

Regulatory Bulletin

September 2023

Latest Circulars/ Notifications issued by SBP.

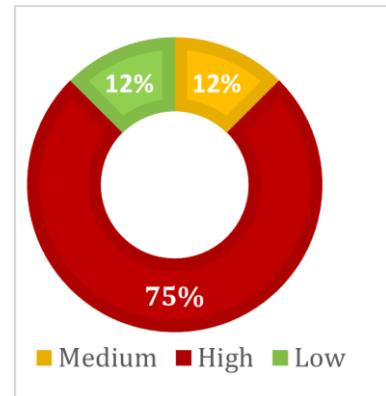
This document provides a summary of all the circulars/ notifications issued by the State Bank of Pakistan during the month. The Regulatory Bulletin is a risk-wise dissemination of significant matters issued by BenchMatrix.



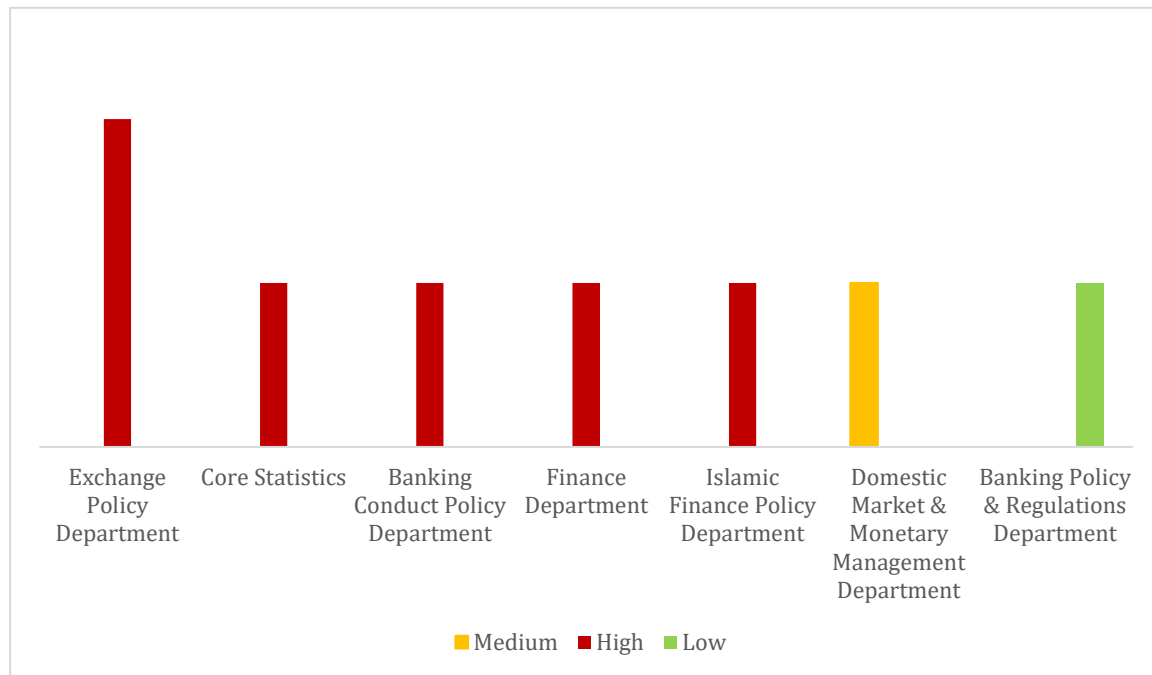
Summary

During the month of August 2023, the State Bank of Pakistan (SBP) issued total 08 circulars/ notifications/ actions on significant matters.

Risk Level	Total
High	6
Medium	1
Low	1



Circulars / Notifications by Regulator Department & Risk Level



High Risk Circulars & Notifications

Exchange Policy Department

via EPD Circular Letter No. 11 of 2023 dated 25-August-2023

Instructions Related to Import of Cash US Dollars

Attention of Exchange Companies is invited towards the instructions contained in Chapter 5 of Exchange Companies Manual (ECM), in terms of which they are allowed to export permissible foreign currencies other than US Dollars through cargo/security companies and repatriate equivalent US Dollars in their foreign currency accounts maintained with banks in Pakistan, within five working days from the date of export of foreign currencies.

2. In order to facilitate customers, a new Para 4 is being inserted in Chapter 5 of ECM as under:

"4. Import of Cash US Dollars through Cargo/Security Companies

Exchange Companies, on need basis, may import cash US Dollars against the value of their export consignments of permissible foreign currencies within five working days, through reputed cargo/security companies. This arrangement shall initially be in place till December 31, 2023 and will be subject to the condition that total cash US Dollars imported by an Exchange Company during this period shall not exceed 50% of the value of its export consignments.

The Exchange Companies shall include such arrangement in their deal with the overseas entity. The system generated deal ticket shall also include particulars of the amount to be imported as cash US Dollars, if any, out of the total export consignment, in addition to those mentioned in Para 3(iii) above.

Exchange Companies, at the time of import of US Dollars Cash through their cargo/security companies, shall give prior written intimation to the Director, Foreign Exchange Operations

Department (FEOD), SBP Banking Services Corporation (SBP-BSC), Karachi, and copy the same to the SBP-BSC staff at SBP-Customs Joint Booth at the designated airports. They will also provide original deal ticket of foreign bank/exchange company clearly showing the amount of cash US Dollars imported, along with Annexure-8, which shall be signed and stamped by SBP-BSC officials at the booth after verification. The foreign government's customs and/or other export documents in original must also be submitted at SBP-Customs Joint Booth, which shall also be stamped by SBP-BSC officials. A copy of these signed and stamped documents must be kept in record by the exchange company for on-site inspection by the State Bank's inspection team.

The import consignment shall be verified as per procedure laid down for export of foreign currencies. After verifications, the consignment shall be packed again, sealed and handed over to the cargo/security Company for onward delivery to the exchange company.

Exchange Companies must ensure compliance of all relevant laws and regulations including those of the jurisdiction from where US Dollars cash is being imported.

Exchange Companies shall ensure that all transactions related to import of cash shall be properly reflected in their books of accounts.”

3. Accordingly, Annexure-8 has been introduced and Annexure-5 and Annexure-9 have been revised.

4. The Exchange Companies are advised to bring the above instructions to the notice of all their constituents for meticulous compliance.

Effective Date: **25-August-2023**

Regulator Department: **Exchange Policy Department**

Related FI Department: **Foreign Trade Department / Operation 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](#)



Core Statistics Department

via No. DS. ITS/006148/23 dated 01-August-2023

Monthly Foreign Exchange Returns (Reporting of ITRS data) - Revised Timelines:

As per EPD FE Circular No. 01 of 2008 dated April 10, 2008, all Authorized Dealers are reporting monthly "Foreign Exchange Returns (ITRS data)" to Core Statistics Department (CSD) of State Bank of Pakistan by 5th of the following month.

Authorized Dealers are advised to submit the aforementioned data by 4th of following month, starting from the data for July 2023, regularly. All other instructions remain same.

In case of any query on the subject, please contact Mr. Ghazanfar Aatzaz Amjad, Deputy Director, through email (Ghazanfar.Aatzaz@sbp.org.pk) or telephone (021-32458278/32454978).

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

Effective Date: **01-August-2023**

Regulator Department: **Core Statistics Department**

Related FI Department: **Foreign Exchange Department**

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

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Banking Conduct Policy Department (BCPD)

via BCPD Circular Letter No. 1 of 2023 dated 01-August-2023

BIFURCATION OF BANKING CONDUCT & CONSUMER PROTECTION DEPARTMENT

With a view to enhance its supervisory role in the area of consumer protection, the State Bank of Pakistan has bifurcated the erstwhile Banking Conduct & Consumer Protection Department (BC&CPD) into two departments i.e. Banking Conduct Policy Department (BCPD) and Consumer Protection Department (CPD) which are placed under Banking Policy & Regulations Group and Banking Supervision Group respectively. BCPD will be primarily responsible for policy matters in the areas of overall banking conduct, SBP electronic credit information bureau (SBP-eCIB) and private credit bureaus. CPD will look after operations side of conduct monitoring, consumer protection, complaints redressal and conduct risk assessment.

In context to above development, please note that Syed Ali Raza has assumed the charge of Director, Banking Conduct Policy Department, State Bank of Pakistan with effect from July 27, 2023. His specimen signature and contact details are as under:

Effective Date: **01-August-2023**

Regulator Department: **Banking Conduct Policy Department (BCPD)**

Related FI Department: **Operation Department**

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

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Exchange Policy Department

via PSPOD Circular No 03 of 2023 dated 21-August-2023

Final Dates for Resubmission of Claims Under Duty Drawback Schemes -

The attention of the Authorized Dealers (ADs) is invited to the following four (04) EPD Circular Letters on the above subject and various amendments issued/ circulated from time to time.

1)

Scheme Name:

Local Taxes and Levies Drawback (Non-Textile) Order, 2017

SBP Instructions:

EPD Circular Letter No. 24 dated 19-12-2017

Notification/ SRO:

S.R.O. No. 1248(I)/2017 dated 14-12-2017

2)

Scheme Name:

Duty Drawback of Taxes Order 2017-18 (Textile)

SBP Instructions:

EPD Circular Letter No. 25 dated 19-12-2017

Notification/ SRO:

Notification No. 1(42-A)TID/17-TR-II dated 12-12-2017

3)

Scheme Name:



Local Taxes and Levies Drawback (Non-Textile) Order, 2018

SBP Instructions:

EPD Circular Letter No. 19 dated 24-10-2018

Notification/ SRO:

S.R.O. No. 711(I)/2018 dated 08-06-2018

4)

Scheme Name:

Duty Drawback of Taxes Order 2018-21 (Textile)

SBP Instructions:

EPD Circular Letter No. 21 dated 26-11-2018

Notification/ SRO:

Notification No. 1(42-B)TID/18-TR-II dated 03-08-2018

In terms of Ministry of Commerce (Textile Wing) letter No. 1(42-B)/TID-18-TR-II dated July 18, 2023 (copy enclosed), it has been decided that September 30, 2023 will be the final cut-off date for resubmission of following discrepant cases to SBP-BSC:

Case-to-case claims, under para 1(4)(a) & 1(4)(d) of scheme at Serial No. 3 and para 1(2)(a) & 1(2)(d) of scheme at Serial No. 4 above, for FY 2020-21.

Incremental claims under para 1(2)(b) and 1(4)(b) for schemes mentioned at Serial No. 1 to 4 above.

Accordingly, banks should resubmit their claims before the deadline i.e. close of business on September 30, 2023.

All other instructions on the subject shall remain unchanged.

Authorized Dealers are advised to bring the same to the notice of all their constituents."

Effective Date: **21-August-2023**

Regulator Department: **Exchange Policy Department**

Related FI Department: **Foreign Trade Department**

Risk Category: **Clients, products and business practices - Suitability, disclosure and fiduciary, Clients, products and business practices - Improper business or market practices, Execution, delivery and process management - Vendors and suppliers**

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Finance Department

via FD Circular Letter No. 04 of 2023 dated 22-August-2023

Implementation of Device Identification Registration & Blocking System (DIRBS) for Azad Jammu & Kashmir (AJK) & Gilgit-Baltistan (GB):

1. Please refer to FD Circular Letter No. 5 of 2018 whereby instructions were issued to all Banks to activate OTC facility for collection of FBR taxes and duties.
2. The Pakistan Telecommunication Authority (PTA) in coordination with Federal Board of Revenue (FBR) had developed DIRBS system across Pakistan for the purpose of generating challans/Payment System ID (PSID) and its payment through banks' Alternate Delivery Channel (ADC) Over-the-Counter (OTC) facility and ATMs. Now, PTA intends to rollout the DIRBS system across AJK and GB region on similar lines for convenience of general public intending to register their mobile devices.
3. With a view to ensure that taxpayers have the facility to pay the DIRBS duty/levy through OTC and ATMs facility, all Commercial and Microfinance Banks are advised to make available the aforesaid payment facility at their branches located within the territorial jurisdiction of AJK and GB. Furthermore, necessary instructions by the banks may also be

issued to concerned branches to depute officials who are well-versed with the DIRBS system.

4. Please acknowledge receipt.

Effective Date: **22-August-2023**

Regulator Department: **Finance Department**

Related FI Department: **Finance / Operations 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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Islamic Finance Policy Department

via IFPD Circular No. 01 of 2023 dated 29-August-2023

Adoption of 'Accounting and Auditing Organization for Islamic Financial Institutions' (AAOIFI) Shariah Standards:

1. With a view to further strengthen Shariah compliance framework and harmonize the Shariah practices in Islamic banking industry, the AAOIFI Shariah Standards No. 15 (Ju'alah), No. 39 (Mortgage and its Contemporary Applications) and No. 46 (Al-Wakalah Bi Al-Istithmar (Investment Agency)) have been adopted with immediate effect subject to clarifications/amendments as given in the attached Appendix - A.
2. The adoption of the Standards is in addition to current regulations, other instructions and directives issued by SBP from time to time.
3. The failure to comply with these instructions may invoke penal action under the provisions of Banking Companies Ordinance 1962.

Please acknowledge receipt.

Effective Date: **29-August-2023**

Regulator Department: **Islamic Finance Policy Department**

Related FI Department: **Shariah Compliance /Operation**

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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Medium Risk Circulars & Notifications

Domestic Market & Monetary Management Department

via DMMD Circular Letter No. 05 of 2023 dated 31-August-2023

RATE OF REMUNERATION ON SPECIAL CASH RESERVE ACCOUNT

MAINTAINED WITH SBP AGAINST DEPOSITS RAISED UNDER FE-CIRCULAR 25 OF 1998:

Please refer to Para 03 of BSD Circular No. 18 dated March 31, 2001 and DMMD Circular Letter No. 03 dated August 09, 2023 on the captioned subject.

It is notified that the rate of remuneration for the month of September 2023 on Special Cash Reserve Account (US\$) maintained with the State Bank of Pakistan will be 4.33%.

Effective Date: **31-August-2023**

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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Low Risk Circulars & Notifications

Banking Policy & Regulations Department

via BPRD Circular Letter No. 16 of 2023 dated 07-August-2023

Public Holiday

The State Bank of Pakistan will remain closed on Monday, August 14, 2023 on the occasion of 'Independence Day' as declared by the Government of Pakistan.

Effective Date: **14-August-2023**

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

Related FI Department: **Human Resources**

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

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