

# Code of Conduct For Directors



PAKISTAN  
MERCANTILE  
EXCHANGE

August 7, 2018

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## **Code of Conduct for Directors**

### **Introduction**

The Board of Directors of PMEX is committed to the highest standards of conduct in our relationships with PMEX employees, members, shareholders, regulator and the public. This means conducting our business in accordance with all applicable laws and regulations, and it also means commitment to the spirit of the law. Our actions should reflect PMEX values, demonstrate ethical leadership, and promote a work environment that upholds PMEX reputation for integrity, ethical conduct and trust. This Code is intended to provide a statement of the fundamental principles applicable to our Board of Directors.

Directors are encouraged to bring questions about particular circumstances that may involve one or more of the provisions of this Code to the Chairman of the Board.

Directors who also serve as senior management officers of PMEX must also comply with the PMEX Employee Code of Conduct.

### **Purpose**

The purpose of this 'Code of Conduct' is to serve as a guide to the Directors of PMEX (the Exchange) on the principles of integrity, transparency, business ethics and to set up standards for compliance of Corporate Governance. This Code of Conduct has been adopted to meet with the requirements of Section 10(3) (ii) of Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 10(8) of the Futures Exchanges (Licensing and Operations) Regulations, 2017.

### **A. Conflicts of Interest**

Each Director must avoid conflict of interest between the Director and the Exchange. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Exchange, should be disclosed promptly.

### **B. Corporate Opportunities**

Directors are prohibited from taking personal opportunities related to the Exchange's business, using Exchange's property, information or position for personal gain or competing with the Exchange for business opportunities.

### **C. Confidentiality**

Directors must maintain confidentiality of the information entrusted upon them by the Exchange, except when disclosure is authorized by the Chairman of the Board or legally mandated.

### **D. Honesty, Integrity and Fair Dealing**

Directors must act honestly and fairly and exhibit high ethical standards in dealing with all stakeholders of the Exchange.

### **E. Compliance with Laws, Rules and Regulations**

Directors shall comply with all laws, rules and regulations applicable to the company.

## **F. Encouraging Reporting of Possible Illegal or Unethical Behaviour**

Directors should take steps to ensure that the Exchange promotes ethical behaviour, encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation. Encourage employees to report violation of laws, rules, regulations, the Exchange's policies and procedures or code of conduct to appropriate personnel and inform them that the Exchange will not allow any retaliation for reports made in good faith.

## **G. Compliance Procedures**

Directors should disclose any suspected violations of this code promptly in the immediate subsequent meeting of the Board of Directors.

## **Duties and Responsibilities of Directors under the Futures Exchanges (Licensing and Operations) Regulations, 2017**

A director shall:

- (a) Ensure shareholders satisfaction through excellent product and services; and place priority for redressing investor grievances and encouraging fair business practice, so that the Exchange becomes an engine for the growth of the futures market.
- (b) Ensure that affairs of the Exchange are being carried out prudently with high business ethics in compliance to all applicable regulatory frameworks including but not limited to provisions of the Futures Market Act, 2016 (Act), the Futures Exchanges (Licensing & Operations) Regulations, 2017 (Regulations), the Companies Act 2017, and other applicable rules, regulations, codes, guidelines, circulars and directions issued by the Commission from time to time.
- (c) Participate in the formulation and execution of strategies in the best interest of the Exchange and contribute towards pro-active decision making; and shall not support any decision in the meeting of the Board which may adversely affect the interest of investors and shall report forthwith any such decision to the Commission.
- (d) Ensure efficient and effective use of Exchange's resources and give benefit of their experience and expertise to the Exchange and provide assistance in strategic planning and execution of decisions.
- (e) Endeavour to ensure that the Exchange takes steps commensurate to honour the time limit stipulated by the Commission for corrective action.
- (f) Endeavour to analyse and administer the Exchange issues with professional competence, fairness, impartiality, efficiency and effectiveness.
- (g) No director shall engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the Exchange.
- (h) Maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of their duties in order to inspire public confidence and shall not engage in acts discreditable to their responsibilities.

- (i) Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the board of directors or required by law.
- (j) Submit the necessary disclosures/statement of holdings/ dealings in securities as required by the Exchange or the Commission from time to time as per their regulations or Articles of Association or any directives of the Commission.
- (k) Unless otherwise required by law, maintain confidentiality and shall not divulge/disclose any information obtained in the discharge of their duty and no such information shall be used for personal gains.
- (l) Perform their duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, their independence or objectivity or official duties.
- (m) Every director of the Exchange shall endeavour to:
  - I. ensure that in case all the items of the agenda of a meeting were not covered for want of time, the next meeting is held within reasonable time frame as the board of directors may determine for considering the remaining items;
  - II. endeavour to have the date of next meeting fixed at each board meeting in consultation with other members of the Board;
  - III. attend all the board meetings and they shall be liable to vacate office if they do not attend fifty percent of the total meetings of the board of directors in a calendar year.
- (n) The independent directors, in addition to the above stated clauses, shall ensure compliance of following clauses:
  - Participate constructively and actively in the committees of the board in which they are chairpersons or members.
  - Strive to attend the general meetings of the Exchange; where they have concerns about the running of the Exchange or a proposed action, ensure that these are addressed by the board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the board meeting.
  - Keep themselves well informed about the affairs and matters of the Exchange and the external environment in which it operates.
  - Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Exchange.
  - Ascertain and ensure that the Exchange has an adequate and functional grievance resolution mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
  - Report concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct of the Exchange and acting within their authority, assist in protecting the legitimate interests of the Exchange, shareholders and its employees.