

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

Following SECP / PSX 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 profile at the time of opening of account and continue to observe them during the continuance of the account among others on the 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. In addition to above we do not open an account, without interviewing the potential customer.

For non individual customers additional care is taken to establish the ownership and control structure of such an organization. We verify that the person who represents him self as authorized signatory with powers to open and operate the brokerage account is actually authorized by the organization.

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

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

b) Risk assessment of customers

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

- i. Non-resident customers.
- ii. Legal persons or arrangements including non-governmental organizations; (NGOs)/ not-for-profit organizations (NPOs) and trusts / charities.
- iii. Customers belonging to countries where CDD/KYC and anti money laundering regulations are lax or if funds originate or go to those countries.
- iv. Customers whose business or activities present higher risk of money laundering such as cash based business.
- v. Customers with links to offshore tax havens.
- vi. High net worth customers with no clearly identifiable source of income.
- vii. There is reason to believe that the customer has been refused brokerage services by another

- brokerage house.
- viii. Non-face-to-face / on-line customers.
 - ix. Establishing business relationship or transactions with counterparts from or in countries not sufficiently applying FATF recommendations.
 - x. Politically Exposed persons (PEPs) or customers holding public or high profile position.

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 low Risk category are not entertained as customers.

d) On-going due Diligence

We and our staff is aware that CDD is not a one time exercise at the time of account opening only. As such we keep all 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 broker's 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 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.

f) Compliance function

- i Management and the staff continuously watch that the house is compliant of KYC and CDD policy of the house.
- ii Mohammad Asif Vohra CEO of the house has been designated for compliance of this policy. He has sufficient skills and experience to effectively perform the compliance function. Customer record is available for inspection by SECP and PSX 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 customer(s).

h)

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 customers as per our check list.