



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন

জীবন বীমা টাওয়ার (১৫, ১৬, ১৭ ও ২১তম তলা), ১০ দিলকুশা বা/এ, ঢাকা-১০০০, বাংলাদেশ।

নং-বিএসইসি/এনফোর্সমেন্ট/২২০১/২০১৪/২১৬

তারিখঃ ১৩ জুলাই ২০১৫ ইং

আদেশ

যেহেতু, কমিশন এর আদেশ নং BSEC/Surveillance/2014-0840/427 dated 9th November 2014 এর মাধ্যমে একটি তদন্ত কমিটি গঠিত হয় এবং উক্ত তদন্ত কমিটির দাখিলকৃত প্রতিবেদন অনুযায়ী findings and contraventions নিম্নরূপ:

Quote

“---1. As per Rules 2 (aa), (bb) and (c) of the Securities and Exchange Rule, 1987 “designated liabilities” means-

- (i) amount payable in the ordinary course of dealing in securities;
- (ii) overdrafts and loans from banks;
- (iii) accrued expenses;
- (iv) tax payable;
- (v) all other liabilities that are regarded as liabilities under generally accepted accounting principles in Bangladesh which are payable within thirty days;

“liquid assets” means-

- (i) cash in hand or in bank;
- (ii) long proprietary securities positions at market value;
- (iii) cash surrender value of life insurance policy;
- (iv) customers' debit balances receivable within thirty days;
- (v) interest, dividend or commission receivable within thirty days;
- (vi) clearing house deposits;
- (vii) amounts receivable in the ordinary course of business, but excluding amounts which are due to be settled against delivery of security and remain outstanding for more than five banking days;
- (viii) treasury bills issued by the Government of Bangladesh;
- (ix) value of investment in Government bonds or certificates;
- (x) market value of net investment in securities traded in a stock exchange;
- (xi) market value of net investment in an authorized collective scheme;

And, “net capital” means liquid assets minus designated liabilities of a member in relation to his trading in the stock exchange;

Considering the above, Prime Islami Securities Limited has reported Net Capital Position to the DSE of Tk.139,14,60,418 for July 2014, Tk.133,47,15,432 for August 2014, Tk.128,62,14,495 for September 2014 and Tk.119,75,56,083 for October 2014 without including overdraft and loans. It appears from the last audited financial statement for the year ended 31st December 2013 that there was short term loan amounting Tk.105,35,00,000. From collected revised net capital balance position of the said months it also appears that overdraft & loan were included and net capital balance stood at Tk.20,64,23,028; 17,68,10,892 ; 22,74,61,377 and 30,38,01,588 respectively for the said months. Thus, Prime Islami Securities Limited overstated Net Capital balance by the said loan amount of Tk.126,05,00,000; Tk.127,05,00,000, Tk.136,05,00,000 and Tk.136,05,00,000 for the aforesaid months. As such, Prime Islami Securities Limited has given false or incorrect Net Capital Position to DSE although they knows or has reasonable cause to believe to be false or incorrect the said report.

Contravention: Through the aforesaid activities **Prime Islami Securities Limited** violated Section 18 of Securities and Exchange Ordinance, 1969.



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2. As per Rule 2 (a) of Margin Rules, 1999 “average net capital” means the average of net capital of the three months preceding the previous month. As such, after adjustment of short term loan of Tk. 126,05,00,000; Tk.127,05,00,000 and Tk.136,05,00,000 average net capital for November 2014 of Prime Islami Securities Limited is Tk.20,35,65,099 i.e. $(20,64,23,028 + 17,68,10,892 + 22,74,61,377)/3$. Whereas, as per Rule 6 of Margin Rules, 1999, no member shall permit his exposure to a single security to exceed 100% of his average net capital i.e. of Tk.20,35,65,099. But, Prime Islami Securities Limited has bought 33,22,600 shares of Shahjibazar Power Company Limited as on 13th November 2014 in their dealer account, clients’ cash account and clients’ margin account, whose value was Tk.87,58,37,380 and four times higher than 100% of their average net capital.

Contravention: Through the aforesaid activities **Prime Islami Securities Limited** violated Rule 6 of Margin Rules, 1999.

3. Average Net Capital of Prime Islami Securities Limited for the three months preceding the previous month (July, August & September 2014) is Tk.20,35,65,099 i.e. $(20,64,23,028 + 17,68,10,892 + 22,74,61,377)/3$. Thus no member shall be permitted deficit arising from transactions by a single client to exceed 25% of their average net capital i.e. Tk.5,08,91,275. In this regard Prime Islami Securities Limited permitted debit balance (deficit) excess of highest limit of Tk. 5,08,91,275. Few clients list are stated below whose debit balance exceed the maximum limit:

Client Code	Name	Debit Balance (Taka)	Report Date
00520	Star Share Bazar Limited	18,42,68,525	30/10/14
00325	GETCO Telecommunication Ltd.	17,69,28,335	31/07/14
Do	Do	18,24,88,802	30/08/14
Do	Do	15,51,05,444	30/09/14
Do	Do	6,07,67,665	30/10/14

Contravention: Through the aforesaid activities **Prime Islami Securities Limited** violated Rule 5 of Margin Rules, 1999.

5. As per Rule 4(2) a member who has an “at best” order from a customer to buy or sell a security shall not, while such order remains unexecuted, buy or sell the same security on the stock exchange for his own account, or for the account, of the firm of which he is a partner or for the account of any of the partners therein or for any account in which he, such firm or partner directly or indirectly, has an interest. In this regard Prime Islami Securities Limited has bought huge quantity shares of SPCL in their own dealer accounts without executing clients’ buy order. For reference example of one trading day on 23/10/2014, it appeared that Prime Islami Securities Limited bought SPCL shares in their dealer account (BO A/C: 1205000045323294) remaining unexecuted client’s (buy order BO A/C: 1205000042118883).

Contravention: Through the aforesaid activities **Prime Islami Securities Limited** has contravened Rule 4(2) of Securities and Exchange Rules, 1987.

6. As per Rule 8A (1) every member shall maintain a consolidated customers’ account in his name with any scheduled bank only for the deposit of the money received from and for, and payment of money to and for, the customers. Thus it is implied that amount payable to clients should be available all times in the consolidated customers’ bank account. From the last audited statement of financial position as at December 31, 2013 of Prime Islami Securities Limited, it appears payable to clients’ of Tk.3,78,98,320 and cash & cash equivalents of Tk.54,50,457 of the said stock-broker . Mentionable that cash & cash equivalents includes cash in hand, operational bank accounts and consolidated customers’



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bank account. After adjusting receivable from exchanges and payable to exchanges, net payable to clients' are as follows:

Receivable from DSE/CSE	Tk.42,88,610	
(-) Payable to DSE/CSE	(Tk.22,46,775)	
Net receivable (Payable)		Tk. 20,41,835
+ Payable to clients'		Tk.3,78,98,320
Net Payable to clients'		Tk.3,99,40,155
Cash & cash equivalents		Tk. 54,50,457
Difference amount use for their own purposes		Tk.3,44,89,698

Under the above context, Prime Islami Securities Limited has used the said clients' fund for their own purposes and earned income by employing the said unlawful tactics for their self interest.

Contravention: Through the aforesaid activities **Prime Islami Securities Limited** has contravened আচরণ বিধি 6 under সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ এর বিধি ১১.

8. From collected documents it appeared that Mr. Abul Kalam Eajdani, CEO of Prime Islami Securities Limited bought 1,00,000 share average rate Tk.64.12 on 04/08/2014 through client code 665 of BLI Capital Limited, 40,000 share average rate Tk.62 through client BO 1204290045096453 of AIBL Capital Market Services Limited and 41,000 share average rate Tk.65 approximately through client BO 1201740050253998 of PFI Securities Limited on 04/08/2014. Thus, total he bought 1,81,000 shares on 04/08/2014 average rate Tk.65 approximately and held the same up to 10th November 2014. After completed his personal buy of SPCL he started to buy and bought total 11,07,600 share of SPCL average rate Tk.135.25 during 4th August 2014 to 11th November 2014 in dealer account of Prime Islami Securities Limited. Mentionable that no sale executed during the said period. Trade details of dealer account are appended below:

Date	Shares bought	Average price
04/08/14	50000	65.27
20/10/14	309800	98.00
23/10/14	495400	130.31
29/10/14	51200	190.70
30/10/14	56200	208.20
03/11/14	55600	187.49
05/11/2014	32000	188.17
06/11/14	7400	220.60
09/11/14	50000	239.44

Moreover during 15th July to 16th November 2014 Prime islami Securities Limited total bought 35,15,000 shares whose value Tk.36,77,54,100 average rate Tk.104.62 and sold 1,48,000 shares whose value Tk.2,46,57,220 average rate Tk.166.60 through their dealer account and clients' account. Mentionable that IPO size of SPCL for 1,26,80,000 shares. Thus Mr. Abul Kalam Eajdani, CEO of Prime Islami Securities Limited and Prime Islami Securities Ltd. directly with their own accounts and indirectly through their clients' account created extreme buy pressure of the said share in the market and completed their purchase of major part of the tradable shares from the market and freezing the same, by which created supply shortage of tradable share compare to demand as result as price of the said share go up shortly and reached at Tk.338.80 on 18/11/2014. This was the main reason to increase the price of Shahjibazar Power Company Limited abnormally from Tk.36.50 to Tk.338.80 during the referred period. As such, Mr. Abul Kalam Eajdani, CEO

