

Rules for Know Your Client (KYC)

Know your customer (KYC) is the process of a business verifying the identity of its clients. The term is also used to refer to the PSX regulation which governs these activities PSX are increasingly demanding that customers provide detailed anti-[corruption due diligence](#) information, to verify their probity and integrity.

Know your customer policies are becoming much more important globally to prevent [identity theft](#), financial fraud, [money laundering](#) and [terrorist financing](#).

The objective of KYC guidelines is to prevent PSX from being used, intentionally or unintentionally, by criminal elements for money laundering activities. Related procedures also enable PSX to better understand their customers and their financial dealings. This helps them manage their risks prudently. PSX usually frame their KYC policies incorporating the following four key elements:

- Customer Policy;
- Customer Identification Procedures;
- Monitoring of Transactions; and
- Risk management.

For the purposes of a KYC policy, a *Customer/user* may be defined as:

- a person or entity that maintains an account and/or has a business relationship with the PSX;
- one on whose behalf the account is maintained (i.e. the beneficial owner);
- beneficiaries of transactions conducted by professional intermediaries such as stockbrokers, Chartered Accountants, or solicitors, as permitted under the law; or
- any person or entity connected with a financial transaction which can pose significant reputational or other risks to the PSX, for example, a wire transfer or issue of a high-value demand draft as a single transaction.

KYC controls typically include the following:

- Collection and analysis of basic identity information (referred to in Pakistan regulations and practice as a "Customer Identification Program" or CIP)
- Name matching against lists of known parties (such as "[politically exposed person](#)" or PEP)
- Determination of the customer's risk in terms of propensity to commit money laundering, terrorist finance, or identity theft

- Creation of an expectation of a customer's transactional behavior

Monitoring of a customer's transactions against expected behaviour and recorded profile as well as that of the customer's peers.

Make Sure

- a. Client must visit office.
- b. Must have his valid Cell #
- c. Try to take his email ID
- d. Complete verification of his business or if doing Job verification from office.