

SEC/Enforcement/321/2005/  
May 7, 2006

By Special Messenger

S.N.M Securities Limited  
(DSE Membership No.07)  
Suite # 732, (6<sup>th</sup> Floor),  
9/E Motijheel C/A  
Dhaka-1000

Attention: Managing Director/Chief executive Officer

**Sub: Non-compliance with securities related laws: Warning**

This refers to the Commission's show cause cum hearing notice No. SEC/Enforcement/321/2005/29 dated January 8, 2006 and the hearing conducted on January 29, 2006.

Pursuant to the enquiry vide Commission's Orders No. SEC/SRMID/94-117/67 dated March 8, 2004 and No. SEC/SRMID/94-117/78 dated March 16, 2004, it appeared that you did not deposit the cheque for Tk. 5 lac of Mr. Pankaj Roy, your customer and employee of Olympic Industries Ltd. into the consolidated customers' bank account on the same day, rather allowed Mr. Roy to replace the said cheque with cash payment subsequently upon formation of the enquiry committee which appeared deliberate/collusive with the said insider employee of Olympic Industries Ltd.

By doing so, you have contravened rule 4 of the Securities and Exchange Rules, 1987 and conditions 3 of the stock-broker's registration certificate by not properly maintaining the trade related records of its customers as well as by not depositing the customer's money (cheque) into the consolidated customers' bank account on the same day of receipt from the customer namely, Mr. Pankaj Roy.

Your aforementioned contravention and non-compliance appeared deliberate attracting provisions of section 12 of the Securities and Exchange Commission Act, 1993, as amended, read with the provisions of section 10 (3) of the Securities and Exchange Commission Act, 1993, and the provisions of section 22 of the Securities and Exchange Ordinance, 1969, as amended.

A show cause cum hearing notice No. SEC/Enforcement/321/2005/29 dated January 8, 2006 was issued to you for your alleged contravention and to provide you an opportunity of being heard and the hearing was conducted on January 29, 2006.

Chairman and Managing Director of S.N.M Securities Limited vide letter dated January 29, 2006 mentioned, among others, that as client Mr. Pankaj Roy is a regular, dependable and reliable investor who trades regularly with them, they obliged the client to accommodate his written request and accepted cash in lieu of cheque. He also mentioned that no settlement failure occurred as the cash was received prior to the

settlement/maturity date and the aforesaid accommodation was accorded to Mr. Pankaj Roy on the basis of client-broker relationship and bonafide without any intention of flouting the laws, rules, by laws and or regulations either of DSE or SEC.

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The Commission, considering the submissions made by you, has decided to dispose off the proceedings against you, for the stated contravention, by placing on record the Commission's dissatisfaction on the defaults made by you, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve you from your lawful responsibilities/obligations to the persons, if any, affected as a result of your above said defaults.

For and on behalf of  
the Securities and Exchange Commission

(Mansur Alam)  
Executive Director

CC:

Chief Executive Officer, Dhaka Stock Exchange  
Executive Director (R&D), SEC  
Executive Director (Registration), SEC  
Director (MIS), SEC  
Chairman's Office, SEC