

# Regulatory Bulletin

May 2022

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## Latest Circulars/Notifications issued by SBP

This document provides a summary of all the circulars/notifications issued by the State Bank of Pakistan during the month. The Regulatory Bulletin is a risk wise dissemination of significant matters issued by BenchMatrix.

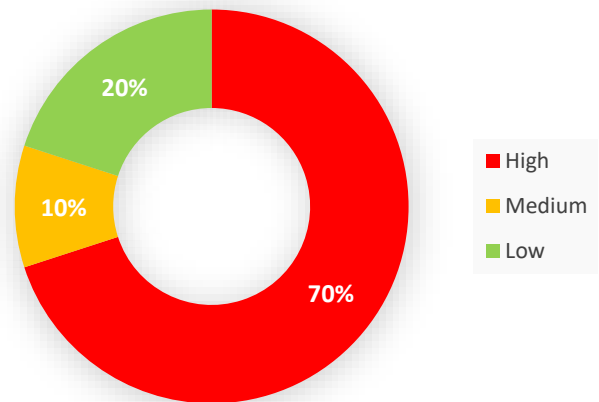


## Summary

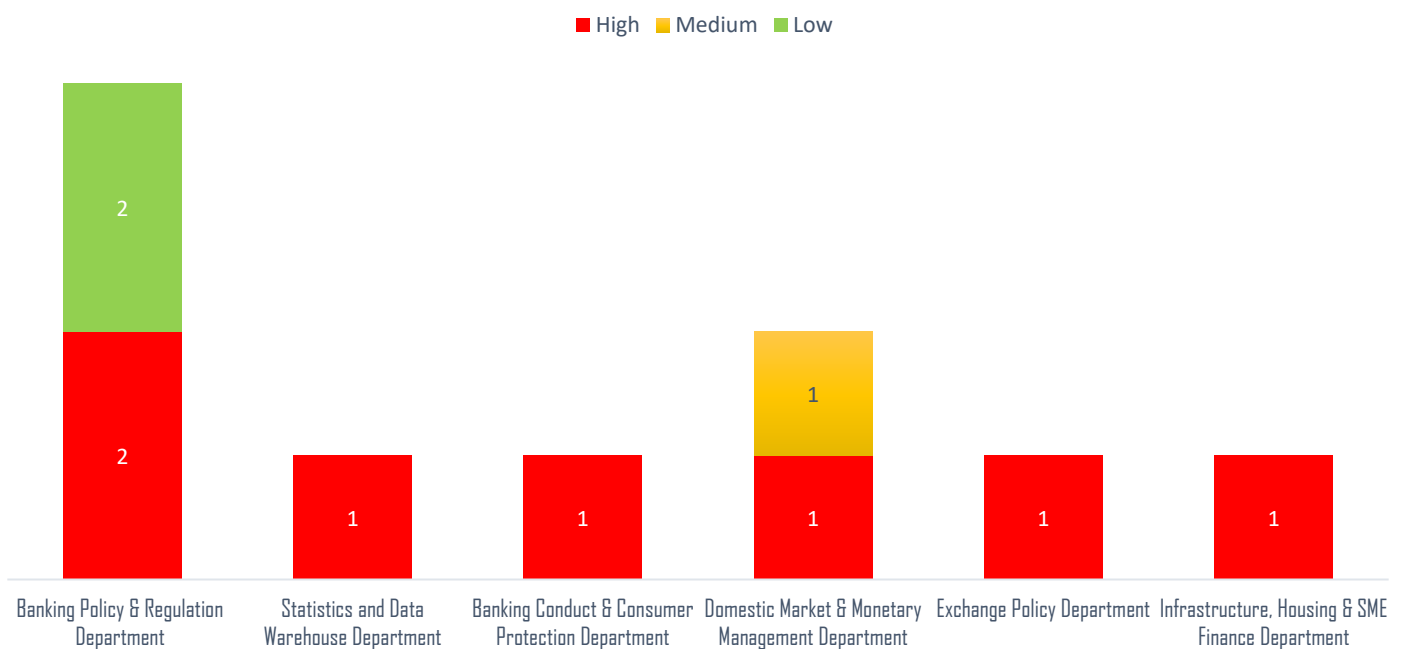
During the month of May 2022, the State Bank of Pakistan (SBP) issued a total of 10 circulars/notifications/ actions on significant matters.

### Circulars / Notifications by Risk Level

Risk Level	Total
High	7
Medium	1
Low	2



### Circulars / Notifications by Regulator Department & Risk Level



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## Key (High Risk) Circulars/Notifications

### Selection of Primary Dealers/Preliminary Primary Dealers/Special Purpose Primary Dealers for Fiscal Year 2022-23

*via DMMD Circular Letter No. 03 dated 05-May-2022*

According to master circular No. DMMD No. 07 dated April 12, 2021 applications are invited from eligible institutions for appointment as Primary Dealer/Preliminary Primary Dealers/Special Purpose Primary Dealers of Government Securities (i.e. Pakistan Investment Bonds and Market Treasury Bills) for FY 2022-23.

Applicants must furnish the following information along with their application:

- Category of Primary Dealership applied i.e. Primary Dealer/Preliminary Primary Dealers/Special Purpose Primary Dealers.
- Business Plan must be approved by the ALCO in case of banks and DFIs, and by the Board of Directors (BOD) in case of all other eligible institutions. Guidelines for submission of Business plan are available in Annexure-E of aforesaid master circular on PD Rules. Existing Primary Dealers and Special Purpose Primary Dealers are also required to share update on the development initiatives undertaken in the current fiscal year FY22, as per the Business Plan submitted last year
- Applicants other than banks and DFIs must also share the detail of the processes, mechanism and systems in place for the timely and seamless processing, clearing and settlement of transactions related to the Dealers activity including primary auctions, as per para A-6 of Annexure-E of the master circular
- Latest Audited Annual Financial Report/Statement
- Latest Schedule of Business Charges relevant to Dealership activity
- Detail of Investor Portfolio of Securities (IPS) Accounts as of 20-May-2022 per format attached as 'Annexure-A'

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- Applications, addressed to Director 'Domestic Markets & Monetary Management Department', must reach SBP, Karachi latest by 25-May-2022. Soft copy of the application must also be emailed at [pd.reporting@sbp.org.pk](mailto:pd.reporting@sbp.org.pk)

Effective Date: **09-May-2022**

Regulator Department: **Domestic Market & Monetary Management Department**

Related FI Department: **Treasury Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary**

[Read more on the website](#)

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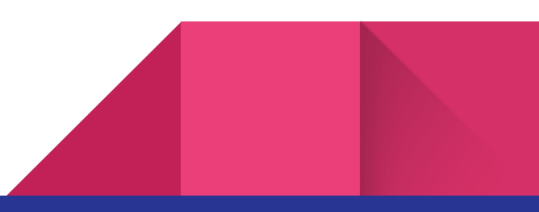
## Temporary Waiver of OTP/Callback Confirmation Requirement on AMA Accounts

*via BPRD Circular Letter No. 18 dated 10-May-2022*

With a view to further facilitate opening of Asaan Mobile Account (AMA), it has been decided to temporarily waive the One Time Password (OTP)/Call Back Confirmation (CBC) requirement, as stipulated under section 4.3 of the BB regulations, subject to the following conditions:

- The customer will have to conduct a NADRA biometric verification (BVS) on first cash-in or cash-out, whichever is earlier, but no later than sixty (60) days of account opening
- In case of failure to conduct BVS within the stipulated time, the account shall be treated as debit blocked after serving ten (10) days prior notice/ intimation to the customers

SBP advise the banks to put a robust monitoring mechanism in place to evaluate and mitigate any possible risks (fraudulent instances including layering of accounts, SIM swapping etc.) on AMA and



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submit a monthly report to AC&MFD-SBP of the recorded fraudulent/suspicious transactions on the enclosed format.

The waiver of OTP/CBC on AMAs will be effective from the date of issuance of this circular and shall remain valid for a period of six (06) months ending November 10, 2022. Thereafter, a decision will be taken based on the aforesaid monthly reporting to SBP.

Effective Date: **10-May-2022**

Regulator Department: **Banking Policy & Regulations Department**

Related FI Department: **Operation Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary, Clients, products and business practices - Improper business or market practices**

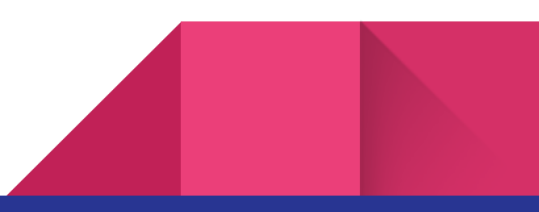
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## Operations of Illegal Offshore Foreign Exchange Trading, Margin Trading, Contract for Difference (CFD) Trading Websites/ Apps/ Platforms - Outflow of Foreign Exchange

*via EPD Circular Letter No. 08 dated 18-May-2022*

SBP observed that a number of offshore foreign exchange trading, margin trading and contract for difference (CFD) trading websites/apps/platforms (such as OctaFX, Easy Forex, etc.) are offering their products to residents in Pakistan, luring public through social media advertisements to buy their products/services. Such buying by residents of Pakistan is a



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violation of section 4(1) of the FERA. Further, it has also been observed that ADs are facilitating settlement/ payments through their payment channels to such offshore trading platforms.

In this regard, it is clarified that remittance of foreign exchange directly/ indirectly outside Pakistan to overseas foreign exchange trading, margin trading, and CFD trading apps/ websites/ platforms through any payment channel is not allowed as no general or special permission has been granted by the State Bank under section 5(1) of the FERA.

In view of the foregoing, ADs are advised to ensure compliance of aforesaid sections of the FERA and take all necessary measures, including the following, to stop payments to all such forex trading, CFD trading, margin trading websites/apps/platforms by their customers through any payment channel:

- Inform their customers regarding inherent risks and illegality of such trading with any such person/entity
- Institute a mechanism of ongoing monitoring whereby such trading websites/ apps/ platforms are identified and blocked from making payments through any payment channel

SBP warn that if an Authorized Dealer has failed to carry out the measures and has facilitated the transactions as outlined above, the State Bank of Pakistan may proceed against that delinquent Authorized Dealer under relevant provisions of the FERA and take any pecuniary or administrative action as deemed necessary.

Effective Date: **18-May-2022**

Regulator Department: **Exchange Policy Department**

Related FI Department: **Foreign Trade Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary**

[Read more on the website](#)

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## Export Finance Scheme (EFS)/Islamic Export Refinance Scheme (IERS) and Long Term Financing Facility (LTFF)/Islamic Long Term Financing Facility (ILTFF)

*via IH&SMEFD Circular Letter No. 07 dated 23-May-2022*

SBP decided that w.e.f May 24, 2022:

- Mark up rate for financing under EFS is enhanced from 5.5% p.a. to 7.5% p.a.
- Mark up rate for financing under LTFF is enhanced from 5% p.a. to 7% p.a.

In future, the rates of EFS and LTFF will be linked with SBP Policy Rate through a formula so that any change in Policy Rate is automatically reflected in rates of these refinance schemes. While doing so, it will be ensured that rates on these SBP refinance facilities are maintained at such level that they continue to provide sufficient incentive to export sector of Pakistan

Effective Date: **24-May-2022**

Regulator Department: **Infrastructure, Housing & SME Finance Department**

Related FI Department: **Foreign Trade Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary**

[Read more on the website](#)

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## Prudential Regulations for Consumer Financing

*via BPRD Circular Letter No. 19 dated 24-May-2022*

SBP has decided to made changing in Prudential Regulation for Consumer Financing as below:

Regulation R-11 (Auto Loans/Financing):

- **Maximum Tenure:** The maximum tenure of auto finance facility is reduced from five (5) years to three (3) years for vehicles above 1,000 cc engine displacement and from seven (7) years to five (5) years for vehicles up to 1,000 cc engine displacement.

Other amendments issued earlier, vide BPRD Circular Letter No. 29 dated September 23, 2021, will henceforth be applicable on financing for all locally assembled / manufactured vehicles, including on financing for vehicles of up to 1,000 cc engine displacement and locally assembled / manufactured electric vehicles. However, the regulatory treatment of Roshan Apni Car product communicated earlier to RDA participant banks will continue to remain effective.

The above amendments in PRCF will be applicable, with immediate effect, on new financing facilities where the Banks/DFIs have not granted the approval yet.

Effective Date: **24-May-2022**

Regulator Department: **Banking Policy & Regulations Department**

Related FI Department: **Risk Management Department / Operation Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary, Clients, products and business practices - Improper business or market practices**

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## Collection of Digital Banking Frauds/Attempted Frauds Information through Call Centers

*via BC&CPD Circular Letter No. 03 dated 26-May-2022*

SBP decided that all banks/ MFBs should additionally submit data of all digital frauds and scams as per the attached format on monthly basis. This will include all frauds and scams reported at call centers or through other means such as email, letters, etc. or otherwise detected by the banks/ MFBs themselves.

Banks/ MFBs should report data as per the prescribed format to the Banking Supervision Department (BSD)-2 of SBP on monthly basis. The data must be reported in soft copy in Microsoft Excel format (Annexure - A) within 10 days from the close of every month at email ID [bsd2.reporting@sbp.org.pk](mailto:bsd2.reporting@sbp.org.pk)

Effective Date: **26-May-2022**

Regulator Department: **Banking Conduct & Consumer Protection Department**

Related FI Department: **Information Technology Department / Operation Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary**

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## Annual Audited Accounts -Reporting of

via *Circular DS.BS. 005742/2022 dated 31-May-2022*

In order to facilitate the reporting institutions, SDWD has decided to collect the annual audited accounts, consolidated and unconsolidated, with some additional requirements, in one return as per attached format.

Reporting institutions are advised to submit subject data every year, on calendar year basis, within 4 months of the close of reporting period through email (coms.branches@sbp.org.pk with CC to data.csnf@sbp.org.pk). For once, the deadline for December 2021 data has been set as June 15, 2022.

Reporting Institutions shall develop a mechanism/layer to check and verify, before submissions on due dates to SDWD, that all data are prepared according to the relevant guidelines issued from time to time. SBP warn that any erroneous reporting shall attract punitive action under relevant provisions of law.

Effective Date: **31-May-2022**

Regulator Department: **Statistics and Data Warehouse Department**

Related FI Department: **Finance Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary**

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## Other (Medium/Low Risk) Circulars & Notifications

### Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under Fe-Circular 25 of 1998

*via DMMD Circular No. 10 dated 31-May-2022*

SBP notified that the rate of remuneration for the month of June 2022 on Special Cash Reserve Account (US\$) maintained with the State Bank of Pakistan will be 0.12%.

Effective Date: **01-Jun-2022**

Regulator Department: **Domestic Market & Monetary Management Department**

Related FI Department: **Treasury Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary**

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### Office Timings

*via BPRD Circular Letter No. 16 dated 05-May-2022*

State Bank of Pakistan (SBP) will observe the following office hours on Friday, May 6, 2022, which shall also be followed by all banks / DFIs / MFBs in letter and spirit:

From 9:00 a.m. to 6:00 p.m. (prayer / lunch break 1:00 p.m. to 2:30 p.m.)



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Banks / MFBs may prescribe business (banking) hours for public dealing on the above date as per their business requirements provided the business (banking) hours for public dealing being observed by the field offices of SBP Banking Services Corporation (SBP-BSC) are followed as a minimum benchmark for this purpose as under:

From 9:00 a.m. to 1:00 p.m. (without break)

Effective Date: **06-May-2022**

Regulator Department: **Banking Policy & Regulations Department**

Related FI Department: **Human Resources Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary**

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## Revised Office Timings

*via BPRD Circular Letter No. 17 dated 06-May-2022*

State Bank of Pakistan (SBP) will observe the following working days and office timings with immediate effect:

- Monday to Thursday: 09:00 a.m. to 5:30 p.m. (Prayer / lunch break 1:30 p.m. to 2:15 p.m.)
- Friday: 9:00 a.m. to 6:00 p.m. (Prayer / lunch break 1:00 p.m. to 2:30 p.m.)

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Banks / MFBs may prescribe business (banking) hours for public dealing as per their business requirements provided the business (banking) hours being observed by the field offices of SBP Banking Services Corporation (SBP-BSC) are complied with as a minimum benchmark for this purpose.

Banks / MFBs may open their selected branches situated in major cities / business centers / commercial markets & hubs / ports etc. on Saturdays as per their business requirements. The collection booths of banks located at Custom Houses / Ports shall remain open 24/7 as per existing practice. However, banks / MFBs must submit a complete list of branches that will be opened on Saturdays to the Banking Policy & Regulations Department and also place the updated list of such branches on their websites. For the information of customers, banks / MFBs should prominently display in the concerned branch that this branch will remain open on Saturdays.

Effective Date: **06-May-2022**

Regulator Department: **Banking Policy & Regulations Department**

Related FI Department: **Human Resources Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary**

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