

**Policies and procedures of Zahid Latif Khan Securities (pvt)Ltd establish the rule of conduct for clients ,employees and employer.Company policies and procedures are in place to protect the right of employees and clients as well as the business interests of employer.Depending on the needs of organization and stock Exchange’s compliance various policies and procedures establish rules regarding working style of employees and to deal with the clients.**

## **ARBITRATION POLICY**

### **Brokerage House**

In case of any issue with the brokerage house/broker and/or agent, investors are advised to immediately lodge a complaint with their respective brokerage house and in case of non resolution report the same to the Exchange within 15 days of lodging the claim with the brokerage house/broker. Complaint Registration Forms are available on the respective websites of the Exchanges.

Please ensure that all claims are lodged in writing and receipt of the same has been attained from the brokerage house/broker.

In case of complaint against the Exchange and/or the broker/brokerage house the Investor Complaints Wing at the Securities and Exchange Commission of Pakistan can be approached at the following details:

NICBuilding,63JinnahAvenue,Islamabad,Pakistan

Tel:051-9207091-4,UAN:111117327

Fax:051-9204915

Website: [www.secp.gov.pk](http://www.secp.gov.pk)

e-mail: [enquiries@secp.gov.pk](mailto:enquiries@secp.gov.pk)

Complaint Registration Form is available on the website of the Commission (,i.e.,[www.secp.gov.pk](http://www.secp.gov.pk)). Investors having complaint are required to fill the form with complete information and forward duly signed complaint registration form along with all necessary documents to the Commission's address listed at the end of document.

The Complaint upon receipt shall be immediately acknowledged. If you do not receive acknowledgement even after 5 working days of your sending the complaint, ask for the status of complaint from Investor Complaints Wing at the Commission. You shall be informed about the status of complaint in a timely manner.

## **Client Broker Relationship and Arbitration Procedure**

The receipt of complaints enables brokerage house/ise to identify trading violations, which could impact investor confidence or affect fairness in the stock market. Using complaint information ISE can identify the weak areas in relevant regulations or in their compliance and make necessary arrangements for fixing the same.

### **1) How does the client know if they have a case against a Stock Exchange Member?**

Losing money through dealing in securities is not in itself reason enough for a client to have a case against a Member. However, it is the responsibility of the Member to invest money according to the client's instructions. There are certain malpractices against which a client can lodge a complaint such as:

- Unauthorized Trading (Sale/Purchase)
- Unauthorized Transfer / Movement of Shares
- Non-supply of Statements of Account
- Non-supply of Trade Confirmations within 24 hours
- Overcharged Commission
- Failure to Execute Investor's Instructions/orders
- Suspension of Payment
- Non-Delivery of Securities

### **1) What are the different streams through which a problem with a Stock Exchange Member can be settled?**

There are three possible recourses for the client in regards to filing a complaint but prior to this it is strongly suggested that the complaint be taken up directly with the Member. This will not only save time but may help to preserve the trust and confidence between member and client.

**ISE Arbitration Committee:** The client has the option of bringing their complaint to the management of the ISE. As a front line regulator ISE is empowered to take cognizance of complaints against the Members under the approved Rules and Regulations. After the careful review of all documents provided by the parties an Arbitration Award may be passed in accordance to the Rules and Regulations.

**SECP:** The client can also lodge his/her complaint with the Vigilance Cell which has been setup at SECP to ensure that grievances/complaints of the general public are heard and redressed, in a quick and efficient manner. All the complaints received by the Vigilance Cell against Stock Exchange Members are forwarded to the Investor Complaint Wing ("ICW") of the Securities Market Division ("SMD") for further processing. However, SECP is not empowered to force the Member for compensation/damages.

**Civil Court:** The client can also file their complaint with the Civil Courts.

## **2) What is Arbitration? Who are the persons who can act as Arbitrators?**

Arbitration is an alternative dispute resolution mechanism provided by ISE for those persons who do not wish to go to Court. Through this method disputes between the trading Members and between trading Members & their constituents (i.e. clients of trading members), may be addressed & resolved in respect of trades done on the Exchange. This process of resolving a dispute is comparatively faster than litigation.

The arbitrators are Members and management of the Exchange and Non-member directors of the Exchange.

## **Who can avail the facility of Arbitration on the Exchange?**

The facility of arbitration on the Exchange can be availed by:

- Investors who have dealt on the Exchange through their Members dealing in Securities
- Investors who have dealt on the Exchange through registered agents of the Member dealing in securities
- Trading Members who have a claim, dispute or difference with another trading Member or a constituent

## **1) What is the period for filing an application for Arbitration in the event of a claim, difference or dispute?**

An application for arbitration has to be filed within 3 months from the date of the dispute. For further details please refer to Regulation 34 of the General Rules and Regulations of KSE (Guarantee) Limited.

## **1) What is the Process for filing an application for Arbitration with ISE**

The procedure for arbitration is as follows:

1. The client can file an application for Arbitration with the ISE.
2. Copies of the following documents may be submitted along with the application to support the claim:
  - Copy of NIC (in case of companies NIC of the authorized representative)
  - Account opening form of the complainant
  - CDC sub-account opening form/Individual investor account
  - Relevant Share Deposit receipts.
  - Relevant Trade confirmations slips/sale-purchase bills

- Relevant cash receipts and payments made
- Relevant CDC reports and statements
- Any other document signed by the complainant or Member during the course of business.
- An undertaking to abide by the rules and regulations of the Exchange.

1. The Exchange then appoints the arbitrator(s). The claims up to 0.5 million are referred for arbitration to the Managing Director of the Exchange who will either himself enter upon the reference or appoint a nominee for this purpose and the claims/disputes above 0.5 million are referred to the Advisory & Arbitration Committee for their resolution/decision.

2. The Arbitrator conveys the date of hearing to the parties and grants hearing in this respect to provide the parties an opportunity of presenting their case. After hearing both sides the Arbitrator passes an Award accordingly.

3. According to KSE General Rules and Regulations any party to a dispute dissatisfied with any award of the Managing Director/his appointed nominee may file an appeal to the Advisory and Arbitration Committee against such award within seven days of receipt of such award and any party to dispute dissatisfied with the award of the Panel of Arbitrators may appeal to the Board against such award within seven days of the receipt of such award.

### **1) How is an Award made by the Sole Arbitrator/Panel of Arbitrators?**

If both parties to the dispute are present at the appointed time and place the arbitrator may hear the reference and announce the award. If the party against whom the complaint is made is not present the arbitrators may hear and decide the dispute ex-parte. All claims referred to the panels of arbitrators are resolved by a majority

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**FOLLOWING ARE KYC & CDD Policies and Procedures**

### **Anti-Money Laundering (AML)**

Policy Compliance and Supervisory Procedures

### **Company's Policy**

It is the policy of the Company to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. Generally, money laundering occurs in three stages. Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses. Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will be used later for criminal purposes. All employees of Zahid Latif Khan Securities (pvt) Ltd are required to receive a copy of the Company's AML policy and are required to follow such policy and procedures. If an employee is caught violating any portion of the Company's AML policies and procedures, a meeting with the AML Compliance Officer will occur, with the employee given written warning of such violation. If the employee violates the AML policies and procedures for the second time, immediate termination will occur.

### **AML Compliance Officer Designation and Duties**

The Company designates an employee as its Anti-Money Laundering Program Compliance Officer, with full responsibility for the Company's AML program. The duties of the AML Compliance Officer will include monitoring the Company's AML compliance, overseeing communication and training for employees. The AML Compliance Officer will also ensure that proper AML records are kept.

### **Giving AML Information to Law Enforcement Agencies and Other Financial Institutions**

We will respond to Law Agencies and Other Financial Institutions request about accounts or transactions by reporting the identity of the specified individual or organization, the account number, all identifying information provided by the account holder when an account was established, and the date and type of transaction.

We will share information about those suspected of terrorism and money laundering with other financial institutions for the purposes of identifying and reporting activities that may involve terrorist acts or money laundering activities.

### **Customer Identification and Verification**

We will, at a minimum: verify, to the extent reasonable and practicable, the identity of any client seeking to open an account; maintain records of information used to verify a client's identity and check that a client does not appear on government terrorist lists. The kinds of information that we will collect before opening different types of accounts are listed below.

We will collect the following information for all accounts, if applicable, for any person, entity or organization who is opening a new account and whose name is on the account: the name and mailing and residential (or principal place of business) street address of the client; the client's date of birth; an alien identification card number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or other biometric safeguard. If it's a foreign business, we will require a government issued identification numbers or other government issued documentation certifying the existence of the business or enterprise.

High Risk and Non-Cooperative Jurisdictions – We will especially scrutinize accounts that are located in problematic countries. We will check the lists (Exhibit 1)

The FATF' International Cooperation Review Group prepares a list of non-cooperative countries and territories. This list will be also be consulted. FATF's primary role is to set global AML standards and ensure the effective implementation of these standards in all jurisdictions. Enhanced global compliance with the standards reduces money laundering risks to the international financial system, and increases transparency and effective international cooperation. In addition to the FATF's evaluation programs and follow- up processes, the FATF uses additional mechanisms to identify and to respond to jurisdictions with strategic deficiencies in their AML regimes that pose a risk to the international financial system and impede efforts to combat money laundering and terrorist financing.

#### **Customers Who Refuse To Provide Information**

If a potential or existing client either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our Company will not open a new account and, after considering the risks involved, consider closing any existing account. The Company will also refuse any account which is determined to be "high risk" by the compliance officer.

Whether or not to accept an account from a high-risk business is determined on a case-by-case basis after taking into account all the facts and circumstances of each case. For example, Munir Khanani Securities will evaluate such criteria such as the size of the account being opened, and ATI's familiarity with the client. If a high-risk business account is opened, it will be monitored closely on an on-going basis to determine if any unusual cash movement or trading activity is occurring.

#### **Verifying Information**

Based on the risk, and to the extent reasonable and practicable, we will ensure that we have a reasonable belief that we know the true identity of our clients by using risk-based procedures to verify and document the accuracy of the information we get about our clients. In verifying client identity, we will analyze any logical inconsistencies in the information we obtain.

We will verify client identity through documentary evidence, non-documentary evidence, or both. We will use documents to verify customer identity when appropriate documents are available. In light of the increased instances of identity fraud, we will supplement the use of documentary evidence by using the non-documentary means described below whenever possible. We may also use such non- documentary means, after using documentary evidence, if we are still uncertain about whether we know the true identity of the customer. We will provide notice to the customer that we are requesting additional information to verify the customer's identity. We will not open a client account if we cannot form a reasonable belief of the client's true identity. If the client's identity cannot be proven, a SAR will be filed if warranted by the compliance officer.

Appropriate documents for verifying the identity of natural persons include the following: An unexpired driver's license, passport, or other government identification showing nationality, residence, and photograph or other biometric safeguard, an unexpired alien registration card or other government issued identification showing nationality, residence and photograph or other biometric safeguard.

### **Supervisory Procedures for Opening Accounts**

Our new account opening procedure is modified to collect and use information on the account holder's wealth, net worth, and sources of income to detect and deter possible money laundering and terrorist financing. The review of AML Compliance Officer will be documented and noted. This review will include why any account is opened absent any required information.

### **Monitoring Accounts For Suspicious Activity**

We will manually monitor a sufficient amount of account activity to permit identification of patterns of unusual size, volume, pattern or type of transactions, geographic factors such as whether jurisdictions designated as "non cooperative" are involved, or any of the "red flags" identified below. We will look at transactions, including deposits and wire transfers, in the context of other account activity to determine if a transaction lacks financial sense or is suspicious because it is an unusual transaction for that customer. The AML Compliance Officer or his or her designee will be responsible for this monitoring, will document when and how it is carried out, and will report suspicious activities to the appropriate authorities.

#### **Red Flags**

Red flags that signal possible money laundering or terrorist financing include, but are not limited to:

- The client exhibits unusual concern about the Company's compliance with government reporting requirements and the Company's AML policies, particularly on his or her identity, type of business and assets, or is reluctant, or refuses to reveal any information concerning business activities, or furnishes unusual or suspect identification or business documents.
- The client wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the client's stated business or investment strategy.
- The information provided by the client that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the client refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The client (or a person publicly associated with the client) has a questionable background, or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The client exhibits a lack of concern regarding risks of the investment.
- The client appears to be acting as an agent for an undisclosed principal, but declines, or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity. The client has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The client attempts to make frequent or large deposits of currency, or asks for exemptions from the Company's policies relating to the deposit of cash and cash equivalents.

- For no apparent reason, the client has multiple accounts under a single name or multiple names, with a large number of inter-account or third party transfers.
- The client is from, or has accounts in, a country identified as a non-cooperative country.
- The client's account shows numerous currency or cashier's check transactions aggregating to significant sums.
- The client's account has wire transfers that have no apparent business purpose to or from a country identified as money laundering risk or a bank secrecy haven.
- The client's account indicates large or frequent wire transfers, immediately withdrawn by check or debit card without any apparent business purpose. The client makes a funds deposit followed by an immediate request that the money be wired or transferred to a third party, or to another Company, without any apparent business purpose.
- The client makes a funds deposit for purchasing a long-term investment followed shortly thereafter by a request to liquidate the position and transfer of the proceeds out of the account.
- The client engages in excessive journal entries between unrelated accounts without any apparent business purpose.
- The client requests that a transaction be processed to avoid the Company's normal documentation requirements.
- The client maintains multiple accounts, or maintains accounts in the names of family members or corporate entities, for no apparent purpose.
- The client's account has inflows of funds or other assets well beyond the known income or resources of the customer.
- Responding to Red Flags and Suspicious Activity

When a member of the Company detects any red flag he or she will investigate further under the direction of the AML

Compliance Officer. This may include gathering additional information internally or from third party sources, contacting the government, freezing the account.

### **Program to Test AML Program**

The Company will hire an independent, qualified party to provide an annual independent audit of our AML policies and procedures, and the compliance with said procedures. The Company will perform written follow-up to insure that any deficiencies noted during its annual review are addressed and corrected.

The Company will confirm with its AML audit firm that their audit program includes the following:

1. Audit objectives and scope of the exam;
2. Any recommendations on improving the AML program;
3. A discussion of any noted deficiencies and an action plan to be implemented by management to address these deficiencies; and
4. An overall opinion of the adequacy of the Company's AML program

A report of the independent review shall be addressed to senior management with a copy being maintained by the Company's AML Compliance Officer.

### **Monitoring Employees, Employee Conduct, and Accounts**

The Company's compliance officer will conduct a background check, including a check of any criminal records, on all new employees hired by the firm. Any suspicious or questionable background information will be discussed with the Company's managing director prior to making any final employment decision.

If employees have trading accounts, we will subject employee accounts to the same AML procedures as client accounts, under the supervision of the AML Compliance Officer

### **Confidential Reporting of AML Non-Compliance**

Employees will report any violations of the Company's AML compliance program to the AML Compliance Officer, unless the violations implicate the Compliance Officer, in which case the employee shall report to other firm principals. Such reports will be confidential, and the employee will suffer no retaliation for making them.

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### **Telephone recording policy**

#### ***Introduction***

M/s Zahid Latif Khan Securities (pvt) Ltd has a telephone system that is capable of recording conversations. Like many other organizations, this is a standard practice that allows the recording of telephone calls for quality monitoring, training, compliance and security purposes.

All calls received will be recorded and will be retained for a period of one year. These recordings will only be used for the purposes specified in this policy. The call recording facility is automated and accommodates all calls.

### ***Purpose of this telephone recording policy***

In order to maintain high standards and protect the public and staff we need to record all telephone calls received into the Customer Advice and Information centre and retain them for a limited period of time.

We shall ensure that the use of these recordings is fair and that we comply with the requirements of the relevant legislation. This includes:

- The Regulation of SECP
- The Data Protection
- The Human Rights

### ***Scope of policy***

All calls made to M/s Zahid Latif Khan Securities (pvt) Ltd will be recorded. Under normal circumstances a call will not be retrieved or monitored unless:

- It is necessary to investigate a complaint;
- It is part of a management 'spot check' that client service standards are being met;
- There is a threat to staff or visitors or for the prevention or detection of crime;
- It is necessary to check compliance with regulatory procedures

### ***Collecting information***

Personal data collected in the course of recording activities will be processed fairly. It will be:

- Adequate, relevant and not excessive;
- Used for the purpose(s) stated in this policy only and not used for any other purposes;
- Accessible only to managerial staff after securing permission from the Head of Secretariat;
- Treated confidentially;
- Stored securely; and
- Not kept for longer than necessary and will be securely destroyed once the issue(s) in question have been resolved.