

ABA ALI HABIB SECURITIES (PVT) LIMITED

Draft Standard Operating Procedure (SOP)

Debit call

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Approved By:

Version: 1.00

Version

Version	Effective Date	Description of Change
1 st	30 November, 2019	Updates in AML laws and regulations
2 nd	31 May, 2020	Updates in Laws and regulation
3 rd	10 August, 2020	Change in Laws and regulation
4 th	5 th October, 2020	Update in AML rules and regulations
5 th	25 th June, 2021	Update with respect to industry practices
6 th	30 September, 2021	Updates as per changes and red flags by FMU

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Objective:

The objective of this document is to ensure that any Debit facility availed by customer is effectively monitored and controlled within the spectrum devised by ABA ALI HABIB SECURITIES (PVT) LTD.

Debit is mainly a money owed by a customer from broker for fund advance to purchase securities.

The document is for internal purpose only and is to be treated as a restricted and confidential document. Any modification or changes in the job description of individual or at Departmental level will be made part of this document with subsequent revisions.

Role of Operation Department:

The Operation Department of **ABA ALI HABIB SECURITIES – (AAHS)** is responsible to ensure that customers are awarded debit call facility in accordance with their approved limits and are also settled within their define timelines. Moreover they are also responsible to ensure that no debit facility is provided to any customer who has not settle their previous avail exposure

The Department is also responsible for conducting daily follow-up with customers for timely recovering of their outstanding amount.

- Trades that are monitored by Operation department includes activities done by Corporate and Individual customers.

System Reports:

- Statement of account & CDC un-settle position
- Customer Notification Report (format below)

Customer Name- Code	Holding in PKR	Debit Exposure	Exposure Exceed by	Notification Call no.	Last Call Date	Any Previous Overdue
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Notifying Call:

- Notification Call 1: Balance exceeds by PKR 1/-
- Notification Call 2: On next day settlement (if applicable)
- Notification Call 3 or last: On 2nd day settlement (if applicable)

Customer Email Format:

First debit call

Dear XX (name of debtor),

Regarding the amount due XX (full debt amount) & (Account detail), we act on behalf of XX (company) in order to collect the outstanding account value of your debt.

We would like to remind you that the amount above was due for payment on XX (date) but as no payment has been received, your Trade is now considered as overdue. Please find attached the Ledger statement

In order to avoid further costs, please forward the payment to us and transfer the amount due not later than XX (time and date).

If you have any questions regarding the current situation, please do not hesitate to contact us.

We are sure the problem will be solved soon, as we have no doubt in your cooperation.

Second debit call

Dear XX (name of debtor),

Despite our previous reminder(s), we still have not received any payment or answer from you. Therefore, we regret to inform you that if we do not obtain the payment of XX (amount) in full before XX/XX/XX (deadline), we will have another alternative to shift your account to margin financing (MFS) in order to retrieve the debt amount. Please find the full debt amount and additional costs below:

Account value: XX (insert debt amount)

Late payment costs: XX (insert amount)

Interest cost: XX (insert amount)

Total: XX (insert amount)

Should your payment not be received in full within the next seven days starting from XX/XX/XX (Trade date) to XX/XX/XX (deadline), immediate MFS will take place.

We would advise to treat this matter with urgency and we believe you will not ignore this final reminder. To save yourself the inconvenience, we kindly suggest settling the total amount of debt and additional costs as soon as possible.

We still trust MFS will not be necessary and look forward to receiving payment by return.

Final debit Call:

Dear XX (name of debtor),

We regret to inform you that due to your unpaid debt amount of XX (full debt amount, additional charges and interest cost) to XX (creditor's name and company), from today, XX (date) we have converted, & squared up the position (if any), your account to MFS. You are now to be contacted by your dealer.

If you wish to settle the outstanding amount, please do not hesitate to contact us.

Process:

The process is provided according to the type of trades:

Trade done by Individual & Corporate customers:

- 1) On each settlement, Officer Operation extracts a system generated report i.e. (Statement of account & CDC un-settle position) to identify customers who have obtained debit loan.
- 2) The report is then forwarded to Chief financial officer for review and validation.
- 3) Subsequent to the validation, Operation Department issue Customer Notification Call to each individual customers who has not settled their obtained debit Loan.
- 4) The Officer Operation Issue notification Call via email to customers. The no. of notification call is mainly based on the days by which the customer has obtained Debit loan.

For example If a customer obtains debit loan on current day (considering Day 1), then the first notification call will be send to him at the end of same day settlement process. In-case a customer does not settle his /her outstanding amount prior the commencement of 2nd day settlement process, then second notification call will be send to him. Where the customer fails to settle its outstanding amount prior the commencement of 3rd day settlement process, then Operation officer will automatically shift the customer account to MFS and transfer the debit exposure to Margin Call for settlement. No further debit call will be awarded to customer prior the settlement of any previous availed.

- 5) (*Optional*). After the transfer of account in Margin Call, Officer Operation will extract customer wise square-up report from the system to identify the script disposed off in the square-up process and to ensure compliance with assigned limits.

- 6) The customer wise report is reviewed by Chief financial officer and then is issued to customer for record purpose.
- 7) Besides the above process, the Officer Operation will also advice individual dealer to communicate with their respective customers to settle their outstanding amount for complying with the limit.