

**PROPOSED AMENDMENTS TO THE PDEx RULES FOR THE FIXED INCOME SECURITIES  
MARKET, AS AMENDED:  
Rule 6.1.3 - Ethical Conduct**

**PROPOSED AMENDMENTS TO** : Rule 6.1.3 Ethical Conduct

**REFERENCE NO.** : Proposal No. 004-2024

**RATIONALE** : To classify best execution rule violations as Category III violations and specify the associated penalties.

Current Rule	Proposed Amendment
<p>Rule 6.1 Ethical Conduct</p> <p>All Issuers and Trading Participants shall, in the conduct of its business on PDEx, observe the highest standards of commercial honor and just and equitable principles of trade. Every Trading Participant and its personnel shall:</p> <ol style="list-style-type: none"> <li>1. Comply with the provisions of Securities Laws which impose ethical standards of conduct on Trading Participants and its personnel;</li> <li>2. Not enter into any agreement with a customer nor give effect to any term of an agreement with a customer if the effect, likely effect, or purported effect of such agreement is to exclude or limit the liability of that Trading Participant or its personnel to the customer for negligence, fraud, or dishonesty, committed by the Trading Participant or its personnel in relation to trading activities with or on behalf of the customer;</li> <li>3. Use reasonable diligence to ascertain the best available price for the Security and buy or sell at that price so that the resultant price to a customer is as favorable as possible under prevailing market conditions.</li> </ol>	<p>Rule 6.1 Ethical Conduct</p> <p>All Issuers and Trading Participants shall, in the conduct of its business on PDEx, observe the highest standards of commercial honor and just and equitable principles of trade. Every Trading Participant and its personnel shall:</p> <ol style="list-style-type: none"> <li>1. Comply with the provisions of Securities Laws which impose ethical standards of conduct on Trading Participants and its personnel;</li> <li>2. Not enter into any agreement with a customer nor give effect to any term of an agreement with a customer if the effect, likely effect, or purported effect of such agreement is to exclude or limit the liability of that Trading Participant or its personnel to the customer for negligence, fraud, or dishonesty, committed by the Trading Participant or its personnel in relation to trading activities with or on behalf of the customer;</li> <li>3. Use reasonable diligence to ascertain the best available price for the Security and buy or sell at that price so that the resultant price to a customer is as favorable as possible under prevailing market conditions. <b>Failure to comply with this rule will be considered a violation of the Best Execution Rule and will be classified as a category III violation,</b></li> </ol>

<p>4. No Trading Participant or its personnel shall guarantee a customer against loss in any securities account of such customer carried by a Trading Participant or in any securities transaction effected by the Trading Participant with or for such customer.</p> <p>5. In recommending to a customer the purchase or sale of a Security, have reasonable grounds to believe that the recommendation is suitable for the customer upon the basis of facts disclosed by such customer as to his other Security holdings and as to his financial situation and needs.</p>	<p><a href="#">subject to penalties under Rule 18.2.1 of the PDEx Rules.</a></p> <p>4. No Trading Participant or its personnel shall guarantee a customer against loss in any securities account of such customer carried by a Trading Participant or in any securities transaction effected by the Trading Participant with or for such customer.</p> <p>5. In recommending to a customer the purchase or sale of a Security, have reasonable grounds to believe that the recommendation is suitable for the customer upon the basis of facts disclosed by such customer as to his other Security holdings and as to his financial situation and needs.</p>
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