

POLICY & PROCEDURES

KNOW YOUR CUSTOMER (KYC)

CUSTOMER DUE DILIGENCE (CDD)

ANTI-MONEY LAUNDERING (AML)

COMBATING FINANCING OF TERRORISM (CFT)

Pasha Securities (Pvt.) Limited

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1. GOALS & OBJECTIVES

The objective of this policy is to ensure that the products and services of the Pasha Securities (Pvt.) Limited are not used to launder the proceeds of crime and that all of the PASHA SECURITIES (PVT.) LIMITED's staff is aware of their obligations and the need to remain vigilant in the fight against money laundering/terrorist financing. The document also provides a framework to comply with applicable laws, Regulatory guidelines specially related with detection and reporting of suspicious activities.

Other objectives pursued by this policy are as follows:

- Promote a “Know Your Customer” policy as a cornerstone principle for the Brokerage firm’s ethics and practices;
- Introduce a controlled environment where no business with a Customer is transacted until all essential information concerning the Customer has been obtained;
- Conduct self-assessments of compliance with AML policy and procedures;
- Introducing to the employees the stages of money laundering process and their individual duties;
- Establishing a review process which will be used to identify opportunities that might be used to launder money;
- Providing instructions regarding taking appropriate action once a suspicious activity or a money laundering activity is detected or suspected.

Adherence to this policy is absolutely fundamental for ensuring that the PASHA SECURITIES (PVT.) LIMITED is fully complies with applicable anti-money laundering rules and regulations.

The PASHA SECURITIES (PVT.) LIMITED is committed to examining its anti-money laundering strategies, goals and objectives on an ongoing basis and maintaining an effective AML Policy for its business.

2. SCOPE

This policy is applicable to the PASHA SECURITIES (PVT.) LIMITED's local as well as overseas operations (if any) including business of other Financial Institutions routed through PASHA SECURITIES (PVT.) LIMITED.

In overseas offices (if any), PASHA SECURITIES (PVT.) LIMITED shall ensure compliance with the Regulations of the host country on KYC, CDD AML/CFT or that of the SECP whichever are more exhaustive.

Our coverage will include:

- Compliance of AML Act 2010.
- Compliance of SECP requirements on KYC, CDD AML/CFT.
- Compliance of local country legislations/ regulations on KYC, CDD AML/CFT & subsequent updates.
- FATF Recommendations.
- International Standards and guidelines, including Regulatory sanctions as applicable.

3. REGULATORY OVERSIGHT & COMPLIANCE RISK

PASHA SECURITIES (PVT.) LIMITED is bound to use SECP, PSX guidelines and International Regulatory guidelines/standards as applicable to formulate its own KYC, CDD AML/CFT Policy. The consequence of contravening the Regulations or failing to comply can be significant and include disciplinary measures, imprisonment or fine or both under local laws as well as the loss of reputation for PASHA SECURITIES (PVT.) LIMITED.

Notwithstanding the statutory and regulatory penalties, increased vigilance by Management and staff will protect PASHA SECURITIES (PVT.) LIMITED from the following risks:

- Reputational
 - Operational
 - Legal
 - Financial
- **Reputational risk:** The reputation of a business is usually at the core of its success. The ability to attract good employees, customers and business is dependent on reputation. Even if a business is otherwise doing all the right things, if customers are permitted to undertake illegal transactions through that business, its reputation could be irreparably damaged. A strong KYC, CDD AML/CFT policy helps to prevent a business from being used as a vehicle for illegal activities.
- **Operational risk:** This is the risk of direct or indirect loss from faulty or failed internal processes, management and systems. In today's competitive environment, operational excellence is critical for competitive advantage. If KYC, CDD AML/CFT policy is faulty or poorly implemented, then operational resources are wasted, there is an increased chance of being used by criminals for illegal purposes, time and money is then spent on legal and investigative actions and the business can be viewed as operationally unsound.

• **Legal risk:** If a business is used as a vehicle for illegal activity by customers, it faces the risk of fines, penalties, injunctions and even forced discontinuance of operations.

• **Financial risk:** If a business does not adequately identify and verify customers, it may run the risk of unwittingly allowing a customer to pose as someone they are not. The consequences of this may be far reaching. If a business does not know the true identity of its customers, it will also be difficult to retrieve money that the customer owes.

4. CUSTOMER DUE DILIGENCE & KNOW YOUR CUSTOMER

KYC/CDD is closely associated with the fight against money-laundering “AML”. Supervisors around the world are increasingly recognizing the importance of ensuring that their financial institutions have adequate controls and procedures in place so that they know the customers with whom they are dealing. Adequate due diligence on new and existing customers is a key part of these controls. Without this due diligence, financial institutions can be exposed to reputational, operational, legal and financial risks.

Following key Areas has been covered:

- a) Customer Identification
- b) Risk assessment of customer
- c) Circumstances where Enhanced Due Diligence is required
- d) On-going due Diligence
- e) Circumstances where simplified Due Diligence can be adopted
- f) Compliance function
- g) Data retention
- h) Training and employee screening

a) Customer Identification

“PASHA SECURITIES (PVT.) LIMITED” should verify the identity of the customer and beneficial owner before or during the course of establishing a business relationship or may complete verification after the establishment of the business relationship, provided that-

- i. this occurs as soon as reasonably practicable;
- ii. this does not interrupt the normal conduct of business; and
- iii. the ML/TF risks are effectively managed.

Customer identification is very important that will protect our company from being used by unscrupulous and/or criminal elements. In this respect minimum documents/information as prescribed by SECP must be obtained from customers at the time of opening of accounts. Further, any additional document/information may be obtained on case to case basis where considered necessary. The key point is that anonymous or obviously fictitious accounts should not be opened.

In case a customer is acting on behalf of another person, then identity of that person shall be ascertained and relevant documents/information of that person need to be obtained also.

For non-individual customers (e.g. companies, pension funds, government owned entities, non-profit organizations, foreign companies/organizations) additional care shall be taken to establish the ownership and control structure of such an organization and who (i.e. person(s)) actually owns the organization and who manages it. It shall be verified that the person who represents Pasha Securities (Pvt.) Limited as authorized signatory with powers to open and operate the account is actually authorized by the organization.

For individual customers, proper authorization shall be obtained from person authorized to act on behalf of the customer.

It shall be ensured that accounts of Institutions/organizations/corporate bodies are not opened in the individual name(s) of employee(s)/official(s). Because of sensitive nature of public sector (government) entities and risk of potential conflict of interest, these accounts shall not be opened in the individual name of any employee/official. Any such account, which is to be operated by an officer of a govt. owned entity, 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.

Explanation:- “Government entities” includes a legal person owned or controlled by a Provincial or Federal Government under Federal, Provincial or local law.

Sufficient information shall be obtained and documented on the purpose and intended nature of account to be opened and a profile shall be developed based on results of customer identification and the risk assessment. Information regarding intended investment plan of the customer must also be obtained to the extent possible and should be documented.

Sufficient information shall be obtained to determine the expected source of funding for the account, particularly whether the customer shall receiving/remitting funds in foreign currency.

It must be ensured that all receipts and payments to the customers above the prescribed threshold (i.e. Rs. 25,000/-) are made through cross cheques, bank drafts, pay orders or other crossed banking instruments. For exceptional circumstances where it shall become necessary to accept cash from a customer, reporting of such instances with rationale should be made immediately to the exchanges. Physical presence of the customer at the time of opening of account is necessary. In case of off-shore customers or customers in cities where no branch exist, appropriate procedures must be applied to ensure the identification of customer through video conferencing (e.g Skype, IMO etc.). When obtaining confirmation in different jurisdictions, it must be considered whether that jurisdiction is following the FATF recommendations.

“PASHA SECURITIES (PVT.) LIMITED” shall perform appropriate enhanced due diligence (EDD) measures with customers that are identified as high risk by the “PASHA SECURITIES (PVT.) LIMITED” or are notified as such by the Commission.

b) Risk assessment of customer

Risk assessment must be performed of all the existing and prospective customers on the basis of information obtained regarding their identity, nature of income, source of funding, location etc. and based on the results of such assessment, categorize customers among high risk, medium risk and low risk customers.

Annexure C the sets out examples of factors should be considered when performing risk assessment. Where there is one or more “yes” responses, professional judgement must be exercised, with reference to the policies and procedures of the “PASHA SECURITIES (PVT.) LIMITED”, as to the nature of customer due diligence to be carried out.

c) Enhanced Due Diligence

Once a customer has been categorized as HIGH RISK, it is necessary to have Enhanced Due Diligence (EDD) when dealing with such a customer. Activities and transactions of HIGH RISK customers shall be monitored and any unusual transactions shall be reported in suspicious transaction report.

When dealing with high-risk customers, including Politically Exposed Persons (PEP's), senior management' approval shall be obtained to establish business relationships with such customers. The same shall also apply in case of an existing customer which will be classified as high-risk pursuant to these policies or which will be subsequently classified as a result of ongoing due diligence. Further, reasonable measures shall be taken to establish the source of wealth and source of funds.

If it will be not possible to comply with the above requirements, account shall not be opened or business relationship shall be terminated, as the case may be and suspicious transaction report shall be submitted.

Where “PASHA SECURITIES (PVT.) LIMITED” are not able to satisfactorily complete 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 and where CDD of an existing customer is found unsatisfactory, the relationship should be treated as high risk and reporting of suspicious transaction be considered in accordance with point 8;

Where “PASHA SECURITIES (PVT.) LIMITED” forms a suspicion of money laundering or terrorist financing, and it reasonably believes that performing the CDD process will tip-off the customer, it may not pursue the CDD process, and instead should file an STR in accordance with point 8.

d) On-Going Due Diligence & Monitoring

All business relations with customers shall be monitored on an ongoing basis to ensure that the transactions are consistent with the “PASHA SECURITIES (PVT.) LIMITED” knowledge of the customer, its business and risk profile and where appropriate, the sources of funds.

“PASHA SECURITIES (PVT.) LIMITED” shall 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 and 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.

“PASHA SECURITIES (PVT.) LIMITED” shall periodically review the adequacy of customer information obtained in respect of customers and beneficial owners and ensure that the information is kept up to date, particularly for higher risk categories of customers and the review period and procedures thereof should be defined by “PASHA SECURITIES (PVT.) LIMITED” in their AML/CFT policies, as per risk based approach.

In relation to sub-regulation (3), customers’ profiles should be revised keeping in view the spirit of Know Your Customer/CDD and basis of revision shall be documented and customers may be consulted, if necessary.

Where “PASHA SECURITIES (PVT.) LIMITED” files an STR on reasonable grounds for suspicion that existing business relations with a customer are connected with ML/TF and the “PASHA SECURITIES (PVT.) LIMITED” considers it appropriate to retain the customer-

- The “PASHA SECURITIES (PVT.) LIMITED” shall substantiate and document the reasons for retaining the customer; and
- The customer’s business relations with the “PASHA SECURITIES (PVT.) LIMITED” shall be subject to proportionate risk mitigation measures, including enhanced ongoing monitoring.

“PASHA SECURITIES (PVT.) LIMITED” shall not form business relationship with entities/individuals that are:

- Proscribed under the United Nations Security Council Resolutions and adopted by the Government of Pakistan;
- Proscribed under the Anti-Terrorism Act, 1997(XXVII of 1997); and
- Associates/facilitators of persons mentioned in (a) and (b).

The “PASHA SECURITIES (PVT.) LIMITED” should monitor their relationships on a continuous basis and ensure that no such relationship exists directly or indirectly, through ultimate control of an account and where any such relationship is found, the “PASHA SECURITIES (PVT.) LIMITED” shall take immediate action as per law, including freezing the funds and assets of such proscribed entity/individual and reporting to the Commission.

e. Simplified Customer Due Diligence

CDD measures shall be simplified or reduced in the following circumstances:

risk of money laundering or terrorist financing is lower

information on the identity of the customer and the beneficial owner of a customer is publicly available

adequate checks and controls exist

Following customers may be considered for simplified or reduced CDD:

- Financial institutions which are subject to requirements 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 Government administrations or enterprises

When opting for simplified or reduced due diligence, the FATF guidelines in this regard shall be consulted. Simplified CDD shall not be followed when there is an identified risk of money laundering or terrorist financing.

a. *Compliance Function*

A compliance function shall be established with suitable human resource and MIS reporting capabilities, enabling it to effectively monitor the customers' transactions and make timely reports.

The Head of Compliance function shall have skills and experience necessary for satisfactory performance of functions assigned. Head of Compliance shall be independent and report directly to the Board of Directors.

The Compliance function shall ensure compliance with the requirements of these policies as well as other regulatory requirements applicable under the relevant legal framework. A record shall be maintained of all violation/ non-compliance identified and reported to the BoD and must be available for the inspection of SECP as and when required.

b. *Data Retention*

It shall be required to maintain the relevant documents obtained through the application of KYC/CDD/AML/CFT procedures, especially those pertaining to identification of the identity of a customer, account files and correspondence exchanged for a minimum period of five years.

c. *Training and Employee Screening*

Appropriate on-going employee training program and knowledge refreshment shall be arranged to ensure that the employees understand their duties and are able to perform the same on a satisfactory level.

Staff shall be hired with extra care and all possible screening measures shall be taken including independent inquiries, information from previous employers/colleagues etc. Further, screening process shall be an on-going exercise and shall be applied consistently to ensure that employees, particularly those working at sensitive positions, meet and maintain high standards of integrity and professionalism.

Any information concerning customers and their transactions shall be provided to the exchanges, Financial Monitoring Unit or the Commission as and when required. All requirements of Anti Money Laundering and Countering financing of Terrorism Regulations, 2018 as applicable, including the requirement to file Suspicious Transaction Reports and any directives, circulars, guidelines issued in this regard by Federal Government, Financial Monitoring Unit and SECP shall be complied.

5. PROCEDURES FOR DOCUMENTATION & VERIFICATION OF LOW RISK CUSTOMER

(a) Documentation

S No.	Type of Customer	Information/Documents to be Obtained
1.	Individuals	<p>A photocopy of any one of the following valid identity documents;</p> <ul style="list-style-type: none"> (i) Computerized National Identity Card (CNIC) issued by NADRA. (ii) National Identity Card for Overseas Pakistani (NICOP) issued by NADRA. (iii) Pakistan Origin Card (POC) issued by NADRA. (iv) Alien Registration Card (ARC) issued by National Aliens Registration Authority (NARA), Ministry of Interior (local currency account only). (v) Passport; having valid visa on it or any other proof of legal stay along with passport (foreign national individuals only).
2.	Sole proprietorship	<ul style="list-style-type: none"> (i) Photocopy of identity document as per Sr. No. 1 above of the proprietor. (ii) Copy of registration certificate for registered concerns. (iii) Copy of certificate or proof of membership of trade bodies etc, wherever applicable. (iv) Declaration of sole proprietorship on business letter head. (v) Account opening requisition on business letter head. (vi) Registered/ Business address.
3.	Partnership	<ul style="list-style-type: none"> (i) Photocopies of identity documents as per Sr. No. 1 above of all the partners and authorized signatories. (ii) Attested copy of 'Partnership Deed'. (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. (iv) Authority letter from all partners, in original, authorizing the person(s) to operate firm's account. (v) Registered/ Business address.

4.	Limited Companies/ Corporations	<p>(i) Certified copies of:</p> <p>(a) Resolution of Board of Directors for opening of account specifying the person(s) authorized to open and operate the account;</p> <p>(b) Memorandum and Articles of Association;</p>
5.	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) A Letter from Principal Office of the entity authorizing the person(s) to open and operate the account.</p> <p>(v) Branch/Liaison office address.</p>
6.	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> <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) Registered address/ Business address where applicable.</p>
7.	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</p>

(b) Documentation for Investors who can't sign or have unsuitable signatures

Investors who cannot sign or have unstable signatures shall be required to submit two recent passport size photographs and Thumb impression on the Account Opening form attested by the Branch Manager of the Bank where the investor maintains an account.

(c) Sending Account Statement

After opening of a new account, the Transfer Agent sends an Account Statement to the investor through a registered post/ courier on his/her postal address in order to notify the investor of their account status and to confirm the address of the investor.

(d) Steps for Enhanced Due Diligence

Enhanced due diligence (EDD) for higher-risk customers is especially critical in understanding their anticipated transactions and implementing suspicious activity monitoring system that reduces the PASHA SECURITIES (PVT.) LIMITED reputation, compliance, and transaction risks.

PASHA SECURITIES (PVT.) LIMITED determines if a customer possess a higher risk because of the customer's business activity, ownership structure, anticipated or actual volume and types of transactions, including those transactions involving higher risk jurisdictions.

- Request for further documentation/ Information
- Review of the documents/ Information
- Approval for Account opening of the higher risk customers.

When the PASHA SECURITIES (PVT.) LIMITED is not able to satisfactorily complete required CDD/KYC measures, account opening applications are rejected; business relationships are not established/ terminated and business transaction are not carried out

6. Monitoring and Reporting of Suspicious Transaction/Activity

In case where the PASHA SECURITIES (PVT.) LIMITED is not able to satisfactorily complete required CDD/KYC measures, accounts are not opened; business relationships are not established/ terminated and business transaction are not carried out. Instead reporting of suspicious transaction may be considered as outlined later in this document.

All personnel are diligent in monitoring for any unusual or suspicious transactions/activity based on the relevant criteria applicable.

(a) Suspicious Transactions

The following are examples of potential suspicious transactions for both money laundering and terrorist financing. The lists of situations given below are intended mainly as a means of highlighting the basic ways in which money may be laundered. These lists are not all-inclusive

While each situation may not be sufficient to suggest that money laundering or a criminal activity is taking place, a combination of such situations may be indicative of such a transaction. A customer's declaration regarding the background of such transaction shall be checked for plausibility. Closer scrutiny shall help to determine whether the activity is suspicious or one for which there does not appear to be a reasonable business or legal purpose.

It is justifiable to suspect any customer who is reluctant to provide normal information and documents required routinely by the financial institutions in the course of the business relationship. The PASHA SECURITIES (PVT.) LIMITED will pay attention to customers who provide minimal, false or misleading information or, when applying to open an account, provide information that is difficult or expensive to verify.

- Transaction which do not make economical sense
- Transaction inconsistent with the customer's business
- Transactions involving transfers to and from abroad
- Transactions involving structuring to avoid reporting or identification requirement

(b) Potential Indicators of Money Laundering/Terrorist Financing

The following examples of potentially suspicious activity that may involve money laundering or terrorist financing threat are primarily based on guidance note provided by the FATF in the name of "Guidance for Financial Institutions in Detecting Terrorist Financing". FATF is an intergovernmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing.

- Activities inconsistent with the customer business
- Fund Transfers
- Other transactions that appears unusual or suspicious

(c) CURRENCY TRANSACTION REPORTING (CTR)

PASHA SECURITIES (PVT.) LIMITED prefers that all receipts and payments to the customer are made through crossed cheques, bank drafts, pay orders or other crossed banking instruments. PASHA SECURITIES (PVT.) LIMITED discourages receiving cash but in exceptional circumstances here it becomes necessary for a broker to accept cash from a customer to settle the obligation of clearing, reporting of such instances (if above the threshold) with rationale should be made immediately to the PSX, (and if above Rs.2 Million or any other revised threshold liable to reporting to Financial Monitoring Unit (FMU)) should be immediately reported to the PSX as well as FMU. Not in any case, cash payments are made to client(s).

(d) SUSPICIOUS TRANSACTION REPORTING (STR)

(i) A suspicious activity will often be one that is inconsistent with a customer's known, legitimate activities or with the normal business for that type of account. Where a transaction is inconsistent in amount, origin, destination, or type with a customer's known, legitimate business or personal activities, the transaction must be considered unusual, and the PASHA SECURITIES (PVT.) LIMITED puts "on enquiry". PASHA SECURITIES (PVT.) LIMITED also pays special attention to all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose.

(ii) Where the enquiries conducted by the PASHA SECURITIES (PVT.) LIMITED do not provide a satisfactory explanation of the transaction, it may be concluded that there are grounds for suspicion requiring disclosure and escalate matters to the Anti Money Laundering and Countering Financing of Terrorism "AML/CFT".

(iii) Enquiries regarding complex, unusual large transactions, and unusual patterns of transactions, their background, and their result should be properly documented, and made available to the relevant authorities upon request. Activities which should require further enquiry may be recognizable as falling into one or more of the following categories. This list is not meant to be exhaustive, but includes:

- any unusual financial activity of the customer in the context of the customer's own usual activities
- any unusual transaction in the course of some usual financial activity;
- any unusually-linked transactions;
- any unusual method of settlement;
- any unusual or disadvantageous early redemption of an investment product;
- any unwillingness to provide the information requested.

(iv) Where cash transactions are being proposed by customers, and such requests are not in accordance with the customer's known reasonable practice, PASHA SECURITIES (PVT.) LIMITED needs to approach such situations with caution and make further relevant enquiries. Depending on the type of business each PASHA SECURITIES (PVT.) LIMITED conducts and the nature of its customer portfolio, each PASHA SECURITIES (PVT.) LIMITED may wish to set its own parameters for the identification and further investigation of cash transactions.

(v) Where the PASHA SECURITIES (PVT.) LIMITED has been unable to satisfy that any cash transaction is reasonable, and therefore should be considered as suspicious. PASHA SECURITIES (PVT.) LIMITED is also obligated to file Currency Transaction Report (CTR), for a cash-based transaction involving payment, receipt, or transfer of Rs. 2 million and above.

(vi) If the PASHA SECURITIES (PVT.) LIMITED decides that a disclosure should be made, the law require the PASHA SECURITIES (PVT.) LIMITED to report STR without delay to the Financial Monitoring Unit "FMU", in standard form as prescribed under AML Regulations 2015. The STR prescribed reporting form can be found on FMU website through the link <http://www.fmu.gov.pk/docs/AMLRegulations2015.pdf>.

(vii) The process for identifying, investigating and reporting suspicious transactions to the FMU should be clearly specified in the reporting entity's policies and procedures and communicated to all personnel through regular training.

(viii) PASHA SECURITIES (PVT.) LIMITED is required to report total number of STRs filed to the Commission on bi-annual basis within seven days of close of each half year. The Compliance Officer ensures prompt reporting in this regard.

(ix) Vigilance systems require the maintenance of a register of all reports made to the FMU. Such registers should contain details of:

- the date of the report;
- the person who made the report;
- the person(s) to whom the report was forwarded; and
- reference by which supporting evidence is identifiable.

(x) It is normal practice for an PASHA SECURITIES (PVT.) LIMITED to turn away business that they suspect might be criminal in intent or origin. Where an applicant or a customer is hesitant/fails to provide adequate documentation (including the identity of any beneficial owners or controllers), consideration should be given to filing a STR. Also, where an attempted transaction gives rise to knowledge or suspicion of ML/TF, that attempted transaction should be reported to the FMU.

Once suspicion has been raised in relation to an account or relationship, in addition to reporting the suspicious activity PSL ensures that appropriate action is taken to adequately mitigate the risk of the PSL being used for criminal activities. This may include a review of either the risk classification of the customer or account or of the entire relationship itself. Appropriate action may necessitate escalation to the appropriate level of decision-maker to determine how to handle the relationship, taking into account any other relevant factors, such as cooperation with law enforcement agencies or the FMU.

(e) TRAINING

Training on anti-money laundering is provided to those new employees who work directly with customers and to those employees who work in other areas that may be exposed to money laundering and terrorist financing threats. Follow-up trainings also take place once a year.

(f) Non Compliance with PASHA SECURITIES (PVT.) LIMITED'S AML/CDD/CFT Policy

Failure to abide by the Policy set by PASHA SECURITIES (PVT.) LIMITED to prevent money laundering and terrorist financing will be treated as a disciplinary issue. Any deliberate breach will be viewed as severe misconduct. Such cases will be referred to HR for onward initiation of disciplinary action that could lead to termination of employment and could also result in criminal prosecution and imprisonment for the concerned staff member

7. **Record Retention**

It is a Policy of PASHA SECURITIES (PVT.) LIMITED:

- To retain identification and transaction documentation for the minimum period as required by applicable Laws and Regulations.
- To retain records of all suspicious activity reports made by Compliance department to Regulators for an indefinite period unless advised by the Regulator otherwise.
- To be in a position to retrieve, in a timely fashion, records that are required by law enforcement agencies as part of their investigations.

To keep records of KYC, CDD, AML/CFT training provided to the employees, nature of the training and the names of staff who received such training.

8. **ACCOUNTABILITIES AND RESPONSIBILITIES**

The Board is Responsible for:

- Ensuring that adequate systems and controls are in place to deter and recognize criminal activity, money laundering and terrorist financing.
- Seeking compliance reports including coverage of AML/CFT issues) on quarterly basis and taking necessary decisions required to protect PASHA SECURITIES (PVT.) LIMITED from use by criminals for ML & TF activities.
- The Oversight of the adequacy of systems and controls that are in place to deter and recognize criminal activity, money laundering and terrorist financing.

Management is Responsible for:

Ensuring that AML/CDD/CFT policy is implemented in letter and spirit.

All Employees are Responsible for:

- Remaining vigilant to the possibility of money laundering / terrorist financing through use of PASHA SECURITIES (PVT.) LIMITED's products and services.
- Complying with all AML/CFT policies and procedures in respect of customer identification, account monitoring, record keeping and reporting.

- Promptly reporting to CO where they have knowledge or grounds to suspect a criminal activity or where they have suspicion of money laundering or terrorist financing whether or not they are engaged in AML / CFT monitoring activities.
- Understanding PASHA SECURITIES (PVT.) LIMITED's Policy and Procedures on AML/CDD/CFT and to sign-off on the require Form.
- Employees who violate any of the Regulations or the PASHA SECURITIES (PVT.) LIMITED's AML/CDD/CFT policies and procedures will be subject to disciplinary action.

9. Internal Audit

Internal Auditor of the PASHA SECURITIES (PVT.) LIMITED shall also review the compliance of the Anti Money Laundering function of the Company to ensure that the AML Policy is being effectively implemented by the management of the PASHA SECURITIES (PVT.) LIMITED management.