

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▲ 4.40%	▲ 2.81%	\$1,664.80 (per ounce)	\$98.15 (per barrel)	▲ 0.83%	▼ 1.17%	▼ 0.59%	▼ 1.87%	79.45	102.82	121.97	0.98	
5,063.11	9,169.12			16,002.51	8,552.81	2,685.74	2,248.59	BUY TK	80.45	106.95	126.15	1.08
								SELL TK				

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# star BUSINESS

DHAKA WEDNESDAY DECEMBER 14, 2011, e-mail: business@thedailystar.net

## DSE to scrap licence of Dawn Securities

**STAR BUSINESS REPORT**

The Dhaka Stock Exchange will cancel the membership licence of Dawn Securities on charges of swindling around Tk 10 crore out of its clients.

The premier bourse took the decision of cancelling the membership licence of the stockbroker at a board meeting yesterday.

The DSE would now sell the licence. With the proceeds, the bourse will return the clients their dues.

The remaining fund, if any, will be given back to the owners of the brokerage house.

Earlier, the Securities and Exchange Commission directed the DSE to take necessary steps on cancelling the licence of Dawn Securities.

The stockbroker took money from its clients to purchase shares for them, but financial statements on its back-office software show that no shares had been purchased for them, according to a DSE probe.

The DSE had earlier asked Dawn to pay back its clients in 15 days.

The DSE later found that some cheques signed by Dawn for clients for payback were not honoured by banks.

The trading of the broker has been suspended since July 19, 2010 after the bourse uncovered the scam.

## 1,491 directors hold shares below ceiling

**STAR BUSINESS REPORT**

As many as 1,491 directors of 200 listed companies have less than 2 percent stakes in their own firms. It means half of directors among all listed companies dumped a bulk of shares into the public market in the last couple of years.

Apart from individual holdings, 38 companies' sponsors and directors jointly have less than 30 percent stakes in their own firms, according to statistics from the Dhaka Stock Exchange.

The sponsors and directors who have less than 2 percent stakes in their own firms will now have to buy shares to comply with a regulatory decision.

The regulator made it compulsory for sponsors, directors and promoters to hold individually at least 2 percent stakes in their own companies.

The Securities and Exchange Commission on November 22 made it mandatory for sponsors, directors and promoters of a listed firm to jointly hold a 30 percent stake in the firm.

The SEC also set a six-month timeframe for the sponsors, directors and promoters, who are now jointly holding less than 30 percent and individually 2 percent shares, to acquire the rest of the amount.

On November 27, the DSE sought information from each listed firm on share holding by the company's sponsors, directors and promoters.

The premier bourse asked the company secretaries of the firms to submit complete information on their share holding positions by December 11.

According to DSE statistics, 413 directors in different companies have less than

or equal to 0.1 percent stakes in their own firms, while 771 have less than or equal to 0.5 percent stakes and 1,092 have less than or equal to 1 percent stakes.

Of the 232 listed equity firms, 215 submitted information on the share holdings of sponsors, directors and promoters, while 14 companies are yet to submit information.

Nineteen companies provided wrong information and the DSE did not incorporate their information in its database.

The DSE will serve notice on the companies that have failed to submit required information.

According to DSE statistics, sponsors and directors of listed companies sold or transferred 10.27 crore shares so far in 2011, 10.30 crore shares in 2010 and 6.20 crore in 2009.

But they bought only 1.51 crore shares so far in 2011, 1.18 crore shares in 2010 and 57.75 lakh shares in 2009.

It is alleged that many sponsors and directors sold off shares when the secondary market was bullish, especially in 2009 and 2010. Even, some of them sold shares without any prior declaration, which was must in line with securities rules.

Rakibur Rahman, former president of the DSE, said a total of 3,000 directors or sponsors of the listed companies are not independent as more than half of them do not have 2 percent holding of shares in their own companies.

Sponsors have sold shares unethically to make hefty profits, Rahman said.

He said the prices of shares are very low now, so the sponsors and directors should buy shares to stabilise the market.

It is unfair that someone will be a director or sponsor without having a minimum holding.

## DSE disagrees with market comment

**STAR BUSINESS REPORT**

The Dhaka bourse yesterday disagreed with a comment that the prime minister intervened in the troubled stockmarket for the failure of the Securities and Exchange Commission and the finance ministry to play their due roles.

The comment came on Monday at a dialogue on the capital market, organised by the Centre for Policy Dialogue, a think-tank.

"They involved the prime minister in stockmarket issues to avoid responsibility for their failure. It's a shame," Khandker Ibrahim Khaled, chief of a committee formed to probe a stockmarket scam, said at the CPD dialogue.

The Dhaka Stock Exchange did not mention his name in its response to the comment.

The prime minister's intervention to stabilise the market was a right decision made at the right time, Rakibur Rahman, a director of DSE, said at a press conference yesterday.

Rahman, also former president of the DSE, said it was not the prime minister's job to intervene in the stockmarket. She did it for the sake of investors, he added.

If needed, the SEC will talk things over with all stakeholders, including the finance ministry, to find ways to stabilise the market.

## EU crisis slows down apparel export orders

**BATEXPO bags spot orders worth \$66.35m**

**STAR BUSINESS REPORT**

Many of the country's garment factories are running below their capacity as they are receiving fewer export orders due to a volatile economic situation in the western markets, said a top apparel trade body yesterday.

Leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) also said it would take at least six months to finally know where the country's key export sector would head.

"We are getting clear indication that the picture of global economy will not be good until the first quarter of 2012. As our exports depend on the international scenario, this could be a wake-up call for all of us," said Md Shafiqul Islam Mohiuddin, president of the BGMEA.

"We are, however, leaving no stone unturned," he told reporters during a press conference at his office in Dhaka.

The BGMEA chief said many factories have reported that they are lying idle as they are receiving fewer orders due to stubborn economic crisis in the US and Europe, the major markets of Bangladeshi garments.

During July-November, Bangladesh exported knitwear worth \$4.0 billion and woven worth \$3.57 billion, with a 13.14 percent and 23.64 percent rise respectively, compared to the same period a year ago.

Knitwear manufacturers, however, fell 2.57 percent short of reaching the target set by the government, while woven exporters could not reach the target by 1.81 percent.

"We also had hoped that orders being diverted from China due to a rise in production cost there would reach Bangladesh. This has not become a reality at least for now," said Mohiuddin.

"Rather, the orders are going to Latin American countries, as they can deliver the products within a short time. Of course, the buyers are paying them more than they would have paid the Bangladeshi makers," he said.

He said local apparel manufacturers bagged export orders worth \$66.35 million in the just concluded annual textile exposition at the Bangabandhu International Conference Centre in Dhaka. The exposition received export orders worth \$65 million last year.

About 175 foreign buyers and 3,015 representatives from Bangladesh's existing export destinations as well as new markets visited the three-day exposition concluded on Monday.

Although the export order is up by only 2.07 percent over the same event last year, Mohiuddin termed the fair successful. "The event has not only attracted buyers from our traditional export destinations, but also from the non-traditional markets."

He urged the government to construct a large convention centre as many of the BGMEA members could not showcase their products. "We could allocate only a small number of stalls, which do not represent our real strength."



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