



**NATIONAL
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LIMITED**

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**All Registered Brokers of
National Commodity Exchange Limited**

Dear Sir/Madam,

Subject:- Effective Know Your Customer Procedures

Know your Client (KYC) credentials and to check the veracity of their documents and information is key to enhance your business opportunities and is also very effective tool to check Money Laundering activities. These measures may also helpful to mitigate the various risks including but not limited to credit & legal risks etc.

KYC is proved to be very efficient weapon to combat financing of terrorism. "Anti Money Laundering Act 2009 of Pakistan requires, the Financial institutions, individuals, brokers, Non Financial businesses & Professions etc. to play their proactive role as national duty and legal responsibility to check, control and prevent inflow of dirty money in their businesses which is earned by any person by committing predicate offence and report any such suspicious activities/transactions of their customers to the Financial Monetary Unit ("FMU") of Pakistan in which they have reason to believe that such transactions are not clean and proceeds of crime. Moreover, these entities/persons mentioned above have also legal responsibility to report to FMU a Cash Transaction Report ("CTR") which involves payment, receipt or transfer of an amount exceeding the minimum threshold as determined by the National Executive Committee ("NEC") which is Rs. 2.5 million.

Vide Securities & Exchange Commission of Pakistan letter No. 2 (192)/2008 dated February 26, 2010 whereby the Commission has required from the Exchanges to educate and encourage their members to adopt the policy of ensuring physical presence of their customers while opening any new trading account as a part of KYC policies and procedures.

In this respect, it is hereby required from all the brokers to ensure that they have standard operating procedures and policies to adopt to certify the physical presence of customer in front of their authorized person while opening new trading account. Moreover, authorized person of the broker shall annex his statement with the Account Opening Form to ensure that the customer was physically appeared in front of him and such statement shall be duly verified by the Compliance Officer of the brokerage house.

Should you require any clarification on the subject issue, please feel free to contact undersigned.

Sincerely yours,

Aamir Zareef Khan
Head of Compliance