

The Impact of Securities Exchange Commission
and brokerage house on investors.

Name: Musray Alam Iraj.

Student ID 11104018

Name of the organization : Moshihor Securities
LTD

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Approval Page and letter of Transmittal:

Hello sir , this is Musray Alam Iraj . I am a student of Brac Business School. I started my internship on 5th of September . While writing the report I have followed the instruction of my supervisor and I am grateful towards him because sir has always guided me towards the right path.

Thank you

Assoc. Professor Dr.Md.Mamun Habib
Brac Business School, Brac University.
Editor –in-Chief, International Journal of Supply
Chain Management (IJSCM), UK-Scopus Indexed.

Acknowledgment:

I do acknowledge clearly that while writing the report I got help from the branch manager of Moshihor Securities LTD.(Mahdi Hasan Chisty) On the other hand I am also very thankful towards my honorable supervisor Dr Mamun Habib for guiding me to write the report. Last but not the least is Pronoy Saha (Rony) an investor who helped me in collecting secondary data.

Executive Summary :

This is an internship report based on the function of BEC and on the function of the brokerage house of Bangladesh. The internship was done on Moshior Securities LTD. It is considered to have the highest number of clients all over Bangladesh. In the initial stage the function of brokerage house was being discussed , later on the function of BEC was being discussed .The whole report emphasized how unethical business practice of a brokerage house affect an investor . Even though BEC do work as an watch dog to abolish unfair practices but in many situation the commission do get corrupted and and stop taking actions against unfair trade practices.

Organization part :

The basic function of a brokerage house is searching out buyers when their customers wish to sell and locating sellers when their customers wish to buy and execute transaction as per customer's instructions. The brokers do not function as principals in the transactions they are only agents. Brokers do charge a commission for buying and selling and in some point of time the rate of the commission do varies from brokerage house to brokerage house. It is important that the firm need to care and a minimum level of skills in fulfilling the customers orders. In some point of time the brokerage house should take the liability for any types of losses resulting of their mistakes. A greater level of skill and cove is being required to follow instructions of the customer and place order in the market during trade as fastest possible time. The commission that the brokerage house does make is the difference between the buying and selling price of the share.

MOSHIHOR SECURITIES LTD was established during 1997. It started operating fully in 1998. Its main corporate office is being located in motijheel. Rather than their corporate office it do have 8 branches all over Dhaka and 4 branches outside Dhaka.

Corporate Head Office

Dilkusha Center, 28, Dilkusha C/A, Dhaka-1000

Floor : 1st, 4th, 7th, 8th, 13th, 14th, 18th

Suite-101, 102, 402, 703, 804, 1301, 1304 1401, 1402, 1801.

Contact : 9551476 (Hunting)

Phone : 9561555, 7174230, 7172366, 9554275, 9554899, 9554243, 9550108, 9514947, 9514948, 9514950, 9514961, 9514962, 9514968, 9550048

Fax : +88-02-9564378,

E-mail: info@moshihor.com, Web: <http://www.moshihor.com>

Jatrabari Extension Office

40/2, Samiullah Plaza, 5th Floor, Shahid Faruk Road, Jatrabari, Dhaka.

Contact : 7543249, 7544926, E-Mail : jatrabari@moshihor.com

DSE 427 Extension Office

9/E, Motijheel C/A (3rd Floor), Suite - 427, Dhaka-1000

Contact : 01196029527, E-Mail : dse427@moshihor.com

Uttara Branch

House-7, Road-14/C, Sector-4, Uttara Model Town, Dhaka-1230.

Contact : 8923387, 8959846, E-Mail : uttara@moshihor.com

Karwan Bazar Branch

Hasan Plaza, 53, Karwan Bazar, 4th Floor, Dhaka-1215.

Contact : 8123191, 8123107, E-Mail : kawranbazar@moshihor.com

Niketon Branch

Apartment-2B, House-C77, Block-C Road - 8, Estern Properties Ltd., Niketon Housing, Gulshan, Dhaka.

Contact: 9893298, 9893397, E-Mail : niketon@moshihor.com

Malibagh Chowdhurypara Branch

B-93, Malibagh Chowdhury Para, DIT Road, Dhaka-1219.

Contact : 9330724, E-Mail : malibagh@moshihor.com

Gulshan Branch

Unicorn Plaza, 40/2, North Avenue, Suite-03, 4th Floor, Gulshan-2.

Contact : 01732279204, E-Mail : gulshan@moshihor.com

Banani Branch

House-59, 4th Floor, Road-8, Banani Model Town, Dhaka-1212.

Contact : 01833318165, E-Mail : banani@moshihor.com

Tangail Branch

Aziz Plaza, 2nd Floor, Victoria Road, Tangail Sadar

Contact : 01716012501, 01671816148, E-Mail : tangail@moshihor.com

Mymensingh Branch

324, Charpara Mor, Razin Plaza, 3rd Floor, (Near Medical College) Mymensingh Sadar, Mymensingh.

Contact: 09161815, 01833318191, E-Mail : mymensingh@moshihor.com

Nowgaon Branch

F. Rahman Park, 2nd Floor, Chockdev Dokksin Para, Naogaon Sadar Road, P.O. :

Nowgaon, P.S.: Nowgaon, Dist : Naogaon

E-Mail : nowgaon@moshihor.com

Madhabdi Branch

Bhoyan Plaza, 1st Floor, Soto Gadiarchor, P.S. : Madhabdi Dist : Narsingdi, Bangladesh

Contact : 01817115940, E-Mail : madhabdi@moshihor.com

It is a private limited company and a member of Dhaka Stock Exchange (Membership No. 134). The company offers full fledged & brokerage service to international institutions, domestic institutions and individual investors under the rules and regulations of Securities and Exchange Commission (SEC) of Bangladesh. The company is committed to provide international standard services with all possible flexibilities for investment solutions related to Bangladesh Capital Market.

The sponsors of the company have long experience in handling capital market activities and in analyzing the tools and techniques of capital market towards making sound investment decisions. The Company is managed by a team of highly clabbered and well mannered professionals who are ready to address the needs and requirements of the clients and customers, exercise their best analytical skill and judgment to provide rewarding help and whatever guidance, assistance and information the clients ask for, they happily provide those whenever the clients need.

With the patronage of and by offering satisfactory services to its clients, customers and well-wishers, **MOSHIHOR SECURITIES LTD** has been able to achieve steady progress since its commencement of business. The Company has already opened more branches in Bangladesh. More branches are in the offing to reach its services to the doorsteps of the clients. The Company would like to assure quality services to all for whom it operates. It has sincere determination to always live up to the expectation of its clients.

The capital markets in Bangladesh have undergone many changes over the last couple of years. The undaunted tasks performed by SEC officials have made the operators in capital market more accountable and transparent. With constant guidance, supervision and monitoring of the Securities and Exchange Commission and the Stock Exchanges, the companies are now more regular in making various corporate disclosures in time as well as in recommending fair rate of return for their shareholders. The active cooperation from and timely intervention of the capital market watchers have made it possible for enlistment of more companies in Stock Exchanges and the market capitalization have expanded to a great extent. The trading on Stock Exchanges have reached to a new height and the Government is now considering to off load the shares of many state-owned companies which will undoubtedly create a new pace.

Protection and enhancement of the interest of clients remain our prime goal. Service is our motto. Clients are our valuable assets and returns of their happy face or call from their assured tones are what we always strive for.

Our humble suggestion to our valued clients: Please do not rush on rumors, exercise your own judgment and if necessary, take to your investment brokerage house about where and when to invest. Always make your investment in companies having strong fundamentals and good track records, because we will grow, when you will grow.

Business Operations

- ✓ SMS Services
- ✓ Home Services
- ✓ Phone Trading

SMS Services:

In this services the company provides information about a customer's buying & selling of his/her own share through SMS services.

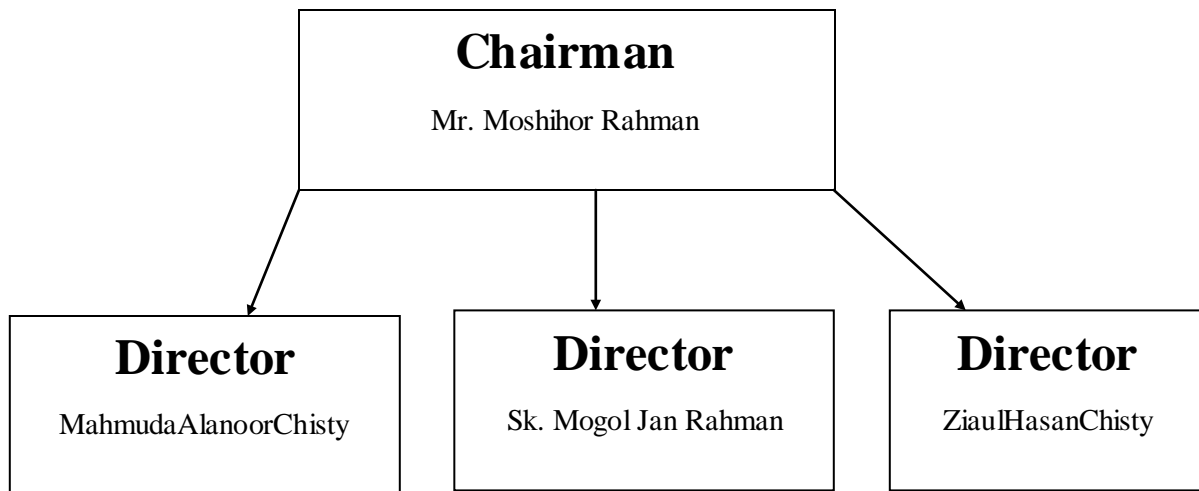
Home Services:

This is a very unique way of trading. The company provides individual trader for its customers. The trader will give time to its customer. This service can be provided in customer's office or in customer's own house.

Phone Trading:

Buying & Selling of shares can also be done over phone. This only done during trading hours.

Structure of the Organization



I started my Internship in **MOSHIHOR SECURITIES LTD** in early September, 2016. From first to till last I worked and help the company for creating customer's database.

Introduction of the project :

I started my internship in brokerage house .The work started form Ist of September. As I have said earlier brokerage house is considered as a financial institution so whenever we talk or discuss about any financial institution then I do see one thing and that is the service of any financial institution are very clear therefore whenever a client is doing any financial transaction then on that period of the client do have idea about the activity of the institution, but when any customer are buying and selling their shares on stock market then its being found out there is lack of transparency and in some point of time it is being found out that due to lack of transparency the customers do have to take the burden of loss. In this project the negative affect of buyers and sellers of stock will be taken under consideration. On the other hand the function of BSEC(Bangladesh Securities Exchange Commission) will also be looked elaborately. In the whole report the function of brokerage house and BSEC(Bangladesh Securities Exchange Commission) will be described elaborately and so that it do become easier for the trader to understand the work of any brokerage house and as well as of BSEC(Bangladesh Secures Exchange Commission). This report can also be used as a guideline for any amateur investor who are willing to invest their money in secondary market. We are also going to discuss about the internal management problems of brokerage houses. After working for approximately three months in a brokerage house some big issues became very clear infront of me as an intern and among them one is the educational background of the traders who are sitting while doing trade in secondary market . In a lot of brokerage house its being found out that traders are not highly skilled in order to provide guideline to their customers. They just provide some background information about a company towards their investors and in some situations investors do have to believe the information given

by their traders in brokerage houses. Recently some reputed and prominent brokerage houses like Lanka Bangla and IDLC do hire educated employees from finance background but still are not practiced in all brokerage house of Bangladesh. In Bangladesh there is a concept which is very prominent and that is “Gamblers”. After talking with some buyers and sellers its being found out that some big investors and as well as some brokerage houses do try to manipulate the market. In Bangladesh it is very true and a common phenomenon. Idealistically the price of shares in capital market should be determined through demand and supply. If demand of any specific share is higher then its supply then price of that share should increase. If demand of a specific share is lower in compared with supply the price of that share will decrease . This is considered as a simple theory in free market economy. BSEC (Bangladesh Securities Exchange Commission) has made a lot of rules and as well as amendment in their regulations but still they are unable to stop speculation in stock exchange market. Some big investors make cartels among themselves and they buy shares of a specific company , so they create artificial demand in the market hence price of a specific share increases in the secondary market. An investor can make money in stock exchange market if he/she do have clean and clear idea about the background of the company, dividend that the investor is going to get at the end of the year and last but not the least the amount of money that an investor can make if he/she sells its shares after it gets matured in the market.

Problem Statement :

“ The function of brokerage house and BSEC(Bangladesh Securities Exchange Commission) and their impact on investors.” In the introduction of the project we have briefly discussed some problems which are being faced by both buyers and sellers. In this segment the problems will be discussed in such a way so that it do become easier for any person to understand the problems that are being faced by them when they invest their money in stock market. This report can also be used as a initial guideline for any new investor. As we are moving forward we should understand the function of BSEC(Bangladesh Securities Exchange Commission).

BSEC(Bangladesh Securities Exchange Commission) :

The Bangladesh Securities and Exchange Commission (BSEC) was established on 8th June, 1993 as the regulator of the country's capital market through enactment of the Securities and Exchange Commission Act 1993. Through an amendment of the Securities and Exchange Commission Act, 1993, on December 10, 2012, its name has been changed as Bangladesh Securities and Exchange Commission from previous Securities and Exchange Commission. The Commission consists of a Chairman and four Commissioners who are appointed for fulltime by the government for a period of four years and their appointment can be renewed only for further one term, but the condition is that age can not exceed 65 in position during the tenure. The Chairman acts as the Chief Executive Officer (CEO) of the Commission. The Commission has overall responsibility to formulate securities legislation and to administer as well. The Commission is a statutory body and attached to the Ministry of Finance.






Mission of the BSEC is to:

- Protect the interests of the investors in securities.
- Develop and maintain fair, transparent and efficient securities markets.
- Ensure proper issuance of securities and compliance with securities laws.

The Commission's main functions are:

- q Regulating the business of the Stock Exchanges or any other securities market.
- q Registering and regulating the business of stock-brokers, sub-brokers, share transfer agents, merchant bankers and managers of issues, trustee of trust deeds, registrar of an issue, underwriters, portfolio managers, investment advisers and other intermediaries in the securities market
- q Registering, monitoring and regulating of collective investment scheme including all forms of mutual funds.
- q Monitoring and regulating all authorized self regulatory organizations in the securities market.
- q Prohibiting fraudulent and unfair trade practices relating to securities trading in any securities market.
- q Promoting investors' education and providing training for intermediaries of the securities market.
- q Prohibiting insider trading in securities.
- q Regulating the substantial acquisition of shares and take-over of companies.
- q Undertaking investigation and inspection, inquiries and audit of any issuer or dealer of securities, the Stock Exchanges and intermediaries and any self regulatory organization in the securities market.
- q Conducting research and publishing information.

The Present Commission:

	Dr. M. Khairul Hossain	Chairman
	Professor Md. Helal Uddin Nizami	Commissioner
	Md. Amzad Hossain	Commissioner
	Md. A. Salam Sikder	Commissioner
	Dr. Swapan Kumar Bala	Commissioner

Departments and Principal Officers:

Spokesperson for the Commission: Mr. Md. Saifur Rahman, Executive Director

Administration & Finance (A&F) Department:

Administration and Finance department deals with human resources, all sorts of logistic activities, to carry out day to day executive functions as well as finance & accounts. As part of Administrative functions, administration officials performed activities regarding correspondence with concerned ministries, recruitment & training of human resources, procurement, motor pool etc. In connection with financial activities, finance & accounts officials prepare budget and financial statement of the Commission, collect revenue & disburse payments, maintain Gratuity/Pension fund, General & Contributory Provident Fund etc. The department is headed by Mr. Md. Anowarul Islam, Executive Director.

Officers of the department are:

Mr. Md. Anowarul Islam, Executive Director (Admin & Finance)

Mr. Md. Abul Kalam, Director (Finance)

Mr. Mohammad Abul Hasan, Director (Admin)

Mr. Abul Kalam Azad, Deputy Director (Admin)

Mr. Mollah Md. Miraz-Us-Sunnah, Deputy Director (Finance)

Mr. M.A. Maleque, Accounts Officer (Finance)

Mr. Jalal Uddin Ahmed, Assistant Director (Admin)

Ms. Sahana Parvin, Assistant Director (Admin)

Ms. Ziaun Nahar Sharif, Assistant Director (Admin)

Mr. Md. Mahfuzur Rahman Talukder, Assistant Director (Admin)

Mr. Md. Rafiqunnabi, Assistant Director (Admin)

Mr. Ziaur Rahman, Assistant Director (Admin)

Mr. Mohammad Asif Iqbal, Assistant Director (Admin)

Capital Issue Department (Initial Public Offering has been renamed):

Capital Issue Department of the Commission accords consent to issue equity and debt securities through initial public offer and also other than public offer. Public and private limited companies are required to take consent of the Commission for raising capital whose capital exceeds Tk. 10 million and 100 million respectively. This department also approves the issuance of listed companies' rights share and repeat public offer. The department is headed by Mr. Md. Mahbubul Alam, Executive Director.

Officers of the department are:

Mr. Md. Mahbubul Alam, Executive Director.

Mr. Kamrul Anam Khan, Director

Mr. Mohammad Rezaul Karim, Director

Mr. Prodip Kumar Basak, Director

Mr. Mohammad Shamsur Rahman, Deputy Director

Mr. Mohammad Delowar Hossain, Deputy Director

Mr. Md. Faruq Hossain, Deputy Director

Mr. Md. Kawsar Ali, Deputy Director

Mr. Md. Iqbal Hossain, Assistant Director

Mr. Syed Muhammad Golam Mowla, Assistant Director

Capital Market Regulatory Reforms & Compliance (CMRRC) Department:

CMRRC department drafts amendments of securities laws, suggests reforms of the market and provides clarifications. The department is headed by Mr. Md. Mahbubur Rahman Chaudhury, Executive Director.

Officers of the department are:

Mr. Md. Mahbubur Rahman Chaudhury, Executive Director

Mr. Ripan Kumar Debnath, Director

Mr. Mohammad Zubair Uddin Bhuiyan, FCS, ACMA, Deputy Director

Central Depository System (CDS) Department:

Central Depository System (CDS) department supervises activities of Central Depository Bangladesh Limited (CDBL), activities of depository participants, dematerialization of listed companies' shares under depository system, issue and transfer of securities in dematerialized form, beneficiary owners (BO) accounts, and issue order/notification etc. related to depository system, under the Depository Act, 1999, the Depository Regulation, 2000 and Depository (User) Regulation 2003. The department is headed by Mr. Md. Ashraful Islam, Executive

Director.

Officers of the department are:

Mr. Md. Ashraful Islam, Executive Director

Mr. Syed Muhammad Golam Mowla, Assistant Director

Chairman's Office:

Function of the department is to conduct Commission Meeting and Coordination Meeting.

Officers of the department are:

Ms. Farhana Faruqui, Director

Mr. Md. Rashidul Alam, PS to Chairman

Mr. Mohammad Emdadul Haque, Assistant Director

Corporate Finance Department (CFD):

The Corporate Finance Department (CFD) supervises and monitors the listed companies after issuance of primary shares in light of the securities laws. Activities of the department are oversight and reporting on issuers of listed securities related to on time submission of audited financial statements, half yearly financial statements and annual reports/minutes, examination of the aforesaid financial statements and reports/minutes, appointment of statutory auditors in compliance with securities laws, utilization of fund (IPO & Rights), compliance of conditions of notification regarding corporate governance,

compliance of other securities laws, supervision and follow-up of the special audits conducted by the Commission, and review of existing securities laws, rules and regulations concerning CFD and proposed amendments thereto. The department is headed by Mr. Md. Hasan Mahmud, Executive Director

Officers of the department are:

Mr. Md. Hasan Mahmud, Executive Director

Mr. Prodip Kumar Basak, Director

Mr. Mohammed Fakhru Islam Mazumder, Deputy Director

Mr. Mollah Md. Miraz-Us-Sunnah, Deputy Director

Mr. Md. Bony Yeamin Khan, Assistant Director

Mr. Mawdud Momen, Assistant Director

Enforcement Department:

Under the Securities laws, the Enforcement Department takes legal measures including imposition of penalty against those who breach/violate securities laws in consideration of nature of crimes they commit. Prior to taking measures, it follows due process that includes giving the accused an opportunity of being heard. All departments of the Commission send referral to Enforcement Department if they see any violation of securities laws. The department is headed by Ms. Ruksana Chowdhury, Executive Director.

Officers of the department are:

Ms. Ruksana Chowdhury, Executive Director

Mir Mosharraf Hossain, Director

Ms. Mustari Jahan, Deputy Director

Mr. Md. Hossain Khan, Deputy Director

Mr. Mohammad Siddiqur Rahman, Deputy Director

Mr. Md. Yusuf Bhuiyan, Deputy Director

Mr. Md. Shahnaws, Assistant Director

Mr. Md. Mustafizur Rahman, Assistant Director

International Affairs Department:

International Affairs Department (IAD) is responsible for the following activities;

- a) Maintaining relationship with all the capital market regulators of the world;
- b) Maintaining constant liaison with the International Organization of Securities Commissions (IOSCO), including all its Committees and Working Groups;
- c) All matters related to IOSCO Multilateral Memorandum of Understanding (MMoU).

The department is headed by Mr. Md. Mahbubul Alam, Executive Director.

Officers of the department are:

Mr. Md. Mahbubul Alam, Executive Director.

Ms. Farhana Faruqui, Director

Mr. Mohammad Emdadul Haque, Assistant Director

Law Department:

Functions of Legal department are assisting the lawyers engaged by the Commission to conduct the cases filed by or against the Commission in different courts, preparing written objection and statement on cases filed against the Commission, preparing para wise comments on writ petition filed against the Commission, signing case related documents with affidavit before the concerned officer of the court, preparing plaint/requisition for certificate cases, filing certificate cases and conducting those to realize the penalty imposed by the Commission, vetting the letters, orders, directives sent from different departments of the Commission and providing legal opinion on different matters sent from different departments of the Commission. Mr. Md. Mahbuber Rahman Chaudhury, Executive Director, heads the department.

Officers of the department are:

Mr. Md. Mahbuber Rahman Chaudhury, Executive Director

Mr. A.S.M. Mahmudul Hasan, Deputy Director

Mr. Muhammad Ziaur Rahman, Deputy Director

Mr. Munshi Md. Enamul Haque, Assistant Director

Mr. Towhid Hassan, Assistant Director

Mr. Shahrier Perves, Assistant Director

Management Information Systems (MIS) Department:

Functions of MIS department are development of automation for assisting different departments' activities, development of capital market monitoring system based on computerized data analysis, informing all about securities laws and other related matters through its website www.secbd.org, planning, operating, administering and supporting IT infrastructure at SEC and assisting the Commission in related areas. The department is headed by Mr. Md. Ashraful Islam, Executive Director

Officers of the department are:

Mr. Md. Ashraful Islam, Executive Director

Mr. Rajib Ahmed, Director

Mr. Kazi Md. Al - Islam, Assistant Director

Mr. Gour Chand Sarker, Assistant Director

Mutual Fund & Special Purpose Vehicle:

Mutual Fund & Special Purpose Vehicle Department deals with registration of mutual funds and special purpose vehicles, their monitoring, supervision and compliance, and any other function related to them. The department is headed by Mr. Md. Hasan Mahmud, Executive Director.

Officers of the department are:

Mr. Md. Hasan Mahmud, Executive Director

Mr. Mahmoodul Hoque, Director

Mr. Sk. Md. Lutful Kabir, Deputy Director

Mr. Mohammad Amdadul Hoque, Deputy Director

Ms Sultana Parvin, Assistant Director

Registration & Licensing Department:

Registration Department looks after registration and renewal of all stock brokers, stock dealers, merchant bankers, credit rating agencies, depository participants, authorized representatives, asset management companies, trustees, custodians, and permission regarding branch opening of stock brokers. Licensing of intermediaries help the Commission to discharge its oversight functions more effectively. The department is headed by Mr. Mahbubul Alam, Executive Director.

Officers of the department are:

Mr. Mahbubul Alam, Executive Director

Mr. Mohammad Jahangir Alam, Director

Mr. Hafiz Mohammed Harunur Rashid, Deputy Director

Ms. Umme Salma, Deputy Director

Mr. Md. Saiful Islam, Assistant Director

Mr. Md. Ashraful Alam, Assistant Director

Research & Development (R&D) Department:

Research and Development Department of the Commission conducts investors'

education program twice a month for the general investors, organize capital market related presentation/seminar for various government and non-government organizations, deals with the Commission's various publications like annual report (Bangla & English), quarterly report(Bangla & English), quarterly Bangla news letter-Parikrama, furnishes various reports and information to the government and other institutions including Ministry of Finance and different regulatory authorities. The department is headed by Mr. Md. Ashraful Islam, Executive Director.

Officers of the department are:

Mr. Md. Ashraful Islam, Executive Director

Mr. Abu Rayhan Mohammad Mutasim Billah, Director

Mr. Mohammad Zahirul Haque, Assistant Director

Mr. Mohammad Ratan Miah, Assistant Director

Supervision & Regulation of Markets and Issuer Companies (SRMIC):

SRMIC Department supervises stock exchanges and deals with complaints lodged against issuer companies as per securities laws. The functions include monitoring of declaration about sale/purchase/transfer of securities by the sponsor /director of the listed companies, monitoring of monthly shareholding position of sponsors/directors, monitoring of disclosure of price sensitive information of listed companies, approval of transfer of shares of listed companies outside the stock exchange, monitoring all activities of stock exchanges (except securities transactions), taking effective measure to address complaints against issuer, monitoring of AGMs/EGMs and dividend payments for all listed companies. The

department is headed by Mr. Md. Anowarul Islam, Executive Director.

Officers of the department are:

Mr. Md. Anowarul Islam, Executive Director

Mr. Md. Monsur Rahman, Director

Mr. Mohammad Shakhawat Hossain Sarkar, Deputy Director

Mr. Mohammed Nazrul Islam, Deputy Director

Ms. Anu Dey, Assistant Director

Ms Mahmuda Shireen, Assistant Director

Mr. S.M. Ahsanul Kabir, Assistant Director

Supervision & Regulation of Intermediaries (SRI) Department:

Function of SRI Department is supervision of performing activities of merchant bankers, stock dealers/stock brokers, depository participants, security custodian banks, merchant bankers, security lenders & borrowers and other market intermediaries. SRI department is headed by Mr. Md. Saifur Rahman, Executive Director.

Officers of the department are:

Mr. Md. Saifur Rahman, Executive Director

Mr. Mohammad Shafiul Azam, Director

Mr. Ohidul Islam, Deputy Director

Mr. Mohammad Golam Kibria, Deputy Director

Mr. Md. Sultan Salah Uddin, Assistant Director

Mr. Md. Sirajul Islam, Assistant Director

Surveillance Department:

Surveillance Department keeps vigil on securities transactions in Bangladesh. To identify unlawful trading activities, surveillance department watch and analyze the trading in both the stock exchanges through on-line and off-line surveillance system and prepare daily, weekly & monthly trade reports at the end of trading by pointing market condition and observation of surveillance officials. In order to ensure proper compliance of securities related laws, surveillance department conducts investigation and enquiry against involving parties regarding market manipulation, insider trading & other malpractices, if any. The main purpose of the said activities are to ensure fair-trading and build-up confidence of investors in the securities market. The department is headed by Mr. Md. Saifur Rahman, Executive Director.

Officers of the department are:

Mr. Md. Saifur Rahman, Executive Director

Mr. Sheikh Mahbub Ur Rahman, Director

Mr. Rajib Ahmed, Director

Mr. Mohammad Al Masum Mirdha, Deputy Director

Mr. Mohammad Rakibur Rahman, Assistant Director

Ms. Parvin Akter, Assistant Director

Mr. Md. Abdus Salim, Assistant Director

Mr. Md. Nanu Bhuiyan, Assistant Director

Mr. Muhammad Oarisul Hasan Rifat, Assistant Director

Mr. Md. Sohikul Islam, Assistant Director

Projects:

ADB Project: Improvement of Capital Market Governance

The project is a loan project financed by Asian Development Bank under the Improvement of Capital Market and Insurance Governance Project ADB TA Loan-2232 BAN. Main objective of the project is development of the capital market in Bangladesh.

Project Concerns:

Mr. Md. Saifur Rahman, Project Director & Executive Director

Impact of BSEC on investor :

From above we get to know elaborately about the function of BSEC(Bangladesh Securities Exchange Commission) but in real life a lot of functions are not being practiced and not being maintained by BEC. In the very first point they have said that they do try their best to regulate the business of stock exchange and other securities. In real life its being found out that the securities houses are highly involved in manipulating the market. Basically BECy y have implemented a fixed rate of commission for the brokerage house and that is 0.50% of the total value of the trading. In reality the brokerage house are charging very low amount of commission . Different brokerage houses do charge different commission from their customers and for this reason customer do get confused on where to their trading. So to avoid this types of situations BEC should make a strong

investigation , inspection and audit team/ board to investigate the commission rate of the brokerage house. If any brokerage house are not fulfilling the rules and regulations of BEC then necessary actions should be taken against that specific brokerage house.

Once upon a time during the period of 1990's shares were being sold in papers. There was lack of transparency. In last 10 years technologies are being used in order to buy and sell shares. In some point of time its being found out that brokerage houses are trading against the rules and regulations of BEC. Brokerage houses are selling the shares of their investors before the maturity just to gain higher level of commission and BEC stays silent. It is being done because price of some shares do raises dramatically. So if a trading house sells his/her investors shares then the house will gain higher amount of commission. Therefore the brokerage house help investors to sell its shares before maturity. So BEC should take actions against these types unfair trade practices.

Impact of brokerage houses :

Whenever we talk about brokerage house ordinary people do think that they do the task of buying and selling of shares . Ideally this should be their one and only job. In real life they do get involved in lots of unethical activities. Some major activities are being discussed below:

Brokerage house do act as a source of manipulation: As I have discussed earlier, price of shares should be determined through demand and supply. In real scenario it is totally different. Gamblers do play a vital role in the market. After studying the market I get to know that gamblers do manipulate the market in a very severe way. At the initial stage the gamblers or big investors make curtains among themselves

then they buy huge amount of shares. These creates artificial demand in the market which force the price of one specific company's share to rise up. When the price of share increases and ordinary people buys shares at a higher price, then those gamblers start selling those shares. As gamblers invested huge money in stock so when they sell their shares , price of those shares start falling dramatically because supply of those specific share increases then its demand. In this type of situation small and mid range investprs suffers from losses. Lot of times brokerage house act as a medium of information for the investors . According to the rules and regulations of BEC a brokerage house should only help an investor to buy and sell its shares. They can help an investor to compare one company share with another company share so that an investor can buy a good company share. In today's scenario traders of brokerage house directly tells and prescribe investor to buy and sell shares of one specific company. This is totally wrong and illegal because manipulation is unethical and it is also illegal practice of business in stock market.

Investors wrong decision making: If we look at the trading houses of Bangladesh then we do see that few big trading companies do hire highly educated and intelligent executives as traders . There are a lot of companies who do not hire educated traders especially from finance background . When they start doing their job they are given a minimum level of knowledge about the stock market of Bangladesh. So due to lack of knowledge they do become unable to provide satisfactory services towards the investors. Its also being found out that the traders of a brokerage house is involved in manipulating its customer who do have performed bad in its business . All this things enhance an investor to make a wrong decision while buying and selling shares.

Lack of information for investors: The stock exchange do not have proper team to analysis the market. Few big brokerage house do have a strong analysis team but they only analysis and give information about A category shares. If any investor do want information then the brokerage house do show unwillingness to provide analyzed information about Z G and N categories of shares.

Purpose of the project :

Whenever a client goes towards a bank then it becomes really easy for the client to understand the function of the bank but if a investor is going towards a brokerage house for investing money in stock exchange market then they do get confused about the system and the work process of a brokerage house because the function of stock exchange market and brokerage house is complex. We have made the report so that if any person reads the whole report in aproper way then he/she will have a clean and clear idea about the function of a brokerage house and as well the function of BEC. This report will help an investor to understand the problems that are being faced due to market manipulation. The functions of BEC are being discussed and how BEC can investigate and can take necessary action against any brokerage house.

Limitations :

As an intern when I started my work for preparing the report , I founded out that there was always lack of information . The office on which I have worked was always unwilling to provide me with any types of information about their investors and as well as their market. For doing this report at first I thought of doing research but I was unable because taking information through samples ang giving a representation about the whole population will be tough. So for making the report

the only source of information was secondary data . When I started working based on secondary data I emphasized on the function BEC . While working oin the function of BEC then I found reaily tough to understand the amendment done by BEC.

Methodology :

While working on this report all information taken was from secondary sources . To get more idea about the market I took the help of the branch manager of Moshior Securities LTD. He briefed me about the stock market but he did not provide me with any internal information of the company.

Findings and Conclusion :

As I have written earlier that the ideal situation for doing trade in stock exchange is being hampered by the gamblers. In some situation the brokerage house indirectlysupport the gamblers by spreading news towards investors. Sometimes they manipulate investors to buy shares who do have performed bad on present years. Few unethical businessmen has always disturbed and ruined the environment of the whole stock exchange business of Bangladesh. There was always a very stock exchange crisis in 1998 and as well as in late 2008. The reason behind the market crisis is only manipulation and market was being being manipulated by gamblers. If BEC reduce the level of corruption and perform its work properly then the business environment of stock market will get better and low income group people and middle income group can earn money through investing its money smartly.

Reference :

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