

SETHI SECURITIES (PVT) LIMITED
AML/CFT/CDD POLICY & PROCEDURES

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ANTI-MONEY LAUNDERING COMPLIANCE STATEMENT

1. Policy Statement

The SETHI SECURITIES (PVT) LIMITED is committed to fully comply with all applicable laws and regulations regarding antimoney laundering procedures. SETHI SECURITIES (PVT) LIMITED has adopted and will enforce the provisions set forth in AML/CFT Regulations in order to prevent and detect money laundering, terrorist financing and other illegal activities.

If SETHI SECURITIES (PVT) LIMITED, its personnel and/or premises are inadvertently used for money laundering or other illegal activities, SETHI SECURITIES (PVT) LIMITED can be subject to potentially serious civil and/or criminal penalties. Therefore, it is imperative that every member, officer, director, and employee (each, an "Employee") is familiar with and complies with the policy and procedures set forth in this document.

This Compliance Statement is designed to assist all clients in adhering to SETHI SECURITIES (PVT) LIMITED 's policy and procedures, which, if followed diligently, are designed to protect themselves, SETHI SECURITIES (PVT) LIMITED , its Employees, its facilities and its activities from money laundering or other illegal activities.

To ensure that the SETHI SECURITIES (PVT) LIMITED's policies and procedures are adhered to, SETHI SECURITIES (PVT) LIMITED shall designate an Anti-Money Laundering Compliance Officer (the "Compliance Officer"). The Compliance Officer is responsible for establishing and conducting Employee training programs to ensure that all appropriate Employees are aware of the applicable AML/CFT Laws and Regulations, SETHI SECURITIES (PVT) LIMITED's AML/CFT Policies & procedures and their responsibilities with respect to these policies.

2. Objectives of Sethi Securities (Pvt.) Ltd's Anti-Money Laundering/Counter Financing of Terrorism Policy and Procedures

- Comply with all AML/CFT Rules & Regulations of the jurisdictions it operates in;
- Appointment of a Compliance Officer who shall ensure adherence to the Sethi Securities (Pvt.) Limited's AML/CFT Policy and Procedures;
- Require all Employees to prevent, detect and report to the Compliance Officer all potential instances in which SETHI SECURITIES (PVT) LIMITED or its employees, its facilities or its activities have been or are about to be used for money laundering, terrorist financing and other illegal activities;

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- Require all Employees to attend anti-money laundering training sessions, so that all such Employees are aware of their responsibilities under Sethi Securities (Pvt.) Limited's Policies and procedures; and as affected by current developments with respect to anti-money laundering events.

3. What is Money Laundering?

Money laundering involves the placement of illegally obtained money into legitimate financial systems so that monetary proceeds derived from criminal activities are transformed into funds with an apparently legal source.

Money laundering has many destructive consequences both for society as a whole and for those entities involved in money laundering activities. With respect to society as whole, money laundering may provide resources for drug dealers, terrorists and other criminals to operate and expand their criminal activities.

With respect to entities, any involvement whether it be to instigate, assist, conceal, or ignore the source, nature, location, ownership or control of money laundering activities, can lead to both civil and criminal proceedings against both the individual and the entity involved .

Additionally, the adverse effects, including the adverse publicity to the Firm associated with involvement in money laundering events cannot be emphasized enough.

Money laundering transactions may include:

- Advising a potential or existing client on how to structure a transaction to avoid reporting and/or record keeping requirements;
- Engaging in any activity while willfully or recklessly disregarding the source of the funds or the nature of the Clients transaction;
- Engaging in any activity designed to hide the nature, location, source, ownership or control of proceeds of criminal activity;
- Dealing in funds to facilitate criminal activity; or
- Dealing in the proceeds of criminal activity.

Money laundering can involve the proceeds of drug dealings, terrorist activities, arms dealings, mail fraud, bank fraud, wire fraud or securities fraud, among other activities.

4. What Is Terrorist Financing?

Terrorist financing refers to the processing of funds to sponsors involved in or those who facilitate terrorist activity. Terrorist individuals/ groups/ organization derive income from a variety of sources, often combining both lawful and unlawful funding, and where the agents involved do not always know the illegitimate end of that income. The forms of such financing can be grouped into two types:

Financial Support - In the form of donations, community solicitation and other fundraising initiatives. Financial support may come from states and large organizations, or from individuals.

Revenue Generating Activities - Income is often derived from criminal activities such as kidnapping, extortion, smuggling or fraud. Income may also be derived from legitimate economic activities such as diamond trading or real estate investment.

5. Anti-Money Laundering Compliance Officer

The SETHI SECURITIES (PVT) LIMITED has appointed a dedicated Compliance Officer to oversight the Compliance function who will be reporting to the Board of Directors of the SETHI SECURITIES (PVT) LIMITED. Any Employee shall immediately notify the Compliance Officer if he/she suspects or has any reason to suspect that any potentially suspicious activity has occurred or will occur if a transaction is completed. Employees are encouraged to seek the assistance of the Compliance Officer with any questions or concerns they may have with respect to the SETHI SECURITIES (PVT) LIMITED 's AML/CFT Policy & Procedures.

Responsibilities of the Compliance Officer include the following:

- Review of Account Opening Forms and sign off from Compliance perspective
- Coordination and monitoring of SETHI SECURITIES (PVT) LIMITED 's day-to-day compliance with applicable Anti-Money Laundering Laws and Regulations and Sethi Securities (Pvt.) Limited 's own AML/CFT Policy and Procedures;
- Conducting Employee training programs for appropriate personnel related to the Sethi Securities (Pvt.) Limited 's AML/CFT policy and procedures and maintaining records evidencing such training;
- Receiving and reviewing any reports of suspicious activity from Employees;
- Determining whether any suspicious activity as reported by an Employee warrants reporting to senior management of the Firm;
- Coordination of enhanced due diligence procedures regarding Clients; and Responding to both internal and external inquiries regarding SETHI SECURITIES (PVT) LIMITED's AML/CFT policy and procedures.

6. Anti-Money Laundering Employee Training Program

As part of the SETHI SECURITIES (PVT) LIMITED's anti-money laundering program, all Employees are expected to be fully aware of the SETHI SECURITIES (PVT) LIMITED's AML/CFT policy and procedures.

Each Employee is required to read and comply with this Compliance policy and procedures, address concerns to the Compliance Officer and sign the acknowledgement form confirming that he/she has read and understands SETHI SECURITIES (PVT) LIMITED's AML/CFT policy and procedures.

To ensure the continued adherence to SETHI SECURITIES (PVT) LIMITED 's AML/CFT policy and procedures, all Employees are required to reconfirm their awareness of the contents of this document by signing the acknowledgement form annually, or more frequently, as required by the Compliance Officer.

All Employees are required;

- At a time specified by the Compliance officer, to undertake training programs on AML/CFT policy and procedures.
- To get trained in how to recognize and deal with transactions which may be related to money laundering.
- To timely escalate and report the matter to the Compliance Officer.
- To get themselves acquainted with Anti Money Laundering Rules & Regulations.
- To comply with the requirements of Rules & Regulations.

7. Client Identification Procedures

7.1. General

SETHI SECURITIES (PVT) LIMITED's AML/CFT policy and procedures are intended to ensure that, prior to accepting funds from Clients, all reasonable and practical measures are taken to confirm the Clients' identities.

SETHI SECURITIES (PVT) LIMITED may take assistance from the bank or other financial institutions for completing client identification process. The assistance shall not relieve the SETHI SECURITIES (PVT) LIMITED for identification process to be conducted by the company.

These Client Identification Procedures are based on the premise that the SETHI SECURITIES (PVT) LIMITED will accept funds from a new and existing Client only after:

- SETHI SECURITIES (PVT) LIMITED has confirmed the Client's identity and that the Client is acting as a principal and not for the benefit of any third party unless specific disclosure to that effect is made; or
- If the Client is acting on behalf of others, SETHI SECURITIES (PVT) LIMITED has confirmed the identities of the underlying third parties.

The Client Identification Procedures should be reviewed in light of the specific characteristics presented by a Client and in any instance the Compliance Officer may determine to apply enhanced measures for reasons other than those discussed in section below.

As a reference tool, an Individual Client KYC Checklist is used. Employees are encouraged to provide the Compliance Officer with any revisions they consider appropriate. The Compliance Officer shall retain copies of all documents reviewed or checklists completed in connection with its Client Identification Procedures in accordance with SETHI SECURITIES (PVT) LIMITED's Client Records Retention policy.

Every Customer shall be identified for establishing business relationship. For this purpose, investors need to fill out the Account Opening Form available at the customer support counters at SETHI SECURITIES (PVT) LIMITED office or download it from SETHI SECURITIES (PVT) LIMITED website.

7.2. Client Identification Procedures for Natural Persons

For Identity and due diligence purposes, at the minimum following information shall be obtained, verified and recorded on KYC/CDD form or account opening form:

- Full name as per Identity document of the Applicant
- Date of Birth, Gender, Marital status, Religion, Occupation, and Qualification
- Residential Status, Nationality, Country of Residence
- Details of Employer/Business
- CNIC/NICOP/SNIC/POC/Passport Number
- Existing Mailing and Permanent address
- Residential Telephone Number, Office Telephone Number, Fax Number, Mobile Number and Email address
- NTN and STN number
- Nature and Type of Account
- Details of Bank Account
- Details of Investor Account maintaining with CDC and Details of Sub Account maintaining with other Broker(s)
- Source of Income, Gross Annual Income, Sources of Fund for Stock Market, Expected value of Investment
- Knowledge of stock Market and Investment experience
- Normal or expected mode of transaction

Joint Accounts: In case of Joint account, the customer due diligence measures on all of the joint account holders shall be performed as if each of them were individual customers of the SETHI SECURITIES (PVT) LIMITED.

In order to confirm the identity of the Client, copies of the following documents will be obtained and retained for SETHI SECURITIES (PVT) LIMITED's record:

- Duly filled and signed Account Opening Form (AOF) by Title and Joint Account Holder(s).
- Bank Verification on AOF from the bank where Title Account Holder is maintaining a bank account.
- Physical presence of Title and Joint Account Holder(s) at any of the Sethi Securities (Pvt.) Limited Office along with valid original ID document.
- Attested Copies of valid ID document of Title and Joint Account Holder(s).
- Attested Copies of valid ID document of witnesses.
- Local Mobile Number and/or email address.
- Copy of Zakat Declaration (CZ-50) duly attested by notary public as per the Prescribed format for Zakat exemption (Optional).

- For Non-Muslims, written request for Zakat non-applicability.
- Power of Attorney duly attested by Notary Public on prescribed format duly signed by all Account Holders (optional).
- Copy of NTN certificate, if NTN is provided in AOF.
- Copy of NICOP for non-resident Pakistanis, Passport for foreigners duly attested by Consulate office of Pakistan or Notary Public of respective country.
- Bank statement or utility bill; or other residential identifying information;
- Bank references.
- Proof of Employment/ Business
- If the account is opened by the officer of government, Special resolution/Authority from the Federal/Provincial/Local Government department duly authorized by the Ministry of Finance or Finance department of the concerned provincial or Local Government.

If a customer has authorized another person, than the additional documentation are required. These include:

- Attested copies of ID document of Authorized person
- Power of Attorney duly attested by Notary Public on prescribed format duly signed by all Account Holders with the following minimum information:
 - Name of Authorized person and his/her Relationship
 - CNIC/NICOP/Passport number
 - Contact Details and email address
 - Specimen Signature of the person so authorized.
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The authorized person is only allow to issue instruction for buy or sale of securities on behalf of client and all payments or receipt of funds must be made to or from the client own accounts and must include CNIC number clearly marked on all payment cheques.

7.3. Client Identification Procedures for Corporations, Partnerships, Trusts and Other Legal Entities

SETHI SECURITIES (PVT) LIMITED shall take reasonable steps to ascertain satisfactory evidence of an entity Client's name and address, its authority to make the contemplated investment.

For Identity and due diligence purposes, at the minimum following information shall be obtained, verified and recorded on KYC/CDD form or account opening form:

- Full name as per Identity document
- Company registration /Incorporation number
- Date and country of Incorporation
- Date of Business Commenced
- Residential Status

- Type of Business
- Name of parent Company
- Email, website and contact numbers
- Registered and mailing address
- NTN number and Sales Tax number
- Details of Contact Person and authorized person to operate the account
- Nature and Type of Account
- Details of Bank Account
- Details of Investor Account maintaining with CDC and Details of Sub Account maintaining with other Broker(s)
- Financial and General information including Investment experience, Expected value of investment, recent change in ownership of the company, customer type, Normal or expected mode of transaction

SETHI SECURITIES (PVT) LIMITED will obtain the following documents, as appropriate under the circumstances:

- Certified true copy of Board Resolution. (Specimen provided as per annexure """) / Power of Attorney*
- Certified true copies of Constitutive Documents of the Applicant (Memorandum & Articles of Association, Act / Charter / Statute / By laws / Rules & Regulations, Certificate of Incorporation, Certificate of Commencement of Business, Prospectus for Modaraba, Relevant licenses and registration issued by Regulatory Bodies etc.)*
- Certified copy of list of Directors / Trustee (if applicable)*
- List of authorized signatories.
- List of Nominated persons allowed placing orders.
- Attested copies of C.N.I.C. / N.I.C.O.P / Passports of the Authorized Signatories.
- Attested copies of C.N.I.C. / N.I.C.O.P / Passports of the Contact Person.
- Attested copies of C.N.I.C. / N.I.C.O.P / Passports of the Witnesses.
- Certified copy of N.T.N. Certificate. (If exempted please provide Exemption Certificate). Latest Audited Accounts of the Company.

7.4. Customers' Screening:

In terms of AML/CFT Regulations, it is prohibited to provide services to proscribed individual & entities or to those who are known for their association with such individuals & entities, whether under the proscribed name or with a different name. Accordingly, it is imperative for SETHI SECURITIES (PVT) LIMITED to monitor its relationships on a continuous basis and ensure that no such relationship exists. Further, in case, if any such relationship is found, immediately report the same to Financial Monitoring Unit (FMU) and take any other action, as per law.

In pursuance of above, all customers should be prorely screened through UN/OFAC sanctioned lists as available in the data base of the company.

7.5. Approval

The account will only be processed for account opening after it has been authorized by Compliance officer and in case of High risk customer, by the senior management of SETHI SECURITIES (PVT) LIMITED.

7.6. Verification Of Identity

The SETHI SECURITIES (PVT) LIMITED shall verify identities of customers (Natural or Artificial persons) from NCS data base and retain on record copies of all reference documents used for identification and verification.

7.7. Timing of Verification

Verification of the identity of the customers shall be completed before business relations are established including verification of Universal Identification Number (UIN) from National clearing company of Pakistan limited (NCCPL) database.

7.8. Payment Mechanism

The SETHI SECURITIES (PVT) LIMITED shall accept from the account Holder(s) payment through " /C Payee Only" crossed cheque, bank drafts, pay orders or other crossed banking instruments in case of amount excess of Rs. 25,000/=. Electronic transfer of funds to the SETHI SECURITIES (PVT) LIMITED through banks would be regarded as good as cheque. The SETHI SECURITIES (PVT) LIMITED shall be responsible to provide the receipt to the Account Holder(s) in the name of Account Holder(s) duly signed by authorized agents / employee of the Broker and the Account Holder(s) shall be responsible to obtain the receipt thereof. In case of cash dealings, proper receipt will be taken and given to the Account Holder(s), specifically mentioning if payment is for margin or the purchase of securities. The SETHI SECURITIES (PVT) LIMITED shall immediately deposit in its bank accounts all cash received in whole i.e. no payments shall be made from the cash received from clients. However, in exceptional Circumstances, where it becomes necessary for the SETHI SECURITIES (PVT) LIMITED to accept cash in excess of Rs. 25,000/=: the SETHI SECURITIES (PVT) LIMITED shall immediately report within one business day such instances with rationale thereof to the Stock Exchange in accordance with the mechanism prescribed by the Exchange.

The SETHI SECURITIES (PVT) LIMITED shall make all the payments of Rs. 25,000/- and above, through crossed cheques / bank drafts / pay orders or any other crossed banking instruments showing payment of amount from their business bank account. Copies of these payment instruments including cheques, pay orders, demand drafts and online instructions shall be kept in record for a minimum period of five years.

SETHI SECURITIES (PVT) LIMITED may accept initial deposit at the time of submission of necessary documents by their prospective customer's subject to the following:

1. Initial deposit receipt will be issued after completing necessary due diligence including NCCPL verification.
2. The account numbers will be generated (NCCPL Client code and CDC Sub account number). SETHI SECURITIES (PVT) LIMITED to obtain signatures of concerned Account Holders / Authorized Signatories as acknowledgement on the Posted Registration Detail Report generated from CDS.
3. The initial deposit will be credited to the customer's account only.
4. In case, the business relationship needed to be closed due to unsatisfactory due diligence, the SETHI SECURITIES (PVT) LIMITED shall guide the customers to visit the office to get refund of initial deposit through cheque.

7.9. Account Shall Not Open

Where CDD Measures are not completed

In case the SETHI SECURITIES (PVT) LIMITED is not been able to satisfactorily completed required CDD measures, account shall not be opened or any service provided and consideration shall be given if the circumstances are suspicious so as to warrant the filing of an STR.

Anonymous or Fictitious Account:

SETHI SECURITIES (PVT) LIMITED shall not open or maintain anonymous account or accounts in the name of fictitious persons.

Government Accounts:

Government Account shall not be opened in the personal names of the government officials.

Proscribed Individuals/Entities:

SETHI SECURITIES (PVT) LIMITED shall not provide services to Proscribed Individuals, Groups and Entities declared/ listed by UNSC (United Nations Security Council) and/ or by OFAC (Office of Foreign Asset Control -USA) OR those who are known for their association with such entities and persons, whether under the proscribed name or with a different name.

8. Risk Profiling Of Customers

All relationships shall be categorized with respect to their risk levels i.e. High, Medium and Low based on the risk profiling of customer (through KYC/CDD application and as guided in the operational Manual for making effective decision whether to perform Simplified Due Diligence (SDD) or Enhanced Due Diligence (EDD) both at the time of opening and ongoing monitoring of business relationship.

The approval for opening of PEP and Non-Governmental Organizations (NGOs)/Not-for-Profit Organizations (NPOs) and Charities account will be obtained from Senior Management (Business Head) after performing EDD. Further Personal accounts will not be allowed to be used for charity purposes/collection of donations. Customer KYC / CDD profile will be reviewed and/or updated on the basis of predefined frequency, in accordance with the risk profile of the customer, as per procedure defined in operational Manual.

- High Risk At least Once in a Year or One-off*
- Medium Risk At Least Once in 2 Years or One-off*
- Low Risk At least Once in 3 Years or One-off*

*In case of any material change in the relationship or deviation from customer profile, CDD will be conducted and customer profile will be updated immediately without lapse of above defined period.

8.1. High-Risk Clients

The Compliance Officer will provide and will continuously update a list of the types of Clients that SETHI SECURITIES (PVT) LIMITED considers to be of 'high risk,' such that enhanced due diligence procedures are warranted compared to the routine Client Identification Procedures.

Following are the examples of Clients who pose a high money laundering risk:

1. Non-resident customers;
2. Legal persons or arrangements including non-governmental organizations; (NGOs)/ not-for-profit organizations (NPOs) and trusts / charities;
3. Customers belonging to countries where CDD/KYC and antimoney laundering regulations are lax or if funds originate or go to those countries;
4. Customers whose business or activities present a higher risk of money laundering such as cash based business;
5. Customers with links to offshore tax havens;
6. High net worth customers with no clearly identifiable source of income;
7. There is reason to believe that the customer has been refused brokerage services by another brokerage house;
8. Non-face-to face / on-line customers;
9. Establishing business relationship or transactions with counterparts from or in countries not sufficiently applying FATF recommendations; and
10. Politically Exposed Persons (PEPs) or customers holding public or high profile positions.

Politically Exposed Persons (PEPs)

These generally include individuals in prominent positions such as senior politicians, senior government, judicial or military officials; senior executives of State Corporations and their family members and close associates. These individuals present reputational risk and potential conflict of interest and extra caution is required when opening their brokerage account and monitoring their account activity. The above definition is not intended to cover middle ranking / junior officials in above noted categories. However, prudence requires brokers to be careful while dealing with such customers

8.2. Enhanced Client Identification Procedures for 'High-Risk' Natural Persons

Enhanced Client Identification Procedures for 'high risk' natural persons as Clients include, but are not limited to, the following:

- Assessing the Client's business reputation through review of financial or professional references, generally available media reports or by other means;
- Considering the source of the Client's wealth: including the economic activities that generated the Client's wealth, and the source of the particular funds intended to be used to make the investment;
- Reviewing generally available public information, such as media reports, to determine whether the Client has been the subject of any criminal or civil enforcement action based on violations of anti-money laundering laws or regulations or any investigation, indictment, conviction or civil enforcement action relating to financing of terrorists;
- Conducting a face-to-face meeting with the Client to discuss/confirm the account opening documents.

The enhanced due diligence procedures undertaken with respect to 'high risk' Clients must be thoroughly documented in writing, and any questions or concerns with regard to a 'high risk' Clients should be directed to the Compliance Officer.

8.3. Enhanced Client Identification Procedures for 'High-Risk' Corporations, Partnerships, Trusts and Other legal Entities

Enhanced Client Identification Procedures for 'high risk' corporations, partnerships and other legal entities include, but are not limited to, the following:

- Assessing the Client's business reputation through review of financial or professional references, generally available media reports or by other means;
- Reviewing recent changes in the ownership or senior management of the Client;

- Conducting a visit to the Client's place of business and conducting a face-to-face meeting with the Client to discuss/confirm the account application, the purpose of the account and the source of assets;
- Reviewing generally available public information to determine whether the Client has been the subject of any criminal or civil enforcement action based on violations of anti-money laundering laws or regulations or any criminal investigation, indictment, conviction or civil enforcement action relating to financing of terrorists.

8.4. Simplified Due Diligence (SDD)

There might be circumstances where the risk of money laundering or financing of terrorism may be low as information on the identity of the customer and the beneficial ownership is publicly available and/or the turnover in the account is meager. In such circumstances, and provided there has been an adequate analysis of the risk, following SDD measures will be applied.

SDD measures shall include:

- Decreasing the frequency of customer identification updates;
- Reducing the degree of on-going monitoring and scrutinizing transactions based on a reasonable monetary threshold; and
- Not collecting specific information or carrying out specific measures to understand the purpose and intended nature of the business relationship, but intended purpose and nature of account may be ascertained from the relationship established or from the type of transactions.

SDD measures should not be considered in following situations:

- When there is a suspicion of money laundering or financing of terrorism;
- There are no exceptions in reporting suspicion to FMU within the provisions of AML Act.

9. General Reporting Procedures

- The Compliance Officer on behalf of the organization is nominated to receive disclosures under this regulation.
- Anyone in the organization, to whom information comes in the course of the relevant business as a result of which he suspects that a person is engaged in money laundering, must disclose it to the Compliance Officer;
- Where a disclosure is made to the Compliance Officer, the officer must consider it in the light of any relevant information which is available to Sethi Securities (Pvt.) Limited and determine whether it gives rise to suspicion: and

- Where the Compliance Officer determines in consultation with the Senior Management, the information must be disclosed to the Regulatory Authority after obtaining an independent legal advice.

10. Other Offences - Failure to Report Offences

- Failure by an individual in the regulated sector to inform the Regulatory Authority or the SETHI SECURITIES (PVT) LIMITED 's Compliance Officer, as soon as practicable, of knowledge or suspicion (or reasonable grounds for knowing or suspecting) that another person is engaged in money laundering;
- Failure by Compliance Officers in the regulated sector to make the required report to Regulatory Authority as soon as practicable, if an internal report leads them to know or suspect that a person is engaged in money laundering.

De Minimize Concessions

Note that the obligation to report does not depend on the amount involved or the seriousness of the offence. There are no De Minimize Concessions.

11. Client Records Retention

Copies of all documents related to SETHI SECURITIES (PVT) LIMITED's Client Identification Procedures will be retained for an appropriate period of time and, at a minimum, the period of time required by applicable law or regulation.

The documents SETHI SECURITIES (PVT) LIMITED retains are copies of documents reviewed in connection with Client Identification Procedures or enhanced due diligence procedures, Client identification checklists, if any, or similar due diligence documentation, and any other documents required to be retained by applicable anti-money laundering legislation.

SETHI SECURITIES (PVT) LIMITED will retain documents for so long as a Client is a client of SETHI SECURITIES (PVT) LIMITED and for a minimum of five years after this relationship ends.

SETHI SECURITIES (PVT) LIMITED shall, however, retain those records for longer period where transactions, customers or accounts involved litigation or it is required by court or other competent Authority.

SETHI SECURITIES (PVT) LIMITED shall satisfy, on timely basis, any enquiry or order from the relevant competent authorities including Law enforcement agencies and FMU for supply of information and records as per law.

12. Review of Existing Client Base and Detection of Suspicious Activity

The SETHI SECURITIES (PVT) LIMITED shall perform such CDD measures as may be appropriate to its existing customers having regard to its own assessment of materiality and risk but without compromise on identity and verification requirements.

The Compliance Officer shall coordinate a periodic review of the SETHI SECURITIES (PVT) LIMITED 's existing Client list, and ensure the adequacy of due diligence performed on existing Clients. In addition, SETHI SECURITIES (PVT) LIMITED's policies, procedures and controls may provide for the detection of suspicious activity, and if detected may require further review to determine whether the activity is suspicious,

SETHI SECURITIES (PVT) LIMITED requires any Employee who detects suspicious activity or has reason to believe that suspicious activity is taking place immediately to inform his or her immediate supervisor as well as the Compliance Officer.

Under no circumstances may an Employee discuss the suspicious activity, or the fact that it has been referred to the Compliance Officer, with the Client concerned (Required by Law).

The Compliance Officer shall determine in consultation with the higher management whether to report to appropriate law enforcement officials (i.e. FMU-Financial Monitoring Unit) any suspicious activity of which he becomes aware within 7 working days of knowing the suspicious activity (Required by Law).

12.1. Where CDD Measures are not completed

If the CDD of an existing customer is found unsatisfactory, the relationship should be treated as High Risk and reporting of suspicious transaction be considered as per law and circumstances of the case.

For existing customers who opened accounts with old CNICs or old account opening form, the SETHI SECURITIES (PVT) LIMITED shall ensure that same shall be present in SETHI SECURITIES (PVT) LIMITED's records. The Sethi Securities (Pvt.) Limited may **INACTIVE** the accounts without CNIC and account opening form (after serving one-month prior notice) until the subject regulatory requirement is fulfilled.

On-going due Diligence

Customer Due Diligence (CDD) is not a one-time exercise at the time of account opening only. In order to guard against misuse of SETHI SECURITIES (PVT) LIMITED channel against criminal transactions, one needs to be vigilant at all the times, and keep monitoring transactions of their customers to ensure that the transactions executed in any particular account are within the customer's profile, risk category, historical pattern of the transactions and their historic funding source.

12.2. Compliance report for SECP

SETHI SECURITIES (PVT) LIMITED will report to SECP of any suspicious UIN through NCCPL terminal two times in every month. However, if there is no suspicious UIN, the SETHI SECURITIES (PVT) LIMITED will submit "NIL" Report.

12.3. Recognizing & Reporting of STRs (Suspicious Transactions)

STRs include detailed information about transactions that are or appear to be suspicious in terms of AML Act 2010. SETHI SECURITIES (PVT) LIMITED shall comply with the provisions of AML Act, rules and regulations issued there under for reporting of suspicious transactions in the context of money laundering or financing of terrorism.

In pursuance to the above, the compliance officer should review and monitor the transactions of customer's accounts on an ongoing basis in accordance to the policy.

While reviewing transactions, the compliance officer should pay special attention to all complex, unusually large transactions, and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose.

The transactions, which are out of character or inconsistent with the history, pattern, or normal operation of the account including through heavy deposits, withdrawals and transfers, etc should be viewed with the suspicion, and be properly investigated.

If Compliance officer decides to report any transaction/ account to the FMU as "Suspicious" based on the justifiable grounds, the same should be reported to FMU under intimation to the CEO/ Chairman of the board.

All the employees of SETHI SECURITIES (PVT) LIMITED are strictly prohibited to disclose the fact to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required by law.

13. Registration Details Update

In accordance to the Directives under the PSX Rule book, CDC Regulations an Updation in Registration detail of any client can only be done after obtaining of the below mentioned document.

Contact Details Update

For change of contact details i.e. contact number, local mobile number, email address etc. duly signed letter or Updation Form or by an email sent through registered email address is required as per the operating instructions. However, Title Account Holder may personally visit along with original CNIC for change of address without any documentary proof.

Zakat Status Update

To update Zakat status as Zakat non-payable, letter or Updation Form along with notarized copy of Zakat Declaration is required.

Dividend Mandate Update

Dividend Mandate i.e. bank details for receiving dividend warrant directly into bank account is added/updated upon letter or Updation Form.

NTN Update

NTN is updated either upon receiving duly signed letter/Updation Form or by an email sent through registered email address.

Signature Update

Physical presence is required along with original CNIC to update the record and for nonresident / foreign account duly signed signature card.

14. Account Closing

Duly filled and signed Account Closing Request / Form.

15. Employee Due Diligence & Screening

In order to ensure that unscrupulous elements do not become employees/agents, appropriate screening procedures should be followed to ensure high standards of staff in terms of honesty, integrity, ethics and professionalism To complete the process the HR department must issue confidential letters to the last employer and employee provided reference.

Employee reference must be non-blood relatives and preferred to be from the employees of past employers.

16. Regular Review/Audit of the Manual

A regular review of the program should be undertaken to ensure that it is functioning as designed. Such a review could be performed by external or internal resources, and should be accompanied by 2 formal assessment or written report.

If and when regulations are amended concerning reporting of suspicious activities, SETHI SECURITIES (PVT) LIMITED will amend this AML/CFT Policy & Procedures to comply with those regulations.

17. Policy Review Period

The AML/CFT Policy & Procedures will be reviewed on as and when required basis but not later than two years.

VP/HR

