

No. SEC/CI/RI-17/06/

Date: December 12, 2006

Directive

Whereas, the Securities and Exchange Commission, (hereinafter referred to as the Commission) vide Letter No. SEC/CI/RI-17/06/30 dated September 7, 2006, accorded approval under the Securities and Exchange Commission (Rights Issue) Rules, 2006 to Southeast Bank Limited (hereinafter referred to as the Issuer) for issuance of 1,05,63,696 ordinary shares of Tk.100.00 each at an issue price of Tk.200.00 each (including a premium of Tk.100.00 per share) amounting to Tk.211,27,39,200.00 (taka two hundred eleven crore twenty seven lac thirty nine thousand two hundred) only on the basis of 1 rights share for 1 existing share.

Whereas, the Commission imposed condition under Section-2CC of the Securities and Exchange Ordinance, 1969 that the issuer must notify the underwriters within 10 (ten) days of the subscription closing date to take up the undersubscribed shares on full payment of the share money within 15(fifteen) days of the issuer's notice.

Whereas, the Issuer entered into agreements with 08 (eight) underwriters to take up the under-subscribed shares of the abovementioned rights issue by the underwriters which was disclosed in the Rights Share Offer Document dated September 7, 2006.

Whereas, the Issuer informed the Commission vide Letter No.SBL/HO/BS/372/2006 dated December 05, 2006 that out of 1,05,63,696

shares 1,03,63,430 shares were subscribed by the shareholders and 2,00,266 shares remained undersubscribed and also informed that the Issuer passed a resolution in its 239th board meeting to offer the underwriters 30,000 shares out of the 2,00,266 undersubscribed shares and also to distribute remaining 1,70,266 shares to the shareholders, others and members of the staff.

Whereas, the Commission considers the abovementioned activities of the Issuer as contravention of Section 2CC of the Securities and Exchange Ordinance, 1969 and Rule 6(2) of the Securities and Exchange Commission (Rights Issue) Rules, 2006.

Whereas, the Commission in the interest of the securities market considers it to be expedient to abstain the Issuer from implementation of the board decision as mentioned above and to ensure compliance of the Securities and Exchange Ordinance, 1969 and Securities and Exchange Commission (Rights Issue) Rules, 2006 by the Issuer.

Now, therefore, the Commission, in exercise of its power conferred by Section 20 of the Securities and Exchange Ordinance, 1969 (XVII of 1969) hereby directs Southeast Bank Limited to abstain from implementation of the resolution taken in its 239th board meeting to offer the underwriters 30,000 shares out of the 2,00,266 undersubscribed shares and to distribute remaining 1,70,266 shares to the shareholders, others and members of the staff. The Commission, under Section 20 of the Securities and Exchange Ordinance, 1969 (XVII of 1969) hereby also directs the Issuer to comply with the Condition No. 11 of its approval Letter No. SEC/CI/RI-17/06/30 dated September 7, 2006 imposed under Section 2CC of the Securities and Exchange Ordinance, 1969 and the Securities and Exchange Commission (Rights Issue) Rules, 2006 within December 18, 2006, by

calling upon the 08(eight) underwriters to subscribe total 2,00,266 undersubscribed shares in proportion to the amount underwritten by each of the underwriters.

For Securities and Exchange Commission

Mahbubul Alam

Deputy Director

Distribution:

Chairman, Southeast Bank Limited
Managing Director, Southeast Bank Limited
AAA Consultants & Financial Advisers
Bangladesh Mutual Securities Limited
Capital Market Services Limited
Fidelity Assets & Securities Co. Limited
Prime Finance & Investment Limited
Bay Leasing and Investment Limited
Export Import Bank of Bangladesh Limited
IDLC of Bangladesh Limited
Swadesh Investment Management Limited

Copy to:

Governor, Bangladesh Bank
Registrar of Joint Stock Companies and Firms
Chief Executive Officer, Dhaka Stock Exchange Limited
Chief Executive Officer, Chittagong Stock Exchange Limited
Chief Executive Officer, CDBL
All Departmental Heads, SEC
Chairman's office, SEC
All Members' office, SEC