

AL-HAQ Securities (Pvt) Ltd.

TRE Certificate Holder Pakistan Stock Exchange Ltd.

resolution/authority from the concerned administrative department, duly endorsed by the Ministry of Finance or Finance Department of the concerned Provincial or Local Government.

- Sufficient information shall be obtained and documented on the purpose and intended nature of account to be opened and a profile shall be developed based on results of customer identification and the risk assessment. Information regarding intended investment plan of the customer must also be obtained to the extent possible and should be documented.
- Sufficient information shall be obtained to determine the expected source of funding for the account, particularly whether the customer shall receiving/remitting funds in foreign currency.
- It must be ensured that all receipts and payments to the customers above the prescribed threshold (i.e. Rs. 25,000/-) are made through cross cheques, bank drafts, pay orders or other crossed banking instruments. For exceptional circumstances where it shall become necessary to accept cash from a customer, reporting of such instances with rationale should be made immediately to the exchanges.
- Physical presence of the customer at the time of opening of account is necessary. In case of off-shore customers or customers in cities where no branch exist, appropriate procedures must be applied to ensure the identification of customer (e.g. third party verification, references etc.). When obtaining confirmation from the third parties in different jurisdictions, it must be considered whether that jurisdiction is following the FATF recommendations.

b. Customer Identification

- Risk assessment must be performed 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 customers among high risk, medium risk and low risk customers.

Following are general broad outline of factors that will categorize the customers into high risk category:

- non-resident customers;
- legal persons or arrangements including non-governmental organizations; (NGOs)/not-for-profit organizations (NPOs) and trusts/ charities;
- 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;
- high net worth customers with no clearly identifiable source of income;

