

MGM SECURITIES PVT. LIMITED

TREC Holder, Pakistan Stock Exchange Limited

In accordance with the guidelines provided by the SECP for Pakistan capital market institutions regarding how to develop and implement policies and procedures. **MGM Securities (Pvt.) Ltd (MGM)** has designed a Know Your Client/ Customer Due Diligence Policy, referred as the **KYC/CDD Policy**

This policy defines different categories of customers and their identification on the basis of their risk assessment. It also helps identify circumstances where Enhanced or Simplified Customer Due Diligence is required.

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, at minimum, must provide for the following:

- a. Customer Identification
- b. Risk assessment of customer applying Risk Based Assessment
- c. Political Exposed Persons (PEPs)
- d. Circumstances where Enhanced Due Diligence is required
- e. On-going due Diligence
- f. Circumstances where simplified Due Diligence can be adopted
- g. Compliance function
- h. Data retention / Record keeping Procedures
- i. Training of Employees
- j. Screening of Employees
- k. Reporting of Suspicious transactions
- l. Sanctions Compliance- Implementation of UN Security Council Resolutions
- m. Internal Control & Audit Function
- n. Tipping off & Reporting

3. Customer identification

3.1 MGM shall ensure that no anonymous accounts or accounts that are obviously in the name of fictitious persons are opened or maintained. MGM 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. MGM may obtain any additional documents where considered necessary.

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3.2 The MGM 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, MGM must take reasonable measures to understand the beneficial ownership and control structure of the customer. For this purpose, MGM 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, MGM shall verify that person purporting to act on behalf of the customer is so authorized.

3.5 MGM 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 MGM 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 MGM 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, MGM 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 broker to accept cash from a customer, reporting of such instances with rationale should be made immediately to the exchanges.

3.9 The MGM 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 broker does not have a branch, MGM must apply appropriate procedures, such as verification by a reliable third party, confirmation from previous broker of the clients etc. When obtaining confirmation

from the third parties in different jurisdictions the brokerage house must consider whether that jurisdiction is following the FATF recommendations.

4. Risk assessment of customer applying Risk Based Assessment

4.1 The MGM 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. MGM should develop clear guidelines for identification of **High Risk customers** which include:

- (a) The business relationship is conducted in unusual circumstances (e.g. significant unexplained geographic distance between the RP and the customer).
- (b) Non-resident customers.
- (c) Legal persons or arrangements
- (d) Companies that have nominee shareholders.
- (e) Business that is cash-intensive.
- (f) The ownership structure of the customer appears unusual or excessively complex given the nature of the customer's business such as having many layers of shares registered in the name of other legal persons;
- (g) Politically exposed persons
- (h) Shell companies, especially in cases where there is foreign ownership which is spread across jurisdictions;
- (i) Trusts and other legal arrangements which enable a separation of legal ownership and beneficial ownership of assets.
- (j) Requested/Applied quantum of business does not match with the profile/particulars of client
- (k) Real Estate Dealers,
- (l) Dealers in precious metal and stones, and
- (m) Lawyers/Notaries

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 MGM 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

4.4 Country or Geographic Risk Factors: Country or geographical risk, combined with other risk categories, provides useful information on potential exposure to ML/TF. The factors that may indicate a high risk are as follow:

- (a) Countries identified by credible sources, such as mutual evaluation or detailed assessment reports or published follow-up reports by international bodies such as the FATF, as not having adequate AML/CFT systems.
- (b) Countries subject to sanctions, embargos or similar measures issued by, for example, the United Nations.
- (c) Countries identified by credible sources as having significant levels of corruption or other criminal activity.
- (d) Countries or geographic areas identified by credible sources as providing funding or support for terrorist activities, or that have designated terrorist organizations operating within their country.

4.5 Product, service, transaction or delivery channel risk factors: In identifying the risks of products, services, and transactions, the following factors should be considered:

- (a) Anonymous transactions (which may include cash).
- (b) Non-face-to-face business relationships or transactions.
- (c) Payments received from unknown or un-associated third parties.
- (d) The surrender of single premium life products or other investment-linked insurance products with a surrender value.
- (e) International transactions, or involve high volumes of currency (or currency equivalent) transactions
- (f) Products that involve large payment or receipt in cash; and
- (h) One-off transactions.

5. Enhanced Due Diligence

5.1 MGM 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 MGM should:

- a) 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;

- b) Obtaining additional information on the applicant/customer (e.g. occupation, volume of assets, information available through public databases, internet, etc.).
- c) Updating more regularly the identification data of applicant/customer and beneficial owner.
- d) Obtaining additional information on the intended nature of the business relationship.
- e) Obtaining additional information on the source of funds or source of wealth of the applicant/customer.
- f) Obtaining additional information on the reasons for intended or performed transactions.
- g) Conducting enhanced monitoring of the business relationship, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.

5.2 High-Risk Countries : MGM should exercise additional caution and conduct enhanced due diligence on individuals and/or entities based in high-risk countries. Caution should also be exercised in respect of the acceptance of certified documentation from individuals/entities based in high-risk countries/territories and appropriate verification checks undertaken on such individuals/entities to ensure their legitimacy and reliability. Useful websites include: FATF website at www.fatf-gafi.org and Transparency International, www.transparency.org for information on countries vulnerable to corruption will be consulted.

5.3 If the MGM 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.

5.4. When a MGM 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.

6. On-going Due Diligence

6.1 CDD is not a one-time exercise. MGM should ensure that on-going 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 MGM's knowledge of the Customer, its business and risk profile, historical pattern of transactions and the pattern and source of funding of the account.

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6.2 MGM shall ensure that the customer records are updated at regular intervals and sufficient information is obtained regarding any significant change in the customer profile.

6.3 MGM shall conduct on-going due diligence which includes scrutinizing the transactions undertaken throughout the course of the business relationship with a customer.

6.4 MGM shall updating customer CDD records as a part its periodic reviews or on the occurrence of a triggering event, whichever is earlier. Examples of triggering events include:

- (1) Material changes to the customer risk profile or changes to the way that the account usually operates;
- (2) Where it comes to the attention of the RP that it lacks sufficient or significant information on that particular customer;
- (3) Where a significant transaction takes place;
- (4) Where there is a significant change in customer documentation standards;
- (5) Significant changes in the business relationship.

Examples of the above circumstances include:

- (1) New products or services being entered into,
- (2) A significant increase in a customer's salary being deposited,
- (3) The stated turnover or activity of a corporate customer increases,
- (4) A person has just been designated as a PEP,
- (5) The nature, volume or size of transactions changes.

6.5 MGM shall vigilant for any significant changes or inconsistencies in the pattern of transactions like Transaction type, Frequency, Amount, Geographical Origin/Destination, Account Signatories

7. Simplified Due Diligence

7.1 MGM shall apply simplified or reduced CDD measures in the following circumstances:

- a) risk of money laundering or terrorist financing is lower
- b) information on the identity of the customer and the beneficial owner of a customer is publicly available
- c) adequate checks and controls exist

7.2 Accordingly, following customers may be considered for simplified or reduced CDD:

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Customer Due Diligence (CDD) Policies & Procedures (updated Version) Page 6

- 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

7.3 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.

8. Compliance function

8.1 MGM 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.

8.2 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.

8.3 The Compliance function shall ensure compliance with the requirements of these guidelines as well as other regulatory requirements applicable on the MGM 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.

9. Data Retention / Record Keeping

9.1 MGM should ensure that all information obtained in the context of CDD is recorded. This includes both;

- a. Recording the documents provided with when verifying the identity of the customer or the beneficial owner, and
- b. Transcription into the IT systems of the relevant CDD information contained in such documents or obtained by other means.

9.2 MGM shall maintain, for at least 5 years after termination, all necessary records on transactions to be able to comply swiftly with information requests from the competent authorities. Such records should be sufficient to permit the reconstruction of individual transactions, so as to provide, if necessary, evidence for prosecution of criminal activity.

9.3 Where there has been a report of a suspicious activity or the MGM is aware of a continuing investigation or litigation into ML/TF relating to a customer or a transaction,

records relating to the transaction or the customer should be retained until confirmation is received that the matter has been concluded.

9.4 MGM should also keep records of identification data obtained through the customer due diligence process, account files and business correspondence that would be useful to an investigation for a period of 5 years after the business relationship has ended. This includes records pertaining to enquiries about complex, unusual large transactions, and unusual patterns of transactions. Identification data and transaction records should be made available to relevant competent authorities upon request.

9.5 Beneficial ownership information must be maintained for at least 5 years after the date on which the customer (a legal entity) is dissolved or otherwise ceases to exist, or five years after the date on which the customer ceases to be a customer.

9.6 Records relating to verification of identity will generally comprise:

- 1) a description of the nature of all the evidence received relating to the identity of the verification subject; and
- 2) the evidence itself or a copy of it or, if that is not readily available, information reasonably sufficient to obtain such a copy.

9.7 Records relating to transactions will generally comprise:

- 1) details of personal identity, including the names and addresses, of:
 - a) the customer;
 - b) the beneficial owner of the account or product; and
 - c) Any counter-party
- 2) details of securities and investments transacted including:
 - a. the nature of such securities/investments;
 - b. valuation(s) and price(s);
 - c. memoranda of purchase and sale;
 - d. source(s) and volume of funds and securities;
 - e. destination(s) of funds and securities;
 - f. memoranda of instruction(s) and authority(ies);
 - g. book entries;
 - h. custody of title documentation;
 - i. the nature of the transaction;
 - j. the date of the transaction;
 - k. the form (e.g. cash, cheque) in which funds are offered and paid out.

10. Training of Employees

10.1 The MGM 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.

10.2 Training to staff should be provided at least annually, or more frequently where there are changes to the applicable legal or regulatory requirements.

10.3 MGM should provide their staff training in the recognition and treatment of suspicious activities. Training should be structured to ensure compliance with all of the requirements.

10.3 Staff should be aware on the AML/CFT legislation and regulatory requirements, systems and policies. They should know their obligations and liability under the legislation should they fail to report information in accordance with internal procedures and legislation.

10.4 All staff should be encouraged to provide a prompt and adequate report of any suspicious activities.

10.5 All new employees should be trained on ML/TF know the legal requirement to report, and of their legal obligations in this regard.

10.6 Staff involved in the processing of transactions should receive relevant training in the verification procedures, and in the recognition of abnormal settlement, payment or delivery instructions. Staff should be aware of the types of suspicious activities which may need reporting to the relevant authorities regardless of whether the transaction was completed. Staff should also be aware of the correct procedure(s) to follow in such circumstances.

11. Screening of Employees

11.1 MGMs 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.

11.2 MGM must provide any information concerning its clients and their transactions to the exchanges, Financial Monitoring Unit or the Commission as and when required.

11.3 Employee screening should be conducted at the time of recruitment, periodically thereafter, i.e., at least annually and where a suspicion has arisen as to the conduct of the employee.

11.4 MGM shall ensure that their employees are competent and proper for the discharge of the responsibilities allocated to them. While determining whether an employee is fit and proper, the MGM may:

- (1) Verify the references provided by the prospective employee at the time of recruitment
- (2) Verify the employee's employment history, professional membership and qualifications
- (3) Verify details of any regulatory actions or actions taken by a professional body
- (4) Verify details of any criminal convictions; and
- (5) Verify whether the employee has any connections with the sanctioned countries or parties

12. Reporting of Suspicious Transactions / Currency Transaction Report

12.1 MGM should also pay special attention to all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose.

12.2 Where the enquiries conducted by the MGM 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 AML/CFT CO.

12.3 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:

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

12.4 MGM will need to approach such situations with caution and make further relevant enquiries where cash transactions are being proposed by customers, and such requests are not in accordance with the customer's known reasonable practice,

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12.5 MGM shall be obligated to file Currency Transaction Report (CTR), for a cash-based transaction involving payment, receipt, or transfer of Rs. 2 million and above.

12.5 If the MGM decides that a disclosure should be made, the law require to report STR without delay to the FMU, in standard form as prescribed under AML Regulations 2008. The STR prescribed reporting form can be found on FMU website through the link below.

http://www.fmu.gov.pk/docs/AML_Regulations-2008.pdf

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.

12.6 MGM shall report total number of STRs filed to the Commission on bi-annual basis within seven days of close of each half year. The CO should ensure prompt reporting in this regard.

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

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

13. Sanctions Compliance- Implementation of UN Security Council Resolutions

13.1 Sanctions are prohibitions and restrictions put in place with the aim of maintaining or restoring international peace and security. They generally target specific individuals or entities; or particular sectors, industries or interests. They may be aimed at certain people and targets in a particular country or territory, or some organization or element within them. There are also sanctions that target those persons and organizations involved in terrorism. The types of sanctions that may be imposed include:

- (1) targeted sanctions focused on named persons or entities, generally freezing assets and prohibiting making any assets available to them, directly or indirectly;
- (2) economic sanctions that prohibit doing business with, or making funds or economic resources available to, designated persons, businesses or other entities, directly or indirectly;
- (3) currency or exchange control;
- (4) arms embargoes, which would normally encompass all types of military and paramilitary equipment;

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- (5) prohibiting investment, financial or technical assistance in general or for particular industry sectors or territories, including those related to military or paramilitary equipment or activity;
- (6) import and export embargoes involving specific types of goods (e.g. oil products), or their movement using aircraft or vessels, including facilitating such trade by means of financial or technical assistance, brokering, providing insurance etc.;
- (7) visa and travel bans and
- (8) Targeted financial sanctions relating to the prevention, suppression and disruption of proliferation of Weapons of Mass Destruction (WMD) and its financing.

13.2 The Regulations require RPs not to form business relationship with the individuals/entities and their associates that are either, sanctioned under United Nations Security Council (UNSC) Resolutions adopted by Pakistan or proscribed under the Anti-Terrorism Act, 1997.

13.3 Government of Pakistan, Ministry of Foreign Affairs issues Statutory Regulatory Orders (SROs) under the United Nations (Security Council) Act, 1948 (Act No XIV of 1948) to give effect to the UNSC Resolutions and implement UNSC sanction measures in Pakistan. The said SROs are communicated, from time to time, and have a binding legal effect under the Act No. XIV of 1948. MGM shall ensure compliance with the sanctions communicated through SROs. A list of such SROs issued by the Federal Government till date is also available at the following links:

<http://www.mofa.gov.pk/contentsro1.php>

<http://www.mofa.gov.pk/contentsro2.php>

<http://www.secdiv.gov.pk/page/sro-unscr-sanctions>

13.4 The Federal Government, Ministry of Interior issues Notifications of proscribed individuals /entities pursuant to the Anti-Terrorism Act, 1997, to implement sanction measures under UNSCR 1373(2001). The regularly updated consolidated list is available at the National Counter Terrorism Authority's website, at following link;

<http://nacta.gov.pk/proscribed-organizations/>

13.5 MGM shall appropriate measures to screen its entire customer database when the new names are listed through UNSC Resolution or the domestic NACTA list.

13.6 MGM shall undertake reasonable efforts to collect additional information in order to identify, and avoid engaging in prohibited activities and, to enable follow-up actions.
ix. Where there is a true match or suspicion, RPs shall take steps that are required to comply with the sanctions obligations including immediately–

- (a) freeze without delay the customer's fund or block the transaction, if it is an existing customer;
- (b) reject the customer, if the transaction has not commenced;
- (c) lodge a STR with the FMU; and
- (d) notify the SECP and the MOFA.

13.7 MGM shall submit a STR when there is an attempted transaction by any of the listed persons.

13.8 MGM shall document and record all the actions that have been taken to comply with the sanctions regime, and the rationale for each such action.

14. Internal Controls & Audit Function

14.1 MGM shall, on a regular basis, conduct an AML/CFT audit to independently evaluate the effectiveness of compliance with AML/CFT policies and procedures. The frequency of the audit shall be commensurate with nature, size, complexity, and risks identified during the risk assessments. The AML/CFT audits shall be conducted to assess the AML/CFT systems which include:

- (1) test the overall integrity and effectiveness of the AML/CFT systems and controls;
- (2) assess the adequacy of internal policies and procedures in addressing identified risks, including:
 - (a) CDD measures;
 - (b) Record keeping and retention;
 - (c) Third party reliance; and
 - (d) Transaction monitoring;
- (3) assess compliance with the relevant laws and regulations;
- (4) test transactions in all areas of the RP, with emphasis on high-risk areas, products and services;
- (5) assess employees' knowledge of the laws, regulations, guidance, and policies & procedures and their effectiveness in implementing policies and procedures;
- (6) assess the adequacy, accuracy and completeness of training programs;
- (7) assess the effectiveness of compliance oversight and quality control including parameters for automatic alerts (if any), and
- (8) assess the adequacy of the RP's process of identifying suspicious activity including screening sanctions lists.

15. Tipping-off & Reporting : The Law prohibits tipping-off. However, a risk exists that customers could be unintentionally tipped off when seeking to complete its CDD obligations or obtain additional information in case of suspicion of ML/TF. The

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applicant/customer's awareness of a possible STR or investigation could compromise future efforts to investigate the suspected ML/TF operation.

15.1 If MGM reasonably believes that performing the CDD or on-going process will tip-off the applicant/customer, it may choose not to pursue that process, and should file a STR.

15.2 MGM should ensure that their employees are aware of, and sensitive to, these issues when conducting CDD or ongoing CDD

16. Other requirements

MGM must comply with the requirements of Anti Money Laundering Act 2010, Countering Financing of Terrorism & Proliferation Financing 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 Securities & Exchange Commission of Pakistan.

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Board/Governing Body Resolution	financials of Society /Association		
	Board / Governing Body Resolution		
If documents/ information is complete, process to Section B			
List any missing documents / information below:			
1			
2			
If ANY document or information is missing, proceed to Section G.4			

SECTION B

Assessment of information provided in section A

Based on information provided in A,

1. Is the investor also the ultimate beneficiary of the funds to be invested	YES	NO
If NO, joint account should be opened or power of attorney be provided by ultimate beneficiary with relevant documentary details of the beneficiary		
2. In case the Investor is a private company , IS the latest shareholders' list available		
3. In case of Government Accounts ,		
Mark YES if the account is not in the personal name of the government official A resolution / authority letter (duly endorsed by Ministry of Finance or Finance Department of concerned government) is available, which authorizes the opening and operating of this account by an officer of federal / provincial / local government in his / her official capacity		

If the answer to any of the above questions was 'NO', go to section G.3 or G.4, otherwise go to Section C

SECTION C

Risk Category of Investor	Please tick the Box	
1. Government Department / Entity	<input type="checkbox"/>	LOW RISK Go to Section G.1
2. Public Listed company	<input type="checkbox"/>	LOW RISK Go to Section G.2
3. Private Limited Company	<input type="checkbox"/>	MEDIUM RISK Go to Section G.3
4. Non-Governmental Organization (NGO)	<input type="checkbox"/>	HIGH RISK Go to Section G.3
5. Trust / Charity	<input type="checkbox"/>	HIGH RISK Go to Section G.3
6. Unlisted Financial institution	<input type="checkbox"/>	Go to Section D
7. Individual	<input type="checkbox"/>	Go to Section E

SECTION D

Unlisted Private Financial Institution (NBFi)

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Is the unlisted private financial institution domiciled in Pakistan and is regulated by the SECP / State Bank of Pakistan (SBP)	YES	NO
OR Is it domiciled in a FATF member country that is satisfactorily following the FATF recommendations and is supervised by a regulatory body	YES	NO
If YES, proceed to Section G.1	If NO, proceed to Section G.3	

SECTION E

Individual		
1. Is the person a non-resident Pakistani	YES	NO
2. Is the person a high net worth individual with no identifiable source of income or his/her profile/source of income doesn't match with size & quantum of investments/		
3. Is the person involved in dealing in high value items (<i>based on declared occupation</i>)		
4. Is the person a foreign national		
5. Does the person appear to have links or money transfer to/from offshore tax havens or belongs to country(s) where KYC/CDD and anti money laundering regulations are lax (in terms of not sufficiently applying FATF recommendations)		
6. Is there any reason to believe that the person has been refused account opening by another financial institution / brokerage house		
7. Is the person opening the brokerage account on a non-face-to-face basis/on-line YES NO		
If the response to any question (1-7) above was 'YES', proceed to Section G.3		
8. Is the person a holder of a senior level public (government) office i.e. a politically exposed person (PEP) or a family member of PEP.		
9. Is the person a holder of high profile position (e.g. senior politician)		
If the response to any question (8-9) above was 'YES', proceed to Section F, else proceed to Section G.1		

SECTION F

Politically Exposed Person / Foreign National / Holders of High Profile Position		
Is the brokerage account relationship with this high risk category person including politically exposed person / foreign national / holder of high profile position, approved by the Nominee Director, CEO / COO of the brokerage house (<i>approval shall be provided by management through signing the respective Account Opening Form</i>) YES NO	YES	NO
If YES, proceed to Section G.3	If NO, proceed to Section G.4	

SECTION G

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Investor Risk Profile		
	Risk Classification	KYC Requirement
G.1	Low Risk	Reduced KYC Requirements shall be applicable: Investor account can be opened once information / documents mentioned in section A have been provided.
G.2	Medium Risk	Greater care required and documents listed in Section A should be obtained before opening of account.
G.3	High Risk	Enhanced KYC Requirements shall be applicable: Investor account can be opened once information / documents mentioned in section A have been provided. Transactions shall be monitored to ensure that the funds used for investments are from an account under the Investor's own name in a financial institution (e.g. bank) subject to high due diligence standards and the amount and frequency of investments are not unusual given the nature and financial strength of the Investor
G.4	High Risk	Account cannot be opened as KYC Requirements have not been fulfilled.

CONFIRMATION of physical presence of customer when opening account.	YES	NO
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Other Comments

Completed by:	Name of Sales Person / Agent	Signature	Date
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Checked by:	Name of Compliance Person	Signature	Date
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