



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/964/2011/201

March 12, 2013

Shyamol Equity Management Limited
DSE's Membership No. 03
Room No.319
DSE Annex Building
9/E, Motijheel C/A
Dhaka-1000.
Attention: Managing Director/CEO

Fax No.7171100

Subject: Penalty Order: Non-compliance of Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010 and Rule 16 (a) of the Securities and Exchange Commission Ordinance, 1969 in connection with unusual trading in shares of Quasem Drycells Limited

Dear Sir,

Commission's penalty order No. SEC/Enforcement/964/2011/200 dated March 12, 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), BSEC
P.O to Executive Director (Surveillance), BSEC
P.O to Executive Director (MIS), BSEC
Chairman's office, BSEC



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Order

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

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to Shyamol Equity Management Limited under article 10(1) of the Securities and Exchange Ordinance, 1969, read with rule 5 (5) of the Securities and Exchange Commission (Regulation) Rules, 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 Dhaka Stock Exchange Limited regarding unusual trading in shares of Quasem Drycells Limited during August 01, 2010 to November 30, 2010, a show cause-cum-hearing notice No. SEC/Enforcement/964/2011/ 122 dated March 29, 2012 was issued to Shyamol Equity Management 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 Rule 16 (a) of the Securities and Exchange Commission Ordinance, 1969, “No member or associate shall, in contravention of any rules made under this Ordinance, directly or indirectly,- extend or maintain credit, or arrange for the extension or maintenance of credit, to or for any person for the purpose of purchasing or carrying any security;”

Whereas , an investigation has been conducted by DSE regarding unusual trading in shares of Quasem Drycells Limited during August 01, 2010 to November 30, 2010.

Whereas, the investigation team among others reported the following;

“This is mentioned here that as per our calculation the PE ratio of QSM DRYCELL is over 40 as on the following date. In respect of the following clients, Shyamol Equity Management Ltd. (Member No-003) allowed to buy QSM DRYCELL by using credit facilities as shown below-

Client code	Client Name	Date	Buy Quantity	Buy Rate	Amount used to buy QSM DRYCELL	Ledger Balance at the end of day
Y0036	Dr. M. Younus Ali	26.10.10	32000	127.44	4,098,591.00	-12,005,741.80
Y0036	Dr. M. Younus Ali	27.10.10	10,000	124.84	1,254,642.00	-12,022,549.56
Y0036	Dr. M. Younus Ali	11.11.10	15,000	110.97	1,672,872.75	-11,759,339.91
Y0036	Dr. M. Younus Ali	24.11.10	4,500	158.24	715,660.50	-3,429,499.40
Y0037	Dr. M. younus Ali & Azharul Islam	10.11.10	7,000	111.80	786,513.00	-2,992,699.97
Y0037	Dr. M. younus Ali & Azharul Islam	30.11.10	13,000	188.38	2,461,194.75	-3,308,926.42
19089	Dr. Hasanuzzaman and Mrs. Laila Noor	10.11.10	15,000	115.83	1,746,187.50	-7,044,012.35
19089	Dr. Hasanuzzaman and Mrs.	23.11.10	3,000	158.00	476,370.00	-3,491,242.35



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	Laila Noor					
H0099	Dr. Hasanuzzaman	09.11.10	20,000	116.25	2,336,625.00	-15,256.67
H0099	Dr. Hasanuzzaman	24.11.10	10,000	157.54	1,583,327.25	-2,686,051.65
E0245	Enamul Haque Bhuiyan & Tania Akter Sukhy	26.10.10	50,000	127.77	6,420,543.00	-5,517,767.41
CA0554	Dr. Jahangir Alam	26.10.10	15,000	127.53	1,920,652.00	-5,506,828.73
CA0554	Dr. Jahangir Alam	27.10.10	5,000	124.51	625,040.20	-5,543,880.13
CA0554	Dr. Jahangir Alam	10.11.10	9,000	115.98	1,048,025.40	-3,054,921.72
CA0554	Dr. Jahangir Alam	24.11.10	9,000	157.66	1,424,676.00	-3,469,681.05

Contravention: Through the aforesaid activities, Shyamol Equity Management Ltd. (Member No-003) has violated SEC's Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010.

"This is mentionable here that, as per the client BO account opening form of the client code # 19090, it was found that the client maintains cash account with the member company. However, **Shyamol Equity Management Ltd. (Member No-003)** allowed to buy shares by using credit facilities in the client code# 19090 as shown below-

Client code	Client Name	Date	Buy Quantity	Buy Rate	Amount used to buy QSM DRY CELL	Ledger Balance at the end of day
19090	Md. Abu Hena Mostofa Kamal	10.11.10	15,000	115.83	1,746,187.50	-7,047,165.50
19090	Md. Abu Hena Mostofa Kamal	23.11.10	3,000	158.33	477,375.00	-3,489,430.50
19090	Md. Abu Hena Mostofa Kamal	30.11.10	7,000	183.97	1,294,239.00	-3,530,257.87

Contravention: Through the aforesaid activities, Shyamol Equity Management Ltd. (Member No-003) has violated rule 16 (a) of the Securities and Exchange Commission Ordinance, 1969."

Whereas, hearing has been conducted. Mr. Md.Sajedul Islam (Managing Director)) has attended the hearing on behalf of the broker. They submitted an explanation letter no. SEML/M-03/2012/85 dated April 22, 2012 to the Commission. In the letter among others they stated that

"Commission's Directive No-SEC/CMRRCD/2001-43/42 dated June 15, 2010 তে বর্ণিত কবি K_v A_vr তহ মগ-তকবুলখি (Quasem Drycells Limited) PE ratio 40 Gi Dc+i tmb mg-তকবুলখি তকবি- gwrB GKvD+U

মুগ Kiv hvB+e bv tR+bl Avgiv tkqvi মুগ K+i fj Ges Ab+vq K+iQ| GRb" Avgiv AvšiiKf+e `tLZ Ges tlgv cv_x| f+el+Z Avgiv elqf 3 e'vc+i cbivq Abijc NUbv bv N+U tm e'vc+i m+PZb _mKe|"

Whereas, from the investigation report and the written confession of the broker it is proved that the allegation of violating Directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010 and Rule 16 (a) of the Securities and Exchange Commission Ordinance, 1969 against Shyamol Equity Management Ltd. is correct. Their explanation is not acceptable to the Commission.



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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 Shyamol Equity Management 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 Shyamol Equity Management 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

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