

MONEYLINE SECURITIES (Pvt) Ltd

TREC Holder

Code 331

Pakistan Stock Exchange Ltd

Policy & Procedures for KYC/CDD

The KYC/CDD Policy Outline

Moneyline Securities (Pvt.) Limited will not open an account or enter into a relationship and will close an existing account / terminate a relationship, if it cannot establish the true identity of the customer and / or nature of business in accordance with applicable laws and regulations.

- a) Moneyline Securities (Pvt.) Limited shall not accept assets that are known or suspected to be proceeds of criminal activity;
- b) Moneyline Securities (Pvt.) Limited shall not Enter into / maintain business relationships with individuals or entities known or suspected to be terrorists or criminal organizations or their members or listed on sanctions list; and
- c) Moneyline Securities (Pvt.) Limited shall not Maintain anonymous accounts or accounts in fictitious names; and

KYC/CDD Includes

- 1) Customer Identification
- 2) Risk assessment of customer
- 3) Circumstances where Enhanced Due Diligence is required
- 4) On-going Due Diligence

1. Customer Identification

1.1. A minimum set of document needs to be obtained from customers/potential customers at the time of opening their brokerage account.

1.2. It is important to recognize the beneficial owner of the account. If the account is to be opened by other than beneficial owner, relevant documents of beneficial owner are to be obtained.

1.3. For non-individual customers (e.g. companies, pension funds, government owned entities, non-profit organizations, foreign companies/ organizations) additional care has to be taken to establish the ownership and control structure of such an organization.

1.4. Moneyline Securities (Pvt.) Limited has to make sure and be careful that accounts of Institutions/organizations/corporate bodies are not opened in the name of employee(s)/official(s).

MONEYLINE SECURITIES (Pvt) Ltd

TREC Holder

Code 331

Pakistan Stock Exchange Ltd

1.5. To determine the risk category of client following procedure should be follow;

1.5.1. Domestic customer working in a company with regular income would be **low risk category**;

1.5.2. Government employee may be in a **higher risk category** because of the potential for conflict of interest;

1.5.3. Foreign organization having foreign currency sources would be in **high risk category** requiring more careful identification procedure and close monitoring of account operations.

1.6. Physical presence of the account opener/authorized representative is required at the time of opening a brokerage account. In the case of non-resident/overseas customers or customers in other cities where Moneyline Securities (Pvt.) Limited does not have a branch/office, more strong identity verification procedures should be applied. These include verification by a **reliable third party**

2. Risk Assessment

Risk assessment by Moneyline Securities (Pvt.) Limited has to be done on the basis of information obtained at the time of brokerage account opening and has to be updated on the basis of information obtained during the relationship and doing business with the customer.

2.1. **“Politically Exposed Persons” (PEPs)** also fall under **High Risk Category**. These individuals present reputational risk and potential conflict of interest and extra caution is required when opening their brokerage account and monitoring their account activity.

3. Enhanced Due Diligence

Need for enhanced Due Diligence (EDD) arises, when a client is categorized as ‘High Risk’. Policies and procedures should be put in place so that activities and transactions of ‘High Risk’ customers are monitored and any unusual transactions are reported in a ‘Suspicious Transaction Report (STR)’.

3.1. If an existing customer falls into ‘High Risk Category’, the above requirements for monitoring and reporting suspicious transactions and senior management approval for continuing with the customer will also apply to such customer (s).

MONEYLINE SECURITIES (Pvt) Ltd

TREC Holder

Code 331

Pakistan Stock Exchange Ltd

4. On-Going Due Diligence

4.1. Customer Due Diligence (CDD) is not a one-time exercise at the time of account opening only. For the purpose of On-Going Due Diligence, Moneyline Securities (Pvt.) Limited at all the time monitors transactions of all the clients, and keeps matching these transactions from the customer profile.

4.2. Moneyline Securities (Pvt.) Limited keeps all customer records updated and has a policy of assessing any change in customer profile on regular basis.