

KNOW YOUR CUSTOMER AND CUSTOMER DUE DILIGENCE POLICY AND FRAMEWORK

Know your customer (KYC) is the process used by a business to verify the identity of their clients. Know your Customer processes are also employed by companies of all sizes for the purpose of evaluate the actual identity of their clients. Know your customer policies are becoming increasingly important globally to prevent identity theft, financial fraud, money laundering and financing. The Company will follow guidelines issued by the Karachi Stock Exchange Limited via its notice No.KSE/N-1388 dated March 16, 2012 and ensure compliance of Checklist attached with these guidelines.

In line with the guidelines issued by the Karachi Stock Exchange Limited through their notice KSE/N- 1388 dated March 16,2012 following guidelines need to be complied

1. Customer Identification
2. Risk assessment of customer
3. Circumstances where Enhanced Due Diligence is required
4. On-going due Diligence
5. Circumstances where simplified Due Diligence can be adopted
6. Compliance Function
7. Data retention
8. Training

Customer Identification

The company should not open anonymous or obviously fictitious accounts. For the identification of an individual copy of the CNIC should be obtained and in case of institution/company approval of the concerned authority should be obtained. Further the Company will ensure that the accounts of the institutions/organizations/corporate bodies are not opened in the name of the employees of the said and all the relevant documents as per the requirements of the Karachi Stock Exchange Limited account opening Form will be obtained.

The physical presence of the account opener/authorized representative is necessary at the time of opening a brokerage account if these is impracticable then a reliable third party reference should be documented. In case of non resident institutional investor before opening account the Company will check the existing status of UIN approval with NCCPL database and do other research with custodian banks, broker dealer, etc.

Risk Assessment

For the purpose of Risk Assessment the category of client should be assigned in the following manner

- Low, Medium, High Risk

Circumstances where Enhanced Due Diligence is required

Topline staff members will perform enhanced due diligence when dealing with high Risk Customer and in case of any unusual transaction of the High Risk customers (HRC) such transactions are reported in a SUSPICIOUS TRANSACTION REPORT (STR) and in case of HRC the source of wealth and funds invested should be determined.

Topline staff should not open a brokerage account if the broker is unable to verify the identity of the customer / beneficial owner of the owner of the account, or if it is unclear what the purpose and intention of customer is (for existing customers) then STR report of the said should be filed.

On-going due Diligence

Topline staff should keep all the customer records updated and assessing any change in the customer profile on regular basis, which change should be documented and sufficient information should be obtained regarding such change.

Data retention

All the data relating to KYC/CDD guidelines & procedures have to be maintained for a minimum period of five years, including identity of the customer(s), accounts files and correspondence exchange with the customers

Training

Topline Staff should attend on-going training organized by company or any other regulatory body to ensure that they understand their duties under KYC/CDD and are able to perform those duties satisfactorily.