বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন
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/972/2011/11 **Registered with AD**
January 22, 2013

Reliance Securities Consultant Limited
CSE's Membership No. 121059
923/A, Sk.Mujib Road
Kashfia Plaza (Ground Floor)
Agrabad
Chittagong

Attention: Managing Director/CEO

Subject: Penalty Order: Non-compliance of the SEC's Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010 and SEC/CMRRCD/2009-193/63 dated September 06, 2010 in connection with trading in shares of Quasem Drycells Limited.

Dear Sir,

Commission's penalty order No. SEC/Enforcement/972/2011/10 dated January 22, 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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Bangladesh Securities and Exchange Commission

Order

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

Whereas, Bangladesh Securities and Exchange Commission issued Stock Broker Registration Certificate to Reliance Securities Consultant 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, on the basis of the investigation report of Chittagong Stock Exchange Limited on unusual trading in shares of Quasem Dry cells Limited, a show cause-cum-hearing notice No. SEC/Enforcement/972/2011/ 24 dated January 10, 2012 was issued to Reliance Securities Consultant Limited to appear at the hearing. In the show cause-cum-hearing notice among others following were mentioned;-

“Whereas, as per the Commission’s Directive No. SEC/CMRRCD/ 2001-43/42 dated June 15, 2010, equity securities with price-earning ratio of above 40 (forty) shall not be entertained as ‘marginable securities’ under clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999 and the stock brokers shall not provide loan facilities to their clients to purchase the said securities.

Whereas, as per SEC’s Directive No. SEC/CMRRCD/2009-193/63 dated September 06, 2010; non marginable securities shall not be allowed to buy against pre-matured sell proceeds of any marginable securities.

Whereas, an investigation has been conducted by CSE regarding unusual trading in shares of Quasem Dry cells Limited. According to the report due to having of Price Earning Ratio more than 40 (during the reported period), shares of Quasem Dry Cells Limited has been treated as non marginable.

Whereas, the Investigation Team among others reported the following:

Brokers Name			2.RELIANCE SECURITIES CONSULTANT LTD. (121059)						
SL No	Client Code	Client Type	Buy Date	Buy Qty	Buy Rate	Buy Amount	Opening Ledger Balance of the day	Cash/Cheque Received	Closing Ledger Balance of the day
1	R204	Margin	19.09.10	1,000	80.5	80,500	(123,879)	-	(136,944))
			22.09.10	1,000	85.20	85,200	(202,826)	-	(194,561)
			26.09.10	1,000	85	85,000	(194,561)	-	(119,208)
			28.09.10	3,500	89.69	313,915	(119,208)	-	(158,610)
			04.10.10	500	94.80	47,400	(57,524)	-	(55,116)
2	4011	Margin	30.08.10	2,000	75	150,000	(207,512)	-	(228,899)
3	R005	Margin	23.09.10	2,000	83.70	167,400	(242,982)	-	(47,857)

Contravention: Reliance Securities Consultant Limited has violated SEC’s Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010 by providing margin loan or Commissions Directive no SEC/CMRRCD/2009-193/63 dated 6th September, 2010 by allowing netting or adjustment facility to their clients in respect of buying shares of Quasem Drycell (Non-marginable Securities).”

Whereas,hearing was conducted. Mr. Md.Abdul Hamid (CEO) attended the hearing on behalf of Associated Capital Securities Limited. They submitted an explanation letter No. RSCL/SEC/01/2012 dated February 26, 2012.In the letter among others they stated the following:

……."We feel sorry and express our cordial apologies for such kind of unintentional mistake committed by our Securities and assure you not to repeat in future.

You are, therefore requested to excuse us for the unintentional non-compliance of securities related laws and obliged thereby."

Whereas, from the enquiry report and the written confession of the broker it is proved that the allegation of violating SEC's Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010 and Directive no SEC/CMRRCD/2009-193/63 dated 6th September, 2010 against Reliance Securities Consultant Limited is correct. Since the same violation has been committed on the several dates so it is considered as deliberate. 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 Directives issued under the Securities and Exchange Ordinance, 1969 (XVII of 1969) . The said violations attract 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 Reliance Securities Consultant 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.2.00 (Tk.Two) Lac upon Reliance Securities Consultant 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:

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