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Order

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

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to PFI Securities 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, on the basis of the enquiry report of Securities and Exchange Commission a show cause-cum-hearing notice No. SEC/Enforcement/871/2011/109 dated February 24, 2011 was issued to PFI Securities Limited to appear at the hearing on the March 13, 2011. In the show cause-cum-hearing notice among others following were mentioned;-

"Whereas, as per স্টক †evKvi wbeÜb mb` bs- - wbeÜb-3.1/wWGmB-234/2008/312, ZwiLt 17/11/2008 Bs I স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.2/ wmGmB-139/2010/220, ZwiLt 09/06/2010 Bs (issued to PFI Securities Limited) Gi শর্ত নং- ২ "mb` cvcK Securities and Exchange Ordinance, 1969 (XVII of 1969), wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993 (1993 m‡bi 15 bs AvBb), Ges wmwKDwiwUR I G·‡PÄ Kwgkb (÷K-wWjvi, ÷K-†evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 Gi Aaxb Kwgkb KZK mgq mgq c`Ë ev RvixKZ Av‡`k ev wb‡`k Ges GB mb‡`i mKj kZ gwbqv Pwj‡Z eva¨ _wK‡eb|"

Whereas, as per AvPiY wewa ১, ২ ও ৭ of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000;

"c‡Z¨K ÷K wWjvi, ÷K ‡evKvi I Ab‡gw`Z cwZwbwa‡K Zvnvi e¨emv I GZ`msµvš Kvhw` cwiPvjbvi †¶‡Î mbvg, `¶Zv, wek¯Zv I mZZv eRvq iwL‡Z nB‡e|"

"c‡Z¨K ÷K wWjvi, ÷K ‡evKvi I Ab‡gw`Z cwZwbwa Zvnvi g‡°‡ji mwnZ Kvq-Kviev‡ii mgq wek¯Zvi mwnZ Zvnv‡`i digv‡qm †gvZv‡eK g‡°‡ji Rb¨ m‡evËg evRvi `‡i wmwKDwiwU µq ev weµq Kwi‡eb|"

" †Kvb ÷K wWjvi, ÷K ‡evKvi ev Ab‡gw`Z cwZwbwa GKKfv‡e A_ev Ab¨vb¨‡`i mwnZ mw¤§wjZfv‡e ‡Kvb KwÎg evRvi mwó Kwi‡Z cwi‡eb bv hvnv mvaviY wewb‡qvMKvix‡`i Rb¨ ¶wZKi nB‡e A_ev evRv‡ii mô I Aeva KvhKwiZv evavM¯ Kwi‡e|"

Whereas, an enquiry was conducted by Securities and Exchange Commission. Enquiry committee reported the following:

"On January 20, 2011, PFI Securities Limited sold a number of shares on behalf of their clients aggressively not following the available buy order of those securities. As per the Trade execution documents provided by DSE, the inquiry officers found that the aforesaid stock-broker submitted sale order of different securities at a lower rate than the actual trade execution rate (available buy rate at that time). The detail transaction of the aforesaid stock-broker is delineated below :

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TRADING REPORT ON JANUARY 20, 2011

SL NO.	INSTRUMENT CODE	EVENT	BUY/SALE	PRICE	QUANTITY	CUSTOMER CODE	TIME
1	**PRIMEBANK**	**Submitted**	**S**	**68.00**	**43500**	**A0041**	**13:00:17:808**
	PRIMEBANK	**Modified**	**S**	**64.00**	**33500**	**A0041**	**13:00:36:404**
	PRIMEBANK	PartExec		66.00	500	A0041	13:00:36:425
	PRIMEBANK	PartExec		66.00	500	A0041	13:00:36:440
	PRIMEBANK	PartExec		66.00	500	A0041	13:00:36:446
	PRIMEBANK	PartExec		66.00	500	A0041	13:00:36:453
	PRIMEBANK	PartExec		66.00	500	A0041	13:00:17:462
	PRIMEBANK	PartExec		66.00	500	A0041	13:00:17:470
	PRIMEBANK	PartExec		66.00	500	A0041	13:00:17:481
	PRIMEBANK	PartExec		66.00	500	A0041	13:00:17:487
	PRIMEBANK	PartExec		66.00	500	A0041	13:00:17:497
	PRIMEBANK	PartExec		66.00	500	A0041	13:00:17:504
	PRIMEBANK	PartExec		65.00	500	A0041	13:00:17:512
2	**PUBALIBANK**	**Submitted**	**S**	**69.00**	**2000**	**R117**	**13:01:18:352**
	PUBALIBANK	PartExec		75.00	25	R117	13:01:18:357
	PUBALIBANK	PartExec		75.00	100	R117	13:01:18:364
	PUBALIBANK	FullExec		74.00	1875	R117	13:01:18:369

Contravention: Through the aforesaid activities PFI Securities Limited (DSE Member # 79, CSE Member # 095) has violated শর্ত নং- ২ of কমিশন কর্তৃক ইস্যুকৃত স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.1/wWGmB-234/2008/312, ZwiLt 17/11/2008 Bs I স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.2/ wmGmB-139/2010/220, ZwiLt 09/06/2010 Bs, AvPib wewa ১, ২ ও ৭ of দ্বিতীয় তফসিল and wewa 11 of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gvw`Z cwZwbwa) wewagvjv, 2000 |””

Whereas, hearing was conducted as per schedule. Mr. Kazi Farid Uddin Ahmed (CEO and Managing Director) attended the hearing on behalf of PFI Securities Limited and submitted a reply letter No. PFISL/Compliance/SEC/2011/222 dated March 13, 2011. In the letter among others they stated the following:

"1. With reference to the show cause notice we submit that, the instances of same orders which you have cited in the notice comes to a total of Tk. 13,125.00 and it seems that sale orders were placed at 1 or 2 taka difference with the market touch line i.e. the securities were sold Tk. 1 or Tk. 2 above or below; but this is usual and the execution of the orders were at the touchline price and this took place within fraction of a second.

2. In fact Company received sale orders from its client at a market rate. When the trader was modified the rate in the line with the market rate, at the same time from the other part buyers' trader submitted their orders in TESA at a higher rates, and before appearing those rates on the screen of the respective workstation, our transaction was executed.

3. This has happened because of the loss of a fraction of a second between the actual offer of sale and refreshing of the touchline with new price that is exhibited on the screen. Our office is situated outside DSE and we are covered by Wide Area Network (WAN) resulting in some loss of time between the sale orders placed exhibited on the screen and transaction executed.
4. It may be pointed out that in a falling market the panic-striken clients make orders for sale pressurizing us to execute the sale.
5. This shows that we had no intention to nor did we act contrary to the standard laid down in Rule 11 of the Stock Dealers, Stock Brokers and Authorized Representative Rules 2000.
6. In the circumstances we submit that we have acted to the best of our capacity according to the standard laid down in the said Rule 11 of the above.

7. Further, Sell Order of 2,000 shares of Pubali Bank Ltd. has been submitted mistakenly at the rate of taka 69.00 instead of taka 79.00, whereas the prevailing market rate was taka 75.00, this happened due to the typing error of our Authorized Representative.

In view of the above, we hope and pray that the above explanation 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. However, we seek unconditional apology for any unintentional violation of Rule 11 of the Stock Dealers, Stock Brokers and Authorized Representative Rules 2000."

Whereas, PFI Securities Limited has submitted sale order of different securities at a lower rate than the actual trade execution rate (available buy rate at that time), therefore the mentioned allegation of violating শর্ত নং- ২ of কমিশন কর্তৃক ইস্যুকৃত স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.1/wWGmB-234/2008/312, ZvwiLt 17/11/2008 Bs I স্টক †evKvi wbeÜb mb` bs- wbeÜb-3.2/ wmGmB-139/2010/220, ZvwiLt 09/06/2010 Bs, and আচরণ wewa ১, ২ ও ৭ of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gvw`Z cÖwZwbwa) wewagvjv, 2000 against PFI Securities Limited is proved as correct. Their written explanation is not acceptable to the Commission.

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Whereas, the aforesaid activities are tantamount to non-compliance of securities law, deliberate and clear contravention of the stated শর্ত and AvPiY wewa. The said violations attract penal provision of avivi 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 PFI Securities Limited for the stated violations.

Now, therefore, Securities and Exchange Commission, in exercise of the power conferred by avivi 18 of wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993 hereby imposes penalty for Tk.25 (Tk. Twenty Five) Lac upon PFI Securities Limited which is to be deposited to the Commission in the form of Bank Draft/Payorder favouring 'Securities and Exchange Commission' within 30 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>

PFI Securities Limited
63, Dilkusha C/A (3rd floor)
Dhaka-1000.