



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/1005/2011/199

March 12, 2013

Sylhet Metro City Securities Limited
CSE's Membership No. 025
Sylhet Millenium (7th floor)
Jallarpar Road
Zindabazar
Sylhet-3100.

Attention: Managing Director/CEO

Subject: Penalty Order: Non-compliance of Rule 11 , আচরনবিধি ১, ৬ of দ্বিতীয় তফসিল of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০, 4(1) of the Chittagong Stock Exchange (Short Sale) Regulations, 2005 in connection with unusual trading in shares of Beach Hatchery Limited.

Dear Sir,

Commission's penalty order No. SEC/Enforcement/1005/2011/198 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), Sylhet Metro City Securities Limited is a member of Chittagong Stock Exchange Limited;

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to Sylhet Metro City Securities Limited under aviv 10(1) of the ঐমিKDiiUR I G · \$PÄ Kigkb AvBb, 1993, read with ঐeia 5 (5) of the ঐমিKDiiUR I G · \$PÄ Kigkb (÷K-ঐWjvi, ÷K-ঐevKvi I Ab\$g\`Z cZibia) ঐeagvjv, 2000, to conduct securities trading related activities under certain terms & conditions stipulated in the said certificate;

Whereas, on the basis of the enquiry report of Bangladesh Securities and Exchange Commission regarding steep rise in share price of Beach Hatchery Limited, a show cause-cum-hearing notice No. SEC/Enforcement/1005/2011/383 dated August 08, 2012 was issued to Sylhet Metro City Securities Limited to appear at the hearing. In the show cause-cum-hearing notice among others following were mentioned;-

“Whereas as per বিধি ১১, আচরনবিধি ১, ৬ of দ্বিতীয় তফসিল of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০;

“c\$Z`K ÷K ঐWjvi, ÷K ঐevKvi Ges Ab\$g\`Z cZibia m\$ev”P mZZv I ঐek`Zvi minZ Zvni K\RKg c\iPvjv K\i\$eb Ges AvBb, Aa`v`k, GB ঐeagvjv Ges ঐØZxq Zd\m+j ঐeaZ AvPiY ঐe\amn ঐbeÜb mb`i mKj kZvejx hv_vh_fv\$e cvjb K\i\$eb|”

“প্রত্যেক স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধিকে তাহার ব্যবসা ও এতদসংক্রান্ত কার্যাদি পরিচালনার ক্ষেত্রে সুনাম, দক্ষতা, বিশ্বস্ততা ও সততা বজায় রাখিতে হইবে”

“ঐbR `v ঐmxi Rb” Ac\$K\$kj c\$qvM ঐb\I×|- †Kvb ÷K ঐWjvi, ÷K ঐevKvi ev Ab\$g\`Z cZibia ঐbR `v ঐmxi Rb” †Kvb Ac\$K\$kj i Avkq jB\$Z c\i\$eb bv, Kvnv†KI VKv†bv ev ceÂbvi D†İ†k” †Kvb †jb†`b K\i\$Z c\i\$eb bv ev ঐbR `v ঐmxi D†İ†k” A_ev evRv†i i fvimg” ঐebö Kivi D†İ†k” †Kvb , Re QovB\$Z ev Kvhµg c\iPvjv K\i\$Z c\i\$eb bv|”

Whereas, as per regulation 4(1) of the Chittagong Stock Exchange (Short Sale) Regulations, 2005, short sale of listed securities is prohibited.

Whereas, an enquiry has been conducted by SEC regarding steep rise in share price of Beach Hatchery Limited.

Whereas, the Enquiry committee among others has reported the following;

..... “the category of shares of the company changed to “A” category from “Z” category on July 16,2009.....”

“The enquiry officers found that some clients ofSylhet Metro City Securities Limited..... bought a bulk quantity of Beach Hatchery Limited shares and sold some shares before maturity. The details are described below:



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SYLHET METRO CITY SECURITIES LIMITED

CSE MEMBER # 025

SL NO	NAME OF CLIENT	CLIENT CODE	BUY DATE	QUANTITY	MATURITY DATE	SALE DATE	REMARKS
1	Abdus Shohid Joardar	452	13/01/09	500	22/01/09	13/01/09	Sold 500 shares at T+0
			22/02/09	4000	3/3/2009	26/02/09	Sold 3000 shares at T+4
2	A. M. Iqbal Hussain	1215	05/02/09	1000	16/02/09	10/2/2009	Sold 1000 shares at T+3
			12/2/2009	1000	23/02/09	22/02/09	Sold 1000 shares at T+6
3	Alamgir Hussain	109	12/1/2009	1000	21/01/09	14/01/09	Sold 1000 shares at T+2
4	Monsur Ahmed	55	4/2/2009	2000	15/02/09	5/2/2009	Sold 500 shares at T+1

Contravention: The aforesaid activities are the violation of ÷K Wjvi, ÷K tevKvi I Abtgw`Z ciZibia`i A\pib weia 1 Ges 6 as enumerated in the second schedule of mKDiiUR I G · #PÄ Kigkb (÷K Wjvi ÷K tevKvi I Abtgw`Z ciZibia) weagjv, 2000 and weia 11 of said weagjv and Regulation 4(1) of the “4(1) of the Chittagong Stock Exchange (Short Sale) Regulations, 2005”.

Whereas, hearing has been conducted. Mr. Rafi Ibrahim (Compliance Officer), Mr. Shamim Ahmed (Executive Director) have attended the hearing on behalf of the broker. They submitted an explanation letter No. NIL dated September 03, 2012; wherein they have confessed the allegation, begged apology. Among others they have stated that “1. Due to human error and through oversight by our authorized representative (who were working in 2009) pushed a total of 7000 Nos. of immature shares of Beach Hatchery Limited of different clients during January-February 2009; 2. We try to keep our Authorized Representatives under vigilant surveillance but sometimes they do mistake due to clients excessive hurry and sudden unmindfulness;

3. During the year 2009 we had no Risk management System (RMS) software installed at your Trading Monitors to prevent mistakes of immature securities sale;”

Whereas, from the enquiry report and the written confession of Sylhet Metro City Securities Limited, it is **proved** that the mentioned allegation of violating A\pib weia 1 and 6 of second schedule of mKDiiUR I G · #PÄ Kigkb (÷K Wjvi ÷K tevKvi I Abtgw`Z ciZibia) weagjv, 2000, weia 11 of the said weagjv and

Regulation 4(1) of the “Chittagong Stock Exchange (Short Sale) Regulations, 2005 against Sylhet Metro City Securities Limited is **correct**. Their explanation is not acceptable to the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law, appeared to be deliberate and clear contravention of the above mentioned weia and Regulation. Therefore the said non compliance attracts penal provision of section 22 of the Securities and Exchange Ordinance, 1969 and aviv 18 of mKDiiUR I G · #PÄ Kigkb A\Bb, 1993;



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Whereas, to protect the discipline and transparency of the capital market along with its development the Commission deems it appropriate and necessary to impose penalty upon Sylhet Metro City Securities 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 Sylhet Metro City Securities 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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