



## **Rule 6.2 Prohibited Conduct under Securities Laws (rev081225).**

No Issuer, Trading Participant or its personnel shall commit any act or engage in any conduct likely to bring PDEX into disrepute, and in particular, shall not:

1. Engage in any conduct prohibited under Securities Laws and these Rules, including but not limited to the following conduct:

- a. Directly or indirectly participating in making a bid or offer, or deal in a listed Security, which is intended to, or is likely to, have the effect of creating a false or misleading appearance of active trading in such Security or with respect to the market for, or price of, such Security;
- b. By means of any **manipulative**, fictitious or artificial transaction or device, maintaining, inflating, depressing, or causing fluctuations in, the price for trading in-listed Securities **in PDEX; alone or with others. Examples of prohibited acts under (a) and (b) above include, but are not limited to the following:**
  - i. Engaging in a series of transactions in securities that are reported publicly to give the impression of activity or price movement in a Security in PDEX [e.g. painting the tape];**
  - ii. Buying and selling Securities in PDEX at the close of the market in an effort to alter the closing price of the Security, or posting bids and offers with the intent to influence the closing price or the reference rates [marking the close];**
  - iii. Engaging in buying activity at increasingly higher prices and then selling securities in the PDEX market at the higher prices [hype and dump] or vice versa (i.e. selling activity at lower prices and then buying at such lower prices);**
  - iv. Generating a large amount of turnover with other participants which largely nets out to a zero sum change**

**in beneficial ownership, where the transactions represent a large proportion of trading in a Security in PDEX for the day [collusion];**

**v. Entering a series of large bid (ask) orders into the order book at the same time as they are actually trying to sell buy in order to influence the best buying (selling) price of other participants. This gives an appearance of high demand or supply for a particular security. [spoofing - bait and switch]; and**

**vi. Entering multiple buy (sell) orders at multiple price steps and executing sell (buy) transactions with participants that enter buy (sell) orders ahead of them in the queue [spoofing - layering].**

- c. Making or publishing any statement, promise, or forecast which it knows or has reasonable grounds to believe to be misleading, false, or deceptive, or concealing material information at its disposal to induce another person to trade or refrain from trading; or
  - d. Making statements or disseminating information which it knows, or has reasonable grounds to believe to be, false or misleading and likely to induce other persons to trade or refrain from trading, and which has the effect of inflating, depressing, or maintaining the price for trading in listed Securities.
2. Engage in any fraudulent or deceptive conduct and practice which would violate Securities Laws and these Rules, including but not limited to making a statement or disseminating information to PDEX which the Trading Participant knows or has reasonable grounds to believe to be false or misleading regarding:
- a. The services that the Trading Participant is capable of delivering to a customer;
  - b. The qualifications and competency of the Trading Participant; or
  - c. The investment performance that the Trading Participant has accomplished or can reasonably be expected to achieve for a customer.



3. Engage in any transaction which violates restrictions on insider dealing, as defined in Securities Laws, whether for its own account or for the account of a customer.
4. Violate prohibitions in Securities Laws against engaging in transactions in Securities of affiliated Issuers.

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