

5.4 Know Your Customer and Customer Due Diligence

The Company shall perform KYC of its all its clients of Equity, Commodity and Money Market as per the applicable regulations amended from time to time.

The Customer care division shall perform the KYC of clients over the phone.

For customers visiting the office in person it will be required to bring original CNIC/NICOP/Passport or any other photo identity issued by the Government along with one duly attested legible photocopy.

The Client can also fill the KYC form in presence of any of the Company representative who shall sign as witness on such form.

For KYC over telephone the Customer care shall ensure that phone call is made on the number provided by the customer on the AOF. In case of more than one numbers, the Customer care shall make phone calls on all the numbers to verify them. The Customer care shall only use office phone provided for this purpose attached to the computerized recorded line.

For clients visiting any of the branches of the Company, the concerned branch manager shall either himself carry out the above procedure or assign a senior staff member for this purpose.

Know your Customer (KYC) & Customer Due Diligence (CDD) Policy

KYC Form for Customer Identification

The Company shall perform KYC of all of its clients of Equity, Commodity and Money Market as per the applicable regulations amended from time to time. The Customer care division shall perform the KYC of clients over the phone or in person if the client is present in the office. The Client can also fill the KYC form in presence of any other Company representative who shall sign as witness on such form.

For clients visiting the office in person it will be required to bring original CNIC/NICOP/Passport or any other photo identity issued by the Government along with one duly attested legible photocopy.

For KYC over telephone, Customer Care shall ensure that phone call is made on the number provided by the customer on the AOF. In case of more than one numbers, Customer Care shall make phone calls on all the numbers to verify them. The Customer Care shall only use office phone provided for this purpose attached to the computerized recorded line. For clients visiting any of the branches of the Company, the concerned branch manager shall either himself carry out the above procedure or assign a senior staff member for this purpose.

For Clients residing in remote locations, the AOF will be referred to the relevant JS Bank branch where the JS Bank Branch Manager will verify the physical presence of the Client.

KYC Process & Risk Assessment

Once the KYC form has been processed, Compliance department will review the KYC form for evaluation of true Customer identification and assigning Risk profile. The automated system level KYC form will provide suggestions to Compliance Department (as per the applicable guidelines amended from time to time by KSE) for assigning High, Medium or Low risk for any Client based

on the information/documents annexed with AOF. Based on the information available and following the applicable regulations prevailing at that time, Compliance department will assigned a Risk category for each Client.

The Risk category assigned for each client will be defined in the BackOffice system when the account is being opened. This Risk Categorization will be displayed on all Backoffice and Risk Management reports for easy identification by Company employees handling any task for that client especially handling movement of Cash & Shares.

Customer Due Diligence (CDD)

Customer Due Diligence is a continuous process through which a Client information and trading activity data is reviewed by the Compliance Department for any possible change in client's risk profile. As per policy the following CDD regimes will apply on risk profiles:

Enhanced Due Diligence: High Risk

Simplified Due Diligence: Medium Risk
Low Risk

Enhanced Due Diligence processes are as follows:

1. Informing department heads (Operations, Finance & RM) about opening of a High Risk Client
2. Review of any cash / share movement by Compliance Department along with the attached Risk Profile Report.

Simplified Due Diligence:

Risk Profile Reports will be generated on a monthly basis according to the following criteria:

1. Top 25 Clients in terms of Volume (for individuals and institutions)
2. Top 25 Clients in terms of Deposits (for individuals and institutions)
3. Top 25 Clients in terms of Withdrawals (for individuals and institutions)

On quarterly basis, 25 clients out of those clients not covered above, shall be selected on randomly basis.

Training of KYC & Due Diligence

Quarterly reviews will be conducted on KYC & CDD policies and processes to keep it up to date with the amended rules/regulation and any other improvements available. Special training sessions will be conducted on quarterly basis to ensure that all employees realised that KYC and CDD is not a one-off event rather a continuous process whereby customer information and data must be updated regularly.