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**DEALINGS IN FOREIGN CURRENCY NOTES AND COINS ETC.**

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## **CHAPTER 11**

### **DEALINGS IN FOREIGN CURRENCY NOTES AND COINS ETC.**

#### **1. Authorized Dealers.<sup>1</sup>**

- (i) Authorized Dealer's licence to deal in foreign exchange includes an authority to deal in foreign currency notes and coins as well. This chapter sets out the regulations, which govern the purchase and sale of foreign currency notes and coins.
- (ii) Besides Authorized Dealers, the State Bank has granted licences/authorizations to resident Pakistani entities/companies to purchase and sell foreign currency notes and coins. They are required to follow the code of conduct prescribed for them from time to time.

#### **2. Purchase from the Public.**

All incoming passengers, whether Pakistani or foreign can bring with them without any limit foreign currency notes, coins and other instruments which should be freely purchased by the Authorized Dealers against payment in Rupees. In all cases Authorized Dealers should issue a certificate of encashment in the prescribed form (Appendix V-9) and if so desired by the travellers, the purchase should be endorsed on the traveller's passport. In cases where the foreign currency offered for sale by a traveller had been originally obtained from an Authorized Dealer, the repurchase should be endorsed on the traveller's passport in the case of Pakistan nationals only.

#### **3. Purchase from other Authorized Dealers and Exchange Companies.<sup>1</sup>**

Authorized Dealers may also purchase foreign currency notes, coins and other instruments freely from other Authorized Dealers and Exchange Companies licensed by the State Bank of Pakistan.

#### **4. Non-convertible Currency Notes.**

Many countries have restrictions on import of their own currency notes and do not also allow their repatriation through banking system. Surplus collection of such foreign currency notes can be disposed of in the international centres at market rates. Authorized Dealers should arrange with their overseas branches or correspondents to keep them fully informed of such restrictions on import and repatriation as also about demonetization, currency re-organization etc., in foreign countries. Such information may also be passed on by the Authorized Dealers to those Exchange Companies who are their customers. Authorized Dealers should regulate the

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<sup>1</sup> FE Circular 11 Dated July 03, 2004

sale of foreign currency notes etc., to travellers keeping in view the restrictions of the respective countries so that they are not put to any loss or inconvenience on arrival in the foreign country concerned.<sup>1</sup>

**5. Authorized Dealers' requirements of Foreign Currency Notes.**

Authorized Dealers may replenish their stocks of foreign currency notes for meeting the requirements of their customers either by purchasing them from other Authorized Dealers or by importing them from their overseas branches and correspondents.

**6. Sale to Public.**

Authorized Dealers may sell foreign currency notes and coins to persons proceeding abroad within the amount of foreign exchange sanctioned by the State Bank or released by the Authorized Dealers under the authority delegated to them in Chapter 17 subject to compliance of the provision of paragraph 43 of that chapter.

**7. Sale to other Authorized Dealers.**

Authorized Dealers may freely sell foreign currency notes and coins to other Authorized Dealers.

**8. Disposal of Surplus Notes.**

When Authorized Dealers are unable to dispose of their holdings of foreign currency notes by sale to the public or other Authorized Dealers, they may dispatch such surpluses to their agents or correspondents abroad for crediting their value to their foreign currency accounts.

**9. Export of Surplus Cash Foreign Currencies by the Authorized Dealers.<sup>2,3</sup>**

Authorized Dealers are also allowed to sell their surplus cash foreign currency (US Dollar, UK Pound Sterling, Euro and UAE Dirham) to SBP-Banking Services Corporation, Karachi as per the procedure laid down in F.E. Circular No. 5 dated June 14, 2005 read with the instructions issued by the State Bank from time to time. SBP will provide credit of the counter value in the Nostro Account of the Authorized Dealer in the same value date, on confirmation of balances from SBP-Banking Services Corporation, Karachi.

Further, in case of need, Authorized Dealers can also take currency notes of the above mentioned foreign currencies from the State Bank on confirmation of credit of counter value in SBP's Nostro Account in respective currency.

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<sup>2</sup> FE Circular No. 5 Dated June 14, 2005

<sup>3</sup> FE Circular No. 1 Dated February 1, 2006