

# TAURUS SECURITIES LIMITED

## CODE OF CONDUCT

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## 1. OBJECTIVE

The purpose of this Code of Conduct is to ensure that professional standards and corporate values are in place that promotes integrity of the senior management and all employees of TSL.

The code of conduct shall articulate acceptable and unacceptable behaviors. The Board shall ensure that appropriate steps are taken to communicate throughout the company the code of conduct it sets together with supporting policies and procedures, including posting the same on the company's website.

## 2. APPLICABILITY

This code applies to all the employees including the senior management of TSL who are required to read and understand the policies mentioned in this code and sign a declaration (as per the format given in Annexure A) agreeing to be bound by the policies, guidelines and any subsequent amendments or additions to this code.

## 3. DEFINITION

- Integrity  
To be honest and straight forward in all business dealings and professional relationships, integrity also implies fair dealing and truthfulness.
- Confidentiality  
Refrain from disclosing confidential information acquired as a result of professional and business relationship without proper and specific authority.
- Immediate family members  
Include spouse and minor children whose principal residence is the same as the principal residence of the subject person.
- Senior Management  
Includes, Chief Executive Officer/Managing Director, Deputy Managing Director/Chief Operating Officer and Chief Regulatory Officer or holder of such positions by whatever name called;

## 4. INTEGRITY

1. Maintaining the integrity and confidentiality of information acquired while carrying out employment functions is critical to the efficient functioning of TSL. Employees are required to display high level of professionalism and safeguard confidential information of TSL and its customers.
2. Employees are by no means allowed in disseminating client information to another person or client under any circumstances.

3. All employees including the senior management and the Board of Directors are expected to act in accordance with the best interests of its customers, the integrity of the market and in compliance of the Securities Act, 2015.

## **5. MARKET MANIPULATION**

- 1) Employees must not engage in activities in an attempt to manipulate the market or specific stocks. Information shared/distributed to the clients must be based on facts and to the best of their knowledge.
- 2) Employees should abstain from spreading information which they believe is false and untrue.
- 3) Employees / Dealers should refrain from influencing the demand for or supply of securities in the market in order to influence prices of securities.

## **6. SAFEGUARDING THE INTEREST OF CLIENTS**

- 1) Employees act in a manner that is consistent with the best interest of their clients.
- 2) Employee / Dealers shall operate securities trading accounts strictly according to client's instructions.
- 3) Employee / Dealer shall not disclose or discuss with any other person or make improper use of the details of personal investments and other information of a confidential nature of a client which he is privy to in his business relationship.
- 4) Employee / Dealers shall not encourage sales or purchases of securities with the sole object of generating brokerage or commission.
- 5) Employee / Dealers should ensure that the clients of TSL do not become victims of rumors and market manipulations and are appropriately guided to the best of their knowledge and belief.
- 6) Employee / Dealers should not quote false or misleading rates and should not induce a client to buy or sell a security at a significantly higher or lower rate / price respectively only for the purpose of earning commission.
- 7) Employee / Dealers, who have a Limit Order from a customer to buy or sell securities shall not while such order remains unexecuted, engage in trading involving the sale or purchase of that security at the limit price or a better price than the limit price specified by the customer for himself.
- 8) Research Analysts shall not make a recommendation to any client(s) who might be expected to rely thereon to acquire, dispose of and retain any securities unless he has reasonable grounds for believing that the recommendation is suitable upon the basis of the facts.

## **7. DUTY TO THE INVESTOR/CLIENT:**

### **1. Execution of Orders**

In dealings with the clients including small investors, the employees/dealers shall faithfully execute the orders for buying and selling of securities at the best available market price and not refuse to deal with a small investor merely on the ground of the volume of business involved.

### **2. Issue of Contract Note**

The concerned employees shall issue without delay to clients a contract note for all transactions in the form specified by the Securities Exchange.

### **3. Business and Commission**

- a) Employees shall not encourage sales or purchases of securities with the sole object of generating brokerage or commission.
- b) Employees shall not furnish false or misleading quotations or give any other false or misleading advice or information to the clients with a view of inducing him to do business in particular securities and enabling himself to earn brokerage or commission thereby.

### **4. Business of Defaulting Clients**

- a) Employees shall not deal or transact business knowingly, directly or indirectly or execute an order for a client who has failed to carry out his commitments in relation to securities with another stock broker.
- b) Employees shall not deal or transact business directly or indirectly or execute an order for a customer where the name of such customer is appearing on the list of delinquent customers maintained by the Securities Exchange.

### **5. Fairness to Clients**

In the event of a conflict of interest, employees shall inform the client accordingly and shall not seek to gain a direct or indirect personal advantage from the situation and shall not consider clients' interest inferior to its own.

### **6. Investment Advice**

Employees shall not make a recommendation to any client who might be expected to rely thereon to acquire, dispose off, and retain any securities unless they have reasonable grounds for believing that the recommendation is suitable for such a client upon the basis of the facts. TSL traders shall categorically state to clients if their advice is based on facts or assumptions.

### **7. Priority of Transactions**

Investment transactions for clients and employers must have priority over investment transactions in which a TSL employee is the beneficial owner.

## **8. CLIENT COMPLAINTS**

In case of client complaints with respect to any transaction that the client claims not to understand or authorize, the respective department/employee would take all necessary steps to redress the said complaint. In case the client is not satisfied with the response, the same should immediately be reported to the senior management.

## **9. PERFORMANCE & INFORMATION PRESENTATION**

When communicating investment performance, client requested information or Stock coverage presentations, TSL employees must make reasonable efforts to ensure that it is fair, accurate, and complete.

## **10. PRESERVATION OF CONFIDENTIALITY**

Members and Candidates must keep information about current, former, and prospective clients confidential unless:

- 1) The information concerns illegal activities on the part of the client or prospective client,
- 2) Disclosure is required by law, or
- 3) The client or prospective client permits disclosure of the information.

## **11. GIFTS OR ENTERTAINMENT**

Acceptance of money, gifts, entertainment, loans or any other benefit or preferential treatment is not acceptable from any supplier or business associate of the Company of any value. In the case of existing or potential customers, of the Company, entertainment on a modest scale as part of customary business practices within a prescribed threshold as follows;

- a) Tangible items (Non-monetary in nature): Rs. 3,000/-
- b) Hospitality (e.g. Event tickets, entertainment, functions): Rs. 5,000/-
- c) Business meeting (Lunch/dinner): Rs. 20,000/- (Applicable to Institutional/High Net worth Clients)

TSL prohibits all its employees from accepting or offering any gifts or other inducements from/to clients in any form whatsoever.

## **12. INTRODUCING NEW CLIENTS**

- 1) The sales team shall ensure that the client / prospective client are made aware of all the rules and regulations of TSL.
- 2) Members of the sales team shall not mislead individuals into opening an account only for meeting monthly targets. (e.g. asking a client to invest and disinvestment after a few days so their targets are achieved)

- 3) Members of sales team shall ensure that the information provided by the client is correct and accurate.
- 4) Sales team shall not mislead prospective clients by giving misleading information regarding products offered by TSL.
- 5) Members of the sales team shall take extra care when introducing high risk clients (e.g. politically exposed persons)
- 6) Sales persons shall ensure that the client being introduced by him do not have a bad credit history.
- 7) Sales person shall not introduce anonymous or fictitious accounts.

### **13. EMPLOYEE'S TRADING POLICY**

The Employee Trading Policy has been established to govern the trading in shares and securities by the Directors, Management and Employees.

- 1) Employees are strictly prohibited to trade on behalf of any client as an Authorized Representative.
- 2) Employees are allowed to invest in securities only through TSL and subject to such rules and regulations as communicated from time to time.
- 3) All trades of the employees shall be executed against their own respective UINs and shall be subject to PSX/SECP Regulations.
- 4) Employees must ensure that investment advice given to clients by them does not result in a conflict of interest with their individual trading activities.
- 5) Employees should not indulge in buying or selling securities of a company, if they possess non-public information or inside information of that company or information pertaining to any potential trade/deal which may affect the share price of that company. They shall ensure that such information is not passed to others.
- 6) Employees should not buy or sell those securities for their own account in which they are aware of clients' proposed trades.
- 7) Employees are strictly prohibited from executing their trades before the pending trades of TSL clients. Front-running is considered as a high-level breach of company policy. An Employee found involved in front running / insider trading and other market abuse shall stand terminated with immediate effect.
- 8) The employees should not buy or sell those securities for their own account in which they are aware of clients' proposed trades, trades by the Brokerage house or forthcoming research report regarding such securities.

- 9) Employees must disclose all investments in securities (including IAS accounts maintained with CDC) made in their name or in the names of their immediate family members (spouse(s) and dependent children) including the details of all broker accounts opened or held in their name as and when such accounts were opened, the name of the securities broker and the account details to the compliance department at the time of joining TSL and within 15 days of the start of each quarter. In case of any change in status, Employees are required to disclose the identity of their immediate family members and all the details as previously mentioned.
- 10) The trading activity (i.e. actual transaction, volume, date and price) of employees including senior management shall be reported to the Board on quarterly basis as a matter of policy.
- 11) Employees are restricted from engaging in frequent trading activities and must have a minimum holding period of one working day. Leveraging transactions are strictly prohibited in all employee accounts.
- 12) All Employees are discouraged to indulge in frequent short term trading for speculative purpose. As all employee trades would be reported to the Board and an employee may be restricted to a longer holding period if trading is found to be frequent in nature.
- 13) Employees are required to obtain prior approval, by filling a prior approval form (as mentioned in Annexure C) , from their respective Department Head/Reporting Authority before purchase / sale of any securities in their own personal account or on account of their spouse and/or dependent children. The minimum holding period of five working days. The CEO shall take the prior approval from the Company Secretary.
- 14) In case of research personnel, the Head of Research would provide an undertaking that they are currently not working on any research report related to the securities in which the research personnel are willing to trade along with the approval form.
- 15) In case of publication of the Research Report, research analysts and their close relatives are restricted to trade in the securities of the subject company within seven days before and five days after the publication of such Research report as per Research Regulation.
- 16) In case the research personnel are trading contrary to the recommendations given in the research report, proper rationale of the said trade should be provided and confirmed by the head of research.
- 17) The Chief Executive Officer and his immediate family members are only permitted to transact through TSL.

#### **14. BLACK OUT PERIOD**

- 1) This refers to any period imposed by the senior management where overall trading or trading in particular securities is restricted.
- 2) Senior management maintains the right to lift all and/or part of a black out period, at its discretion. Notice of a decision to lift a black out period will be communicated to Employees within 1 business day.



- 3) Where there are special circumstances and an employee wishes to trade during a black out period, that employee must obtain the consent of the designated approving officer prior to trading. Consent to purchase will rarely be given, and an example of when consent to sell may be given is where the employee is experiencing considerable financial hardship or has a financial commitment that cannot otherwise be satisfied.

## 15. CONFIDENTIALITY

- 1) Creation of “Chinese walls” in order to prevent the improper or unintended dissemination of market sensitive information from one division or department to another.
- 2) Physical infrastructure such as restricted entry and locked doors with access to authorized persons only and strict restriction on use of cellular phones in all dealing areas would be applicable to all employees inclusive of the senior management.
- 3) All employees shall refrain from trading on the basis of confidential information and shall not reveal such information outside the company.
- 4) The entity and its employees shall not disclose or discuss with any other person other than normal course of business or make improper use of the details of investments of customers and other information of confidential nature of a customer.

Chinese Walls within TSL exist between the employees of Sales department (designated as “Public Side”), and all other departments of the company to confidential information.

PUBLIC VS. PRIVATE SIDE	
PUBLIC	PRIVATE
Equity Sales & trading personnel	<ul style="list-style-type: none"> <li>• Back office</li> <li>• Accounts Department</li> <li>• Research Department</li> <li>• Administration Department</li> <li>• IT, Audit &amp; Compliance employees</li> </ul>

Rules relating to the Chinese Walls include:

- Office space for the public side is segregated from the private side employees and entrance is restricted to sales and trading persons.
- Private side employees are prohibited from sharing any customer related information with public side employees, either verbally or in written.
- The use of cellular devices is strictly prohibited in all dealing and trading areas for all staff members

## **16. COMPLIANCE WITH STATUTORY REQUIREMENT**

- 1) All employees are required to abide by all the applicable rules and regulations issued by Securities and Exchange Commission of Pakistan, the Stock Exchange and other regulatory bodies from time to time.
- 2) The entity and all its employees will abide by the Corporate Governance Code as given in the securities broker's (licensing and operations) regulations 2016.

## **17. DISCLOSURE OF NON-COMPLIANCE BY EMPLOYEES**

If any employee becomes aware of any wrongdoing or breach of Code of Conduct by other employee(s), he/she shall timely report such matter to the Human Resource Department.

## **18. FALSE OR MISLEADING RETURNS**

TSL/Employees shall not neglect or fail or refuse to submit the required returns and not make any false or misleading statement on any returns required to be submitted to the Board and to the Securities Exchange.

## **19. TSL VIS-A-VIS OTHER BROKERS**

### 1) Conduct of dealings

TSL/Employees shall co-operate with the other contracting party in comparing unmatched transactions. TSL shall not knowingly and willfully deliver documents which constitute bad delivery and shall co-operate with other contracting party for prompt replacement of documents which are declared as bad delivery.

### 2) Protection of clients' interest

TSL/Employees shall extend fullest cooperation to other brokers in protecting the interests of his clients regarding their rights to dividends, bonus shares, right shares and any other right related to such securities.

### 3) Transactions with brokers

TSL/Employees shall carry out his transactions with other brokers and shall comply with his obligations in completing the settlement of transactions with them.

## **20. TSL VIS-A-VIS COMMISSION AND SECURITIES EXCHANGE**

- 1) TSL/Employees shall not indulge in dishonorable, disgraceful, disorderly or improper conduct on the stock exchange nor shall he willfully obstruct the business of the

Securities Exchange. TSL shall comply with the rules, bye-laws and regulations of the securities exchange.

- 2) TSL/Employees shall faithfully comply with the general or specific directives issued by the PSX and Commission.
- 3) TSL/Employees shall not neglect, fail or refuse to submit to the Commission or the securities exchange, such books, special returns, correspondence, statements, documents and papers or any part thereof as may be required.

## **21. ADVERTISEMENT AND PUBLICITY**

TSL shall not advertise his business publicly unless permitted by the Securities Exchange.

The employees shall exercise due care and responsibility while interacting with media, and making any statement regarding any regulatory authority, the securities market or any participant thereof on any forum/channel.

The employees shall not interact with media on any forum/channel.

## **22. PERSONAL CONDUCT**

- 1) It is expected that employees will comply with the highest code of conduct standards in all that they do for the organization, the market and in their personal lives. They may be held accountable for any actions or discussions that break fair market practices, damage the reputation of TSL and /or their profession.
- 2) Employees should be committed to maintaining a work environment that is free from discrimination, intimidation or harassment.
- 3) Business needs to be conducted within the framework of applicable professional and ethical standards, laws, regulations and internal policies.

## **23. BREACH OF CODE OF CONDUCT**

If any employee is found to be in breach of code of conduct policy, a disciplinary proceeding would be held in the presence of senior management of TSL. Course of action would include remedial as well as disciplinary action, to the extent of termination of service contract.

If any applicable member of staff is found to be in breach of code of conduct rules, then the following steps will be taken:

- 1) A meeting with the individual will be held with the CEO& HR Manager where the breach will be discussed.

- 2) If both executives believe the allegations are correct, and if the breach is not considered severe, the employee will be provided with a warning letter signed by the CEO, to be copied to Compliance Department and HR Department.
  
- 3) If both executives believe the allegations are correct, and if the breach is considered severe, then the employee would be relieved from the service of the company.

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**ANNEXURE A**

**DECLARATION**

I have received, read and understood the TSL Code of Conduct and agree at all terms to be bound by the policies, guidelines contained in these documents and any subsequent amendments or additions.

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**ANNEXURE B**

**PRIOR APPROVAL FORM**

**PRIOR APPROVAL FORM FOR TRADING OR INVESTMENT**

Date: \_\_\_\_\_

Name of Employee: \_\_\_\_\_ Department: \_\_\_\_\_

Name of Account Holder: \_\_\_\_\_ Account #: \_\_\_\_\_  
(Other than Employee)

Date of transaction: \_\_\_\_\_

S. No.	Type of Transaction	Name of Scrip	Price	Quantity	Minimum holding Period (Incase of Sale) <small>*To be filled by Compliance Department</small>

Type of Market: \_\_\_\_\_ (REG/FUT)

Form of Security: \_\_\_\_\_ (Physical / CDC)

Signature of Employee: \_\_\_\_\_ Checked by: \_\_\_\_\_  
(Compliance Officer)

Approved by:  
\_\_\_\_\_  
(Department Head / CEO)