bs-GmBwm/Gb‡dvm‡g›U/825/2010/559 ZwiLt 07 A‡±vei, 2013 Bs

wcGdAvB wmwKDwiwUR wjwg‡UW
wWGmB m`m¨ bs-79
57, w`jKkv ev/G
XvKv-1000

welq: Av‡`k|

evsjv‡`k wmwKDwiwUR A¨vÛ G·‡PÄ Kwgk‡bi 07 A‡±vei, 2013 Bs Zvwi‡Li Av‡`k bs-GmBwm/Gb‡dvm‡g›U/825/2010/558 Gi mZ¨wqZ Abywjwc 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‡¶,

Avej Kvjvg AvRv`
Dc-cwiPvjK
Gb‡dvm‡g›U wefvM
‡dvb: 9573914

weZibt

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

m`q AeMwZi Rb¨ Abywjwc:

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

bs-GmBwm/Gb‡dvm©‡g›U/825/2010/588 ZvwiLt 07 A‡±vei, 2013 Bs

<u>Av‡`k</u>

‡h‡nZ, Kwgkb, wcGdAvB wmwKDwiwUR wjwg‡UW (wWGmB m`m¨ bs-79) †K Zvi Av‡e`bµ‡g, wbawiZ kZvax‡b wmwKDwiwUR µq weµq KgKvÊ cwiPvjbv Kivi Rb¨ evsjv‡`k wmwKDwiwUR A¨vÛ G·‡PÄ Kwgkb (AZ:ci ÒKwgkbÓ e‡j DwjøwLZ) 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-‡eªvKvi I Ab‡gvw`Z cÖwZwbwa) wewagvjv, 2000 Gi wewa 5(5) mn cVZ ÷K‡eªvKvi/wWjvi †iwR‡óªkb mvwU©wd‡KU c`vb K‡i‡Q;

‡h‡nZ, Kwgkb Gi Av‡`k bs SEC/SRI/INS/DSE-MEM/2010/709 dated 27.02.2013 Gi gva¨‡g wcGdAvB wmwKDwiwUR wjwg‡UW G cwi`k©‡bi Rb¨ GKwU KwgwU MwVZ nq Ges D³ cwi`kb KwgwUi `vwLjKZ cÖwZ‡e`b Abhvqx findings and contraventions wbgœiƒc:

Quote: "

1. Average Net Capital of PFI Securities Limited for three months is as follows:

	In Taka
December	249,32,12,457
January	234,64,90,170
February	252,27,50,982
Total	**736,24,53,609**
Average Net Capital of last 3 (three) months	**245,41,51,203**
25% of Average Net Capital of last 3 (three) months	**61,35,37,801**

From the statement of ledger balance of PFI Securities Limited as on 03.03.2013, it is evident that they allowed deficit balance more than 25% of their average net capital (i.e., Tk. 61,35,37,801) to the following client:

Sl.	Client Code	Client Name	Ledger Balance
1	524	Mr. Md. Abul Kashem Mollah	-64,57,79,103

As per Rule 5(1) of Margin Rules, 1999 no member shall be permitted deficit arising from transactions by a single client to exceed 25% of their average net capital i.e. Tk. 61,35,37,801. In this regard PFI Securities Limited permitted deficit (debit) balance to Mr. Md. Abul Kashem Mollah exceeding the highest limit i.e. Tk. 64,57,79,103.

Contravention: Through the aforesaid activities PFI Securities Limited violated section 5 (1) of Margin Rules, 1999.

2. It appears form the transaction ledgers and portfolio statements that PFI Securities Limited allowed excess margin loan (beyond the approved limit) facilities to its clients, which are shown in the following tables:

Client Code 620, Client Name : Md. Omar Sadek Mollah

<u>Table-1</u>

Sl. No.	Date	Equity	Debit/Ledger Balance	Further disbursed loan	Margin Ratio Enjoyed	Maximum Approved Limit	Remarks
1	09.02.11	13,859,195.63	-32,099,765.41	-	1:2.316	1:2	Margin loan exceeding allowed limit
2	10.02.11	12,071,254.21	-33,417,461.26	-1,317,695.85	1:2.768	1:2	Margin loan exceeding allowed limit
3	13.02.11	8,591,984.11	-35,750,939.95	-2,333,478.69	1:4.161	1:2	Margin loan exceeding allowed limit
4	14.02.11	4,827,373.81	-36,483,394.60	-732,454.65	1:7.558	1:2	Margin loan exceeding allowed limit
5	27.02.11	3,883,302.57	-36,852,794.77	-369,400.17	1:9.490	1:2	Margin loan exceeding allowed limit

				-4,753,029.36			

PFI Securities Ltd. provided margin loan exceeding the allowed limit i.e. 1:2 to Mr. Md. Omar Sadek Mollah on 09 February 2011. Even then PFI Securities Ltd. allowed further margin loan to the said client amounting Tk. 47,53,029.36 up to 27 February 2011.

<u>Table-2:</u>

Sl. No.	Date	Equity	Debit/Ledger Balance	Further disbursed loan	Margin Ratio Enjoyed	Maximum Approved Limit	Remarks
6	10.03.11	14,225,034.05	-38,215,419.21		1:2.686	1:2	Margin loan exceeding allowed limit
7	15.03.11	12,576,628.06	-39,116,072.80	-900,653.59	1:3.110	1:2	Margin loan exceeding allowed limit

PFI Securities Ltd. provided margin loan exceeding the allowed limit i.e. 1:2 to Mr. Md. Omar Sadek Mollah on 10 March 2011. Even then PFI Securities Ltd allowed further margin loan to the said client amounting Tk. 9,00,653.59 up to 15 March 2011.

Client Name: Noor Mohammed, Client Code: 1550

<u>Table-3:</u>

Sl. No.	Date	Equity	Debit/Ledger Balance	Further disbursed loan	Margin Ratio Enjoyed	Maximum Approved Limit	Remarks
1	02.01.12	12,915,039.71	-46,723,910.09	-	1:3.618	1:2	Margin loan exceeding allowed limit
2	03.01.12	13,709,637.57	-47,486,906.09	-762,996.00	1:3.464	1:2	Margin loan exceeding allowed limit
3	04.01.12	14,121,857.61	-48,386,493.66	-899,587.57	1:3.426	1:2	Margin loan exceeding allowed limit
4	08.01.12	13,641,654.21	-48,639,467.01	-252,973.35	1:3.566	1:2	Margin loan exceeding allowed limit
5	11.01.12	10,882,963.60	-49,019,481.39	-380,014.38	1:4.504	1:2	Margin loan exceeding allowed limit
				-2,295,571.30			

PFI Securities Ltd. provided margin loan exceeding the allowed limit i.e. 1:2 to Mr. Noor Mohammad on 02 January 2012. Even then PFI Securities Ltd. allowed further margin loan to the said client amounting Tk. 22, 95,571.30 up to 11 January 2012.

Contraventions: From the aforesaid activities it evident that PFI Securities Limited violated the Commission Directive No.SEC/CMRRCD/2009-193/92 dated January 10, 2011 by providing margin loan exceeding the allowed limit.

3. It appears form the transaction ledgers and portfolio statements that PFI Securities Limited allowed financial adjustment facility in same script to its clients, which are shown in the following tables:

(a) Client Name: Md. Omar Sadek Mollah, Client Code: 620

<u>Table-01:</u>

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	16.05.11	8,676,570.33	-40,304,727.64	1:4.64	-35,966,442.48
2	22.05.11	5,442,057.14	-40,298,173.94	1:7.40	-37,577,145.38

PFI Securities Limited allowed both Buy and Sale of 2,500 shares of FAREASTLIF on 22.05.11 even after excess margin loan (1:4.64) on previous day and huge negative purchase power (TK. -35,966,442.48).

(b) Client Name: A. K. M. Sazzad Hossain, Client Code: 706

Table-02:

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	26.07.11	11,176,238.23	-65,637,033.81	1:5.87	-60,048,914.70
2	28.07.11	11,211,353.89	-65,671,804.52	1:5.85	-60,027,277.58

PFI Securities Limited allowed both Buy 50,000 shares and Sale 50,500 shares of UTDAIR on 28.07.11 even after excess margin loan (1:5.87) on previous day and huge negative purchase power (TK. -60,048,914.70).

Table-03:

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	04.09.11	7,441,832.86	-65,218,540.85	1:8.76	-61,497,624.42
2	13.09.11	5,771,246.82	-65,213,789.82	1:11.29	-62,328,175.41

PFI Securities Limited allowed both Buy & Sale of 20,250 shares of PREMIER Bank and Buy & Sale of 1000 shares of SIBL Bank on 13.09.11 even after excess margin loan (1:8.76) on previous day and huge negative purchase power (TK.-61,497,624.42).

(c) Client Name: Mohammad Yaseen Kagri, Client Code: C625

Table-04:

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	13.03.11	1,777,580.78	-11,013,465.68	1:6.19	-11,013,465.68
2	14.03.11	2,990,824.93	-11,883,877.57	1:3.97	-10,388,465.10

PFI Securities Limited allowed both Buy and Sale 5,000 shares of MALEKSPIN even after excess margin loan (1:6.19) on previous day and huge negative purchase power (TK.- 11,013,465.68).

Table-05:

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	05.01.12	-5,766,461.45	-19,104,966.28	Since, equity is negative, Equity:Debt ratio is not measurable.	-21,988,197.01
2	11.01.12	-6,467,426.39	-19,105,954.77		-22,339,667.96

PFI Securities Limited allowed both Buy 9,800 shares and Sale 9,700 shares of EHL even after the negative equity (Tk. -5,766,461.45) on previous day and huge negative purchase power (TK. -21,988,197.01).

(d) Client Name: Mohammed Azad Hossain, Client Code: C518

Table-06:

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	08.01.12	-2,552,332.03	-12,921,385.37	Since, equity is negative, Equity:Debt ratio is not measurable.	-14,197,551.38
2	11.01.12	-2,945,252.89	-12,914,832.33		-14,387,458.78

PFI Securities Limited allowed both Buy and Sale 5,000 shares of NBL Bank on 11.01.12 even after the negative equity (Tk. -2,552,332.03) on previous day and huge negative purchase power (TK. -14,197,551.38).

Table-07:

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	07.10.12	-7,612,092.00	-15,085,434.49	Since, equity is negative, Equity:Debt ratio is not measurable.	-18,891,480.00
2	10.10.12	-7,529,847.76	-15,093,905.49		-18,858,829.37

PFI Securities Limited allowed both Buy and Sale 15000 shares of BXSYNTH on 10.10.11 even after the negative equity (Tk. -7,612,092.00) on previous day and huge negative purchase power (TK. -18,891,480.00).

Table-08:

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	27.02.13	-10,079,282.26	-15,823,966.11	Since, equity is negative, Equity:Debt ratio is not measurable.	-20,863,607.24
2	28.02.13	-10,011,367.74	-15,818,371.86		-20,824,055.73

PFI Securities Limited allowed both Buy and Sale 5000 shares of ENVOYTEX on 28.02.13 even after the negative equity (Tk. -10,079,282.26) on previous day and huge negative purchase power (TK. -20,863,607.24).

(e) Client Name: Mr. Ryad Md. Mostafa, Client Code: C680

Table-9:

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	06.12.12	-6,450,917.81	-21,289,047.93	Since, equity is negative, Equity:Debt ratio is not measurable.	-24,514,506.83
2	10.12.12	-7,368,947.85	-21,281,467.10		-24,965,950.03

PFI Securities Limited allowed both Buy 10,000 and Sale 10,500 shares of RNSPIN on 10.12.12 even after the negative equity (Tk. -6,450,917.81) on previous day and huge negative purchase power (TK. -24,514,506.83).

(f) Client Name: Saleh Ahmed Salim, Client Code: S565

Table-10:

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	04.10.12	-1,653,556.15	-3,854,831.67	Since, equity is negative, Equity:Debt ratio is not measurable.	-4,681,609.75
2	08.10.12	-1,516,895.92	-3,847,913.67		-4,606,361.63

PFI Securities Limited allowed both Buy and Sale 3,000 shares of BSCCL on 08.10.12 even after the negative equity (Tk. -1,653,556.15) on previous day and huge negative purchase power (TK. -4,681,609.75).

(g) Client Name: Mrs. Makshoda Jannat, Client Code: S107

<u>Table-11:</u>

Sl. No.	Date	Equity	Debt/Ledger Balance	Ratio-Equity: Debt	Purchase Power
1	19.02.13	-1,001,889.56	-4,637,930.95	Since, equity is negative, Equity:Debt ratio is not measurable.	-5,138,875.73
2	20.02.13	-1,039,370.87	-4,622,729.27		-5,142,414.71

PFI Securities Limited allowed both Buy and Sale 15,800 shares of ENVOYTEX on 20.02.13 even after the negative equity (Tk. -1,001,889.56) on previous day and huge negative purchase power (TK. -5,138,875.73).

Contraventions: From the aforesaid activities it is evident that PFI Securities Limited violated the Commission Circular No. SEC/SRMID/94-231/472 dated February 13, 2005 by providing financial adjustment facility in same script”

Unquote:”

‡h‡nZ, Kwgkb Dc‡iwjwLZ cwZ‡e`b Abhvqx wmwKDwiwUR AvBb cwicvj‡b e¨_Zvi `i“b wcGdAvB wmwKDwiwUR wjwg‡UW Gi eive‡i GKwU show-cause-cum-hearing notice mÎ bs- SEC/Enforcement/825/2010/341 ZwiL 05 Rb, 2013 Bs †ciY K‡i Ges 12 Rb, 2013 Bs Zwi‡L kbvbxi w`b avh¨ K‡i Ges avh¨KZ Zwi‡L D³ †evKvi/wWjvi Gi Chief Excutive Officer Dcw¯Z n‡q 12 Rb, 2013 Bs Zwi‡Li c‡Îi gva¨‡g wjwLZ e³e¨ `wLj K‡ib| hv‡Z Ab¨v‡b¨i g‡a¨, wb‡gv³ welq¸wji D‡jL Av‡Q:-

Quote:

“We, PFI Securities Limited, a Corporate Member of DSE (079) & CSE (095), do hereby acknowledge having received on 05.06.2013 of your Show Cause Cum Notice for Hearing: Non-compliance of securities related laws. We provide below our reply to the said Show Cause Notice:

- **Violation of Rules 5 (1) of Margin Rules, 1999:**
  25% of Average Net Capital Balance during December-2012, January & February-2013 was Taka 613.54 million where as the deficit balance of Mr. Md. Abul Kashem Mollah was Ttaka 645.78 million this was happened due to the downward market trend & accrued interest which gradually increases the debit balance. There was no intentional acceptance for the said deficit balance all happens with the falling market scenario.

- **Violation of Commission directive regarding margin loan:**
  That it is submitted that we have never extended any margin loan to any of our clients in excess of the permitted margin ratio. However, sometimes it happens that after granting the margin loan, the margin ratio increases due to fallen price of relevant shares in the stock market. In such situation in order to maintain the margin ratio we have two options. The first option is to ask the client to inject more funds to reduce the margin loan and the second option is to dispose off shares and utilise the proceeds to reduce the margin loan. In the first option, usually in a down market the client does not show interest to inject more funds and in the second option the client opposes any disposal of shares to avoid confirm loss.

- **Violation of Commission circular regarding financial adjustment facilities:**
  Some of our clients enjoyed financial adjustment facilities in transaction of same script as our respective traders ignored the rules and committed to the violation of Commission circular no. SEC/SRMID/94-231/472 dated February 13, 2005. We have already taken disciplinary actions against our traders for such type of deeds; however we will further take necessary measures to stop such type of unauthorized activities.

In view of the above, we hope and pray that the above clarifications would suffice to satisfy you to come to a conclusion that there was no intentional non-compliance on our part. However, we seek unconditional apology for any unintentional violation of our part and we would also like to assure you that we will be more careful in the future & strictly follow the related rules and regulations of Bangladesh Securities and Exchange Commission.

”Unquote:

‡h‡nZ, wcGdAvB wmwKDwiwUR wjwg‡UW Gi wjwLZ e³e¨ †_‡K m¯úó cZxqgvb nq †h, ïbvbxi †bwU‡ki Awf‡hvMmgn wcGdAvB wmwKDwiwUR wjwg‡UW ¯xKvi K‡i‡Q hv B”QvKZ Ges welq¸‡jv wmwKDwiwUR AvBb cwicvj‡b e¨_Zv weavq section 22 of Securities and Exchange Ordinance, 1969 Abhvqx kw¯‡hvM¨ Aciva Ges hv ¶gvi A‡hvM¨;

‡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‡_ D³ †evKvi/wWjvi †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 wcGdAvB wmwKDwiwUR wjwg‡UW Gi Dci 03 (wZb) j¶ UvKv Rwigvbv avh¨ Kij hv AÎ Av‡`‡ki ZwiL n‡Z 15 (c‡bi) w`‡bi g‡a¨ Ôevsjv‡`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
wcGdAvB wmwKDwiwUR wjwg‡UW
wWGmB m`m¨ bs-79
57, w`jKkv ev/G
XvKv-1000