



New Peak Securities (Pvt) Ltd

**KNOW YOUR CUSTOMER (KYC) AND
CUSTOMER DUE DILIGENCE (CDD)
POLICES AND PORCEDURES**



NEW PEAK SECURITIES (PVT) LIMITED

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Document ID

KYCPP

Title

**Policies and Procedures
Know Your Customer (KYC)
Customer Due Diligence (CDD)**

CEO/Director

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OBJECTIVE:

To protect itself from the increasing risk of organized criminal activity, money laundering, and terrorist financing, drug trafficking and other illegal trades, it is essential for every financial institution to have a clearly put down KYC / CDD policy and procedures.

Keeping in view the above risks, the Securities and Exchange Commission of Pakistan (SECP) vide its requires all Securities Broker to formulate and put in place, a comprehensive KYC / CDD Policy duly approved by its Board of Directors.

Element of KYC / CDD Policy

Know Your Customer (KYC) / Customer Due Diligence (CDD) is the method of due diligence that financial institutions perform to identify their customers and ascertain relevant information required for doing business with them. The following elements have been incorporated in the KYC / CDD Policy:

- a) Customer acceptance criteria / Customer Identification
- b) Authentication of identification
- c) Risk assessment and management
- d) Circumstances where Enhanced Due Diligence is required
- e) On-going due Diligence
- f) Circumstances where simplified Due Diligence can be adopted
- g) Compliance function
- h) Data retention
- i) Training and employee screening
- j) Monitoring & reporting
- k) Updating & retention of records

Seeking evidence of identity and address from the customer and independently confirming that evidence at the start of a relationship with the Company and seeking information regarding the sources of income and nature of business etc. of the customer

What is Customer?

For the purpose of KYC / CDD Policy, a Customer is defined as a person or an entity that applies for or maintains an investor account with the Company.

Elements of the Policy

Customer Acceptance Criteria & Identification

The Company shall accept investors strictly in accordance with the following criteria:

Identification

No investor account shall be opened in the name of person who fails to disclose true identity or fails to provide valid identity document. To authenticate identity of new investor, copy of CNIC / NICOP shall be obtained before account opening, that's why NEW PEAK Securities (Pvt) Limited Company shall ensure that no anonymous accounts or accounts that are obviously in the name of fictitious persons are opened or maintained. NEW PEAK Securities (Pvt) Limited

Company must take all reasonable steps to confirm the true identity of the prospective client and to collect all relevant information to ascertain the identity of the real controlling party of the trading account. For this purpose, minimum set of documents as prescribed by SECP from time to time must be obtained. NEW PEAK Securities (Pvt) Limited Company may obtain any additional documents where considered necessary.

NEW PEAK Securities (Pvt) Limited Company shall determine whether a customer is acting on behalf of another person. In such cases steps should be taken and all the relevant documents should be obtained to determine the true identity of that person.

For legal persons, NEW PEAK Securities (Pvt) Limited Company shall verify that person purporting to action behalf of the customer is so authorized.
NEW PEAK Securities (Pvt) Limited Company must ensure that accounts of Institutions/ body corporate are not opened in the individual name of any employee/ official.

Source of income

Source of income shall be essentially disclosed by the investor. NEW PEAK Securities (Pvt) Limited may refuse to accept any investor where the source of income has not been appropriately disclosed. NEW PEAK Securities (Pvt) Limited Company must obtain sufficient information to determine the expected source of funding for the account, particularly whether the client shall be receiving/ remitting funds in foreign currency.

Business / employment proof

In case source of investor's income is business / employment, complete address of business name of the business / employer shall also be disclosed.

Government accounts

In case of Government accounts, it should be ensured that no accounts are opened in the personal names of Government officials. Any such account, which is to be operated by an officer of is to be operated by an officer of the Federal/Provincial/Local Government in his/her official capacity, shall be opened only on production of a special resolution/ authority from the concerned administrative department duly endorsed by the Ministry of Finance or Finance Department of the concerned Provincial or Local Government.so it is very clear from NEW PEAK Securities (Pvt) Limited no accounts should be opened in the personal names of government officials.

Politically Exposed Persons

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

NEW PEAK Securities (Pvt) Limited Company should conduct a self-assessment for money laundering and terrorist financing risk, identifying and documenting the key risks presented to it by virtue of its business model, types of customers and geographical placement

Completeness of documentation

All new investors shall be required to complete the appropriate Account Opening Form and provide necessary documents including valid evidence of identity.

Responsibility for completeness

The relevant staff engaged at customer level shall ensure that all documentary evidences and information provided by the investor are complete and consistent.

Review of completeness

Review of completeness of forms received at New Peak Securities (Pvt) Ltd Office shall be done by relevant staff under the compliance officer.

In addition to the requirements mentioned above, NEW PEAK Securities (Pvt) Limited Company must ensure that all receipts and payments to the customers above the prescribed threshold must be through cross Cheques, bank drafts, pay orders or other crossed banking instruments. For exceptional circumstances where it becomes necessary for a NEW PEAK Securities (Pvt) Limited Company to accept cash from a customer, reporting of such instances with rationale should be made immediately to the exchanges.

NEW PEAK Securities (Pvt) Limited Company shall ensure physical presence of the customer at the time of opening of account. In case of off-shore clients or clients incites where the NEW PEAK Securities (Pvt) Limited Company does not have an approach, in this case NEW PEAK Securities (Pvt) Limited Company must apply appropriate procedures, such as verification through online

NEW PEAK Securities (Pvt) Limited Company must consider whether that jurisdiction is following the Financial Action Task Force (FATF) recommendations.

Risk Assessment & Management

The NEW PEAK Securities (Pvt) Limited Company must perform a risk assessment 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 their customers among high risk, medium risk and low risk customers.

NEW PEAK Securities (Pvt) Limited Company should develop clear guidelines for identification of High Risk customers High Risk Customers which include

- 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;
- There is reason to believe that the customer has been refused NEW PEAK Securities (Pvt) Limited Company services by another brokerage Company
- 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

Enhanced Due Diligence

NEW PEAK Securities (Pvt) Limited Company should apply Enhanced Due Diligence (EDD) when dealing with high-risk customers. Appropriate policies and procedures must be developed and put in place to ensure that activities and transactions of High-risk customers are adequately monitored and any unusual transactions are reported.

While dealing with the high-risk customers including the PEPs, the NEW PEAK Securities (Pvt) Limited Company should:

Obtain senior management approval for establishing business relationships with such customers. The same shall also apply in case of an existing customer which is classified as High-risk pursuant to these guidelines or which is subsequently classified as a result of ongoing due diligence;

Take reasonable measures to establish the source of wealth and source of funds.

If the NEW PEAK Securities (Pvt) Limited Company is unable to comply with the above requirements, it should not open the account, or should terminate the business relationship, as the case may be and should submit a Suspicious Transaction Report.

Suspicious Transaction Report

When NEW PEAK Securities (Pvt) Limited Company is not able to identify and verify the identity of the customer and the beneficial owner or is not able to obtain adequate information regarding the purpose and intended nature of the customer relationship, it should not open the account, commence customer relationship or in the case of an existing customer should terminate the relationship and consider the filing of a Suspicious Transaction Report.

On-going Due Diligence

CDD is not a one-time exercise. NEW PEAK Securities (Pvt) Limited Company should ensure that on-going

Due Diligence on the customer relationship and scrutiny of transactions is undertaken to ensure that the transactions executed in a particular account are consistent with the NEW PEAK Securities (Pvt) Limited Company's knowledge of the Customer, its business and risk profile, historical pattern of transactions and the pattern and source of funding of the account.

NEW PEAK Securities (Pvt) Limited Company shall ensure that the customer records are updated at regular intervals and sufficient information is obtained regarding any significant change in the customer profile.

Customer Due Diligence (CDD) is not a one-time exercise at the time of account opening only.

For the purpose of On-Going Due Diligence, New Peak Securities (Pvt) Ltd at all the time monitors transactions of all the clients, and keeps matching these transactions from the customer profile.

New Peak Securities (Pvt) Ltd keeps all customer records updated and has a policy of assessing any change in customer profile on regular basis.

Type of Customer

Sr. #	Type of Customer	Information Required	Documents Required
1	Individual, Sole Proprietorship	<ul style="list-style-type: none"> • Name and Father's Name • Address • Telephone Number(s) • Source of Income • Nationality & NTN • Guardian name (if Applicable) 	<ul style="list-style-type: none"> • Copy of CNIC or passport or attested copy of B form in case of minor. • Detail of Business/Employment Proof. • Zakat Exemption Certificate (If applicable) • Guardian Certificate (If Applicable)
2	Partnership	<ul style="list-style-type: none"> • Name of Partnership Entity • Names of Partners • Father's Name of partner • Address of Partnership entity • Telephone Number(s) 	<ul style="list-style-type: none"> • Copy of CNIC/Passport of all partners • Copy of CNIC of authorized signatories • List of Authorized signatories along with power of attorney • Resolution authorizing investments

			• Copy of latest financials of partnership
3	Companies and Corporate	<ul style="list-style-type: none"> • Name of Company and its Directors • Registered Address • Telephone Number(s) • Contact persons • Registered number & NTN 	<ul style="list-style-type: none"> • Copy of CNIC/Passport of all Directors • Audited Accounts of the company • Memorandum and Article of Association. • Board Resolution authorizing investments. • Certificate of Incorporation/ Commencement of Business • List of Authorized Signatories along with copy of CNICs.

Simplified Due Diligence

NEW PEAK Securities (Pvt) Limited Company shall apply simplified or reduced CDD measures in the following circumstances:

- risk of money laundering or terrorist financing is lower
- information on the identity of the customer and the beneficial owner of a customer is publicly available
- adequate checks and controls exist

Accordingly, following customers may be considered for simplified or reduced CDD:

- Financial institutions which are subject to requirements to combat money laundering and terrorist financing consistent with the
- FATF Recommendations and are supervised for compliance with those controls
- Public companies that are subject to regulatory disclosure requirements
- Government administrations or enterprises

When opting for simplified or reduced due diligence, the FATF guidelines in this regard must be consulted. Simplified CDD should not be followed when there is an identified risk of money laundering or terrorist financing.

Compliance function

NEW PEAK Securities (Pvt) Limited Company should set up a compliance function with suitable human resource and MIS reporting capabilities, enabling it to effectively monitor the clients' transactions and make timely reports.

The Head of Compliance function must have skills and experience necessary for satisfactory performance of functions assigned. Head of Compliance must be independent and report directly to the Board of Directors.

The Compliance function shall ensure compliance with the requirements of these guidelines as well as other regulatory requirements applicable on the NEW PEAK Securities (Pvt) Limited Company under the

relevant legal framework. A record should be maintained of all violation/ noncompliance identified and reported to the BOD and must be available for the inspection of Commission as and when required.

Data Retention

NEW PEAK Securities (Pvt) Limited Company shall maintain the relevant documents obtained through the application of KYC/CDD procedures, especially those pertaining to identification of the identity of a customer, account files and correspondence exchanged for a minimum period of five years.

Training & Screening

The NEW PEAK Securities (Pvt) Limited Company should develop an on-going employee training program to ensure that the employees understand their duties and are able to perform the same on a satisfactory level.

NEW PEAK Securities (Pvt) Limited Company shall develop and implement appropriate screening procedures to ensure high standards while hiring staff. However, the screening process must be an on-going exercise and must be applied consistently to ensure that employees, particularly those working at sensitive positions, meet and maintain high standards of integrity and professionalism.

NEW PEAK Securities (Pvt) Limited Company must provide any information concerning its clients and their transactions to the exchanges, Financial Monitoring Unit or the Commission as and when required.

Other requirements

NEW PEAK Securities (Pvt) Limited Company must comply with the requirements of Anti Money Laundering Act, 2010 as applicable on them, including the requirement to file Suspicious Transaction Reports and any directives, circulars, guidelines issued in this regard by Federal Government, Financial Monitoring Unit and SECP.