



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন
Bangladesh Securities and Exchange Commission

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SEC/Enforcement/1046/2012/48

January 27, 2013
Fax No. 031-726982

PHP Stock and Securities Limited
PHP House, 31
Agrabad C/A
Chittagong-4100
Attention: Managing Director/CEO

Subject: Penalty Order : Non-compliance of section 4(1) of Dhaka Stock Exchange (Short-Sale) Regulations, 2006 and Article 6 of দ্বিতীয় তফসিল of সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন আইন, ২০১০ in connection with unusual trading in shares of listed securities by PHP Stocks & Securities Limited.

Dear Sir,

Commission's penalty order No. SEC/Enforcement/1046/2012/47 dated January 27, 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), SEC
P.O to Executive Director (Surveillance), SEC
P.O to Executive Director (MIS), SEC
Chairman's office, SEC



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Order

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

Whereas, Bangladesh Securities and Exchange Commission issued Stock Broker Registration Certificate to PHP Stock and Securities Limited under aviv 10(1) of the ঐমিKDiiUR I G · #PÄ Kigkb A\Bb, 1993, read with ঐেa 5 (5) of the ঐমিKDiiUR I G · #PÄ Kigkb (÷K-ঐWjvi, ÷K-ঐevKvi I Abtgw`Z ciZibia) ঐেagvjv, 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 Bangladesh Securities and Exchange Commission on unusual trading in shares of listed securities by PHP Stocks & Securities Limited (DSE Membership # 235), a show cause-cum-hearing notice No. SEC/Enforcement/1046/2011/411 dated August 12, 2012 was issued to PHP Stock and Securities Limited to appear at the hearing. In the show cause-cum-hearing notice among others following were mentioned;-

“Whereas, as per regulation 4 of the Dhaka Stock Exchange (Short Sale) Regulation, 2006, short sale of listed securities is prohibited.

Whereas, as per A\Bibiea ৬ of দ্বিতীয় তফসিল of ঐমিKDiiUR I G · #PÄ Kigkb (৬K ঐWjvi, ৬K ঐevKvi I Abtgw`Z ciZibia) ঐেagvjv, 2000, “ঐbR ঐv ঐমিxi Rb” Ac†KŠkj c†qvm ঐb\l×]- †Kvb ÷K ঐWjvi, ÷K ঐevKvi ev Abtgw`Z ciZibia ঐbR ঐv ঐমিxi Rb” †Kvb Ac†KŠk†ji A\kq jB†Z cwi†eb bv, Kvn†KI VK†bv ev ceÂbvi D††k” †Kvb †jb†b K††Z cwi†eb bv ev ঐbR ঐv ঐমিxi D††k” A_ev evR†ii fvimvg” ‐ebó Kivi D††k” †Kvb ,Re Qov†Z ev Kv†ug c†iPvjbv K††Z cwi†eb bv|”

Whereas, an enquiry has been conducted by the Commission regarding unusual trading in shares of listed securities by PHP Stocks & Securities Limited (DSE Membership # 235).

Whereas, the enquiry team among others reported the following;

“Total short sales during 23.05.2012 and 24.05.2012 in the client code no.2682 and 4697 are given below:

Company name	Total stock	Market rate	Total Price
GP	10,000	200.40	20,04,000.00
Micement	15,000	109.30	16,39,500.00
Beximco	61,600	86.90	53,53,040.00
Lankabafin	70,000	86.80	60,76,000.00
Peoples Ins	1,00,000	28.90	28,90,000.00
Total	2,56,600		1,79,62,540.00

Contravention: From the report it appears that PHP Stock and Securities Limited has violated section 4(1) of Dhaka Stock Exchange (Short-Sale) Regulations,2006 and A\Bibiea ৬ of দ্বিতীয় তফসিল of ঐমিKDiiUR I G · #PÄ Kigkb (৬K ঐWjvi, ৬K ঐevKvi I Abtgw`Z ciZibia) ঐেagvjv, 2000 by executing short sale in the different client code.”

Whereas, hearing was conducted. Mr.Mohammed Akther Parvez Chowdhury (Managing Director), Mohammad Harunullah (Asst.Manager) and Md.Imtaaz (Branch incharge) attended the hearing on behalf of PHP Stock and Securities Limited. They have submitted an explanation letter No. NIL dated October 14, 2012.In the letter they have stated among others that one of their authorized representatives named Mr.S M Saharier has committed the mentioned violation intentionally. He has resigned from his post and the broker has withdrawn him.

Whereas, from From the investigation report and the written confession of the broker it is **proved** that the mentioned allegation of violating section 4(1) of Dhaka Stock Exchange (Short-Sale) Regulations,2006 and A\Bibiea ৬ of দ্বিতীয় তফসিল



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Bangladesh Securities and Exchange Commission

of ঐমিKDইিUR I G · ঙPÄ Kigkb (óK ঐWjvi, óK ঙevKvi I Abঙgঐ`Z ciZibia) ঐeagvjv, 2000 against PHP Stock and Securities Limited is **correct**. Their explanation is not acceptable to the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of of the above mentioned আচরনবিধি and Regulation attracting penal provision of section 22 of the Securities and Exchange Ordinance, 1969, ঐeia 12 of the ঐমিKDইিUR I G · ঙPÄ Kigkb (ঙK-ঐWjvi, ঙK-ঙevKvi I Abঙgঐ`Z ciZibia) ঐeagvjv, 2000 and aviv 18 of ঐমিKDইিUR I G · ঙPÄ Kigkb 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 PHP Stock 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) and aviv 18 of ঐমিKDইিUR I G · ঙPÄ Kigkb AvBb, 1993; hereby imposes penalty for Tk.1.00 (Tk.One) Lac upon PHP Stock and Securities 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 Bangladesh Securities and Exchange Commission

Professor Dr. M. Khairul Hossain
Chairman

Distribution:

PHP Stock and Securities Limited
PHP House, 31
Agrabad C/A
Chittagong-4100