



## **Wealth Street (Pvt) Ltd.**

TREC Holder Pakistan Stock Exchange Ltd.

Office #201, 2<sup>nd</sup> Floor, 41-C, Lane 8, Bukhari Commercial, Phase 6, DHA, Karachi, Pakistan.

## **Policies and Procedures**

## 1. PREAMBLE

This policy document has been prepared in line with guidelines issued by SECP (Apex Capital Market Regulator), PSX (Stock Market Regulator) and **Wealth Street (Pvt) Ltd** Compliance Standards, FATF recommendations and international practices. It incorporates the WS approach to customer identification, customer profiling based on the risk assessment and monitoring of transactions on an ongoing basis.

The policy primarily aligns the **Wealth Street (Pvt) Ltd** (hereinafter referred to as WS) with Regulatory requirement.

## 2. PURPOSE OF POLICY

The primary purpose of the Compliance Policy is to establish a strong compliance culture within WS, by providing a framework of guidelines. This policy introduces and defines the KYC/AML guidelines, which will allow appropriate management of money laundering & terrorist financing risks and discharging its responsibilities relating to regulatory requirements.

Responsibility for ensuring Compliance with this policy rests with all employees of WS. They must act prudently and vigilantly when assessing prospective customers, handling customer requests and processing customer regular or one-off transactions. With commitment and determination, it is possible to translate the business principles into daily practice, continue to protect the integrity of the Capital Market system and maintain WS reputation as a respectable and trustworthy institution.

## 3. SCOPE OF POLICY

This policy is applicable to Wealth Street (Pvt) Ltd business and operations and all staff (Regular, Contractual, Consultant, etc.) Efforts are made to cover all applicable local regulations. All staff must ensure that they have read and understood the contents of the policy, SECP and PSX Regulations and applicable local laws.

**Below are key areas that this KYC/CDD policy covers:**

- a. Customer Acceptance
- b. Customer Identification
- c. Verification of Customer Identity
- d. Risk assessment of customer
- e. Sanction/blacklist Filtration
- f. Circumstances where Enhanced Due Diligence is required
- g. On-going Due Diligence
- h. Circumstances where simplified Due Diligence can be adopted
- i. Compliance function
- j. Record Retention
- k. Training and employee screening
- l. Suspicious Transaction Report

**a. Customer Acceptance**

WS shall not open an Account and/or maintain Business Relation of/with the following:

- ✓ Anonymous accounts;
- ✓ Account in the name of fictitious persons;
- ✓ Blacklisted by a regulatory body;
- ✓ Unregistered Money Changers;
- ✓ Shell Banks;
- ✓ Foreign PEPs
- ✓ Sanctioned Entity / Individual (i.e. Specially Designated National)
- ✓ Government Accounts in the personal names of government official(s); (Any such account, which 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 Government);
- ✓ Doubtful Identity;
- ✓ High net worth customers with no clearly identifiable source of income;
- ✓ Where compliance officer has strong reason to believe that Account may be used for scams;
- ✓ Account should not be opened of NPO/NGO where the title is not as per its constituent documents;
- ✓ Where WS have strong reason(s) to believe that the Account/Business Relationship will expose the institution to Money Laundering, and reputational Risks;
- ✓ Business relationships with any individuals or undertakings which it knows, or is expected to know, constitute a terrorist or criminal organization, or which are affiliated to, or support or finance such an organization;
- ✓ Residents of prohibited countries as per group directives (**Afghanistan, Belarus, Cuba, Eritrea, Iran, North Korea, Syria**)

## b. Customer Identification

- a. It is a basic principle of any business to know who its customers are. This helps us protect ourselves from being used by unscrupulous and/or criminal elements. In this regard, WS will take all reasonable care to establish the true identity of customers, WS shall obtain the minimum information/ set of documents from various types of Customers, detail of which are as follows;

S. #	Type of Customers	Information Required	Documents Required
1	Individuals / Sole proprietor Ship	<input type="checkbox"/> Name and Father's Name <input type="checkbox"/> Address <input type="checkbox"/> Telephone Number(s) <input type="checkbox"/> Sources of Income <input type="checkbox"/> Nationality & NTN <input type="checkbox"/> Guardian name (if Applicable)	<input type="checkbox"/> Copy of CNIC or passport or attested copy of B form in case of Minor <input type="checkbox"/> Detail of Business / Employment Proof <input type="checkbox"/> Zakat Exemption Certificate (If Applicable ) <input type="checkbox"/> Guardian Certificate (If Applicable)
2	Partnership based entity	<input type="checkbox"/> Name of Partnership Entity <input type="checkbox"/> Names of Partners <input type="checkbox"/> Father's Name of Partners <input type="checkbox"/> Address of Partnership entity <input type="checkbox"/> Telephone Number(s)	<input type="checkbox"/> Copy of CNIC/ passport of all Partners <input type="checkbox"/> Copy of CNIC of authorized signatories <input type="checkbox"/> List of Authorized signatories along with power of attorney <input type="checkbox"/> Resolution authorizing investments <input type="checkbox"/> Copy of latest financials of partnership
3	Companies (Institutional and Corporate)	<input type="checkbox"/> Name of Company and its Directors <input type="checkbox"/> Registered Address <input type="checkbox"/> Telephone number (s) <input type="checkbox"/> Contact persons <input type="checkbox"/> Registered number & NTN	<input type="checkbox"/> Copy of CNIC/ passport of all Directors <input type="checkbox"/> Audited Accounts of the company <input type="checkbox"/> Memorandum and Article of Association <input type="checkbox"/> Board Resolution authorizing investments <input type="checkbox"/> Certificate of Incorporation/ Commencement of Business <input type="checkbox"/> List of Authorized Signatories along with copy of CNICs and power attorney
4	Clubs, Societies and Associations	<input type="checkbox"/> Name of Club, Society or Association <input type="checkbox"/> Registered address of Club, Society or Association <input type="checkbox"/> Telephone numbers(s) <input type="checkbox"/> Contact Persons	<input type="checkbox"/> Board / Governing Body Resolution for investment <input type="checkbox"/> Certified copy of bylaws/ rules and regulations <input type="checkbox"/> Copy of CNIC of Board's members <input type="checkbox"/> Certified copy of certificate of Registration <input type="checkbox"/> List of Authorized Signatories along with copy of CNICs and power attorney <input type="checkbox"/> Copy of latest financials
5	Trusts including, but not limited to, Provident Fund, Gratuity Fund, Pension Fund, mutual fund, etc.)	<input type="checkbox"/> Name of trust, Fund etc <input type="checkbox"/> Name of Trustee <input type="checkbox"/> Address of Trust/ Fund etc. <input type="checkbox"/> Telephone number(s) <input type="checkbox"/> Contact persons	<input type="checkbox"/> Copy of CNIC of all Trustees <input type="checkbox"/> Certified copy of Trust Deed <input type="checkbox"/> Trustee / Governing body Resolution for investment <input type="checkbox"/> Copy of the latest financials of the Trust <input type="checkbox"/> List of Authorized Signatories along with copy of CNICs and power attorney
6	Executors and Administrators	<input type="checkbox"/> Name of Entity for Executor/ Admin. is appointed <input type="checkbox"/> Name of Executor/ Administrator <input type="checkbox"/> Address of entity & Tele	<input type="checkbox"/> Copy of CNIC of Executor/Administrator <input type="checkbox"/> Certified copy of the letter of Administration.

		Numbers	
7	Government Entities	<input type="checkbox"/> Name of Government owned organization <input type="checkbox"/> Address of Government owned organization <input type="checkbox"/> Telephone numbers <input type="checkbox"/> Contact persons	<input type="checkbox"/> A Special Resolution/ authority endorsed by the Ministry of Finance or Finance Department from concerned Government (Federal/ Provincial/Local) clearly listing the persons/ officers authorized to operate such account <input type="checkbox"/> List of Authorized Signatories <input type="checkbox"/> Copy of CNIC of authorized officer(s) <input type="checkbox"/> Resolution authorizing investment

b. It is important to recognize if a customer is acting on behalf of another person. If this is the case, then the identity of that person should be ascertained and relevant documents of that person need to be obtained also. Beneficial Ownership must be identified for each account.

c. For non-individual customers (e.g. companies, pension funds, government owned entities, non-profit organizations, foreign companies/ organizations) additional care will 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. WS will verify that the person who represents himself as authorized signatory with powers to open and operate the brokerage account is actually authorized by the organization.

d. WS will make sure and be careful that accounts of Institutions/ organizations / corporate bodies are not opened in the name of employee(s)/official(s) because of sensitive nature of public sector (government) entities and risk of potential conflict of interest or embezzlement.

e. It is not the policy of WS to receive any payment through cash. All receipts/payments are made through cross – cheques, bank drafts, pay- orders or other crossed banking instruments, online transfer deposited in the EClear's Bank Account. further, Amount will be received only name of the account holder.

f. New and any prospective customer who wants to open brokerage account and In the case of non-resident/overseas customers or customers in other cities where the WS does not have a branch/office, Customer can access broker's website and select the option to open an account. Customer fills out form and agrees to terms and conditions.

### c. Verification of Customer Identity

Verification is an integral part of CDD/ KYC measures for which WS is required to ensure the following areas;

- I. Before opening an account, the COO should be conduct a due diligence screening for every client. After approval, the process of opening the account will begin.
- II. In case of physical form before opening an account, WS shall verify the signature of the account holder is verified from the bank in Sub Account Opening Form
- III. WS will maintain list of all such customers/ accounts where business relationship was refused or needed to be closed on account of negative verification. As required under Regulation 6(9) of SECP (AML/CFT) Regulation.

## **d. Risk Assessment of Customer**

All customers are classified as low, medium or high risk profile. This risk assessment has to be done on the basis of information obtained at the time of Client account opening and has to be updated on the basis of information obtained during the relationship and doing business with the customer. It will be based on customer's identity, nature of income, source of funding, location/domicile of customer, etc.

Following customers will be classified as HIGH RISK and require Enhance Due Diligence before establishing the account relationship.

- Non-resident customers;
- ii. Legal persons or arrangements including non-governmental organizations; (NGOs)/ not-for-profit organizations (NPOs) and trusts / charities;
- iii. Customers belonging to countries where CDD/KYC and anti- money laundering regulations are lax or if funds originate or go to those countries
- iv. Customers whose business or activities present a higher risk of money laundering such as cash based business;
- v. Customers with links to offshore tax havens;
- vi. There is reason to believe that the customer has been refused brokerage services by another brokerage house;
- vii. Non-face-to face / on-line customer
- viii. Establishing business relationship or transactions with counterparts from or in countries not sufficiently applying FATF recommendations; and
- ix. Politically Exposed Persons (PEPs) or customers holding public or high profile positions
- x. Accounts of Exchange Companies / Exchange members
- xi. Real Estate Dealers
- xii. Dealers in Precious metals and stones
- xiii. Lawyers / Notaries
- xiv. Body corporate, partnerships, associations and legal arrangements including non-governmental organizations or not-for-profit organizations which receive donations.

“Politically Exposed Persons” (PEPs’). PEP’s also fall under HIGH RISK CATEGORY. These generally include individuals in prominent positions such as senior politicians, senior government, judicial or military officials; senior executives of State Corporations AND their family members and close associates. These individuals present reputational risk and potential conflict of interest and extra caution is required when opening their brokerage account and monitoring their account activity. The above definition is not intended to cover middle ranking / junior officials in above noted categories

## **e. Sanction/Blacklist Filtration**

Certain countries face extensive financial sanctions and trade embargoes. For these countries, the following approach will be required:

- i. no accounts can be maintained for National / Residents of Iran, Syria & North Korea (D.R.N.K)
- ii. no accounts can be maintained for companies incorporated in above mentioned countries
- iii. no remittances from/to these countries are permitted
- iv. Existing clients must be screened on every updating of sanction list.
- v. On becoming aware of any proscribe person, WS will take appropriate actions such as freezing the funds and assets and reporting to Commission. [As required under Regulation 13(7) of the SECP (AML/CFT) Regulation

#### **f. Circumstances where Enhanced Due Diligence is required**

Once a customer has been categorized as HIGH RISK, WS will conduct Enhanced Due Diligence (EDD) when dealing with such a customer. Activities and transactions of HIGH RISK customers are monitored.

When dealing with high-risk customers, including Politically Exposed Persons (PEP's) the CEO and the compliance head would approve the opening of brokerage account. In the case of HIGH RISK CATEGORY customers, it is important to determine the source of wealth and funds being invested.

If an existing customer falls into the HIGH RISK CATEGORY, the requirements mentioned in these policy guidelines for monitoring and reporting suspicious transactions and senior management approval for continuing with the customer will also apply to such customer (s).

#### **g. On-going Due Diligence**

Customer Due Diligence (CDD) is not a one-time exercise that is conducted at the time of account opening only. In order to guard against misuse of their good offices against criminal transactions Compliance officer of WS will be vigilant at all the times, and keep monitoring transactions of their customers to ensure that the transactions executed in any particular account are within defined customer's profile, risk category, historical pattern of the transactions and as per their source of funds. For example, if a domestic individual customer orders a transaction that is significantly different from the average historical transaction size, the Compliance Officer has to be alert and be satisfied that no suspicious reportable activity has taken place and activity is in line with customer profile. Similarly, if a regular domestic customer, all of a sudden shows foreign un-identified sources of funds, this is likely to require further the investigation.

WS will keep all customer records updated. All high risk account to be reviewed at least on the Annual basis to assess and ensure customer records/information is updated; other accounts will be reviewed if activity is captured during activity monitoring or at least once in 3 years.

#### **h. Circumstances where simplified Due Diligence can be adopted**

It is acceptable for WS to apply simplified or reduced CDD measures in the following circumstances:

- a) Risk of money laundering or terrorist financing is lower

- b) Information on the identity of the customer and the beneficial owner of a Customer is publicly available
- c) Adequate checks and controls exist

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

- Financial institutions which are subject to requirement 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

Simplified CDD should not be followed when there is an identified risk of money laundering or terrorist financing.

### **i. Compliance Head**

Compliance Head will report to the Board of Directors. It is the responsibility of the compliance head to ensure that KYC/CDD guidelines are being complied with as well as with regulatory requirements. This includes maintaining record of violations / non-compliance identified during the normal course of business. These incidents have to be reported to the Board of Directors. Any such record has to be available for inspection by SECP and PSX as and when required.

### **j. Record Retention**

All data relating to KYC/CDD guidelines & procedures have to be maintained for a minimum of five years after the business relationship is ended, including identity of the customer(s)(e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and correspondence exchanged with the customer(s).

### **k. Training and employee screening**

Annual training of WS Staff on AML/KYC and regulatory issues to ensure that they understand their duties under KYC/CDD and are able to perform those duties satisfactorily.

### **l. Suspicious Transaction Report:**

WS shall file Suspicious Transaction Report, conducted or attempted by, WS knows, suspects, or has reason to suspect that the transaction or a pattern of transactions of which the transaction is a part –

(a) Involves funds derived from illegal activities or is intended or conducted in order to hide or disguise proceeds of crime.

(b) Has no apparent lawful purpose after examining the available facts, including the background and possible purpose of the transaction;



(c) Or; Involves financing of Terrorism

(d) Any unusual transactions that cannot be justified by the customer are reported in a Suspicious Transaction Report (STR)

If customer is unable to fulfill the KYC/CDD requirement mentioned in the policy, account relationship should not be established and if deemed necessary, WS may also consider filing a Suspicious Transactions Report (STR).

In case an existing customer falls into HIGH RISK CATEGORY and customer is unable to fulfill the requirements of this policy guideline, such account should be closed and if deemed necessary a Suspicious Transaction Report filed.

Account should not be opened if the verification of the identity of the customer / beneficial owner of the account is not positive Or a positive link is identified with the proscribed entities or persons, or if it is unclear what the purpose and intention of customer is and filing an STR be considered. If there are any such existing accounts they should be closed and a Suspicious Transaction Report (STR) be filed”.

### **m. Internal Audit**

WS has in place effective and operationally independent internal audit and compliance functions having appropriately trained and competent staff; and WS ensures that a periodic or annual review of the internal control system and assessment of overall level of compliance of the securities broker is carried out by the internal audit function, which reports directly to the board of directors or its audit committee.

## **Customer Complaints Handling and Resolution**

**1.1 Policy Statement** The policy of Wealth Street Private Limited is to ensure that all customer complaints are handled promptly, fairly, and efficiently, in compliance with the Pakistan Stock Exchange (PSX) and the Securities and Exchange Commission of Pakistan (SECP) regulations.

### **1.2 Procedures**

#### **a. Receipt of Complaints**

- Accept complaints through email(**complaints@wealthstreet.com.pk**), phone, in-person visits, and written communication.
- Log all complaints into the central complaints management system immediately upon receipt.

#### **b. Acknowledgement of Complaints**

- Acknowledge receipt of the complaint within 24 hours, providing a complaint reference number and expected resolution timeframe.

### **c. Investigation of Complaints**

- Assign a designated officer or team to investigate.
- Gather all relevant information and documentation.
- Conduct interviews with relevant parties if necessary.

### **d. Resolution of Complaints**

- Analyze the information to identify the root cause.
- Determine and implement corrective actions.
- Communicate the resolution to the complainant, detailing the actions taken.

### **e. Escalation of Complaints**

- Escalate unresolved complaints to a higher authority within the firm.
- Inform the complainant about the escalation and provide an updated resolution timeline.

### **f. Closing the Complaint**

- Inform the complainant in writing once the complaint is resolved.
- Document the resolution and closure in the complaints management system.

## **1.3 Systems**

- Implement a centralized complaints management system to log, track, and manage complaints.
- Provide multiple channels for complaint submission (email, phone, physical office).

## **1.4 Controls**

- Conduct regular audits of the complaints handling process.
- Provide regular training on the complaints handling process.
- Periodically review the process to ensure compliance with PSX and SECP regulations.

## **2. Conflict Management**

**2.1 Policy Statement** [Brokerage Firm Name] is committed to identifying, managing, and resolving conflicts of interest to maintain the integrity and trust of our clients, in accordance with SECP regulations.

### **2.2 Procedures**

#### **a. Identification of Conflicts**

- Identify potential conflicts of interest through regular risk assessments and staff disclosures.

**b. Management of Conflicts**

- Establish clear guidelines for managing identified conflicts.
- Implement a conflicts register to document and monitor conflicts.

**c. Resolution of Conflicts**

- Develop procedures for resolving conflicts fairly and transparently.
- Provide mechanisms for escalating unresolved conflicts.

**2.3 Systems**

- Maintain a conflicts register.
- Ensure regular staff training on conflict identification and management.

**2.4 Controls**

- Regular monitoring and assessment of conflict management practices.
- Conduct periodic reviews to ensure alignment with SECP regulations.
- Implement internal audit checks on conflict management processes.

**3. Monitoring Unethical Conduct**

**3.1 Policy Statement** [Brokerage Firm Name] is committed to fostering a culture of ethical behavior and integrity, with zero tolerance for unethical conduct and market abuse, as mandated by SECP.

**3.2 Procedures****a. Identification of Unethical Conduct**

- Establish clear guidelines for identifying unethical conduct and market abuse.
- Implement reporting mechanisms for suspected unethical behavior.

**b. Monitoring and Surveillance**

- Utilize surveillance and monitoring tools to detect suspicious activities and transactions.
- Conduct regular internal audits to identify potential unethical conduct.

**c. Addressing Unethical Conduct**

- Develop procedures for investigating and addressing unethical conduct.
- Implement disciplinary actions for confirmed cases of unethical behavior.

**3.3 Systems**

- Deploy surveillance and monitoring tools.
- Establish a whistleblower program to report unethical conduct.

### **3.4 Controls**

- Conduct regular training on ethical standards and market abuse.
- Regularly update policies to reflect changes in regulations and best practices.
- Perform ongoing monitoring and compliance checks to ensure adherence to ethical standards.

### **Documentation and Record Keeping**

- Maintain detailed records of all complaints, conflicts, and cases of unethical conduct.
- Ensure secure and accessible storage of records for regulatory inspections and audits.

### **Continuous Improvement**

- Encourage customer and staff feedback on the complaints handling, conflict management, and ethical conduct monitoring processes.
- Use feedback to make continuous improvements to these processes.

### **Compliance Review**

- Regularly review all policies, procedures, systems, and controls to ensure they remain up-to-date with SECP and PSX regulations.
- Implement necessary changes based on review findings and regulatory updates.

---

These policies, procedures, systems, and controls are designed to ensure that Wealth Street Pvt Limited handles and resolves customer complaints, manages conflicts of interest, and monitors unethical conduct efficiently, fairly, and in compliance with PSX and SECP regulations, thereby maintaining high standards of customer service and operational integrity.