



BANGLADESH SECURITIES AND EXCHANGE COMMISSION

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

নং-বিএসইসি/এনফোর্সমেন্ট/২০৬০/২০১৪/৪৪০

তারিখঃ ২৯ নভেম্বর ২০১৬ ইং

আদেশ

যেহেতু, কমিশন, CMSL Securities Limited (সিএসই টিআরসি নং-৬১) কে তার আবেদনক্রমে, নির্ধারিত শর্তাধীনে সিকিউরিটিজ ক্রয় বিক্রয় কর্মকান্ড পরিচালনা করার জন্য সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (অতঃপর 'কমিশন' বলে উল্লিখিত) সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন আইন, ১৯৯৩ (১৯৯৩ সনের ১৫ নং আইন) এর ১০(১) এ প্রদত্ত ক্ষমতাবলে 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/DSE-MEM/2010/871 dated June 12,2013 এর মাধ্যমে CMSL Securities Limited এ পরিদর্শনের জন্য একটি কমিটি গঠিত হয় এবং উক্ত পরিদর্শন কমিটির দাখিলকৃত প্রতিবেদন অনুযায়ী findings and contraventions নিম্নরূপ:

FINDINGS OF THE INSPECTION:

The inspecting officers have examined, reviewed and analyzed necessary books of accounts, records and documents of CMSL Securities Ltd. and further examine the portfolio statements and other relevant documents (if any) of matters reported in the preliminary observation report. After further scrutiny, some issue of the preliminary report found as contravention and some of them found fair. In addition to the preliminary report, the inspecting officers found other violations also, which are reported here accordingly. Findings of the inspecting officers are given bellow:

01. In our random checking, it has been observed that CMSL Securities Ltd. allowed credit facilities to purchase shares of the listed "Z" category (Non-Margin able Securities) to the following clients:

Name & Client's code	Date	Script	Transaction	(TK)	Matured Fund(Opening balance)	Deposits
Dr. Sabbir Ahmed Bhuyan. Code-12097	07.06.12	LAFSURCEML 3000 @44.37	Buy	1,33,100.00	61,554.75	nil
	18.06.12	LAFSURCEML 3500 @TK39.47	Buy	1,38,950.00	-1565.75	nil
Mr. Mofizul Islam CODE - 09619	19.07.12	LAFSURCEML 2000 @34.80	Buy	69,600.00	24,573.77	nil
	24.07.12	LAFSURCEML 500 @34.40	Buy	17,700.00	-46,792.00	nil
	25.07.12	LAFSURCEML 1000 @34.65	Buy	35650.00	-13139.77	nil
	28.08.12	LAFSURCEML 500 @34	Buy	17,000.00	-1,72,453.05	nil



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Mr. A.J.M Enamul Islam Code-00045	16.09.12	LAFSURCEML 1000 @33.80	Buy	33,800.00	-1,21,932.00	nil
	17.09.12	LAFSURCEML 2000 @36.58	Buy	73,150.00	-1,40,826.15	nil
	08.08.12	LAFSURCEML 1000 @36.50	Buy	36,500.00	-34,0075.50	nil
	17.09.12	LAFSURCEML 3000 @36.83	Buy	1,10,500.00	-4,96,149.78	nil
	23.09.12	LAFSURCEML 1000 @40.20	Buy	40,500.00	-8,70,660.68	nil

Contravention: Through the aforesaid activities CMSL Securities Ltd. violated **SEC Directive No. SEC/CMRRCD/2001-43/169 dated October 01, 2009.**

02. The following clients availed financial adjustment facilities (netting on same instruments), which is a violation of securities laws. It is observed from the transaction ledger of the clients stated below, that CMSL Securities Ltd. allowed financial adjustment facility in same script.

Name & Client's code	Date	Instrument Name	Quantity	Transaction details	Previous Ledger Balance
A.J.M Enamul Islam, Client Code: 00045	18.10.12	AIMS1STMF	2,000 (Buy & Sale)	Buy-107,400 & Sale- 1,10,000	-7,85,771.26
	06.11.12	AIMS1STMF	Buy-2000 & Sale-3000)	Buy-1,20,100& Sale- 1,75,700	-4,40,059.76
Mr. Mofizul Islam CODE 09619	15.04.13	BEXIMCO	Buy-500 & Sale-400	Buy-27,250& Sale- 21,700	-2,08,412.91
	15.04.13	MALEKSPIN	Buy-1000 & Sale-2000	Buy-18,450& Sale- 38,150	-1,60,242.06
	15.04.13	UNIQUEHRL	Buy-100 & Sale-300	Buy-8,500& Sale- 25,350	-1,57,206.56

Contraventions: Through the aforesaid activity CMSL Securities Ltd. has violated **the condition of SEC/SRMID/94-231/472 dated Feb 13, 2005.**



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03. In the following case, CMSL Securities Ltd. allowed netting facilities in respect of buy & sell of Z categories' securities.

Date	Name & BO Acct	Script	Transaction	(TK)	Opening balance & closing Bal.	Deposits
29.05.13	Mr. Azadur Rahman C. Code-08762	LAFSURCEML 30,000 @38.53	Sell	11,56,000	1,46,937.84	nil
30.05.13		BEACONPHAR 60,000 @20.58	Buy	-12,34,700	56,284.34	nil

Contravention: The aforesaid activities of CMSL Securities Ltd. is the contravention of the condition no.1 of the Directive No.SEC/CMRRCD/2001-43/169 dated October 01, 2009 as well as the Directive No.SEC/SRMID/94-231/1640 dated 31 January, 2008.

04. It has been observed that the reported net Capital balance was **TK.15,27,95,159.12** for the month February, 2013 (as on 28/02/2013) whereas it was **TK.6,93,81,123.04** for the month February, 2013 (as on 31.01.2013), which is unusual increment of net capital balance. After scrutiny of the balance, it is revealed that an amount **TK.7,80,92,800.04** shown as "Liquid Assets" under the head of "any other receivable-loan to others" is being reported in the net capital balance, which is not at all in relation to the trading with stock exchange. Moreover, it does not categorize under the "Liquid Assets" as per definitions given in the rule 2 [(bb).....]of the Securities and Exchange Rules, 1987 for reporting of net capital balance.

The break-up of the said balance is as under:

<u>Particulars</u>	<u>Taka</u>
Staff Advances	5,48,300
Advance office rent	13,94,350
Office Space Advances-DSE	8,50,000
Security Deposit-SEC	1,00,000
Deposit with T & T	1,66,900
Deposit Hotel Sheraton	20,000
Alphine Freash	13,250
Loan to Mr. Mahfuza Khan	3,00,00,000
Loan to Wahid Aziz Chy	2,25,00,000
Laon to Shabnam Iqbal	1,12,50,000
Loan to Farzana Iqbal	1,12,50,000

7,80,92,800.04



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Contravention: Hence, the aforesaid activities of CMSL Securities Ltd. is a contravention of the rule 2 [(bb).....]of the Securities and Exchange Rules, 1987.

যেহেতু, কমিশন উপরোক্ত প্রতিবেদন অনুযায়ী সিকিউরিটিজ আইন পরিপালনে ব্যর্থতার জন্য CMSL Securities Limited এর বরাবরে একটি show-cause-cum-hearing notice সূত্র নং- BSEC/Enforcement/2060/2014/244 তারিখ ১০ই আগস্ট ২০১৫ ইং প্রেরণ করে এবং ১০ই সেপ্টেম্বর ২০১৫ ইং তারিখে শুনানীর দিন ধার্য করে এবং ধার্যকৃত তারিখে CMSL Securities Limited এর CEO জনাব আনোয়ার হোসাইন উপস্থিত হয়ে ১০ ই সেপ্টেম্বর ২০১৫ ইং তারিখের পত্রের মাধ্যমে লিখিত বক্তব্য দাখিল করেন। যাতে অন্যান্যের মধ্যে, নিম্নোক্ত বিষয়গুলির উল্লেখ আছে:-

Quote:

Response against finding no. 01, 02 and 03

First of all on behalf of the company, we would like to apologize for allowing credit facilities to purchase 'Z' categorize shares which occurred during the period from June 2012 to September 2012 due to lack of supervision of our trading supervisor Mr. Abdul Quddus.

CMSL Securities Limited appointed Mr. Abdul Quddus, Deputy General Manager of the company for complying to the rules and regulations as well as to supervise our authorized representatives and aware them of the consequence for the violence of such rules and regulations. The management of the company assigned him some responsibilities such as supervising daily trading as per the rules and regulation of BSEC and to provide weekly as well as monthly status reports on trading of CMSL Securities Limited. Later the management of CMSL Securities Limited observed some irregularities in the daily activities of Mr. Quddus.

The management of CMSL Securities Limited formed an investigation committee for find out irregularities in trading as well as other activities which was assigned to Mr. Abdul Quddus. The internal investigation team identified some weakness in discharging his responsibilities of his daily activities. Based on the findings of internal inspection team, we have issued a show cause notice to the supervisor Mr. Abdul Quddus as well as to the authorized representative Ms. Humaira Amir. Response of Mr. Abdul Quddus and Ms. Humaira Amir against show cause notice was reviewed carefully by the management. The response of Mr. Abdul Quddus was not satisfactory to the management of CMSL Securities Limited. As a result the management terminated Mr. Abdul Quddus on the dated August 07, 2013. Response of authorized representative Ms. Humaira Amir also scrutinized by the management. She responded that she did it erroneously without knowing the consequences and due to ignorance as well. As a punishment the management suspended her financial benefits for the period from July 2013 to December 2014 and also arranged for her in house trading. Show cause notice copies, replies against show cause notice and acknowledgment copy of termination to Mr. Abdul Quddus is enclosed as reference.

Please note that in relation to the above incidence a letter has been forwarded by Mr. Mohammad Nazmul Islam, Deputy Director & Inspecting Officer of Bangladesh Securities Limited on the dated July 09, 2013. We replied to the letter on the dated 10th July, 2013 praying apologize for the mistake. Copy of the letter dated on July 09, 2013 and replay to the letter are enclosed as reference please.



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Response against finding no. 04

As per the section 3 (4) of the Securities and Exchange Rules 1987, we have been submitting monthly net capital balances regularly to Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited based on the prescribed format of Bangladesh Securities and Exchange Commission. The amount of Taka 78,092,800/- was not included as current asset in the net capital balance up to January 2013.

Later as per the verbal opinion of the concern authority of Dhaka Stock Exchange Limited we included the amount as liquid assets from February 2013 and onwards. As a result the net capital balance for the month of February 2013 reached at Taka 152,795,159/- because of the inclusion of Taka 78,092,800/-.

As per sub rule (1) of rule 15 of the Securities and Exchange Rules 1987, the risk based capital adequacy requirement ratio is 1: 20. It is to be noted that during the month of February 2013 after consideration of the amount of Taka 78,092,800/- our net capital balance reached at Taka 152,795,159/-. The designated liability for the month of February 2013 was Taka 46,486,232. Therefore the risk based capital adequacy ratio of CMSL Securities Limited was 1: 0.30 as at February 2013. If we did not consider Taka 78,092,800/- as current asset, our net capital balance would be Taka 74,702,359/- and in that case risk based capital adequacy ratio would be 1: 0.62. That would still be within the requirement limit.

As per sub rule (2) of rule 3 of the Securities and Exchange Rules 1987, the net capital balance shall at all times of an amount which is not less than Taka one hundred thousand. It is to be noted that irrespective of inclusion/exclusion of this amount net capital balance always remain more than Taka one hundred thousand as per the rule.

While assuring you to our sincere steps in resolving this issue we request you to kindly provide necessary guidance in order to avoid this kind of situation and request you to excuse us from the irregularities if you so consider. .” **Unquote**

যেহেতু, CMSL Securities Limited এর লিখিত বক্তব্য কমিশনের বিবেচনায় গ্রহণযোগ্য হয়নি, যা সিকিউরিটিজ আইন পরিপালনে ব্যর্থতা বিধায় section 22 of the Securities and Exchange Ordinance, 1969 অনুযায়ী শাস্তিযোগ্য অপরাধ এবং যা ক্ষমার অযোগ্য;

যেহেতু, কমিশনের বিবেচনায়, সিকিউরিটিজ আইন পরিপালনে উল্লিখিত ব্যর্থতার জন্য, তথা পুঁজিবাজারের উন্নয়নের পাশাপাশি বাজারের শৃংখলা ও স্বচ্ছতা রক্ষার স্বার্থে উক্ত ব্রোকার/ডিলার কে জরিমানা করা প্রয়োজন ও সমীচীন;

