is unacceptable. 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 Rule and wewa . Therefore the said non

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compliance attracts penal provision of section 22 of the Securities and Exchange Ordinance, 1969 and aviv 18 of wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993;

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 Oshadi 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.2.00 (Tk.Two) Lac upon Oshadi 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

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Room No.705
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