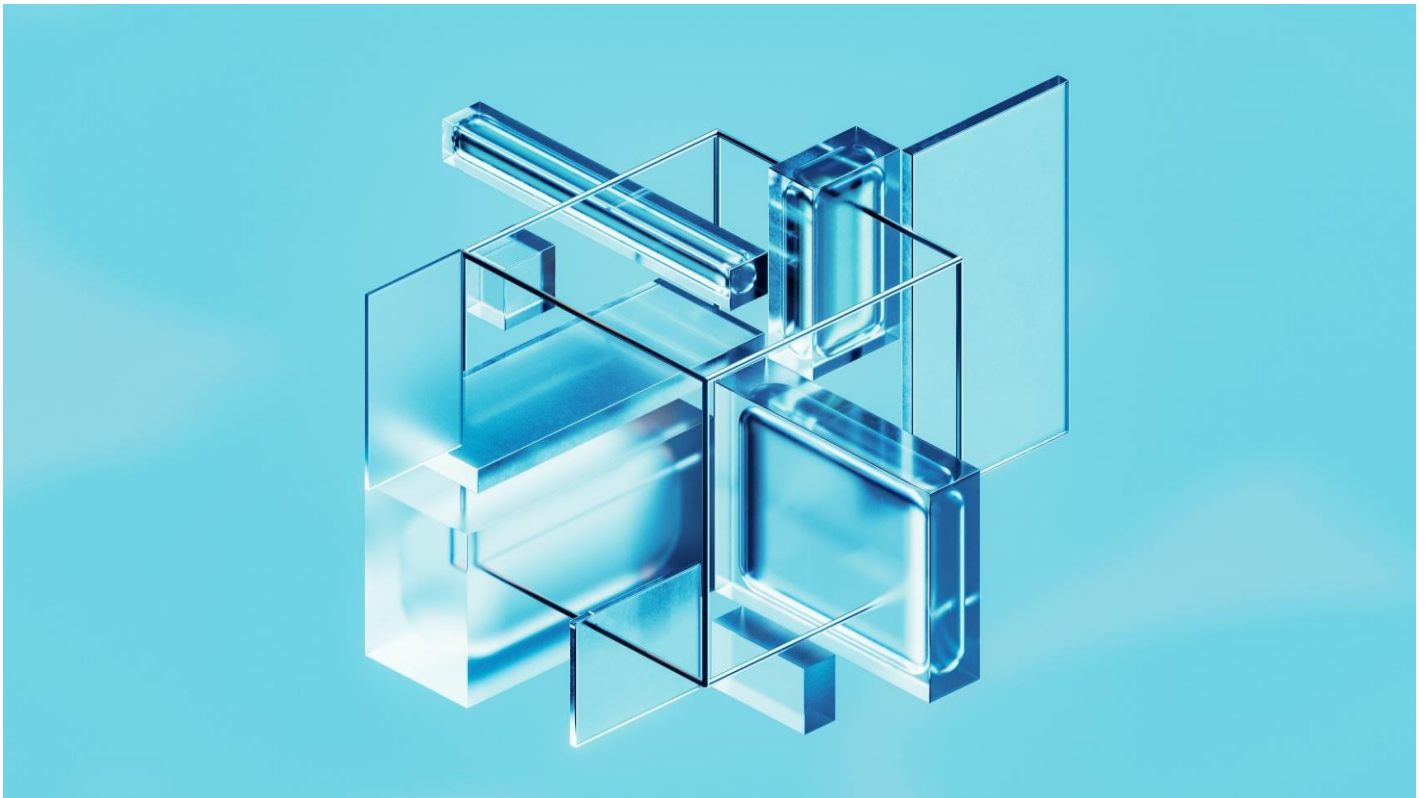


Regulatory Bulletin

April 2023

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.

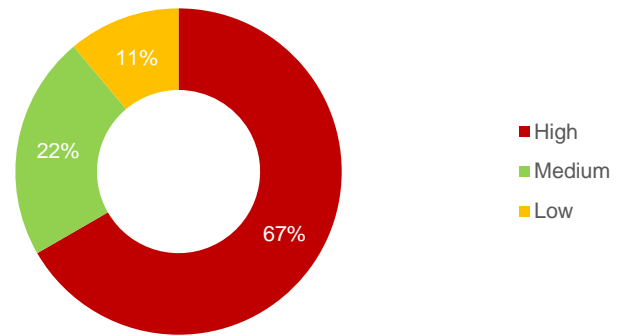


Summary

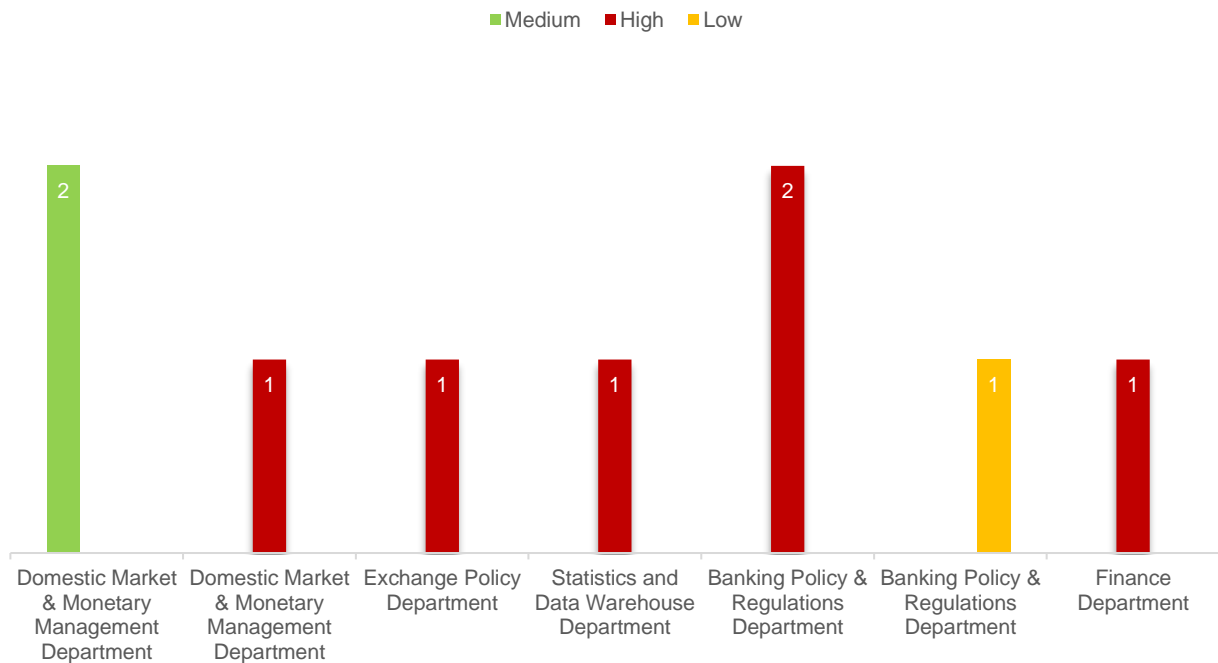
During the month of April 2023, the State Bank of Pakistan (SBP) issued total 09 circulars/ notifications/ actions on significant matters.

Circulars / Notifications by Risk Level

Risk Level	Total
High	6
Medium	2
Low	1



Circulars / Notifications by Regulator Department & Risk Level



Key (High Risk) Circulars/Notifications

Domestic Market & Monetary Management Department

via DMMD Circular No. 06 of 2023 dated 04 - April -2023

Please refer to DMMD Circular No. 04 dated Mar 02, 2023. Following changes are announced with reference to this circular:

1. SBP has decided to increase the 'Policy Rate' (Target Rate) from 20.00% to 21.00%.
2. SBP Overnight Reverse Repo (Ceiling) rate will be at 22.00% i.e. 100 bps above the SBP Policy Rate.
3. The SBP Overnight Repo (Floor) rate will be at 20.00% i.e. 100 bps below the SBP Policy Rate.
4. Accordingly, the Floor and Ceiling levels for the Interest Rate Corridor are 20.00% and 22.00% p.a. respectively (i.e. width of 200bps).
SBP will continue to ensure that the money market overnight rate remains close to the SBP Policy Rate (Target Rate).

The above changes are effective from Apr 05, 2023. Other instructions on the subject shall, however, remain unchanged.

Effective Date: **05-April-2023**

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

Related FI Department: **Treasury Department**

Risk Category: **Execution, delivery and process management - Monitoring and reporting,
Execution, delivery and process management - Trade counterparties**

[Read more on the website](#)

Exchange Policy Department

via EPD Circular Letter No. 08 of 2023 dated 11- April -2023

Retention period of Export Proceeds with Authorized Dealers upon Realization:

Existing instructions: ADs must purchase export proceeds from exporters at the buying rate of the weighted average customer exchange rate if not converted (Pakistani Rupees - PKR) within retention period.

New decision: ADs will purchase export proceeds at prevailing market exchange rate at close of retention period.

Authorized Dealers (ADs) should inform their constituents and ensure strict compliance with the instructions provided above.

Effective Date: **11-April-2023**

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](#)

Statistics and Data Warehouse Department

via DCS.ITS.Gen/002973/2023 dated 12 - April - 2023

Reporting of 'Foreign Exchange Returns' through Core Banking System:

Refer to Core Statistics Department's letter No. DCS.ITS.Gen/2022/012553 dated Dec 16, 2022, advising banks to develop their own information setup for reporting monthly Foreign Exchange Returns (FERs) through core banking systems/solutions. Effective from May 2023 dataset, reports are to be submitted by the 4th of the following month.

Banks are advised to submit aforementioned data, prepared through their banking system, in CSV format to this Department (through ITRS@sbp.org.pk). The FERs data, prepared using MS Access Utility (Client) being submitted monthly through DAP, will also continue to be reported until advised otherwise.

Effective Date: **04-May-2023**

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

Related FI Department: **Foreign Trade Department / Operation Department**

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

[Read more on the website](#)

Banking Policy & Regulations Department

via BPRD Circular Letter No. 07 of 2023 dated 13 - April - 2023

IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARD 9 (IFRS 9) AND FINANCIAL REPORTING FORMATS:

Please refer to BPRD Circular No. 03 dated July 05, 2022 and BPRD Circular No. 02 dated February 09, 2023 on the effective implementation date of IFRS 9 and revised format for annual/interim

financial statements respectively.

In this regard, based on the feedback received from the relevant stakeholders, State Bank of Pakistan (SBP) has taken the following decisions regarding the implementation date of IFRS 9:

For banks having asset size of PKR 500 billion or above as of December 31, 2022 and for all the Development Finance Institutions (DFIs), the implementation date has been extended from January 01, 2023 to January 01, 2024.

The implementation date for all other banks and Microfinance Banks (MFBs) will remain the same i.e. January 01, 2024.

During the transition period, banks/DFIs/MFBs shall continue with their parallel run reporting as per the specified timelines mentioned in BPRD Circular No. 03 dated July 05, 2022. Nevertheless, early adoption of the Standard is encouraged.

Further, preparation of the annual/interim financial statements on the revised formats by banks and DFIs, has also been extended to the 1st quarter of year 2024.

Effective Date: **13-April-2023**

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

Related FI Department: **Finance Department**

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

[Read more on the website](#)

Banking Policy & Regulations Department

via BPRD Circular Letter No. 04 of 2023 dated 14 - April - 2023

Measures to Enhance Security of Digital Banking Products and Services:

The rapid growth in Digital Banking Products and Services supports digital transformation of the financial landscape and enables the banks/MFBs to cater to the growing needs of banking customers. However, adoption of digitization needs to be supplemented with necessary controls to mitigate the risk of fraudulent activities.

State Bank of Pakistan (SBP), from time to time, has been advising the banks / MFBs to implement appropriate controls and remedial measures for enhancing security of their digital banking products and services. In this continuum, to enhance the security of digital banking products and services, SBP has prepared a set of control measures which are given at Annexure - A.

Banks/ MFBs are advised to develop a comprehensive plan with monthly milestones, to be implemented by December 31, 2023, duly approved by the Chief Executive Officer (CEO) and submit the same to their relevant Banking Supervision Department (BSD) in SBP, within thirty (30) days from the issuance date of this Circular. Thereafter, a monthly progress report shall be submitted to the concerned BSD within ten (10) days from the close of each calendar month.

Banks/ MFBs failing to implement these controls within the stipulated timeline shall be liable to compensate their victim customer(s) within three (3) working days of the reporting of fraud, apart from any enforcement action under the applicable laws & regulations.

Effective Date: **14-April-2023**

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

Related FI Department: **Operations Department**

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

[Read more on the website](#)

Finance Department

via FD Circular Letter No. 03 of 2023 dated 20 - April - 2023

Transfer of Export Development Surcharge (EDS) through RTGS and reporting thereof through DAP

The State Bank of Pakistan (SBP) in terms of Revenue Division, Government of Pakistan notification dated January 4, 2003, had prescribed mode and manner of deduction of EDS and its deposit at the National Bank of Pakistan (NBP) vide EPD Circular Letter No. 2 dated January 22, 2003.

In partial modification of aforesaid procedure, following revised instructions are issued:

Effective from May 10, 2023, banks shall transfer the consolidated amount of EDS deductions directly to the SBP through RTGS rather than depositing the same at NBP. Banks branches deducting EDS shall transfer the amount to their main RTGS branch on daily basis.

The main RTGS branch shall arrange to transfer the consolidated amount of EDS on T+1 basis (T being deduction date) to SBP through RTGS for onward credit to Export Development Fund (EDF) in account titled as: G12305-Export Development Fund RTGS, Number: 021992999990394 Mnemonic: FGEDFRTG.

Banks must report individual exporter details through SBP's Data Acquisition Portal (DAP) using the attached CSV file format "A". Unique reference numbers must be mentioned in both DAP filing and Bank Credit Advice (BCA) filed with Customs for reconciliation. Total transaction amounts must match the RTGS transfers. Misreporting will be penalized as per Banking Companies Ordinance, 1962 and SBP's penalty scale.

Banks must comply diligently with the above instructions. Failure to promptly release Government funds will result in penalties, charged at 1.5 times SBP's Ceiling Rates for retention dates, for undue retention of funds by banks.

All other instructions on the subject shall, however, remain unchanged.

Effective Date: **10-May-2023**



Regulator Department: **Finance Department**

Related FI Department: **Foreign Trade/Treasury**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary, Execution, delivery and process management - Trade counterparties**

[Read more on the website](#)

Other (Medium/Low Risk) Circulars & Notifications

Domestic Market & Monetary Management Department

via DMMD Circular No. 05 of 2023 dated 03 – April - 2023

RATE OF REMUNERATION ON SPECIAL CASH RESERVE ACCOUNT
MAINTAINED WITH SBP AGAINST DEPOSITS RAISED UNDER FE-CIRCULAR 25 OF 1998

It is notified that the rate of remuneration for the month of April 2023 on the Special Cash Reserve Account (US \$) maintained with the State Bank of Pakistan will be 3.86% previously it was 5% Cash Reserve Account (US \$) and 20% Special Cash Reserve Account (US \$).

Effective Date: **03-April-2023**

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](#)

Domestic Market & Monetary Management Department

via DMMD Circular No. 07 of 2023 dated 28 – April - 2023

RATE OF REMUNERATION ON SPECIAL CASH RESERVE ACCOUNT
MAINTAINED WITH SBP AGAINST DEPOSITS RAISED UNDER FE-CIRCULAR 25 OF 1998

With reference to BSD Circular No. 18 dated March 31, 2001, on the captioned subject, amended from time to time.

It is notified that the rate of remuneration for the month of May 2023 on the Special Cash Reserve Account (US\$) maintained with the State Bank of Pakistan will be 4.06% previously it was 3.86%.

Effective Date: **28-April-2023**

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](#)

Banking Policy & Regulations Department

via BPRD Circular Letter No. 08 of 2023 dated 14 - April - 2023

The State Bank of Pakistan will remain closed from 21st to 25th April, 2023 (Friday to Tuesday) on the occasion of Eid-ul-Fitr.

Effective Date: **21-April-2023**

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

Related FI Department: **Human Resources Department**

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

[Read more on the website](#)

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