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/979/2011/316 **May 28, 2013**
Fax No. 031-726982

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

Subject: Penal Order: Non-compliance of section 18 of Securities and Exchange Ordinance, 1969 (XVII of 1969).

Dear Sir,

Commission's penal order No. SEC/Enforcement/979/2011/315 dated May 28, 2013 is enclosed herewith for your kind information and necessary action.

For Securities and Exchange Commission

Mustari Jahan
Deputy Director (Enforcement Dept.)

<u>Distribution:</u>
Chief Executive Officer, Dhaka Stock Exchange Limited
Chief Executive Officer, Chittagong Stock Exchange Limited

<u>Copy for information:</u>
P.O to Commissioner (Enforcement), SEC
P.O to Executive Director (SRMIC), SEC
P.O to Executive Director (MIS), SEC
Chairman's office, SEC

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

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 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, as per Notification No. SEC/CMRRCD/2009-193/49/Admin/03-48 dated July 14, 2010; sponsor share holder/director/placement holder is required to submit written report to SEC, DSE and CSE regarding his/ her intention to buy/sale or transfer of shares to SEC, DSE and CSE.

Whereas, SRMIC Department, BSEC has observed that PHP Float Glass Limited has not submitted any written report to SEC, DSE and CSE regarding buy of .026% shares (International Leasing and Financial Services Limited) of previous month (June, 2011) holding.

Whereas, PHP Float Glass Limited has stated that they have not bought any shares on July 2011. As proof of their statement they have enclosed Scrip detail statement and Financial statement of PHP Float glass industries Limited generated on **December 13,2011** signed by Mr.Md.Hasan Ullah ,Branch in charge of PHP Stock and Securities Limited. In these statements **no reflection of buy of .026% (500 shares) shares of ILFSL is found**.But **on December 18,2011** PHP Stocks and Securities Limited has informed PHP Float Glass Industries Limited that on June 29,2011 they have sold 500 shares from the BO account of PHP Float Glass Industries Limited and in July ,2011 they again credited the shares in the same BO account. Following statements they have given to PHP Float Glass Industries Limited.

"….one of our employees had made an unintentional trading mistake on June 29, 2011.He wanted to buy 500 shares of International Leasing and Financial Services Limited in favor of a client but he unintentionally pressed sell button instead of buy button. As a result 500 shares were sold and we were obliged to pay in those shares. Finding no other alternative way we had to pay in those share from your BO account and latter we placed those shares again in your BO account. Sir we are very sorry for our unintentional mistake…."

But in the Scrip detail statement and financial statement, there is no reflection of sale and buy of 500 shares. Mr.Md.Hasan Ullah Branch incharge of PHP Stock & Securities Limited has manipulated the Scrip detail statement and financial ledger statement.
Above explanation of PHP Stock & Securities Limited has proved that they have concealed the transfer of 500 shares.

Whereas, later on Enforcement department has issued show cause cum hearing notice no. SEC/Enforcement/979/2011/67 dated February 22, 2012 to PHP Stock and Securities Limited stating the follows;

"Whereas, as per section 18 of Securities and Exchange Ordinance, 1969 (XVII of 1969) "**Prohibition of false statements, etc.**- No person shall, in any document, paper, accounts, information or explanation which he is, by or under this Ordinance, required to furnish, or in any application made under this Ordinance, make any statement or give any information which he knows or has reasonable cause to believe to be false or incorrect in any material particular."

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

Whereas, it has been found that on **December 13,2011** Mr.Md.Hasan Ullah, Branch in charge of PHP Stock and Securities Limited has given false Scrip detail statement and financial statement to PHP Float Glass Industries Limited, which he has known as false. In the given statement Mr. Hasan has concealed the debit of 500 shares on June 29,2011 and credit of 500 shares in the month of July,2011.

Contravention: Through the aforesaid activities, Mr.Md.Hasan Ullah, Branch in charge of PHP Stock and Securities Limited has violated section 18 of Securities and Exchange Ordinance, 1969 (XVII of 1969)**.”**

Whereas, hearing has been conducted.Mr. Mohammed Akhter Parvez (Managing Director) and Mr.Mohammad Hasan Ullah (Asst.Manager) have attended the hearing. They have submitted an explanation letter no.NIL dated March 7, 2012.In the letter among others they have stated the following;
“...Keeping due respect to the Commission we firmly admit that the documents we provided are true and correct because:

1. Any buy or Sell in favor of a client code must effect in CDBL (pay in-pay out).But any change in CDBL would not effect in financial ledger and script details report.
2. As there were no buy in code 3600 therefore it shown no effect in the providing documents.
3. The commission find out 500 more shares in the month of july 2011 than previous month of June 29, 2011, of international leasing and financial services but holding quantity of May (any working day of May 2011 and till 28^{th} June 2011) 2011 and July 2011 are same of the said share.DPA6 enclosed.
4. We have already explain the reason of share holding mismatch.(June 2011 and July 2011) to the Managing Director of PHP Float Glass Industries Ltd (A photocopy of explanation again enclosed)

We hope the honorable commission will understand and relieved us from the allegation and give us chance to serve the capital market as well **as to the nation.”**

Whereas, it is proved that the broker has concealed the transfer of 500 shares from the account of PHP Float Glass Industries Ltd while hearing was conducted with PHP Float Glass Industries Ltd.By giving false Scrip detail statement and financial statement to PHP Float Glass Industries Limited(which has been submitted to the Commission by PHP Float Glass Industries Limited) and concealing the transfer of 500 shares from the account of PHP Float Glass Industries Ltd while hearing was conducted with PHP Float Glass Industries Ltd, Mr.Md.Hasan Ullah, Branch in charge of PHP Stock and Securities Limited has violated section 18 of Securities and Exchange Ordinance, 1969 (XVII of 1969).

Whereas, 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 Directive and Rule. Therefore the said non compliance attracts 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 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) 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 ‘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

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