

No. SEC/Enforcement/522/2006/741

Dated: 05 July 2007

ICB Capital Management Ltd.
Merchant Banker
Shilpa Bank Bhaban (12th-15th Floor)
8, DIT Avenue
Dhaka-1000

Sub: Alleged non-compliance of securities law in connection with the IPO of Jamuna Bank Ltd: Warning.

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Jamuna Bank Ltd. is an issuer (herein after referred to as “issuer”).

The Securities and Exchange Commission, at the request of ICB Capital Management Ltd., issued to ICB Capital Management Ltd. the merchant banker registration certificate No. Ggwe-31/2001 Zwi L 16 A±±vei 2001 Bs under wmiKDwi wJR I G. ±PÁ Kwgkb (gvtPw e`vsKvi I tcvU±dwi I g`v±bRvi) wewagvj v, 1996 to conduct activities as merchant banker.

Jamuna Bank Ltd. appointed ICB Capital Management Ltd. as issue manager regarding IPO of the said issuer.

A draft prospectus was submitted, alongwith an application, to the Securities and Exchange Commission on 31 July 2005 under the repealed Public Issue Rules, 1998 [corresponding Securities and Exchange Commission (Public Issue) Rules, 2006] for Commission’s consent/approval for issuance of shares to the public through IPO.

The said draft prospectus includes due diligence certificate issued by ICB Capital Management Ltd.

Based on the said prospectus and relevant documents/information furnished/submitted to the Commission in connection with the said public issue, the Commission accorded its consent to the issue for the said purpose on 12 December 2005.

The subscription against said prospectus for IPO was due to open from 5 February 2006 thru 9 February 2006, and accordingly completed.

Subsequently it appeared to the Commission that the board of directors of the issuer, in its meeting held on 27 November 2005, approved transfer of certain sponsors’ shares to some persons which, being material changes/information in respect of share holding position of the sponsors which were not informed/furnished by the issue manager to the Commission for consideration of the application for forthcoming IPO.

It appeared that, as issue manager, ICB Capital Management Ltd. has failed to exercise appropriate due diligence, as per requirements of the repealed Public Issue Rules, 1998, in violation of the conditions of the merchant bankers registration certificate and provisions of the wmiKDwi wJR I G. ±PÁ Kwgkb (gvtPw e`vsKvi I tcvU±dwi I g`v±bRvi) wewagvj v, 1996.

The aforesaid activities were also violative of rule 6 of the repealed Public Issue Rules, 1998 [corresponding rule 7 of the Securities and Exchange Commission (Public Issue) Rules, 2006] as well as section 18 of the Securities and Exchange Ordinance, 1969, read with section 17 of the said Ordinance, because of furnishing to the Commission certain incorrect information as well as concealment of certain important and relevant information to the Commission at the time of considering the IPO of the said issuer.

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A show cause cum hearing notice No. SEC/Enforcement/522/2006/993 dated 13 September 2006 was issued to the issue manager to explain the above contravention and also to provide an opportunity of being heard by the Commission. The hearing was conducted on 24 September 2006.

Md. Iftekharuzzaman, CEO of the issue manager appeared for the hearing, and in course of hearing, the issuer manager submitted written explanations in respect of the aforesaid contravention vide letter dated 24 September 2006, stating, among others, the following:

“D³ tkv-KR tbwUtk th mKj wel tq Dñj E Kiv ntqtQ Zvi tKvbiUB Avgvt` i Rvbn wQj bv| e`Zt hgbv e`vsK Ki AvBwcl tZ AvBwmGgGj tKv g`v`bRvi Gi `wqZj cvj b Kti tQ| e`vsK KZK c0 E `wqZj gta` tKig`v`bRvi wnmvte AvBwmGgGj Gi `wqZj wQj AvÜvi ivBUvi wbtqvM, miBwosuk`ti vgnub Gi AvtqvRb, j Uvi x Abpvtbi AvtqvRb Ges tcvó-Bmj Kvhfej x Z`vi Kx Ki v|

tkv-KR tbwUtk Dñj w-Z NUbvej x m`útk`Avgvt` i tKvb cKvi ce`avi Yv wQj bv| hgbv e`vsK KZE` KZK c0 E Z` Ges c0xZ c0t`cKUVtm mij wekvtm `v`ji Kiv ntqtQ gvI |

Dc`ti wj w-Z e`vL`v m`q MthY ceK AvbxZ Awf`thvM n`Z Ae`vnuZ c0 v`bi Rb` webxZ Ab`ji va Kiv ntj v|”

From the submissions, it appeared that the issue manager (ICB Capital Management Ltd.) has failed to exercise due diligence properly by not verifying the shareholding list for the period in between 25 August and 15 December 2005 as per requirements of the repealed Public Issue Rules, 1998, in violation of the conditions of the merchant bankers registration certificate and provisions of the wmiKDWi wJR I G- tPA Kwgkb (gv`tPw e`vsKvi I tcvU`dwj I g`v`bRvi) weagvj v, 1996|

The Commission, considering the explanations, has decided to dispose of the matter against the issue manager for the stated contravention, by placing on record the Commission’s dissatisfaction on the aforesaid default made by it, with a warning to ensure strict compliance of all securities related laws in future.

Please note that the above disposal does not absolve the issue manager from its lawful responsibilities/obligations to the persons, if any, affected as a result of its above said default.

For Securities and Exchange Commission

Md. Mizanur Rahman
Director

Copy to:

- Managing Director, Jamuna Bank Ltd.
- Executive Director (R&D), SEC
- Executive Director (SRMID), SEC
- Executive Director (CID), SEC
- Director (MIS), SEC
- Chairman’s Office, SEC