



Venus Securities (Pvt.) Limited (VSPL)

**Know Your Customer/ Customer Due
Diligence (KYC / CDD) Policy**

1. Introduction

- 1.1 Following SECP / PSX (formerly KSE) Circulars / Notices & Instructions on the subject “Know your Customer and Customer Due Diligence Guidelines for Members / Brokers & their Agents / Employees” this house declares to redevelop its policy.
- 1.2 The Policies were presented and approved by the Board.

2. Scope / Objective

- 2.1 The policy defines various category of customers, minimum required information / documents.
- 2.2 It also clarifies the risks associated with each customer, particularly the high risk customers who pose a risk of money laundering and other illegible activates.
- 2.3 It explains, how to ensure the client’s identity & background for new clients and the measure to update KYC / CDD for existing clients, and to identify high risk customer.
- 2.4 To achieve its objective the necessary forms / questionnaire have been introduced.
- 2.5 The scope of KYC / CDD policy is to establish reasonable measures to determine about the Customers of VSPL, whether individual or institutional, in accordance with the stated guidelines by the Commission. For this purpose, training with respect to KYC/ CDD to Directors and the concerned staff of VSPL and shall be carried out ongoing basis.

3. Type of Customers, Information & Documents Required

- 3.1 VSPL shall obtain the minimum information/ set of documents from various types of Customers, detail of which are as follows;

S. #	Type of Customers	Information Required	Documents Required
1	Individuals / Sole proprietor Ship	<ul style="list-style-type: none"> Name and Father’s Name Address Telephone Number(s)/Mobil No /Email Sources of Income Nationality & NTN Guardian name (if Applicable) 	<ul style="list-style-type: none"> Copy of CNIC or passport or attested copy of B form in case of Minor Detail of Business / Employment / Pension/Spouse or Family funds/Inheritance/personal savings/Retirement Benefits/Self employed Zakat Exemption Certificate (If Applicable) Guardian Certificate (If Applicable)
2	Partnership based entity	<ul style="list-style-type: none"> Name of Partnership Entity Names of Partners Father’s Name of Partners Address of Partnership entity Telephone Number(s) 	<ul style="list-style-type: none"> Copy of CNIC/ passport of all Partners Copy of CNIC of authorized signatories List of Authorized signatories along with power of attorney Resolution authorizing investments Copy of latest financials of partnership
3	Companies (Institutional and Corporate)	<ul style="list-style-type: none"> Name of Company and its Directors Registered Address Telephone number (s) Contact persons Registered number & NTN 	<ul style="list-style-type: none"> Copy of CNIC/ passport of Directors Audited Accounts of the company Memorandum and Article of Association Board Resolution authorizing investments Certificate of Incorporation/ Commencement of Business List of Authorized Signatories along with copy of CNICs and power attorney

4	Clubs, Societies and Associations	<ul style="list-style-type: none"> Name of Club, Society or Association Registered address of Club, Society or Association Telephone numbers(s) Contact Persons 	<ul style="list-style-type: none"> Board / Governing Body Resolution for investment Certified copy of bylaws/ rules and regulations Copy of CNIC of Board's members Certified copy of certificate of Registration List of Authorized Signatories along with copy of CNICs and power attorney Copy of latest financials
5	Trusts including, but not limited to, Provident Fund, Gratuity Fund, Pension Fund, mutual fund, etc.)	<ul style="list-style-type: none"> Name of trust, Fund etc Name of Trustee Address of Trust/ Fund etc. Telephone number(s) Contact persons 	<ul style="list-style-type: none"> Copy of CNIC of all Trustees 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	<ul style="list-style-type: none"> Name of Entity for Executor/ Admin. is appointed Name of Executor/ Administrator Address of entity & Tele Numbers 	<ul style="list-style-type: none"> Copy of CNIC of Executor/Administrator Certified copy of the letter of Administration.
7	Government Entities	<ul style="list-style-type: none"> Name of Government owned organization Address of Government owned organization Telephone numbers Contact persons 	<ul style="list-style-type: none"> A Special Resolution/ authority endorsed by the Ministry of Finance or Finance Department from concerned Government (Federal/ Provincial/ Local) clearly listing the persons/ officers authorized to operate such account List of Authorized Signatories Copy of CNIC of authorized officer(s) Resolution authorizing investment

4. Principles of KYC/ CDD

- 4.1 VSPL has structured few principles as per regulatory Guidelines from SECP & PSX for the effective implementation of KYC policy. These principles shall be applicable to customers, details of which are as follows;
- 4.1.1 Payment in cash or bearer instruments, above Rs. 25000 shall be strictly prohibited; Further, receipt of cash above 25000 on any day, in case of exceptional circumstances like loss of margin, bounced cheques, overdue payment etc should be reported to Exchange as per relevant rules and regulations.
- 4.1.2 Third party cheques shall be discouraged
- 4.1.3 Any account which has nominal balance for a period of more than one year and no shares in the CDC Sub Account for more than 6 months (with exception of shares of Suspended scripts will be Considered as “Dormant Account” and only after necessary KYC / CDD verifications, these customer will be allowed to operate account with VSPL;
- 4.1.4 Government account shall not be opened in the personal names of the Government Official(s);
- 4.1.6 KYC / CDD measures shall be enhanced for High Risk Customers. Characteristics of High Risk Customers are given in **Section 7** of this policy;
- 4.1.7 Dealing with any Political Exposed Person or customers holding public or high Profile position, relationship with them should be discouraged and only in case of long and comfortable relationship be established and/ or maintained with the approval of Senior

- Management of VSPL including if any existing customer becomes holder of any public office or high profile position;
- 4.1.8 VSPL 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 of the Federal/Provincial/Local Government in his/her official capacity, shall be opened only on production of a special resolution/ authority from the concerned administrative department duly endorsed by the Ministry of Finance or Finance Department of the concerned Provincial or Local Government.
- 4.1.9 For customers that are legal persons or for legal arrangements, VSPL is required to take reasonable measures to understand (i) the ownership and control structure of the Company (ii) determines that who own or control the company. This includes those Persons who exercise ultimate effective control over a company;
- 4.1.10 In case VSPL is not able to satisfactorily complete the required KYC / CDD measures, Account must not be opened, business relationship must not be established and Business transaction must not be carried out. Similarly, relationship with existing customer should be terminated and/or reduced significantly and/or put Account on Watch immediately if KYC / CDD is found unsatisfactory;
- 4.1.11 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; and
- 4.1.12 A copy of any exception (including suspicious transaction) reporting to CEO shall also be submitted to Compliance Officer.
- 4.1.13 If a customer is acting on behalf of another customer, his identity should be ascertained and relevant documents should also be obtained
- 4.1.14 The simplified check list should also very broadly cover the investment outlook and risk appetite of the customer, which along with the profile helps build the risk assessment of customer.
- 4.1.15 On a very broad scope , also evaluate in a generalized manner the risk appetite ,investment horizons, stock preference like sharia compliant etc, to evaluate the customers risk appetite and risk profile.

5. Verification

- 5.1 Verification is an integral part of KYC / CDD measures for which VSPL is required to ensure the following areas;
- 5.1.1 Before opening an account, VSPL shall verify the signature of the account holder is verified from the bank in Sub Account Opening Form
- 5.1.2 VSPL will not open any account without UIN approval from National Clearing Company of Pakistan (NCCPL).
- 5.1.3 VSPL should seek sufficient information to determine the expected source of funding for the account, e.g. Family funds, personal savings, inheritance, spouse funds, retirement benefit particularly whether the client shall be receiving/ remitting funds in foreign currency.

- 5.1.4 Priority should be given to clients visit at the time of account opening . Faceless / online, potential clients must be asked to present himself physically to open account with verification of information available.
- 5.1.5 Proof should be acquired if the mailing address differs from the address given in the CNIC

6. Ongoing Due Diligence

- 6.1 Customer Due Diligence (CDD) should not be contemplated as a onetime exercise at the time entering into Relationship with the customers. It should be viewed as an ongoing process.
- 6.1.1 Maintain proper records of customer identifications and clearly indicate in writing any exception in fulfilling CDD measures. These exceptions will be referred to the CEO to decide future course of action. So far any suspicious change has not been noted. If any such doubt arises, it shall be documented and reported to CEO who at his decision, refer to Board for final course of action

7. Risk Assessment of Customer

We do risk assessment of the customer on the basis of information obtained at the time of opening of brokerage account and on the basis of information obtained during the relationship and doing business with the customer. It is normally based on customer identity, nature, source of funding, location/domicile of customer, nature of business and working place of his employment and related information. We are aware that following types of customers have been placed into “High Risk Category” by SECP:

- 7.1
 - i. Non-resident customers;
 - ii. Legal persons or arrangements including non-governmental organizations; (NGOs) / not-for-profit organizations (NPOs) and trusts / charities;
 - iii. Customers belonging to countries where KYC / CDD and anti-money laundering regulations are lax or if funds originate or go to those countries;
 - iv. Customers whose business or activities present a higher risk of money laundering such as cash based businesses;
 - v. Customers with links to offshore tax havens.
 - vi. There is reason to believe that the customer has been refused brokerage services by another brokerage house;
 - vii. Non-face-to-face / on-line customers;
 - viii. Establishing business relationship or transactions with counterparts from or in countries not sufficiently applying FATF recommendations; and
 - ix. Politically Exposed Persons (PEPs) or customers holding public or high profile positions

In respect of all customers in general and high Risk Category in particular we assess the

Risk of potential money laundering / terrorism financing and in case of slightest doubt
We normally refuse to open the account.

7.2 **Circumstances where simplified Due Diligence can be adopted:**

The objective of the KYC / CDD guidelines is not to make brokers' operations unnecessarily cumbersome, but to help the broker community guard against their services from being used for money laundering by unscrupulous elements. Accordingly, as permitted by the KYC policy following customers are considered for simplified CDD,

- Financial institution which are subject to requirement 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.
- Where size of account is meager or is compatible with ostensible means.

8. Screening

- 8.1 VSPL shall develop and implement appropriate screening via procedures to ensure high standards while hiring staff. However, the screening process must be an on-going exercise and must be applied consistently to ensure that employees, particularly those working at sensitive positions, meet and maintain high standards of integrity, honesty and professionalism.
- 8.2 VSPL must provide any information concerning its clients and their transactions to the exchanges, Financial Monitoring Unit or the Commission as and when required.

9. Procedures

- 9.1 All new account opening forms should be carefully reviewed by Compliance Officer and Forward to Chief Executive Officer for his review and final decision.
- 9.2 Constant communication of Compliance Officer and CDC and Settlement In charge Should take place and review all the existing policies and procedures as well all the New directives / guidelines and report to the CEO.
- 9.3 VSPL should set up a compliance function with suitable human resource and MIS reporting capabilities, enabling it to effectively monitor the clients' transactions and make Timely reports.
- 9.4 Compliance Officer must have skills and experience necessary for satisfactory Performance of functions assigned. He and his team must be independent and report Directly to Chief Executive and Board of Directors.

-
- 9.5 Retain the essential data / record for future inspection by regulatory authority as per Rules and regulations

10 OTHER REQUIREMENT

VSPL must comply with the requirements of Anti Money Laundering Act, 2010 as applicable on them, including and any directives, circulars, guidelines issued in this regard by Federal Government, Financial Monitoring Unit and SECP.

- 11 Following SECP / PSX (Formerly KSE) guidelines on KYC / CDD and our policy, at the time of Account Opening, we scrutinize all our potential customers and also existing clients on the best efforts basis as per our check list.