

Code of Conduct

For Senior Management
Officers & Employees



PAKISTAN
MERCANTILE
EXCHANGE

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Code of Conduct for Senior Management Officers

Duties and Responsibilities of Senior Management Officers under the Futures Exchanges (Licensing and Operations) Regulations, 2017

All senior management officers are expected to understand the Code of Conduct as set forth below and abide by them to the best of their abilities in order to set the highest ethical practices and encourage the spirit of compliance across all levels in the organization.

1. 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.
2. 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.
3. 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.
4. 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.
5. Endeavour to ensure that the Exchange takes steps commensurate to honour the time limit stipulated by the Commission for corrective action.
6. Endeavour to analyse and administer the Exchange issues with professional competence, fairness, impartiality, efficiency and effectiveness.
7. Not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the Exchange.
8. 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.
9. Adhere to the information security policies and procedures and shall 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.
10. 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.
11. 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.
12. 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.

Code of Conduct for Employees

The Company expects all employees to maintain good discipline at all times in order to promote the healthy atmosphere needed for smooth conduct of business activities. The following acts of an employee, shall be deemed to amount to indiscipline:

- ✦ disregard or disobedience of rules or orders of superiors
- ✦ improper behaviour, such as drunkenness
- ✦ making false or misleading statements
- ✦ inefficient, dilatory, careless or wasteful working
- ✦ malingering
- ✦ late attendance and absence without leave.
- ✦ installation of unlicensed and unauthorized software on company's computers – network, standalone and notebooks. However, installation of evaluation copies of licensed software and freeware is permitted with approval from respective Departmental Head.
- ✦ engaging in commodity trading
- ✦ not wearing the company ID card.

Warning letters may be issued and other penalties imposed by the management in response to acts of in-discipline by employees.

The following acts of an employee, inter alias, shall be deemed as misconduct:

- ✦ Wilful insubordination or disobedience
- ✦ Breach of trust or dishonesty
- ✦ Theft or fraud with Company's business or property
- ✦ Wilful damage or loss to Company's goods or property
- ✦ Taking or giving bribes or any illegal gratification
- ✦ Habitual absence without leave or un-intimated absence for more than 10 days
- ✦ Habitual late attendance
- ✦ Habitual negligence or wilful neglect of duty
- ✦ Riotous or disorderly behaviour.
- ✦ Attempt to interfere, prevent, obstruct or dissuade any employee of PMEX in his/her efforts to report a suspected information or physical security violation or vulnerability to PMEX Admin.
- ✦ Engaging in racial, religious or sexual harassment and slander.
- ✦ Use of company's systems and equipment for commercial use for personal benefits.
- ✦ Attempt to compromise policies, controls and procedures, including unauthorized sharing of passwords, and exploit vulnerabilities related to company's information and physical security systems unless part of an approved penetration testing exercise. The approval should be sought from company's head of HR in writing by the departmental head conducting such an attempt.
- ✦ Attempt to intentionally write, generate, compile, copy, propagate, execute or introduce any malicious computer code, such as: virus, worm, logic bomb, or Trojan into the company's network or computing resources.

The management can take severe action against employees found guilty of misconduct. Such action could result in dismissal from the Company's service.

Code of Conduct for Meetings

In order to maintain the desired decorum, the following code of conduct is to be followed for meetings in PMEX:

- ✦ Issues, questions and statements should as far as possible, be addressed through the Chairperson of the meeting.
- ✦ Direct discussion with each other should be avoided as far as possible.
- ✦ Discussion should be confined to professional matters. Each participant is to restrict his/her comments and observations within his/her own official domain of working. A counter comment or comment which has a negative connotation about other participants' domain may be made only by prior approval of the Chairperson. (This will not apply to the Head of Internal Audit).
- ✦ All efforts should be made to keep the discussions concise, meaningful and restricted to the agenda points. The agenda shall be circulated preferably 24 hours before the meeting. If agenda is not circulated before the meeting, then the agenda shall be announced by the Chairperson at the start of the meeting.
- ✦ All participants of the meeting must ensure decency, politeness and due respect for each other in their language, behaviour and physical gestures. Personal emotions must be kept under control. Volume and tone of voice must be kept within the limits of decency and courtesy.
- ✦ The meeting shall be commenced and adjourned by the Chairperson. Any participant may join or leave the meeting only with the permission of the Chairperson.
- ✦ The decisions taken in the meeting shall be dictated by the Chairperson as the Minutes during the course of the meeting. No minutes can be added or modified after the meeting.
- ✦ If an issue which is not included in the agenda needs to be discussed, then permission of the Chairperson should be sought.

Any violation of the above code of conduct for meetings, leading to an act of indiscipline or misconduct, is to be handled accordingly.

Confidentiality

The Company requires its employees to maintain strict confidentiality regarding the following matters:

- ✦ Remuneration
- ✦ Increments
- ✦ Other terms of employment
- ✦ Third parties engaged in business with the Company

All Company employees are to adopt a "clean desk policy" by clearing their tables/desks before leaving the office and ensure that no papers or documents are left on the table/desk.

The Company reserves the right to issue warning letters to or terminate the services of an employee who has been found guilty of breaching confidentiality and leaking secrets of the Company in relation to the factors mentioned above.

Stoppage of Work

Stoppage of work causing disruption to business is dealt as per BCP (Business Continuity Plan) at PMEX which is approved by the Senior Management and the Head of SPA (System Process Assurance).

Grievance Handling

In the course of human events, employee discontent, gripes and complaints are bound to arise, even in the best managed organizations. For the sake of justice to the individual and smooth functioning of the whole organization, it behoves management to get to the root of employee dissatisfactions and to take corrective action wherever possible.

Nature of Complaints and Grievances

If some problem or condition bothers or annoys an employee or if he thinks he has been unfairly treated by someone, he may express his discontent to someone else. When he vocalises his dissatisfaction, we can classify such action as complaint. An unexpressed dissatisfaction can however, be just as worthy of consideration by the supervisor as the spoken complaint. Just as an untreated wound can cause dire consequences for a human being, so can a festering discontent in the office lead to grave results. There are many reasons why an employee may keep his problem bottled up inside himself. He may simply have a high tolerance limit or he may feel that the condition may soon change in such a way that the problem will be solved. He may have found from past experience that it does no good to complain to his supervisor. Sometimes a person may even feel that others will criticize or condemn him if he complains. By establishing a sound and healthy relationship with his people, one of mutual trust and confidence, the supervisor can dispel employee fears and encourage free expression of feelings.

What is a Grievance?

Grievance is any dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the attention of management. It is difficult for management to act on an employee's problem if he does not call the matter to their attention. The emphasis on management's part should be to create a proper leadership climate, so that employees who feel they have a justifiable complaint feel free to inform the management of this fact.

The Necessity of a Grievance Procedure

There are a number of sound reasons for organizations to adopt a formal means for handling employee grievances. All employee complaints and dissatisfactions are, in actual practice, not settled satisfactorily by the first-level supervisor. There are many possible reasons for this:

- ✦ The supervisor may lack the necessary human relations skill to deal effectively with his people.
- ✦ He/she may lack the authority to take the action that is really necessary to solve the problem.
- ✦ He/she may even agree with the substance of the employee's grievance but may have the wrong notion that it is futile for him to try to get the higher management to act.
- ✦ Some supervisors may suppress the expression of grievance by their subordinates. In those cases, where the employee feels that his immediate supervisor has discriminated against him, he may feel that the supervisor can never, during a grievance discussion, fairly and objectively judge him and the situation. In this situation the employee must be able to appeal his case to some higher official.

- ✦ Another justification for having a formal grievance-handling system is that it brings employee problems to the attention of higher management. The procedure serves as a medium of upward communication. Higher management becomes more aware of employee frustrations, problems and expectations.

Grievance Handling Procedure

- ✦ The first line supervisor in whose department a grievance originates, assumes the basic responsibility for trying to reach a settlement that is acceptable to all parties concerned.
- ✦ In case where an employee feels that the first line supervisor is unable to redress the grievance, he/she should bring the matter to the notice of his/her head of department, either verbally or in writing. The head of department will probe into the reasons of the grievance and make efforts to redress it to the satisfaction of the complainant.
- ✦ If the head of department feels that he is unable to redress the grievance at his level he will refer the case in writing to the Head of Human Resources, for possible handling by the Grievance Committee. The Head of HR will present the case to the Managing Director who will decide if it is to be handled by the Grievance Committee or resolved through some other means.
- ✦ If an employee is not satisfied with the action taken by his/her head of department, he/she may directly send the grievance in writing to the grievance committee (at grievance@pmex.com.pk).
- ✦ The Head of HR will present it to the Managing Director who will decide if it is to be handled by the Grievance Committee or through some other means.

Grievance Committee

The Grievance Committee of PMEX will comprise up to three members i.e. the Chief Internal Auditor, Chief Financial Officer and the Head of HR.

In case the complaint is against the complainant's head of department he will not form a part of the Grievance Committee for that particular case. Similarly, any other person against whom the complaint has been made, will not be a part of grievance committee for that case.

On receipt of the complaint referred to it by the Managing Director, the Grievance Committee will try to get to the root of the employee's dissatisfaction. It will carry out investigation as required, by taking written statements and verbal interviews which may be documented. The Grievance Committee will submit its findings and recommendations to the Managing Director for approval. The recommendations of the Grievance Committee will be advisory in nature and the final decision will rest with the Managing Director. In case the complaint is made against the Managing Director and he is unable to redress the grievance, he will send it to the PMEX Chairman for further necessary action.

It is emphasized that voicing grievance against any person is a serious and sensitive matter. All employees are therefore advised to invoke this procedure only if they strongly feel that the complaint is justified and can be substantiated.