

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-4769

N O T I C E

September 11, 2009

Reproduced hereunder Circular No. 29/2009 dated September 09, 2009 received from **SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN, Specialized Companies Division, (Modaraba Wing)** for information of all concerned.

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**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
(MODARABA WING)**

No. SC/M/CIRCULAR/AML/2009/379

Islamabad, September 9, 2009

Circular No. 29/2009

Anti-Money Laundering Measures - Customer Due Diligence (CDD)/Know Your Customer (KYC)

Circular No. 5 of 2003 dated February 21, 2003 and Regulation No. 4 Part IV of the Prudential Regulations for Modarabas regarding the above noted subject are referred. In exercise of the powers conferred under section 11 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 read with rule 3(2)(e) of the Modaraba Companies and Modaraba Rules, 1981 the following additional conditions to safeguard Modarabas against involvement in money laundering activities, terrorist financing and other illegal trades and for conducting the business by Modarabas are hereby imposed, which shall also be deemed to be part of the conditions of the certificate already granted for authorization to float the Modaraba:

1. The Modarabas shall put into place, a comprehensive Customer Due Diligence/Know Your Customer policy (CDD/KYC) duly approved by the Board of Directors of their respective Management Companies. CDD/KYC policy of the Modarabas shall *inter alia* include a description of the types of customers that are likely to pose a higher than average risk to the Modaraba and guidelines for conducting enhanced CDD depending upon the customers' background, country of origin, public or high profile position, nature of business etc.
2. **Minimum Requirements for Account Opening & Identification Documents**
 - a) While establishing an account for a new customer, the Modaraba should know the customer by understanding the customer's objectives and financial position through documenting this knowledge. The first step in meeting these objectives besides obtaining 'Title of Account', 'Contact Details', 'Specimen Signature(s)' of authorized signatories and 'Source of Income', *preferably face-to-face interaction*, it is necessary to obtain certain identification documents as discussed below:

(i) Personal Accounts

The Modaraba is responsible for obtaining photocopies (after reviewing the original) of acceptable identification documents from the customer entering into relationship. At least one piece of identification is required and this must bear a photograph.

The following information/documents should be obtained from individual or joint account holders:

- Attested photocopy of CNIC or Passport
- Service Card or any other evidence of service (for salaried persons)