

AML/CFT & KYC/CDD POLICY & PROCEDURES



ABBASI & COMPANY (PRIVATE) LIMITED

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INTRODUCTION

Anti-Money Laundering policy is an important step developed globally to prevent identity theft, financial fraud, money laundering and terrorist financing. Abbasi and Company (Pvt.) Limited (ACPL) decided to adopt and implement the policy and regulation in letter and spirit as adopted according to PSX KYC/CDD guidelines and SECP (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018.

ACPL has designed an Anti-Money Laundering Policy, Know Your Client and Customer Due Diligence Policy, referred as the AML/CFT & KYC/CDD Policy & Procedures in accordance with the guidelines provided by the regulators.

This policy defines different categories of clients and their identification on the basis of their risk assessment and documentation required by them along with the characteristics of High Risk clients, who may cause greater risk of money laundering activities. It also explains;

- how to ensure the identity of the clients,
- the decision with regard to initiation to have relationship with the prospective client,
- maintenance and updating the KYC/CDD measures for existing clientele, and
- circumstances where enhanced or simplified customer due diligence is required.

This policy will be revised timely on the basis of any change in the regulatory requirements or business operations of the company.



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OBJECTIVES

The objectives of this policy and procedure are to ensure that the brokerage services of ACPL are not used intentionally or unintentionally by criminal elements for money laundering, or terrorist financing activities by ensuring proper identification of clients. ACPL staff is aware of their obligations and the need for vigilance in the fight against money laundering. Further, to ensure compliance with all relevant Rules & Regulations.

The objective of this policy is to ensure that the services of the ACPL are not used to launder the proceeds of crime and that all the staff is aware of their responsibility in the fight against money laundering/terrorist financing. The document also provides a framework to comply with applicable laws related with detection and reporting of suspicious activities.

SCOPE

This policy is applicable to ACPL as a whole.

Our coverage will include following key areas:

- Customer Identification
- Risk assessment of customer
- Circumstances where Simplified Due Diligence can be adopted
- Circumstances where Enhanced Due Diligence is required
- On-going Due Diligence
- Compliance function
- Audit Function
- Reporting STR/CTR
- Training and employee screening



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POLICY OVERVIEW

This policy provides direction and help to ACPL staff on how to manage risks related to money laundering and the financing of terrorism. It covers Policy, procedures and controls. It outlines policies that should be adopted by ACPL and that reflect the SECP requirements. It also includes control on procedures that need to be implemented to ensure compliance with these regulatory requirements.



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WHAT IS MONEY LAUNDERING?

Money laundering means the ways in which criminals change “ill gotten” money and other assets into “clean” money or assets that have no obvious links to their criminal origin.

The three basic stages of money laundering are;

Placement: During placement, “ill gotten” money derived from criminal activities is placed in the financial system.

Layering: To conceal the illegal origin of the placed funds and thereby make them more useful to criminals, the funds must be moved, dispersed, and disguised. Layering is the process of disguising the source of the funds through layers of financial transactions.

Integration: Once the funds are layered and can no longer be traced back to their criminal origins, they are integrated into the financial system and now appear “clean” and available for use by criminals. If layering has been successful, integration places the laundered money back into the economy and financial system in such a way that they appear as clean and legitimate.

WHAT IS TERRORIST FINANCING?

Terrorist financing involves dealing with money or property that may be used for financing terrorist activities. The funds and property may be from either legitimate or criminal sources. They may be small amounts. The methods used by terrorists to move money are substantially the same as those used by other criminals.



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LINES OF DEFENCE

ACPL shall have the following three lines of defence to combat ML/TF:

- a) First line of defence: Equity and Business Development Departments
- b) Second line of defence: Compliance Officer and Compliance Function
- c) Third line of defence: Internal Audit Function

EQUITY AND BUSINESS DEVELOPMENT DEPARTMENTS

Equity and Business Development Departments are included amongst the first line of defence. For each decision or approval, they need to determine and ensure that sufficient resources are provided for carrying out policies and procedures related to AML/CFT due diligence.

COMPLIANCE OFFICER AND COMPLIANCE FUNCTION

Compliance Officer, Back Office, internal control and risk management functions, the compliance function and human resources or technology are the second line of defence.

The Compliance Officer shall have the authority and ability to oversee the effectiveness of ACPL's AML/CFT systems. His responsibilities include compliance with applicable AML/CFT legislation, reporting of suspicious and currency transactions, and providing guidance in day-to-day operations of the AML/CFT policies and procedures, including freezing of accounts/funds if subsequently identified on proscribed lists.

INTERNAL AUDIT FUNCTION

The Internal Audit Department of ACPL shall on a regular basis, conduct an AML/CFT audit to independently evaluate the effectiveness of compliance with AML/CFT policies and procedures. The AML/CFT audits should assess:



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- a) overall governance structure of ACPL for AML/CFT, including the role, duties and responsibilities of the Compliance Officer;
- b) ownership taken by management and board of directors (where applicable), in particular Risk Assessment, Risk Based Approach, AML/CFT related internal enquiries, suspicious transaction reports and regulatory compliance;
- c) integrity and effectiveness of the AML/CFT systems and controls and the adequacy of internal policies and procedures in addressing identified risks, including:
 - CDD measures including monitoring and updating of customer data;
 - Screening process for TFS, and test its functionality; testing transactions with emphasis on high-risk customers, geographies, products and services;
 - Record keeping and documentation.
- d) the effectiveness of parameters for automatic alerts and the adequacy of ACPL's process of identifying suspicious activity, internal investigations and reporting;
- e) the adequacy and effectiveness of training programs and employees' knowledge of the laws, regulations, and policies & procedures.

CUSTOMER IDENTIFICATION

It's a basic tenet of our business to know about our customers. This helps us to protect our self from being used by unscrupulous and/or criminal elements. In this regard, ACPL shall take all reasonable care to establish the true identity of the customers. A minimum set of documents will be obtained from customers/potential customers at the time of opening their brokerage account as prescribed by the regulator and exchange. To be prudent, ACPL shall obtain



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any other document from the client if we believe that it will help in establishing the true identity of the customer and the real controlling/beneficial person behind the account.

It is important to recognize if a customer is acting on behalf of another person. In this case, the identity of that person should be ascertained and relevant documents of that person also needs to be obtained i.e. Identify nature of customer business, its ownership in term of natural person and its control structure.

CUSTOMER PROFILING

When an individual or an organization/institution will open a brokerage account with us, it is important to find out and document in broad terms what does the customer intend to do. We shall perform customer profiling in term of investment needs, age, gender, occupation, knowledge of market, any historical trading experience, risk of online trading and capacity regarding investment. As **(Annexure-3)** Customer Profile Form duly signed by ACPL authorized person.

Physical presence of the customer at the time of account opening is necessary. In case of customer in cities where no branch exists or the customer is not able to visit ACPL office/branch. Our authorized person shall visit and verify the person.

Furthermore, it is important when obtaining confirmation from third parties in other jurisdictions, especially in foreign cases, that ACPL shall consider whether that foreign jurisdiction is following the Financial Action Task Force (FATF) recommendations.



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CUSTOMER DUE DILIGENCE

ACPL shall not keep anonymous accounts or accounts in fictitious names. ACPL shall take steps to ensure that their customers are who they purport themselves to be. ACPL shall conduct CDD, which comprises of identification and verification of customers including beneficial owners (such that it is satisfied that it knows who the beneficial owner is), understanding the intended nature and purpose of the relationship, and ownership and control structure of the customer.

ACPL shall conduct ongoing due diligence on the business relationship and scrutinize transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the ACPL's knowledge of the customer, its business and risk profile, including, where necessary, the source of funds. ACPL shall conduct CDD when establishing a business relationship if:

- There is a suspicion of ML/TF, **Annexure 4** gives some examples of potentially suspicious activities or “red flags” for ML/TF. Although these may not be exhaustive in nature, it may help to recognize possible ML/TF schemes and may warrant additional scrutiny, when encountered. The mere presence of a red flag is not by itself evidence of criminal activity. Closer scrutiny will assist in determining whether the activity is unusual or suspicious or one for which there does not appear to be a reasonable business or legal purpose.; or
- There are doubts as to the veracity or adequacy of the previously obtained customer identification information.

In case of suspicion of ML/TF, an ACPL should:



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- Seek to identify and verify the identity of the customer and the beneficial owner(s), irrespective of any specified threshold that might otherwise apply; and
- File a Suspicious Transaction Reporting (“STR”) with the FMU, in accordance with the requirements under the Law.

ACPL shall monitor transactions to determine whether they are linked. Transactions could be deliberately restructured into two or more transactions of smaller values to circumvent the applicable threshold.

ACPL shall verify the identification of a customer using reliable independent source documents, data or information including verification of CNICs from Verisys, where possible. Similarly, ACPL shall identify and verify the customer’s beneficial owner(s) to ensure that ACPL understands who the ultimate beneficial owner is.

ACPL shall ensure that it understands the purpose and intended nature of the proposed business relationship or transaction. ACPL shall assess and ensure that the nature and purpose are in line with its expectation and use the information as a basis for ongoing monitoring.

ACPL shall verify the identity of any person that is purporting to act on behalf of the customer (“authorized person”). ACPL should also verify whether that authorized person is properly authorized to act on behalf of the customer. ACPL shall conduct CDD on the authorized person(s) using the same standards that are applicable to a customer. Additionally, ACPL shall ascertain the reason for



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such authorization and obtain a copy of the authorization document. Authority letter is attached as **Annexure-2**.

ACPL may differentiate the extent of CDD measures, depending on the type and level of risk for the various risk factors. For example, in a particular situation, ACPL may apply normal CDD for customer acceptance measures, but enhanced CDD for ongoing monitoring, or vice versa.

When performing CDD measures in relation to customers that are legal persons or legal arrangements, ACPL shall identify and verify the identity of the customer, and understand the nature of its business, and its ownership and control structure.

The purpose of the requirements set out regarding the identification and verification of the applicant and the beneficial owner is twofold: first, to prevent the unlawful use of legal persons and arrangements, by gaining a sufficient understanding of the applicant to be able to properly assess the potential ML/TF risks associated with the business relationship; and second, to take appropriate steps to mitigate the risks. In this context, ACPL shall identify the customer and verify its identity. The type of information that shall normally be needed to perform this function should be as specified in **Annexure 1**.

If ACPL has any reason to believe that an applicant has been refused facilities by another Broker due to concerns over illicit activities of the customer, it shall consider classifying that applicant as higher-risk and apply enhanced due diligence procedures to the customer and the relationship, filing an STR and/or



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not accepting the customer in accordance with its own risk assessments and procedures.

a) Timing of Verification

The best time to undertake verification is prior to entry into the business relationship or conducting a transaction. However, as provided in the Regulations RPs may complete verification after the establishment of the business relationship.

Where CDD checks raise suspicion or reasonable grounds to suspect that the assets or funds of the prospective customer may be the proceeds of predicate offences and crimes related to ML/TF, ACPL shall not voluntarily agree to open accounts with such customers. In such situations, ACPL shall file an STR with the FMU and ensure that the customer is not informed, even indirectly, that an STR has been, is being or shall be filed.

b) Existing Customers

ACPL shall apply CDD measures to existing customers on the basis of materiality and risk, and to conduct due diligence on such existing relationships at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained.

Where ACPL is unable to complete and comply with CDD requirements as specified in the Regulations, it shall not open the account, commence a business relationship, or perform the transaction. If the business relationship has already been established, ACPL shall terminate the relationship. Additionally, ACPL shall consider making a STR to the FMU.



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c) Tipping-off & Reporting

The Law prohibits tipping-off. However, a risk exists that customers could be unintentionally tipped off when the RP is seeking to complete its CDD obligations or obtain additional information in case of suspicion of ML/TF. The applicant/customer's awareness of a possible STR or investigation could compromise future efforts to investigate the suspected ML/TF operation.

Therefore, if ACPL forms a suspicion of ML/TF while conducting CDD or ongoing CDD, it should take into account the risk of tipping-off when performing the CDD process. If ACPL reasonably believes that performing the CDD or on-going process will tip-off the applicant/customer, it may choose not to pursue that process, and should file a STR. ACPL shall ensure that its employees are aware of, and sensitive to, these issues when conducting CDD or ongoing CDD.

d) No Simplified Due Diligence for Higher-Risk Scenarios

ACPL shall not adopt simplified due diligence measures where the ML/TF risks are high. RPs shall identify risks and have regard to the risk analysis in determining the level of due diligence.

SIMPLIFIED DUE DILIGENCE

ACPL shall apply simplified or reduced CDD measures in the following circumstances:

- Risk of money laundering or terrorist financing is lower.
- Information on the identity of the customer and the beneficial owner.
- Adequate checks and controls exist.



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Following customers may be considered for simplified or reduced 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.

While opting for simplified or reduced due diligence, the FATF guidelines shall be consulted. Simplified CDD shall not be followed when there is an identified risk of money laundering or terrorist financing.

ENHANCED DUE DILIGENCE

ACPL shall examine, as far as reasonably possible, the background and purpose of all complex, unusual large transactions, and all unusual patterns of transactions, that have no apparent economic or lawful purpose.

Where the risks of ML/TF are higher, or in cases of unusual or suspicious activity, ACPL shall conduct enhanced CDD measures, consistent with the risks identified. In particular, ACPL should increase the degree and nature of monitoring of the business relationship, in order to determine whether those transactions or activities appear unusual or suspicious.

Examples of enhanced CDD measures that could be applied for high-risk business relationships include:



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- a) Obtaining additional information on the applicant/customer (e.g. occupation, volume of assets, information available through public databases, internet, etc.).
- b) Updating more regularly the identification data of applicant/customer and beneficial owner.
- c) Obtaining additional information on the intended nature of the business relationship.
- d) Obtaining additional information on the source of funds or source of wealth of the applicant/customer.
- e) Obtaining additional information on the reasons for intended or performed transactions.
- f) Obtaining the approval of senior management to commence or continue the business relationship.
- g) Conducting enhanced monitoring of the business relationship, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.

Once a customer has been categorized as HIGH RISK, we shall perform Enhance Due Diligence (EDD) when dealing with high risk customer. Policies and procedures should be put in place so that activities and transactions of HIGH RISK customers shall be monitored and any unusual transactions will be reported as Suspicious Transaction Report (STR) to Financial Monitoring Unit (FMU).

In case existing low risk customers are categorized as high risk during Ongoing Due Diligence, EDD shall be applied to these customers as well.



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ON-GOING DUE DILIGENCE

Customer Due Diligence (CDD) is not a one-time exercise at the time of account opening only. It shall be performed regularly in order to guard ACPL against misuse of any criminal activity; it is the responsibility of Compliance Department to conduct Ongoing Due Diligence in terms of the customers' profile, risk category, historical pattern of the transactions and their historic source of funding.

ACPL shall keep all customer records updated and have a policy of assessing any change in customer profile on regular basis any change should be documented and sufficient information should be obtained regarding such change.

The trades and deposits of the customers shall be assessed on timely basis and additional source shall be asked for in case a client breaks the threshold.

During On-Going Due Diligence, the deposits less withdrawals by the client shall be compared with the Annual Income Limit assigned to the client as per KYC Form. If the client exceeds the threshold, an intimation shall be sent to the client asking for additional source of income.

In case of CNIC Expiry, SMSs shall be sent through Back Office to the clients at least one month before the expiry date of the CNIC.

In course of On-Going Due Diligence the records of the clients pertaining to High Risk category shall be reviewed at least once in a calendar year and if it is deemed necessary further documents shall be obtained. Whereas, the records of the



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clients pertaining to Low Risk category shall be reviewed at least once in three calendar years and if it is deemed necessary further documents shall be obtained.

Whereas, in case of corporate clients, the records shall be updated on annual basis and the following documents shall be obtained at the minimum;

- Latest Form A and Form 29.
- Latest audited financial statements.
- Latest Income Tax Return.
- Any additional document (if deemed necessary).

RISK ASSESSMENT

ACPL shall regularly create and maintain an updated document that describes its current assessment of its ML/TF risk in light of the latest National Risk Assessment. This document will be formally approved by the management and board of directors and must provide a list of proposed actions needed to address any deficiencies in risk mitigants, controls processes and procedures identified by the assessment. In addition, the document must include a view on the AML/CFT risks with respect to its customers, products, delivery channels, geography and the quality of the risk mitigants, such as controls processes and procedures involving more detailed steps.

The ML/TF risk assessment is not a one-time exercise and is required to be carried out annually (or as directed by SECP). Further, the management shall review the risks with respect to new products or services, opening or closing accounts with high-risk customers and mergers and acquisitions.



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ACPL shall be able to demonstrate to the regulators, the adequacy of its assessment, management and mitigation of ML/TF risks, and of the measures taken in the context of AML/CFT. Documentation should include:

- a) Risk assessment systems including details of the implementation of appropriate systems and procedures, due diligence requirements, and how the ACPL assesses ML/TF risks;
- b) Customer acceptance policy; procedures and policies concerning customer identification and verification; and its ongoing monitoring and procedures for reporting suspicious transactions;
- c) The arrangements for monitoring and reporting to senior management on the results of ML/TF risk assessments and the implementation of its ML/TF risk management systems and control processes.

Risk Assessment must be sufficiently precise to allow the development of a Risk Matrix that grades customers, products, geography, and delivery channels into risk categories. Each customer must receive an initial AML/CFT risk rating at the beginning of the business relationship, and it must be kept current based on updates and changes in the relationship.

METHODOLOGY FOR CONDUCTING RISK ASSESSMENT

As per the regulation of AML/CFT we shall categorize our customer as low or high risk according to their risk assessment based on documents and information provided by the client at the time of account opening. ACPL's Client Relationship Officer shall ensure validity of documents provided including but not limited to customer identity, nature of income, source of funding, address and other additional documents if necessary. High Risk Jurisdictions, ML/TF threats and vulnerabilities shall also be considered during such assessment.



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After collecting the documents and in person verification by Client Relationship Officer the account form shall be sent to the Compliance Department. It is the responsibility of the Compliance Department to assess and categorize the customer. The following steps are involved in Risk Assessment;

i. IDENTIFICATION OF THE CLIENT

The first step at the time of conducting Risk Assessment is the identification of the client. The nature of the customer shall be identified and biometric shall be conducted in case of individual clients as per the requirements of CKO Regulations. Then proper KYC/CDD measures shall be applied to each client and the address of each customer confirmed by sending a letter at the client's address and after receiving the reply from the client.

ii. THREATS AND VULNERABILITIES

After the identification of the clients, the threats and vulnerabilities shall be identified on the basis of nature of customer, the geographical location and the nature of source of income/funds of the client provided by the client.

A **threat** is a person or group of people, object or activity with the potential to cause harm to, for example, the state, society, the economy, etc. In the ML/TF context this includes criminals, terrorist groups and their facilitators, their funds, as well as past, present and future ML or TF activities.

Vulnerabilities comprise those things that can be exploited by the threat or that may support or facilitate its activities. In the ML/TF risk assessment context, looking at vulnerabilities as distinct from threat means focusing on, for example, the factors that represent weaknesses in AML/CFT systems or controls or certain features of a country. They may also include the features



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of a particular sector, a financial product or type of service that make them attractive for ML or TF purposes.

iii. EVALUATION

After the identification of threats and vulnerabilities associated with the client, each client shall be categorized as Low or High.

iv. FINDINGS

All the accounts shall be opened with the prior approval of the senior management. And the discrepancies (if any) shall be reported to the Board of Directors.

Risk category shall be based as per the regulations. Following are considered as high risk;

- 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 a 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.



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- viii. Establishing business relationship or transactions with counterparts from or in countries not sufficiently applying FATF recommendations.
- ix. Politically Exposed Persons (PEPs) or customers holding public or high profile positions.
- x. Private Limited Companies.

ASSESSMENT OF CRIMES MENTIONED IN NATIONAL RISK ASSESSMENT

The crimes mentioned in NRA report are Illicit Trafficking in Narcotic Drugs and Psychotropic Substances; Corruption and Bribery; Smuggling (Including in Relation to Customs and Excise Duties and Taxes); Tax Crimes (Related to Direct Taxes and Indirect Taxes); Illegal MVTS / Hawala / Hundi; Cash Smuggling; Terrorism (Including Terrorist Financing); Participation in an Organized Criminal Group and Racketeering Trafficking in Human Beings and Migrant Smuggling; Illicit Arms Trafficking; Fraud and forgery; Kidnapping, Illegal Restraint and Hostage-Taking; Robbery or Theft; Extortion; Insider Trading and Market Manipulation; Cyber Crime; Sexual Exploitation (Including Sexual Exploitation of Children); Illicit Trafficking in Stolen and Other Goods; Counterfeiting Currency; Counterfeiting and Piracy of Products; Murder, Grievous Bodily Injury; Environmental Crime; Piracy.

Amongst the above mentioned crimes we shall assess all the risks applicable and its implications on our system, we shall take steps to ensure that above mentioned crimes do not penetrate the controls in place at ACPL by following stringent policies mentioned in methodology for conducting risk assessment. Furthermore, with regards to **Insider Trading & Market Manipulation**, we have already coped up with this problem by having strong controls in place. We have properly established policies and our employees have properly signed the confidentiality agreements. All the employees are bound to observe the principle



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of Confidentiality and no one is allowed to share any material information with any client and nor use such information for personal use also.

ASSESSMENT OF TF THREAT INCLUDING

i. ENTITIES OF CONCERNS

The Reports shall be properly submitted to the concerned Regulatory Authorities on timely basis.

These Reports include;

- “Compliance Report to SECP” which is submitted to NCCPL on fortnightly basis by the Equity Department. This Report addresses the Number of Accounts belonging to Al-Qaeda and Taliban.
- List of Blacklisted persons issued by UNSCR/NACTA. This Report shall be submitted via SECP Portal from time to time as and when required. First of all we shall scrutinize our database, then such report shall be submitted by the Compliance Department. The Equity Department shall be responsible for such scrutiny.

ii. TRANSNATIONAL RISK

We shall properly assess and check the deposits from our clients both local and international; none of our clients shall belong to the black listed countries. Moreover, in case of foreign remittances we shall only accept them if they are through proper banking channels.

ASSESSMENT OF SECTORAL VULNERABILITIES

i. CUSTOMERS

The types of customers shall be categorized as low or high risk on the basis of risk assessment for resident / non-resident, source of funds, nature of



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business and geography. However special care shall be taken in the following cases.

Politically Exposed Persons (PEPs)

PEPs are defined in the Regulations, inter-alia, as heads of state, ministers, influential public officials, judges and military commanders and includes their family members and close associates.

Business relationships with PEPs holding important public positions may expose ACPL to significant reputational and/or legal risk. In addition, PEPs because of their position, may expose ACPL to a high degree of public expectation and scrutiny.

Family members of a PEP are individuals who are related to a PEP either directly or through marriage. Close associates are individuals who are closely connected to PEP, either socially or professionally. Close associates have in many cases been used to provide a cover for the financial activities of a PEP, and may not be in any way connected to the PEP in an official capacity. The CDD done by ACPL on the source of funds or source of wealth of a customer may be the first clear documentation of a close association.

The AML/CFT National Risk Assessment of Pakistan has determined the risk of corruption and therefore the risk of providing financial services to PEPs is high. This means that all domestic PEPs must be scrutinized, particularly for their source of funds wealth and assets.

ACPL shall consider factors such as whether the customer who is a PEP:



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- a) Has prominent public functions in sectors known to be exposed to corruption;
- b) Has business interests that can cause conflict of interests (with the position held);
- c) Has been mentioned in media related to illicit financial behaviour; and
- d) Is from a high risk country.

In very low risk scenarios declaration may be sufficient. In higher risk scenario, a search of publicly available information, such as internet public sources or commercial databases is necessary.

The PEP red flags that the ACPL shall consider include:

- a) The information that is provided by the PEP is inconsistent with other (publicly available) information, such as asset declarations and published official salaries;
- b) A family member of a PEP without own financial means is transacting with ACPL without declaring the relationship to a PEP, or the origin of the funds transacted;
- c) The PEP is associated with, or owns, or signs for, complex legal structures that are commonly used to hide Beneficial Ownership;
- d) Funds are repeatedly moved to and from countries to which the PEP does not seem to have ties;
- e) A PEP uses multiple bank accounts for no apparent commercial or other reason;
- f) The PEP is from a country that prohibits or restricts certain citizens from holding accounts or owning certain property in a foreign country.



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ACPL shall take a risk-based approach in determining whether to continue to consider a customer as a PEP who is no longer a PEP. The factors that ACPL should consider include:

- a. the level of (informal) influence that the individual could still exercise; and
- b. whether the individual's previous and current function are linked in any way (e.g., formally by appointment of the PEPs successor, or informally by the fact that the PEP continues to deal with the same substantive matters, or through continued strong ties within a party, family or institution).

ACPL shall be vigilant in relation to domestic PEPs and PEPs from other jurisdictions, who are seeking to establish business relationships. ACPL, in addition to performing normal due diligence measures should also:

- a. have appropriate risk management systems to determine whether the customer is a PEP;
- b. obtain senior management approval for establishing business relationships;
- c. take reasonable measures to establish the source of wealth and source of funds; and
- d. conduct enhanced ongoing monitoring of the business relationship.

Foreign Clients

The capital market has a significant portion of foreign investments also due to its high volatility and large returns. The brokers have a difficult task to ensure legitimacy of the sources. In view of this, the inherent vulnerability to ML/TF in the securities sector from the foreign clients is assessed as High Risk.



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ii. PRODUCTS

Equity market products could be used to layer or integrate the proceeds of crime, or to transfer value to terrorists, and are therefore vulnerable for ML/TF activities. Products and services may be categorized based on general characteristics and the degree of ML/TF risk associated with utilization of new payment methods, delivery channels and jurisdiction/geographic locations of customers. ACPL only deals in Ready Market and Deliverable Futures Contract.

iii. DELIVERY CHANNEL

All the transactions take place through proper banking channel. We shall only accept the cheques from clients' personal bank accounts. We shall not accept third party cheques.

Moreover, we shall not accept cash from the clients exceeding Rs. 25,000 as per daily limit set by PSX.

Furthermore, in case of online transfer proper documentation shall obtained from the clients.

iv. GEOGRAPHY

The clients shall be categorized as resident or non-resident on the basis of proof presented by them at the time of Account Opening. The risk shall be assessed according to the country to which the customer belongs and whether they have porous border with Pakistan or not? This is because the porous borders of Pakistan are more prone to the ML/TF Threats. One of the examples of porous borders is Pakistan-Afghanistan border.



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Note:

Moreover, all the non-resident clients and those clients who belong to KPK, Baluchistan, Internal Sindh, Gilgit Baltistan, Southern Punjab and FATA shall be categorized as High-Risk clients. High Risk Jurisdictions, ML/TF threats and vulnerabilities shall also be considered during such assessment.

RISK BASED APPROACH

ACPL Compliance Officer shall apply risk based approach on enterprise wide identifying overall risk, geographical placement of clients, payment/ withdrawal channels identifying threats and its jurisdiction.

Compliance officer shall:

1. Identify ML/TF risks relevant to them.
2. Assess ML/TF risks in relation to.
 - a. Their customers (including beneficial owners).
 - b. Country or geographic area in which its customers reside or operate and where the ACPL operates.
 - c. Products, services and transactions that the ACPL offers.
 - d. Their withdrawal/deposit delivery channels.
3. Policies, controls and procedures are approved by Board of Directors to manage and mitigate the ML/TF risks identified and assessed.
4. Compliance department shall monitor and evaluate the implementation of mitigating controls and improve systems where necessary.
5. Document the RBA including implementation and monitoring procedures and updates to the RBA.



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6. Compliance department shall provide risk assessment information to the Board of Directors and if required to the Commission.

CLIENT ACCEPTANCE AND CREDIT WORTHINESS OF CLIENT

The clients should be accepted after proper KYC/CDD measures and a detailed scrutiny of the documents should be conducted. The account shall be opened after the approval of the Senior Management. Risk Based Approach as explained earlier shall be adopted for KYC/CDD measures.

In order to cope up with the credit risk associated with the clients, the Annual Income Limit shall be assigned to the client as per the KYC Form and the documents provided by the client. These limits shall be set in the Back Office and monitored regularly.

BENEFICIAL OWNERS

Beneficial owner is a legal term where specific property rights ("use and title") in equity belong to a person even though legal title of the property belongs to another person. Beneficial ownership is distinguished from legal ownership.

ACPL shall assess the ultimate beneficial owner of the Account being opened by the client. The Client Relationship Officer shall conduct the KYC and CDD of the beneficial owner just like the account holder.

It is pertinent to mention that, in case of corporate clients, it is very important to point out the ultimate beneficial of the funds. So, in case of complex structured companies ACPL shall reach the ultimate beneficial owners and assess the risks associated with them.



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SUSPICIOUS TRANSACTION REPORT (STR)

In terms of Section 7 of AML Act 2010, every financial institution is required to file STR with FMU **promptly** after forming suspicion of funds being laundered or related to terrorist financing.

Section 7 (1) of AML Act, 2010 states that:

Every reporting entity shall file with FMU, to the extent and in the manner prescribed by the FMU, report of Suspicious Transaction conducted or attempted by, at or through such reporting entity, if it knows, suspects or has reason to suspect that the transaction or a pattern of transactions of which the transaction is a part,-

- a. involves funds derived from illegal activities or is intended or conducted in order to hide or disguise proceeds of crime;
- b. is designed to evade any requirements of this section
- c. has no apparent lawful purpose after examining the available facts including the background and possible purpose of the transaction;
- d. involves financing of terrorism, including fund collected, provided, used or meant for, or otherwise linked or related to, terrorism, terrorist acts or organizations and individuals concerned with terrorism.

Provided that the Suspicious Transaction Report shall be filed by the financial institution or reporting entity with FMU immediately but not later than seven working days after forming that suspicion.

PROCEDURE FOR FILING STR

ACPL shall examine, as far as reasonably possible, the background and purpose of all complex, unusual large transactions, and all unusual patterns of



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transactions, that have no apparent economic or lawful purpose. Activities requiring further enquiry may fall into one or more of the following:

- a. any unusual financial activity of the customer not in line with the customer's profile;
- b. any unusual transaction in the course of some usual financial activity;
- c. any unusually-linked transactions;
- d. any unusual method of settlement;
- e. unusual or disadvantageous early redemption of an investment product;
- f. unexplained unwillingness to provide the information requested.

Where the enquiries conducted by ACPL do not provide a satisfactory explanation of the transaction, it may be concluded that there are grounds for suspicion requiring disclosure and escalation of matters to the Compliance Officer. Ultimately, ACPL must decide whether to file a suspicious transaction report based on the above. If it decides not to file, reasons must be documented for this decision.

ACPL may refuse business that they suspect, might be criminal in intent or origin. Where a customer is hesitant/fails to provide adequate documentation, consideration should be given to filing a STR. Also, where an attempted transaction gives rise to knowledge or suspicion of ML/TF, that attempted transaction should be reported to the FMU.



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If ACPL decides that a disclosure should be made, the law require the ACPL to report STR without delay to the FMU. The STR should be filed through GoAML portal of the FMU.

After concluding an internal enquiry, or making an STR, ACPL has to decide whether to close the enquiry, take additional steps such as higher risk rating of customer, or ending the business relationship. This decision must be documented with an explanation for the reasoning behind it.

ACPL shall maintain a comprehensive record of AML/CFT reports with respect to internal enquiries and reporting to FMU. Such documentation may include:

- a. the report itself and all its attached information / documents in copy;
- b. the date of the report;
- c. the person who made the report and the recipient;
- d. any decision based on the STR for the specific customer or a group of customers;
- e. any updating or additional documentation taken based on the report; and
- f. the reasoning underlying the decisions taken.

➤ FOR NEW CUSTOMERS

At the time of account opening the Equity Department shall check the identity of the client and verify whether the name of the person appears in list of Black listed persons provided by NACTA or not. If the name of the person appears in the list, the authorized person shall file STR with FMU as per the guidelines provided by FMU. In case an account is rejected by



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the Equity Department the same shall also be reported to the FMU along with the reason of rejection.

➤ FOR EXISTING CUSTOMERS

In case of existing customers, if the name of any of the clients is added in the list of Black listed persons, the authorized person shall immediately freeze the assets of that particular client and submit a report to SECP.

At the time of taking deposits, the Accounts Department shall compare the amount of deposit with the annual income limit of the clients. If the amount of deposit is within the limits the Accounts Department shall credit the amount in client's respective investor account. But if the amount exceeds the annual income limit for a particular financial year, the Accounts Department shall not take deposit from the client unless he/ she provides the additional source of funds.

In case a customer deposits the amount directly in ACPL's bank account, the Accounts Department shall credit the amount in client's investor account. Meanwhile, the Compliance Department shall inform the Equity Department to send an email to the client asking for additional source of income. The Equity Department shall ask the client to provide additional source of income within 10 working days.

If the client fails to respond, the Equity Department shall send a reminder email to the client to provide the additional source of income within further 10 working days. After the expiry of these 10 days, if the client fails to provide any document the Compliance Department shall inform the



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senior management about the particular case and file an STR with FMU on next working day with the approval of the Board of Directors.

NEW PRODUCTS, PRACTICES & TECHNOLOGIES

ACPL shall-

- a) identify and assess the money laundering and terrorism financing risks that may arise in relation to-
 - i. the development of new products and new business practices, including new delivery mechanisms; and
 - ii. the use of new or developing technologies for both new and pre-existing products;
- b) undertake the risk assessments, prior to the launch or use of such products, practices and technologies, and shall take appropriate measures to manage and mitigate the risks.
- c) in complying with the requirements of clauses (a) and (b), pay special attention to any new products and new business practices, including new delivery mechanisms; and new or developing technologies that favor anonymity.

COMPLIANCE FUNCTION

ACPL has constituted aforementioned AML guidelines. This will help us to monitor customer transactions and report any suspicious activity in a timely manner. In order to achieve this objective two key elements are instituted:

- I. Compliance Department with proper human resource.
- II. MIS reporting capability.



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Head of Compliance should have sufficient skills and experience to effectively perform the compliance function. Head of Compliance shall ensure that compliance should be reported to the Board of Directors periodically.

It is the responsibility of the Compliance Department to ensure that AML guidelines are being complied with as well as with other regulatory requirements. This includes maintaining record of violations/non-compliance identified which has to be reported to the Board of Directors. Any such record has to be available for inspection by SECP and PSX as and when required.

Appointment of Compliance Officer: -

ACPL shall:

- a) appoint a management level officer as compliance officer, who shall report directly to the board of directors or to another equivalent executive position or committee.
- b) ensure that the compliance officer, as well as any other persons appointed to assist him, has timely access to all customer records and other relevant information which they may require to discharge their functions.

PRINCIPLES OF COMPLIANCE FUNCTION

1. In person verification is mandatory.
2. Account opening documents shall be assessed and initial risk rating shall be performed by compliance department.
3. Any suspicious transaction should be reported and business relation should be suspended in case of lack of evidence.



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4. Any deposit in form of cash Rs 2 million or above shall be reported as Currency Transaction Report (CTR).
5. ACPL shall carefully determine the source of funding especially if the customer is expected to receive/send funds in foreign currency.
6. ACPL clients receipts above Rs 25,000/= shall be made through cross cheque, bank drafts, pay orders or other crossed instruments.
7. Withdrawal/Deposit in third party name shall not be catered.
8. Client Relationship Officer shall ensure address and contact numbers through proper documents.
9. Head of Equity shall block the activity in an account as per instructions provided by the regulator and/or in case of any non-compliance with prior approval of CEO/COO.
10. Compliance Department shall perform Ongoing due diligence on ACPL client base.
 - i. Deposits beyond the client source of income provided.
 - ii. Trading Activity.
 - iii. CNIC Expiry.
 - iv. Authorize accounts details.
 - v. Monitoring any correspondence regarding account details.
 - vi. Any terrorist persons barred from opening account in ACPL.
 - vii. Any other information received which ACPL may deem appropriate.

SCREENING AND TRAINING

ACPL shall ensure that all concerned staff receive training on ML/TF prevention on a regular basis, at least annually or more frequently where there are changes to the regulatory requirements or where there are significant changes to the



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business operations or customer base. ACPL shall ensure that all staff fully understand the procedures and need for compliance with the regulations.

Supervisors, managers and senior management (including Board of Directors) should receive a higher level of training covering all aspects of AML/CFT procedures, including the offences and penalties arising from non-compliance with relevant laws.

The Compliance Officer shall receive in-depth training on all aspects of AML/CFT laws and regulations. He shall also receive ongoing training on new trends of criminal activity determination, investigation and reporting of suspicious activities.

Ongoing training for ACPL employees shall be conducted to ensure that they understand their duties under AML and are able to perform those duties satisfactorily.

To ensure, for our safety, ACPL will 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. This is important not just for the sake of our own safety and reputation but the reputation of the Capital Market.

It should be noted that ACPL is bound by the requirements of ANTI MONEY LAUNDERING ACT, as applicable to it and must compliant with the provisions of this Act. This includes filing of Suspicious Transactions Reports and complying with any directives, circulars, guidelines with regard to



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KYC/CDD/Anti-Money Laundering/Terrorist Financing. ACPL shall provide information concerning their customers and the Regulators as and when required.

DATA RETENTION

All data relating to AML/ CFT and KYC/CDD guidelines & procedures shall be maintained for a minimum of ten years after the termination of business relationship with the client, including identity of the customer(s), account files, suspicious transaction report, currency transaction report and correspondence exchanged with the customer(s).

CONCLUSION REMARKS

As the global economy becomes increasingly inter - connected and the ease of cross-border financial transactions increases, every country, including Pakistan, becomes more exposed to the potential of illegal money transfers and money laundering. It is to guard the Capital Market of Pakistan and its participants that the guidelines prescribed by SECP and this explanatory statement are being issued, as is already the case for other segments of the financial sector such as banks and asset management companies.



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ANNEXURES:

- 1. INFORMATION/ DOCUMENTS**
- 2. AUTHORITY LETTER ON LEGAL STAMP PAPER (RS.200)**
- 3. CUSTOMER PROFILING**
- 4. ML/TF WARNING SIGNS/ RED FLAGS**



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ANNEXURE 1

S No.	Type of Customer	Minimum Documents required for CDD
1.	Individuals	<p>A photocopy of any one of the following valid identity documents:</p> <ul style="list-style-type: none">(i) Computerized National Identity Card (CNIC)/Smart National Identity Card (SNIC) issued by NADRA.(ii) National Identity Card for Overseas Pakistani (NICOP/SNICOP) issued by NADRA.(iii) Form-B/Juvenile card issued by NADRA to children under the age of 18 years.(iv) Pakistan Origin Card (POC) issued by NADRA.(v) Alien Registration Card (ARC) issued by National Aliens Registration Authority (NARA), Ministry of Interior (local currency account only).(vi) Valid Proof of Registration (POR) Card issued by NADRA(vii) Passport; having valid visa on it or any other proof of legal stay along with passport (foreign national individuals only).



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2.	Joint Account	<ul style="list-style-type: none">(i) A photocopy of any one of the documents mentioned at Serial No. I;(ii) In the case of joint accounts, CDD measures on all of the joint account holders shall be performed as if each of them is individual customers of the RP.
3.	Sole proprietorship	<ul style="list-style-type: none">(i) Photocopy of identity document as per Sr. No. 1 above of the proprietor.(i) Attested copy of registration certificate for registered concerns.(ii) Sales tax registration or NTN, wherever applicable(iv) Account opening requisition on business letter head.(v) Registered/ Business address.
4.	Partnership	<ul style="list-style-type: none">(i) Photocopies of identity documents as per Sr. No. 1 above of all the partners and authorized signatories.(ii) Attested copy of 'Partnership Deed'(iii) Attested copy of Registration Certificate with Registrar of Firms. In case the partnership is unregistered, this fact shall be clearly mentioned on the Account Opening Form(iv) Authority letter from all partners, in original, authorizing the person(s) to operate firm's



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		<p>account.</p> <p>(v) Registered/ Business address.</p>
5.	<p>Limited Liability Partnership (LLP)</p>	<p>(i) Photocopies of identity documents as per Sr. No. 1 above of all the partners and authorized signatories.</p> <p>(ii) Certified Copies of:</p> <p>(a) 'Limited Liability Partnership Deed/Agreement.</p> <p>(b) LLP-Form-III having detail of partners/designated partner in case of newly incorporated LLP.</p> <p>(c) LLP-Form-V regarding change in partners/designated partner in case of already incorporated LLP.</p> <p>(iii) Authority letter signed by all partners, authorizing the person(s) to operate LLP account.</p>
6.	<p>Limited Companies/ Corporations</p>	<p>(i) Certified copies of:</p> <p>(a) Resolution of Board of Directors for opening of account specifying the person(s) authorized to open and operate the account;</p> <p>(b) Memorandum and Articles of Association;</p> <p>(ii) Certified copy of Latest 'Form-A/Form-B'.</p> <p>(iii) Incorporate Form II in case of newly incorporated company and Form A / Form C whichever is applicable; and Form 29 in already incorporated companies</p>



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		<p>(iv) Photocopies of identity documents as per Sr. No. 1 above of all the directors and persons authorized to open and operate the account;</p> <p>(v) Photocopies of identity documents as per Sr. No. 1 above of the beneficial owners.</p>
<p>7.</p>	<p>Branch Office or Liaison Office of Foreign Companies</p>	<p>(i) A copy of permission letter from relevant authority i-e Board of Investment.</p> <p>(ii) Photocopies of valid passports of all the signatories of account.</p> <p>(iii) List of directors on company letter head or prescribed format under relevant laws/regulations.</p> <p>(iv) Certified copies of</p> <p>(v) Form II about particulars of directors, Principal Officer etc. in case of newly registered branch or liaison office of a foreign company</p> <p>(vi) Form III about change in directors, principal officers etc. in already registered foreign companies branch or liaison office of a foreign company</p> <p>(vii) A Letter from Principal Office of the entity authorizing the person(s) to open and operate the account.</p> <p>(viii) Branch/Liaison office address.</p>



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8.	Trust, Clubs, Societies and Associations etc.	<p>(i) Certified copies of:</p> <ul style="list-style-type: none">(a) Certificate of Registration/Instrument of Trust(b) By-laws/Rules & Regulations <p>(ii) Resolution of the Governing Body/Board of Trustees/Executive Committee, if it is ultimate governing body, for opening of account authorizing the person(s) to operate the account.</p> <p>(iii) Photocopy of identity document as per Sr. No. 1 above of the authorized person(s) and of the members of Governing Body/Board of Trustees /Executive Committee, if it is ultimate governing body.</p> <p>(iv) Registered address/ Business address where applicable.</p>
9.	NGOs/NPOs/ Charities	<p>(i) Certified copies of:</p> <ul style="list-style-type: none">(a) Registration documents/certificate(b) By-laws/Rules & Regulations <p>(ii) Resolution of the Governing Body/Board of Trustees/Executive Committee, if it is ultimate governing</p> <p>(iii) body, for opening of account authorizing the person(s) to operate the account.</p>



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		<p>(iv) Photocopy of identity document as per Sr. No. 1 above of the authorized person(s) and of the members of Governing Body/Board of Trustees /Executive Committee, if it is ultimate governing body.</p> <p>(v) Any other documents as deemed necessary including its annual accounts/ financial statements or disclosures in any form which may help to ascertain the detail of its activities, sources and usage of funds in order to assess the risk profile of the prospective customer.</p> <p>(vi) Registered address/ Business address.</p>
10.	Agents	<p>(i) Certified copy of 'Power of Attorney' or 'Agency Agreement'.</p> <p>(ii) Photocopy of identity document as per Sr. No. 1 above of the agent and principal.</p> <p>(iii) The relevant documents/papers from Sr. No. 2 to 7, if agent or the principal is not a natural person.</p> <p>(iv) Registered/ Business address.</p>
11.	Executors and Administrators	<p>(i) Photocopy of identity document as per Sr. No. 1 above of the Executor/Administrator.</p> <p>(ii) A certified copy of Letter of Administration or Probate.</p> <p>(iii) Registered address/ Business address.</p>



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12.	Minor Accounts	(i) Photocopy of Form-B, Birth Certificate or Student ID card (as appropriate). (ii) Photocopy of identity document as per Sr. No. 1 above of the guardian of the minor.
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Note:

- (i) For due diligence purposes, at the minimum following information shall also be obtained and recorded on KYC (Know Your Customer)/CDD form or account opening form:
- (a) Full name as per identity document;
 - (b) Father/Spouse Name as per identity document;
 - (c) Mother Maiden Name;
 - (d) Identity document number along with date of issuance and expiry;
 - (e) Existing residential address (if different from CNIC);
 - (f) Contact telephone number(s) and e-mail (as applicable);
 - (g) Nationality-Resident/Non-Resident Status
 - (h) FATCA/CRS Declaration wherever required;
 - (i) Date of birth, place of birth;
 - (j) Incorporation or registration number (as applicable);
 - (k) Date of incorporation or registration of Legal Person/ Arrangement;
 - (l) Registered or business address (as necessary);
 - (m) Nature of business, geographies involved and expected type of counter-parties (as applicable);
 - (n) Type of account/financial transaction/financial service;



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- (o) Profession / Source of Earnings/ Income: Salary, Business, investment income;
 - (p) Purpose and intended nature of business relationship;
 - (q) Expected monthly turnover (amount and No. of transactions); and
 - (r) Normal or expected modes of transactions/ Delivery Channels.
- (ii) The photocopies of identity documents shall be validated through NADRA verisys or Biometric Verification. The regulated person shall retain copy of NADRA Verisys or Biometric Verification (hard or digitally) as a proof of obtaining identity from customer.
- (iii) In case of a salaried person, in addition to CNIC, a copy of his salary slip or service card or certificate or letter on letter head of the employer will be obtained.
- (iv) In case of expired CNIC, account may be opened on the basis of attested copies of NADRA receipt/token and expired CNIC subject to condition that regulated person shall obtain copy of renewed CNIC of such customer within 03 months of the opening of account.
- (v) For CNICs which expire during the course of the customer's relationship, regulated person shall design/ update their systems which can generate alerts about the expiry of CNICs at least 01 month before actual date of expiry and shall continue to take reasonable measures to immediately obtain copies of renewed CNICs, whenever expired. In this regard, regulated person are also permitted to utilize NADRA Verisys reports of renewed CNICs and retain copies in lieu of valid copy of CNICs. However, obtaining copy



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of renewed CNIC as per existing instructions will continue to be permissible.

The condition of obtaining Board Resolution is not necessary for foreign companies/entities belonging to countries where said requirements are not enforced under their laws/regulations. However, such foreign companies will have to furnish Power of Attorney from the competent authority for establishing Business Relationship to the satisfaction of the regulated person.



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ANNEXURE 2:

AUTHORITY LETTER

POWER OF ATTORNEY FOR OPERATING TRADING ACCOUNT

Trading A/c No. _____ CDC Sub A/c _____

KNOW ALL MEN BY THEIR PRESENTS:

THAT I, _____, am maintaining a Trading Account (the said Account) with Abbasi & Company (Pvt) Ltd, having executed a Brokerage Account Agreement dated _____ (the said Agreement) with Abbasi & Company (Pvt) Ltd and I wish to appoint a legally constituted Attorney for the purposes of trading in Securities in my trading account and relevant operations of my CDC sub account.

NOW THEREFORE BY THEIR PRESENTS, I, _____ son/wife/daughter of _____, resident of _____ carrying on business at _____, _____, do hereby ordain, constitute and appoint _____ son/wife/daughter of _____ presently residing at _____,

whose specimen signature is given below, as my true and lawfully constituted Attorney to deal with and represent me to Abbasi & Company (Pvt) Ltd in relation to the operation of the Account and for purchase and sale of, including online trading in Securities through Internet Based Trading System, as defined in the Agreement (Brokerage Account Agreement) with Abbasi & Company (Pvt) Ltd with full power to conduct all transactions, receive and make payments from/to Abbasi & Company (Pvt) Ltd and to hold and/or to accept and give deliveries of Securities in accordance with the terms and conditions of the Agreement.

Without prejudice to the generality of the foregoing, the said Attorney shall have the power to do all or any of the following acts, things and deeds:

1. To place orders upon Abbasi & Company (Pvt) Ltd, for purchase and/or sale of Securities on my behalf by any means of communication mentioned in the said Agreement, and to honour such transactions on my behalf and to place appropriate margin in my Account with Abbasi & Company (Pvt) Ltd in accordance with the terms and conditions of the Agreement.
2. To make payments against purchases of Securities on Delivery versus Payment System (DVP), including advance payments to Abbasi & Company (Pvt) Ltd for purchases; to obtain deliveries of the Securities purchased from Abbasi & Company (Pvt) Ltd, both in physical form, as well as Book Entry Securities, by movements from any other Participants, with CDC and/or from any Sub-accounts of any sellers to the credit of my Sub-account with Abbasi & Company (Pvt) Ltd, or my Investor's Account with CDC, as and how the Attorney may deem appropriate subject to CDC Regulations amended from time to time.



ABBASI AND COMPANY (PRIVATE) LIMITED

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Universal Member: Pakistan Mercantile Exchange Ltd.

AML/CFT & KYC/CDD POLICY & PROCEDURES

3. To effect deliveries to Abbasi& Company (Pvt) Ltd against sale contracts, including advance deliveries, both in physical forms as well as Book Entry Securities by movements from my Investors' Account and/or from my Sub-account with Abbasi& Company (Pvt) Ltd or with any other Participant.
4. To undertake Leverage Transactions (as introduced & allowed by the Exchange) through Abbasi& Company (Pvt) Ltd on my behalf on the terms and conditions contained in the said Agreement.
5. To avail of Custodial Services of Abbasi& Company (Pvt) Ltd and appoint Abbasi& Company (Pvt) Ltd as custodian and pay the Abbasi& Company (Pvt) Ltd usual custodial charges, if any.
6. To undertake Internet Based Trading in Securities through Abbasi& Company (Pvt) Ltd and to obtain login details of my Account and to generally avail Internet Based Trading familiar facility made available by Abbasi& Company (Pvt) Ltd on my behalf in accordance with the terms and conditions of the Agreement.
7. To meet all my general obligations and other liabilities to Abbasi& Company (Pvt) Ltd under the said Agreement.
8. To request for updation of the trading account details and CDC Sub Account details from time to time as deemed appropriate by the Attorney on my behalf with my consent.
9. To Request cheque withdrawal as per the account title maintained with Abbasi& Company (Pvt) Ltd from time to time as deemed appropriate by the Attorney on my behalf with my consent.

AND TO GENERALLY do all incidental or ancillary acts, things and deeds in connection with the safekeeping, protection, sale, purchase and/or transfer of Securities subject to CDC Regulations, acquired, held or sold by me without assuming any liability for any losses or damages whatsoever.

I hereby undertake to ratify all acts, things and deeds done by the Attorney, which shall constitute as the acts, things and deeds done by me personally.

This Instrument shall remain valid and in full force and effect unless revoked by a written notice served upon the Attorney with a copy endorsed to Abbasi& Company (Pvt) Ltd and written and manually signed acknowledgements are obtained by me.

IN WITNESS WHEREOF, I executed this Power of Attorney on the day and year above mentioned.

Name of Account Holder: _____

Signature: _____

Account No. _____

CNIC No. _____

Name of Attorney: _____

Signature: _____



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CNIC No. _____

Address: _____

Phone No. _____ Mobile No. _____

Email Id: _____

Relation With Account Title: _____

WITNESSES:

1. Signature: _____

2. Signature _____

Name: _____

Name: _____

Address: _____

Address: _____

CNIC No. _____ CNIC No. _____



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ANNEXURE 3:



ABBASI AND COMPANY (PRIVATE) LIMITED
 TREC Holder: Pakistan Stock Exchange Ltd.
 Universal Member: Pakistan Mercantile Exchange Ltd.

G- Shadman, Lahore.
 Phone No. 0092-42- 26252700.
 Fax: 0092-42-26252727
www.abbasiacompany.com
[Email: info@abbasiacompany.com](mailto:info@abbasiacompany.com)

Customer Profile

Name:	UIN:											A/C #:							
Education:	<input type="checkbox"/> Under Graduate <input type="checkbox"/> Graduate <input type="checkbox"/> Post Graduate <input type="checkbox"/> Other _____																		
Marital Status:	<input type="checkbox"/> Married <input type="checkbox"/> Unmarried						Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female						D.O.B: _____						
Spouse Name:									Mother Name:										
Residential Status:																			
<input type="checkbox"/> Owned <input type="checkbox"/> Rented <input type="checkbox"/> Company <input type="checkbox"/> Family <input type="checkbox"/> Other _____																			
<i>Please Specify</i>																			

Investment Profile



Knowledge of Stock Market :	<input type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> None
Investment Strategy:	<input type="checkbox"/> Short-term <input type="checkbox"/> Long-term <input type="checkbox"/> Both
Prefer Trading Mode:	<input type="checkbox"/> Online Self Trading <input type="checkbox"/> Assistance from ACPL Trader
Experience in Stock Trading:	<input type="checkbox"/> Less than 05 years <input type="checkbox"/> 5 to 10 years <input type="checkbox"/> More than 10 Years <input type="checkbox"/> None
Other Investments:	<input type="checkbox"/> National Saving Schemes <input type="checkbox"/> TFC/Bonds <input type="checkbox"/> Mutual Funds <input type="checkbox"/> Commodities <input type="checkbox"/> Others _____
Source of Funds:	<input type="checkbox"/> Income <input type="checkbox"/> Savings <input type="checkbox"/> Inheritance <input type="checkbox"/> Remittance
Prefer to Invest:	<input type="checkbox"/> Any specific stock / Sector you prefer to invest (if yes) Specify _____
Account With Other Broker/ Institute	<input type="checkbox"/> Do you have any other Trading Account? If yes, Please specify <input type="checkbox"/> Name of Broker: _____

Any Other Needs: _____

Signature: Equity Officer / Branch Officer:



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Annexure 4

ML/TF WARNING SIGNS/ RED FLAGS

1. Customers who are unknown to the broker and verification of identity / incorporation proves difficult;
2. Customers who wish to deal on a large scale but are completely unknown to the broker;
3. Customers who wish to invest or settle using cash;
4. Customers who use a cheque that has been drawn on an account other than their own;
5. Customers who change the settlement details at the last moment;
6. Customers who insist on entering into financial commitments that appear to be considerably beyond their means;
7. Customers who accept relatively uneconomic terms, when with a little effort they could have a much better deal;
8. Customers who have no obvious reason for using the services of the broker (e.g.: customers with distant addresses who could find the same service nearer their home base; customers whose requirements are not in the normal pattern of the service provider's business which could be more easily serviced elsewhere);
9. Customers who refuse to explain why they wish to make an investment that has no obvious purpose;
10. Customers who are introduced by an overseas agent based in a country noted for drug trafficking or distribution
11. Customer trades frequently, selling at a loss



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12. Customers who constantly pay-in or deposit cash to cover requests for bankers drafts, money transfers or other negotiable and readily marketable money instruments;
13. Customers who wish to maintain a number of trustee or customers' accounts which do not appear consistent with the type of business, including transactions which involve nominee names;
14. Any transaction involving an undisclosed party;
15. transfer of the benefit of an asset to an apparently unrelated third party, or assignment of such benefit as collateral;
16. Significant variation in the pattern of investment without reasonable or acceptable explanation
17. Transactions appear to be undertaken in a structured, sequential manner in order to avoid transaction monitoring/ reporting thresholds.
18. Transactions involve penny/microcap stocks.
19. Customer requests a securities provider to execute and/or clear a buy order and sell order for the same security or similar or correlated securities (and/or on behalf of the same beneficial owner), in close chronology.
20. Transfers are made to the same person from different individuals or to different persons from the same individual with no reasonable explanation.
21. Unusually large aggregate wire transfers or high volume or frequency of transactions are made with no logical or apparent reason.
22. Customer invests in securities suddenly in large volumes, deviating from previous transactional activity.
23. Customer conducts mirror trades.
24. Customer closes securities transaction before maturity, absent volatile market conditions or other logical or apparent reason.