

COMPLIANCE REGULATORY POLICIES & PROCEDURES

SCOPE

The aim of this Policy is to clear the working environment and relationship of employees in the Company. This Policy regulates the overall business operations of Ismail Iqbal Securities Private Limited referred to herein as "IISPL".

POLICY OBJECTIVE

This policy is to provide a set of guidelines/framework which employees will follow to standardize the day to day business operations of IISPL.

KEY

This policy has been set by the board and the CEO and all employees are to adhere to the policies set in this document.

POLICY STATEMENT

The fundamental nature of business and purpose of the company is to earn profits for its shareholders and to create stable and profitable employment to the company's team members at every level. The primary method of achieving these goals is to provide the best platform and execution services to its clients so that they made trade at the KSE with integrity and transparency. All clients are to be provided the highest in professional standards of quality service irrespective of their size or reach.

We must also exercise efficiency in the manner we conduct our operations, timely execution and confirmation of client orders.

CONFIDENTIALITY

Client orders both institutional and retail must be kept strictly confidential no one should be made aware of the buying/selling activities carried out our Trading &KATS terminals or settled through our CDS.

KNOW YOUR CUSTOMER POLICY:

KYC Standards and anti-money laundering Measures would enable IIS to understand its customers, the beneficial owners in case of non-individual entities, the principals behind customers who are acting as agents and their financial dealings. This will help to manage its risks prudently.

KYC is based on five key elements

Following are the five crucial elements of the KYC process:

Risk classification: Type of the customer and nature of business. , Type of product / service availed by the customer, Country where the Customer is domiciled. Based on these criteria, the customers may be classified into two Money laundering Risk levels viz., High Risk and Low Risk.

Minimum Information / Documents Required: The Company shall obtain the following minimum information / set of documents from various types of customers / account holder(s) for examination and verification, at the time of opening account. For all customers, IIS shall determine whether the customer is acting on behalf of another person, and shall then take reasonable steps to obtain sufficient identification data such as copy of CNIC, or other relevant document/information to verify the identity of the beneficiary.

Verification of Documents: Copies of CNIC wherever required are invariably verified. Before opening the account, the Company shall verify CNIC by utilizing online facility of NADRA. In case the Company does not have the online facility, then CNIC shall be verified from the Regional Office of NADRA.

On-going Monitoring Processes: The guidelines on policies and procedures are to be monitored by the management on an ongoing basis. Non-adherence to the guidelines and any doubt on customer transaction must be reported to the management without loss of time. To strengthen the monitoring and prevent the money laundering activities, an appropriate training to the employees shall be provided regularly and the policies and procedures shall be amended on a need basis. Any amendment, partly or wholly, shall remain the integral of this KYC.

Reporting: In normal circumstances, it is not easy to identify money laundering related transactions. A common golden rule is **Know Your Customer**. Management must know its customer including the ultimate beneficial owner (if different from the apparent legal owner), its economic background and/or its normal activities. It is through the knowledge about our customer or other give-away signs that may lead to a gut-feeling that a money laundering activity may be taking place. Mere verifying and collecting the identity and documents of the customer does not amount to "Know Your Customer". The staff should use their diligence and prudence to judge the customer and his capabilities and should be alert if there are any unusual transactions, which are not typical and compatible to the customer's background. The staff should try to match the profile of customer with that of the transactions of the customer.

The staff should verify in detail the source of funds and the purpose of transactions to satisfy the genuineness of the transaction. Compliance is the responsibility of the every employee. Therefore, strict compliance is very much necessary with all laws and regulations.

All issues noticed for a new customer shall be reported at appropriate level in Marketing and Sales department, Head of Compliance and Chief Financial Officer by the employee who noticed or surfaced any reportable matter. Appropriate decisions will be taken for such customer after further investigation. In case of existing Customer such matters will be brought into the notice of Chief Executive Officer for decision making.

TRADE OPERATIONS:

Whenever an order of any client has been executed by a Broker, confirmation of such execution shall be transmitted to the said client by the Broker. Including:

1. Date on which order is executed;
2. Name and number of securities;
3. Nature of transaction (SPOT, Ready, Future, Leveraged Market, Debt Market and also whether bought or sold); (d) Price;
4. Commission rate and any other charges ;
5. Applicable regulatory levies i.e. trade or transaction fee of the Exchange, CDC, NCCPL and SECP etc;
6. Applicable statutory levies i.e. taxes and duties of federal and provincial government;
7. Whether the order is executed for the Broker's own account or from the market.

{Rule 4(4) of Securities & Exchange Rules, 1971}.

ONLINE TRADING OPERATIONS:

KATS OPERATIONS:

1. After compilation of SAOF requirement, Settlement Officer introduced client with KATS Operator.
2. Settlement Officer puts all parameters in back office and online system.
3. Settlement Officer also tells the KATS Operator about client worthiness and relationship with company.
4. KATS Operator will receive order in online system after verification of client identity.
5. The KATS Operator will put client order in online system after allowing the order placement by online system.
6. After compilation or rejection of order the KATS Operator will inform the client.
7. In case of order is fulfilled a Text Message is also send for confirmation on client designated number.

VTRADE OPERATIONS:

1. Every client is than given his/her user-id/password and pin codes.
2. The clients who trade or intend to trade online are given awareness about the potential risks associated with online trading (also disclosed on the IISPL's website).
3. Online trading will be permitted through an online trading system of Ismail Iqbal Securities (Pvt) Ltd. which will act as the Broker for the purpose of buying and selling securities. Including COT at the Stock Exchange (Online Exchange) and wherever the term **Vtrade** is used in the Special Terms and conditions for online trading. It shall deem to mean the Broker.
4. A password or (personal identification number) PIN will be issued to Account Holder(s) by Vtrade to enable the Account Holder(s) to have an access to and use this Account for online trading. The Password/PIN may be communicated through e-mail or through any courier to the Account Holder(s) at his /her/their/its own risk. The Account Holder(s) shall not disclose the Password/PIN by any other person. The Account Holder(s) shall immediately change the Password/PIN as soon as it is received from Ismail Iqbal Securities (Pvt) Ltd.
5. **Vtrade** may electronically transfer delivery of confirmation, statements and other notices in connection with Electronic/Online Trading. It shall be the responsibility of the Account Holder(s) to review, upon receipt of e-mail, conformation statement, notices, margin and maintenance call whether delivered by mail, e-mail or electronic terminal at the discretion of Ismail Iqbal Securities (Pvt) Ltd. If the Password/PIN is disclosed to any third party the Account Holder(s) should immediately notify the same to Vtrade. The Account Holder(s) will immediately notify of any loss, theft or unauthorized use of his/her/their/its account number and Password/PIN. The Account Holder(s) shall immediately notify and change his/her/their/its e-mail or other address as mentioned in the Application Form.
6. All risk connected and involved with Electronic/Online Trading will be assumed fully by the Account Holder(s). Neither the Vtrade nor any of its directors or officers would be responsible or liable in any manner of any losses or damages that may be suffered by the Account Holder(s) including those due to the misuse of the Account Holder(s) Password/PIN, hacking offline, outages and slowdowns in the internet connection and piracy of Account Holder(s) information and affairs by unscrupulous persons.
7. **Vtrade** may at its discretion elect with or without notice to square off the Account Holder(s) account and make obligation in the account immediately due and payable by the Account Holder(s) without assigning and reason.

8. On every successful order execution a SMS is sent to the user's registered mobile number.
9. In case of an issue regarding client's online system KATS operator are liable to take trading orders from the client and execute them after complete verification of the that client. Every order should be taken using recorded landlines and will give confirmation to that specific client after market is closed.

CDS OPERATIONS:

Access to Central Depository system shall in the following manner:

1. The CDC operator will open the client account in CDS Terminal after the full filling the requirement of KYC.
2. The CDC operator will monitor every transaction of each client carefully.
3. In case of client close the account the CDC operator will take the letter of closing and will intimate to all other staff.

NCSS OPERATIONS:

1. The settlement officer will open the client account through a UIN system after physically verification of client.
2. The settlement officer will monitor the transaction of client and risk management.
3. In case of any discrepancy with NCSS and Back office system settlement officer will settled the issue.
4. When the client will give the letter to close the account settlement officer will close the UIN in National Clearing system and the online risk manager system.

ACTIONS TO BE EXECUTED WHEN INCURRED

1. In case of termination of employment of agent, the Broker shall inform the Exchange
2. Acceptance of Cash in excess of Rs.25,000/- : The Brokerage Houses shall receive/make payments of Rs. 25,000/- and above from/to customers drawn on customer's own bank account/in the name of customers only in the manner as provided in Standard Terms and Conditions of Standardized Account Opening Form prescribed under Chapter 4 of KSE Regulations. In case of acceptance of excess cash, TRE holder should inform exchange at all the instances
3. Information regarding any disruption in the online trading services either on part of the Broker or the third-party vendor, is immediately disclosed on its website and to its Clients.

FORTNIGHTLY

The Broker shall submit to the Exchange "Clients' Assets Segregation Statement" as per format prescribed by the Exchange: Necessary records and books of accounts to distinguish clients' funds and securities from Broker's funds and securities; Separate bank account(s) which includes the funds of his all clients along with client-wise record/breakdown of balances.

MONTHLY

The Broker providing IBTS shall maintain monthly reports on the reliability and compliance status of the service.

QUARTERLY

1. Pattern of share holding
2. List of employees branch wise
3. List of authorized signatory to bank

APPROVAL FROM BOARD OF DIRECTORS

This policy has been approved by the Board of Directors and access has been provided to the

ADVERTISEMENT

All non-recurring advertisements will be made with approval of CEO. If the management would like to give recurring public messages or advertisements in order to promote the business of IISPL, it will formulate an annual plan for this purpose which would be followed after approval from the board of directors. As such no advertisements have been placed so far in any medium.

KEY RELATIONSHIPS

IISPL is a TREC holder at the PSX:

Licensed in terms of the Companies Ordinance 1984, Pakistan Stock Exchange Limited and Brokers and Agents Registration Rules 2001.

The Company is regulated in terms of various regulations and best practices guidelines including:

- The Companies Ordinance 1984
- The Pakistan Stock Exchange Ltd Regulations and Brokers & Agents Rules 2001.
- The Listing Regulations of the Stock Exchanges
- Code of Corporate Governance
- Income Tax Ordinance, 2001
- Circulars and notification issued by the Security and Exchange Commission of Pakistan (SECP)
- Pakistan Stock Exchange Ltd Guidelines

OFFICE TIMING, ATTENDANCE & WORKING HOURS

CEO has authority to change office timings according to business requirements.

Monday to Friday is the working days for IISPL.

Timing is 9:00 AM to 05:00 PM for Sales staff;

Others 9.00 AM to 6.00 PM

CODE OF CONDUCT

Employees are always expected to showcase excellent professional standards in carrying out their responsibilities and ensure the timely execution of the client's trades and mitigate the chances of an error/mistake.

Access to all computers is to be protected through the use of efficient passwords. The passwords must not be of less than 6 digits and such digits should comprise a combination of digits and alphabets to make it safer and protected.

Passwords are encouraged to be changed with specific interval of time, say, six months or one year. No staff member will ever share his password with any one internally or externally.

Staff members are expected to complete their assigned tasks in a manner which demonstrates integrity, professionalism, competence and due care.

Staff members are encouraged to support other staff members to execute their assigned tasks in the best possible manner and facilitate subordinates development.

Staff members are encouraged to increase their knowledge and skills base through review of newspapers and periodicals and by identification of useful courses and seminars to facilitate continuing education.

Staffs members are advised to use internet facilities for execution of work related assignments, to keep updated with developments in the local and international market and to increase knowledge base to facilitate improved performance at work. Access to other sites, including social networking, is not permissible.

Regards,
Ismail Iqbal Securities (Private) Limited

Chief Executive Officer

“Seal”

Compliance Manager