Muhammad Hussain Ismail Securities (Pvt) Ltd.
TRE Certificate Holder / Broker Pakistan Stock Exchange Limited
3rd Floor, Room No. 113, Stock Exchange Bldg., Stock Exchange Road,
Off. I.I. Chundrigar Road, Karachi. Ph Office: 32417326

Ref:_____ Date:_____

KYC policy & CDD policy → Investor Info

1. Introduction

1.1 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD Securities (Pvt.) Ltd (MUHAMMAD HUSSAIN ISMAIL) 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 The CDD/ KYC policy has been approved by the Board of MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD in the meeting held on Dec 02, 2009. In the said meeting, the Board has authorized the CEO to approve any
Subsequent amendments or modifications associated with this policy. Furthermore, it was
Also clarified that the first exercise conducted for CDD/ KYC measures, as required under clause 6.1.1 of this policy, shall be applicable for the calendar year(s) 2011, 2012, 2013 & 2014.

1.3 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 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD and how to maintain and update the CDD/KYC measures for existing customers.

1.4 For better services to our customers, MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD has also developed and put in place a "KYC Form" which classifies the categories of CDD/ KYC for both Individual and Institutional
Clients MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD Sales Team/ sales agents are required to ensure that the Customer's information (including Joint Account holders) shall be submitted to the Operations Department by duly submitting a KYC Form

1.5 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 MUHAMMAD HUSSAIN ISMAIL, 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 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD and to those whose services are in place under the Distribution Agreements such as channel partners. For this purpose, training with respect to CDD/ KYC to the concerned staff of MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD and channel partners shall be carried out on regular basis.

2.3 The KYC policy has been developed keeping in view the requirements of CDD/ KYC for the clients of Open end funds only and therefore the scope of the policy is not applicable for the investors of Close end funds.

3. Type of Customers, Information & Documents Required

3.1 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD shall obtain the minimum information/ set of documents from various types of Customers, detail of which are as follows;

S. #	Type of Customers	Information Required	Documents Required
1	Individuals Sole proprietorship Minor	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 Corporates	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 number(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 not limited to, Provident Fund, Gratuity Fund, Pension Fund, mutual fund, etc.)	Name of trust, Fund etc Name of Trustee Address of Trust/ Fund etc Telephone number(s) Contact persons	Copy of CNIC of all Trustees 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 authorized 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 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD 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;

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 to activate his/her trading account;

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

4.1.5 Operations department will only open the CDC sub account and create UIN only after obtaining all the required documents from the prospective client;

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

4.1.7 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 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD including if any existing customer becomes holder of any public office or high profile position;

4.1.8 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD must ensure that accounts of Institutions/ body corporate are not opened in the individual name of any employee/ official. Government accounts should not be opened in the personal names of Government officials. Any such account, which 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.

4.1.9 For customers that are legal persons or for legal arrangements, MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD is required to take reasonable measures to understand (i) the ownership and control structure of the Company (ii) determines that who own or control the company. This includes those Persons who exercise ultimate effective control over a company;

4.1.10 In case MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD 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;

4.1.11 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

4.1.12 A copy of any exception (including suspicious transaction) reporting to CEO shall Also be submitted to Internal Audit & Compliance Department.

5. Verification

5.1 Verification is an integral part of CDD/ KYC measures for which MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD is required to ensure the following areas:

5.1.1 Before opening an account, MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD shall verify the signature of the account holder is verified from the bank in Sub Account Opening Form

5.1.2 For this purpose, MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD will not open any account without UIN approval from National Clearing Company of Pakistan (NCCPL).

5.1.3 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD must obtain sufficient information to determine the expected source of funding for the account, particularly whether the client shall be receiving/ remitting funds in foreign currency.

5.1.4 Priority should be given to clients visit at the time of account opening. Faceless / online, should be verified by third party.

6. Record Updation & Retention

6.1 CDD/ KYC should not be contemplated as a onetime exercise at the time entering into Relationship with the customers. It should be viewed as an ongoing process and should encompass the followings:

6.1.1 Operation department within thirty days after every calendar year shall review and update any o incomplete / discrepant documents of the clients SAOF;

6.1.2 Operation Department shall carry out regular training to the MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD Sales Team on the updation of client's information and records; and

6.1.3 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

6.1.4 Furthermore, MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD 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 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD 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;

High net worth customers with no clearly identifiable source of income;
Customers dealing in high-value items;
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;

The MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD is required to perform a risk ment of all the existing and prospective customers
on the basis of information obtained regarding their identity, nature of income, source of funding, location etc and based on the results of such assessment, categorize their customers among high risk, medium risk and low risk customers. MUHAMMAD HUSSAIN ILSECURITIES (PVT.) LTD should develop
clear guidelines for identification of High Risk customers which include:

non-resident customers;
. legal persons or arrangements including non-governmental organizations; (NGOs) / not-for-profit organizations (NPOs) and trusts / charities;
i. customers belonging to countries where CDD / KYC and anti-money laundering regulations are lax or if funds originate or go to those countries;
. Customers whose business or activities present a higher risk of money laundering such as cash based businesses;
. customers with links to offshore tax havens;
i. high net worth customers with no clearly identifiable source of income;
ii. there is reason to believe that the customer has been refused brokerage services by another brokerage house;
iii. Non-face-to-face / on-line customers;
x. establishing business relationship or transactions with counterparts from or in countries not sufficiently applying FATF recommendations; and
. Politically Exposed Persons (PEPs) or customers holding public or high profile positions

Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions for example senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials. Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories

7.1.9 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD should conduct a self assessment for money laundering and terrorist financing risk,

identifying and documenting the key risks presented to it by virtue of its business model, types of customers and geographical placement

7.1.10 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: and

7.1.11 Customers who have been refused by another financial institution (based on Reasonable information)

7.1.12 While dealing with the high-risk customers including the PEPs, the Brokers should:

a) Obtain senior management approval for establishing business relationships with such customers. The same shall also apply in case of an existing customer which is classified as High-risk pursuant to these guidelines or which is subsequently classified as a result of ongoing due diligence;

b) Take reasonable measures to establish the source of wealth and source of funds.

7.1.13 Online/faceless customers, who have been verified by third party.

7.1.14 If the MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD is unable to comply with the abo requirements, it should not open the account, or should terminate the business relationship, as the case may be and should submit a Suspicious Transaction Report.

7.1.15 For Low Risk Customers, MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD may ap 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.

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

7.1.17 Financial institutions provided they are subject to requirements to combat money Laundering and terrorist financing and are supervised for compliance with those Requirements; and

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

8. Screening

8.1 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD must provide any information concerning its clients and their transactions to the exchanges, Financial Monitoring Unit or the Commission as and when required.

8.2 MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD must comply with the requirements of Anti Money Laundering Act, 2010 as applicable on them, including the requirement to file Suspicious Transaction Reports and any directives, circulars, guidelines issued in this regard by Federal Government, Financial Monitoring Unit and SECP

Procedures

1. All new account opening forms should be reviewed and authorized by compliance officer.
2. A periodic meeting of compliance officer, CDC in charge and back office in charge should take place and review all the existing policies and procedures as well all the new directives / guidelines and report to the CEO.
3. MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD should set up a compliance function with suitable human resource and MIS reporting capabilities, enabling it to effectively monitor the clients' transactions and make timely reports.
4. The Head of Compliance function must have skills and experience necessary for satisfactory performance of functions assigned. Head of Compliance must be independent and report directly to the Board of Directors.

Other requirement

MUHAMMAD HUSSAIN ISMAILSECURITIES (PVT.) LTD must comply with the requirements of Anti Money Laundering Act, 2010 as applicable on them, including the requirement to file Suspicious Transaction Reports and any directives, circulars, guidelines issued in this regard by Federal Government, Financial Monitoring Unit and SECP.