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/973/2011/185 **March 12, 2013**

Western Securities Investment Management Limited
CSE's Membership No. 120
Shahanawaz Bhabon (4th floor)
Room No.501
9/C,Motijheeel C/A
Dhaka-1000.
Attention: Managing Director/CEO

Subject: Penalty Order: Non-compliance of the Rule 3 (2) of the Margin Rules 1999 and Clause (d) of sub-rule (12) of rule 3 of the margin rules, 1999 as per SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 in connection with trading in shares of Safko Spinning Mills Limited.

Dear Sir,

Commission's penalty order No. SEC/Enforcement/973/2011/184 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

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/973/2011/185 **March 12, 2013**

Order

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

Whereas, the Securities and Exchange Commission issued Stock Broker Registration Certificate to Western Securities Investment Management 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 Safko Spinning Mills Limited, a show cause-cum-hearing notice No. SEC/Enforcement/973/2011/396 dated August 08, 2012 was issued to Western Securities Investment Management Limited to appear at the hearing. In the show cause-cum-hearing notice among others following were mentioned;-

"Whereas, as per Clause 1 of the Commission's Directive No. SEC/CMRRCD/ 2001-43/169 dated October 01, 2009, issuer companies under Z category shall not be entertained as 'marginable securities' under clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999.

Whereas, as per Rule 3 (2) of the Margin Rules 1999, "Margin account arrangements must be evidenced in the form of a written agreement executed between the member and the client."

Whereas, an investigation has been conducted by CSE regarding unusual trading in shares of Safko Spinning Mills Limited.

Whereas, the Investigation Team among others reported the following:

Broker's Name: Western Securities Investment Management Ltd.(Membership # 120)

SL No	Client Name	Client Code	Client Type	Buy Date	Buy qty	Buy Rate	Opening Ledger Balance of the day	Cash/Cheque Received	Amount used to buy SAFKOSPIN	Financial Balance after end of the day
1	Mr. Ahmed Kabir Majumder	1213	Cash	03.08.2010	300	108.43	(171,216)	-	32,529	(351,856)
				23.09.2010	500	322.13	138,619	51,000	161,066	(407,183)
				26.09.2010	50	316.26	(407,183)	-	15,813	(422,996)
				27.09.2010	450	283.38	(422,996)	-	127,520	(458,222)
2	Lipi Akter	63734	Cash	08.08.2010	200	130.15	(6,391)	-	26,029	(32,420)
				09.08.2010	700	150.10	(32,420)	26,000	105,072	(103,831)

Contravention:

1. Western Securities Investment Management Ltd. has violated Rule 3(2) of the Margin Rules 1999 by providing credit facilities to the above mentioned clients without executing written margin agreement with them.

2. Western Securities Investment Management Ltd. has violated clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999 as per SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 by

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/973/2011/185 **March 12, 2013**

providing margin loan facilities in purchasing shares of SAFKOSPIN which was a 'Z' category company on the dates of buying the shares."

Whereas, hearing has been conducted.Mr. Mohd.Abu Taher (Director, Western Securities Investment Management Limited has attended the hearing on behalf of the broker. They submitted an explanation letter No. WSL/2012/203 dated September 04, 2012.In the letter they confessed the allegation, begged apology and promised to not to commit such violation in future.

Whereas, from the investigation report and the written confession of Western Securities Investment Management Ltd it is **proved** that the mentioned allegation of violating Rule 3(2) of the Margin Rules 1999 and clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999 as per SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009 against Western Securities Investment Management 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 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 Western Securities Investment 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 Western Securities Investment 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

Distribution:
Western Securities Investment Management Limited
CSE's Membership No. 120,Shahanawaz Bhabon (4th floor),Room No.501,9/C,Motijheeel C/A,Dhaka-1000