

Oriental Securities (Pvt.) Ltd.

731-732 7th floor, Karachi Stock Exchange Building, Stock Exchange Road,
Off. I.I. Chundrigar Road, Karachi

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

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

KYC & CDD **Policy**

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

a) Customer Identification

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

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

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

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

b) Risk assessment of customer

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

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

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

c) Circumstances where Enhanced Due Diligence is required

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

d) On-going due Diligence

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

e) Circumstances where simplified Due Diligence can be adopted

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

- Financial institutions which are subject to requirement to combat money laundering and terrorist financing consistent with the FATF Recommendations and are supervised for compliance with those controls.
- Public companies that are subject to regulatory disclosure requirements.

- Government administrations or enterprises.
- Where size of account is meager or is compatible with ostensible means.

f) **Compliance function**

- i) Management and the staff continuously watch that the house is compliant of KYC and CDD policy of the house.
- ii) We have a MIS reporting capability in place in the house to analyze activities of our customers online & offline. The reporting system is so exhaustive that no activity can escape our eye.
- iii) Mr. Zaheer Abbas GM of the house has been designated for compliance of this policy. He has sufficient skills and experience to effectively perform the compliance function. The designated person reports compliance to the directors. Customer record is available for inspection by SECP and KSE as and when required.

g) **Data Retention**

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

h) **Training and employee screening**

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

i) **Screening**

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

j) **Check List**

Following SECP / KSE guidelines on KYC / CDD and our policy, at the time of account opening we scrutinize all our potential customers as per our check list.

Basharat Ullah Khan
Basharat Ullah Khan
CEO / Director

Dated: 29-11-2013

ORIENTAL SECURITIES (PVT) LTD.

731-732, 7th Floor, Karachi Stock Exchange Building, I.I Chundrigar Road, Karachi.

Annexure A

KYC / CDD Checklist for Individuals & Joint A/C Holders

For Internal Use Only

Date	Account Title	Re f#	
		CDC Sub A/C #	
		UIN #	

SECTION A Minimum Information / Documents to be provided by Investor

1. Individual / Main Account Holder	Plz. Tick	2. Remarks
(a) CNIC of Principal and Joint Holders / Passport for Foreign Nationals / NICOP for non-resident Pakistanis.		
(b) Place of Residence owned / rented / others (Specify)		
(c) Sources of Income		
(d) NTN Certificate, where available		

SECTION B

Assessment of information provided in section A		
1. Is (Are) the investor(s) also the ultimate beneficiary of the funds to be invested	Yes	No
2. Are the joint account holders ultimate beneficiaries of the account in equal shares.	Yes	No
3. Where interest of joint holders is other than equal, have you obtained copy of partnership deed.		

SECTION C

Individual / Main Account Holder		
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 eg. Gold, Diamonds (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
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

SECTION D

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

CONFIRMATION of physical presence of customer when opening account	Yes	No

Completed by:	Zaheer Abbas - Compliance Person	Signature	Date
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Checked by:	Basharat Ullah Khan / Asad Ullah Khan - Directors	Signature	Date
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Other Comments

Date	Remarks	Name of Officer

SECTION E

Investor Risk Profile		
	Risk Classification	KYC Requirements
1	LOW RISK	Reduced KYC Requirements shall be applicable: Investor account can be opened once information /documents mentioned in section A have been provided.
2	MEDIUM RISK	Greater care required and documents listed in Section A should be obtained before opening of account.
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
4	HIGH RISK	Account cannot be opened as KYC Requirements have not been fulfilled.