



I. INTRODUCTION

It is the policy of the company to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all laws, Acts, regulations and circulars issued by the regulator i.e. Securities & Exchange Commission of Pakistan (SECP).

Dawood Equities Limited (DEL), will make efforts to counter the Money Laundering (ML) / Terrorist Financing (TF) Risk thereby providing DEL with a safe path to conduct its business operations. The ML / TF risk can be described as the risk of imposition of legal or regulatory sanction, financial loss or loss to reputation of the DEL arising out of its failure to comply with AML & CFT Regulations issued by the Securities & Exchange Commission of Pakistan (SECP). Compliance with laws, rules and regulations help the DEL to maintain its reputation and meet the expectations of its stakeholders, certificate holders, the markets and society as a whole.

In order to protect the DEL from Compliance Risk, the DEL has developed a clearly laid down policy for Anti-Money Laundering (AML) & Countering Financing of Terrorism (CFT) including Know Your Customer (KYC), Customer due diligence (CDD) and Extra due diligence (EDD). The main emphasis of the policy is to provide onsite guidelines against the issuance of certificates and to protect the DEL from non-compliance threats.

II. DEFINITIONS

- (a) **“AML Act”** means Anti Money Laundering Act, 2010 (VII of 2010)
- (b) **“AML/CFT”** means Anti-Money Laundering and Countering Financing of Terrorism;
- (c) **“Beneficiary”** for the purposes of regulation shall include;
 - (i) A natural or legal person or arrangement who are entitled to the benefit of any trust arrangement.
- (d) **“Close associate”**
 - i) an individual known to have joint beneficial ownership of a legal person or a legal arrangement or any other close business relations with a PEP;
 - ii) Any individual(s) who have beneficial ownership of a legal person or a legal arrangement which is known to have been set up for the benefit of a PEP;

An individual who is reasonably known to be closely connected with the PEP for any other reason, including socially or professionally.
- (e) **“Commission”** means Securities and Exchange Commission of Pakistan established under section 3 of the Act;
- (f) **“Correspondent relationship”** means a relationship between the regulated person (Correspondence), or any party acting on its behalf and processing orders on behalf of the regulated person, and an intermediary (Respondent) which is regulated and supervised by a supervisory authority, transmitting orders on behalf of its underlying customers;
- (g) **“Customer”** means any natural person, legal person or legal arrangement to whom financial services has been extended by a regulated person;



- (h) **“Enhanced due diligence” or “EDD”** means taking additional CDD and may include the information set out in section 21(2).
- (i) **“Family member”** of a politically exposed person includes
 - i) a spouse of the PEP;
 - ii) lineal ascendants and descendants and siblings of the PEP
- (j) **“Politically exposed persons” or “PEPs”** means an individual who is or has been entrusted with a prominent public function either domestically or by a foreign country, or in an international organization and includes not limited to:
 - (i) for foreign PEPs, Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations and political party officials;
 - (ii) for domestic PEPs, Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, political party officials;
 - (iii) for international organization PEPs, members of senior management or individuals who have been entrusted with equivalent functions.

Provided that middle ranking or more junior individuals in the above referred categories are not included in the definition of PEPs;
- (k) **“Regulated person”** means securities brokers, futures brokers, Insurers, Takaful Operators, NBFCs and Modarabas regulated by SECP under the administered legislation;
- (l) **“Reasonable measures”** means appropriate measures which are commensurate with the money laundering or terrorist financing risks;
- (m) **“Senior management”** means an officer or employee of the reporting entity with sufficient knowledge of the reporting entity’s risk exposure, and of sufficient authority, to take decisions affecting its risk management and mitigation, including chief executive officer/ managing director, deputy managing director, chief operating officer, company secretary, chief financial officer, chief compliance officer and chief regulatory officer and any holder of such positions by whatever name called; and
- (n) **“Simplified due diligence” or “SDD”** means taking reduced CDD measures and may include the measurer set out in section 23 (3).
- (o) **“ML”** means money laundering
- (p) **“TF”** means financing of terrorism

The definitions in the AML Act shall also apply to these Regulations. The words and expressions used in policy but not defined shall have the same meaning as assigned to them under the AML Act, and administered legislation thereunder.



III. OBJECTIVE

The purpose of Anti-Money Laundering (AML) & Countering Financing of Terrorism (CFT) policy is to provide a framework to comply with applicable laws, Regulations, Regulatory guidelines specially related with detection and reporting of suspicious activities. This policy ensures that the products and services of the DEL may not be used as a tool for money-laundering activities, terrorist financing and other illegal trades.

IV. RESPONSIBILITY

The Senior Management is over all responsible for development, adoption implementation and regular monitoring of this policy statement. It is the responsibility of the management to ensure that the staff of Operations Department are fully aware of the contents of this policy and need to remain vigilant to fight against money laundering/terrorist financing.

V. POLICY STATEMENT

The DEL shall acquire adequate due diligence information pertaining to the Customer. Due diligence shall be done to identify the high risk Customer and ascertain their relevant information, In this regard, the Customer Support Department shall be responsible to collect the necessary information from the customers as per the guidelines given by Compliance officer as to the necessary information that needs to be obtained from various types of customers. Guidelines shall also provide for conducting customer due diligence depending upon the Customer background, country of origin , public or high profile position, nature of business, etc., to ascertain the identity of the beneficiary of the account with respect to the source of funds.

VI. RISK ASSESSMENT

DEL shall take appropriate steps in accordance with section 7F of the AML Act to identify, assess and understand its money laundering, and terrorism financing risks for customers, countries or geographic areas and products, services transactions or delivery channels. The DEL shall take:

The appropriate steps shall include the following;

- (a) Document the DEL risk assessments.
- (b) Consider all the relevant risk factors before determining what is the level of overall risk and the appropriate level and type of mitigation to be applied;
- (c) Keeping the risk assessment up-to-date,
- (d) Categorize its own overall entity level risk as high and low based on the result of risk assessment; and
- (e) Have appropriate mechanisms to provide risk assessment information to the Commission.

VII. RISK MITIGATION AND APPLYING RISK BASED APPROACH

DEL shall be required to implement counter ML and TF measures as per internal control procedure & mechanism and other risk assessment publicly available or provided by the commission; and perform enhanced measures to manage and mitigate the risks where higher risks are identified.



DEL will take simplified measures to manage and mitigate risks, if lower risks have been identified. Simplified measures should not be permitted whenever there is a suspicion of ML/TF

VIII. NEW PRODUCTS, PRACTICES AND TECHNOLOGIES

DEL shall;

- (a) Identify and assess the money laundering and terrorism financing risks that may arise in the development of new products, business and practices including new delivery mechanism, and the use of new and pre-existent technology.
- (b) Prior to the launch or use of product, practice or technology, shall undertake the risk assessment and take appropriate measures to manage and mitigate the risks.

IX. CUSTOMER DUE DILIGENCE (CDD) AND BENEFICIAL OWNERSHIP

KYC standards and CDD measures would enable the DEL to understand its Customer and beneficial owner.

- 1) Compliance Department shall conduct CDD in the following circumstances and matters under section 7A (I) of the AML Act.
 - a) Entering into a business relationship
 - b) Conducting an occasional transaction above the prescribed threshold;
 - c) Where there is a suspicion of money laundering or terrorist financing; or
 - d) Where there are doubts about the veracity or adequacy of previously obtained data.
- 2) Compliance department shall conduct CDD as following as required under section 7A (2) of the AML Act and categorize each customer's risk depending upon the outcome of the CDD process
 - (a) Identify the customer and
 - (b) verify the identity of the customer using reliable and independent documents, data and information as set out in identification procedure of the policy
- 3) Where the customer is represented by an authorized agent or representative, the operation department shall:
 - (a) Identify every person who acts on behalf of the customer,
 - (b) Verify the identity of that person in using reliable and independent documents, data and information; and
 - (c) Verify the authority of that person to act on behalf of the customer.
- 4) The Compliance department shall also identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner by using reliable and independent document, data or sources of information, such that DEL is satisfied that it knows who the beneficial owner is.
- 5) (1)For customers that are legal persons or legal arrangements, the compliance department shall identify the customer and verify its identity by obtaining the following information in addition to the information required:
 - (a) Name, legal form and proof of existence;



- (b) the powers that regulate and bind the legal person or arrangement, as well as the names of the relevant persons having a senior management position in the legal person or arrangement; and
- (c) the address of the registered office and, if different, a principal place of business.”;
- (2) For customers that are legal persons or legal arrangements, the financial institution should be required to understand the nature of the customer’s business and its ownership and control structure.
- 6) For customers that are legal persons, Compliance department shall identify and take reasonable measures to verify the identity of beneficial owners by:
 - (a) Identifying the natural person(s) (if any) who ultimately has a controlling ownership interest (as defined under relevant laws) in a legal person; and
 - (b) to the extent that there is doubt under (a) as to whether the person(s) with the controlling ownership interest is the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural person(s) (if any) exercising control of the legal person or arrangement through other means; and
 - (1) Where no natural person is identified under (a) or (b) above, the identity of the relevant natural person who holds the position of senior managing official.
- 7) For customers that are legal arrangements, operation department shall identify and take reasonable measures to verify the identity of beneficial owners as follows:
 - (a) for trusts, the identity of the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust (including through a chain of control/ownership);

Where any of the persons specified in (a) is a legal person or arrangement, the identity of the beneficial owner of that legal person or arrangement shall be identified.
- 8) DEL shall:
 - (1) At the time at which the beneficiary of the Account is identified or designated:
 - (a) If the beneficiary is a specifically named natural person, legal person or legal arrangement, obtain the full name of the beneficiary;
 - (b) If the beneficiary is designated by characteristics, class or other means and is known to DEL, obtain sufficient information concerning the beneficiary to satisfy itself that it will be able to establish the identity of the beneficiary at the time of payout.
 - (2) For both the above cases, verify the identity of the beneficiary at the time of payout.
- 9) Compliance Department shall verify the identity the customer and beneficial owner before establishing a business relationship or during the course of establishing a business relationship.



- 10) (1) Compliance Department may complete verification of a customer or beneficial owner's identity after the establishment of the business relationship, provided that-
 - (a) this occurs as soon as reasonably practicable;
 - (b) this is essential not to interrupt the normal conduct of business; and
 - © the ML/TF risks are low.
- (2) The types of circumstances where DEL permits completion of verification after the establishment of the business relationship should be recorded in the CDD policies.
- 11) DEL shall adopt risk management procedure concerning the conditions under which a customer may utilize the business relationship prior to verification.

X. ONGOING MONITORING

- (2) Compliance Department shall conduct ongoing due diligence as per the guideline on the business relationship, including:
 - (a) Scrutinize transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the DEL's knowledge of the customer, their business and risk profile, including where necessary, the source of funds;
 - (b) Obtain information and examine, as far as possible, the background and purpose of all complex and unusual transactions which have no apparent economic or visible lawful purpose. The background and purpose of these transactions shall be inquired and findings shall be documented with a view of making this information available to the relevant competent authorities when required.
 - (c) Undertake reviews of existing records and ensure that documents, data or information collected for the CDD purposes is kept up-to-date and relevant, particularly for higher risk categories of customers.
- (2) In relation to sub-regulation (b), customers' profiles should be revised keeping in view the CDD and basis of revision shall be documented.
- (3) Compliance Department shall implement the measures as set out in 7D of the AML Act;
 - (1) Where compliance department is unable to complete CDD requirements, DEL
 - (a) Shall not open the account, commence business relations or perform the transaction; or shall terminate the business relationship if any; and
 - (b) Shall promptly consider filing an STR in relation to the customer.
 - (2) Where DEL forms a suspicion of money laundering or terrorist financing and reasonably believes that performing the CDD process will tip-off the customer, DEL shall not pursue the CDD process and shall file an STR.
- (4) DEL shall comply with the provisions of the AML Act and rules, regulations and directives issued thereunder for reporting suspicious transactions/currency transactions in the context of money laundering or financing of terrorism.



(5) Where DEL files an STR with respect to a customer with whom it has an existing business relationship, and if DEL considers it appropriate to retain the customer, then DEL shall:-

- (a) substantiate and document the reasons for retaining the customer; and
- (b) Subject the business relationship to proportionate risk mitigation measures, including enhanced ongoing monitoring.

(6) The basis of deciding whether an STR is being filed or not shall be documented and kept on record together with all internal findings and analysis done in relation to a suspicion irrespective of the fact that transaction is subsequently reported or not.

XI. EXISTING CUSTOMERS

(1) DEL will apply CDD requirement to its existing customers on the basis of materiality and risk and should conduct due diligence on existing relations at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained.

(2) For customers whose accounts are dormant or in-operative, withdrawals shall not be allowed until the account is activated on the request of the customer. For activation, the DEL shall conduct NADRA Verisys of the customer and obtain attested copy of customer's valid identity document (if already not available) and fulfill the regulatory requirements.

XII. ENHANCED DUE DILIGENCE (EDD)

(1) DEL shall implement appropriate internal risk management systems, policies, procedures and controls to determine if any customer presents high risk of ML/TF. DEL shall apply EDD where a customer presents high risk of ML/TF including but not limited to the following circumstances:

- (a) Business relationships and transactions with natural and legal persons when the ML/TF risks are higher;
- (b) Business relationships and transactions with natural and legal persons from countries for which this is called for by the FATF;
- (c) PEPs and their close associates and family members.

(2) EDD measures include but shall not be limited to the following measures:

- (a) Obtain additional information on the customer (e.g. volume of assets, information available through public databases, internet, etc.), and updating more regularly the identification data of customer and beneficial owner;
- (b) Obtain additional information on the intended nature of the business relationship;
- (c) Obtain information on the source of funds or source of wealth of the customer;
- (d) Obtain information on the reasons for intended or performed transactions.
- (e) Obtain the approval of senior management to commence or continue the business relationship;



(f) Conduct enhanced monitoring of the business relationship, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.

(3) DEL shall include the beneficiary as a relevant risk factor in determining whether EDD measures are applicable under subsection (1), where DEL determines that a beneficiary who is a legal person or a legal arrangement presents a higher risk, it shall take EDD measures and take reasonable measures to identify and verify the identity of a beneficial owners of the.

(4) In relation to PEP, DEL shall implement appropriate internal risk management systems, to determine if a customer or a beneficial owner is a PEP or a close associate or family member of a PEP, both prior to establish a business relationship or conduct a transaction, and periodically throughout the course of business relationship, DEL shall apply, at minimum the following EDD measures:

(a) obtain approval from senior management to establish or continue a business relationship where the customer or a beneficial owner is a PEP, close associate or family member of a PEP or subsequently becomes a PEP, close associate and family member of a PEP;

(b) take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as a PEP, close associate or family member of a PEP; and

(c) Conduct enhanced ongoing monitoring of business relations with the customer or beneficial owner identified as a PEP, close associate and family member of a PEP.

(5) DEL shall take reasonable measures at the time of payout to determine whether the beneficiaries and/or, where applicable, the beneficial owner of the beneficiary are politically exposed persons.

(6) Where higher risks are identified under subsection (5), DEL must inform senior management before the payout of the policy proceeds, to conduct enhanced scrutiny of the whole business relationship with the customer, and to consider making a suspicious transaction report.

XIII. COUNTER MEASURES AGAINST High risk jurisdiction / geographical locations

DEL shall apply the counter measures including but not limited to, enhance due diligence proportionate to the risk as indicated by the Federal Government, pursuant to recommendations by the National Executive Committee and when called upon to do so by the FATF.

XIV. SIMPLIFIED DUE DILIGENCE (SDD)

(1) Operation Department will apply SDD only where low risk is identified through adequate analysis through its own risk assessment and any other risk assessment publicly available or provided by the Commission in accordance with section 6 of regulations (DEL will take simplified measures to manage and mitigate risks, if lower risks have been identified. Simplified measures should not be permitted whenever there is a suspicion of ML/TF) and commensurate with the lower risk factors.

(2) The decision to rate a customer as low risk shall be justified in writing by Operation Department.



(3) SDD measures include the following measures:

- (a) Verify the identity of the customer and the beneficial owner after the establishment of the business relationship;
- (b) Reduce the degree of on-going monitoring and scrutinizing transactions, based on a reasonable monetary threshold as prescribed or as set out by the Commission;
- (c) Not collecting specific information or carrying out specific measures to understand the purpose and intended nature of the business relationship, but inferring the purpose and nature from the type of transactions or business relationship established.
- (4) Compliance Department shall not apply any simplified CDD whenever there is a suspicion of money laundering or terrorist financing.

XV. TFS OBLIGATIONS

(1) DEL shall undertake TFS obligations under the United Nations (Security Council) Act 1948 and/or Anti-Terrorism Act 1997 and any regulations made there under, including:

- (a) Mechanisms, processes and procedures for screening and monitoring customers, potential customers and beneficial owners/associates of customers to detect any matches or potential matches with the stated designated/proscribed persons in the SROs and notifications issued by MoFA, NACTA and MoI. (Mechanism, process and procedures attached as Annexure A).
 - (b) If during the process of screening or monitoring of customers or potential customers DEL finds a positive or potential match, it shall immediately:
 - i. freeze the relevant funds and assets without delay the customer's fund or block the transaction, without prior notice if it is an existing customer in accordance with the respective SRO.
 - ii. prohibit from making any funds or other assets, economic resources, or financial or other related services and funds in accordance with the respective SRO
 - iii. Reject the transaction or attempted transaction or the customer, if the relationship has not commenced.
 - (c) In all cases referred to in (b), DEL shall file a suspicious transaction report to the FMU in case that person is designated under United Nations Security Council Resolutions, or proscribed under the Anti-Terrorism Act, 1997 and simultaneously notify the Commission in the manner as may be instructed from time to time by the Commission.
 - (d) Implement any other obligation under the AML Act 2010, United Nations (Security Council) Act 1948 and Anti-Terrorism Act 1997 and any regulations made there under.
- (2) DEL is prohibited, on an ongoing basis, from providing any financial services to proscribed/ designated entities and persons or to those who are known for their association with such entities and persons, whether under the proscribed/ designated name or with a different name. DEL shall monitor their business relationships with the entities and individuals on a continuous basis and ensure that no such relationship exists directly or indirectly, through ultimate control of an



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account and where any such relationship is found, DEL shall take immediate action as per law, including reporting to the FMU.

Explanation:- For the purposes of this section the expression associates means persons and entities acting on behalf of, or at the direction, or for the benefit, of proscribed/ designated entities and individuals that may be determined on the basis of appropriate screening of sanctions lists, disclosed nominee/beneficiary information, publicly known information, Government or regulatory sources or reliable media information, etc.

XVI. RECORD KEEPING

- i) DEL shall maintain a records of all transactions for the period of at least five years following the completion of the transaction and records of account files, business correspondence, documents of all records obtained through CDD and the result of any analysis undertaken for a period of at least five years following the termination of the business relationship, as to provide evidence for prosecution of criminal activity.
- ii) Where transactions, customers or instruments are involved in litigation or where relevant records are required by a court of law or other competent authority, DEL shall retain such records until such time as the litigation is resolved or until the court of law or competent authority indicates that the records no longer need to be retained.
- iii) The records of identification data obtained through CDD process including copies of identification documents, account opening forms, Know Your Customer forms, verification documents other documents and result of any analysis along with records of account files and business correspondence shall be maintained for a minimum period of five years after termination of the business relationship.
- iv) DEL shall maintain a list of all such clients where the business relationship was refused or needed to be closed on account of negative verification.
- v) DEL shall provide, upon request from the commission, investigating or prosecuting agency and Financial Monitoring Unit (FMU), any record within 48 hours after the request has been made or such time as may be instructed by the relevant authority.

XVII. RECEIPT / PAYMENT OF AMOUNT FROM / TO CUSTOMERS BY THE BROKERAGE HOUSESE

- 1) Dawood Equities Limited shall receive/make payments of Rs. 25,000/- and above from/to customers drawn on customer's own bank account/in the name of customers only in the manner as provided in Standard Terms and Conditions of Standardized Account Opening Form prescribed under chapter 4 of PSX Regulations.
- 2) Dawood Equities Limited receive/make payments from/to customers drawn on customer's own bank account/in the name of customers
- 3) Dawood Equities Limited is not allowed receive/make payments to 3rd party.



XVIII. COMPLIANCE OFFICER

The Compliance Officer shall be designated person for the purpose of SECP (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 through S.R.O 921 (I)/2020 dated September 28, 2020.

The Compliance officer shall be responsible for the following areas that;

- (a) reports directly to the Board of Directors or Chief Executive officer or Committee;
- (b) Has timely access to all customer records and other relevant information which they may require to discharge their functions, as well as any other persons appointed to assist the compliance officer;
- (c) be responsible for the areas including, but not limited to;
 - i) Ensuring that the internal policies, procedures and controls for prevention of ML/TF are approved by the Board of Directors of DEL and are effectively implemented;
 - ii) Monitoring , reviewing and updating AML/CFT policies and procedures, of DEL;
 - iii) Providing assistance in compliance to other departments and branches of DEL;
 - iv) Timely submission of accurate data / returns as required under the applicable laws;
 - v) Monitoring and timely reporting of Suspicious and Currency transactions to FMU

XIX. SCREENING, TRAINING AND INDEPENDENT AUDIT FUNCTION

Compliance Department shall verify of antecedents and screening procedures when hiring employees to ensure the integrity and conduct, skills, and expertise of such employees to carry out their functions effectively.

DEL will make proper arrangement to hold training sessions, especially for branch managers, and employees of operations and other relevant department where such persons would be informed about the basic duties they need to perform under the Anti-Money Laundering Laws for the time being in force.

Such training sessions would primarily focus on the development of skill to identify suspicious transaction and to recognize one's responsibility in respect of monitoring of suspicious transactions to the Financial Monitoring Unit (FMU) established under section 6 of the Anti-Money Laundering (second amendment) Act, 2020.

For the above purpose, the relevant provisions of the Anti-Money Laundering (second amendment) Act, 2020 and the Anti-Money Laundering Regulations shall be shared with the employees especially, the provisions relating to identifications of suspicious transactions, Currency Transaction and reporting obligations.

The Compliance Department of DEL shall periodically review to test the system i.e. quarterly the adequacy of customer information obtained in respect of customers and beneficial owners and ensure that the information is kept up to date.



XX. CORRESPONDENT RELATIONSHIP

(1) DEL shall perform the following measures, in addition to other measures prescribed in these regulations, when forming a correspondent relationship-

- (a) Assess the suitability of the respondent financial institution by taking the following steps-
 - i. gather adequate information about the respondent financial institution to understand fully the nature of the respondent financial institution's business, including making appropriate inquiries on its management, its major business activities and the countries or jurisdictions in which it operates;
 - ii. determine from any available sources the reputation of the respondent financial institution and the quality of supervision over the respondent financial institution, including whether it has been the subject of money laundering or terrorism financing investigation or regulatory action; and
 - iii. Assess the respondent financial institution's AML/CFT controls and ascertain that they are adequate and effective, having regard to the AML/CFT measures of the country or jurisdiction in which the respondent financial institution operates.
- (b) Clearly understand and document the respective AML/CFT responsibilities of the financial institution and the respondent financial institution;
- (c) Assess the respondent financial institution in the context of sanctions/embargoes and Advisories about risks; and
- (d) Obtain approval from the financial institutions' senior management before providing correspondent services to a new financial institution.

(2) DEL shall document the basis for its satisfaction that the requirements of this regulations are met.

(3) DEL shall pay special attention when establishing or continuing correspondent relationship with financial institutions which are located in jurisdictions that have been identified or called for by FATF for inadequate and poor AML/CFT standards in the fight against money laundering and financing of terrorism.

(4) DEL shall not enter into or continue correspondent relationship with another financial institution that does not have adequate controls against money laundering or terrorism financing activities, is not effectively supervised by the relevant authorities or is a shell financial institution.

Explanation:- For the purposes of this regulation the expression "shell financial institution" means a financial institution incorporated, formed or established in a country or jurisdiction where the financial institution has no physical presence and which is unaffiliated with a financial group that is subject to effective consolidated supervision.

(5) DEL shall also take appropriate measures when establishing a Correspondent Relationship, to satisfy itself that its respondent financial institutions do not permit their accounts to be used by shell financial institutions.



XXI. IDENTIFICATION PROCEDURE

The operations department will clearly spell out the customer identification while Opening of Account and will identify the prospective Account holder and verify identity by using following process.

S No.	Type of Customer	Information/Documents required for CDD
1.	Individuals	<p>A photocopy of any one of the following valid identity documents:</p> <p>(i) Computerized National Identity Card (CNIC)/Smart National Identity Card (SNIC) issued by NADRA.</p> <p>(ii) National Identity Card for Overseas Pakistani (NICOP/SNICOP) issued by NADRA.</p> <p>(iii) Form-B/Juvenile card issued by NADRA to children under the age of 18 years.</p> <p>(iv) Pakistan Origin Card (POC) issued by NADRA.</p> <p>(v) Alien Registration Card (ARC) issued by National Aliens Registration Authority (NARA), Ministry of Interior (local currency account only).</p> <p>(vi) Valid Proof of Registration (POR) Card issued by NADRA</p> <p>(vii) Passport; having valid visa on it or any other proof of legal stay along with passport (foreign national individuals only).</p>
2.	Joint Account	<p>(i) A photocopy of any one of the documents mentioned at Serial No. I;</p> <p>(ii) In the case of joint accounts, CDD measures on all of the joint account holders shall be performed as if each of them is individual customers of the RP.</p>
3.	Sole proprietorship	<p>(i) Photocopy of identity document as per Sr. No. 1 above of the proprietor.</p> <p>(ii) Attested copy of registration certificate for registered concerns.</p> <p>(iii) Sales tax registration or NTN, wherever applicable</p> <p>(iv) Account opening requisition on business letter head.</p> <p>(v) Registered/ Business address.</p>
4.	Partnership	<p>(i) Photocopies of identity documents as per Sr. No. 1 above of all the partners and authorized signatories.</p> <p>(ii) Attested copy of 'Partnership Deed'</p>



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		<p>(iii) Attested copy of Registration Certificate with Registrar of Firms. In case the partnership is unregistered, this fact shall be clearly mentioned on the Account Opening Form</p> <p>(iv) Authority letter from all partners, in original, authorizing the person(s) to operate firm's account.</p> <p>(v) Registered/ Business address.</p>
5.	Limited Liability Partnership (LLP)	<p>(i) Photocopies of identity documents as per Sr. No. 1 above of all the partners and authorized signatories.</p> <p>(ii) Certified Copies of: (a) 'Limited Liability Partnership Deed/Agreement. (b) LLP-Form-III having detail of partners/designated partner in case of newly incorporated LLP.</p>
6.	Limited Companies/ Corporations	<p>(i) Certified copies of: (a) Resolution of Board of Directors for opening of account specifying the person(s) authorized to open and operate the account; (b) Memorandum and Articles of Association; (ii) Certified copy of Latest 'Form-A/Form-B'. (iii) Incorporate Form II in case of newly incorporated company and Form A / Form C whichever is applicable; and Form 29 in already incorporated companies (iv) Photocopies of identity documents as per Sr. No. 1 above of all the directors and persons authorized to open and operate the account; (v) Photocopies of identity documents as per Sr. No. 1 above of the beneficial owners.</p>
7.	Branch Office or Liaison Office of Foreign Companies	<p>(i) A copy of permission letter from relevant authority i-e Board of Investment.</p> <p>(ii) Photocopies of valid passports of all the signatories of account.</p> <p>(iii) List of directors on company letter head or prescribed format under relevant laws/regulations.</p> <p>(iv) Certified copies of</p> <p>(v) Form II about particulars of directors, Principal Officer etc. in case of newly registered branch or liaison office of a foreign company</p>



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		<p>(vi) Form III about change in directors, principal officers etc. in already registered foreign companies branch or liaison office of a foreign company</p> <p>(vii) A Letter from Principal Office of the entity authorizing the person(s) to open and operate the account.</p> <p>(viii) Branch/Liaison office address.</p>
8.	Trust, Clubs, Societies and Associations etc.	<p>(i) Certified copies of:</p> <p>(a) Certificate of Registration/Instrument of Trust</p> <p>(b) By-laws/Rules & Regulations</p> <p>(ii) Resolution of the Governing Body/Board of Trustees/Executive Committee, if it is ultimate governing body, for opening of account authorizing the person(s) to operate the account.</p>
9.	NGOs/NPOs/Charities	<p>(i) Certified copies of:</p> <p>(a) Registration documents/certificate</p> <p>(b) By-laws/Rules & Regulations</p> <p>(ii) Resolution of the Governing Body/Board of Trustees/Executive Committee, if it is ultimate governing body, for opening of account authorizing the person(s) to operate the account.</p> <p>(iii) Photocopy of identity document as per Sr. No. 1 above of the authorized person(s) and of the members of Governing Body/Board of Trustees /Executive Committee, if it is ultimate governing body.</p> <p>(iv) Any other documents as deemed necessary including its annual accounts/ financial statements or disclosures in any form which may help to ascertain the detail of its activities, sources and usage of funds in order to assess the risk profile of the prospective customer.</p> <p>(v) Registered address/ Business address.</p>
10.	Agents	<p>(i) Certified copy of 'Power of Attorney' or 'Agency Agreement'.</p> <p>(ii) Photocopy of identity document as per Sr. No. 1 above of the agent and principal.</p> <p>(iii) The relevant documents/papers from Sr. No. 2 to 7, if agent or the principal is not a natural person.</p> <p>(iv) Registered/ Business address.</p>



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11	Executors and Administrators	(i) Photocopy of identity document as per Sr. No. 1 above of the Executor/Administrator. (ii) A certified copy of Letter of Administration or Probate. (iii) Registered address/ Business address.
12.	Minor Accounts	(i) Photocopy of Form-B, Birth Certificate or Student ID card (as appropriate). (ii) Photocopy of identity document as per Sr. No. 1 above of the guardian of the minor.

Note:

(i) For due diligence and screening purposes, at the minimum following information shall also be obtained and recorded on KYC (Know Your Customer)/CDD form or account opening form:

- (a) Full name as per identity document;
- (b) Father/Spouse Name as per identity document;
- (c) Mother Maiden Name;
- (d) Identity document number along with date of issuance and expiry;
- (e) Existing residential address (if different from CNIC);
- (f) Contact telephone number(s) and e-mail (as applicable);
- (g) Nationality-Resident/Non-Resident Status
- (h) FATCA/CRS Declaration wherever required;
- (i) Date of birth, place of birth;
- (j) Incorporation or registration number (as applicable);
- (k) Date of incorporation or registration of Legal Person/ Arrangement;
- (l) Registered or business address (as necessary);
- (m) Nature of business, geographies involved and expected type of counter-parties (as applicable);
- (n) Type of account/financial transaction/financial service;
- (o) Profession / Source of Earnings/ Income: Salary, Business, investment income;
- (p) Purpose and intended nature of business relationship;
- (q) Expected monthly turnover (amount and No. of transactions); and
- (r) Normal or expected modes of transactions/ Delivery Channels.

(ii) The photocopies of identity documents shall be validated through NADRA verisys or Biometric Verification. DEL shall retain copy of NADRA Verisys or Biometric Verification (hard or digitally) as a proof of obtaining identity from customer.

(iii) In case of a salaried person, in addition to CNIC, a copy of his salary slip or service card or certificate or letter on letter head of the employer will be obtained.

(iv) In case of expired CNIC, account may be opened on the basis of attested copies of NADRA receipt/token and expired CNIC subject to condition that DEL shall obtain copy of renewed CNIC of such customer within 03 months of the opening of account.



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(v) For CNICs which expire during the course of the customer's relationship, DEL shall design/update their systems which can generate alerts about the expiry of CNICs at least 01 month before actual date of expiry and shall continue to take reasonable measures to immediately obtain copies of renewed CNICs, whenever expired. In this regard, DEL are also permitted to utilize NADRA Verisys reports of renewed CNICs and retain copies in lieu of valid copy of CNICs. However, obtaining copy of renewed CNIC as per existing instructions will continue to be permissible.

(vi) The condition of obtaining Board Resolution is not necessary for foreign companies/entities belonging to countries where said requirements are not enforced under their laws/regulations. However, such foreign companies will have to furnish Power of Attorney from the competent authority for establishing Business Relationship to the satisfaction of DEL.

(vii) The condition of obtaining photocopies of identity documents of directors of Limited Companies/Corporations is relaxed in case of Government/Semi Government entities, where DEL shall obtain photocopies of identity documents of only those directors and persons who are authorized to establish and maintain Business Relationship. However, DEL shall validate identity information including CNIC numbers of other directors from certified copies of 'Form-A/Form-B' and verify their particulars through NADRA Verisys. The Verisys reports should be retained on record in lieu of photocopies of identity documents.

(viii) Government entities accounts shall not be opened in the personal names of a government official. Any account which is to be operated by an officer of the Federal or Provincial or Local Government in his/her official capacity, shall be opened only on production of a special resolution or authority from the concerned administrative department or ministry duly endorsed by the Ministry of Finance or Finance Department/Division of the concerned Government.

(ix) Check the person with the proscribed Individuals / Organization appearing in UNSC / NACTA

Explanation:- For the purposes of this regulation the expression "Government entities" includes a legal person owned or controlled by a Provincial or Federal Government under Federal, Provincial or local law.

XXII. FUTURE IMPROVEMENTS

The management will review and may amend or otherwise modify this policy statement from time to time with the approval of Board of Directors of DEL.

XXIII. BOARD OF DIRECTOR APPROVAL

This revised policy has been approved by the Board of Directors on February 19, 2021.