



PAKISTAN
STOCK EXCHANGE
LIMITED

**Designated Market Maker (DMM)
Code of Conduct**

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1. Introduction

This Code of Conduct (“Code”) addresses matters with respect to Designated Market Maker’s legal and ethical obligations to the investors and other stakeholders of their respective list of securities. This Code may be amended from time to time by PSX under intimation to the market makers and other stakeholders through PSX website.

2. Responsibilities

A DMM is responsible, for its assigned securities, to:

- Ensure fair and orderly markets
- Contribute to quality price discovery
- Supply liquidity by committing its own capital
- Discharge duties with honesty and integrity Act in good faith and in the best interests of investors and other stakeholders
- Maintain confidentiality (where applicable) and avoid unnecessary dissemination of information

3. Obligations

The Exchange obliges the following to a DMM:

- Comply with all relevant rules, regulations, directives, notifications etc. of respective regulatory bodies
- Commit to taking on assignments in liquid and illiquid securities in the proportion defined by the Exchange from time to time.
- Maintain a two-sided market quotes i.e. posting of bid and offer at all times for all assigned securities
- Maintain a minimum displayed volume within a maximum spread, which will vary depending on the security tier and will be specified by the Exchange
- Disclose to the Exchange any relationship/association it has with the issuer of a security assigned to the DMM that may reasonably be expected to create a conflict of interest

4. Benefits

Subject to fulfillment of obligations by DMM, the Exchange may award to the DMM such benefits as may be decided by the Exchange from time to time which may include exemption of Exchange trading fees excluding contributions to Centralized Customer’s Protection Compensation Fund (CCPF) and SECP Levy on its market making transactions.

5. Transparency

The Exchange will regularly monitor the DMMs’ activities to ensure that the obligations and benefits are balanced. Performance statistics for each DMM may be published on the website.

6. Expectations

The DMM fulfills a critical role in the marketplace and is key to restoring and maintaining high levels of investor confidence. We will hold each DMM to the highest standards of professional integrity and expect that the DMM will adhere to the following rules of engagement:

- It views the obligations as minimum requirements and will at all times strive to exceed those obligations
- It will be willing to take on some overnight positions to support illiquid securities
- It will support assigned securities in times of stress and will not intentionally fail to meet the obligations in order to avoid risk
- It will monitor its assigned securities for unusual trading
- It will advise the Exchange if it becomes aware of any issues impacting fair and orderly trading in its assigned securities, including unusual trading
- It will maintain accurate books and records with respect to all market making transactions

7. Monitoring

The Exchange will monitor all DMMs to ensure they comply with this Code of Conduct and failure to do so will ultimately lead to revoking the DMM agreement and right to be a DMM.