



Institute of Financial Markets of Pakistan

## **IFMP Member's Code of Ethics and Practice**

### **Code Objective**

The Institute of Financial Markets of Pakistan (IFMP) Code of Ethics and Practice is fundamental to the values of IFMP and essential to achieving its mission to lead the investment and research profession in the country by setting high standards of ethics, education, reliability, and professional excellence. High ethical standards are critical to maintaining the investor's trust in the financial markets, investment and the research profession. The members of Institute and candidates must act as a model for the ethical standards amongst capital market professionals across the country, regardless of job functions and cultural differences.

### **Members Code of Ethics**

Members must at all times:

- a. They should use their best endeavours not to put themselves in a situation where any conflict of interests arises; however, in a situation where conflict arises they should act in their client's interest, in priority to their own in a situation where conflicts occur. They should act in good faith and exercise independence in making professional judgments.
- b. Carry out their work with all due and reasonable care and in accordance with the internationally accepted best practice in the industry and in accordance with the high ethical, professional and technical standards expected of them as Members of the Institute.
- c. Ensure that they have the requisite skills, and that they remain, competent to carry out the duties that are required of them professionally.
- d. Obey all applicable laws and regulations of Pakistan, all rules and regulations enforced by the competent authorities, and follow the spirit as well as the letter of all relevant laws.
- e. Not engage in any illegal, dishonest or misleading behaviour that might have a negative impact on their reputation as Members or bring dishonour or disrepute upon the Institute or its other Members.

### **Members and Candidate's Duties to Clients**

Trustworthiness, Cautiousness, and Care

Members and Candidates have a duty of loyalty to their clients and must act with reasonable care and exercise cautious judgment. Members and Candidates must act for the benefit of their clients and place their clients' interests before their employer's or their own interests. In relationships with clients, Members and Candidates must determine applicable fiduciary duties and must comply with such duties to persons and interests to whom it is owed.

Fair Dealing

Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

Appropriateness

1. When Members and Candidates are in an advice-giving relationship with a client, they must:
  - a. Make a reasonable inquiry into a client's or prospective clients' investment experience, risk and return objectives, and true financial limitations prior to making any investment recommendation or taking investment action and they must reassess the situation and update this information about the client regularly.
  - b. Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.

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

c. Judge the suitability of investments in the context of the client's total investment Portfolio and his capacity to take risk.

2. When Members and Candidates are responsible for managing a Portfolio and/ or Fund to a specific consent, strategy, or style, they must only make investment recommendations or take investment actions that are consistent with the stated objectives and constraints of the Portfolio and/ or Fund.

### **Members and Candidate's Duties to Employer**

#### Loyalty

In matters related to their employment, Members and Candidates must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.

#### Added Payment Arrangements

Members and Candidates must not accept gifts, benefits, compensation, or consideration that competes with, or might reasonably be expected to create a conflict of interest with, their employer's interest unless they obtain written consent from all parties involved.

### **Member and Candidate's Duties to Standard of Practice**

#### Consideration of the Law

Members and Candidates must:

a. Understand and comply with all applicable laws, rules, and regulations (including the ICM Code of Ethics and of Practice) of the government, regulatory organizations or any professional associations governing their professional activities. In the event of conflict, Members and Candidates must comply with the more strict laws, rules, or regulations.

b. Not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.

#### Independence and non-aligned status

Members and Candidates must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Members and Candidates must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

#### Misrepresentation

Members and Candidates must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.

#### Misconduct

Members and Candidates must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

### **Code for Capital Market Respect**

#### Material Non-public Information

Members and Candidates who possess material non-public information that could affect the value of an investment must not act or cause others to act on the information.

#### Market Manipulation

Members and Candidates must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants

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

**Disclosure Conflict of Interest**

Disclosure of Conflicts

Members and Candidates must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and should communicate the relevant information effectively

Priority of Transactions

Investment transactions for clients and employers must always have priority over investment transactions in which a Member or Candidate is the beneficial owner.

Referral Fees/Remunerations

Members and Candidates must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from, or paid to, others for the recommendation of products or services.

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

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

Candidate ID: \_\_\_\_\_

Organization: \_\_\_\_\_

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

Address: \_\_\_\_\_

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