



**Syed Faraz Equities (Pvt) Limited (SFEL)**

**KYC & CDD**

**(Policy & Procedures)**

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## **PREFACE**

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 UN member states under which the 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 has enacted the ANTI MONEY LAUNDERING ACT, 2010 and ANTI MONEY LAUNDERING REGULATIONS, 2018. Financial institutions and intermediaries must comply with the provisions of this Act & Regulations.

Money laundering and financing of criminal activities is a very serious offense and the Company must always remain vigilant that its good office will not be used for any such activity. This is important for the growth and development of the Pearl Securities Limited.

## **LIABILITY**

The Board of Directors of M/s. Syed Faraz Equities (Pvt) Limited (“**SFEL**”) is over-all responsible for development, adoption, implementation and the monitoring of this policy.

All the employees and executives involved from opening of a client account to execution of trades will ensure that they are fully aware of the contents of this policy. The policy is accessible to all relevant staff and executives of the Company. The management will take necessary steps to make sure that every concerned staff of the Company is given reasonable opportunity to get knowledge and awareness about the contents of this policy.

## KYC & CDD POLICY OUTLINE

The key areas this policy includes: -

- a. Customer Identification
- b. Risk assessment of customer
- c. Circumstances where Enhanced Due Diligence is required
- d. On-going due Diligence

**a. Customer identification.** The concerned staff is primarily responsible to take all reasonable care to establish the true identity of customers. Each and every client who likes to open a shares trading account would be bound to fill an account opening form. The Customer Support Officer will be responsible to fill-up also a Know Your Customer (KYC) / Customer Due Diligence (CDD) checklist. The Customer Support Officer is also authorized to obtain any other document from the customer if he believes that it will help in establishing the true identity of the customer and the real controlling person behind the account.

**b. Risk assessment of customer.** The risk assessment 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. It should be based on customer's identity, nature of income, source of funding, location/domicile of customer, etc.

c. **Circumstances where Enhanced Due Diligence is required.** If a customer has been categorized as high risk, it is necessary to have enhanced due diligence when dealing with such a customer.

In case of these customers either the chief executive or senior management members of the company are required to approve the opening of shares trading account. In these cases the customer support department, in consultation with compliance department also try to determine the source of wealth and funds invested by client.

d. **On-going due Diligence.** In order to safe-guard company from any criminal transactions of the customers, the customer support department need to be vigilant at all times, and keep monitoring transactions of their customers to ensure that the transactions executed in any particular account are within the understanding of customer's profile, risk category, historical pattern of the transactions and their historic funding source.

## **MARGIN FINANCING**

The Margin Financing is a product of NCCPL in which the holder of shares has to deposit these shares to stock member to get finance against purchase of these shares.

The Customer Support Officer must follow the directives set out in 'Margin Financing Guidelines' before recommending any customer for margin financing transactions.

## **ENFORCEMENT OF POLICY**

No violation from the policy is allowed. The violations from the Policy should be handled under the disciplinary procedures applicable to the relevant persons. The Company may adopt the measures which appears necessary in this regard. This should be done in order to protect the Company from any potential liability for not following the Anti Money Laundering Act, 2010.

## **AMENDMENTS TO THE POLICY**

This is the responsibility of management to timely review and amend/modify this Policy from time to time, simultaneously with the approval of Board of Directors of the Company.

**M/s. Syed Faraz Equities (Pvt) Limited**

