

AL-HAQ Securities (Pvt) Ltd.

TRE Certificate Holder Pakistan Stock Exchange Ltd.

- there is reason to believe that the customer has been refused brokerage services by another brokerage house;
- Non-face-to-face / on-line customers;
- 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.

- Self assessment shall be conducted for money laundering and terrorist financing risk, identifying and documenting the key risks presented by virtue of company's business model, types of customers and geographical placement on case to case basis.

c. Enhanced Due Diligence

- Once a customer has been categorized as HIGH RISK, it is necessary to have Enhanced Due Diligence (EDD) when dealing with such a customer. Activities and transactions of HIGH RISK customers shall be monitored and any unusual transactions shall be reported in suspicious transaction report.
- When dealing with high-risk customers, including Politically Exposed Persons (PEP's), senior management' approval shall be obtained to establish business relationships with such customers. The same shall also apply in case of an existing customer which will be classified as high-risk pursuant to these policies or which will be subsequently classified as a result of ongoing due diligence. Further, reasonable measures shall be taken to establish the source of wealth and source of funds.

If it will be not possible to comply with the above requirements, account shall not be opened or business relationship shall be terminated, as the case may be and suspicious transaction report shall be submitted.

- When it will be not possible to identify and verify the identity of the customer and the beneficial owner or will be not possible to obtain adequate information regarding the purpose and intended nature of the customer relationship, account shall not be opened, customer relationship shall not be commenced or in the case of an existing customer relationship shall be terminated and filing of a Suspicious Transaction Report shall be considered.

