

Know Your Customer (KYC) and Customer Due Diligence (CDD) policies and procedures

1. While developing the KYC and CDD policies and framework, International best practices, recommendations from the relevant bodies such as Financial Action Task Force (FATF) must be taken into account.

2. The KYC/CDD policy

2. The KYC/CDD policy, at minimum, must provide for the following:

- ❖ Customer Identification
- ❖ Risk assessment of customer
- ❖ Circumstances where Enhanced Due Diligence is required
- ❖ On-going due Diligence
- ❖ Circumstances where simplified Due Diligence can be adopted
- ❖ Compliance function
- ❖ Data retention
- ❖ Training and employee screening

3. Customer identification

3.1 Axis Global Limited Company shall ensure that no anonymous accounts or accounts that are obviously in the name of fictitious persons are opened or maintained. Axis Global Limited Company must take all reasonable steps to confirm the true identity of the prospective client and to collect all relevant information to ascertain the identity of the real controlling party of the trading account. For this purpose, minimum set of documents as prescribed by SECP from time to time must be obtained. Axis Global Limited Company may obtain any additional documents where considered necessary.

3.2 Axis Global Limited Company shall determine whether a customer is acting on behalf of another person. In such cases steps should be taken and all the relevant documents should be obtained to determine the true identity of that person.

3.3 For legal persons, Axis Global Limited Company must take reasonable measures to understand the beneficial ownership and control structure of the customer. For this purpose, Axis Global Limited Company shall seek to identify the natural persons with controlling interest and who constitute the mind and management of the legal person or arrangement.

3.4 For legal persons, Axis Global Limited Company shall verify that person purporting to act on behalf of the customer is so authorized.

3.5 Axis Global Limited Company 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 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.

3.6 Axis Global Limited Company should obtain and document sufficient information on the purpose and intended nature of the account to be opened/ maintained with them and develop a profile of the customer based on results of customer identification and the risk assessment.

Information regarding the intended investment plan of the customer must also be obtained to the extent possible and should be documented.

3.7 Axis Global Limited Company must obtain sufficient information to determine the expected source of funding for the account, particularly whether the client shall be receiving/ remitting funds in foreign currency.

3.8 In addition to the requirements mentioned above, Axis Global Limited Company must ensure that all receipts and payments to the customers above the prescribed threshold must be through cross cheques, bank drafts, pay orders or other crossed banking instruments. For exceptional circumstances where it becomes necessary for a Axis Global Limited Company to accept cash from a customer, reporting of such instances with rationale should be made immediately to the exchanges.

3.9 Axis Global Limited Company shall ensure physical presence of the customer at the time of opening of account. In case of off-shore clients or clients in cities where the Axis Global Limited Company does not have a branch, Axis Global Limited Company must apply appropriate procedures, such as verification by a reliable third party, confirmation from previous Axis Global Limited Company of the clients etc. When obtaining confirmation from the third parties in different jurisdictions the Axis Global Limited Company must consider whether that jurisdiction is following the FATF recommendations.

4. Risk Assessment

4.1 The Axis Global Limited Company must perform a risk assessment 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 their customers among high risk, medium risk and low risk customers.

Axis Global Limited Company should develop clear guidelines for identification of High Risk customers High Risk Customers which include

- ❖ non-resident customers;*
- ❖ legal persons or arrangements including non-governmental organizations; (NGOs) / not-for-profit organizations (NPOs) and trusts / charities;*
- ❖ customers belonging to countries where CDD / KYC and anti-money laundering regulations are lax or if funds originate or go to those countries;*
- ❖ Customers whose business or activities present a higher risk of money laundering such as cash based businesses;*
- ❖ customers with links to offshore tax havens;*
- ❖ high net worth customers with no clearly identifiable source of income;*
- ❖ there is reason to believe that the customer has been refused Axis Global Limited Company services by another brokerage Company*

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- ❖ *Non-face-to-face / on-line customers;*
- ❖ *establishing business relationship or transactions with counterparts from or in countries not sufficiently applying FATF recommendations; and*
- ❖ *Politically Exposed Persons (PEPs) or customers holding public or high profile positions*

4.2 Politically Exposed Persons

(PEPs) are individuals who are or have been entrusted with prominent public functions for example senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials.

Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories

4.3 Axis Global Limited Company should conduct a self-assessment for money laundering and terrorist financing risk, identifying and documenting the key risks presented to it by virtue of its business model, types of customers and geographical placement

5. Enhanced Due Diligence

5.1 Axis Global Limited Company should apply Enhanced Due Diligence (EDD) when dealing with high-risk customers. Appropriate policies and procedures must be developed and put in place to ensure that activities and transactions of

High-risk customers are adequately monitored and any unusual transactions are reported.

5.2 While dealing with the high-risk customers including the PEPs, the Axis Global Limited Company should:

- ❖ *Obtain senior management approval for establishing business relationships with such customers. The same shall also apply in case of an existing customer which is classified as High-risk pursuant to these guidelines or which is subsequently classified as a result of ongoing due diligence;*
- ❖ *Take reasonable measures to establish the source of wealth and source of funds.*

5.3 If the Axis Global Limited Company is unable to comply with the above requirements, it should not open the account, or should terminate the business relationship, as the case may be and should submit a Suspicious Transaction Report.

6. Suspicious Transaction Report

When a Axis Global Limited Company is not able to identify and verify the identity of the customer and the beneficial owner or is not able to obtain adequate information regarding the purpose and intended nature of the customer relationship, it should not open the account, commence customer relationship or in the case of an existing customer should terminate the relationship and consider the filing of a Suspicious Transaction Report.

7. On-going Due Diligence

7.1 CDD is not a one-time exercise. Axis Global Limited Company should ensure that on-going

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Due Diligence on the customer relationship and scrutiny of transactions is undertaken to ensure that the transactions executed in a particular account are consistent with the Axis Global Limited Company's knowledge of the Customer, its business and risk profile, historical pattern of transactions and the pattern and source of funding of the account.

7.2 Axis Global Limited Company shall ensure that the customer records are updated at regular intervals and sufficient information is obtained regarding any significant change in the customer profile.

8. Simplified Due Diligence

8.1 Axis Global Limited Company shall apply simplified or reduced CDD measures 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*

8.2 Accordingly, 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*

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

9. Compliance function

9.1 Axis Global Limited Company 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.

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

9.3 The Compliance function shall ensure compliance with the requirements of these guidelines as well as other regulatory requirements applicable on the Axis Global Limited Company under the relevant legal framework. A record should be maintained of all violation/ noncompliance identified and reported to the BOD and must be available for the inspection of Commission as and when required.

10. Data Retention

Axis Global Limited Company shall maintain the relevant documents obtained through the application of KYC/CDD procedures, especially those pertaining to identification of the identity of a customer, account files and correspondence exchanged for a minimum period of five years.

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11. Training

The Axis Global Limited Company should develop an on-going employee training program to ensure that the employees understand their duties and are able to perform the same on a satisfactory level.

12. Screening

12.1 Axis Global Limited Company shall develop and implement appropriate screening 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 and professionalism.

12.2 Axis Global Limited Company must provide any information concerning its clients and their transactions to the exchanges, Financial Monitoring Unit or the Commission as and when required.

13. Other requirements

Axis Global Limited Company must comply with the requirements of Anti Money Laundering Act, 2010 as applicable on them, 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.

KYC FORM FOR OLD TRADING ACCOUNT HOLDERS
YEAR 2013

Trading Account No:
CDC Sub account No:

Annexure - 2

KNOW YOUR CLIENT (KYC) APPLICATION FORM

Please fill this form in ENGLISH and in BLOCK LETTERS

FOR NON INDIVIDUALS

A: IDENTITY DETAILS

1. Name of the Applicant: _____
2. Date of incorporation: _____ (dd/mm/yyyy) & Place of incorporation: _____
3. Date of commencement of business: (dd/mm/yyyy) _____
4. NTN No : _____ Registration No _____
5. Status (please tick any one):
Private Limited Co. /Public Ltd. Co. /Body Corporate/Partnership/Trust/Charities/NGO's/AOP/
Bank/Government Body/Non-Government Organization/Defense Establishment/Society/LLP/ Others (please
Specify) _____

B. ADDRESS DETAILS

1. Address for correspondence: _____
City/town/Village: _____ City Code: _____ State: _____ Country: _____
2. Contact Details: Tel. (Off.) _____ Tel. (Res.) _____
Mobile No.: _____ Fax: _____ Email id: _____
3. Specify the proof of address submitted for correspondence address: _____
4. Registered Address (if different from above): _____
City/town/village: _____ City Code: _____ State: _____ Country: _____
5. Specify the proof of address submitted for registered address: _____

C. OTHER DETAILS

1. Gross Annual Income Details (please specify): Income Range per annum: Below Rs 1 Lac / 1-5 Lac /5-10 Lac / 10-25 Lac / 25 Lacs-1 crore/ > 1 crore
2. Net-Income as on (date) (dd/mm/yyyy): _____ (*Net income should not be older than 1 year)
3. Please tick, if applicable, for any of your authorized signatories/Promoters/Partners/Trustees/whole time directors: Politically Exposed Person (PEP)/ Related to a Politically Exposed Person (PEP)
4. Any other information: _____
5. Have you or any of your Directors been associated with a listed company in the last six month:
YES NO
6. Have you or any of your Directors been a Broker/Trader in the last six month:
YES NO

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Annexure - 1

KNOW YOUR CLIENT (KYC) APPLICATION FORM

For Individuals

Trading Account No: _____
CDC Sub account No: _____

Please fill this form in ENGLISH and in BLOCK LETTERS.

A: IDENTITY DETAILS

- Name of the Applicant: _____
- Father's/ Spouse Name: _____
- Gender: Male/ Female b. Marital status: Single/ Married c. Date of birth: _____ (dd/mm/yyyy)
- Nationality: _____ b. Status: Resident Individual/ Non Resident/ Foreign National
- CNIC: _____ b. Unique Identification Number if any: _____
- Specify the proof of Identity submitted: _____

B: ADDRESS DETAILS

1. Address for correspondence: _____
City/town/village: _____ Postal Code: _____ State: _____ Country: _____
2. Contact Details: Tel. (Off.) _____ Tel. (Res.) _____ Mobile No.: _____ Fax: _____ Email id: _____
3. Specify the proof of address submitted for correspondence address: _____
4. Permanent Address (if different from above or overseas address, mandatory for Non-Resident Applicant): _____
City/town/village: _____ Postal Code: _____ State: _____ Country: _____
5. Specify the proof of address submitted for permanent address: _____

C. OTHER DETAILS

1. Gross Annual Income Details (please specify): Income Range per annum: Below Rs 1 Lac / 1-5 Lac / 5-10 Lac / 10-25 Lac / >25 Lacs or Net-worth as on (date) dd/mm/yyyy)(Net worth should not be older than 1 year)
2. Occupation (please tick any one and give brief details): Private Sector/ Public Sector/ Government Service/Business/ Professional/ Agriculturist/ Retired/ Housewife/ Student/ Others _____
3. Please tick, if applicable: Politically Exposed Person (PEP)/ Related to a Politically Exposed Person (PEP)
4. Any other information: _____
5. Have you or any of your immediate family member been associated with a listed company in the last :
YES NO
6. Have you or any of your immediate family member been a Broker/Trader in the last six month:
YES NO