



T&G Securities (Private) Limited.

T&G SECURITIES (PRIVATE) LIMITED

Trec Holder / Broker: Pakistan Stock Exchange Limited.

T&G SECURITIES (PRIVATE) LIMITED

TRE Certificate Holder, PSX

Conflict of Interest Policy

Version 1.0

Process	Action by	Date
1	Reviewed by Company Secretary	13-09-2023
2	Approved by Board of Directors	14-09-2023

T&G SECURITIES (PRIVATE) LIMITED



Conflicts of Interest

1. Overview/Introduction:

- 1.1 A conflict of interest is defined as a conflict between the private interests and the official responsibilities of a person in a position of trust. In the investment and trading business, investors and traders are exposed to significant conflicts of interest. Clients are looking for advice. But the Securities Brokers are in the business of selling products and generating profits. Those products can be traditional brokerage services or investment advisory services. Advice from Securities Brokers and financial advisors is typically considered incidental to the sale of products they are promoting or helping their client to buy. In other words, securities brokers are there to facilitate a transaction on behalf of the customers, with the focus on the transactions and not on the advice.
- 1.2 Conflicts of Interest present a source of risk to the attainment of client objectives. The Securities Brokers should take all reasonable steps to mitigate and control for any conflicts of interest that arise in the course of business. This requires Securities Brokers, where appropriate, to separate operating functions of the business: -
 - (a) to establish vertical reporting structures;
 - (b) to make clear and complete disclosures; and
 - (c) to take measures to ensure independence, objectivity, and accountability in the investment decision-making process.

Such measures are necessary to protect clients' interests.

- 1.3 The Securities and Exchange Commission of Pakistan (the "**Commission**") has prescribed macro-level principles of "**Conflict of Interest**" under regulation 14 of the Securities Brokers (Licensing and Operations) Regulations, 2016. Wherein, the securities brokers shall be required to take all reasonable steps including the framing of appropriate policies and procedures to minimize Conflict of Interest between the Securities broker and its Customers.

2. Principles of "Conflict of Interest":

- 2.1 Identifying and managing Conflict of Interest is central to maintaining integrity and highest standards of ethical culture in the Securities Broker. It is realized that individuals hold a wide range of legitimate interests outside the work place and there is nothing wrong with it. Faculty is engaged in research, consultancy and collaboration with other institutions which the Securities Broker considers that such activities are in the public interest and are of benefit to the Securities Broker and the Customers. On occasion, however, they may give rise to Conflict of Interest, whether potential or actual, perceived or alleged and occurs when personal interests interfere with the independent judgment required by employees in order to perform their duties and responsibilities in the interest of the Securities Broker.
- 2.2 All employees have a legal duty to perform their duties with honesty to the Securities Broker. A breach of this may result into erosion of the trust and confidence in the integrity of the Securities Broker. Disciplinary action will be taken in case of breach of this policy. It is, therefore, the duty of all associated with Securities Broker to ensure that these interests do not create a Conflict of Interest or a perception of a Conflict of Interest.

3. Scope:

This policy applies to all Board members, employees including operations and non-operations and all those employees associated with the Securities Broker in contractual obligations. This policy applies to all situations where an employee's personal interests appear to influence the objective exercise of his or her official duties.



4. Defining "Conflict of Interest":

4.1 There is no legal definition of an 'interest' and it should therefore be considered as a broad term which includes any activity or association in which an employee has a personal interest and is in conflict with an individual's ability to properly discharge his/her duties and responsibilities to the best interest of the Securities Broker or otherwise affects its integrity and confidence. It refers to a situation where a conflict arises for an individual between two competing interests and may be termed as perceived, potential or actual Conflict of Interests.

4.2 Interests may relate to property, resources, relationships, information or opportunities and are often 'financial' or 'non-financial' in nature, which may mean that an individual or associated person may stand to gain a benefit or suffer a loss, whether directly or indirectly, as a result of holding such interests. Interests which generally would require disclosure include the following:

- (a) financial interests mean anything of monetary value, including, but not limited to payment of services, commission, consultancy fees, equity interests, remittance of debt, property rights (e.g. patents, copyrights and intellectual property rights);
- (b) Non-financial interests refer to any non-financial benefit or advantage, including but not limited to direct or indirect enhancement of an individual's career, education or gain to immediate family (or a person with whom the person has a close personal relationship).

5. Recognizing "Conflict of Interests":

5.1 Conflict of Interest may arise due to filial relationship or business relationship of employees. In such cases, an individual's private interests compete with his/her professional obligations to an organization, which may result in the exercise of biased judgment for considerations of personal financial gains. Such situations can have potentially damaging consequences for the integrity and reputation of the Securities Broker. Thus, Conflict of Interest can compromise an individual's ability to perform his/her duties and responsibilities objectively.

5.2 All decisions and actions taken by members of the community in the conduct of brokerage business are to be made in a manner that promotes the best interests of the Securities Broker. The key to recognizing and dealing with Conflict of Interest is disclosure. The board members have an obligation to address both the substance and the appearance of Conflict of Interest and, if they arise, to disclose any possible Conflict of Interest to the appropriate Senior Management and withdraw from debate, voting, or other decision-making process where a Conflict of Interest exists or might arise.

6. Board of Directors:

The Board of Directors has distinct duties in relation to Conflicts of Interest, including a responsibility for ensuring that the procedures are in place for managing Conflicts of Interest. The role of members of the Board is akin to the duty of directors in the Companies Act to avoid Conflicts of Interest. As trustees in a position of 'trust' board members are prohibited from receiving any benefit directly or indirectly in return for their services or otherwise unless explicitly authorized by under the Articles of Association.

7. Senior Management:

Members of the Senior Management are likely to be at higher risk of exposure to individuals or scenarios in which fraud, bribery or corruption is more likely to occur. The Senior Management Officers are expected to avoid Conflicts of Interest in all circumstances and should promote transparency and integrity as part of their leadership role.

8. Senior Staff:

The Directors and HODs are also required to disclose interests. Senior staff also has a leadership role to play in promoting the importance of disclosing interests and support staff accordingly in doing so. Senior Staff would be expected to be a first point of contact for staff in their areas of responsibility in helping to assess a particular



activity or scenario on the grounds of an actual or potential Conflict of Interest. They should do this in consultation with colleagues, the Head of Departments or nominee and with reference to this Policy.

9. Guidelines on "Conflicts of Interest":

In case of following situations, Conflict of Interest should be disclosed.

- 9.1 Entering into a business or other contract/transaction on behalf of the Securities Broker with a company or firm in which its employee has a financial interest.
- 9.2 Influencing the purchase of equipment, materials or services for the Securities Broker from a company or firm in which its employees have financial interest.
- 9.3 Accepting gifts, benefits or favors from individuals or firms with which the Securities Broker does business, except as token courtesies.
- 9.4 Directing customers or staff of the Securities Broker to carry out work for a company or firm in which its employees have a financial interest.
- 9.5 Using the Securities Broker's resources or facilities for a personal benefit or the benefit of related persons.
- 9.6 Using the position as Employee to obtain employment with the Securities Broker.
- 9.7 Participating in the appointment, hiring, promotion or evaluation of a related person.
- 9.8 Using the position of Head of Department to serve the interests of an employee of the Securities.

10. Avoidance of "Conflicts of Interest":

Staff members must avoid Conflict of Interest that impacts their ability to fulfill their duties at the Securities Broker. Instances have come to the notice of the management where by some of the faculty members were found to be concealing their relationship with a spouse/sibling for facilitating the appointments at the Securities Broker. There are other complaints where HODs by misusing their authority got their names inserted in the research paper as an author.

11. Procedures for managing a "Conflict of Interest":

- 11.1 All employees of the Securities Broker are considered to be in a position of trust by virtue of their employment with the Securities Broker and therefore have a responsibility to identify and disclose known or potential personal, family, pecuniary or business interests which may interfere, or be perceived to interfere, with an individual's ability to properly discharge his or her duties to the Securities Broker to ensure that such conflicts are seen to be properly managed or avoided.
- 11.2 It is the duty of every staff member to disclose any Conflict of Interest or any circumstances that might reasonably give rise to the perception of Conflict of Interest to the Director or the Registrar as the case may be. All employees' inquiries regarding any aspect of COI policy should be directed to Registrar's Office.
- 11.3 The general rule is that disclosure should be made at the time the Conflict first arises, or it is recognized that a conflict might be perceived, in writing to the Chief Executive or the position equivalent to it. If such Person has an interest in the matter to be discussed, the disclosure shall be made to the Board of Directors or the Committee.
- 11.4 A Member having any interest in any matter to be discussed or decided by the Board or a committee shall, prior to any discussion of the matter, disclose in writing, respectively, to the Board or a committee, as the case may be, the fact of his interest and the nature thereof.
- 11.5 A Board Member having any interest in any matter to be discussed or decided by the Board or a Committee shall, prior to any discussion of the matter, disclose in writing, respectively, to the Board or a Committee, as the case may be, the fact of his interest and the nature thereof.
- 11.6 A disclosure of interest shall be recorded in the minutes note for record or other appropriate recordkeeping documents and member concerned will not take part nor be present in any deliberation or decision-making process of the Board or the Committee and shall be disregarded for the purpose of constitution of a quorum of the Board or the Committee.



11.7 Compliance with this Policy is compulsory. A staff member who fails to comply may be subject to disciplinary action under the Disciplinary Policy, depending upon the severity of non-compliance. Failure to comply may be viewed as gross misconduct and the member of staff involved may be subject to disciplinary action

12. Violations of the "Conflict of Interest" Policy:

Where a Conflict of Interest was not disclosed by the member before the transaction took place, the issue should be brought to the notice of the Chief Executive that can take the following routes:

12.1 If the Chief Executive has a reasonable cause to believe that a person has failed to disclose actual or possible Conflicts of Interest, it shall inform the person of the basis for such belief and the person may be given an opportunity to explain the alleged failure to disclose.

12.2 After hearing the response of the interested person and making further investigation as may be warranted in the circumstances, the Chief Executive will determine that the person has in fact failed to disclose an actual or possible Conflict of Interest; it will initiate appropriate disciplinary and corrective action. This action may include, but is not limited to issuance of a warning, financial penalty or termination.

APPROVED BY

A handwritten signature in blue ink is written over a blue circular stamp. The stamp contains the text "TGS SECURITIES (PRIVATE) LIMITED" around the perimeter and "KARACHI" in the center, with a small star symbol below the company name.

CHIEF EXECUTIVE

Dated : September 14, 2023