

Dr Arslan Razaque Securities (Pvt.) Limited Corporate TRC Holder Pakistan Stock Exchange -LHR

Customer Due Diligence/ Know Your Customer (CDD/ KYC)

1. Introduction

1.1 **Dr Arslan Razaque Securities (Pvt.) Limited** has formulated a Customer Due Diligence/ Know Your Customer policy, referred here as “CDD/ KYC policy”, based on the criteria/ guidelines specified in the Securities & Exchange Commission of Pakistan (SECP) Circular No. 12 of 2009 dated April 28, 2009.

1.2 This policy defines different types of customers, their minimum required information & documents along with the characteristics of High Risk Customers, who pose greater than average risk of money laundering activities. It further explains how to ensure the identity of the clients, who initiates relationship with **Dr Arslan Razaque Securities (Pvt.) Limited** and how to maintain and update the CDD/ KYC measures for existing customers.

1.3 For better services to our customers, **Dr Arslan Razaque Securities (Pvt.) Limited** has also developed and put in place a “KYC Form” which classifies the categories of CDD/ KYC for both Individual and Institutional clients. The staff of **Dr Arslan Razaque Securities (Pvt.) Limited** is required to ensure that the customer’s information (including Joint Account holders) shall be made available by duly completing a KYC Form.

1.4 The KYC Form is attached as Appendix I and shall be considered as integral part of CDD/ KYC policy.

2. Scope

2.1 The scope of CDD/ KYC policy is to establish reasonable measures to know about the customers of **Dr Arslan Razaque Securities (Pvt.) Limited**, whether individual or institutional, in accordance with the stated guidelines by the Commission.

2.2 The scope of the policy is concerned with the staff of Dr Arslan Razaque Securities (Pvt.) Limited responsible for opening and maintaining of accounts of clients.

3. Type of Customers, Information & Documents Required

3.1 **Dr Arslan Razaque Securities (Pvt.) Limited** shall obtain the minimum information/ set of documents from various types of customers, detail of which are as follows;

Sr.	Type of Customers	Information Required	Documents Required
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1	Individuals / Sole proprietor ship	Name and Father's Name Address Telephone Number(s) Sources of Income Nationality & NTN Guardian name (if Applicable)	Copy of CNIC or passport or attested copy of B form in case of Minor Detail of Business / Employment Proof Zakat Exemption Certificate (If Applicable) Guardian Certificate (If Applicable)
2	Partnership based entity	Name of Partnership Entity Names of Partners Father's Name of Partners Address of Partnership entity Telephone Number(s)	Copy of CNIC/ passport of all Partners Copy of CNIC of authorized signatories List of Authorized signatories along with power of attorney Resolution authorizing investments Copy of latest financials of partnership
3	Companies (Institutional and Corporate)	Name of Company and its Directors Registered Address Telephone number (s) Contact persons Registered number & NTN	Copy of CNIC/ passport of all Directors Audited Accounts of the company Memorandum and Article of Association Board Resolution authorizing investments Certificate of Incorporation/ Commencement of Business List of Authorized Signatories along with copy of CNICs and power attorney
4	Clubs, Societies and Associations	Name of Club, Society or Association Registered address of Club, Society or Association Telephone numbers(s) Contact Persons	Board / Governing Body Resolution for investment Certified copy of bylaws/ rules and regulations Copy of CNIC of Board's members Certified copy of certificate of Registration List of Authorized Signatories along with copy of CNICs and power attorney Copy of latest financials
5	Trusts including, but	of trust, Fund etc	Copy of CNIC of all Trustees

	not limited to, Provident Fund, Gratuity Fund, Pension Fund, mutual fund, etc.)	Name of Trustee Address of Trust/ Fund etc. Telephone number(s) Contact persons Name	Certified copy of Trust Deed Trustee / Governing body Resolution for investment Copy of the latest financials of the Trust List of Authorized Signatories along with copy of CNICs and power attorney
6	Executors and Administrators	Name of Entity for Executor/ Admin. is appointed Name of Executor/ Administrator Address of entity & Tele Numbers	Copy of CNIC of Executor/Administrator Certified copy of the letter of Administration
7	Government Entities	Name of Government owned organization Address of Government owned organization Telephone numbers Contact persons	A Special Resolution/ authority endorsed by the Ministry of Finance or Finance Department from concerned Government (Federal/ Provincial/ Local) clearly listing the persons/ officers authorised to operate such account List of Authorized Signatories Copy of CNIC of authorized officer(s) Resolution authorizing investment

4. Principles of CDD/ KYC

4.1 **Dr Arslan Razaque Securities (Pvt.) Limited** has structured few principles for the effective implementation of KYC policy. These principles shall be applicable to all the existing and new customers, details of which are as follows;

4.1.1 Payment in cash or bearer instruments shall be strictly prohibited upto limit of Rs.25000;

4.1.2 Third party cheques shall be strictly prohibited;

4.1.3 Any account which has zero balance for a period of more than one year will be considered as “Dormant Account” and only after necessary CDD/ KYC verifications, the Customer is allowed become active again.

4.1.4 Government account shall not be opened in the personal names of the Government Official(s);

4.1.5 CDD/ KYC measures shall be enhanced for High Risk Customers. Characteristics of High Risk Customers are given in Section 7 of this policy;

4.1.6 Dealing with any Political Exposed Person or customers holding public or high profile position, relationship with them should be established and/ or maintained with the approval of Senior Management of **Dr Arslan Razaque Securities (Pvt.) Limited** including if any existing customer becomes holder of any public office or high profile position;

4.1.7 For customers that are legal persons or for legal arrangements, **Dr Arslan Razaque Securities (Pvt.) Limited** is required to take reasonable measures to understand (i) the ownership and control structure of the company (ii) determine that who own or control the company. This includes those persons who exercise ultimate effective control over a company;

4.1.8 In case **Dr Arslan Razaque Securities (Pvt.) Limited** is not able to satisfactorily complete the required CDD/ KYC measures, account should not be opened, business relationship should not be established and business transaction should not be carried out. Instead reporting of suspicious transaction is considered. Similarly, relationship with existing customer should be terminated and reporting of suspicious transactions be considered if CDD/ KYC is found unsatisfactory;

4.1.9 Any exception (including suspicious transaction) identified in fulfilling the criteria/ guidelines laid down in this policy shall be clearly indicated in writing and referred to the Chief Executive Officer (CEO) in order to decide future course of action; and

5. Verification

5.1 Verification is an integral part of CDD/ KYC measures for which **Dr Arslan Razaque Securities (Pvt.) Limited** is required to ensure the following areas;

5.1.1 Before opening an account, **Dr Arslan Razaque Securities (Pvt.) Limited** shall verify the copy of CNIC by asking him to provide an attested copy CNIC along with original CNIC which shall be attested by the person opening the account.

6. Record Updation & Retention

6.1 CDD/ KYC should not be contemplated as a one time exercise at the time entering into relationship with the customers. It should be viewed as an on going process and should encompass the followings;

6.1.2 Maintain proper records of customer identifications and clearly indicate in writing any exception in fulfilling CDD/ KYC measures. These exceptions will be referred to the CEO to decide future course of action.

6.2 Furthermore, **Dr Arslan Razaque Securities (Pvt.) Limited** shall keep records regarding the identification data obtain through the customer due diligence process (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) account files and business correspondence for at least 5 (five) years after the business relationship is ended.

7. Risk Profile (High Risk Customers/ Low Risk Customers)

7.1 **Dr Arslan Razaque Securities (Pvt.) Limited** is required to conduct enhanced customers due diligence if the customers falls within the definition of High Risk Customers, which are defined as under;

7.1.1 Non-resident customers;

7.1.2 Non-legal persons or arrangements including non-governmental organizations (NGOs) / Not for profit organizations (NPOs) and Trusts/charitable trust;

7.1.3 Customer with links to offshore tax havens;

7.1.4 High net worth customers with no clearly identifiable source of income;

7.1.5 Customers dealing in high-value items;

7.1.6 Politically Exposed Persons (PEPs). Those individuals who are or who have been entrusted with prominent public functions in a country or territory, for example heads of state or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned entities, important political party officials but not middle ranking or more junior individuals in these categories;

7.1.7 Customers from or in countries where CDD/ KYC and anti-money laundering Regulations are lax and are not sufficiently applying Financial Action Task Force (FATF) recommendations.

7.1.8 Customers who have been refused by another financial institution (based on reasonable information).

7.2 For Low Risk Customers, **Dr Arslan Razaque Securities (Pvt.) Limited** may apply simplified or reduced CDD/ KYC measures. A client may be considered under Low Risk category, if the identity of the

customer(s) and the beneficial owner of a customer are publicly known or where adequate checks and controls exist.

7.3 Following cases may be considered as Low Risk Customers for application of simplified or reduced CDD/ KYC;

7.3.1 Financial institutions provided they are subject to requirements to combat money laundering and terrorist financing and are supervised for compliance with those requirements.

7.3.2 Public listed companies that are subject to regulatory disclosure requirements, Government administrations/entities.

Dr Arslan Razaque Securities (Pvt.) Limited Corporate TRC Holder Pakistan Stock Exchange -LHR

Room# 402 4th Floor (LSE Building) 19 kayaban-e-Awan-e-Iqbal Road Lahore

Dr Arslan Razaque Securities (Pvt.) Limited
KYC / CDD Checklist

Date:	Account Title:	Account / UIN #
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SECTION A

Minimum Information / Documents to be provided by Investor

	Pls tick	Pls tick	Pls tick
1. Individuals/Sole Proprietorships		2. Partnerships	3. Institutions/Corporates
CNIC of Principal and Joint Holders / Passport for Foreign Nationals / NICOP for non-resident Pakistanis		CNICs/NICOP of all partners, as applicable	CNIC / NICOP of Authorized Signatories and Directors
Proof of Employment/Business		Partnership Deed	List of Directors and Officers
NTN Certificate, where available		Latest financial statements	NTN Certificate
		Certificate of Registration (in case of registered partnership firm)	Documentary evidence of Tax Exemption (if applicable)
		NTN Certificate	Certificate of Incorporation
			Certificate of Commencement of Business
			Certified Copy of Board Resolution
			Memorandum & Articles of Association/ Bye Laws/ Trust Deed
			Audited Accounts of the Company
4. Trusts		5. Clubs Societies and Associations	6. Executors/Administrators
CNICs of all trustees		Certified copy of certificate of Registration	CNICs of all Executors/Administrators
Certified copy of the Trust Deed		List of members	Certified copy of Letter of Administration
Latest financials of the trust		CNIC/NICOP of members of Governing Board	
Documentary Evidence of Tax Exemption (if applicable)		Certified copy of bylaws/rules and regulations	
Trustee/Governing Body Resolution		Copy of latest financials of Society/Association	
		Board/Governing Body Resolution	

If documents / information is complete, proceed to Section B

List any missing documents / information below:

- 1
- 2

If ANY document or information is missing, proceed to Section G.4

SECTION B

Assessment of information provided in section A

Based on information provided in A,

1. Is the investor also the ultimate beneficiary of the funds to be invested If NO, joint account should be opened or power of attorney be provided by ultimate beneficiary with relevant documentary details of the beneficiary	YES	NO
2. In case the Investor is a private company , IS the latest shareholders' list available	YES	NO
3. In case of Government Accounts , Mark YES if the account is not in the personal name of the government official A resolution / authority letter (duly endorsed by Ministry of Finance or Finance Department of concerned government) is available, which authorizes the opening and operating of this account by an officer of federal / provincial / local government in his / her official capacity	YES	NO
If the answer to any of the above questions was 'NO', go to section G.3 or G.4, otherwise go to Section C		

SECTION C

Risk Category of Investor	Please tick box		
1. Government Department / Entity	<input type="checkbox"/>	LOW RISK	<i>Go to Section G.1</i>
2. Public listed company	<input type="checkbox"/>	LOW RISK	<i>Go to Section G.1</i>
3. Private limited company	<input type="checkbox"/>	MEDIUM RISK	<i>Go to Section G.2</i>
4. Non-Governmental Organization (NGO)	<input type="checkbox"/>	HIGH RISK	<i>Go to Section G.3</i>
5. Trust / Charity	<input type="checkbox"/>	HIGH RISK	<i>Go to Section G.3</i>
6. Unlisted Financial institution	<input type="checkbox"/>		<i>Go to Section D</i>
7. Individual	<input type="checkbox"/>		<i>Go to Section E</i>

SECTION D

Unlisted Private Financial Institution (NBF)

Is the unlisted private financial institution domiciled in Pakistan and is regulated by the SECP/State Bank of Pakistan (SBP)

YES NO

OR

Is it domiciled in a FATF member country that is satisfactorily following the FATF recommendations and is supervised by a regulatory body

YES NO

If YES, proceed to Section G.1

If NO, proceed to Section G.3

SECTION E

Individual

1. Is the person a non-resident Pakistani

YES NO

2. Is the person a high net worth individual with no identifiable source of income or his/her profile/source of income doesn't match with size & quantum of investments/

YES NO

3. Is the person involved in dealing in high value items *(based on declared occupation)*

YES NO

4. Is the person a foreign national

YES NO

5. Does the person appear to have links or money transfer to/from offshore tax havens or belongs to country(s) where KYC/CDD and anti money laundering regulations are lax (in terms of not sufficiently applying FATF recommendations)

YES NO

6. Is there any reason to believe that the person has been refused account opening by another financial institution / brokerage house

YES NO

7. Is the person opening the brokerage account on a non-face-to-face basis/on-line

YES NO

If the response to any question (1-7) above was 'YES', proceed to Section G.3

8. Is the person a holder of a senior level public (government) office i.e. a politically exposed person (PEP) or a family member of PEP.

YES NO

9. Is the person a holder of high profile position (e.g. senior politician)

YES NO

If the response to any question (8-9) above was 'YES', proceed to Section F, else proceed to Section G.1

SECTION F

Politically Exposed Person / Foreign National / Holders of High Profile Position

Is the brokerage account relationship with this high risk category person including politically exposed person / foreign national / holder of high profile position, approved by the Nominee

YES NO

Director, CEO / COO of the brokerage house *(approval shall be provided by management through signing the respective Account Opening Form)*

If YES, proceed to Section G.3

If NO, proceed to Section G.4

SECTION G

Investor Risk Profile		
	Risk Classification	KYC Requirements
G.1	LOW RISK	Reduced KYC Requirements shall be applicable: Investor account can be opened once information / documents mentioned in section A have been provided.
G.2	MEDIUM RISK	Greater care required and documents listed in Section A should be obtained before opening of account.
G.3	HIGH RISK	Enhanced KYC Requirements shall be applicable: Investor account can be opened once information / documents mentioned in section A have been provided. Transactions shall be monitored to ensure that the funds used for investments are from an account under the Investor's own name in a financial institution (e.g. bank) subject to high due diligence standards and the amount and frequency of investments are not unusual given the nature and financial strength of the Investor
G.4	HIGH RISK	Account cannot be opened as KYC Requirements have not been Fulfilled.

CONFIRMATION of physical presence of customer when opening account	YES	NO
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Other Comments

Completed by:	Sher Zaman <i>Name of Sales Person / Agent</i>	 <i>Signature</i>	 <i>Date</i>
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Checked by:	 <i>Name of Compliance Person</i>	 <i>Signature</i>	 <i>Date</i>
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RESOLUTION OF THE BOARD OF DIRECTORS

We hereby certify that the following Resolution of the Board of Directors of M/s Dr.Arslan Razaque Securities (SMC Pvt.) Limited was passed at a meeting of the Board of Directors held on 29/07/2016.

“It was resolved that:

Dr.Arslan Razaque Securities (SMC Pvt.) Limited will adopt the Know Your Client (KYC) & Client Due Diligence (CDD) Policy guidelines, as per notice Dated 16 -03 - 2012 of Pakistan Stock Exchange (Ex-Karachi Stock Exchange) (copy attached). All the Directors and employees of Dr.Arslan Razaque Securities (SMC Pvt.) Limited. are directed to follow the guidelines in true letter and spirit.”Date: 29-07-2016

(Director)

(Company Secretary)