**SEC/Enforcement/961/2011/ 209** **April , 2014**

**SEC/Enforcement/961/2011/210**
**April 30, 2014** **By Special Messenger**

Vision Capital Management Limited
DSE's TREC No. 24
Modhumita Bhaban (7th floor)
158-160, Motijheel C/A
Dhaka-1000.
**Attention: Managing Director/CEO**

**Subject: Penalty Order: Non-compliance of Commission's** wmwKDwiwUR I G·‡PÄ Kwgkb (÷K wWjvi, óK ‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 (wØZxq Zdwmj) Gi AvPiY wewa 1, 2(2), 6, 8 **in connection <u>with trading in shares of PF1STMF</u>**

Dear Sir,

Commission's penalty order No. SEC/Enforcement/961/2011/209 dated April 30, 2014 is enclosed herewith for your kind information and necessary action.

For Bangladesh Securities and Exchange Commission

Mustari Jahan
Deputy Director (Enforcement Dept.)

**<u>Distribution:</u>**
Chief Executive Officer, Dhaka Stock Exchange Limited
Chief Executive Officer, Chittagong Stock Exchange Limited

**<u>Copy for information:</u>**
P.O to Commissioner (Enforcement), BSEC
P.O to Executive Director (Surveillance), BSEC
P.O to Executive Director (MIS), BSEC
Chairman's office, BSEC

**SEC/Enforcement/961/2011/ 209 April , 2014**

## Order

Whereas, on the basis of the investigation report of Dhaka Stock Exchange Limited on trading in shares of PHOENIX FINANCE 1ST MUTUAL FUND, show cause-cum-hearing notice No. SEC/Enforcement/961/2011/390 dated June 24,2013 and SEC/Enforcement/961/2011/511 dated August 25, 2013 were issued to Vision Capital Management Limited (Broker, DSE's Membership No. 24). The broker has been accused for violating AvPiY wewa 1,2(2),6,8 of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000. In the show cause-cum-hearing notices among others following have been mentioned among others;-

**Quote**

AvPiY wewa ১ of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000;

'১। **সততা, দক্ষতা ইত্যাদি**।- প্রত্যেক স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধিকে তাহার ব্যবসা ও এতদসংক্রান্ত কার্যাদি পরিচালনার ক্ষেত্রে সুনাম, দক্ষতা, বিশ্বস্ততা ও সততা বজায় রাখিতে হইবে।"

"6| wbR ¯^v_ımw×i Rb¨ Ac‡KŠkj c‡qvM wbwl×|- †Kvb ÷K wWjvi, ÷K ‡evKvi ev Ab‡gw`Z cwZwbwa wbR ¯^v\_ wmw×i Rb¨ ‡Kvb Ac‡KŠk‡ji Avkq jB‡Z cwi‡eb bv, Kvnv‡K I VKv‡bv ev ceÂbvi D‡Ï‡k¨ ‡Kvb ‡jb‡`b Kwi‡Z cwi‡eb bv ev wbR ¯^v_ wmw×i D‡Ï‡k¨ A_ev evRv‡ii fvimvg¨ webó Kivi D‡Ï‡k¨ ‡Kvb ¸Re QovB‡Z ev Kvhµg cwiPvjbv Kwi‡Z cwi‡eb bv|"

"8| m‡›`nRbK Kvhµg m¤ú‡K AewnZKiY|- wmwKDwiwUR µq-weµq I †jb‡`b msµvš— †Kvb cKvi m‡›`ngjK Kvhµg ‡Kvb ÷K wWjvi, ÷K †evKvi wKsev Ab‡gw`Z cwZwbwai †MvP‡i Avmvi mv‡_ mv‡_B wZwb Dnv mswkó ÷K G·‡PÄ I Kwgkb‡K wjwLZfv‡e AewnZ Kwi‡Z eva¨ _wK‡eb|"

Whereas, an investigation has been conducted by DSE regarding trading in shares of PF1STMF by Prime Finance Capital Management Limited through vision capital management Ltd.

Investigators have reported the following among others;

"The investigation team checked and verified the documents collected from Vision Capital Management Ltd. (Member No-24) and Surveillance off line data regarding share trading of "PF1STMF" as on February 22, 2011. Findings of the investigation are as follows:

**1.** "After checking the relevant documents, it was found that the following clients named New Capital Finance & Commerce (MCS) Ltd. (client code# A0502), Mr. Bulbul Ahmed (client code# A0492), A. R. Consultation (client code# A0490), Empire securities Holding (client code# A0484) and Equity Capital (MCS) Limited (client code# A0459) acted as both buyer and seller for the trade of 'PF1STMF'shares dated 22.02.2011, as shown below:

| Broker | Buyer | Inst. Code | Price | Qty. | Counterparty | Seller | No of Howla | Execution Time |
|---|---|---|---|---|---|---|---|---|
| SCMBR OKER | A0502 | PF1STMF | Tk.13.90 | 150000 | DSESCM | A0502 | 1 | 13:38:16:897 |
| SCMBR OKER | A0492 | PF1STMF | Tk.14.10 | 6000 | DSESCM | A0492 | 3 | 13:41:22:011 to 13:41:22:296 |
| SCMBR OKER | A0490 | PF1STMF | Tk.14.10 | 14000 | DSESCM | A0490 | 7 | 13:42:02:595 to 13:42:03:242 |
| SCMBR OKER | A0484 | PF1STMF | Tk.14.10 | 20000 | DSESCM | A0484 | 10 | 13:42:30:940 to 13:42:31:821 |
| SCMBR OKER | A0459 | PF1STMF | Tk.14.10 | 47500 | DSESCM | A0459 | 19 | 13:43:40:542 to 13:43:41:938 |

**Contravention:** Vision Capital Management Limited has violated AvPiY wewa ১,৬,৮ of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 by executing the aforesaid manipulative transaction.**Unquote**

**SEC/Enforcement/961/2011/ 209** **April , 2014**

**Quote:**

Whereas, as per AvPiY wewa ২ (২) of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000;

“wZwb g‡°‡ji c`Ë mwbw`ó Z_¨ wfwËK digv‡qm Abmv‡i wmwKDwiwU µq-weµq Ges Dnvi Kvievi Kwi‡eb”

Whereas, an investigation has been conducted by DSE regarding trading in shares of PF1STMF By Prime Finance Capital Management Limited through vision capital management Ltd. Surveillance department of BSEC has reviewed the report and observed the following;

Whereas, after checking the client’s sell order form and order status report on February 22, 2011 the findings are as below-

- The client code-A0490 wanted to sell 94,500 shares of “PF1STMF” whereas the authorized representative submitted the sell order for 2,00,000 shares of PF1STMF against the same client.

- The client code A0492 wanted to sell 90,000 shares of “PF1STMF” whereas the authorized representative submitted sell order for 2,00,000 shares of PF1STMF against the same client.

The client code A0484 wanted to sell 2,01,000 shares of “PF1STMF” whereas the authorized representative submitted the sell order for 3,00,000 shares of PF1STMF against the same client.

**Contravention:** Vision Capital Management Limited violated AvPiY wewa ২ (২) of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000.**Unquote**

Whereas, Mohammad Ibrahim (Managing Director, Vision capital management Limited) , Kazi Zahir Abbas (Authorised Representative, Vision Capital Management Limited), Abdul Ghafur Patwary (Head of operations, Vision Capital Management Limited) have attended the hearing. They have submitted letters to the Commission, wherein the following has been stated among others;

They have submitted a letter to the Commission, wherein the following has been stated among others;

**Quote:**

01. We started our business activities as a Member of Dhaka Stock Exchange in the year 2008 with kind approval of your good office.
02. Since inception we have been abiding by the relevant Rules and Regulations of your good office and rendering our services with utmost sincerity and professional integrity.
03. The transactions referred in your said show cause cum hearing notice took place on 22.02.2011 following the buy and sale order through Prime Finance Capital Management Ltd. You might have been aware that in February 2011 the overall situation of Capital Market was in a worst condition. In addition to market crush the small investors behaved unruly in this locality even our

office was attacked and our day to day operation was interrupted by unruly small investors. As a result due to security deterioration even I could not attend office regularly and I could not monitor the compliance issues properly.

04. On the other hand our Authorized Representative was comparatively new to handle this adverse situation which led to this sort of human error at his end to identify same buyer and seller.
05. We honestly admit our mistakes caused by human error of the Authorized Representative Mr. Kazi Zahir Abbas since he failed to track the same buyer and seller of a securities.
06. However we initiated disciplinary actions while the matter was unearthed and kept him under suspension for a period of 07 (seven) days as a measure of punishment for his professional negligence.

In context of the facts mentioned above we firmly state that we have no interest or deliberate intention involved with the buy sell of the securities mentioned in your show cause cum hearing notice. It's a mere human error and we sincerely apologize for the mistakes. We would request you earnestly that considering human limitations in context of given situation and our previous records as well you would be kind enough to relieve us from the allegation brought in your show cause letter. We hereby undertake that we will ensure elimination of same mistakes / wrongs from our operation process.

**Unquote**

**Quote**

Regarding submission and execution of sale orders of PF1STMF on 22/02/2011 for Code # A0490, A0492& A0484 our Authorized Representative Mr. Kazi Zahir Abbas submitted the orders of Client Code # A0490, A0492& A0484 for 2,00,000, 2,00,000 and 3,00,000 shares of PF1STMF respectively as per telephonic

instruction from our Client (**Prime Finance Capital Management Ltd.).** For mismatching of price the orders were executed for 94,500; 90,000 and 2,01,000 shares of PF1STMF on that day.

At the end of the day our above Authorized Representative erroneously took signature from the client in Sale Orders and Confirmation Note for the executed quantity only. After receiving letter from DSE regarding this issue our Compliance Department has taken the matter seriously and taken initiative to collect the above Sale Orders from the Client – Prime Finance Capital Management Ltd. (Copy enclosed). We also asked our Authorized

Representative Mr. Kazi Zahir Abbas to explain the matter. In reply he apologized for his unintentional mistake and assured us that no such mistake will be happened in future.

We are extremely sorry for this unintentional mistake of our Authorized Representative. We would like to request your good office to consider the matter in lenient view. We always try our best to discharge our duties complying the Rules & Regulations of BSEC and DSE.

We assure that we will be more careful in future maintaining the sale order of the Clients complying all the Rules and Regulations of the BSEC and DSE.

In back drop of the explanation and information stated above, we humbly appeal for your kindness to give us relieve from the allegation. We have initiated the necessary actions to make sure that no such violation may occur in future. **Unquote**

Whereas, regarding the allegation the broker has stated that human error has been taken place. Authorized Representative Mr. Kazi Zahir Abbas has failed to track the same buyer and seller.

| Broker | Buyer | Inst. Code | Price | Qty. | Counterparty | Seller | No of Howla | Execution Time |
|---|---|---|---|---|---|---|---|---|
| SCMBR OKER | A0502 | PF1STMF | Tk.13.90 | 150000 | DSESCM | A0502 | 1 | 13:38:16:897 |
| SCMBR OKER | A0492 | PF1STMF | Tk.14.10 | 6000 | DSESCM | A0492 | 3 | 13:41:22:011 to 13:41:22:296 |
| SCMBR OKER | A0490 | PF1STMF | Tk.14.10 | 14000 | DSESCM | A0490 | 7 | 13:42:02:595 to 13:42:03:242 |
| SCMBR OKER | A0484 | PF1STMF | Tk.14.10 | 20000 | DSESCM | A0484 | 10 | 13:42:30:940 to 13:42:31:821 |
| SCMBR OKER | A0459 | PF1STMF | Tk.14.10 | 47500 | DSESCM | A0459 | 19 | 13:43:40:542 to 13:43:41:938 |

| **Account No.** | **Name of Principal Applicant** | **Type of Account** | **Name of Stock-broker** | **Name of Involved Merchant Bank** | **Nominee** | **Remarks** |
|---|---|---|---|---|---|---|
| A0502 | New Capital Finance & Commerce (MCS) Ltd. | Institutional | Vision Capital Management Ltd. | Prime Finance Capital Management Ltd. | N/A | Abdur Rahim is the Secretary and Bulbul Ahmed is the president. |
| A0492 | Bulbul Ahmed | Individual | Vision Capital Management Ltd. | Prime Finance Capital Management Ltd. | Rabeya Akter | Bulbul Ahmed's Own account |
| A0484 | Emipre Securities Holding | Institutional | Vision Capital Management Ltd. | Prime Finance Capital Management Ltd. | N/A | Abdur Rahim is the Manager and Bulbul Ahmed is the chairman. |
| A0459 | Equity Capital (MCS) Limited | Institutional | Vision Capital Management Ltd. | Prime Finance Capital Management Ltd. | N/A | Abdur Rahim is the Secretary. |
| A0490 | A.R. Consultation | Institutional | Vision Capital Management Ltd. | Prime Finance Capital Management Ltd. | N/A | Abdur Rahim is the Proprieter. |

Whereas, from the data it is seen that the broker has committed the violation in several codes no. A0502, A0492, A0490, A0484, A0459. Moreover it is seen that with all of the above codes, Abdur Rahim is related. And all of applicants mentioned in the account opening forms are introduced by Mohammad Ibrahim the Managing Director of Vision Capital Management Limited. So, the aforesaid evidences prove that the violation has been committed deliberately. In this connection their explanation is unacceptable.

So,allegation against the broker for violating AvPiY wewa ১,৬,৮ of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 by executing the aforesaid manipulative transaction is proved as correct .

Whereas, further to the above it is reported in the enquiry report that "after checking the client's sell order form and order status report on February 22, 2011 the findings are as below-

- The client code-A0490 wanted to sell 94,500 shares of "PF1STMF" whereas the authorized representative submitted the sell order for 2,00,000 shares of PF1STMF against the same client.

- The client code A0492 wanted to sell 90,000 shares of "PF1STMF" whereas the authorized representative submitted sell order for 2,00,000 shares of PF1STMF against the same client.

The client code A0484 wanted to sell 2,01,000 shares of "PF1STMF" whereas the authorized representative submitted the sell order for 3,00,000 shares of PF1STMF against the same client."

**SEC/Enforcement/961/2011/ 209 April , 2014**

Whereas, in this regard they have confessed the allegation and begged apology. Their explanation in this regard is not acceptable. They have committed the violation in three codes. So, the violation is considered as deliberate.So, allegation against the broker for violating AvPiY wewa ২(২) of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gvw`Z cÖwZwbwa) wewagvjv, 2000 is proved as correct.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of the above mentioned AvPiY wewa attracting penal provision of aviv 18 of wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993;

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 Vision Capital Management Limited.

Now, therefore, Bangladesh Securities and Exchange Commission, in exercise of the power conferred by aviv 18 of wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993 hereby imposes penalty for Tk.8.00 (Tk.Eight) Lac upon Vision Capital 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