

Client Due Diligence / Know Your Client (CDD / KYC) Policy

1. Introduction

1.1 Habib Ullah Sheikh (Pvt.) Ltd., has formulated a client Due Diligence/ Know Your client policy, referred here as “CDD/ KYC policy”, based on the criteria/ guidelines specified in the Securities & Exchange Commission of Pakistan (SECP) Circular No. 12 of 2009 dated April 28, 2009.

1.2 The CDD/ KYC policy has been approved by the Board of Habib Ullah Sheikh (Pvt.) Ltd., in the meeting held on October 25, 2011. In the said meeting, the Board has authorized the CEO to approve any subsequent amendments or modifications associated with this policy. Furthermore, it was also clarified that the first exercise conducted for CDD/ KYC measures, as required under clause 6.1.1 of this policy, shall be applicable for the calendar year(s) 2011 & 2012.

1.3 This policy defines different types of clients, their minimum required information & documents along with the characteristics of High Risk clients, who pose greater than average risk of money laundering activities. It further explains how to ensure the identity of the clients, who initiates relationship with Habib Ullah Sheikh (Pvt.) Ltd., and how to maintain and update the CDD/ KYC measures for existing clients.

1.4 For better services to our clients, Habib Ullah Sheikh (Pvt.) Ltd., has also developed and put in place a “KYC Form” which classifies the categories of CDD/ KYC for both Individual and Institutional clients. The staff of Habib Ullah Sheikh (Pvt.) Ltd., is required to ensure that the client’s information (including Joint Account holders) shall be made available by duly completing a KYC Form.

1.5 The KYC Form is attached as Appendix I and shall be considered as integral part of CDD/ KYC policy.

2. Scope

2.1 The scope of CDD/ KYC policy is to establish reasonable measures to know about the clients of Habib Ullah Sheikh (Pvt.) Ltd., whether individual or institutional, in accordance with the stated guidelines by the Commission.

2.2 The scope of the policy is concerned with the staff of Habib Ullah Sheikh (Pvt.) Ltd., responsible for opening and maintaining of accounts of clients.

3. Type of clients, Information & Documents Required

3.1 Habib Ullah Sheikh (Pvt.) Ltd., shall obtain the minimum information / set of documents from various types of clients, detail of which are as follows;

Sr. #	Type of clients	Information Required	Documents Required
1	Individuals / Sole proprietorship	Name and Father's Name Address Telephone Number(s) Sources of Income Nationality & NTN Guardian name (if Applicable)	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)
2	Partnership based entity	Name of Partnership Entity Names of Partners Father's Name of Partners Address of Partnership entity Telephone Number(s)	Copy of CNIC/ passport of all Partners Copy of CNIC of authorized signatories List of Authorized signatories along with power of
3	Companies (Institutional and Corporate)	Name of Company and its Directors Registered Address Telephone number(s) Contact persons Registered number & NTN	Copy of CNIC/ passport of all Directors Audited Accounts of the company Memorandum and Article of Association Board Resolution authorizing investments
4	Clubs, Societies and Associations	Name of Club, Society or Association Registered address of Club, Society or Association Telephone numbers(s) Contact Persons	Board / Governing Body Resolution for investment Certified copy of bylaws/ rules and regulations Copy of CNIC of Board's members
5	Trusts including,	Name of trust, Fund etc	Copy of CNIC of all Trustees

	but not limited to, Provident Fund, Gratuity Fund, Pension Fund, mutual fund, etc.)	Name of Trustee Address of Trust/ Fund etc. Telephone number(s) Contact persons	Certified copy of Trust Deed Trustee / Governing body Resolution for investment Copy of the latest financials of the Trust List of Authorized Signatories along with copy of CNICs and power attorney
6	Executors and Administrators	Name of Entity for Executor/ Admin.is appointed Name of Executor/ Administrator Address of entity & Tele Numbers	Copy of CNIC of Executor/Administrator Certified copy of the letter of Administration.
7	Government Entities	Name of Government owned organization Address of Government owned organization Telephone numbers Contact persons	A Special Resolution/ authority endorsed by the Ministry of Finance or Finance Department from concerned Government (Federal/ Provincial/ Local) clearly listing the persons/ officers authorised to operate such account List of Authorized Signatories Copy of CNIC of authorized officer(s) Resolution authorizing investment

4. Principles of CDD/ KYC

4.1 Habib Ullah Sheikh (Pvt.) Ltd., has structured few principles for the effective implementation of KYC policy. These principles shall be applicable to all the existing and new clients, details of which are as follows.

4.1.1 Payment in cash or bearer instruments shall be strictly prohibited upto a limit of Rs.25,000/-

4.1.2 Third party cheques shall be strictly prohibited.

4.1.3 Any account which has zero balance for a period of more than 6 Month will be considered as “Dormant Account” and only after necessary CDD/ KYC verifications, the client is allowed become active again.

4.1.4 Government account shall not be opened in the personal names of the Government Official(s).

4.1.5 CDD/ KYC measures shall be enhanced for High Risk clients. Characteristics of High Risk clients are given in Section 7 of this policy.

4.1.6 Dealing with any Political Exposed Person or clients holding public or high profile position, relationship with them should be established and/ or maintained with the approval of Senior Management of Habib Ullah Sheikh (Pvt.) Ltd., including if any existing client becomes holder of any public office or high profile position.

4.1.7 For clients that are legal persons or for legal arrangements, Habib Ullah Sheikh (Pvt.) Ltd., is required to take reasonable measures to understand (i) the ownership and control structure of the company (ii) determine that who own or control the company. This includes those persons who exercise ultimate effective control over a company.

4.1.8 In case Habib Ullah Sheikh (Pvt.) Ltd., is not able to satisfactorily complete the required CDD/ KYC measures, account should not be opened, business relationship should not be established and business transaction should not be carried out. Instead reporting of suspicious transaction is considered. Similarly, relationship with existing client should be terminated and reporting of suspicious transactions be considered if CDD/ KYC is found unsatisfactory.

4.1.9 Any exception (including suspicious transaction) identified in fulfilling the criteria/guidelines laid down in this policy shall be clearly indicated in writing and referred to the Chief Executive Officer(CEO) in order to decide future course of action.

5. Verification

5.1 Verification is an integral part of CDD/ KYC measures for which Habib Ullah Sheikh (Pvt.) Ltd., is required to ensure the following areas.

5.1.1 Before opening an account, Habib Ullah Sheikh (Pvt.) Ltd., shall verify the copy of CNIC by asking him to provide an attested copy CNIC along with original CNIC which shall be attested by the person opening the account.

6. Record Updation & Retention

6.1 CDD/ KYC should not be contemplated as a one time exercise at the time entering into relationship with the clients. It should be viewed as an on going process and should encompass the followings.

6.1.2 Maintain proper records of client identifications and clearly indicate in writing any exception in fulfilling CDD/ KYC measures. These exceptions will be referred to the CEO to decide future course of action.

6.2 Furthermore, Habib Ullah Sheikh (Pvt.) Ltd., shall keep records regarding the identification data obtain through the client due diligence process (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) account files and business correspondence for at least 5 (five) years after the business relationship is ended.

7. Risk Profile (High Risk clients/ Low Risk clients)

7.1 Habib Ullah Sheikh (Pvt.) Ltd., is required to conduct enhanced clients due diligence if the clients falls within the definition of High Risk clients, which are defined as under.

7.1.1 Non-resident clients.

7.1.2 Non- legal persons or arrangements including non-governmental organizations (NGOs) / Not for profit organizations (NPOs) and Trusts/charitable trust.

7.1.3 client with links to offshore tax havens.

7.1.4 High net worth clients with no clearly identifiable source of income.

7.1.5 clients dealing in high-value items.

7.1.6 Politically Exposed Persons (PEPs). Those individuals who are or who have been entrusted with prominent public functions in a country or territory, for example heads of state or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned entities, important political party officials but not middle ranking or more junior individuals in these categories.

7.1.7 clients from or in countries where CDD/ KYC and anti-money laundering Regulations are lax and are not sufficiently applying Financial Action Task Force (FATF) recommendations.

7.1.8 clients who have been refused by another financial institution (based on reasonable information).

7.2 For Low Risk clients, Habib Ullah Sheikh (Pvt.) Ltd., may apply simplified or reduced CDD/ KYC measures. A client may be considered under Low Risk category, if the identity of the client(s) and the beneficial owner of a client are publicly known or where adequate checks and controls exist.

7.3 Following cases may be considered as Low Risk clients for application of simplified or reduced CDD/ KYC.

7.3.1 Financial institutions provided they are subject to requirements to combat money laundering and terrorist financing and are supervised for compliance with those requirements.

7.3.2 Public listed companies that are subject to regulatory disclosure requirements, Government administrations/entities.