



National Clearing Company of Pakistan Limited

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

NCCPL/CM/APRIL-19/08

April 15, 2019

Implementation of Centralized Know Your Customer “KYC” Organization Functions

Dear Broker Clearing Members,

This is with reference to our Circular No. NCCPL/CM/FEBRUARY-19/04 Dated February 11, 2019 pertaining to performance of Centralized Know Your Customer (KYC) Organization “CKO” functions by the National Clearing Company of Pakistan Limited “NCCPL”.

In this respect, we are pleased to inform you that the Securities and Exchange Commission of Pakistan (SECP) has approved amendments in the Centralized Know Your Customer (KYC) Organization (CKO) Regulations, 2017 “Regulations” and consequential amendments in NCCPL Regulations relating to CKO that are applicable with immediate effect.

For the performance of CKO functions, NCCPL has developed the KYC Information System (KIS) which shall be implemented as per the details provided in this circular.

The key features and requirements have been briefly explained below for the ready reference of market participants:

A. Admission of an Authorized Intermediary (AI) with CKO

1. The eligible person as defined in the Centralized Know Your Customer (KYC) Organization (CKO) Regulations, 2017 (the "Regulations") shall apply for registration with CKO as AI by submitting the **registration documents attached herewith as Annexure-A** along with necessary supporting documents. In this phase of implementation, CKO regime shall be applicable on Securities Broker (for customers maintaining trading and CDS sub-account) and on Central Depository Company of Pakistan Limited (CDC) (for the investor account holders).
2. Clearing Members registered with the CKO as an AI, shall be required to arrange Biometric Devices as per the specification and requirements **attached herewith as Annexure-B** to provide Biometric Verification facility for its “Individual Domestic Customers”. Biometric Verification can also be performed through smart mobile phone application in the manner prescribed under the Regulations. Securities Brokers are advised to arrange such devices **latest by May 03, 2019** to avoid any inconvenience.
3. The CKO, subject to verification, in accordance with the Regulations, shall admit an entity as AI to access KIS. Upon admission as AI, CKO will issue dedicated User ID and Password to AI to access KIS through this URL: <https://kyc.nccpl.com.pk/>
4. Standard Password Policy will also be communicated at the time of admission and AI shall be required to change password at first login into KIS.
5. Securities Brokers are advised to immediately start registration process with CKO as mentioned above and complete the same **latest by April 30, 2019** to avoid any inconvenience.

B. Registration of New Customer with CKO

Please note that new CKO regime shall only be mandatory for registrations of new customers effective from May 06, 2019.



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The registration, verification and maintenance of KYC information of the Customers of AIs shall be performed by CKO in accordance with the Regulations, brief overview is given below:

1. Broker Clearing Member will register new client code in NCSS with their Unique Identification Number (UIN) and CDS Account as per the existing mechanism and submit on-line KYC Application Form in KIS by next working day. However, Broker Clearing Member shall be required to perform Biometric Verification successfully for “individual domestic Customer” before client code registration and initiating KYC process of a Customer in KIS in accordance with the Regulations.
2. NCCPL has developed an electronic platform termed as “Central Portal” for AIs to input KYC Information as required in the KYC Application Form in KIS and also to input necessary information of Customer Relationship Form (CRF) as required by CDC for the opening of CDS account of a Customer. Central Portal will facilitate Broker Clearing Members in a manner that all requirements of KYC Application Form and CRF shall be entered only through Central Portal.
3. Customer details once provided on Central Portal will be made available in KIS and CDS for further processing by AIs. Any further update (if required) in Customer details shall be carried out by AI into respective systems of NCCPL and CDC.
4. In case of joint account holder(s), the AI shall be required to carry out Biometric Verification and proceed with KYC Application Form for each account holder separately.
5. After submission of KYC Application Form electronically in KIS, AI will be required to submit hard copy of original KYC Application Form and Supporting Documents (as specified in Regulations, Annexure-I) to CKO **within 5 working days**. provided, the supporting documents may also be submitted through the upload functionality made available in the KIS in accordance with the Regulations.
6. CKO will initiate necessary processing and complete its verification **within 15 working days** from the date of receipt of KYC Application Form along with all the required supporting documents.
7. Upon such verification, CKO will approve KYC Application Form in KIS and Unique KYC Number (UKN) will automatically be generated for such Customer in KIS. However, in case of any discrepancy, **further 5 working days** will be given to AI for removing it.
8. After issuance of UKN, CKO will obtain confirmation from corporate Customer, foreign individuals and foreign corporate Customers for the issuance of UKN **within 15 working days** in accordance with the Regulations.
9. At any point in time, where KYC Requirements, as mentioned above are not fulfilled in KIS, CKO shall proceed in accordance with clause 9.1 (v) of the Regulations.

C. Registration of Customer already having a UKN with CKO

1. Securities Broker will register new client code in NCSS with their UIN and CDS Account as per the existing mechanism and will also be required to generate UKN Tagging Request in KIS by **next working day**. However, Broker Clearing Member shall be required to perform Biometric Verification successfully for

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“individual domestic Customer” before client code registration and initiating KYC process of a Customer in KIS in accordance with the Regulations

2. After submission of Tagging Request in KIS, AI will be required to submit authority letter duly signed by customer and the designated officer of the AI to CKO within 5 working days. Such authority letter will be required in case of local corporate Customer, foreign individual and / or corporate Customers
3. CKO will initiate necessary verification **within 15 working days** from the date of receipt of the authorization letter.
4. Upon such verification, CKO will approve such tagging request and UKN will automatically be tagged with such AI in KIS. However, in case of any discrepancy, **further 5 working days** will be given to AI for removing it.
5. CKO will obtain written confirmation from the local corporate Customer, foreign individual and / or corporate Customers for tagging of UKN in KYC Database with the concerned AI **within 15 working days**
6. At any point in time, where KYC Requirements, as mentioned above are not fulfilled in KIS, CKO shall proceed in accordance with clause 9.1 (v) of the Regulations.

D. Change in KYC Information of Customers Having UKNs

1. A customer requiring to change his KYC Information, will inform concerned AI to initiate necessary changes electronically in KIS.
2. The duly signed physical copy of authorization of change from Customer and necessary supporting documents will be required to be provided physically by AI to CKO **within 7 working days** from the date of submission of electronic request.
3. In case of incomplete documents, AI shall be required to remove such shortcomings **within 3 working days**.
4. CKO **within 15 working days** after receipt of complete documents and its verification will send a confirmation letter to a local corporate Customer, foreign individual or corporate Customer informing about the change of information in its KYC Database and shall seek customer's confirmation
5. In case a Customer does not respond or give his acknowledgment **within 15 working days** from the date of the confirmation letter, the CKO shall inform the respective AI and cancel the request for change of KYC information of the Customer.

E. Sahulat Account

Facility of opening Sahulat Account for Customers with simplified KYC requirements shall also be made available to AIs in KIS from the date prescribed by the CKO in due course of time. The AIs that are Securities Brokers and offering Sahulat Account opening facility to their individual resident Pakistani Customers in accordance with the relevant rules and regulations of the Securities Exchange shall be required to obtain a duly filled Sahulat KYC Application Form and proceed with applicable KYC Process in accordance with the Regulations.

F. Approved Centralized Know Your Customer (KYC) Organization (CKO) Regulations, 2017 are attached herewith as Annexure-C.



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G. Approved Consequential amendments in NCCPL Regulations, 2015 are attached herewith as Annexure-D

For facilitating the market participants in better understanding CKO functions and KIS, an "awareness/training session" has been arranged as per the following schedule:

Date	Venue	Time
Wednesday, April 17, 2019	LSE Auditorium- Lahore	04:00 pm
Thursday, April 18, 2019	ISE Auditorium- Islamabad	04:00 pm
Friday, April 19, 2019	PSX Auditorium- Karachi	04:30 pm

Broker Clearing Members are requested to participate in the awareness session at their respective locations.

For any further queries or concerns, please feel free to contact the Customer Support Services Department at UAN No. 021-111-111-622

Regards,

____sd____

Rehan Saif

Head of Product Development, Customer Support and Marketing

CC:

1. Executive Director - Policy, Regulation and Development Department - SMD
Securities & Exchange Commission of Pakistan - Islamabad
2. Managing Director - Pakistan Stock Exchange Limited
3. Chief Executive Officer - Central Depository Company of Pakistan Limited

NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi-74000, Pakistan
Phone: (92-21) 32460811-19, Fax: (92-21) 32460827

AUTHORIZED INTERMEDIARY REGISTRATION FORM

The Chief Executive Officer,
National Clearing Company of Pakistan Limited ("NCCPL"),
Karachi-Pakistan

KIS ID. _____

NCSS ID (Applicable for Securities Broker) -----

I/We hereby apply for admission as Authorized Intermediary under Centralized Know Your Customer (KYC) Organization (CKO) Regulations, 2017 of NCCPL

Particular of Applicant

1. Full name of Applicant _____
(Please use BLOCK LETTERS)
(Must be same for those admitted as Clearing Member)
2. Mobile No(s) /Land Line Number _____
3. Email _____
4. Fax No (Optional) _____
5. NTN (Optional) _____
6. Website (Optional) _____
7. Membership of Pakistan Stock Exchange

YES	NO	Stock Exchange Member ID
8. Name and Designation of Authorized Person (for NCCPL) _____
9. Mailing Address _____

NAME OF SIGNATORY _____

DATED _____

TITLE _____

PLACE _____

SIGNATURE _____

STAMP -----

ENCLOSURES

A. For Broker Clearing Members

1. Signature Card
2. Undertaking/ Agreement with NCCPL
3. Board Resolution
4. Form 29 & Form A
5. Attested copies of CNIC of signatories

B. Other Entities

1. Signature Card
2. Certified True copy of Board Resolution on standard format authorizing execution of this Registration Form and the

- relevant Undertaking/Agreements with NCCPL
- 3. Power of attorney in case form is signed by agent of the applicant
- 4. Articles and Memorandum of Association
- 5. Undertaking/ Agreement with NCCPL

KIS USER ACCESS POLICY

OPTION I

User No.	Authority in KIS
User No. 1	SAVE & POST
User No. 2	POST
User No. 3	SAVE

OPTION II

User No.	Authority in KIS
User No. 1	POST
User No. 2	POST
User No. 3	SAVE
User No. 4	SAVE

SIGNATURE _____

STAMP _____

- 1. **SAVE** functionality means to preserve the data into KIS within the designated time.
- 2. **POST** functionality means to execute the Save functionality.

SPECIMEN OF BOARD RESOLUTION
(Must Be Printed On Company's Letter Head)

Resolved that:

An application be made on behalf of the Company to National Clearing Company of Pakistan Limited ("NCCPL") for admission of the Company to the KYC Information System ("KIS") in the capacity of Authorized Intermediary and that for the aforesaid purpose, the Authorized Intermediary Application Form in the prescribed form of Centralized KYC Organization (CKO) be executed on behalf of the Company;

If CKO accepts the Company's application for admission to KIS in the capacity of Authorized Intermediary, the company do enter into a Authorized Intermediary Agreement with NCCPL.

Mr. _____, _____, and _____, be and are hereby authorized singly*/jointly* for and on behalf of the company to sign, execute and deliver the said application, the CKO Agreements and other necessary documents in connection therewith and to do any other act, deed or thing for and on behalf of the company in respect of Company's application for admission to KIS in the capacity of Authorized Intermediary: and

Mr. _____, _____, and _____ be and are hereby authorized singly*/jointly* for and on behalf of the Company to represent the Company to NCCPL on all matters pertaining to the implementation and performance of the CKO Agreements, to deal liaise and correspond with CKO and to fulfill all responsibilities and obligations of the Company under the CKO Regulations, 2017 and CKO Procedures from time to time and to do all other incidental and ancillary acts, things and deeds.

CERTIFIED TRUE COPY

I hereby certify that the above resolution was dully passed by the Board of Directors of the Company in its meeting held on (date of meeting) * / through circular resolution dated (date of circular resolution) * and the same has been entered in the minutes book of the company in accordance with the Articles of Association of the company.

Company Secretary / Chief Executive Officer
Company Seal/Stamp

Date :

**NATIONAL CLEARING COMPANY
OF PAKISTAN LIMITED**

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi-74000 Pakistan
Phone: (92-21) 3246-0811-19 Fax (92-21) 3246-0827

Date: _____

SIGNATURE CARD
(For Authorized Intermediary - CKO Functionality)

Element Name

AUTHORISED SIGNATURES

NAME

SIGNATURE

1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

ADDITIONAL INSTRUCTIONS (if any)

NCCPL-31d

1-Apr-19

KNOW YOUR CUSTOMER PARTICIPANT AGREEMENT

Between

NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED

And

[-----]

Dated [-----]

Karachi

KNOW YOUR CUSTOMER PARTICIPANT AGREEMENT

THIS KNOW YOUR CUSTOMER PARTICIPANT AGREEMENT ("Agreement") is made at -----
----- on this 19 day of December, 2017, between:

NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED, a company incorporated under the laws of Pakistan, having its registered office at [-----] Karachi, acting through its [---designation--] Mr. [--name--] authorized by Power of Attorney dated _____, c/o (hereinafter referred to as the "**NCCPL**", which expression shall include its successors-in-interest, administrators and permitted assigns), OF THE ONE PART,

And

[-----], a company incorporated under the laws of Pakistan, having its registered office at [-----], acting through its [---designation--] Mr. [--name--], authorised vide a resolution of its Board of Directors dated [-----] (hereinafter referred to as the "**Participant**" which expression shall include its successors-in-interest, administrators and permitted assigns), OF THE OTHER PART.

(NCCPL and the Participant are hereinafter individually referred to as "Party" and collectively as "Parties")

WHEREAS

- NCCPL is licensed by the Securities & Exchange Commission of Pakistan ("SECP") to carry on the business of *inter alia* a Centralised Know Your Customer Organisation ("CKO") under the provisions of the Centralized Know Your Customer Organisation Rules, 2017 ("Rules").
 - For this purpose, NCCPL has developed a KYC Information System ("KIS") whereby KYC information of each Customer of participants ("KYC Information") is uploaded and maintained by NCCPL for the benefit of each participant and to be used in accordance with the Rules.
- (i) The Participant, being a Trading Rights Entitlement Certificate ("TREC") holder / Asset Management Company ("AMC") / Central Depository Company ("CDC"), is desirous of availing an access to the KIS and such other arrangements, facilities and services developed by NCCPL including any further facilities or services which NCCPL may develop and provide in addition to and as ancillary to the KIS, and therefore, the Participant wishes to be admitted to the KIS as an authorised intermediary;
- NCCPL is willing to permit the Participant to access the KIS and database and to use it for its operative benefits in accordance with the terms of this Agreement, and consequently agrees to admit the Participant to the KIS on the terms and conditions contained in this Agreement and the Rules;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

Access to KIS

- 1 Subject to the terms and conditions hereof, NCCPL hereby admits the Participant as an authorised intermediary of the KIS, and hereinafter permits the Participant to access to various components and KYC Information contained in the KIS (uploaded by other participants) as well as upload KYC Information on the KIS in accordance with the provisions of the procedures and rules framed by NCCPL and in accordance with the terms of this Agreement and the Rules. Moreover, the Participant hereby shall also be granted the right to carry out biometric verification of its customers in accordance with the rules and regulations made thereof.
- 2 NCCPL shall allow the Participant uninterrupted access (so far as practically possible) to the KYS System and permission to use the KYC Information extracted from the KIS for the Participants business (as permitted under law and the Rules).
- 3 The Participant is allowed to use the KIS on a limited, restricted, non-exclusive, non-transferable basis and only for the use of the Participant.
- 4 While advance notice of maintenance work likely to affect the availability of KIS shall be given by NCCPL to the Participant where possible, NCCPL reserves the right to suspend, without notice, access to KIS or the provision of all or any of the facilities of KIS at any time if NCCPL deems it necessary to do so for reasons of security or maintenance work.

Rights and Responsibilities of the Parties

- 5 Upon entering into a relationship with any customer for dealing in -_____ (Securities, Insurance, Units Mutual funds, Commodities, others etc.), the Participant shall perform applicable Know Your Customer ('KYC') procedures for that customer and complete the KYC requirements (including, but not limited to, biometric verification) as may be specified in any law, rule and regulation applicable on the business of the Participant and in accordance with the risk profile of the customer. At a minimum, the Participant shall gather the information listed in Annexure A for each such customer for the purposes of providing the same to NCCPL via KIS.
- 6 The Participant shall thereafter carry out independent checks and verification of all the information provided by the customer to ensure its authenticity and genuineness as well as carry out the requisite biometric verification of its customers. Such verification of the information provided by the customer and biometric verification shall be carried out in accordance with the regulations prescribed by NCCPL.
- 7 The Participant shall thereafter upload the verified and checked KYC Information of its customer on the KIS central portal in accordance with the parameters prescribed by NCCPL. Additionally, in addition to maintaining copies of such KYC Information, the Participant shall also provide physical copies of the KYC Information of each customer to NCCPL for its records.
- 8 Without limitation of the generality of the foregoing, the Participant shall comply with all such other responsibilities and obligations imposed upon it as given in the Rules and any regulations or directions given or made by NCCPL with respect to the KIS.

- 9 NCCPL shall be responsible to verify, update, store and safeguard the KYC Information so provided by the Participant on the KIS after performing independent verification of such KYC Information provided by the Participant to the best of its abilities and in a reasonable and practical manner.
- 10 In case there is any discrepancy in the verified KYC Information provided by the Participant and the verification conducted by NCCPL, NCCPL may direct the Participant to provide correct and accurate information on the KIS as well as take disciplinary actions against the Participant in accordance with Rules and regulations prepared by NCCPL with respect to the KIS. Such shortcomings shall be notified to the Participant via the KIS system only, and the Participant shall be obligated to rectify/complete the shortcomings or errors (as the case may be) within the time frame specified in the regulations and procedures issued by NCCPL in this regard.
- 11 Subject to the limitations contained elsewhere in this Agreement, NCCPL shall ensure that the KIS is free from any material error and connectivity for transmission and retrieval of data on/from the KIS by the Participant is maintained and operational.
- 12 The SECP as the regulator shall have full access to all the data on the KIS. Furthermore, NCCPL shall have the unrestricted right to provide to the SECP any information, document or report as may be required by the SECP from time to time. Furthermore, NCCPL shall also be providing access to all the information on KIS to Central Depository Company of Pakistan Limited (CDC) and Pakistan Stock Exchange Limited (PSX) as well to enable them to complete their respective KYC formalities as well. However, it is hereby clarified that NCCPL shall in no way assist or facilitate CDC and/or PSX in fulfilling their responsibilities in accordance with their own rules and regulations.
- 13 Additionally, NCCPL shall also have full access to the information on the KIS and shall be allowed to access and use such information if required to do so for further development and maintenance of the KIS, enhancing the features of the KIS, or if certain disclosure is required to be made pursuant to a direction of any regulatory, supervisory or governmental body or vide an order of the court of law. Notwithstanding anything contained to the contrary above, NCCPL shall also be unconditionally and irrevocably authorised to disseminate all information pertaining to any Customer of the Participant to any other participant of the KIS upon request of that customer.
- 14 NCCPL shall also make internal procedures, regulations and rules regarding the operation and use of KIS and for performing biometric verification, which regulations and directions shall be binding upon the Participant and his use and operation of the KIS.
- 15 Without limitation of the generality of the foregoing, NCCPL shall comply with all such other responsibilities and obligations imposed upon it as given in the Rules with respect to the KIS.

Representations, Warranties and Undertakings

- 16 The Participant hereby undertakes, represents and warrants to NCCPL that:
 - a. That it shall provide all the requisite information in the form, manner, details and form stipulated in this Agreement and as required under the Rules.

- b. That it shall provide details of each customer on the KIS and in physical form in the manner and form detailed in the Annexure A (which may be amended by notification by NCCPL from time to time).
- c. That all information supplied to it on the KIS and in physical form to NCCPL is true and accurate and complete in all respects and that the same have been duly verified for correctness and genuineness by the Participant.
- d. That it shall not misuse, nor allow the misuse of any information obtained from the KIS or the information contained therein, and that it shall be unconditionally and irrevocably be liable for any misuse of the KIS in general and/or any information acquired from its use of the KIS.
- e. That it shall make available the necessary system and facilities required to carry out the biometric verification of its customers within the time period specified in this regard.
- f. To forthwith inform NCCPL of any order of restrictions or suspension, termination or censure by any regulatory authority;
- g. To enter into such supplemental or supplemental to this Agreement with NCCPL as may be mutually agreed between the Parties or if so required by any regulatory directive or order.
- h. It shall comply with all the requirements of the KIS as given by NCCPL from time to time to the extent applicable to it including, without limitation, regarding:
 - i. the use of the system in accordance with the objectives of the KIS and the Rules;
 - ii. update the KYC Information provided by it within the time period to be prescribed by NCCPL;
 - iii. comply with all the regulations that may be prescribed by NCCPL pertaining to KIS;
 - iv. cooperate with NCCPL and other participants during the development and maintenance phases of the KIS;
 - v. the allocation and use of and maintenance of confidentiality in respect of KIS shall be adhered to at all times;
- i. There is no reason, which, if known to NCCPL would have discouraged NCCPL from entering into this Agreement;
- j. By entering into this Agreement with NCCPL, it will not:
 - i. be in violation with any of the conditions imposed upon it under any existing documents, agreements and arrangements to which the Participant is a party to;
 - ii. be in violation with the provisions of its Articles or Memorandum of Association;

- iii. contravene any applicable law, rule, regulation or any order, judgment, decree or directive of any court or tribunal to which the Participant or any of its properties and businesses are subject;
 - iv. contravene any contract, undertaking or instrument binding on Participant or any of its properties.
- k. The information supplied to NCCPL both on the KIS and in physical form is true and correct and verified independently by the Participant.
- l. It shall continue to satisfy all technical and performance requirements and other requirements of the KIS which are to be satisfied by each participant at their end.
- m. It shall comply with all and any guidelines, notifications, rules, regulations, directives or procedures (including the Rules) pertaining to KIS which may be provided by the SECP and/or NCCPL from time to time, including, without limitation, provisions related to:
 - (a) the manner of obtaining access to KIS;
 - (b) the allocation and use of and maintenance of confidentiality in respect of passwords for obtaining access to KIS;
 - (c) the authorization by NCCPL of the workstation(s) of the Participants for obtaining access to KIS; and
 - (d) the protection and proper use of "user ids" by each Authorized Person appointed by the Participant. For the purpose of this Agreement, an "Authorized Person" shall be a person who has the actual authority of the Participant to communicate electronically or otherwise with KIS, to act on behalf of the Participant and to bind the Participant for the purpose of this Agreement.
- n. It shall include (where applicable) a specific condition in each agreement or account opening form executed with a third party (including clients and customers), to the effect that the Participant shall be permitted to transmit the data to NCCPL via KIS and in physical form for the benefit of all participants who are admitted to KIS.
- o. It shall not question or challenge or deny any activity which has been carried out (or purported to be carried out) by itself or by anyone who used the user ID and password allocated to the Participant, and the Participant shall assume full responsibility and liability for any such acts and deeds.
- p. It shall use the biometric scanning facility for its intended purposes only, and full liability and responsibility for any misuse in this regard shall be solely attributable to and be accepted by the Participant.

17 The NCCPL hereby agrees and covenants that it shall:

- a. develop the KIS in accordance with the parameters contained in this Agreement and the Rules;
- b. maintain the KIS to the best of its ability to ensure (so far as reasonably possible) uninterrupted access of the KIS to the Participant;
- c. inform the Participant of any delays in availability of the information on KIS or of any planned interruptions;

- d. maintain confidentiality over the information provided over the KIS by the participants by preventing any unauthorized access, and that the KYC Information supplied by the participants shall not be used by NCCPL for any purpose other than those listed in the Rules;
- e. cooperate with the Participant and other participants during the development and maintenance phases of the KIS;
- f. make proper rules and regulations pertaining to the KIS which shall be followed by all participants of the KIS, and in case of a violation of any of the provisions of such regulations of NCCPL or the Rules, NCCPL shall take disciplinary action against such participants (including, if required, against the Participant).

Consideration

- 18 In consideration of NCCPL admitting the Participant to KIS and carrying out KYC activities for the customers and clients of the Participant, the Participant shall collect and/or pay to NCCPL a tariff at a rate and in the manner which shall be notified by NCCPL from time to time.
- 19 Furthermore, the Participant shall also be responsible to pay any costs and expenses incurred by NCCPL in providing the Participant with the biometric verification devices and facilities. Such costs shall be charged by NCCPL at actuals.

Copyrights and IPR

- 20 At no point in time during or after the currency of this Agreement will the Participant assume any ownership or proprietary rights of KIS or any information or data contained therein which is not provided by the Participant. The Participant further acknowledges and accepts unconditionally that all ownership and proprietary rights, benefits and advantages rests, and will continue to rest with NCCPL at all times.
- 21 The Participant expressly agrees that full and unlimited Intellectual Property Rights (IPR) of KIS reside exclusively with NCCPL. The Participant has no express or implied rights to the KIS other than its use as per the conditions in this Agreement.
- 22 The Participant shall not breach or violate the IPR of NCCPL in KIS and shall not copy, imitate, alter, decompile, disassemble, modify any component, connect any other systems to it, tamper with the KIS or attempt to reverse engineer it directly or indirectly and shall protect KIS against copying or imitation . The Participant shall take such degree of care, precaution and safeguard to protect the IPR of NCCPL, to the extent and manner that the Participant would have done had it been his own.
- 23 In the event the Participant suspects or has direct or indirect knowledge of any misuse, tempering or illegal operation of KIS, the Participant shall at his own cost, forthwith take such steps and efforts as may be necessary to immediately stop the aforesaid illegal activity and notify NCCPL accordingly along with the details of steps taken to curtail the same, including without limitation seeking such preventive orders or injunctive reliefs, in the competent jurisdiction, so as to protect and safeguard the IPR of NCCPL. NCCPL reserves it right to initiate legal action to protect the IPR including but not limited to prosecuting any person, third party or the participant responsible for the violation of IPR of NCCPL.

- 24 The Participant shall not engage directly or indirectly in the manufacture, distribution, supply or use of counterfeit, pirated or unauthorized versions of KIS or the software.
- 25 NCCPL, its name, design, logo, patents, trademarks, and other components and applications provided by NCCPL (excluding 3rd party software and hardware paid for by the Participant) is the exclusive property of NCCPL only, and the use them by the Participant is restricted to the provisions of this Agreement.

Forced Majeure

- 26 In addition to any excuse provided by applicable law, NCCPL shall be excused from liability for non-performance of this Agreement or the KIS or the biometric verification system arising from force majeure, defined as any event beyond NCCPL's control, whether or not foreseeable by either Party, including but not limited to, labour disturbance, war, civil commotion, terrorists act, fire, accident, communication failure, power breakdowns, adverse weather or any other Act of God, governmental act or regulation or other causes or events beyond NCCPL's control, whether or not similar to those enumerated above or those listed in the Securities Act, 2015. In such circumstances, NCCPL will take all reasonable measures to mitigate the effect of such events where practicable.

Confidentiality

- 27 The information that the Participant shall provide to and obtain from the KIS shall pertain to its own clients and customers. Such information as well as the fingerprint scans at the time of biometric verification shall be subject to strictest degree of confidentiality and consequently, the Participant shall ensure that at all times, the information provided, uploaded and obtained /extracted by it from the KIS remains confidential and is not, under any circumstances, prone to being hacked, proliferated, loss, illegal or unauthorized access and/or disclosure, or misused in any way or manner for which purpose the Participant shall use all available resources. The Participant shall ensure that any and all of its employees, officers, directors, sponsors, engineers, personnel, agents, contractors and any other person who may have (at any time) an access to the KIS also adheres to this confidentiality clause at all times. This clause shall survive this Agreement indefinitely and the provisions contained herein shall not be excused due to any reason whatsoever, including forced majeure.

Liability

- 28 The Participant expressly agrees that programs, databases and frameworks are exposed to interruptions and failures for various reasons, and KIS is no different. Accordingly, NCCPL will not be held responsible for any losses or damages incurred by the Participant for unlikely interruptions or faults in KIS.
- 29 The Participant acknowledges that the system comprised in KIS is of an advanced, complex and sensitive nature and minor failure of the computer system, beyond the reasonable control of NCCPL, may result in temporary suspension of NCCPL. In such eventuality, NCCPL's responsibility shall be limited to making best efforts for the early resumption of KIS. The Participant, on its part,

undertakes to notify NCCPL immediately of any failure, delay or defect as per prescribed manner relating to KIS.

- 30 It is also hereby expressly stated that NCCPL shall not be liable or responsible in any manner whatsoever for any losses or expenses suffered by the Participant or any of its customers due to **any delay, failure or inability of the Participant to conduct the necessary biometric verification of a customer due to any reason whatsoever, including (but not limited to) fault, error or malfunctioning in the services availed from NADRA, or any error or problem in the Biometric Devices prescribed by NCCPL, software application made available by NCCPL or/and carrying out such verification as per the procedures prescribed by NCCPL.**
- 31 Similarly, NCCPL shall not, under any circumstances whatsoever, be responsible or liable for the accuracy and reliability of the biometric verification carried out by the Participant, and any liability resulting from inaccurate, faulty or generally due to the biometric verification carried out by the Participant shall solely be on account of the Participant.
- 32 It hereby also agreed and accepted by the Participant that NCCPL shall not be liable for any losses that may be caused or suffered by the Participant and/or its customers if the Participant does not or is unable to implement the biometric verification system within the specified time period, or due to blocking or suspension of business of the Participant by NCCPL or initiation of any disciplinary action by NCCPL on account of failure of the Participant to implement the biometric verification system within the specified timeline and in accordance with the given specifications.
- 33 In case the Participant violates any of the provisions contained in this Agreement (including, but not limited to, failure to post or failure to post the correct and/or timely information as prescribed in this Agreement on the KIS, confidentiality requirements imposed on the Participant, misuse the information obtained from the KIS, breach any/all confidentiality restrictions imposed upon it under this Agreement as well as any other document/contract/agreement), the Participant shall be unconditionally and irrevocably liable for any and losses, costs, claims, levies, fines, expenses, damages and penalties that may be suffered by NCCPL (including any of its employees, directors, sponsors, officers, executives, consultants, etc.) and/or any other participant of the KIS.
- 34 NCCPL may impose penalties or take any other disciplinary action against the Participant for breach of any of the terms of this Agreement or the Rules or the regulations/directions pertaining to the KIS given by NCCPL.
- 35 It is hereby also agreed and understood by the Participant that SECP (or any other regulatory body) can and may also impose penalties and fines on it for any violation or breach of the terms and conditions of this Agreement by the Participant. It is hereby clarified that NCCPL will not be responsible or concerned with in any way whatsoever if the SECP (or any other regulatory body) imposes any penalties or fines on the Participant for non-compliance and/or breach of any of the terms of this Agreement or the Rules by the Participant, and the Participant shall resolve any such issue with the SECP (or any other regulatory body) on its own and at its own risk and cost without any reference or recourse to NCCPL.

Miscellaneous

- 36 This Agreement may be modified only by a writing signed by both parties to this Agreement. Such modification shall not be deemed as a cancellation of this Agreement.
- 37 Neither this Agreement nor any operation hereunder is intended to be, shall not be deemed to be, and shall not be treated as a general or limited partnership, association or joint venture or agency relationship between the Parties.
- 38 If any provision or condition of this Agreement shall be held to be invalid or unenforceable by any court, or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected thereby and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein unless the gravity of the condition is such that it makes it impossible for the Agreement to continue.
- 39 All taxes, levies and duties (except for withholding tax on income) that may be required to be paid in connection with this Agreement shall be paid by both Parties equally.
- 40 No exercise or failure to exercise or delay in exercising any right, power or remedy vested in any Party under or pursuant to this Agreement shall not constitute a waiver by that Party of that or any other rights while they are in force, and may not change or effect the terms of this Agreement. The Parties shall keep, pursuant to the provisions of the applicable laws, at any time, full right of enforcement of all actions corresponding to them without limitation.
- 41 Any notice or other communication given or made under or in connection with the matters contemplated by this Agreement shall be in writing. Any such notice or other communication shall be deemed to have been duly given or made as follows:
- If sent by personal delivery or fax, upon receipt at the address or fax number of relevant Party;
 - If sent by first class post or courier, upon delivery to the addressee.

The relevant addressee and address of each Party for the purposes of this Agreement are:

National Clearing Company of Pakistan Limited	[-----] Limited
Address:	Address:
Tel :	Tel :
Fax :	Fax :
Attn :Mr.	Attn :

A party may notify the other Party to this Agreement of a change to its name or address provided that such notification shall only be effective on:

- The date specified in the notification i.e. the date on which the change is to take place; or

- b. If no date is specified or the date specified is less than five clear business days after the date on which notice is given, the date falling five clear business days after notice of any such change has been given.
- 42 Uploading information on KIS and providing physical copies of the KYC Information to NCCPL shall not relieve the Participant from carrying out its own independent KYC checks and customer due diligence responsibilities, which the Participant shall need to carry out in accordance with the laws, rules and regulations applicable on it.
- 43 All other rules, laws and regulations that are made by NCCPL and/or any other regulatory or statutory body and which are (directly or indirectly) relevant to the business of the Participant shall continue to remain applicable and in force, and nothing in this Agreement is to be construed as a waiver or relief granted to the Participant for complying all such other applicable laws, rules and regulations.
- 44 The Participant hereby indemnifies and undertakes to hold NCCPL and its directors, officers, executives, employees, advisors, consultants and sponsors harmless from and against all losses, damages, costs and expenses, including legal fees (collectively "the Losses") that may be sustained or suffered by them or any of them and arising out of any objections, notices, actions, suits, proceedings (civil and criminal), claims, inquiries, investigations or otherwise that may be initiated (i) by any third party claiming to have suffered any loss as a result of his/her/its KYC Information (a) being provided to and retained by NCCPL or (b) being provided by NCCPL to any regulatory or CDC/PSX under the terms of this Agreement(ii) by any regulators, such as the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange Limited, Federal Board of Revenue or the State Bank of Pakistan, etc. and/or (iii) by any investigating agencies, such as Federal Investigation Agency, National Accountability Bureau, Anti-Narcotic Agency, Anti-Money Laundering Cell and other such other authorities and/or (iv) as a consequence of any error or inaccuracy in the information available on KIS or if any information available on KIS is found to be incorrect even after reasonable verifications conducted by NCCPL, and the Participant undertakes to compensate and make good such Losses to NCCPL and/or its directors, officers, employees, sponsors, consultants, advisors, and executives, as the case may be, within two days from the date of a written demand.
- 45 Unless specifically defined in this Agreement, capitalised terms used herein, including in the recitals hereinabove, shall have the same meanings as assigned thereto in the Rules.
- 46 This Agreement may be executed in two counterparts or duplicates each of which shall be an original but such counterparts or duplicates shall together constitute but one and the same Agreement.
- 47 This Agreement shall be governed by the laws of the Islamic Republic of Pakistan. Any court or tribunal of competent jurisdiction in Karachi, Pakistan shall have non-exclusive jurisdiction to entertain all suits/cases and other matters arising out of or under this Agreement.

IN WITNESS WHEREOF the Parties hereto have set and subscribed their respective hands on the day, month and the year first above written.

SIGNED FOR AND ON BEHALF OF
National Clearing Company of Pakistan Limited

Name:
Designation:

SIGNED FOR AND ON BEHALF OF
[-----] Limited
(As Participant)

Name:
Designation:

Witnesses to the Agreement:

1. _____
Name:
Address:
CNIC No.

2. _____
Name:
Address:
CNIC No.

Biometric Device

Note: Authorized Intermediary (“AI”) shall be required to arrange Biometric Devices model “Suprema Korea Finger Print Biomini Slim 2” having following specifications to provide Biometric Verification facility for its “Individual Domestic Customers”.

For facilitation of AIs, such devices can be purchased from the following vendor at discounted price specially negotiated by NCCPL for AIs:

M/s. LIMTON Innovative Systems

Landline: 021-34140884-86 Ext: 346

Address: Level 04, Shahnaz Arcade, Shaheed-e-Millat Road, Karachi - 74800, Pakistan

BioMini Slim 2
Ultra-slim FAP20 Fingerprint Scanner



FEATURES



- World's slimmest FAP 20 optical sensor
- Multi Dynamic Range (MDR) technology
 - Operates under max 100,000 lux of direct sunlight
- Advanced Live Fingerprint Detection (LFD) technology



- Android support
 - Micro-USB interface to android devices
 - Simpler operation without PC
 - Versatile solution with custom-made Android apps



- FBI PIV/FIPS201 and FBI Mobile ID FAP20 certificates
- NIST certified interoperable image & template format standards (ANSI-378, ISO19794-2/4)



- World's best performing Suprema algorithm
 - Ranked top in NIST MINEX tests and FVCs
 - FBI certified template extractor & matcher
 - Fastest matching speed up to 100,000 match/sec*
 - *with Intel Core2Duo CPU



- Full SDK support for easier integration
- MS Windows & Linux compatible

SPECIFICATIONS

Fingerprint Sensor	Optical(IP65 on the sensor surface)
Resolution	500 dpi, 256 gray
Platen Size	16.5 x 21.0 mm
Sensing Area	15.24 x 20.32 mm
LFD (Live Fingerprint Detection)	Yes (In progress)
FBI PIV / FIPS201	Yes
Mobile ID	FAP20
Image Size	300 X 400
Interface	USB 2.0 High Speed
Operating System	MS Windows/ Linux(32/64bit)/Android 4.1 above
Operating Temp./Humidity	-10 ~ 50°C / 0 ~ 90%
Weight	52g (Including cable 95g)
Certificates	CE, FCC, KCC, WHQL, RoHS, REACH (In progress: UL)
Dimension(WxLxH)	72.8 x 40.7 x 18.5 mm (Slim 2) 59 x 32 x 13.5 mm (OEM Module)