বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন
Bangladesh Securities and Exchange Commission

Jiban Bima Tower, 10 Dilkusha C/A, Dhaka-1000, Bangladesh
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SEC/Enforcement/1016/2011/50 **Registered with AD**
January 27, 2013

Mr.Syed Siraj Ud Dawla
S/O Syed Mahbubur Rahman and Syeda Fatema Jinnah
Hotel Purbani Annex-2 (4th Floor), 1, Dilkusha C/A
Dhaka-1000

Subject: Penalty Order: Non-compliance of Section 17 (e) (v) of Securities and Exchange Ordinance, 1969 in connection with unusual trading in shares of R.N Spinning Mills Limited

Dear Sir,

Commission's penalty order No. SEC/Enforcement/1016/2011/49 dated January 27, 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
Chief Executive Officer, PFI Securities Ltd (with a request to send the notice to Mr.Syed Siraj Ud Dawla, Client of PFI Securities Ltd, Client code –526)
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

Order

Whereas, on the basis of the investigation report of Dhaka Stock Exchange Limited on unusual trading in shares of R.N Spinning Mills Limited, a show cause-cum-hearing notice No. SEC/Enforcement/1016/2011/379 dated August 08, 2012 was issued to Mr.Syed Siraj Ud Dawla to appear at the hearing. In the show cause-cum-hearing notice among others following were mentioned;-

"Whereas, as per section 17(e)(v) of the Securities and Exchange Ordinance, 1969 (XVII of 1969),"No person shall, for the purpose of inducing, dissuading, effecting, preventing or in any manner influencing or turning to his advantage, the sale or purchase of any security, directly or indirectly,-

do any act or practice or engage in a course of business, or omit to do any act which operates or would operate as a fraud, deceit or manipulation upon any person, in particular-

directly or indirectly effect a series of transactions in any security creating the appearance of active trading therein or of raising of price for the purpose of inducing its purchase by others or depressing its price for the purpose of inducing its sale by others;"

Whereas, an investigation has been conducted by DSE on unusual trading in shares of R.N Spinning Mills Limited. Investigation Team reported as per enclosure I.

Contravention: From the investigation report it appears that you have violated Section 17 (e) (v) of Securities and Exchange Ordinance, 1969."

Whereas, hearing was conducted. Mr. Syed Siraj Ud Dawla attended the hearing. He has appeared at the hearing but not submitted any written explanation. He verbally said that he had no intention to manipulate the price of the shares of R.N Spinning Mills Limited.

Whereas, the transaction reported by the investigation officers is attached herewith.

Whereas, in the reported transaction the commission has observed that Mr.Syed Siraj Ud Dawla has transacted through the following eight accounts;

S.L. No	Name of Member Company/ Merchant Bank	Name of Client	Client code	Relation with Syed Siraj Ud Dawla
1	PFI Securities Ltd.	Syed Siraj Ud Dawla	526	Own Account
2	PFI Securities Ltd.	Dream Holdings Ltd.	D501	Managing Director
3	IIDFC Securities Ltd.	Syed Siraj Ud Dawla	1803	Joint Account
4	Ab Securities Ltd.	Syed Siraj Ud Dawla	220	Nominee & brother
5	Prime Finance & Investment Ltd (Traded through PFI Securities Ltd.)	Syed Siraj Ud Dawla & K.M Nazrul Islam	A0392	Joint Account
6	Fareast Stock & Bonds Ltd.	Syed Siraj Ud Dawla	D0045	Own Account
7	Unique Share Management Ltd.	Rashida Akter Maya	50020	Wife
8	Unique Share Management Ltd.	Syed Anisur Rahman	50005	Brother & Nominee

Whereas, in the reported transaction the commission has observed among others that on July 24,2011 Mr.Syed Siraj Ud Dawla has transacted the shares of R.N Spinning Mills Limited as follows;

S.L. No	Name of Member Company/ Merchant Bank	Name of Client	Client code	Buy Quantity with rate	Sale Quantity with rate
1	PFI Securities Ltd.	Syed Siraj Ud Dawla	526		60750 shares @ Tk.104.6
2	PFI Securities Ltd.	Dream Holdings Ltd.	D501	20,000 shares @ Tk104.80	
3	IIDFC Securities Ltd.	Syed Siraj Ud Dawla	1803		68250 shares @ Tk.104.87
4	AB Securities Ltd.	Syed Siraj Ud Dawla	220	1,10,000 shares @ Tk105.00	
5	Prime Finance & Investment Ltd (Traded through PFI Securities Ltd.)	Syed Siraj Ud Dawla & K.M Nazrul Islam	A0392	226000 shares @ Tk105.47	
6	Fareast Stock & Bonds Ltd.	Syed Siraj Ud Dawla	D0045	1,50,000 shares @ Tk105.00	

Whereas, the reported transaction proves that Mr. Syed Siraj Ud Dawla was involved directly or indirectly in a series of transaction of shares of RNSPIN in order to create the appearance of active trading of the said share.

Whereas, from the reported transaction it is proved before the Commission that the allegation of violating 17 (e) (v) of Securities and Exchange Ordinance, 1969 is correct. It is proved that Mr. Syed Siraj Ud Dawla was involved directly or indirectly in a series of transaction of shares of RNSPIN in order to create the appearance of active trading of the said share. His verbal explanation is not acceptable to the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of the section 17 (e) (v) of the Securities and Exchange Ordinance, 1969 (XVII of 1969) attracting 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 Mr. Syed Siraj Ud Dawla for the stated violation.

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.30.00 (Tk.Thirty) Lac upon Mr. Syed Siraj Ud Dawla 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:
Mr.Syed Siraj Ud Dawla
S/O Syed Mahbubur Rahman and Syeda Fatema Jinnah
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