

Client Risk and Net Worth Assessment

Following steps are being adopted for the client's categorization and net worth assessment:

- 1) When client opens the account with the house, all the documents including KYC and Risk Disclosure must be required.
- 2) After the scrutiny of documents, the data is entered into NCCPL KYC portal for the generation of account code. The data is also entered into back-office system for the purpose of risk categorization, due diligence and allotment of limit.
- 3) Clients are categorized into high, medium and low risk category based on their due diligence according to the guidelines issued by AML/CFT Regulations.
- 4) For the purpose of high-risk category, 100% margin is required while for medium-risk category clients, 50% margin is required.
- 5) Low-risk category clients are entitled for 30% margin and may enter into NCCPL Margin Trading System for the purpose of financing. These clients are eligible for deliverable future contract trading as well.
- 6) In the online system low-risk clients are allotted cash and security policy for the purpose of leverage trading.
- 7) Individual low-risk category clients' securities are taken as eligible for collateral after applying PSX haircut values which reduce the risk to the particular security.

Mechanism for Pledging of Securities

In the Ismail Iqbal Securities (Private) Limited, we adopt following steps to pledge the securities in the NCCPL, PSX and commercial banks:

- 1) When the house securities are available in the CDC, we pledge those securities in the bank for obtaining the running finance facility to meet our capital requirements.
- 2) For the purpose of clients' trading margin, we pledge client securities in to NCCPL deposit account.
- 3) On the behalf of client financing, we pledge client's securities into their respective banks after obtaining their consent.
- 4) For the requirements of base minimum capital, we pledge house securities into PSX collateral account.



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