



Ghani Osman Securities (Pvt) Ltd

Anti-Money Laundering(AML) / Countering
Financing of Terrorism(CFT) Policies,
Procedures and Controls

Anti-Money Laundering Policy

Objectives:

The objective of this policy is to ensure that the services of the Company are not used to launder the proceeds of crime and that all of the Company's staff is aware of their obligations and the need to remain vigilant in the fight against money laundering/terrorist financing. This Policy also provides a framework to comply with applicable laws, Regulatory guidelines specially related with detection and reporting of suspicious activities.

Scope:

The Policy is mandatory for the Company and all its Employees. The company should use its best endeavors to ensure that he Employees are not involved in money laundering and terrorist financing.

Money Laundering According to Law:

As per the Section 3 of Anti-Money Laundering Act, 2010,

Offence of money laundering.—A person shall be guilty of offence of money laundering, if the person:

(a) Acquires, converts, possesses, uses or transfers property, knowing or having reason to believe that such property is proceeds of crime;

(b) Conceals or disguises the true nature, origin, location, disposition, movement or ownership of property, knowing or having reason to believe that such property is proceeds of crime;

(c) holds or possesses on behalf of any other person any property knowing or having reason to believe that such property is proceeds of crime; or

(d) Participates in, associates, conspires to commit, attempts to commit, aids, abets, facilitates, or counsels the commission of the acts specified in clauses (a), (b) and (c).

Where "property" means property or assets of any description, whether corporeal or incorporeal, movable or immovable, tangible or intangible, and includes deeds and instruments evidencing title to, or interest in, such property or assets, including cash and monetary instruments, wherever located;

Definition

Money Laundering is the criminal practice of processing ill-gotten gains or “dirty” money, through a series of Transactions, so that they appear to be the proceeds from legal activities, it is also the process to change the identity of illegally obtained money by using banking channel so that it appears to have originated from a legitimate source.

Money Laundering (ML) Cycle:

Placement

Placement, being the first stage is the means by which funds derived from a criminal activity are introduced into the financial system.

Layering

The aim of the second stage is to disguise the transaction through a succession of complex financial transactions i.e. conversion into shares, bonds, income fund units with the purpose of erasing as quickly as possible all links with its unlawful origin.

Integration

Complex integration schemes then place the laundered funds back into the economy through real estate, business assets, securities and equities, in such a way that they re-enter the financial system appearing as normal business funds that have been legitimately earned.

Role of Brokerage House in combating ML Activity

The procedures and guidelines Brokerage House must developed to combat Money Laundering

- Proper verification of new Customers identification and their Source of income.
- Retention of transaction records. .
- Monitoring of Trading activity and Receipt of Payment
- Recognition and reporting of suspicions to Regulatory bodies.

Verification of Customer Identity/Know Your Customers KYC

It is most essential and first step before processing the Account open application that designated staff member of brokerage house must verify the customer and its provided details. A Well knows customer for the broker reduces the risk of transfer of illegal money from one place to another place or take the advantage of brokerage house to launder its money in order to hide illegal source of business.

It is the requirements of the current regulatory frame work to verify the customer identity at first point of interaction with broker. In this context, Ghani Osman Securities required its designated staff members to verify the customer identify, gather sufficient information regarding its source of income before processing any account open application at their end regardless of any customer type.

How to verify customer Identity

Seek true evidence of customer identity and its source of income regardless of its customer type such as individual customers; traders; partnerships; Corporate.

Customer Identity

- Seek valid and clear copy of CNIC of customer and authorized person for corporate Accounts
- Verify the CNIC copy of customer through original CNIC
- Seek valid information about the mailing address and permanent address
- Cell number is mandatory for local investors while email address mandatory for foreign investors. Cell number of local investor must be verified via call through recorded landline number and email with reply message.
- NTN number must be verified by FBR Web
- Bank details of investor verified by first cheque and bank verification details
- Nominee must be verified through valid Copy of CNIC and relationship with main Account holder

Completion of Account Opening

All potential account holders must complete Account Opening Form and signatures as per CNIC or as per Bank verification page and provide the all necessary details and documentary evidence of identity and financial information. Blank information columns or not applicable must be cross.

- **Customer's source of income**

Seek authentic information about the source of income (Business/Service) from account holder. In this respect, Ghani Osman Securities may accept the Visiting Card/Business Card, job Card, Job letter, Retirement Letter, Salary Sheet etc.

Completion of Account Opening Formalities and Authorization

No account shall be opened until the account opening and Know Your Customer forms have been completed and all necessary documents have been received and examined to assure that they are valid.

Anti-Money Laundering Policy

It is the Policy of Company that:

- Statutory, regulatory and legal obligations to prevent Money Laundering and Terrorist Financing are fully complied with.

- System and controls are implemented and reviewed on frequently in order to minimize the risk of the Company's services being abused for the purposes of Money Laundering and Terrorist Financing.
- A money laundering risk assessment of the company's services and customer base are undertaken and appropriate policies, procedures and due diligence controls are applied proportionate to that risk.
- The company would not do business with
 - ✓ Individuals / entities subject to UN sanctions
 - ✓ Individuals / entities under OFAC or local country sanctions as applicable
 - ✓ Unauthorized money changers/prize bond dealers
 - ✓ Customer hiding beneficial ownership of the account
 - ✓ Client or business segment black listed by the Regulators
 - ✓ Government officials willing to open government's accounts in their personal names.
- Any customer relationship where the customer's conduct gives the Company a reasonable cause to believe or suspect involvement with illegal activities is required to be reported to the Regulators or relevant authorities.
- Management shall establish criteria of identifying and assessing Money Laundering and Terrorist Financing risks that may arise in relation to new products, services and business practices including the review of existing products and services on on-going basis.

Customer Due Diligence (CDD)

CDD is closely associated with the fight against money laundering. Companies around the world are increasingly recognizing the importance of ensuring that they have adequate controls and procedures in place so that they know the customers with whom they are dealing. Adequate due diligence on new and existing customers is a key part of these controls. Without this due diligence, our company can be exposed to customer, legal and financial risks.

It is a Policy of the Company that:

- Prior to establishing a relationship with a new customer, basic background information about the customer should be obtained including identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from customer and/or from reliable and independent sources, furthermore understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship, information related with customer's business and source/utilization of funds and the expected level of activity.
- Prior to establishing relationship with correspondent dealers and agents, appropriate steps must be taken to confirm the identity, integrity and due diligence procedures of those dealers or agents and, where necessary, the identities of underlying clients.
- Company shall take reasonable measures to identify and verify identities of beneficial owner(s) in relation to as customer. Furthermore, in case of a legal person, trust or similar legal arrangement, measure shall be taken to understand the ownership and control structure of the legal person or entity.
- Customer's profile must be updated periodically based on risk profiling of the customer. Customer activity must be monitored against a pre-determined profile on ongoing basis, paying special attention to higher risk customers or activities, furthermore, to take prompt action when there is a material departure from usual and expected activity through regular matching with information already available with company.
- In case of joint accounts, CDD measures on all of the joint account holders shall be performed as if each of them were individual customers of the bank.

Retention of Transaction Records

Settlement department is liable to retain records of all transactions of clients and provide the details in case of any query raised by compliance officer, respective client, regulatory body etc.

Reporting Procedures

The following core obligations are part of reporting procedures of the company:

- To establish and follow procedures that requires employees to refer promptly any suspicious activity to Compliance Officer
- To remain vigilant on unusual or suspicious transactions or other activities that appear not to make good business or economic sense, or activities that appear to be inconsistent with the given profile of the customer, including activities that may be indicative of criminal conduct, terrorism or corruption.
- To act competently and honestly while assessing information and circumstances that might give reasonable grounds to suspect Money Laundering or Terrorist Financing

Record Keeping

All records are kept for at least 5 years and contain records obtained through CDD measures; account files and business correspondence; the results of any analysis undertaken; documents relating to business relations and executed transactions; correspondence with the clients and other persons with whom Company keeps a business relation. The five-year period is calculated following the carrying out of the transactions or the end of the business relationship.

Training

Compliance with this Policy is monitored through a combination of the internal audit, external audit and regulatory reviews in accordance with Applicable AML Act 2010. The self-assessment of the Anti-Money Laundering internal control in the Company should regularly take place.

Punishment for money laundering (ML).

As per the Section 3 of **Anti-Money Laundering Act, 2010**,

Whoever commits the offence of money laundering shall be punishable with rigorous imprisonment for a term which shall not be less than one year but may extend to ten years and shall also be liable to fine which may extend to one million rupees and shall also be liable to forfeiture of property involved in money laundering or property of corresponding value.

Provided that the aforesaid fine may extend to five million rupees in case of a company and every director, officer or employee of the company found guilty under this section shall also be punishable under this section.