

AL-HAQ Securities (Pvt) Ltd.

TRE Certificate Holder Pakistan Stock Exchange Ltd.

AL-HAQ Securities (Pvt) Ltd.

Client Due Diligance (CDD) & Know Your Client (KYC)

Policies and Procedures

Back Ground

In the last few years, across the world regulations have been put in place to discourage money laundering and financing of illegal/criminal activities. Furthermore, under the United Nations umbrella, several international agreements have been signed by U.N. member states under which member states are bound to implement policies that discourage money laundering and monitor financial transaction that are suspicious and raise concern about money laundering. Pakistan is a signatory to such agreement and is a member of relevant bodies such as Financial Action Task Force (FATF). As such, Pakistan has to abide by the recommendations of FATF and other relevant bodies and implement appropriate policies and procedures. If Pakistani policies are not in line with such recommendations, the image of the country is tarnished. Not only this, but Pakistani businesses and institutions (e.g. financial institutions, importers & exporters, investors, etc) can face difficulties in transacting business internationally with negative economic consequences for the country. Pakistan has enacted the ANTIMONEY LAUNDERING ACT 2010. Financial institutions and intermediaries are required to comply with the provisions of this Act.

In the above context, Apex capital market regulator, the Securities and Exchange Commission of Pakistan (SECP) has provided comprehensive guidelines for Pakistan capital market institutions regarding how to develop and implement policies and procedures that will help discourage money laundering and also allow capital market institutions to monitor and remain alert regarding suspicious transactions and/or parties who may be attempting to launder money.

In the case of the brokerage industry, SECP being its Apex regulator and the Pakistani Stock Exchange Limited (PSX) being the frontline regulator of the brokerage industry, have formulated detailed set of guidelines for brokers to help them in developing KYC and CDD policies & procedures and implementing the same.

Now, this document has been prepared to follow the guidelines and instructions of Regulators and shall be implemented by a broker of PSX.

While developing these KYC and CDD policies and procedures, International best practices, recommendations from the relevant bodies such as Financial Action Task Force (FATF) have been taken into account.

