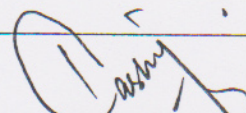
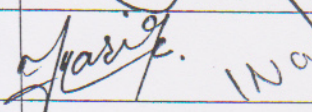
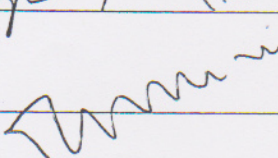




## First Capital Equities Limited

### Policy Manual

- Anti-Money Laundering
- Cash Transactions
- Know Your Customer (KYC)
- Customer Due Diligence (CDD)
- Enhanced Due Diligence (EDD)

Prepared by:	Compliance Officer		Date: 09.06.2017
Reviewed by:	Head of Operations / Chief Financial Officer		Date: Jun 14, 2017
Approved by:	Chief Executive Officer		Date: 19/06/17



## ANTI-MONEY LAUNDERING

It is the policy of the Firm not to provide its services, offices, etc to persons or entities that have connections to any criminal activities, corruption or terrorism or to persons or entities who conceal or disguise money or other assets that are derived from crime or to conceal or disguise the true ownership or control of such money or assets. The Compliance Officer has the complete authority over the database for checking and investigating or implements any system to extract suspicious transaction(s) of any client or employee.

### **Suspicious Transaction Reporting**

Any Firm employee that detects any suspicious activity is required to immediately report such activity to the Chief Compliance Officer without discussing the activity or the report of the activity with the client or other implicated person involved in the activity.

We will respond to Financial Monitoring Unit (FMU) request about customer/clients, accounts, and transactions by immediately searching our records to determine whether we maintain or have maintained any account for, or have engaged in any transaction with, each individual, entity or organization in the request.

The CO will report to the management any suspicious transaction(s) immediately and also maintain supporting document(s) as required. If the management affirms that this is indeed a suspicious transaction, then the CO will file suspicious transaction(s) to the regulators not later than 30 calendar days after the date of the initial detection of the facts that constitute a basis for filing suspicious transaction(s).



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### **Cash Reporting: -**

FCEL discourages receiving cash but in exceptional circumstances where it becomes necessary for a broker to accept cash from a customer, reporting of such instances (if above the threshold of PKR 25,000/-) with rationale should be made immediately to the PSX. Not in any case, cash payments are made to client(s).

### **KNOW YOUR CUSTOMER (KYC) CUSTOMER DUE DILIGENCE (CDD) ENHANCED DUE DILIGENCE (EDD)**

It is immensely important to conduct the due diligence before accepting any prospective client. Verification of client's identity is the first step of KYC/CDD.

### **Verification of Client Identity: -**

FCEL shall ensure that no accounts in the name of fictitious persons are opened or maintained and to confirm the true identity of the prospective client and to collect all relevant information. A minimum set of documents as prescribed by SECP from time to time must be obtained. FCEL may obtain any additional documents, if considered necessary. The Firm requires a valid CNIC / NICOP of each individual and every joint account holder (if any) for the verification of client's name, permanent / current address and date of birth.

Potential clients have to make a request to open an account by filling in and signing the PSX and CDC Standardized Account Opening Form (SAOF) and any other forms / agreements including KYC-CDD deemed necessary from time to time. Client must provide all the documents as mentioned in the SAOF.

Before the opening of a client's account, the client must at least one time present himself (along with original CNIC) in front of FCEL's Dealer or Regional/ Branch Head or Compliance Manager or Settlement Manager for the verification of his identity.

### **Registration / Closure of Account:-**

Respective dealer is usually responsible for the completion of SAOF, who afterwards sends the forms to the Head Office or the Regional Offices for further processing. The back office staff once verifies the completeness; forward it to Compliance Manager who checks the forms and



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rated the client according to the category of risk falls in (High, Medium, Low Risk or rejects the forms) and also assign the exposure limits as per company's policy.

The approved SAOF along with documents forward again to settlement and custody for the generation of a trading code, NCCPL and CDC registration. A letter is sent to new client at his mailing address confirming his Trading and CDC Account numbers along with other account's detail.

All Clients' documents will be kept in safe custody at the Head Office or Regional Offices or at any other safe location deemed fit for such safe keeping by the management of FCEL but not in any case will be left at any branch other than above offices. Client account could be closed either by client instruction or action initiated by the FCEL.

### **Customer Due Diligence (CDD):-**

FCEL should obtain and document sufficient information on the purpose and intended nature of the account to be opened/ maintained with them and develop a profile of the customer based on results of customer identification and the risk assessment. Information regarding the intended investment plan of the customer must also be obtained to the extent possible and should be documented.

FCEL 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. In addition to the requirements mentioned above, FCEL 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.

FCEL must ensure that accounts of Institutions/ body corporate are not opened in the individual name of any employee/ official. Government accounts should not be opened in the personal names of Government officials. Any such account, which is to be operated by an officer or is to be operated by an officer of the Federal/Provincial/Local Government in his/her official capacity, shall be opened only on the production of a special resolution/ authority from the concerned administrative department.



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### Enhanced Due Diligence (EDD):-

FCEL 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. FCEL should develop clear guidelines for identification of High Risk customers which include:

- Clients belonging to countries where CDD / KYC and anti-money laundering regulations are negligent or if funds originate or go to those countries;
- Clients whose business or activities present a higher risk of money laundering such as cash based businesses;
- Clients with links to offshore tax havens;
- High net worth clients with no clearly identifiable source of income;
- There is reason to believe that the customer has been refused brokerage services by another brokerage house;
- Establishing business relationship or transactions with counterparts from or in countries not sufficiently applying FATF recommendations; and

Politically Exposed Persons (PEPs) or clients holding public or high profile positions 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

FCEL 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 FCEL should:

- a) 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;
- b) Take reasonable measures to establish the source of wealth and source of funds.



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If FCEL 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. FCEL 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 risk profile of the Customer, its historical pattern of transactions and the source of funding of the account.

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