bs-GmBwm/Gb‡dvm‡g›U/1062/2012/85 ZwiLt 02 †de“qvix 2014

<u>Av‡`k</u>

Reliance Brokerage Services Ltd. [RBSL]
(DSE membership no. 62)
WW Tower, Level-14
68 Motijheel C/A
Dhaka-1000

welq: Av‡`k|

Kwgk‡bi ZwiLt 02 †de“qvix 2014 Zwi‡Li Av‡`k bs-GmBwm/Gb‡dvm‡g›U/1062/2012/86 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‡¶

gxi †gvkvi id †nv‡mb †PŠaix
cwiPvjK (Gb‡dvm‡g›U)

<u>weZib</u>t

cvb wbevnx KgKZv, XvKv óK G· ‡PÄ wjwg‡UW

<u>AeMwZi Rb¨ Abywjwc:</u>

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

bs-GmBwm/Gb‡dvm©‡g›U/1062/2012/ 85 ZvwiLt 02 ‡de«qvix 2014

Av‡`k

‡h‡nZz, Kwgkb, Reliance Brokerage Services Limited (wWGmB m`m¨ bs-62) †K Zvi Av‡e`bµ‡g, wbawiZ kZvax‡b wmwKDwiwUR µq weµq KgKvÊ cwiPvjbv Kivi Rb¨ wmwKDwiwUR I 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-‡eªKvi I Ab‡gvw`Z cÖwZwbwa) wewagvjv, 2000 Gi wewa 5(5) mn cwVZ ÷K‡eªKvi/wWjvi †iwR‡óªkb mvwU©wd‡KU c`vb K‡i‡Q;

‡h‡nZz, an inspection on Reliance Brokerage Services Ltd. was conducted by the Commission vide Commission's Order No. SEC/SRI/INS/DSE-MEM/2010/836 dated May 14, 2013. From the inspection report it appears, among others, that:

"1. In case of the following clients, the said stock-broker extended credit facilities to purchase shares of the listed "Z" category companies (Non-Marginable Securities):

A. **Mr. A.B. SIDDIQUE, CLIENT CODE # IDMA-D55**

Date	Transaction type	Script name	Qty.	Rate	Amount used to buy	Opening Ledger Balance	Closing Ledger Balance
26.02.12	Buy	**LAFSUR CEML**	4,000	27.50	**1,10,000.00**	-52,765,600.18	-52,875,875.18
27.03.12	Buy	**LAFSUR CEML**	36,000	28.06	**10,10,100.00**	-50,942,572.57	-51,955,197.82
28.03.12	Buy	**LAFSUR CEML**	159,000	28.45	**45,23,500.00**	-51,955,197.82	-56,490,006.57

B. **Mr. RELIANCE BROKERAGE SERVICES, CLIENT CODE # DLR-DL1**

Date	Transaction type	Script name	Qty.	Rate	Amount used to buy	Opening Ledger Balance	Closing Ledger Balance
25.01.11	Buy	**DELTALIFE**	5	33,987.75	**1,69,938.75**	-4,173,980.00	-4,385,093.75
15.02.11	Buy	**DELTALIFE**	5	31,223.75	**1,56,118.75**	-9,356,098.53	-9,512,217.28
25.08.11	Buy	**LAFSUR CEML**	3,000	657.99	**19,73,962.50**	-10,735,916.75	-64,914,039.25
01.04.12	Buy	**LAFSUR CEML**	20,000	31.10	**6,22,050.00**	-88,524,007.21	-90,528,887.16
01.04.12	Buy	**DELTALIFE**	50	2,845.00	**1,42,250.00**	-88,524,007.21	-90,528,887.16
19.04.12	Buy	**DELTALIFE**	50	3,741.00	**1,87,050.00**	-10,743,825.16	-10,930875.16
03.05.12	Buy	**DELTALIFE**	150	4,005.00	**6,00,750.00**	-13,906,191.11	-14,841,671.11

08.05.12	Buy	**DELTALIFE**	150	3,930.00	**5,89,500.00**	-14,841,671.11	-15,431,171.11
14.05.12	Buy	**DELTALIFE**	200	4,002.00	**8,00,400.00**	-15,431,171.11	-16,231,571.11
21.05.12	Buy	**DELTALIFE**	50	4,010.00	**2,00,500.00**	-16,231,571.11	-16,432,071.11
21.01.13	Buy	**DELTALIFE**	50	3,975.00	**1,98,750.00**	-48,929,720.23	-49,128,470.23
05.02.13	Buy	**DELTALIFE**	100	4,252,50	**4,25,250.00**	-48,513,145.87	-48,938,395.87

C. **RELIANCE FINANCE LTD., CLIENT CODE # IDMA-D19**

Date	Transaction type	Script name	Qty.	Rate	**Amount used to buy**	Opening Ledger Balance	Closing Ledger Balance
29.02.12	Buy	**LAFSUR CEML**	20,000	27.46	**5,49,250.00**	-64,715,638.14	-69,156,321.58

Contravention: Through the aforesaid activities Reliance Brokerage Services Ltd. violated **SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009.**

2. It was found from the Financial/Transaction Ledger of Dealer account of Reliance Brokerage Services Ltd. that credit facility was provided to the dealer account on various dates. Some of which are given below:

Date	Closing Ledger Balance
15.02.11	-9,512,217.28
12.05.11	-64,556,687.75
15.05.11	-66,934,872.75
16.05.11	-68,431,699.00
25.08.11	-64,914,039.25
19.04.12	-10,930,875.16
30.04.12	-13,496,000.16
02.05.12	-13,906,191.11
14.05.12	-16,231,571.11
22.11.12	-40,628,327.18
26.11.12	-48,365,007.18
28.11.12	-49,164,207.18
02.12.12	-48,920,957.18
03.12.12	- 48,929,513.12

23.12.12	-48,929,513.12
21.01.13	-49,128,470.23
30.01.13	-48,512,190.23
05.02.13	-48,938,395.87
06.03.13	-49,740,932.08
10.04.13	-53,893,370.63
17.04.13	-54,627,915.53

Contravention: Through the aforesaid activity Reliance Brokerage Services Ltd. has violated **SEC Directive No. SEC/CMRRCD/2001-43/51 dated July 22, 2010.**

3. The said stock-broker provided loan facilities to purchase shares of Deshbandhu Polymer Ltd. in between 1st to 30th **trading day** after change of categorization of the said securities i.e. starting from 30.01.2012.

Mr. ABDUL WAHAB
CLIENT CODE #IDMA-D216

Date	Transaction type	Script name	Qty.	Rate	**Amount**	Ledger Balance
07.02.2012	Opening Ledger Balance					-38.960,309.37
	Buy	**DESH BANDHU**	**2,000**	**26.00**	**52,000.00**	-43,276,152.07
	Closing Ledger Balance					-43,276,152.07

Contravention: Through the aforesaid activities Reliance Brokerage Services Ltd. violated **SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009.**

4. It was found from the financial ledger of the following clients that the following 3(three) clients enjoyed margin loan of more than Tk. 10.00 (ten) crore from Reliance Brokerage Services Ltd. on various dates, the client summary of which are furnished below**:**

A. **Client Code: IDMA-D315**
Client Name: Mr. Md. Mozammel Hossain & Ms. Afroza

Date	**Closing Balance**
01.01.12	- 169,569,711.94
29.02.12	- 169,506,767.37
30.04.12	- 158,759,222.80
28.05.12	-159,162,855.87
30.08.12	- 161,290,819.76
31.10.12	- 166,793,110.85
28.11.12	- 166,364,624.15
31.01.13	-174,121,991.10

30.0413	- 180,056292.11
14.05.13	- 178,417,022.72

B. **Client Code: IDMA-D1501**
Client Name: Mr. Salman F Rahman

Date	Closing Balance
01.01.12	- 116,016,309.73
08.07.12	- 127,050,427.96
01.11.12	- 133,274,130.22

C. **Client Code: IDMA-D799**
Client Name: Mr. Mir Md. Amzad Hossain

Date	Closing Balance
01.01.12	- 110,072,895.27
21.03.12	- 114,863,925.71
29.07.12	- 120,233,894.01
01.08.12	-120,234,225.75
15.04.13	-138,841,629.27
02.05.13	-138,841,980.58

Contravention: Through the aforesaid activity Reliance Brokerage Services Ltd. has violated **the Commission's Directive No. SEC/CMRRCD/2001-43/53 dated July 25, 2010.**

5. The said stock-broker provided loan facilities to purchase shares of Salvo Chemical Industry Ltd. in between 1st to 30th **trading day** after listing of the said securities i.e. starting from 21.04.2011

Mr. RELIANCE BROKERAGE SERVICES, CLIENT CODE # DLR-DL1

Date	Transaction type	Script name	Qty.	Rate	Amount used to buy	Opening Ledger Balance	Closing Ledger Balance
28.04.2011	Buy	**SALVOCHEM**	20,000	64.91	**12,98,250.00**	-3,357,207.28	-17,731,133.53
03.05.2011	Buy	**SALVOCHEM**	20,500	59.41	**12,17,900.00**	-19,720,500.25	-23,817,900.25
04.05.2011	Buy	**SALVOCHEM**	10,000	60.36	**6,03,550.00**	-23,817,900.25	-24,532,925.25

Contravention: Through the aforesaid activities Reliance Brokerage Services Ltd. violated **SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009.**

6. The Inspection officers found that Reliance Brokerage Services Ltd. provided credit facilities to Reliance Finance Ltd. (Corporate Director of Reliance Brokerage Services Ltd.) on various dates. Some of which are given below:

A. Reliance Finance Ltd.
Client Code # IDMA-D19, Designation: Director

Date	Closing Ledger Balance
04-01-2012	-36,917,753.45
05-01-2012	-43,176,764.45
08-01-2012	-43,977,981.25
09-01-2012	-44,547,917.53
10-01-2012	-45,435,202.53
30-01-2012	-37,500,379.41
01-02-2012	-43,879,212.94
09-02-2012	-52,382,434.62
15-02-2012	-46,525,291.92
19-02-2012	-46,508,884.52
27-02-2012	-59,111,882.42
28-02-2012	-64,715,638.14
29-02-2012	-69,156,321.58
01-03-2012	-68,413,504.78
04-03-2012	-66,942,064.18
05-03-2012	-65,442,042.54
07-03-2012	-63,309,093.14
08-03-2012	-64,906,806.74
11-03-2012	-64,958,311.94
13-03-2012	-64,933,223.14
14-03-2012	-64,826,730.94
15-03-2012	-64,815,711.38
18-03-2012	-62,717,836.68
19-03-2012	-62,081,779.08
20-03-2012	-61,182,714.39
30-04-2012	-21,509,457.85
08-05-2012	-25,312,102.09
27-05-2012	-13,525,650.24
30-06-2012	-37,704,070.90
04-07-2012	-64,155,195.87
05-07-2012	-68,483,088.47
08-07-2012	-74,662,204.47

Contravention: Through the aforesaid activities Reliance Brokerage Services Ltd. violated **SEC Directive No. SEC/CMRRCD/2001-43/51 dated July 22, 2010.**

7. After checking relevant documents collected from Reliance Brokerage Services Ltd., It was found that in respect of the following clients bought non-margin securities (as the PE ratio is over 40) using margin loan as shown below:-

Instrument	Client Code	Client Name	Buy Date	Buy Qty	Buy Rate	**Amount**	Opening Ledger Balance	Closing Ledger Balance	Remarks

Name						used to buy			
BAN GAS	IDMA-D19	Reliance Finance Ltd.	30.04.13	2,000	308.29	**6,16,580.00**	384,857.09	-233,572.65	**Annexure -09 & 14**

Contravention: Through the aforesaid activity Reliance Brokerage Services Ltd. has violated **SEC Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010.**

8. Cash receipt transaction of Reliance Brokerage Services Ltd. above Tk. 5 lac are given below:

Date	Client Code	Client Name	Amount
30.09.2012	D1684	Mrs. Rozina Yeasmin	1,000,000.00
10.09.2012	D1202	Mr. Md. Ataur Rahman Chowdhury	600,000.00
10.09.2012	D1202	Mr. Md. Ataur Rahman Chowdhury	700,000.00
11.07.2013	D1568	Mr. Gazi Motin Hossain	1,000,000.00
04.04.2012	D1569	Mr. Md. Akhtar Hossain	650,000.00
26.08.2012	C2720	Mr. Bankem Chandra Adhikary	650,000.00
12.01.2012	C266	Jahanara Begum	500,000.00
03.01.2012	C2749	Mr. Md. Mirajur Rahman	750,000.00
01.01.2012	C2749	Mr. Md. Mirajur Rahman	1,000,000.00
04.11.2012	K62	Mr. Mohd Mahbubul Alam	855,000.00
16.09.2012	K104	Mr. Md. Elias	870,000.00

Contravention: Through the aforesaid activities Reliance Brokerage Services Ltd. violated the rules 8(c) (i) of the Securities and Exchange Rules, 1987.

9. It appears form the transaction ledgers and portfolio statements that Reliance Brokerage Services Ltd. allowed excess margin loan (**Cash withdraw**) (beyond the approved limit) facilities to its clients, which are shown in the following tables:

Client Code: IDMA-D799
Client Name: Mr. Mir Md. Amzad Hossain

Sl. No.	Date	Equity and Equity to Debit Balance (%)	Previous Debit/Ledger Balance	Further disbursed loan (Cash Withdraw)	Maximum Approved Limit	Margin Ratio Enjoyed
1	20.05.12	-13,829,166.67 Negative Equity	-111,488,142.31	**33,78,975.00**	1:2	Since, equity is negative, Equity:Debt ratio is not

						measurable.
2	20.03.13	-50,811,499.63 Negative Equity	-132,056,704.18	**3,28,900.00**	1:2	Since, equity is negative, Equity:Debt ratio is not measurable.

Contraventions: From the aforesaid activities it evident that Reliance Brokerage Services Ltd. violated the **Commission Directive No.SEC/CMRRCD/2009-193/92 dated January 10, 2011.**

10. It appears form the Transaction Ledger statement of the following clients that Reliance Brokerage Services Ltd. allowed margin loan facilities to its clients during the first 15 (fifteen) trading days of opening the clients' account and depositing clients' own fund into such account for trading purpose.

Client Code	Client Name	Account opening date	First depositing date	First Margin Loan disbursement date	Ledger balance at the end of First Margin Loan disbursement date
IDMA-D1584	Mrs. Tahura Khatun	04.01.2012	04.01.2012	04.01.2012	**-4,36,150.80**
IDMA-C2841	Mr. Khurshed Alam Chowdhury	05.01.2012	05.01.2012	05.01.2012	**-62,021.35**
IDMA-D1592	Mrs. Asma Rahman & Mr. Gazi Md. Asaduzzaman	08.01.2012	10.01.2012	10.01.2012	**-3,08,619.20**
IDMA-D1601	Mr. Md. Moinul Islam	09.01.2012	09.01.2012	09.01.2012	**-3,48,339.84**
IDMA-D1597	Mr. Md. Lokman Hossain Akash	29.01.2012	29.01.2012	31.01.2012	**-2,28,765.04**
IDMA-D1618	Mr. Mohammad Mohsin Uddin & Mr. SM Golam Uddin	06.03.2012	06.03.2012	08.03.2012	**-5,51,800.44**
IDMA-D1630	Mrs. Joysree Das	08.03.2012	12.03.2012	13.03.2012	**-2,62,185.80**
IDMA-D1623	Mrs. Maksuda Parvin	10.04.2012	10.04.2012	17.04.2012	**-31,228.96**
IDMA-C2858	Mr. Avijit Kumar	23.04.2012	23.04.2012	23.04.2012	**-1,43,563.20**
IDMA-C2864	Mr. Hasan Md. Shahedul Islam	26.08.2012	26.08.2012	04.09.2012	**-33,265.46**

IDMA-C2867	Mrs. Shamima Akther	29.08.2012	29.08.2012	02.09.2012	**-30,676.86**
IDMA-C2880	Ms. Tabassum Alam	02.10.2012	14.10.2012	03.10.2012	**-2,151,508.95**

Contravention: Through the aforesaid activities Reliance Brokerage Services Ltd. violated the **Commission Directive No.SEC/CMRRCD/2009-193/90 dated January 09, 2011.**

11. The said stock-broker submitted a written Statement of loan given to "Z" category shares stating, among others that:-

"No such loan has given to "Z" category share during the years of 2012 to 2013"

But, it appears form the Transaction Ledger statement of the following clients that the said stock-broker extended credit facilities to purchase shares of the listed "Z" category shares.

A. **Mr. A.B. SIDDIQUE, CLIENT CODE # IDMA-D55**

Date	Transaction type	Script name	Qty.	Rate	Amount used to buy	Opening Ledger Balance	Closing Ledger Balance
26.02.12	Buy	**LAFSUR CEML**	4,000	27.50	**1,10,000.00**	-52,765,600.18	-52,875,875.18
27.03.12	Buy	**LAFSUR CEML**	36,000	28.06	**10,10,100.00**	-50,942,572.57	-51,955,197.82
28.03.12	Buy	**LAFSUR CEML**	159,000	28.45	**45,23,500.00**	-51,955,197.82	-56,490,006.57

B. **Mr. RELIANCE BROKERAGE SERVICES, CLIENT CODE # DLR-DL1**

Date	Transaction type	Script name	Qty.	Rate	Amount used to buy	Opening Ledger Balance	Closing Ledger Balance
25.01.11	Buy	**DELTALIFE**	5	33,987.75	**1,69,938.75**	-4,173,980.00	-4,385,093.75
15.02.11	Buy	**DELTALIFE**	5	31,223.75	**1,56,118.75**	-9,356,098.53	-9,512,217.28
25.08.11	Buy	**LAFSUR CEML**	3,000	657.99	**19,73,962.50**	-10,735,916.75	-64,914,039.25
01.04.12	Buy	**LAFSUR CEML**	20,000	31.10	**6,22,050.00**	-88,524,007.21	-90,528,887.16
01.04.12	Buy	**DELTALIFE**	50	2,845.00	**1,42,250.00**	-88,524,007.21	-90,528,887.16
19.04.12	Buy	**DELTALIFE**	50	3,741.00	**1,87,050.00**	-10,743,825.16	-10,930875.16
03.05.12	Buy	**DELTALIFE**	150	4,005.00	**6,00,750.00**	-13,906,191.11	-14,841,671.11

08.05.12	Buy	**DELTALIFE**	150	3,930.00	**5,89,500.00**	-14,841,671.11	-15,431,171.11
14.05.12	Buy	**DELTALIFE**	200	4,002.00	**8,00,400.00**	-15,431,171.11	-16,231,571.11
21.05.12	Buy	**DELTALIFE**	50	4,010.00	**2,00,500.00**	-16,231,571.11	-16,432,071.11
21.01.13	Buy	**DELTALIFE**	50	3,975.00	**1,98,750.00**	-48,929,720.23	-49,128,470.23
05.02.13	Buy	**DELTALIFE**	100	4,252,50	**4,25,250.00**	-48,513,145.87	-48,938,395.87

C. **RELIANCE FINANCE LTD., CLIENT CODE # IDMA-D19**

Date	Transaction type	Script name	Qty.	Rate	**Amount used to buy**	Opening Ledger Balance	Closing Ledger Balance
29.02.12	Buy	**LAFSUR CEML**	20,000	27.46	**5,49,250.00**	-64,715,638.14	-69,156,321.58

Contravention: Through the aforesaid activities Reliance Brokerage Services Ltd. violated the **Section 18 of the Securities and Exchange Ordinance, 1969.**

12. The inspecting officers examined all documents related to the Customers Consolidated Bank Account of Reliance Brokerage Services Ltd. The details of the findings are delineated below:

PARTICULARS (AS ON DECEMBER 31, 2012)	**AMOUNT**
PAYABLE TO CLIENTS	36,652,342
(+) PAYABLE TO DSE/CSE	32,717,896
GROSS TOTAL	69,370,238
(-) RECEIVABLE FROM DSE/CSE/MERCHANT BANK	(27,408,954)
EXPECTED BANK BALANCE	41,961,284
ACTUAL BANK BALANCE (Head Office & All Branches)	19,690,005
BALANCE DEFICIT	**22,271,279**

Contravention: Through the aforesaid activities Reliance Brokerage Services Ltd. violated the Rules (8A) of the Securities and Exchange Rules, 1987 and সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক-ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ এর বিধি ১১।"

‡h‡nZ, Kwgkb Dc‡iwjøwLZ AvBb cwicvj‡b e¨_© Zvi `i“b Reliance Brokerage Services Limited Gi eive‡i GKwU show-cause-cum-hearing notice mÎ bs- **SEC/Enforcement/1062/2012/545** ZwiL 15 ‡m‡Þ¤i 2013 †ciY K‡i Ges 29 ‡m‡Þ¤i 2013 Zwi‡L kbvbxi w`b avh¨ K‡i Ges avh¨KZ Zwi‡L Reliance Brokerage Services

Limited Gi ‡nW Ae Acv‡ikb dvnwg`v nK Dcw¯Z n‡q 26 ‡m‡Þ¤i 2013 ZvwiL Gi wPwVi gva¨‡g †Kv¤úvbxi wjwLZ e³e¨ `wLj K‡ib| hv‡Z Ab¨vb¨i g‡a¨, wb‡bv³ welq¸wji D‡jL Av‡Q:-

"Violation - 1

Explanation: In the year 2012 the market condition was vulnerable and the client lost most of his equity due to the market crash. To recover his equity position he intended to average out his previous holdings of Lafarge Surma Cement in his portfolio account. He also committed to deposit the purchased amount in his portfolio but he failed to do so. We made phone calls to him after that, which he did not respond. We had no intention to manipulate the market rather we always tried our level best to support the capital market in the hard times. This was just an effort to help the client to recover his equity position and survive thereby. We would request you to consider it not as a violation but an effort to help the client as well the capital market.

B. *Reliance Brokerage Services Limited, Client Code # DLR –DL1*
Explanation: The dealer account of Reliance Brokerage Services is showing negative balance due some technical difficulty in our software. Our software was not taking any deposit entry in the dealer account from January 2011 which resulted in negative balance in dealer account. Recently the software engineers were successful in correcting the problem and now all the previous entries are updated. The transaction ledger is not showing any negative balance in dealer code. Here we would also like to mention that, we maintain separate bank account for our dealer account and the clearing is settled vide the bank account only. So, there is no reason that any liability may occur in the dealer account. We are enclosing herewith transaction ledger of our dealer account from January 1, 2011 to April 30, 2013 for your kind consideration. It was just a technical problem and we did not violate SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 2009.

C. *Reliance Finance Ltd. Client Code No# IDMA – D19: The client bought 20,000 Lafarge Surma Cement on February 29, 2012 with credit facilities*
Explanation: Reliance Finance Ltd. is a director/shareholder of Reliance Brokerage Services Ltd. and the margin loan situation incurred in the code for a short period of time was not intentional. The inspection team has found that we do not provide margin to any of our individual director's. Moreover, the main source of our liability is Reliance Finance Ltd., so, there is no logic of providing them margin facility by taking loan from them. All these was just a mistake and whenever we found it out we informed them and Reliance Finance settled the margin loan with RBSL and now the portfolio does not have any margin loan against it. Portfolio statement on September 15, 2013 is attached herewith.

Violation - 2
Explanation: As we have mentioned it in earlier in "B" of violation -1, that it was a software problem and it has been corrected.
As there was no margin loan incurred in dealer account, there was no violation of SEC Directive No. SEC/CMRRCD/2001-43/51 dated July 22, 2010.

Violation - 3
Explanation:
It was a wrong trade executed by one of our authorized trader, as he had to deal with a number of transactions at that time. He mistakenly pressed "Deshbandhu" instead of Dhaka Bank which the

client intended to buy. We penalized the trader with a letter of suspension from trade for seven days for his wrong trade execution. Enclosing herewith the copy of the show cause and reply of the trader regarding this wrong trade.

Here we would also like to mention that, the concerned client traded 17 nos. of securities on that day by the trader along with other client's trade orders. As you know the traders have to take immense mental pressure at trading time and this type of error may happen any time. We would request you to consider this as typing mistake and oblige hereby. We would also like to mention that the Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 was repealed vide Directive No. SEC/CMRRCD/2009-193/1 dated November 28, 2012.

Violation - 4

Explanation:
We accept the fact that the mentioned clients enjoyed margin facility for more than BDT 10.00 crore and we express our sincere apology for the violation occurred. Here, we would like to mention that, RBSL started its operation in October 2010 when the capital market was at its peak. The situation compelled us to provide loan facilities at a higher ratio to some of the big clients to be market competitive. We intended to reduce the loan balance in time being but failed to do so due to the historic market crash experienced by Bangladesh Capital Market.
Here we would like to draw your kind attention that we have already been penalized by the honorable commission for the said clients and for same violation for an amount of BDT 2 (two) lac vide letter no**. SEC/Enforcement/1062/2012/308 dated May 20, 2013.** ***As such we would request you to consider the violation as settled.***

Violation – 5
Explanation:
Dealer account is not enjoying any margin facility. It was a problem in our software which has now been corrected. We have already provided detail explanation regarding this matter in "B" of violation – 1.
As there was no margin loan incurred in dealer account, there was no violation of SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009. We again would like to mention that the Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 was repealed vide Directive No. SEC/CMRRCD/2009-193/1 dated November 28, 2012.

Violation – 6

Explanation:
It was a mistake that margin incurred in the code and at present the code does not have any margin liability. We would request you to consider this matter as a mistake as there was no ill intention behind this. We beg apology for the margin incurred in the code for a short period of time and request you not to take any punitive action for the violation. We have already provided explanation regarding this matter in "C" of violation -1.

Violation – 7
Explanation:

The P/E of “Bangas” was below 40 during the previous week of our trade execution and the trader forgot to check the P/E before trade execution and mistakenly used margin facility considering it Marginable security.
We have already taken punitive actions against the concern trader. The trader has also provided a written explanation regarding his wrong doing. We understand that this is a mistake which should not occur but it was unintentional. We are expressing our earnest apology for such kind of mistakes and request for honorable commission’s forgiveness.

Violation – 8
Explanation:
We do not receive cash above Tk. 5 lac in our house. Concerned clients deposit their cash in our consolidated customer account and provide us the deposit slip. We are enclosing all the deposit slips. Moreover a office notice have been issued to all concerned not to deposit over Tk 5 lac in our consolidated customer account. As we did not accept cash over Tk 5 lac, there was no violation of rule 8(c) (i) of the Securities and Exchange Rules, 1987.

Violation – 9.

It appears from the transaction ledgers and portfolio statements that Reliance Brokerage Services Ltd. allowed excess margin loan (Cash withdraw) (beyond the approved limit) facilities to its clients.

Explanation:
The cash withdrawals were made in code no D799 for subscription of right shares in the code. The following table will clarify our position:

Withdrawal Amount	**Reason for withdrawal**	**Source of Fund**			**No of securities subscribed**	**No. of securities received**	**Date of Shares receipt**
		Date	Deposit/ sell	Amount			
3,378,975	Subscription of right share of Central Insurance Company Limited	13.05.12	Sell	1,826,400	2,25,265	2,25,265	21-Jun-12
		15.05.12	Sell	660,650			
		17.05.12	Deposit	880,000			
3,28,900	Subscription of right share of Purabi General Insurance Co. Limited	19.03.13	Sell	289,000	32,890	32,890	15-Apr-13

It became a serious problem for us and all of the brokerage houses that the clients with negative equity accounts were renouncing their right shares in other BO accounts in other houses. When a client renounces their shares the equity position further deteriorates and more liabilities pile up. We faced these types of problem earlier and requested honorable commission to take care of the matter. To avoid this problem we had discussion with the client and let him subscribe the right shares in this code using the sale proceeds from his account. The fund was deposited directly to the issuer company’s account and we received the right shares of the same withdrawn amount in due time, thus no additional liability generated. We are enclosing herewith all relevant documents for your consideration.

Violation – 10
Explanation: We are expressing our earnest apology for the violation and providing loan to clients within 15 (fifteen) working day after opening account.
If you observe the time of the violations, you will see that all the violations were made in the year 2012, when the market condition was vulnerable. Our turnover dropped to its lowest during that period and we tried hard and soul to overcome the situation. Number of new account opening was very poor and our desperate attempt to get some new fresh client compelled us to do this violation. But the margin was not very high in any of the accounts by which we may influence the market. We rather always tried to support the market by not making any sell. We again beg our apology for the wrong doing and request you to be considerate and forgive us.

Violation – 11
Explanation:
At first we are expressing our sincere apology for the grave mistake we made. There was no intention to hide anything but it was not found at that time by our software and we do not have any record in any other place where you can find this sort of data. We maintain marginable stock list to buy in margin accounts, so usually we do not provide margin to "Z" category shares. But the violation in the three accounts was a mistake and we have provided explanation in "Violation - 1". We would request you to consider as unintentional mistake and not to take any action against us.

B. *Reliance Brokerage Services, Client Code # DLR- -DL1*
Explanation:
There is no margin incurred in the account, it was a technical problem which we explained in "B" of violation – 1. Hence, there was no violation of section 18 of the Securities and Exchange Ordinance, 1969.
C. *Reliance Finance Ltd, Client Code # D19*
Explanation:
The code also does not enjoy margin facility any further; we would request you not to consider it as violation of section 18 of the Securities and Exchange Ordinance, 1969. It was enjoying margin facility for a short period of time and we have explained the matter in "C" of violation – 1.

Violation – 12
Explanation:
We have a sanction of BDT 4,000 million from our parent company and we can take credit at any time from Reliance Finance. So there is no problem of meeting up our customer's payments and any other liability. We usually use our credit limit whenever we require and return liability when there is excess cash to minimize our interest expenses. As we have the ability to meet up customer's obligations there was no violation of rule 8(A) of Securities and Exchange Rules, 1987 and Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorized Representative) Guideline, 2000, sub - rule 11. Though we have the ability to meet our customers demand at any time we usually maintain cash balance in our consolidated customers account. We are enclosing herewith Bank balance position of the month of June and July 2013 and Clients Payable for your reference."

‡h‡nZz, Reliance Brokerage Services Limited Gi wjwLZ e³e¨ †_‡K m¯úó cZxqgvb nq †h, Reliance Brokerage Services Limited ïbvbxi †bwU‡ki Awf‡hvMmgn ¯xKvi K‡i‡Qb hv B"QvKZ Ges SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009, SEC Directive No. SEC/CMRRCD/2001-43/51 dated July 22, 2010, SEC Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010, Commission Directive No.SEC/CMRRCD/2009-193/92 dated January 10, 2011, Directive No.SEC/CMRRCD/2009-193/90 dated January 09, 2011, rules 8(A) & 8(cc) (i) of the Securities and Exchange Rules, 1987, Section 18 of the Securities and Exchange Ordinance, 1969 Gi m¯úó jsNb weavq section 22 of the Securities and Exchange Ordinance, 1969 Abhvqx kw¯‡hvM¨ Aciva, hv †Kvbfv‡eB ¶gv‡hvM¨ b‡n;

‡h‡nZz, Kwgk‡bi we‡ePbvq, wmwKDwiwUR AvBb cwicvj‡b DwjwLZ e¨_Zvi Rb¨, Z_v cwRevRv‡ii Dbq‡bi cvkvcvwk evRv‡ii ksLjv I ¯"QZv i¶vi ¯v‡_ Reliance Brokerage Services Limited †K Rwigvbv Kiv c‡qvRb I mgxPxb;

AZGe, †m‡nZz, 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 Reliance Brokerage Services Limited Gi Dci 10 (`k) j¶ UvKv Rwigvbv avh¨ Kij hv AÎ Av‡`‡ki ZwiL n‡Z 15 (c‡bi) w`‡bi g‡a¨ 'evsjv‡`k wmwKDwiwUR A¨vÛ G·‡PÄ Kwgkb' Gi AbK‡j Bm¨KZ e¨vsK WªvdU/†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
Reliance Brokerage Services Ltd.
(DSE membership no. 62)
WW Tower, Level-14
68 Motijheel C/A
Dhaka-1000