Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF MOONACO SECURITIES (PRIVATE) LIMITED IN ITS MEETING HELD ON OCTOBER 28, 2024

Resolved that the amendments to the Company's AML/CFT/CPF policies, procedures and controls in line with the amendments to the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 and National Risk Assessment 2023 is approved.

CERTIFIED TRUE COPY

Date: October 28, 2024

Mohammad Saleem Moon
Company Secretary

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF MOONACO SECURITIES (PRIVATE) LIMITED IN ITS MEETING HELD ON NOVEMBER 30, 2021

RESOLVED that the amendment to the Company's AML and CFT policies, procedures and controls updated in line with AML/CFT Regulations, 2020, SECP Guidelines January 2021 and other notifications is approved.

Date: November 30, 2021

CERTIFIED TRUE COPY

Mohammad Saleem Moon
Company Secretary

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF MOONACO SECURITIES (PRIVATE) LIMITED IN ITS MEETING HELD ON MARCH 31, 2021

RESOLVED that the Company's AML/CFT policies, procedures and controls have been reviewed and approved.

Date: March 31, 2021

CERTIFIED TRUE COPY

Mohammad Saleem Moon
Company Secretary

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

RESOLUTION PASSED BY THE BOARD OF DIRECTORS AT THE REGISTERED OFFICE OF THE COMPANY ON NOVEMBER 17, 2020

Resolved that the amendments to the Company's AML and CFT policies, procedures and controls in response to the Thematic Review of the Company on AML and CFT regulations is approved.

CERTIFIED TRUE COPY

Date: November 17, 2020

MOONACO SECURITIES (PVT) LTD. TREC Holder & Broker PSX 160

Mohammad Saleem Moon
Company Secretary

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF MOONACO SECURITIES (PRIVATE) LIMITED IN ITS MEETING HELD ON OCTOBER 25, 2019 AT 410-411, 4TH FLOOR, STOCK EXCHANGE BUILDING, STOCK EXCHANGE ROAD, KARACHI

RESOLVED that the amendment to the Company's AML and CFT policies, procedures and controls in light of the National Risk Assessment Report (NRA) of Pakistan released by SECP on September 13, 2019 is approved and will provide guidelines to the management of the Company against the opening of fictitious accounts and monitoring/reporting of existing accounts.

Date: October 25, 2019

CERTIFIED TRUE COPY

MOONACO SECURITIES (PVT) LTD. TREC Holder & Broker 160 PSX

Mohammad Saleem Moon
Company Secretary

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Karachi Stock Exchange
Broker Reg. No. BRK-217 • TREC No. 160
410 - 411, 4th Floor Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Phone: 3246-3672 - 73 • Fax: 3242-5304
E-mail: accounts@moonaco.com

Anti Money Laundering and Countering Financing of Terrorism (AML and CFT) Policies, Procedures and Controls Approved by the Board of Directors of Moonaco Securities (Private) Limited on November 28, 2018

1. Policies, procedures and controls:
   1.1. As required under clause 4 (a) of the SECP AML/CFT Regulations, Moonaco Securities (Private) Limited (MSPL) is required to:
   1.2. develop and implement policies, procedures and controls with the approval its Board of Directors for enabling the Securities Broker to effectively manage and mitigate the risk that are identified in the risk assessment of Money Laundering ("ML") and Terrorist Financing ("TF") or notified to it by the Commission;
   1.3. monitor the implementation of those policies, procedures and controls and enhance them if necessary;
   1.4. perform enhanced measures where higher risks are identified, to effectively manage and mitigate those higher risks; and
   1.5. have an independent audit function to test the system.
   1.6. The Policies, Procedures and Controls should contain a clear description for employees of their obligations and instructions as well as guidance on how to keep the activity of the reporting entity in compliance with the Regulations. There should be internal procedures for detecting, monitoring and reporting suspicious transactions.

2. APPOINTMENT OF COMPLIANCE OFFICER AND HIS ROLE:
   2.1. MSPL is required to appoint a management level officer as compliance officer ("CO"), who shall report directly, and periodically to the Board of Directors or to another equivalent executive position. The CO must be a person who is fit and proper to assume the role and who:
   2.2. has sufficient skills and experience to develop and maintain systems and controls (including documented policies and procedures);
   2.3. has sufficient resources, including time and support staff;
   2.4. has access to all information necessary to perform the AML/CFT compliance function;
   2.5. ensure regular audit of the AML/CFT program;
   2.6. maintain various logs, as necessary, which should include logs with respect to declined business, politically exposed person ("PEPs"), and request from Commission, FMU and Law Enforcement Agencies ("LEAs") particularly in relation to investigation; and
   2.7. respond promptly to requests for information by the SECP/LEAs.

3. HOW TO COMMUNICATE THE POLICIES AND PROCEDURES TO EMPLOYEES AND STAFF AS WELL AS BRANCHES:
   3.1. As part of first line of defense, the CO shall clearly specify the Policies, Procedures and Controls duly approved by the Board of Directors in writing, and communicated to all employees including those employed at branches.
   3.2. The CO must have the authority and ability to oversee the effectiveness of the AML/CFT system, compliance with applicable AML/CFT legislation and provide guidance in day-to-day operations of the AML/CFT Policies and Procedures especially at the branches.

4. HOW TO REFLECT CHANGES TO AML/ATF LEGISLATIVE AND REGULATORY REQUIREMENTS:
   4.1. The CO shall update/amend the Policies, Procedures and Controls in line with the changes/amendments in SECP AM/CFT Regulations with the approval of the Board and communicate to all relevant employees.

MOONACO SECURITIES (PVT.) LTD. TREC Holder & Broker 160 PSX

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Karachi Stock Exchange
Broker Reg. No. BRK-217 • TREC No. 160
410 - 411, 4th Floor Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Phone: 3246-3672 - 73 • Fax: 3242-5304
E-mail: accounts@moonaco.com

5. COUNTRY RISK PROFILE:
   5.1. The CO will update the risk profile of the country to which MSPL or its Customers are exposed to as and when it comes it his/her knowledge.

6. HOW OFTEN TO CONDUCT AN INDEPENDENT AUDIT OF AML/CFT COMPLIANCE:
   6.1. MSPL shall, on a regular basis, conduct an AML/CFT audit to independently evaluate the effectiveness of compliance with AML/CFT Policies and Procedures;

   6.2. The audits should test the overall integrity and effectiveness of the AML/CFT systems and controls and assess the adequacy of internal policies and procedures in addressing identified risks, including:
      6.2.1. CDD measures;
      6.2.2. Record keeping and retention;
      6.2.3. Third party reliance; and
      6.2.4. Transaction monitoring.
   6.3. Assess compliance with the relevant laws and regulations;
   6.4. Test transactions with emphasis on high risk areas, products and services;
   6.5. Assess employees' knowledge of the laws, regulations, guidance, and policies & procedures and their effectiveness in implementing policies and procedures;
   6.6. Assess the adequacy of the process of identifying suspicious activity including screening sanctions lists.

7. THREE LINES OF DEFENSE:
   MSPL shall establish the following lines of Defense to combat ML/TF:
   7.1. Front Office (Customer-Facing Activity):
      7.1.1. Front Office/Dealers/Salespersons shall be required to know and carry-out the AML/CFT due diligence related policies and procedures when a customer opens an account which include the following:
      7.1.2. Account Opening Form (AOF) should be completed in the presence of the Customer with mandatory fields properly filled and all non-relevant spaces shall be market as "Not Applicable or Crossed";
      7.1.3. KYC forms shall be completed in the presence of the Customer;
      7.1.4. All enclosures required as per AOF of CDC and PSX shall be completed;
      7.1.5. Account Opening amount shall be accepted in cheque/pay order/demand draft on the bank of beneficial owner of the customer.
      7.1.6. Account Opening confirmation along with all details entered into back-office, CDC and NCCPL shall be communicated to the Customer on his/her registered address/email or handed over to the Customer if physically available.
   7.2. Compliance Checks:
      7.2.1. The CO shall check the account opening forms along with all annexures before allowing the Customer to start a Business Relation;
      7.2.2. If there is any discrepancy in the Account Opening process, the CO shall communicate the same to Front Office/Dealer/Salesperson for rectification before start of Business Relation;
      7.2.3. The CO shall do the Risk Assessment of the Customer as per SECP Guideline on AML/CFT Regulations;
      7.2.4. The CO shall do the Risk Profiling of the Customer based on Risk Assessment of the Customer.
   7.3. Internal Audit Process:
      7.3.1. In case of discrepancies/non-compliances observed during audit process, he/she will communicate his/her findings and along with recommendations to the Senior Management including CO;
      7.3.2. Internal Auditor shall follow-up their findings and recommendation until their complete rectifications.

MOONACO SECURITIES (PVT.) LTD. TREC Holder & Broker 160 PSX

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Karachi Stock Exchange
Broker Reg. No. BRK-217 • TREC No. 160
410 - 411, 4th Floor Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Phone: 3246-3672 - 73 • Fax: 3242-5304
E-mail: accounts@moonaco.com

8. IDENTIFICATION OF CUSTOMERS, ASSESSMENT AND UNDERSTANDING OF RISK:

8.1. MSPL shall understand, identify and assess the inherent ML/TF risks posed by its:
- 8.1.1. customer base;
- 8.1.2. products and services offered;
- 8.1.3. delivery channels;
- 8.1.4. the jurisdictions within which it or its Customers do business

8.2. MSPL will measure MT/TF risks using a number of risk categories while applying various factors to assess the extent of risk for each category for determining the overall risk classification, such as
- 8.2.1. High
- 8.2.2. Medium
- 8.2.3. Low

8.3. MSPL will determine the risk weights to individual risk factors or combination of risk factors taking into consideration the relevance for different risk factors in context of a particular customer relationship.

8.4. MSPL shall assess and analyze the likelihood that the risk will occur and the impact of cost or damages if the risk occurs. The impact of cost or damage may consist of:
- 8.4.1. financial loss from the crime;
- 8.4.2. monitory penalty from regulatory authorities; and
- 8.4.3. reputational damages to the business.

8.5. MSPL shall analyze and identify the likelihood that these types or categories of risk will be misused for ML and/or for TF purposes. This likelihood is for instance;
- 8.5.1. High if it can occur several times per year;
- 8.5.2. Medium if it can occur once per year; and
- 8.5.3. Low if it is unlikely

8.6. MSPL should update its risk assessment every 12 to 18 months taking into account:
- 8.6.1. new products are offered;
- 8.6.2. new markets are entered;
- 8.6.3. high risk customers open or close their account; or
- 8.6.4. the products, services, policies and procedures are changed.

8.7. MSPL shall have appropriate mechanism to provide risk assessment information to the Commission if required.

8.8. High-Risk Classification Factors:
- 8.8.1. MSPL shall describe all types of Customers that it provides business to and make an estimate of the likelihood that these types of Customers may misuse MSPL for ML or TF. Risk Factor that may be relevant when considering the risk associated with a Customer or a Customer's beneficial owner's business include:
- 8.8.2. Non-resident Customers;
- 8.8.3. Legal persons or arrangements;
- 8.8.4. Companies that have nominee shareholders;
- 8.8.5. Business that is cash-intensive;
- 8.8.6. 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;
- 8.8.7. Politically Exposed Persons;
- 8.8.8. Shell companies, especially in cases where there is foreign ownership which is spread across jurisdictions;
- 8.8.9. Trusts and other legal arrangements which enable a separation of legal ownership and beneficial ownership of assets; and
- 8.8.10. Quantum of business does not match with the profile of customer.

MOONACO SECURITIES (PVT.) LTD. TREC Holder & Broker 160 PSX

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Karachi Stock Exchange
Broker Reg. No. BRK-217 • TREC No. 160
410 - 411, 4th Floor Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Phone: 3246-3672 - 73 • Fax: 3242-5304
E-mail: accounts@moonaco.com

8.9. Country or Geographic Risk Factor:

8.9.1. Country or Geographical risk combined with other risk categories, provides useful information on potential exposure to ML/TF. High Risk Customers are based on following factors:

8.9.2. 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;

8.9.3. Countries subject to sanctions, embargos or similar measures issued by, for example, the United Nations;

8.9.4. Countries identified by credible sources as having significant levels of corruption or other criminal activity; and

8.9.5. 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.

8.10. Product, Service, Transaction or Delivery Channel Risk Factor:

8.10.1. Taking into account the potential risks arising from the products, services, and transactions that MSPL offers to its Customers and the way these products and services are delivered, following factors should be considered:

8.10.2. Anonymous transactions (which may include cash);

8.10.3. Non-face-to-face business relationships or transactions;

8.10.4. Payments received from unknown or un-associated third parties;

8.10.5. International transactions, or high volumes of currency (or currency equivalent) transactions;

8.10.6. Products that involve large payment or receipt in cash; and

8.10.7. One-off transactions.

8.11. Low Risk Classification Factor:

8.11.1. Customer risk factors:

8.11.1.1. MSPL shall rate a Customer as Low Risk and justify in writing who satisfies the requirements under regulation 11 (2) (a) and (b) of the SECP AML/CFT Regulations as under:

8.11.1.2. Regulated entities and banks provided they are subject to requirements to combat money laundering and terrorist financing consistent with the FATF recommendations and are supervised for compliance with those requirements;

8.11.1.3. public listed companies that are subject to regulatory disclosure requirements to ensure adequate transparency of beneficial ownership;

8.11.2. Product, service, transaction or delivery channel risk factors:

8.11.2.1.1. MSPL shall rate the product, service, transaction or delivery channel that satisfy the requirement under regulation 11(2) (g) of the SECP AML/CFT Regulations, such as the financial products or services that provide appropriately defined and limited services to certain types of customers, so as to increase access for financial inclusion purposes.

8.11.3. Country risk factors:

8.11.3.1. Taking into account possible variations in ML/TF risk between different regions or areas within a country, MSPL shall rate the Customer as Low Risk who belong to:

8.11.3.2. Countries identified by credible sources, such as mutual evaluation or detailed assessment reports, as having effective AML/CFT systems; and

8.11.3.3. Countries identified by credible sources as having a low level of corruption or other criminal activity.

MOONACO SECURITIES (PVT) LTD. TREC Holder & Broker 160 PSX

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Karachi Stock Exchange
Broker Reg. No. BRK-217 • TREC No. 160
410 - 411, 4th Floor Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Phone: 3246-3672 - 73 • Fax: 3242-5304
E-mail: accounts@moonaco.com

8.11.4. Risk Matrix:

8.11.4.1. MSPL may use the risk matrix annexed as Annexure-1 to SECP Guideline on AML/CFT Regulations as a method of assessing risk in order to identify the types or categories of Customers that are;

8.11.4.2. in Low Risk category;

8.11.4.3. those that carry somewhat higher risk, but still acceptable risk; and

8.11.4.4. those that carry a high or unacceptable risk of money laundering and terrorism financing.

9. RISK MANAGEMENT:

9.1. Risk Tolerance:

9.1.1. If MSPL determines that the Risk associated with a particular type of Customer exceed its Risk Tolerance, it may decide not to accept or maintain that particular type of Customer.

9.1.2. Conversely, if MSPL determines that the Risk associated with a particular type of Customer are within the bound of its Risk Tolerance, it must ensure that Risk mitigation Measures it applies are appropriate with the Risk associated with that type of Customer.

9.1.3. Senior Management and the Board of Directors shall establish their Risk Tolerance.

9.2. Risk Mitigation and Controls Measures:

9.2.1. determining the scope of the identification and verification requirements or ongoing monitoring based on the risks posed by particular customers;

9.2.2. setting transaction limits for higher-risk Customers such as:

9.2.2.1. For Individual Customer, Rs. 5 million net of Sale and Purchase for a particular date;

9.2.2.2. For Corporate Customer, Rs. 25 million net of Sale and Purchase for a particular day.

9.2.2.3. For Foreigner Individual, $ 1 million net of Sale and Purchase for a particular day.

9.2.2.4. For Foreigner Corporate, $ 5 million net of Sale and Purchase for a particular day.

9.2.3. requiring senior management approval for higher-risk transactions, including those involving PEPs;

10. UPDATING THE RISK ASSESSMENT

10.1. Once the identification procedures have been completed and the business relationship is established, MSPL must monitor the conduct of the relationship to ensure that it is consistent with the nature of business stated when the account was opened.

10.2. MSPL shall conduct ongoing monitoring of its business relationship with customers.

10.3. Due diligence should include scrutinizing the transactions undertaken through the course of business relationship with a Customer.

10.4. For High Risk Customers, Risk Assessment shall continuously be reviewed and updated

10.5. Customer CDD record should be updated when the following occurs:

10.5.1. Where it comes to the attention of that MSPL lacks sufficient or significant information on that particular customer;

10.5.2. Where a significant transaction takes place;

10.5.3. Where there is a significant change in customer documentation standards;

10.5.4. Significant changes in the business relationship.

10.6. Risk Profiling of the Customer should be updated under the following circumstances:

10.6.1. New products or services being entered into;

10.6.2. The stated turnover or activity of a customer increases;

10.6.3. A person has just been designated as a PEP;

10.6.4. The nature, volume or size of transactions changes.

MOONACO SECURITIES (PVT.) LTD. TREC Holder & Broker 160 PSX

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Karachi Stock Exchange
Broker Reg. No. BRK-217 • TREC No. 160
410 - 411, 4th Floor Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Phone: 3246-3672 - 73 • Fax: 3242-5304
E-mail: accounts@moonaco.com

10.7. MSPL shall be vigilant for any significant changes or inconsistencies in the pattern of transactions. Possible areas to monitor could be:
- 10.7.1. transaction type;
- 10.7.2. frequency;
- 10.7.3. amount;
- 10.7.4. geographical origin/destination;
- 10.7.5. account signatories;

11. Customer due diligence (CDD):

11.1. For Natural Persons:

11.1.1. MSPL should know who its Customers are and it shall not keep anonymous accounts or accounts in fictions names.
- 11.1.1.1. Identify and verify the Customers including their beneficial owners;
- 11.1.1.2. Understand the intended nature and purpose of the relationship;
- 11.1.1.3. Know actual ownership; and
- 11.1.1.4. Know control structure of the Customer.

11.1.2. MSPL shall conduct CDD when establishing a business relationship if:
- 11.1.2.1. There is a suspicion of ML/TF
- 11.1.2.2. There are doubts as to the veracity or adequacy of the previously obtained customer identification information.

11.1.3. In case of suspicion of ML/TF, MSPL should:
- 11.1.3.1. Seek to identify and verify the identity of the customer and the beneficial owner(s), irrespective of any specified threshold that might otherwise apply; and
- 11.1.3.2. File a Suspicious Transaction Reporting ("STR") with the FMU, in accordance with the requirements under the Law.

11.1.4. MSPL shall monitor transactions to determine whether they are linked and restructured into two or more transactions of smaller values to circumvent the applicable threshold.

11.1.5. MSPL shall verify the identification of a customer using reliable independent source documents, data or information including verification of CNIC and understand who the ultimate beneficial owner is.

11.1.6. MSPL shall verify whether that authorized person is properly authorized to act on behalf of the customer while conducting CDD on the authorized person(s) using the same standards that are applicable to a customer and ascertaining the reason for such authorization and obtain a copy of the authorization document.

11.2. Beneficial Ownership of Legal Persons and Legal Arrangements:

11.2.1. MSPL shall identify and verify the identity of the customer, and understand the nature of its business, and its ownership and control structure.

11.2.2. If MSPL has any reason to believe that an applicant has been refused facilities by another Broker due to concerns over illicit activities of the customer, it should consider classifying that applicant:
- 11.2.2.1. as higher-risk and apply enhanced due diligence procedures to the customer and the relationship;
- 11.2.2.2. filing an STR; and/or
- 11.2.2.3. not accepting the customer in accordance with its own risk assessments and procedures.

11.3. Identification of Customers that are not physically present:

11.3.1 take supplementary measures to verify the information relating to the client that has been obtained.

11.4. If Customer Due Diligence Measures are Not Completed.

11.4.1. For New Customers:
- 11.4.1.1. it shall not open the account;

MOONACO SECURITIES (PVT.) LTD. TREC Holder & Broker 160 PSX

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Karachi Stock Exchange
Broker Reg. No. BRK-217 • TREC No. 160
410 - 411, 4th Floor Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Phone: 3246-3672 - 73 • Fax: 3242-5304
E-mail: accounts@moonaco.com

12. ENHANCED CUSTOMER DUE DILIGENCE MEASURES:

12.1. High Risk Persons or Transactions:

12.1.1. Persons or transactions involving a country identified as higher risk by FATF;

12.1.2. Persons or transactions involving higher risk countries for ML, TF and corruption or subject to international sanctions; and

12.1.3. Any other situation representing a higher risk of ML/TF including those that have been identified in the Risk Assessment.

12.2. High Risk Business Relationship (enhanced CDD measures include):

12.2.1. Obtaining additional information on the source of funds or source of wealth of the customer;

12.2.2. Obtaining additional information on the reasons for intended or performed transactions;

12.2.3. Obtaining the approval of senior management to commence or continue the business relationship; and

12.2.4. 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.

12.3. High Risk Countries and Territories (check the following regularly):

12.3.1. Sanctions list issued by the UN;

12.3.2. FATF high risk and non-cooperative jurisdictions;

12.3.3. FATF and its regional style bodies (FSRBs) and Transparency international corruption perception index;

12.3.4. FATF website:www.fatf-gafi.org ;

12.3.5. Transparency International website:www.transparency.org.

12.4. Complex and Unusual Transactions:

12.4.1. MSPL shall examine the background and purpose of all complex, unusual large transaction, and all unusual patterns of transactions, that have no apparent economic or lawful purpose.

12.5. Suspicious Accounts (enhanced CDD measures to the following accounts):

12.5.1. The Customer instructs not to issue any correspondence to the accountholder's address;

12.5.2. Hold Mail accounts; and

12.5.3. Where the evidence of identity of the account holder is not already in the file.

13. SIMPLIFIED DUE DILIGENCE MEASURES ("SDD"):

13.1. General Principles of SDD:

13.1.1. MSPL may conduct SDD in case of lower risks identified by it. While determining whether to apply SDD, particular attention should be paid to the level of risk assigned to the relevant sector, type of customer or activity.

13.2. Category of Low Risk Customers:

13.2.1. regulated person and banks provided they are subject to requirements to combat money laundering and terrorist financing consistent with the FATF recommendations and are supervised for compliance with those requirements;

13.2.2. public listed companies that are subject to regulatory disclosure requirements to ensure adequate transparency of beneficial ownership; and

13.2.3. financial products or services that provide appropriately defined and limited services to certain types of customers, so as to increase access for financial inclusion purposes.

13.3. SDD Measures:

13.3.1. reduced frequency of customer identification updates;

13.3.2. reduced monitoring and scrutinizing transactions

MOONACO SECURITIES (PVT.) LTD. TREC Holder & Broker 160 PSX

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Karachi Stock Exchange
Broker Reg. No. BRK-217 • TREC No. 160
410 - 411, 4th Floor Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Phone: 3246-3672 - 73 • Fax: 3242-5304
E-mail: accounts@moonaco.com

14. POLITICALLY EXPOSED PERSONS:

14.1. DEFINITION OF PEP:

14.1.1. A Politically Exposed Person (PEP) is defined by the Financial Action Task Force (FATF) as an individual who is, or has been entrusted with a prominent public function. Due to their position and influence, it is recognized that many PEPs are in positions that potentially can be abused for the purpose of committing money laundering (ML) offences and related predicate offences, including corruption, bribery, and conducting activity related to terrorist financing (TF). The potential risks associated with PEPs justify the application of additional anti-money laundering/counter-terrorist financing (AML/CFT) preventative measures with respect to business relationships with PEPs.

14.2. POLITICALLY EXPOSED PERSONS CATEGORIES

14.2.1. Foreign PEPs

Individuals who are, or have been entrusted with prominent public functions by a foreign country, for example heads of state or government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials.

14.2.2. Domestic PEPs

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

14.2.3. International organization PEPs

Persons who are, or have been entrusted with a prominent function by an international organization, refers to members of senior management or individuals who have been entrusted with equivalent functions i.e. directors, deputy directors, and members of the board or equivalent functions.

14.2.4. Family members

Individuals who are related to a PEP either directly or through marriage or similar (civil) forms of partnership.

14.2.5. Close associates

Individuals who are closely connected to a PEP, either socially or professionally.

14.3. How you will seek approval from senior management?

14.3.1. In assessing the ML/TF risk of a PEP, MSPL shall consider factors such as whether the Customer who is a PEP:

14.3.1.1. Is from a high risk country;

14.3.1.2. Has prominent public function in sectors know to be exposed to corruption;

14.3.1.3. Has business interests that can cause conflict of interests (with the position held).

14.4. Adequate measures to establish source of wealth and source of funds?

14.4.1. The information that is provided by the PEP is inconsistent with other information, such as asset declarations and published official salaries;

14.4.1.1. Funds are repeatedly moved to and from countries to which the PEP does not seem to have ties;

14.4.1.2. A PEP uses multiple bank accounts for no apparent commercial or other reason;

14.4.1.3. The PEP is from a country that prohibits or restricts certain citizens from holding accounts or owning certain property in a foreign country.

14.4.2. MSPL shall take a risk based approach in determining whether to continue to consider a customer as a PEP who is no longer a PEP. The factors to be considered include:

14.4.2.1. the level of influence that the individual could still exercise; and

14.4.2.2. whether the individual's previous and current function are linked in any way

MOONACO SECURITIES (PVT) LTD. TREC Holder & Broker 160 PSX

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Karachi Stock Exchange
Broker Reg. No. BRK-217 • TREC No. 160
410 - 411, 4th Floor Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Phone: 3246-3672 - 73 • Fax: 3242-5304
E-mail: accounts@moonaco.com

15. SUSPICIOUS TRANSACTION REPORTING:

15.1. Identifying suspicious transactions:

15.1.1. Where a transaction is inconsistent in amount, origin, destination, or type with a Customer's legitimate business or personal activities;

15.1.2. MSPL shall put on enquiry if transaction is considered unusual.

15.1.3. MSPL shall pay special attention to the following transactions:

15.1.3.1. All complex transactions;

15.1.3.2. Unusual large transactions; and

15.1.3.3. Unusual pattern of transactions.

15.1.3.4. Which have no apparent economic or visible lawful purpose.

15.2. Reporting to Compliance Officer:

15.2.1 Where the enquiries do not provide a satisfactory explanation of the transactions, respective salesperson may consider that there are grounds for suspicion requiring disclosure and escalating the matter to the Compliance Officer.

15.3. Reporting to Relevant Authority:

15.3.1. The Compliance Officer shall conduct enquiries regarding complex, unusual large transaction, and unusual patterns of transactions, their background and document their results properly. He may make such transaction available to relevant authorities upon their request.

15.3.2. Activities which should require further enquiry may be recognizable as falling into one or more of the following categories:

15.3.2.1. any unusual financial activity of the Customer in the context of the Customer's own usual activities;

15.3.2.2. any unusual transaction in the course of some usual financial activity;

15.3.2.3. any unusually-linked transactions;

15.3.2.4. any unusual method of settlement;

15.3.2.5. any unusual or disadvantageous early redemption of an investment product;

15.3.2.6. any unwillingness to provide the information requested.

15.3.3. Cash Transactions:

15.3.3.1. Where cash transactions are being proposed by Customers, and such requests are not in accordance with the customer's known reasonable practice, MSPL will need to approach such situations with caution and make further relevant enquiries.

15.3.3.2. Where MSPL has been unable to satisfy that any cash transaction is reasonable, and therefore should be considered as suspicious. It 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.

15.3.3.3. If MSPL decides that a disclosure should be made, the law requires to report STR without delay to the 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.

15.3.4. Reporting to Commission and FMU:

15.3.4.1. MSPL 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.

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

15.3.4.2.1. the date of the report;

15.3.4.2.2. the person who made the report;

15.3.4.2.3. the person(s) to whom the report was forwarded; and

15.3.4.2.4. reference by which supporting evidence is identifiable.

MOONACO SECURITIES (PVT.) LTD. TREC Holder & Broker 160 PSX

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Karachi Stock Exchange
Broker Reg. No. BRK-217 • TREC No. 160
410 - 411, 4th Floor Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Phone: 3246-3672 - 73 • Fax: 3242-5304
E-mail: accounts@moonaco.com

15.3.4.3. Where a Customer is hesitant/fails to provide adequate documentation (including the identity of any beneficial owners or controllers), MSPL shall consider filing a STR.

15.3.4.4. Where an attempted transaction gives rise to knowledge or suspicion of ML/TF, MSPL shall report attempted transaction to the FMU.

15.3.4.5. Once suspicion has been raised in relation to an account or relationship, in addition to reporting the suspicious activity MSPL shall ensure that appropriate action is taken to adequately mitigate its risk being used for criminal activities.

15.3.4.6. 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.

15.4. Tipping-off & Reporting:

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

15.4.2. If MSPL forms a suspicion of ML/TF while conducting CDD or ongoing CDD, it should take into account the risk of tipping-off when performing the CDD process.

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

15.4.4. MSPL shall ensure that their employees are aware of, and sensitive to these issues when conducting CDD or ongoing CDD.

16. TFS Obligations

(1) The regulated person shall undertake TFS obligations under the United Nations (Security Council) Act 1948 and/or Anti-Terrorism Act 1997 and any regulations made there under, including:

(a) develop mechanisms, processes and procedures for screening and monitoring customers, potential customers and beneficial owners/associates of customers to detect any matches or potential matches with the stated designated/proscribed persons in the SROs and notifications issued by MoFA, NACTA and MoI.

(b) If during the process of screening or monitoring of customers or potential customers the regulated person finds a positive or potential match, it shall immediately:

i. freeze the relevant funds and assets without delay the customer's fund/policy or block the transaction, without prior notice if it is an existing customer in accordance with the respective SRO.

ii. prohibit from making any funds or other assets, economic resources, or financial or other related services and funds in accordance with the respective SRO

iii. Reject the transaction or attempted transaction or the customer, if the relationship has not commenced.

(c) In all cases referred to in (b), the regulated person shall file a suspicious transaction report to the FMU in case that person is designated under United Nations Security Council Resolutions, or proscribed under the Anti-Terrorism Act, 1997 and simultaneously notify the Commission in the manner as may be instructed from time to time by the Commission.

(d) implement any other obligation under the AML Act 2010, United Nations (Security Council) Act 1948 and Anti-Terrorism Act 1997 and any regulations made there under.

(2) The regulated person is prohibited, on an ongoing basis, from providing any financial services to proscribed/ designated entities and persons or to those who are known for theirassociation with such entities and persons, whether under the proscribed/ designated name or with a different name. The regulated person should monitor their business relationships with the entities and individuals 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 regulated person shall take immediate action as per law, including reporting to the FMU.

Explanation: For the purposes of this section the expression associates means persons and entities acting on behalf of, or at the direction, or for the benefit, of proscribed/ designated entities and individuals that may be determined on the basis of appropriate screening of sanctions lists, disclosed nominee/beneficiary information, publicly known information, Government or regulatory sources or reliable media information, etc.

17. Record Keeping Procedures:

MSPL shall ensure that all information obtained in the context of CDD is recorded

MSPL 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.

Where there has been a report of a suspicious activity, records relating to the transaction or the customer shall be retained until confirmation is received that the matter has been concluded.

The following records of identification data obtained through the Customer Due Diligence process that would be useful to an investigation for a period of 5 years after the business relationship has ended must be kept: Account files; Business correspondence; Records pertaining to enquiries about Complex, Unusual large transactions and Unusual patterns of transactions.

Beneficial ownership information must be maintained for at least five years after the date on which the customer is dissolved or otherwise ceases to exist

Records relating to verification of identity will generally comprise a description of the nature of all the evidence received relating to the identity of the verification subject

Records relating to transactions will generally comprise details of personal identity, including the names and addresses, of the customer, the beneficial owner of the account or product; and Any counter-party

DETAILS OF SECURITIES AND INVESTMENTS TRANSACTED INCLUDING:

THE NATURE OF SUCH SECURITIES/INVESTMENTS; VALUATION(S) AND PRICE(S); MEMORANDA OF PURCHASE AND SALE; SOURCE(S) AND VOLUME OF FUNDS AND SECURITIES; DESTINATION(S) OF FUNDS AND SECURITIES; MEMORANDA OF INSTRUCTION(S) AND AUTHORITY(IES); BOOK ENTRIES; CUSTODY OF TITLE DOCUMENTATION; THE NATURE OF THE TRANSACTION; THE DATE OF THE TRANSACTION; THE FORM (E.G. CASH, CHEQUE) IN WHICH FUNDS ARE OFFERED AND PAID OUT.

18. Employee Screening and Training:

All Employees are expected to be fully aware of Anti-Money Laundering policies and procedures. Each Employee is required to address concerns to the Compliance Officer and sign the acknowledgement form confirming that he/she has read and understands SECP AML and CFT Policies and Procedures. All Employees are required at a time specified by the Compliance officer, to undertake training programs on AML and CFT Policies and Procedures, to get trained in how to recognize and deal with transactions which may be related to money laundering, to timely escalate and report the matter to the Compliance Officer.

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

Amendment to AML and CFT Policies, Procedures and Controls

18. Refer to National Risk Assessment Report (NRA) of Pakistan of 2019

In light of the National Risk Assessment Report (NRA) of Pakistan released by SECP on September 13, 2019, Moonaco Securities (Private) Limited shall also follow the methodology for Internal Risk Assessment as required by NRA Report. The concepts as defined by NRA report, i.e. threat, vulnerabilities, inherent risk, consequences and likelihood of ML/TF and remedial measures/controls will be taken into consideration. The vulnerabilities will be assessed by considering the products and services offered, the customers, the geographical reach and delivery channels available.

Some key points to consider in light of NRA report:

- Transnational Risk: Analysis of ML/TF threats and vulnerability
- Customers from High Risk Areas/Jurisdiction (Afghan diaspora, Southern Punjab, Balochistan, KPK) should be identified
- Monitor customers from KPK and Balochistan because Afghan Refugees have been settled in these areas for the last 40 years
- Monitor non-resident clients because their source of funds is not easily verifiable
- Customers should be identified by occupation (ratings might change for importer/exporter in view of high risk rating for the smuggling crime, legal persons, NPOs and DNFBPs etc.
- Remedial measures/controls put in place to mitigate the risks with respect to various types of customers and their nature of business
- Reporting of STRs and CTRs

MOONACO SECURITIES (PVT) LTD.

CHIEF EXECUTIVE / DIRECTOR.

ML/TF Warning Signs/ Red Flags

The following are some of the warning signs or "red flags" to which the Company should be alerted. The list is not exhaustive, but includes the following:

1. Customers who are unknown to the broker and verification of identity / incorporation proves difficult.
2. Customers who wish to deal on a large scale but are completely unknown to the broker.
3. Customers who wish to invest or settle using cash.
4. Customers who use a cheque that has been drawn on an account other than their own.
5. Customers who change the settlement details at the last moment.
6. Customers who insist on entering into financial commitments that appear to be considerably beyond their means.
7. Customers who accept relatively uneconomic terms, when with a little effort they could have a much better deal.
8. Customers who have no obvious reason for using the services of the broker (e.g.: customers with distant addresses who could find the same service nearer their home base; customers whose requirements are not in the normal pattern of the service provider's business which could be more easily serviced elsewhere).
9. Customers who refuse to explain why they wish to make an investment that has no obvious purpose.
10. Customers who are introduced by an overseas agent based in a country noted for drug trafficking or distribution.
11. Customers who carry out large numbers of transactions with the same counterparty in small amounts of the same security, each purchased for cash and then sold in one transaction, particularly if the proceeds are also then credited to an account different from the original account.
12. Customer trades frequently, selling at a loss.
13. Customers who constantly pay-in or deposit cash to cover requests for banker's drafts, money transfers or other negotiable and readily marketable money instruments.
14. Customers who wish to maintain a number of trustee or customers' accounts which do not appear consistent with the type of business, including transactions which involve nominee names.
15. Any transaction involving an undisclosed party.
16. Transfer of the benefit of an asset to an apparently unrelated third party, or assignment of such benefit as collateral.
17. Significant variation in the pattern of investment without reasonable or acceptable explanation.
18. Transactions appear to be undertaken in a structured, sequential manner in order to avoid transaction monitoring/ reporting thresholds.
19. Transactions involve penny/microcap stocks.
20. Customer requests a securities provider to execute and/or clear a buy order and sell order for the same security or similar or correlated securities (and/or on behalf of the same beneficial owner), in close chronology.
21. Transfers are made to the same person from different individuals or to different persons from the same individual with no reasonable explanation.
22. Unusually large aggregate wire transfers or high volume or frequency of transactions are made with no logical or apparent reason.
23. Customer invests in securities suddenly in large volumes, deviating from previous transactional activity.
24. Customer conducts mirror trades.
25. Customer closes securities transaction before maturity, absent volatile market conditions or other logical or apparent reason.

Proliferation Financing Warning Signs/Red Alerts

Company will take note of the following circumstances where customers and transactions are more vulnerable to be involved in proliferation financing activities relating to both DPRK and Iran sanctions regimes:

(a) customers and transactions associated with countries subject to sanctions;

(b) instruments that could particularly be used to finance prohibited transactions, such as certain trade financing products and services;

(c) customers involved with and/or transactions related to items, materials, equipment, goods and technology prohibited by UNSCRs;

(d) reasonableness of invoiced goods against market value, inconsistency or discrepancies in trade-related documentation.

In particular, Company will be alert to the following non-exhaustive list of factors that are relevant to the DPRK sanctions regime:

(a) significant withdrawals or deposits of bulk cash that could potentially be used to evade targeted financial sanctions and activity-based financial prohibitions;

(b) opening of banking accounts by DPRK diplomatic personnel, who have been limited to one account each under relevant UNSCRs (including number of bank accounts being held, holding of joint accounts with their family members);

(c) clearing of funds, granting of export credits or guarantees to persons or entities that are associated with trading transactions relating to the DPRK;

(d) using real property that DPRK owns or leases in Pakistan for any purpose other than diplomatic or consular activities.

(e) FMU has prepared following non-exhaustive list of red flags indicators to identify a suspicion that could be indicative of Proliferation Financing. The Company shall abide these to identify certain customers and/or transactions:

Customer Behavior:

1) When customer is involved in the supply, sale, delivery or purchase of dual-use, proliferation sensitive or military goods, particularly to higher risk jurisdictions.
2) When customer or counter-party, or its address, is the same or similar to that of an individual or entity found on publicly available sanctions lists.
3) The customer is a research body connected with a higher risk jurisdiction of proliferation concern.

4) When customer's activities do not match with the business profile provided to the company.
5) When customer is vague about the ultimate beneficiaries and provides incomplete information or is resistant when requested to provide additional information.

Transactional Patterns:

1) The transaction(s) involve an individual or entity in any country of proliferation concern.
2) The transaction(s) related to dual-use, proliferation-sensitive or military goods, whether licensed or not.

Identification of Beneficial owner in relation to legal person, legal entity (Corporation, partnership, trust, NPOs)

The company may deal with the beneficial owner in following situation where:

(a) the person it is doing business with, who may be the legal owner of the entity, or
(b) the person, or group of persons, who own/s or controls that business.

A corporation may have more than one beneficial owner or group of owners, to conceal the identity of absolute controlling person or interests. The "ultimate beneficial owner" of a legal entity is thus:

(a) one who holds 25% or more of share capital; or
(b) one who exercises 25% or more of the voting rights; or
(c) a beneficiary of 25% or more of the legal entity's capital; or
(d) a 'nominee director 'appointed on behalf of another person and used to conceal the identity of the true owner of the company or some illicit activity; or
(e) a company or other legal entity who is a 'corporate director', who may be used to construct complex and opaque corporate structures across multiple jurisdictions to facilitate illicit activity

Essentially there are three tests for identifying the beneficial owner of a company as provided in the AML/CFT legislations: controlling ownership test, control through other means test and senior management test. The three tests are a cascading process, to be used in succession, when a previous test has been taken but has not resulted in the identification of the beneficial owner. These are explained in the Table below.

TEST 1: The Legal Ownership Test

This test is still about control, but control primarily through legal ownership. In general the threshold to use is 25% or more to determine controlling legal ownership, but there may be a need to use a lower threshold.

1. **Ownership threshold approach**: The natural person(s) who directly or indirectly holds a minimum percentage of ownership interest in the legal person, so that he/she can exercise controlling ownership interest (e.g. voting rights).	• Any individual owning more than a certain percentage of the company i.e. 25%. If 25% is the threshold there can only be a maximum of 4 beneficial owner as provided in Section 123A of the Companies Act. • While 25% or more may be used for the controlling ownership test, If the 25% threshold does not identify any beneficial owners, or there are concerns or doubts that the 25% threshold has correctly identified all the beneficial owners , it is recommended that a lower threshold of 20% be used, and then 10%, if needed. • Individuals may not meet the ownership threshold (e.g. below 25%) but because they are connected (e.g. family or extended family), collectively they can exercise control – refer to Test 2.

TEST 2: The Control Test

This is normally the second test used to identify beneficial owner. This test is used when there is doubt that the person with the controlling ownership interest is the beneficial owner or where no natural persons exerts control through ownership interest. For example, no one owns more than 25% or more, or there are so many layers of indirect ownership that it is difficult to identify the individuals who own the company in the top layer

2. **Majority interest approach:** Shareholders who exercise control alone or together with other shareholders, including through any contract, understanding, relationship, intermediary or tiered entity.	• For example, to appoint or remove the majority of the board of directors, or its chair, or CEO of the company; • This can be achieved by exercising 25% or more of the voting rights other than through legal ownership e.g. shareholders agreement to vote collectively to control a company even though individually they do not have 25% or more.
3. **Connections or contractual relations approach:** Natural persons who may control the legal person through other means	• For example, the natural person(s) who exerts control of a legal person through other means such as personal connections to persons in positions described above or that possess ownership. • The natural person(s) who exerts control without ownership by participating in the financing of the enterprise, or because of close and intimate family relationships, historical or contractual associations, or if a company defaults on certain payments.
4. **Company director's position approach:** The natural person(s) responsible for strategic decisions that fundamentally affect the business practices or general direction of the legal person.	The identification of the directors may still provide useful information.

TEST 3: The Senior Management Test

In the event the beneficial owner cannot be identified or verified through Tests 1 and 2, the use of the senior management approach is an alternative test of beneficial ownership.

5. Senior management approach (alternative test): The natural person(s)	• For example, Dispersed ownership; Multiple layers of ownership, including in overseas secrecy jurisdiction.
who exercises executive control over the daily or regular affairs of the legal person through a senior management position.	• The senior management test for, example, may include the chief executive officer (CEO), chief financial officer (CFO), managing or executive director, or president. • It is the natural person(s) who has significant authority over a legal person's financial relationships (including with financial institutions that hold accounts on behalf of a legal person) and the ongoing financial affairs of the legal person.

To assist Regulated person i.e. the Company in identifying and verifying UBO, the following two documents will be useful:

(1) Register of Ultimate Beneficial Ownership Information of the Company, maintained under Section 123A of Companies Act 2017, relates to the Register of Ultimate Beneficial Ownership which may be beyond the first layer of shareholding of the company.
(2) (ii) Register of Members of a Company, maintained under Section 119 of the Companies Act, 2017, provides information on shareholders/members of the company whether natural or legal persons

Basically for simple company structures where individuals own the company directly, the company will need the information that the legal entity is required to keep under Section 119 of the Companies Act. However, where another legal entity owns the company customer (company), then the company will need the Register of Ultimate Beneficial Ownership maintained by the legal entity under S123 (A) of the Companies Act 2017. The UBO register should identify beneficial ownership, even when the legal entity (a shareholder of company customer) is owned by other entity through a chain of corporate ownership). The company shall request form 45 form the legal entity to identify UBO.

Moonaco Securities (Private) Limited
KYC & CDD Policy

Customer Identification

- 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 himself 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.

- 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 (e.g. third party verification, references etc.). When obtaining confirmation from the third parties in different jurisdictions, it must be considered whether that jurisdiction is following the FATF recommendations.

Customer Due Diligence

The regulated person shall conduct CDD as set out in the AML Act. The regulated person shall categorize each customer's risk depending upon the outcome of the CDD process. The regulated person shall:

(a) identify the customer; and
(b) verify the identity of that customer using reliable and independent documents, data and information

Where the customer is represented by an authorized agent or representative, the regulated person shall:
(a) identify every person who acts on behalf of the customer,
(b) verify the identity of that person in using reliable and independent documents, data and information; and
(c) verify the authority of that person to act on behalf of the customer.

The regulated person shall also identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner by using reliable and independent document, data or sources of information, such that the regulated person is satisfied that it knows who the beneficial owner is.

For customers that are legal persons or legal arrangements, the regulated person shall identify the customer and verify its identity by obtaining the following information:
(a) name, legal form and proof of existence;
(b) the powers that regulate and bind the legal person or arrangement, as well as the names of the relevant persons having a senior management position in the legal person or arrangement; and
(c) the address of the registered office and, if different, a principal place of business.
(2) For customers that are legal persons or legal arrangements, the financial institution should be required to understand the nature of the customer's business and its ownership and control structure.

For customers that are legal persons, the regulated person shall identify and take reasonable measures to verify the identity of beneficial owners by:
(a) identifying the natural person(s) (if any) who ultimately has a controlling ownership interest (as defined under relevant laws) in a legal person; and
(b) to the extent that there is doubt under (a) as to whether the person(s) with the controlling ownership interest is the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural person(s) (if any) exercising control of the legal person or arrangement through other means; and
(c) where no natural person is identified under (a) or (b) above, the identity of the relevant natural person who holds the position of senior managing official.

For customers that are legal arrangements, the regulated person shall identify and take reasonable measures to verify the identity of beneficial owners as follows:
(a) for trusts, the identity of the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust (including through a chain of control/ownership);
(b) for waqfs and other types of legal arrangements, the identity of persons in equivalent or similar positions as specified in (a).
(c) Where any of the persons specified in (a) or (b) is a legal person or arrangement, the identity of the beneficial owner of that legal person or arrangement shall be identified.

The regulated person should identify the customer and beneficial owner before establishing a business relationship or during the course of establishing a business relationship.
The regulated person may complete verification of a customer or beneficial owner's identity after the establishment of the business relationship, provided that-
(a) this occurs as soon as reasonably practicable;
(b) this is essential not to interrupt the normal conduct of business; and
(c) the ML/TF risks are low.
The types of circumstances where the regulated person permits completion of verification after the establishment of the business relationship should be recorded in the CDD policies.
The regulated person shall adopt risk management procedures concerning the conditions under which a customer may utilize the business relationship prior to verification.

Existing Customers:

(1) The regulated person is required to apply CDD requirement to its existing customers on the basis of materiality and risk and should conduct due diligence on existing relations at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained.

(2) For existing customers who opened accounts with old NICs, the regulated person shall ensure that attested copies of identity documents shall be present in the regulated person record. The regulated person shall block accounts without identity document (after serving one-month prior notice) for all withdrawals, until the subject regulatory requirement is fulfilled. However, upon submission of attested copy of identity document and verification of the same from NADRA or biometric verification, the block from the accounts shall be removed.

(3) For customers whose accounts are dormant or in-operative, withdrawals shall not be allowed until the account is activated on the request of the customer. For activation, the regulated person shall conduct NADRA Verisys or biometric verification of the customer and obtain attested copy of customer's valid identity document (if already not available) and fulfill the regulatory requirements.

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.

Following are general broad outline of factors that will categorize the customers into high risk category:

- 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 brokerage services by another brokerage house;
- 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

  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.

- Self assessment shall be conducted for money laundering and terrorist financing risk, identifying and documenting the key risks presented by virtue of company's business model, types of customers and geographical placement on case to case basis.

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.

- When it will be not possible to identify and verify the identity of the customer and the beneficial owner or will be not possible to obtain adequate information regarding the purpose and intended nature of the customer relationship, account shall not be opened, customer relationship shall not be commenced or in the case of an existing customer relationship shall be terminated and filing of a Suspicious Transaction Report shall be considered.

(1) Regulated person shall implement appropriate internal risk management systems, policies, procedures and controls to determine if any customer presents high risk of ML/TF. The regulated person shall apply EDD where a customer presents high risk of ML/TF including but not limited to the following circumstances:
(a) business relationships and transactions with natural and legal persons when the ML/TF risks are higher;
(b) business relationships and transactions with natural and legal persons from countries for which this is called for by the FATF;
(c) PEPs and their close associates and family members.
(2) EDD measures include but shall not be limited to the following measures:
(a) Obtaining additional information on the customer (e.g. volume of assets, information available through public databases, internet, etc.), and updating more regularly the identification data of customer and beneficial owner;
(b) Obtaining additional information on the intended nature of the business relationship;
(c) Obtaining information on the source of funds or source of wealth of the customer;
(d) Obtaining information on the reasons for intended or performed transactions.
(e) Obtaining the approval of senior management to commence or continue the business relationship;
(f) 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.

(3) The regulated person shall implement appropriate internal risk management systems, to determine if a customer or a beneficial owner is a PEP or a close associate or family member of a PEP, both prior to establishing a business relationship or conducting a transaction, and periodically throughout the course of business relationship. The regulated person shall apply, at minimum the following EDD measures:
(a) obtain approval from senior management to establish or continue a business relationship where the customer or a beneficial owner is a PEP, close associate or family member of a PEP or subsequently becomes a PEP, close associate and family member of a PEP;
(b) take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as a PEP, close associate or family member of a PEP; and (c) conduct enhanced ongoing monitoring of business relations with the customer or beneficial owner identified as a PEP, close associate and family member of a PEP.

On-Going Due Diligence

- It shall be ensured 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 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.

- It shall be ensured that the customers' records are updated at regular intervals and sufficient information is obtained regarding any significant change in the customers' profiles.

Simplified 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.

    The regulated person may apply SDD only where low risk is identified through adequate analysis through its own risk assessment and any other risk assessment publicly available or provided by the Commission in accordance with section 6 of these regulations and commensurate with the lower risk factors. The decision to rate a customer as low risk shall be justified in writing by the regulated person. SDD measures include the following measures:
    (a) Verifying the identity of the customer and the beneficial owner after the establishment of the business relationship;
    (b) Reducing the degree of on-going monitoring and scrutinizing transactions, based on a reasonable monetary threshold as prescribed or as set out by the Commission;
    (c) Not collecting specific information or carrying out specific measures to understand the purpose and intended nature of the business relationship, but inferring the purpose and nature from the type of transactions or business relationship established.
    The regulated person shall not apply any simplified CDD whenever there is a suspicion of money laundering or terrorist financing

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

- 1) In order to implement compliance programs, the regulated person shall implement the following internal policies, procedures and controls:
- (a) compliance management arrangements, including the appointment of a compliance officer at the management level, as the individual responsible for the regulated person's compliance with these Regulations, the AML Act and other directions and guidelines issued under the aforementioned regulations and laws;
- (b) screening procedures when hiring employees to ensure the integrity and conduct, skills, and expertise of such employees to carry out their functions effectively;
- (c) an ongoing employee training program; and
- (d) an independent audit function to test the system.
- (2) For purposes of (a) the regulated person shall ensure that the compliance officer:
- (a) reports directly to the board of directors or chief executive officer or committee;
- (b) has timely access to all customer records and other relevant information which they may require to discharge their functions, as well as any other persons appointed to assist the compliance officer;
- (c) be responsible for the areas including, but not limited to-
- i. ensuring that the internal policies, procedures and controls for prevention of ML/TF are approved by the board of directors of the regulated person and are effectively implemented;
- ii. monitoring, reviewing and updating AML/CFT policies and procedures, of the regulated person;
- iii. providing assistance in compliance to other departments and branches of the regulated person;
- iv. timely submission of accurate data/ returns as required under the applicable laws;
- v. monitoring and timely reporting of Suspicious and Currency Transactions to FMU; and
- vi. such other responsibilities as the regulated person may deem necessary in order to ensure compliance with these regulations.
- In the case of a corporate group the regulated person shall implement:
- (a) policies and procedures for sharing information required for the purposes of CDD and risk management;
- (b) the provision, at group-level compliance, audit, and/or AML & CFT functions, of customer, account, and transaction information from branches and subsidiaries when necessary for AML & CFT purposes.
- (c) adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.
- The regulated person shall ensure that their foreign branches and majority-owned subsidiaries apply AML & CFT measures consistent with Pakistan requirements where the minimum AML & CFT requirements are less strict than Pakistan, to the extent that host country laws. If the foreign country does not permit the proper implementation of AML/CFT measures consistent with that of Pakistan requirements, financial groups should to apply appropriate additional measures to manage the risks, and inform the Commission.

Data Retention

- It shall be required to 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.

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 Act, 2010 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.

A checklist has been developed and annexed to this policy. Details of necessary documents, information and procedures required to be obtained/followed have been incorporated therein. Further, necessary documents/information required have also mentioned in relevant account opening forms and are not reproduced herein to avoid repetition.

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

For due diligence purposes, at the minimum, information as mentioned in Note to Annex 1 of SECP (AML / CFT) Regulations, 2020 shall also be

Annex 1

S No.	Type of Customer	Minimum Documents required for CDD
1.	Individuals	A [31][copy] of any one of the following valid identity documents: (i) Computerized National Identity Card (CNIC)/Smart National Identity Card (SNIC) issued by NADRA; (ii) National Identity Card for Overseas Pakistani (NICOP/SNICOP) issued by NADRA; (iii) Form-B/Juvenile card/ [32][Child Registration Certificate (CRC)] issued by NADRA to children under the age of 18 years; (iv) Pakistan Origin Card (POC) issued by NADRA; (v) Alien Registration Card (ARC) issued by National Aliens Registration Authority (NARA), Ministry of Interior (local currency account only); (vi) [33][*]Proof of Registration (POR) Card issued by NADRA; and (vii) Passport; having valid visa on it or any other proof of legalstay along with passport (foreign national individuals only).
2.	Joint Account	(i) A [34][copy] of any one of the documents mentioned at Serial No. I; and (ii) In the case of joint accounts, CDD measures on all of the joint account holders shall be performed as if each of them is individual customers of the RP.
3.	Sole proprietorship	(i) [35][Copy] of identity document as per Sr. No. 1 above of the proprietor; (ii) Attested copy of registration certificate for registered concerns; (iii) Sales tax registration or NTN, wherever applicable; (iv) Account opening requisition on business letter head; (v) Registered/ Business address; and (vi) [36][Certificate or proof of membership of trade bodies etc., (if any)]

MOONACO SECURITIES

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

4.	Partnership	(i) [37][Copies] of identity documents as per Sr. No. 1 above ofall 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; and (v) Registered/ Business address.
5.	Limited Liability Partnership (LLP)	(i) [38][Copies] of identity documents as per Sr. No. 1 above of all the partners and authorized signatories; (ii) Certified Copies of: (a) Limited Liability Partnership Deed/Agreement; (b) LLP-Form-III having detail of partners/designated partner incase of newly incorporated LLP; (c) LLP-Form-V regarding change in partners/designated partner in case of already incorporated LLP; and (iii) Authority letter signed by all partners, authorizing the person(s) to operate LLP account.
6.	Limited Companies/ Corporations	(i) Certified copies of: (a) Resolution of Board of Directors for opening of account specifying the person(s) authorized to open and operate the account; (b) Memorandum and Articles of Association; (ii) Certified copy of Latest 'Form-A/Form-B'. (iii) Incorporate Form II in case of newly incorporated company and Form A / Form C whichever is applicable; and Form 29 in already incorporated companies; (iv) [39][Copies] of identity documents as per Sr. No. 1 above of all the directors and persons authorized to open and operate the account; and (v) [40][Copies] of identity documents as per Sr. No. 1 above of the beneficial owners.
7	Branch Office or Liaison Office of Foreign Companies	(i) A copy of permission letter from relevant authority i-e Board of Investment; (ii) [41][Copies] of valid passports of all the signatories of account; (iii) List of directors on company letter head or prescribed format under relevant laws/regulations; (iv) Certified copies of: (a) Form II about particulars of directors, Principal Officer etc.

		in case of newly registered branch or liaison office of a foreign company; (b) Form III about change in directors, principal officers etc. in already registered foreign companies branch or liaison office of a foreign company; (v) A Letter from Principal Office of the entity authorizing the person(s) to open and operate the account; and (vi) Branch/Liaison office address.
8	Trust, Clubs, Societies and Associations etc.	(i) Certified copies of: a. Certificate of Registration/Instrument of Trust; b. By-laws/Rules & Regulations; (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; (iii) [42][Copy] 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; and (iv) Registered address/ Business address where applicable.
9	NGOs/NPOs/Charities	(i) Certified copies of: (a) Registration documents/certificate; (b) By-laws/Rules & Regulations; (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; (iii) [43][Copy] 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; (iv) Any other documents as deemed necessary including its annual accounts/ financial statements or disclosures in any form which may help to ascertain the detail of its activities, sources and usage of funds in order to assess the risk profile of the prospective customer; and (v) Registered address/ Business address.

10	Agents	(i) Certified copy of 'Power of Attorney' or 'Agency Agreement'; (ii) [44][Copy] of identity document as per Sr. No. 1 above of the agent and principal; (iii) The relevant documents/papers from Sr. No. 2 to 7, if agent or the principal is not a natural person; and (iv) Registered/ Business address.
11	Executors and Administrators	(i) [45]**[**Copy] of identity document as per Sr. No. 1 above of the Executor/Administrator; (ii) A certified copy of Letter of Administration or Probate; and (iii) Registered address/ Business address.
12	Minor Accounts	(i) [46][Copy] of Form-B, Birth Certificate or Student ID card (as appropriate); and (ii) [47][Copy] of identity document as per Sr. No. 1 above of the guardian of the minor.
13	[48][Mentally Disordered Person Account:	(i) Copy of applicable valid identity documents of mentally disordered person and court appointed manager under the applicable laws related to mental health; (ii) Certified true copy of court order for appointment of manager for mentally disordered person; (iii) Verification of identity document through bio-metric verifications from NADRA for both persons i.e. mentally disordered person and the manager appointed by court; (iv) Verification of court order from the concerned court (to be obtained by Regulated Person); (v) Account would be opened in the name of mentally disordered person and the same will be operated by the court appointed manager; (vi) All CDD requirements/formalities should be conducted / completed for both persons; and (vii) In case of change of manager by the court, the CDD will be conducted for the new appointed manager by the Regulated Person afresh.]

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

Note:

(i) For due diligence purposes, at the minimum following information shall also be obtained and recorded on KYC (Know Your Customer)/CDD form or account opening form:

(a) Full name as per identity document;
(b) Father/Spouse Name as per identity document;
(c) Mother Maiden Name;
(d) Identity document number along with date of issuance and expiry;
(e) Existing residential address (if different from CNIC);
(f) Contact telephone number(s) and e-mail (as applicable);
(g) Nationality-Resident/Non-Resident Status
(h) FATCA/CRS Declaration wherever required;
(i) Date of birth, place of birth;
(j) Incorporation or registration number (as applicable);
(k) Date of incorporation or registration of Legal Person/ Arrangement;
(l) Registered or business address (as necessary);
(m) Nature of business, geographies involved and expected type of counter-parties (as applicable);
(n) Type of account/financial transaction/financial service;
(o) Profession / Source of Earnings/ Income: Salary, Business, investment income;
(p) Purpose and intended nature of business relationship;
(q) Expected monthly turnover (amount and No. of transactions); and
(r) Normal or expected modes of transactions/ Delivery Channels.

(ii) [49][The copies of identity documents shall be validated through NADRA verisys or Biometric Verification. The regulated person shall retain copy of NADRA verisys or Biometric Verification (hard or digitally) as a proof of obtaining identity from customer; and]

(iii) [50][***] omitted.

(iv) In case of expired CNIC, account may be opened on the basis of attested copies of NADRA receipt/token and expired CNIC subject to condition that regulated person shallobtain copy of renewed CNIC of such customer within 03 months of the opening of account.

(v) For CNICs which expire during the course of the customer's relationship, regulated person shall design/ update their systems which can generate alerts about the expiry of CNICs at least 01 month before actual date of expiry and shall continue to take reasonable measures to immediately obtain copies of renewed CNICs, whenever expired. In this regard, regulated person are also permitted to utilize NADRA Verisys reports of renewed CNICs and retain

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

copies in lieu of valid copy of CNICs. However, obtaining copy of renewed CNIC as per existing instructions will continue to be permissible.

(vi) The condition of obtaining Board Resolution is not necessary for foreign companies/entities belonging to countries where said requirements are not enforced under their laws/regulations. However, such foreign companies will have to furnish Power of Attorney from the competent authority for establishing Business Relationship to the satisfaction of the regulated person.

(vii) [51][The condition of obtaining photocopies of identity documents of directors of Limited Companies/ Corporations is relaxed in case of Government/ Semi Government entities, where SECP RPs should obtain photocopies of identity documents of only those directors and persons who are authorized to open and operate the account. However, SECP RPs shall validate identity information including CNIC numbers of other directors from certified copies of Form-A / Form-B / Form-29"].

(viii) Government entities accounts shall not be opened in the personal names of a government official. Any account which is to be operated by an officer of the Federal or Provincial or Local Government in his/her official capacity, shall be opened only on production of a special resolution or authority from the concerned administrative department or ministry duly endorsed by the Ministry of Finance or Finance Department/Division of the concerned Government.

Explanation:- For the purposes of this regulation the expression "Government entities" includes a legal person owned or controlled by a Provincial or Federal Government under Federal, Provincial or local law.

Explanation:- For the purpose of this Annexure I the expression "NADRA" means National Database and Registration Authority established under NADRA Act, (VIII of 2000).

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

This update to the policy aims to strengthen measures against financial crimes and terrorism funding. Scope of regulations expanded to include Countering Proliferation Financing, ensuring stricter adherence to global standards. To improve the detection and prevention of money laundering, terrorism financing, and proliferation financing.

Key Changes:

Terminology Update: Added “Countering Proliferation Financing (CPF)” to expand the scope of AML/CFT regulations

New definitions introduced such as Designated Person: An individual/entity listed under UN sanctions

Proliferation Financing: Funding related to weapons of mass destruction

Mentally Disordered Person: A person defined under mental health laws

CDD: We can rely on third parties for customer identification but remain responsible for compliance

BO: Additional measures required for verifying identities and beneficial ownership

Foreign Branches: Must follow Pakistan's AML rules if local laws allow. If not, they must apply risk management measures and inform SECP.

Documentary Requirements: Updated requirements for account opening documents, including membership proofs for trade bodies and certified court orders for special accounts.

Validation Procedures: NADRA biometric verification is mandatory for identity documents to ensure accuracy

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

Updates related to Pakistan's National Risk Assessment 2023:

Changes in Risk Rating

	NRA 2019	NRA 2023
Rating Scales	High	Very High
	Medium High	High
	Medium	Medium
	Medium Low	Low
	Low	

Inherent Vulnerability Assessment Ratings of the LPLAs

Type of LP/LA	No. of LP/LAs (30-06-2022)	NRA 2019 Risk Rating	SRA 2021 Risk Rating	NRA 2023 Risk Rating
Private Limited Companies	164,283	High	High	Very High
Public companies	4,460	Low	Low	Low
Companies Limited by Guarantee	417	Medium	Low	Low
Foreign Companies	1,084	High	High	Very High
Limited Liability Partnerships (LLPs)	1,904	High	Medium	Medium
Cooperatives	21,986	Low	Low	Low
Trusts	2,606	High	Medium	Medium
Waqfs	1,998	High	Medium	Medium
TOTAL	198,738			

Table 4.6 Channel-wise TF Data

Sr. No.	Sectoral channel	NRA 2023
1	Cash/ Cash couriers	Very High
2	Illegal MVTS	Very High
3	Banking	High
5	Branchless Banking	High
4	Virtual Currency	Medium
6	Exchange Companies	Medium
7	Securities	Low
8	Insurance	Low
9	NBFCs & *Modaraba*	Low
10	Microfinance	Low
11	Legal persons & legal arrangements	Low

Moonaco Securities (Private) Limited
TRE Certificate Holder: Pakistan Stock Exchange
TREC No. 160 • NTN: 2779030-4
Company Reg. No. 0057792

410-411, 4th Floor, Pakistan Stock Exchange Building
Stock Exchange Road, Karachi, Pakistan
Telephone: +92 21 3246 3672, +92 21 3246 1552
Email: accounts@moonaco.com

Table: 5.1 Inherent Vulnerability Assessment Ratings of the Financial and DNFBP Sectors

Sector		No. of Entities	Supervisor	2019 Risk Rating	2023 Risk Rating	Change in Rating
Sr. No.	**Financial Sector**					
1	Banks	32	SBP	High	Very High	↔
2	Microfinance Banks (MFBs)	11		High	High	↓
3	Exchange Companies (ECs)	46		High	High	↓
4	Development Finance Institutions (DFIs)	7		Low	Low	↔
5	Securities Market	200	SECP	Medium High	Medium	↓
6	NBFCs (Fund Management)	90		Medium High	Medium	↓
7	NBFCs (Lending & *Modarbas*)			Medium High	Medium	↓
8	Life Insurance Companies	10		Medium	Medium	↔
9	Non-Life Insurance Companies	30		Low	Low	↔
10	Central Directorate of National Savings (CDNS)	1	NSSB	High	Medium	↓
Sr. No.	**DNFBP Sector**					
1	Real Estate Agents	40,833	FBR	High	Very High	↔
2	Dealers in Precious Metals & Stones (DPMS)	18,675		Medium High	High	↔
3	Lawyers, TCSPs and Notaries	138	PBC/ SECP	Medium High	Low	↓
4	Accountants	75	ICAP /ICMA	Medium	Low	↓
		98	FBR			

NPOs Sector	Social Welfare	Charity	Religious	Education	Others
Risk Rating	High	High	High	High	Low