



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

Policies and Procedures

1. KNOW YOUR CUSTOMER

No brokerage account shall be opened without satisfactory completion of Akik's internal KYC/CDD

Customer Identification:

I. All customers will be introduced through references of employees of the Company and true identity of customers shall be established.

II. If a person is acting on behalf of another customer, then the identity of that person shall be ascertained and relevant documents including authority letter from customer in favor of the person shall be obtained.

III. For non-individual customers, additional care shall be taken to establish the ownership and control structure of the Customer. The authorized signatory and operational authority of the account shall be verified.

IV. All accounts of Institutions/ organizations / corporate bodies shall not be opened in the name of employees /official(s). Any such account, which is to be operated by an officer of a govt. owned entity, is to be operated by an officer of the Federal/Provincial/Local Government in his/her official capacity, shall be opened only on production of a special resolution/authority from the concerned administrative department, duly endorsed by the Ministry of Finance or Finance Department of the concerned Provincial or Local Government.

1.1 Source of Funds:

1. All receipts/payments from/to Customer, regardless of the amount, are made through cross cheques, bank drafts, pay-orders, or other traceable banking instrument. Cash transactions with Customers are strictly prohibited over allowed limits from PSX/SECP.

2. Sufficient information will be obtained to determine the Customer's net worth and source of funds for the account, particularly whether the Customer shall be receiving/ remitting funds in foreign currency.

3. It shall be ensured that on-going Due Diligence on the customer relationship and scrutiny of transactions is undertaken to ensure that the transactions executed in a particular account are consistent with business and risk profile of the Customer, historical pattern of transactions and the pattern and source of funding of the account. Immediate action shall be undertaken if any of the following circumstances exist:

i. There is no underlying legal or trade obligation, purpose or economic justification;

ii. Any circumstance relating to the transaction which is observed to deviate from the profile of the customer and/or the customer's past transactions with the covered institution;

iii. The transaction is in any way related to an unlawful activity or any money laundering activity that is about to be, is being or has been committed; and

iv. Any transaction that is similar, analogous or identical to any of the foregoing.

1.2 Risk Assessment

KYC/CDD Checklist shall be reviewed by settlement and compliance department based on information and documents provided by customer, and back ground knowledge about client provided by the introducer. On completion of the KYC/CDD Checklist, compliance department shall assign a level of risk to the customer from Low, Medium or High Risk Levels.

1. High Risk Level shall be assigned to following customers and enhanced due diligence shall be conducted by monitoring transactions, funds transfers and frequency of investments:

a. Non-resident customers;

b. Legal persons or arrangements including non-governmental organizations; (NGOs) / not for- profit organizations (NPOs) and trusts / charities;

c. Customers belonging to countries where CDD / KYC and anti-money laundering regulations are lax or if funds originate or go to those countries;

d. Customers whose business or activities present a higher risk of money laundering such as cash based businesses;

e. Customers with links to offshore tax heavens;

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

g. In case there is reason to believe that the customer has been refused brokerage services by another brokerage house;

h. Non-face-to-face / on-line customers;

i. Establishing business relationship or transactions with counterparts from or in countries not sufficiently applying FATF recommendations; and

j. Customers holding public or high profile positions

k. Politically Exposed Persons (PEPs)

2. Medium Risk Level shall be assigned in following case and greater care shall be applied:

i. Private Limited Companies

3. Low Risk Level shall be assigned in following cases and simplified CDD requirements shall be applied:

i. Customers falls under the categories other than mentioned above

ii. Public Listed Companies

iii. Government Departments / Entities

4. If documentation required under enhanced due diligence cannot be provided by the client, Company shall not open the brokerage account of such person(s) and file a Suspicious Transaction Report (STR). In case an existing customer falls into HIGH RISK CATEGORY and the broker is unable to fulfill the enhanced due diligence requirements, such account should be closed and a Suspicious Transaction Report filed. Similarly, brokerage account shall not be opened if the Company is unable to verify the identity of the customer / beneficial owner of the account, or if it is unclear what the purpose and intention of customer is and should file an STR. If there are any such existing accounts they should be closed and a Suspicious Transaction Report (STR) filed.

1.3 Ongoing Due Diligence

Akik shall remain vigilant all the time and monitor that all the transaction are being executed in terms of the customers profile, risk category and historical pattern. Also, Akik shall ensure that customer records are updated on regular interval and shall conduct assessment for money laundering and terrorist financing risk, identifying and documenting the key risks presented by virtue of its business model, types of customers and geographical placement.

1.4 Suspicious Transactions Reporting

Akik is bound by the AML Act 2010 and directives of KYC/CDD/AML/Terrorism Financing Issued by the Federal Government. Therefore, Akik is required to report the suspicious transactions and provide information relating to their Customers and transactions to the Stock Exchange, Federal Monitoring Unit (FMU) and Securities and Exchange Commission of Pakistan (SECP).