

Dated: July 01, 2016

Know Your Customer (KYC) and Customer Due Diligence (CDD) Policy

Following SECP / KSE Circulars / Notices & Instructions on the subject "Know Your Customer and Customer Due Diligence Guidelines for Members / Brokers & their Agents/Employees" this house declares its policy to be as under;

KYC & CDD Policy

We examine our customers at the time of opening of account and continue to observe them during the continuance of the account among others on following lines;

A. Customer Identification

To protect our self from being used by unscrupulous and / or criminal elements we take reasonable care to establish the true identity of customers. A minimum set of documents are obtained from customers / potential customers at the time of opening of their brokerage account as prescribed by the SECP. We do not open anonymous or obviously fictitious accounts. In addition to above we do not open an account, without interviewing the prospective client.

We verify that the person who represents himself as authorized signatory with powers to open and operate the brokerage account is actually authorized.

We carefully enquire the source of funding especially if the customer is expected to receive / send funds in foreign currency.

PSX regulation that all receipt / payments above Rs. 25,000/- be made through cross cheques, DD, pay order etc. is followed.

B. Risk assessment of customer

We do risk assessment of the customer on the basis of information obtained at the time of opening of brokerage account and on the basis of information obtained during the relationship and doing business with the customer. It is normally based on customer identity, nature of income, source of funding, location / domicile of customer etc. We are aware that following types of customers have been placed into "High Risk Category" by SECP.

- Non-resident customers;

- Legal persons or arrangements including non-governmental organizations; (NGOs)/ not-for-profit organizations (NPOs) and trusts / charities;
- Customers belonging to countries where CDD/KYC and antimoney laundering regulations are lax or if funds originate or go to those countries;
- Customers whose business or activities present a higher risk of money laundering such as cash based business;
- Customers with links to offshore tax havens;
- High net worth customers with no clearly identifiable source of income;
- There is reason to believe that the customer has been refused brokerage services by another brokerage house;
- Non-face-to face / on-line customers;
- Establishing business relationship or transactions with counterparts from or in countries not sufficiently applying FATF recommendations; and
- Politically Exposed Persons (PEPs) or customers holding public or high profile positions.

In respect of all customers in general and High Risk Category in particular we assess the risk of potential money laundering / terrorism financing and in case of slightest doubt we refuse to open the account.

C. Circumstances where Enhanced Due Diligence is required

Persons likely to fall in High, Medium and even in Low Risk category are not entertained as customers.

D. On-going due Diligence

We and our staff is aware that CDD is not a onetime exercise at the time of account opening only. As such we keep all customer records updated and have a policy of assessing any change in customer profile on regular basis. So far any suspicious change has not been noted in profile of any customer. If any such doubt arises it shall be documented and reported to authorities.

E. Circumstances where simplified Due Diligence can be adopted

We are aware that the purpose of the KYC/CDD guidelines is not to make brokers' operations unnecessarily cumbersome, but to help the broker community guard against their services from being used for money laundering by unscrupulous elements. Accordingly, as permitted by the KYC policy following customers are considered for simplified CDD.

- Financial institutions which are subject to requirement to combat money laundering and terrorist financing consistent with the FATF

Recommendations and are supervised for compliance with those controls.

- Public companies that are subject to regulatory disclosure requirements.
- Government administrations or enterprises.
- Where size of account is meager or is compatible with ostensible means.

F. Compliance function

- ❖ Management and the staff continuously watch that the house is compliant of KYC and CDD policy of the house.
- ❖ Mr. Omer Rana has been designated for compliance of this policy. He has sufficient skills and experience to effectively perform the compliance function. The designated person reports compliance to the directors. Customer record is available for inspection by SECP and KSE as and when required.

G. Data Retention

All data relating to KYC/CDD guidelines & procedures is maintained for a minimum of five years, including identity of the customer(s), account files and correspondence exchanged with the customer(s).

H. Training and employee screening

There is a system of on-going training of directors and employees to ensure that they understand their duties under KYC/CDD and are able to perform those duties satisfactorily.

I. Screening

In order to ensure, that unscrupulous elements do not become employees/agents, we have appropriate screening procedures when hiring and also on an ongoing basis to ensure high standards of staff in terms of honesty, integrity, ethics and professionalism.

J. Check List

Following SECP / PSX guidelines on KYC / CDD and our policy, at the time of account opening we scrutinize all our potential clients as per our check list (**Annexure A**).