

SEC/Enforcement/952/2011/ 231

April 25, 2012
By Special Messenger
Fax: 88-02-9564455

1. Provati Insurance Company Limited, Khan Mansion (11th floor), 107, Motijheel C/A
2. Directors, Provati Insurance Company Limited, Khan Mansion (11th floor), 107, Motijheel C/A
3. Managing Director, Provati Insurance Company Limited, Khan Mansion (11th floor), 107, Motijheel C/A
4. Company Secretary, Provati Insurance Company Limited, Khan Mansion (11th floor), 107, Motijheel C/A

Sub: Penal Order: Non-compliance of clause 1 of SEC's Notification No SEC/CMRRCD/2008-183/Admin/03-34 dated September 27, 2009 in connection with conducting board meeting during the trading hour.

Dear Sir,

Commission's penal order No. SEC/Enforcement/952/2011/230 dated April 25, 2012 is enclosed herewith for your kind information and necessary action.

For 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 Member (Enforcement), SEC
P.O to Executive Director (SRMIC), SEC
P.O to Executive Director (MIS), SEC
Chairman's office, SEC

Order

Whereas, as per section 2(g) of the Securities and Exchange Ordinance, 1969(ORDINANCE No. XVII of 1969) Provati Insurance Company Limited is an issuer (herein after referred to as an “issuer”);

Whereas, as per the clause 1 of SEC’s Notification No SEC/CMRRCD/2008-183/Admin/03-34 dated September 27,2009 issued under section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969),

1.“The Board of Directors of the issuer of a listed security shall hold the board meeting involving price sensitive decision either after the trading hour or on a holiday.”

Whereas, SRMIC department, SEC has observed that the issuer company held board meeting involving price sensitive decision (to purchase floor space at 94, Motijheel C/A) during the **trading hour** on March 16, 2011.

Whereas, Provati Insurance Company Limited (listed issuer) has violated clause 1 of SEC’s Notification No SEC/CMRRCD/2008-183/Admin/03-34 dated September 27, 2009 by holding board meeting during the trading hour.

Whereas, a show cause-cum-hearing notice No. SEC/Enforcement/952/2011/ 719 dated November 15, 2011 was issued to the issuer company, it’s managing director, company secretary and directors to appear at the hearing. Hearing was conducted as per schedule. Mr.Md.Ruhul Amin (Director),Md.Ataur Rahman Mazumder (Managing Director), Md.Zahedul Islam (Company Secretary) have attended the hearing and submitted a reply letter No. PICL/HO/Share-12/2011 dated December 11, 2011. In the letter they have confessed the allegation and begged apology.

Whereas, their written confession proves that the mentioned allegation against Provati Insurance Company Limited is correct. Their explanation is not acceptable to the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law, deliberate and clear contravention of the above mentioned Notification. The said violation 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 Provati Insurance Company Limited for the aforesaid noncompliance.

Now, therefore, 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 (Tk.One) Lac upon Provati Insurance Company 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 Securities and Exchange Commission

Professor Dr. M. Khairul Hossain
Chairman

Distribution:

Provati Insurance Company Limited, Khan Mansion (11th floor), 107, Motijheel C/A, Dhaka-1000.