

ASIAN SECURITIES LTD

KYC/CDD and Anti Money Laundering/Countering Financing of Terrorism Policy

Purpose of the policy

Know Your Customer (KYC)/Customer Due Diligence (CDD) and Anti Money Laundering/Countering Financing of Terrorism Policy of Asian Securities Ltd shall ensure that the company's business is in conformity with the regulatory requirements and standards prescribed by the SECP & PSX. The KYC form (Check List) shall be filled and acted upon at the time of opening of an account.

General Guidelines

- Clients presence at the time of opening the account is mandatory.
- Clients shall submit the duly completed SAOF.
- Clients source of funds shall be determined and documentary evidence shall be obtained where necessary.
- The SAOF shall be checked by the Back Office Manager and approved by the Compliance Officer.
- Front office shall report any unusual pattern of trading to the Compliance Officer.
- Clients should be encouraged to conduct all transactions through cross cheques. However receipts and payments are allowed up to PRK 25,000/ per day subject to approval of CEO.
- Third party transactions are prohibited.
- Simplified Due Diligence shall be conducted for low risk customers, however enhanced KYC/CDD measures to be taken for high risk clients and corporates with complex legal structures.
- A customer who holds RS. Ten Million rupees worth of shares at the month end shall be classified as High Net Worth Individual.
- Accounts of Clients who are politically exposed or have a high profile or public position shall only be opened with the approval of the CEO/Director.
- Any account reclassified into high risk/ Politically Exposed Person (PEP) shall be reported to CEO.
- Any unusual activity transaction noticed by the trader/agent shall be reported to the CEO/compliance officer.
- All documents/communication with the client shall be retained for 5 years after the relationship has ended with the client.
- Training of employees shall be conducted from time to time to ensure they are aware of anti-money laundering laws and conduct Customer Due Diligence in an effective manner.
- Potential candidates for employment shall be subject to background checks which include gathering information from previous employees and independent inquiries to ensure they have proper work ethics, integrity and professionalism.
- Any suspicious transaction identified shall be reported to the Compliance Officer/CEO who shall then report it to the Financial Monitoring Unit.

- In case of High Risk customer where situation is outside the risk tolerance level or there is a suspicion of Money Laundering/Terror Financing the relationship with the customer shall be terminated.
- All employees shall ensure that no client is tipped off about a Suspicious Transaction Report.
- All government officers, Political Party position holders, and their relatives shall be treated as Politically Exposed Person (PEP).
- A PEP shall be classified as a Domestic PEP or Foreign PEP
- Any person who is in a position to influence government policy shall also be classified as PEP.
- A full time Compliance Officer shall be appointed. In case of any vacancy a person shall be temporarily be handed the responsibilities of a compliance officer until a full time Compliance Officer is appointed.
- After any change in the AML/CFT laws, the Compliance Officer shall update the policy and send it for approval by the board. After approval of the Board training shall be conducted to educate the employees of the changes made in the law.

Customer Identification/Verification

When accepting a Standard Account Opening Form (SAOF) the following documents are necessary for identification/ verification of the customer. Failure on part of the client to submit the required documents the company shall refuse to open an account.

- A valid CNIC.
- All foreign nationals are required to submit a valid passport.
- A set of documents will be required (as listed in Annexure A) depending on the nature of the customer.
- Biometric Verification is required as per regulation.
- In case of a company or trust, the beneficial owner shall be identified.
- If the contact person is other than the account holder, mandate shall be taken in writing
- In case of a company, board resolution shall be obtained nominating the contact person to operate the account.

Prohibited accounts

The Standard Account Opening Forms (SAOF) shall be rejected on the following grounds

- Failure to submit the required documents as listed in Annexure A.
- Failure to submit power of attorney of the ultimate beneficiary in case, the investor is not the ultimate beneficiary.
- Government accounts opened in the name of the government officials.
- A Private Ltd company's form without the latest shareholder list.
- A person's name appearing in the list of AL-Qaida/Taliban issued by United Nation Security Council (UNSC).
- He/She is a defaulter of any TREC Holder/Broker of any Stock Exchange.

- A record of list of accounts refused to open or closed due to suspicion of ML/TF shall be documented and reported to the FMU.

Risk Profiling

An investors risk shall be assessed and marked in accordance to the risk profiling form (Annexure B). An investor may be recognized as low risk, medium risk or high risk. Investors with high risk shall be subject to enhanced due diligence. Funds of approved high risk investors shall be scrutinized to determine the frequency of investments to the financial strength of the investor. Simplified due diligence shall be conducted for low risk customers. In some cases for instance relationship with a politically exposed client shall be approved by the CEO/Director. Clients having business shall be scrutinized to the extent of nature of business and the potential involvement of the crimes as listed in the National Risk Assessment (NRA) 2019 and shall be assigned risk rating in light of the NRA 2019.

MONEY LAUNDERING AND TERROR FINANCING SIGNS/FLAGS

All members of staff bring the attention of the CEO if they observe the following signs

- If the customers wishes to deal on a large scale but it is difficult to identify the source of income.
- If the customer makes frequent requests to settle payments in cash.
- Customers who accept uneconomic terms, when they can get a better deal with minimum effort.
- Customer is based in a county known for drug trafficking.
- Customer carrying out large number of transactions via NDM market with huge differences from the prevailing market prices.
- Customers who trade frequently while incurring losses on those trades.
- Customer trade activity deviates from previous transactional activity without any apparent reason.

Risk assessment by Product, Services and Location

- Annual risk assessment shall be prepared and submitted to SECP as required by law.
- Transnational Risk shall be analyzed in accordance to the NRA 2019.
- Risk assessment shall be conducted from time to time as required.
- Risk shall be assessed based on type of product (Ready market, Futures, Margin Financing).
- Risk shall be assessed based on the mode of payment used to and from the customer. Payments by cross cheque to and from the clients own account shall be considered low risk. Cash transactions shall be categorized as high risk.
- Risk of customers shall be categorized by geographical location. If source of funds of Customers based in jurisdictions blacklisted by FATF shall be marked as high risk.
- Any customer, its nominee or authorized person located in the high risk jurisdiction identified by FATF or as identified in NRA 2019 shall be classified as high risk.
- Overall entity risk shall be determined based on the above factors.

New Products and Technologies

- Any new product introduced by the company shall be tested for potential risk pertaining to AML/TF.
- Any new technology introduced by the company shall be tested for potential risk pertaining to AML/TF.

Training and understanding of AML/CFT

- An in-house AML/CFT training will be held at least once a year.
- All relevant employees shall attend the training sessions
- Employees understanding of the training will be assessed and documented.
- New employees shall undertake AML/CFT training before they are handed over any responsibility.

Record Updation

KYC/CDD is not a one time exercise. It shall be conducted at the start of the relationship and revised frequently till the end of relationship with the customer. Compliance manager/officer shall after every financial year update records of existing clients and check if an existing customer who may be low risk when opening an account is not a high risk client. If the client is updated as high risk enhanced level of due diligence has to be conducted. If the client has become a politically exposed person it should be reported to the CEO, who will decide the future course of action.



Faizan
Company Secretary

ANNEXURE A

S.No.	Type of Customer	Information/Documents to be Obtained
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) issued by NADRA. ii. National Identity Card for Overseas Pakistani (NICOP) issued by NADRA. iii. Pakistan Origin Card (POC) issued by NADRA. iv. Alien Registration Card (ARC) issued by National Aliens Registration Authority (NARA), Ministry of Interior (Local currency account only). v. Passport; having valid visa on it or any other proof of legal stay along with passport (foreign national individuals only).
2.	Sole proprietorship	<ul style="list-style-type: none"> i. Photocopy of identity document as per sr. No. 1 above of the proprietor ii. Copy of registration certificate for registered concerns. iii. Copy of certificate or proof of membership of trade bodies etc, wherever applicable. iv. Declaration of sole proprietorship on business letter head. v. Account opening requisition on business letter head. vi. Registered/Business address
3.	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, the 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 account. v. Registered/Business address.
4.	Limited Companies/ Corporations	<ul style="list-style-type: none"> i. Certified copies of: <ul style="list-style-type: none"> a. Resolution of Board of Directors for opening of account specifying the person(s) authorized to open and operate the account; b. Memorandum and Articles of Association; c. Certificate of Incorporation; d. Certificate of Commencement of Business, wherever applicable; e. List of Directors on 'Form-A/Form-B' issued under Companies Act, 2017, as applicable; and f. Form-29, wherever applicable. ii. Photocopies of identity documents as per Sr. No.1 above of all the directors and persons authorized to open and operate the account;
5.	Branch Office or Liaison Office of Foreign Companies	<ul style="list-style-type: none"> i. A copy of permission letter from relevant authority i-e Board of Investment. ii. Photocopies of valid passports of all the signatories of account.

		<ul style="list-style-type: none"> iii. List of directors on company letter head or prescribed format under relevant laws/regulations. iv. A Letter from Principal Office of the entity authorizing the person(s) to open and operate the account. v. Branch/Liaison office address.
6.	Trust, clubs, Societies and Associations etc.	<ul style="list-style-type: none"> i. Certified copy of: <ul style="list-style-type: none"> a. Certificate of Registration/Instrument of Trust b. By-laws/Rules & Regulations ii. Resolution of the Governing Body/Board of body, for opening of account authorizing the person(s) to operate the account. 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. iv. Registered address/Business address where applicable.
7.	NGOs/NPOs/Charities	<ul style="list-style-type: none"> i. Certified copies of : <ul style="list-style-type: none"> a. Registration documents/certificate b. By-laws/Rules & Regulations 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. 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. iv. 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. v. Registered address/Business address
8.	Agents	<ul style="list-style-type: none"> i. Certified copy of 'Power of Attorney' or 'Agency Agreement'. ii. Photocopy of identity documents as per Sr. No. 1 above of the agent and principal. iii. The relevant documents/papers from Sr. No. 2 to 7, if agent or the principal is not a natural person. iv. Registered address/Business address
9.	Executors and Administrators	<ul style="list-style-type: none"> i. Photocopy of identity document as per Sr. No. 1 above of the Executor/Administrator. ii. A certified copy of Letter of Administration or Probate. iii. Registered address/Business address.
10.	Minor Accounts	<ul style="list-style-type: none"> 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.

RISK PROFILING OF CUSTOMER

The following sets out examples of factors that RPs should consider when performing risk assessment. Where there is one or more "yes" responses, professional judgement must be exercised, with reference to the policies and procedures of the RPs, as to the nature and extent of customer due diligence to be carried out.

For Internal Use

Section A: If the response to any of the statements in Section A is "Yes", the entity shall NOT establish business relationship with the client		YES/NO	Remarks
1	Customer unable to provide all the required information in relevant forms		
2	Information required to be verified as per the regulations, cannot be verified to independent and reliable documents		
3	Customer, Beneficial Owner of the customer, person acting on behalf of the customer, or connected party of the customer matches the details in the following lists: a. Proscribed under the united nations security council resolutions and adopted by the government of Pakistan; b. Proscribed under the Anti-Terrorism Act, 1997		
4	There is suspicion of money laundering and/or terrorist financing		
Section B: Customer Risk Factor			
1	Is the customer, any of the beneficial owner of the client or person acting on behalf of the customer a politically exposed person (PEP), family member of a PEP or close associate of a PEP?		
2	Is the customer non-resident Pakistani?		
3	Is the customer foreign national?		
4	Is the customer High net worth individual?		
	Legal persons: • Companies – Local • Companies – Foreign • Foreign Trust or Legal arrangements • Local Trust or Legal arrangements • Partnerships • NGOs and Charities • Cooperative societies		
6	Intermediaries eg. Third parties acting on behalf of customers (Lawyers, Accountants etc.).		
7	Performed further screening of details of customer, beneficial owner of the customer, person acting on behalf of the customer, or		

	connected party of the customer against other information sources, for example, google, the sanctions lists published and/or other third party screening database. Are there adverse news or information arising?		
8	Customer's source of wealth/ income is high risk/ cash intensive		
9	Does the customer have nominee shareholder(s) in the ownership chain where there is no legitimate rationale?		
10	Is the customer a shell company?		
11	Does the customer have unusual or complex shareholding structure (e.g. involving layers of ownership structure, different jurisdictions)?		
12	Does the stated source of wealth / source of funds and the amount of money involved correspond with what you know of your customer?		

Section C: Country / Geographic Risk Factors

1	<p>Is the customer, beneficial owner of the customer or person acting on behalf of the customer from or based in a country or jurisdiction:</p> <ul style="list-style-type: none"> a. Identified as High-risk jurisdiction by the FATF and for which financial institutions should give special attention to business relationships and transactions. (Countries having weak governance, law enforcement, and regulatory regimes). b. Countries subject to sanctions, embargos or similar measures issued by international authorities (E.G. UN, WB, IMF) c. Countries where protection for customers privacy prevents effective implementation of AML/CFT requirements and/or facilitates the framework for establishment of shell-companies. d. Countries/ Geographies identified by recognized sources as having significant levels of organized crime, corruption or criminal activity. e. Countries/ Geographies identified by recognized sources as providing funding or support for terrorist activities or have terrorist organizations operating within them. 		
---	---	--	--

Section D: Services / Transactions Risk Factors

1	Is the business relationship with the customer established through non face-to-face channel?		
---	--	--	--

2	Has the customer given any instruction to perform a transaction (which may include cash) anonymously?		
3	Has the customer transferred any funds without the provision of underlying services or transactions?		
4	Are there unusual patterns of transactions that have no apparent economic purpose or cash payments that are large in amount, in which disbursement would have been normally made by other modes of payment (such as cheque, bank drafts etc.)?		
5	Are there unaccounted payments received from unknown or un-associated third parties for services and/or transactions provided by the customer?		
6	Does the value of the transaction appear to fall within the financial means of your customer, given their income and savings?		
7	Is there any divergence in the type, volume or frequency of services and/or transactions expected in the course of the business relationship with the customer?		
8	Significant and unexplained geographic distance between residence or business location of the customer and the location where the product sale took place (or the location of the insurer's representative)		
9	Customers seek or accept very unfavorable account/policy/contract provisions or riders and rely on free look up provisions		
10	Customers transfer the benefit of a product to an apparently unrelated third party		
11	Customer uses brokerage accounts as long term depository accounts for funds		
12	Customer is conducting transactions that do not have apparent economic rationale		
13	Transactions appear to be undertaken in a structured, sequential manner in order to avoid transaction monitoring/ reporting Thresholds		
14	Transactions involve penny/microcap stocks		
15	Transfers are made to the same person from different individuals or to different persons from the same individual with no reasonable explanation		
16	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		
17	Unusually large aggregate wire transfers or high volume or frequency of transactions are made with no logical or apparent reason		
18	Customer trades frequently, selling at a loss		
19	Customer invests in securities suddenly in large volumes, deviating from previous transactional activity		
20	Cross border correspondent financial institutions relationships		
21	Products/ Services		
22	Transaction Amount		

Section E: Customer Risk Assessment

Low – Simplified CDD
 Medium – Standard CDD
 High – Enhanced CDD

Document reasons for customer risk rating:

Section F: Recommendation

Accept customer
 Reject customer

Assessed By: Designation: Signature: Date:	Approved By: Designation: Signature: Date:
---	---