



# BANGLADESH SECURITIES AND EXCHANGE COMMISSION

JIBON BIMA TOWER (14, 15, 16 & 20 FLOOR), 10 DILKUSHA C/A, DHAKA-1000, BANGLADESH

নং-বিএসইসি/এনফোর্সমেন্ট/৯৭০/২০১১/৩১৫

তারিখঃ ২৮ অক্টোবর ২০১৫ ইং

আদেশ

যেহেতু, কমিশন, Island Securities Limited (সিএসই টিআরইসি নং-০০৫) কে তার আবেদনক্রমে, নির্ধারিত শর্তাবলীতে সিকিউরিটিজ ক্রয় বিক্রয় কর্মকান্ড পরিচালনা করার জন্য 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' (অতঃপর 'কমিশন' বলে উল্লিখিত) 'বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন' আইন, ১৯৯৩ (১৯৯৩ সনের ১৫ নং আইন) এর ১০(১) এ গদ্যে কমিউনিকেশন সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক-ডিলার, স্টক-ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ এর বিধি ৫(৫) সহ পঠিত স্টকব্রোকার/ডিলার রেজিস্ট্রেশন সার্টিফিকেট প্রদান করেছে;

যেহেতু, কমিশন এর আদেশ নং SEC/SRI/INS/CSE-MEM/2010/part-2/944 dated July 17, 2013 এর মাধ্যমে Island Securities Limited এ পরিদর্শনের জন্য একটি কমিটি গঠিত হয় এবং উক্ত পরিদর্শন কমিটির দাখিলকৃত প্রতিবেদন অনুযায়ী findings and contraventions নিম্নরূপ:

1. After randomly checking the financial ledger of the major clients of the Island Securities Limited, the said broker extended credit facilities to the Non-margin/cash account, which is contrary to the **Margin Rules, 1999 as well as Rules 8(1)(ccc) of the Securities and Exchange Rules, 1987**. Some of which are given below:

(a) Client Name: Mr. Md. Rafiqullah Patwary, Client Code: 36348

BO ID # 1201960033919829, ACCOUNT TYPE: Direct Trading Account/Non-margin

Sl. No.	Date	Opening Ledger Balance	Closing Ledger Balance	Credit facilities extended
1	02-Sep-12	-1,319,138.48	-1,347,962.35	Yes
2	03-Sep-12	-1,347,962.35	-1,329,200.65	Yes
3	04-Sep-12	-1,329,200.65	-1,322,125.29	Yes
4	05-Sep-12	-1,322,125.29	-1,322,769.21	Yes
5	06-Sep-12	-1,322,769.21	-1,341,212.65	Yes
6	10-Sep-12	-1,341,212.65	-1,363,581.81	Yes
7	12-Sep-12	-1,363,581.81	-1,363,354.21	Yes
8	16-Sep-12	-1,363,354.21	-1,363,328.81	Yes
9	17-Sep-12	-1,363,328.81	-1,363,106.81	Yes
10	18-Sep-12	-1,363,106.81	-1,317,754.57	Yes
11	20-Sep-12	-1,317,754.57	-1,267,527.11	Yes
12	23-Sep-12	-1,267,527.11	-1,304,991.75	Yes
13	26-Sep-12	-1,304,991.75	-1,301,664.15	Yes
14	30-Sep-12	-1,301,664.15	-1,265,622.95	Yes
15	01-Oct-12	-1,265,622.95	-1,340,955.47	Yes
16	03-Oct-12	-1,340,955.47	-1,343,094.72	Yes
17	04-Oct-12	-1,343,094.72	-1,376,201.70	Yes
18	07-Oct-12	-1,376,201.70	-1,374,934.30	Yes
19	09-Oct-12	-1,374,934.30	-1,519,477.22	Yes
20	10-Oct-12	-1,519,477.22	-1,376,952.24	Yes
21	14-Oct-12	-1,376,952.24	-1,376,843.04	Yes
22	16-Oct-12	-1,376,843.04	-1,375,662.30	Yes
23	17-Oct-12	-1,375,662.30	-1,369,986.42	Yes
24	21-Oct-12	-1,369,986.42	-1,368,415.93	Yes
25	23-Oct-12	-1,368,415.93	-1,368,428.73	Yes





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26	30-Oct-12	-1,368,428.73	-1,362,726.63	Yes
27	01-Nov-12	-1,362,726.63	-1,385,167.99	Yes
28	04-Nov-12	-1,385,167.99	-1,385,621.11	Yes
29	13-Nov-12	-1,385,621.11	-1,414,134.71	Yes
30	15-Nov-12	-1,414,134.71	-1,385,300.51	Yes
31	19-Nov-12	-1,385,300.51	-1,384,838.51	Yes
32	20-Nov-12	-1,384,838.51	-1,392,508.91	Yes
33	21-Nov-12	-1,392,508.91	-1,439,728.91	Yes
34	22-Nov-12	-1,439,728.91	-1,386,044.51	Yes
35	2-Dec-12	-1,386,044.51	-1,407,597.29	Yes
36	19-Dec-12	-1,407,597.29	-1,406,900.69	Yes
37	20-Dec-12	-1,406,900.69	-1,406,564.89	Yes
38	23-Dec-12	-1,406,564.89	-1,406,643.29	Yes
39	01-Jan-13	-1,406,643.29	-1,429,066.21	Yes
40	7-Jan-13	-1,429,066.21	-1,429,091.21	Yes
41	8-Jan-13	-1,429,091.21	-1,408,609.13	Yes
42	13-Jan-13	-1,408,609.13	-1,129,571.93	Yes
43	15-Jan-13	-1,129,571.93	-1,078,099.47	Yes

(b) Client Name: Samiur Rahman. Client Code: 16745

BO ID # 120196002283578, ACCOUNT TYPE: Direct Trading Account/Non-margin

Sl. No.	Date	Opening Ledger Balance	Closing Ledger Balance	Credit facilities extended
1	22-Mar-12	-154,365.72	-154,390.72	Yes
2	27-May-12	-123,689.72	-174,866.52	Yes
3	28-May-12	-174,866.52	-168,054.06	Yes
4	29-May-12	-168,054.06	-200,994.38	Yes
5	16-Oct-12	-113,483.33	-120,152.59	Yes
6	18-Oct-12	-120,152.59	-123,785.19	Yes
7	22-Oct-12	-123,785.19	-280,704.56	Yes
8	30-Oct-12	-280,704.56	-388,573.96	Yes
9	31-Oct-12	-388,573.96	-269,535.82	Yes
10	01-Nov-12	-269,535.82	-356,558.93	Yes
11	07-Nov-12	-356,558.93	-449,237.49	Yes
12	13-Nov-12	-449,237.49	-481,751.83	Yes
13	15-Nov-12	-481,751.83	-572,413.78	Yes
14	18-Nov-12	-572,413.78	-584,915.07	Yes
15	21-Nov-12	-584,915.07	-581,866.16	Yes
16	22-Nov-12	-581,866.16	-166,468.19	Yes
17	26-Nov-12	-166,468.19	-167,430.00	Yes
18	27-Nov-12	-167,430.00	-149,732.30	Yes
19	19-Dec-12	-149,732.30	-374,692.13	Yes





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21	23-Dec-12	-395,492.81	-398,202.28	Yes
22	24-Dec-12	-398,202.28	-152,850.67	Yes
23	26-Dec-12	-152,850.67	-80,774.67	Yes
24	27-Dec-12	-80,774.67	-376,692.32	Yes
25	30-Dec-12	-376,692.32	-402,038.33	Yes

(c) Client Name: Zakia Parveen Rahman, Client Code: 17442  
BO ID # 1201960026471401, ACCOUNT TYPE: Direct Trading Account/Non-margin

Sl. No.	Date	Opening Ledger Balance	Closing Ledger Balance	Credit facilities extended
1	13-Jun-12	-133,993.41	-202,509.97	Yes
2	14-Jun-12	-202,509.97	-234,342.11	Yes
3	17-Jun-12	-234,342.11	-401,923.92	Yes
4	18-Jun-12	-401,923.92	-345,003.99	Yes
5	25-Jun-12	-345,003.99	-345,037.62	Yes
6	02-Jul-12	-345,037.62	-348,273.18	Yes
7	04-Jul-12	-348,273.18	-145,108.30	Yes
8	30-Oct-12	-123,094.49	-355,324.01	Yes
9	31-Oct-12	-355,324.01	-476,028.85	Yes
10	01-Nov-12	-476,028.85	-404,737.96	Yes
11	04-Nov-12	-404,737.96	-414,383.14	Yes
12	11-Nov-12	-414,383.14	-507,171.22	Yes
13	12-Nov-12	-507,171.22	-529,581.59	Yes
14	13-Nov-12	-529,581.59	-528,732.39	Yes
15	15-Nov-12	-528,732.39	-562,411.84	Yes
16	18-Nov-12	-562,411.84	-698,380.52	Yes
17	19-Nov-12	-698,380.52	-685,735.38	Yes
18	21-Nov-12	-685,735.38	-671,484.81	Yes
19	22-Nov-12	-671,484.81	-371,691.75	Yes
20	26-Nov-12	-371,691.75	-366,402.43	Yes
21	27-Nov-12	-366,402.43	-376,667.58	Yes
22	28-Nov-12	-376,667.58	-349,464.06	Yes
23	23-Jun-13	-288,982.56	-423,269.10	Yes
24	26-Jun-13	-423,269.10	-402,627.90	Yes
25	27-Jun-13	-402,627.90	-273,572.22	Yes

(d) Client Name: Md. Mokbul Ahmed, Client Code: 7759  
BO ID # 1201960016951544, ACCOUNT TYPE: Direct Trading Account/Non-margin

Sl. No.	Date	Opening Ledger Balance	Closing Ledger Balance	Credit facilities extended
1	01-Jan-12	512,035.10	-571,386.94	Yes
2	02-Jan-12	-571,386.94	-601,812.12	Yes
3	03-Jan-12	-601,812.12	-538,947.00	Yes





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**Contravention:** Through the aforesaid activities, Island Securities Limited violated the **rule 3 of Margin Rules, 1999 as well as Rules 8(1) (ccc) of the Securities and Exchange Rules, 1987** by utilizing credit facilities to Non-margin accounts.

2. Surveillance department provided a list of short sale generated by automated surveillance system of BSEC. Inspection Team collected relevant documents from Island Securities Limited to examine whether short sale genuinely took place in those account or not. After examination, it is found that Island Securities Limited was involved in short selling to the following BO accounts:

Client Code: 41114, Client Name: Sultan Mahmud, BO ID: 1201960036965089

Instrument	Sale Date	Sale Qty (As Per Instant Watch of Market Surveillance System) & Time	Sale Qty (As Per Transaction Ledger)	Sale Qty (As Per DP49)	Short Sell Quantity (As Per Instant Watch of Market Surveillance System)	Short Sell Quantity (As Per Transaction Ledger)
ACI	04/07/13	100 ( 4:21:07) 200 ( 4:25:50) <b>Total-300</b>	200	100	<b>200</b>	<b>100</b>

**Contravention:** Through the aforesaid activities, Island Securities Limited violated **regulation 4(1) of the Chittagong Stock Exchange (Short-Sale) Regulations, 2005 & regulation 4(1) of the Dhaka Stock Exchange (Short-Sale) Regulations, 2006** and বিধি ১১ of সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধি) বিধিমালা, ২০০০ by allowing short sale facilities to the clients without complying the regulation and **Section 18 of the Securities and Exchange Ordinance, 1969** by providing incorrect documents to the inspecting officers.

3. After randomly checking relevant documents collected from Island Securities Limited, It was found that in respect of the following clients bought non-margin securities (as the PE ratio is over 40) using margin loan as shown below:-

Client Name & Code	Buy Date	Script name, Qty. & Rate	Transaction type	Amount used to buy	Matured Fund(Opening balance)	Deposits	Ledger balance at the end of day
Adv Jamal Uddin Clode-1357	21.07.13	NBL 5600@13.70	Buy	76,720.00	-68,191.92	nil	-215,290.40
Md. Anamul Haque Code-70208	24.04.13	CVOPRI 200@171.00	Buy	34,353.90	-73,693.17	nil	-108,047.07
	25.04.13	CVOPRI 400@190.96	Buy	76,385.00	-108,047.07	nil	-127,435.00
Year Mohammed Code-41484	29.05.13	FASFIN 3500@17.40	Buy	60,900.00	-125,432.33	nil	-130,832.25
	30.05.13	FASFIN 1500@17.30	Buy	25,900.00	-130,832.25	nil	-177,426.37
	05.06.13	FASFIN 500@18.00	Buy	9,000.00	-70,882.02	nil	-180,217.94

