
AUTHORIZED DEALERS

1. Authorization to deal in Foreign Exchange.
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CHAPTER 2

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1. Authorization to deal in Foreign Exchange.

(i) In terms of the powers vested in it by section 3 (1) & 3 (2) of the Foreign Exchange Regulation Act, 1947, the State Bank may on application authorize any person to deal in foreign exchange. An authorization may authorize dealings in all foreign currencies or may be restricted to authorizing dealings in specified foreign currencies only and may authorize transactions of all descriptions in foreign currencies or may be restricted to authorizing specified transactions only.

(ii) Authorizations to deal in all foreign currencies and in approved transactions of all descriptions are issued to those scheduled banks which conduct all types of banking transactions.

2. Application for Authorized Dealer's License.

(i) Applications for grant of Authorized Dealer's License should be made by the Head Office of the bank or the Principal Office in Pakistan in the case of a foreign bank, to the Director, Exchange Policy Department, stating the nature of transactions that are desired to be dealt with and it should be confirmed that trained staff and the required systems and equipments to handle foreign currency transactions are available.

(ii) Once the Head Office/Principal Office of a bank has obtained an authorization to deal in foreign exchange, it is free to designate its branches, which would conduct foreign exchange business. In case it is decided that a branch which was not previously authorized to deal in foreign exchange, is to be allowed to start such business, its name and address shall be communicated to the Director, Statistics & Data Warehouse Department, who will allocate a code number to the branch for statistical purpose. The branch can thereafter start dealing in foreign exchange.

(iii) Every branch of a bank authorized to deal in foreign exchange is, however, authorized to purchase foreign currency notes, coins, traveller cheques and demand drafts. Such transactions should be reported to a branch designated by its Head Office/controlling office for consolidation and reporting to the State Bank through the prescribed returns.

(iv) The State Bank may, without assigning any reason, refuse to grant an authorization to deal in foreign exchange. It may also withdraw an authorization already granted to a bank or prohibit dealings in foreign exchange by any branch of an Authorized Dealer in accordance with the powers vested vide section 3B of the Act.

(v) A list of Authorized Dealers in Foreign Exchange is given in Appendix IV.

3. Authorized Dealers to engage in Transactions within the Scope of their Authorizations.

An Authorized Dealer shall, in all its dealings in foreign exchange, comply with such general or special instructions which the State Bank may give from time to time and shall not engage in any transaction involving foreign exchange which is not in conformity with the terms of its authorization.

4. Authorized Dealers should satisfy that no Contravention or Evasion of the Provisions of the Act is contemplated.

An Authorized Dealer shall, before undertaking any transaction in foreign exchange within the scope of its authorization, on behalf of any person, require that person to make such declarations and to give such information as will reasonably satisfy it that the transaction will not involve and is not designed for the purpose of any contravention or evasion of the provisions of the Act or of any rules, directions or orders made thereunder. If any person refuses to comply with any such requirement or makes only unsatisfactory compliance therewith, the Authorized Dealer should refuse to undertake the transaction and should, if it has reason to believe that contravention or evasion of the provision of the Act is contemplated, report the matter to the State Bank.