
RETURNS OF ALL FOREIGN EXCHANGE TRANSACTIONS

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CHAPTER 22

RETURNS OF ALL FOREIGN EXCHANGE TRANSACTIONS

1. Maintenance of Record.

Authorized Dealers should maintain proper record of all dealings in foreign exchange in their books including transactions on non-resident accounts.

2. Submission of Returns to State Bank.

Authorized Dealers should take utmost care in compilation of various returns/statements prescribed in this as also other chapters so that all transactions are correctly and duly reported. They should also ensure that these returns/statements are invariably sent to the State Bank on due dates.

3. Basis and Procedure for Reporting of Transactions.

The system of reporting transactions is designed to compile figures on the basis of actual entries in the currency accounts so that there are no suspense items. Authorized Dealers should report transactions as per following procedure:

(i) EXPORTS

a) Export bills drawn under irrevocable letters of credit.

Transactions in respect of export bills negotiated by Authorized Dealers should be reported as purchases only at the time entries are made in the currency account duly supported by Schedule 'A' and Forms 'E'.

b) Export bills drawn on collection basis.

Sometimes Authorized Dealers also purchase export bills drawn on collection basis. Transactions relating to such export bills should be reported as an outright purchase against "Exports" in the summary statement after the transaction is put through the currency account on receipt of advice of realization of the export proceeds.

(ii) OTHER RECEIPTS

The procedure indicated in sub-paragraph (i) (a) above should also be followed with regard to D.Ds. and M. Ts. etc. In other words, purchases in respect of D.Ds. and M.Ts. etc. should be reported only when the transactions are put through the currency accounts.

(iii) IMPORTS

a) In case of import bills drawn under letters of credit, the foreign currency accounts of the Authorized Dealers are debited at the time of negotiation of documents by their foreign correspondents. Accordingly, sales on account of import bills drawn under confirmed and irrevocable letters of credit should be reported when the

transaction is put through the currency account on receipt of import documents and not on the basis of retirement of bills by the importers.

b) All sales on account of imports are required to be supported by the original copy of the Form 'I'. In view of the time-lag between the date of receipt of the import bills and the date of their retirement by the importers, it may not be possible to submit original copy of Form 'I' duly signed by the importers. In such cases, Authorized Dealers should fill in the quadruplicate copy of the Form 'I' and submit it alongwith the relevant schedule and the summary statement. The original copy of the Form 'I' should be submitted after it has been signed by the importer, which will be at the time of retirement of the bill.

c) Authorized Dealers will forward to the State Bank a monthly statement showing particulars of the Form 'I' originals of which have not been sent by them to the State Bank, giving reasons for their non-submission. These statements should reach the State Bank by the 5th of the following month and should bear running serial numbers.

d) With regard to import bills received on collection basis, the transactions will be reported on Schedule E-2 supported by original Form 'I'.

(iv) OTHER PAYMENTS

Transactions relating to D.Ds. and M.Ts. issued by the Authorized Dealers should also be reported only at the time entries are made in the currency accounts.

Non-resident Rupee accounts of foreign banks and correspondents including barter accounts should also be reported by Authorized Dealers in the manner indicated in this para.

4. Coding of Transactions.

Authorized Dealers are required to give code numbers for all transactions pertaining to receipts as well as payments whether under cash, loan, credits or barter on the relevant prescribed forms as also in the columns provided in the relevant schedules, excepting stubs given on the right hand top of the schedules relating to "Period", "Authorized Dealer" and "Currency" whose coding is done in the State Bank.

Separate code lists are provided for the following items:

Code-3	COUNTRY
Code-4	EXPORTS (Visible Receipts)
Code-5	INVISIBLE RECEIPTS
Code-6	IMPORTS(Visible Payments)
Code-7	INVISIBLE PAYMENTS
Code-8	DEPARTMENTS

For entering code numbers on various schedules, the code lists mentioned below against each schedule should be referred to:

Title of Schedule	Code lists to be used
A-1/0-1	Code-3 and Code-4
A-2/0-2	Code-3 and Code-4
A-3/0-3	Code-3 and Code-4
J/0-3	Code-3 and Code-5
E-2/P-2	Code-3 Code-6 & Code 8
EL-2/EL-3	Code-3 Code-6 & Code 8
E-3/P-3	Code-3 Code-7 & Code 8
E-4/P-4	Code-3 Code-7 & Code 8

The stubs earmarked for 'Department' are to be used in cases of transactions relating to imports and invisible payments. All payments by Government and Semi-Government agencies out of cash resources should be correctly co-related with those given in Code-8 and code number given accordingly. Where payments for imports or invisibles are made by private parties out of cash resources, the Code No.501 of Code-8 will be given under 'Department'.

Authorized Dealers should ensure that the description of transactions given in the relevant forms conforms to the nomenclature given in the Code Lists. Coding should be done with extreme care. It is advisable to entrust the Coding work to experienced and responsible members of the staff. To guard against any possible misclassification, coding should be got checked independently. For all amounts equivalent to Rs. 100,000 and above, the checking of codes should be done by supervisory staff.

5. Returns of Foreign Exchange Transactions.

Authorized Dealers should report to the State Bank/SBP-Banking Services Corporation particulars of foreign exchange transactions effected by them i.e. all outward and inward remittances made whether through their accounts in foreign currencies or through the Rupee accounts of non-resident banks. For this purpose, Authorized Dealers should submit to the SBP-Banking Services Corporation a summarized statement of their transactions in each currency in which a position is maintained by them and also summary statement of transactions effected on the Rupee accounts of non-resident banks maintained with them for each month, reaching the respective area office of the Foreign Exchange Operations Department by the 3rd of the following month from branches and by the 5th from Head/Principal Offices of Authorized Dealers.

These summary statements should be submitted on:

"S-1" statement for transactions in all foreign currencies (Appendix V-104).

"S-4" statement for transactions on Rupee accounts of non-resident banks (Appendix V-105).

"S-6" statement for transactions in foreign currency notes (Appendix V- 106).

¹Code Lists No. 4 & 6 under foreign exchange Code Guide used for coding Exports and Imports (Schedule A1/A2/A3) have been replaced with HS Codes Commodity Classification.

Code List No. 5 used for Purpose Codes of Invisible Receipts (Schedule J) has been revised and replaced as per coverage and definitions of BPM5.

Code List No. 7 used for Purpose Codes of Invisible Payments (Schedule E3/E4) has been revised and replaced as per coverage and definitions of BPM5.

Code List No. 8 meant for Department Codes for Payments (Schedule E2/E3/E4) has been revised.

Authorized Dealers are, therefore, advised to provide monthly foreign exchange data through DAP starting from the month of April, 2003 onwards to the Statistics and Data Warehouse Department, State Bank of Pakistan under the revised system by due date as per existing requirements. The revised Software of the System and the Code Guide will be provided by the Statistics and Data Warehouse Department, State Bank of Pakistan. Hard copies of the foreign exchange returns based on revised system will be sent through SBP-Banking Services Corporation Area Offices as per practice in vogue.

With the adoption of BPM-5, vide FE Circular No. 8 dated the 19th April 2003, in addition to other requirements; a mechanism has been developed for reporting of new Foreign Currency ²Accounts (FE 25) by classifying transactions of these accounts in Code Lists No. 5 & 7. For further clarification, the same are reproduced below:

O-FINANCIAL ACCOUNTS

Code No. Description

I) Short Term Capital (RECEIPTS)

9524 Borrowings by banks within Pakistan – FCA

9525 Withdrawals in Equivalent Pak Rupees from FCA-residents-individuals

9526 Withdrawals in Equivalent Pak Rupees from FCA-residents-enterprises-Direct investment.

¹ FE Circular No. 08 dated April 19, 2003.

² FE Circular No. 15 dated July 24, 2003.

9527 Withdrawals in Equivalent Pak Rupees from FCA-residents-enterprises-Portfolio investment.

9528 Withdrawals in Equivalent Pak Rupees from FCA-residents-enterprises-other purpose

9529 Withdrawals in Equivalent Pak Rupees from FCA-residents-General government

9531 Withdrawals in Equivalent Pak Rupees from FCA-non-residents

9532 Foreign currency accounts of residents- individuals

9533 Foreign currency accounts of residents- General government

9534 Foreign currency accounts of residents-enterprises

9535 Foreign currency accounts of non-residents

9536 Foreign currency accounts – NBFI's

SWAPS

9537 Short-term SWAPS- inter-bank

9538 Short-term SWAPS-abroad

Placements

9539 Withdrawal of Placements made within Pakistan

9541 Withdrawal of Placements made outside Pakistan

9542 Withdrawal from the balance of CRR/SCRR- SBP

Trade Finance

9543 Replenishment of FCA from inter bank for settlement of FX loan (Pre-shipment) to exporters

9544 Replenishment of FCA from inter bank for settlement of FX loan (Post-shipment) to exporters

9545 Receipts against FX loan to importers

III) Other long-term Capital

9642 Borrowings by banks within Pakistan-FCA

O-FINANCIAL ACCOUNT

Code No. Description

I) Short-term Capital (PAYMENTS)

1522 Foreign currency accounts of residents- individuals

1523 Foreign currency accounts of residents- General government

1524 Foreign currency accounts of residents-enterprises

1525 Foreign currency accounts of non-residents

1526 Foreign currency accounts – NBFIs

SWAPS

1527 Short-term SWAPS

1528 Repayment by banks - abroad

1529 Repayment by banks within Pakistan

1531 Repayment by others

Placements

1532 Placements within Pakistan

1533 Placements abroad

1534 Deposits with SBP for CRR/SCRR

Trade Finance

1535 Sale to SBP of FX loans (Pre-shipment) to exporters

1536 Sale to SBP of FX loans (Post-shipment) to exporters

III) Other Long-term capital

1642 Repayment by banks within Pakistan- (FCA)

SWAPS

1643 Long-term SWAPS

Placements

1644 Placements within Pakistan-(FCA)

1645 Placements made outside Pakistan

Authorized Dealers are required to report the transactions under new Foreign Currency Accounts Scheme on Schedule J/O-3 (Invisible & Capital Receipts) and on Schedule E3/P-3, E4/P-4 (Invisible & Capital Payments).

Error! Bookmark not defined. There is no restriction on effecting all outward remittances from treasury or any centralized branch of an Authorized Dealer. It should, however, be ensured that the transactions are reported to the concerned area office of SBP-Banking Services Corporation, by the designated branch i.e. the branch to whom the approval for remittance has been granted by State Bank of Pakistan or SBP-Banking Services Corporation.

Monthly Foreign Exchange Returns-Code Numbers for Call Centre Activities.³

Attention of Authorized Dealers is invited to Code List Nos. 5 & 7 circulated vide FE-Circular No.8 dated 19th April 2003. It has now been decided to include the activities of Call Centres separately which were earlier included in telecommunication services under Code Nos. 9101 and 1101. In order to cover the business activities of Call Centres, the Code List Nos. 5 & 7 have been amended accordingly. The new purpose codes will now be as under:

Code List No.5-Invisible and Capital Receipts
C-Communication Services

Telecommunication Services

S. No	Purpose	Description	Code No.
3	Telecommunication Services	Receipts on account of telecommunication services other than Call Centres viz., transmission of sound, images or other information by telephone, telegram, cable, broadcasting, satellite, electronics mail facsimile services, etc. This also includes business network services, teleconferencing services and support services.	9101
4	Call Centres	Receipts on account of services provided by Call Centres*.	9102

³FE Circular No. 11 dated August 01, 2006.

Code List No.7-Invisible and Capital Payments
C-Communication Services

Telecommunication Services

S. No	Purpose	Description	Code No.
2	Telecommunication Services	Remittances made on account of tele-communication services other than Call Centres viz., transmission of sound, images or other information by telephone, telegram, cable, broadcasting, satellite, electronics mail facsimile services, etc. This also includes business network services, teleconferencing services and support services.	1101
3	Call Centres	Remittances on account of services provided by Call Centres*.	1102

(* A Call Centre is a company that provides information services on telephone, email, internet etc. on behalf of any major business concern).

⁴In order to enhance the utility of the data for policy formulation and financial planning, the existing format of foreign exchange returns has been revised to include additional information on quantity, unit of the commodity, mode of trade (Incoterm e.g. fob, c&f, etc) and price per unit. Schedules of exports (A-1/O-1, A-2/O-2, A-3/O-3) and schedule of imports (E-2/P-2, EL-2/EL-3) have also been revised accordingly. The revised schedules, code list of units for quantity and mode of trade (Incoterms) and revised reporting software can be obtained from Statistics & Data Warehouse Department or can be downloaded from State Bank of Pakistan website at link http://www.sbp.org.pk/fe_returns/index.htm. All other instructions on the subject will remain unchanged.

Consequently, Authorized Dealers are advised to provide monthly foreign exchange data with additional information through DAP starting from the month of November 2006 and onwards to Statistics and Data Warehouse Department under the revised format by the due date for submission of these returns i.e. 5th of the following month. Authorized Dealers are further advised to properly record the additional information for all imports and exports at the time of transaction for onward supply of the same to SBP.

⁴ FE Circular No. 16 dated October 31, 2006.

Monthly Foreign Exchange Returns-Inclusion of NTN⁵

The foreign exchange transactions data for Balance of Payments (BOP) will contain the information about the entity/ company/enterprise involved in the foreign exchange transaction in addition to other information as reported earlier. Authorized Dealers are required to record the National Tax Number of the entity/company/enterprise involved in the foreign exchange transaction in the specified column in the prescribed schedule/return.

Authorized Dealers are advised to ensure the strict compliance of the following during the course of Foreign Exchange Transactions:-

- a) Record the NTN of each entity/enterprise on the basic documents (e.g. E/ I/ R-Form) at the time of recording the foreign exchange transactions;
- b) Report NTN for each transaction/entry on schedule for all transactions pertaining to business entities; and
- c) Take extra care in recording and reporting NTN failing which identification of entity cannot be made from the database.

6. Compilation of Summary Statements.

- i) Each summarized statement will be an abstract of the Authorized Dealer's ledger account and will consist of totals under specified heads. Opening and Closing balances should be added making each summary a complete and balanced statement.
- ii) Authorized Dealers will complete one "S-4" statement for each period in which consolidated figures of all non-resident bank accounts maintained with them will be given. It will not be necessary to complete a separate "S-4" statement for each non-resident bank account.
- iii) Statement "S-6" is to be submitted in duplicate.

7. Supporting Schedules and Forms of the Summary Statements.

To support the details of the totals entered in the summarized statements, every statement must be accompanied by schedules and the relative forms as indicated in the summarized statements. The schedules should be compiled as under:

RECEIPTS & PAYMENTS SCHEDULES

Schedules "A-1", "A-2", "A-3", "J", "E-2", "E-3" and "E-4" are given combined heading as follows:

⁵ FE Circular No. 02 dated June 02, 2007

RECEIPTS	COMBINED HEADING
(i) A-1	A-1/0-1(Appendix V-107)
(ii) A-2	A-2/0-2(Appendix V-108)
(iii) A-3	A-3/0-3(Appendix V-109)
(iv) J	J/0-3(Appendix V-110)

PAYMENT	COMBINED HEADING
(i) E-2	E-2/P-2(Appendix V-111)
(ii) E-3	E-3/P-3(Appendix V-112)
(iii) E-4	E-4/P-4 (Appendix V-113)

Combined headings have been provided to facilitate preparation of Schedules 'O' & 'P' in respect of transactions of branches, which do not maintain independent currency positions, but operate on the foreign currency accounts of the Head/Principal Office/another branch and themselves submit unbalanced Summary Statements "S-1" and "S-4" to their area offices of the Foreign Exchange Operations Department. The procedure for preparation of these schedules by the branches, which do not maintain independent currency positions is given subsequently in this para.

SCHEDULES "A-1", "A-2" and "A-3" (APPENDICES V-107, V-108 and V-109):
Purchase of foreign currencies or debits to non-resident bank Rupee accounts covering proceeds of exports from Pakistan will be listed on Schedules "A-1", "A-2" and "A-3" as follows:

SCHEDULE "A-1": In cases where Form 'E' is certified against a purchase of foreign currencies or debit to non-resident Rupee account, the transaction must be listed on a relative Schedule "A-1" in triplicate showing the number of the Form 'E' and the amount.

SCHEDULE "A-2": In cases where no Form 'E' is certified at the time of purchase of foreign currency or debit to non-resident Rupee account, the particulars will be listed on Schedule "A-2" in triplicate. Such cases will fall into two categories:

- i) Advance payments for goods to be exported.
- ii) Part realization where the triplicate of the Form 'E' will be lodged with the State Bank at the time when final proceeds are received.

If an advance payment is received for an export, the Authorized Dealer must make out an "Advance Payment Voucher" (Appendix V-23). When the Form 'E' is ultimately made out and a deduction shown for the advance payment, the date of the "Advance Payment Voucher" must be stated on the Form 'E'.

When proceeds of exports are received and the Form 'E' is not available or in case of part realization, a voucher "Export Receipts: Form 'E' not attached" (Appendix V-114) must be completed.

"Advance Payment" and "Export Receipts: Form 'E' not attached" voucher must be listed on Schedule "A-2".

SCHEDULE "A-3": In cases where 'E' Form is certified against purchase of foreign currencies or debit to non-resident Rupee account for re-export of imported goods the transaction will be listed on Schedule A-3 in triplicate.

Totals of Schedules "A-1", "A-2" and "A-3" must be cast and the total of "A-2" and "A-3" brought forward to "A-1" and grand total shown on "A-1" which must agree with the amount entered on the summary statement. Even in cases where there are no certified Forms 'E' to be submitted with the return, an "A-1" Schedule should be completed showing a nil figure and giving the total figure of "A-2", making up the grand total on "A-1".

For every item on Schedules "A-1", "A-2" and "A-3" a certified copy of Forms 'E' or a voucher, as applicable, must be enclosed. Conversely, for every voucher or Forms 'E' enclosed, there must be an item on the appropriate schedule. No Forms 'E' should be enclosed with the returns against which no receipt is being reported on the return. The forms and vouchers must be sorted in the order they are listed. If more than one schedule sheet is used, the sheets must be serially numbered and pinned together.

While reporting export receipts, separate schedules ("A-1", "A-2" and "A-3") should be prepared for receipts on account of exporters residing in the jurisdiction of area offices of the Foreign Exchange Operations Department other than the area office to which the 'Returns' are being submitted. Such schedules should be prepared area-wise with one additional copy. The name of the area office to which the schedules pertain should be prominently written on the top thereof. Separate Schedules "A-1", "A-2" and "A-3" must be attached to the summary statement relating to each currency. It is not permitted, for example, to enter the Forms 'E' in U.S. dollars and Pound Sterling on the same summary statement.

SCHEDULE "B" (APPENDIX V-115)

Purchases of a currency against sale of other foreign currencies are to be listed on Schedule "B". Separate schedule should be used for each currency purchased. Foreign Exchange Operations Department area from where the currency is purchased must be mentioned in specified column. The schedule will be attached with relevant Summary Statement "S-1" and total of the currency purchased must agree with the amount shown against item 'Purchases against sale of other foreign currencies' on receipt side of the Statement "S-1".

SCHEDULE "C" (APPENDIX V-116)

The currencies purchased from Authorized Dealers or branches in Pakistan maintaining a separate currency position must be listed on Schedule 'C'. A separate schedule should be made out for each currency with its name written on the schedule and must be attached to the relative "S-1" statements.

SCHEDULE "D" (APPENDIX V-117)

Foreign currencies purchased from and sold to the State Bank must be entered on Schedule "D" and totals entered on the "S-I" statements.

SCHEDULES "E-2", "E-3" and "E-4" (APPENDICES V-111, V-112 and V-113).

Forms relating to sales of foreign currencies to the public must be listed as under:

- i) "I" Forms on "E-2".
- ii) "T-1" Forms on "E-3".
- iii) "M" Forms on "E-4".

As with Schedules "A-1" and "A-2", separate schedule must be made out for each currency and attached to the respective "S-1", "S-4", or "S-6" statement. For every item listed in the schedule there must be a payment Form "I", "T-1" or "M" as appropriate to the transaction and these forms must accompany the relative schedules. No forms should be submitted which are not listed on the schedules.

SCHEDULE "F" (APPENDIX V-118)

The sale of a currency against purchase of other foreign currencies is to be listed on Schedule 'F'. A separate schedule should be used for each currency sold and the Foreign Exchange Operations Department area to which the currency is sold must be mentioned in the specified column. The schedule will be attached with relevant Summary Statement "S-1" and total of sales in the schedule must agree with the amount entered against item "Sales against purchase of other Foreign Currency" on the sales side of "S-1" statement.

SCHEDULE "G" (APPENDIX V-119)

The currencies sold to Authorized Dealers or branches in Pakistan maintaining a separate currency position must be listed on Schedule "G". A separate schedule must be made out for each currency with its name written on the schedule and must be attached to the relative "S-1" statements.

SCHEDULE "H" (APPENDIX V- 120)

Currencies bought against credit to non-resident bank Rupee accounts must be entered on Schedule "H". A separate schedule must be made out for each currency and attached in duplicate to the relative summarized Statement "S-1" and total amount of currency shown on the schedule must agree with item 4 on the purchases side of the relative summary statement, while total of Rupees must agree with the total of items on credit side of "S-4" statement.

SCHEDULE "J" (APPENDIX V- 110)

All Forms "R" and "IRV" must be listed on Schedule "J" and a separate list should be made for each currency. The schedules must be attached to the relative "S-1", "S-4", or "S-6" statement and the totals on the schedule must agree with those entered in the statements. For every item appearing in the schedule, a "R" Form/"IRV" must be attached. In the case of encashment of foreign currency instruments of foreign missions in Pakistan, the name of the mission concerned, should invariably be mentioned in Form "R"/"IRV" (Appendix V-121/Appendix V- 122). Authorized Dealers must carefully note that Schedule 'J' is to cover all receipts OTHER THAN EXPORTS. Export receipts are to be reported on Schedules 'A-1' and 'A-2' and not on Schedule 'J'. "R" Form is to be used for amounts over US\$ 10,000 (or equivalent in other currencies), for purposes other than Family Maintenance Remittances and Exports. For amounts of US\$ 10,000 and less received for purposes other than 'Family Maintenance Remittances' and all amounts received as 'Family Maintenance Remittances', Authorized Dealer will prepare one IRV for same currency, country and purpose for one reporting period i.e. for the whole month. The item will be listed individually and the total thereof will be entered on relevant schedule 'J' of same currency. In case the number of entries are large and more pages for IRV are required, continuation sheets may be used. All inward remittances sent by individuals from abroad in favour of individuals in Pakistan may be treated as "Un-requted Transfers-Family Maintenance" unless voluntarily disclosed by the beneficiary to be for some other purpose.⁶

The Authorized Dealers are now required to include additional information about the status (Ultimate Controlling Parent – UCP or Ultimate remitter, head office, branch, subsidiary, associate, agent/bank, etc.) and country of the immediate remitter, country of the UCP/ultimate remitter in Form R. The additional information regarding the status and country of the immediate remitter, country of the UCP/ultimate remitter would be reported to the State Bank through Schedule J/O-3. For every item appearing in the schedule, Form R must be submitted to Statistics & Data Warehouse Department and other relevant Departments of the State Bank for the purpose of verification. Both Form R and Schedule J/O-3 have been amended accordingly for immediate implementation.

Authorized Dealers are also required to report the additional information to Statistics & Data Warehouse Department under monthly ITRS through DWH portal (DAG 4) w.e.f. November 30, 2011.

Keeping in view the importance of the information, the Authorized Dealers are strongly advised to take extra care in filling the forms and the reporting schedules. Strict punitive action will be taken against the Authorized Dealers for reporting incorrect or incomplete information.

SCHEDULE "K" (APPENDIX V-123)

The Schedule "K" is not related to the Summary Statements "S-1", "S-4", or "S-6" (See paragraph 13 *ibid*).

⁶ FE Circular No 16 dated September 10, 2003.

SCHEDULE "L" (APPENDIX V-124)

Debits to non-resident bank Rupee account covering transfers to other non-resident bank Rupee accounts must be listed on Schedule "L" and the total amounts of Rupees should agree with the total on "S-4" statement. The schedule should be submitted to the State Bank in duplicate with relative summary statements.

SCHEDULE "M" (APPENDIX V-125)

Debits to non-resident bank Rupee accounts against sales of foreign currencies must be listed on Schedule "M" and the total should agree with the amount entered on "S-4" statement. For example, if U.S. dollars are sold to a U.S. bank against debit to that bank's non-resident Rupee account, the U.S. dollar will be reported against item No.4 on the sales side of the "S-1" statement for U.S. dollars. The schedule should be submitted to the State Bank in duplicate with the relative summary statements.

SCHEDULE "N" (APPENDIX V-126)

The closing balance of the non-resident bank Rupee accounts must be listed on Schedule "N". They should be grouped according to countries or currency groups. The final total must agree with the amount entered for closing balance on the "S-4" statement.

SCHEDULE "O" & "P" (APPENDICES V-127 & V-128)

The branches operating on Head/Principal Office/another branch account shall prepare the summary statements with the supporting schedules i.e. A-1/O-1, A-2/ O-2, J/ O-3, E-2/P-2, EL2/EL3-P-2, E-3/P-3 & E-4/P-4 in quadruplicate. The originals, duplicates and triplicates of these schedules, after deleting O-1, O-2, O-3 and similarly after deleting P-2, P-3 & P-4 respectively, will be sent alongwith the summary statements and relevant forms to the area office of the Foreign Exchange Operations Department. The quadruplicates, after deleting A-1, A-2, J, EL2/EL3, E-2, E-3 and E-4 from the heading, will be sent to the office of the Authorized Dealer whose foreign currency account has been operated. The Authorized Dealer whose currency account has been operated upon will amend the Schedules O-1, O-2, O-3, P-2, P-3 and P-4 received from the branch by deleting such entries which have not been booked during the reporting period and adding those of the previous period which have been booked during this period. Particulars of such entries must be listed in full i.e. relevant form number, code number etc. The total of the amended Schedules O-1, O-2, O-3 will be listed on Schedule "O" and the total of Schedules P-2, P-3 and P-4 listed on Schedule "P" for each branch. The aggregates of Schedules "O" and "P" should respectively match with item 7 of the purchases and item 8 of sales side of the Summary Statements "S-1" and item 6 of purchases and item 7 of sales side of the Summary Statement "S-4". In view of the extra work involved in preparation of the supporting schedules in respect of branch transactions, the Head/Principal Office may submit them to the State Bank within seven days from the date of submission of the summary statement/schedules. In other words, summary statements alongwith all schedules, other than "O" and "P" and their supporting Schedules O-1, O-2, O-3, P-2, P-3 and P-4 should be submitted within the existing time limit viz. 5th followed by Schedules "O" and "P" by the 17th.

SCHEDULE "R" (APPENDIX V-129)

Credits to non-resident bank Rupee accounts covering transfers from other non-resident bank Rupee accounts must be listed on Schedule "R" and the total amounts of Rupees must agree with the total on "S-4" Statement. The schedule should be submitted to the State Bank in duplicate with the relative summary statement.

8. Reporting of Imports under Loans, Credit and Grants.

SCHEDULE "LAC-NR" (APPENDIX V-130)

This schedule is to be used in respect of imports under loans/aid, credits and grants where no remittances are involved. Branches of Authorized Dealers through whom transactions are processed, would submit Schedule "LAC-NR" to the respective area office of the Foreign Exchange Operations Department alongwith the monthly Exchange returns. In addition to the Schedule "LAC-NR" a summary statement styled "Summary Statement—LAC-NR" (Appendix V-131) which will be an abstract of the amount allocated, opening balance, payments i.e. utilization and closing balance at the end of each month shall be submitted by Head/Principal Offices duly supported by Schedule "LAC-NR" wherein they will incorporate transactions of their branches as also their own. There may be instances where payments for invisible items such as bank charges, service charges etc., out of the loans/aid, credits and grants may also be involved. Such transactions shall also be incorporated in Schedule "LAC-NR". Invisible items should, however, be listed at the end of the schedule.

SCHEDULES "EL2"/"EL3" (APPENDIX V-132)

These schedules will be prepared in duplicate in the following manner:

- (i) Form 'I' in respect of imports under reimbursable loans and credits under which payments are first made out of Pakistan's cash resources and subsequently reimbursed by Loan/Aid giving agency shall be listed on Schedule "EL2".
- (ii) In cases of suppliers credit under which remittance of down payment is involved, Schedule "EL3" will be used.

As the transactions in cover of the items (i) and (ii) above effect the currency accounts, the same will be reported in the relative "S-1" statements but shall be listed separately on Schedule "EL-2" or "EL3", as the case may be. Care should be taken to ensure that items listed on Schedule "EL-2" or "EL3" are not listed on Schedule "E-2".

Separate schedule should be used for each loan or credit. The name of the loan should be clearly described on the schedule in the space provided there for.

9. Opening and Closing Balances.

The opening and closing balances are to be taken from the currency accounts in the books of the Authorized Dealer. The abbreviations "Cr." or "Dr." on the summarized statements are intended to signify:

"Cr." Credit balances with agents or correspondents abroad as shown by debit balances in own books.

"Dr." Debit balances with agents or correspondents abroad as shown by credit balances in own books.

Balances of customer's foreign currency accounts should be excluded from the Authorized Dealer's balance.

10. Items without Schedules.

No schedules are needed for the following items on the various statements viz.

	Purchase Side (Item No.)	Sales Side (Item No.)
"S-1"	NIL	4
"S-4"	NIL	5
"S-6"	3	3

All that is necessary is to insert one total covering the relative period.

11. Foreign Currency Notes.

Authorized Dealers must not include their holdings of foreign currency notes in the balances reported on the "S-1" statement and they are to omit their transactions in currency notes completely except where such transactions result directly in entries in their currency accounts. Examples of these are when an Authorized Dealer imports bank or currency notes from abroad paying for them by drawing on the currency account and alternatively when an Authorized Dealer sends a bunch of currency notes abroad to be credited to its account. In the first instance the transaction should be treated as the sale of currency and reported on Form 'M', which will be included in Schedule "E-3". In the second case, the Authorized Dealer will report the purchase of the currency on Form "R"/"IRV"-Schedule "J" attached with Statement "S-I". As a consequence of this, if a traveler obtains US\$900/- in travelers cheques and US\$100/- in currency notes as his travel quota, the transaction must be included in Statement "S-1" as the sale of US\$900/- & the transaction of US\$100/- in notes will be reported on Statement "S-6".

Authorized Dealers must report to the State Bank purchases and sales of foreign currency notes on the prescribed Statement "S-6" which should be sent in duplicate duly supported with relative schedules/forms.

12. Method of Dispatch of Statements "S-1", "S-4" and "S-6" to the State Bank.

When the statements are being dispatched to the SBP-Banking Services Corporation, they should be put in separate envelopes or packages i.e. the "S-1", "S-4" and "S-6" statements

each separately. On the outside of the envelopes or covers preferably on the back on the top left corner, the name of the Authorized Dealer, the last date of the respective period, the type of statement enclosed and the currency should be shown. Example: XYZ Bank, Period ended 30-06-2015 "S-1", U.S. \$.

Transactions under barter agreement expressed in foreign currencies will be reported on "S-1" statement.

The statements "S-1", "S-4" and "S-6" should be made as on the last day of each month. They should reach the SBP-Banking Services Corporation/State Bank at the latest by the 3rd of the following month to which they relate from the branches and by the 5th from the Head Offices of Authorized Dealers. However, as the various statements are to be sent in separate covers, those statements which are completed earlier may be sent immediately without waiting for others which may still be under preparation.

13. Operations on Private Non-Resident Rupee Accounts.

Authorized Dealers must submit on Schedule "K" a return of operations on private non-resident Rupee accounts (i.e. other than Rupee accounts of non-resident banks which are reported on "S-4" statement) on quarterly basis reaching the area office of the Foreign Exchange Operations Department by the 12th April, 12th July, 12th October & 12th January. Only totals for all such accounts of credits and debits passed during the period and of the balances are required. Total amounts of debits and credits given on Schedule "K" must agree with the aggregate amounts of Forms A-7 enclosed with the schedule. Schedule "K" consists of following categories:

- i) Private Non-Resident Rupee Account of Indian nationals other than Banks Branches and Correspondents.
- ii) Private Non-Resident Rupee Account of Non-Indian nationals excluding Banks Branches and Correspondents.

14. Record of Exchange Position.

Authorized Dealers are required to maintain record of their exchange position in each currency in which they maintain an account as at the close of business in the prescribed form (Appendix V-133). The Exchange position performa has been drawn up to suit the different types of book keeping used in different banks and in some cases some of the items will not be required. The main items which may cause some difficulty are explained below. In the event of any further difficulty being encountered, the Authorized Dealers should refer the matter to the State Bank.

(i) OUTWARD BILLS PURCHASED (TEMPORARY ACCOUNT).

Banks have different methods of entering bills purchased. Some banks enter these immediately into their currency account, in which case this item will not be required. On the other hand some banks debit their bills purchased to a temporary suspense account and transfer to their currency account at the estimated time when

the bill is payable. In the Exchange position, the total in the suspense account must be entered under this heading.

(ii) **BILLS NEGOTIATED ABROAD CHARGED TO ACCOUNT AND RESPONDED TO BUT NO SALES SHOWN IN EXCHANGE POSITION.**

This is intended to cover bills which have been received after negotiation abroad, entered into the currency account but not taken up by the customers, when the person who has had the relative credit opened covers the requirements by a forward purchase of currency. The amount of such bills should be shown under the heading in order to off-set the effect of outstanding forward sales included on the sales side on the final position.

(iii) **PROCEEDS OF BILLS: SALES BOOKED BUT NOT CREDITED IN LOCAL BOOKS.**

This item is intended for those banks who have to remit currency to their agents and who have booked the sale but have not entered the amount in their currency accounts. For example suppose that a bank in Karachi has to remit the proceeds of a Sterling bill to its London correspondent; if the sale has been booked but owing to one reason or the other it has not been able to pass entries in its books or issue the advice, then the amount must be shown here. Again some banks if they issue drafts do not credit their currency accounts until such estimated time as their correspondents will receive the advice of issue, the amount is held in a suspense account in the interval. Such amounts must be shown under this heading.

(iv) **FOREIGN CURRENCY BILLS, MAIL TRANSFERS AND TELEGRAPHIC TRANSFERS PAYABLE.**

Banks receive from their correspondents advices of drafts in foreign currency issued on them or Mail and Telegraphic Transfers to pay foreign currency or its equivalent. This in fact will ultimately be a purchase of the currency from the beneficiary of the transaction. If the Authorized Dealer does not enter into its currency position the amount of draft or transfer until it is actually paid, this heading will not be required. If, however, it enters the amount in its currency account immediately on the receipt of the advice with a contra entry to a suspense account, the amount outstanding in the suspense account must be entered here.

15. Statement of Outstanding Import Commitments.

Authorized Dealers are required to submit to the State Bank fortnightly statements of outstanding commitments against cash resources in the prescribed forms (Appendices V-134, V-135, V-136, V-137) as on 15th and last day of each month reaching the Foreign Exchange Operations Department, SBP-Banking Services Corporation, Karachi by the 22nd and 7th showing breakdown of figures with month-wise maturity thereof classified allocation-wise as under:

(i) Specific allocation.

(ii) Private Sector imports.

16. Returns of Blocked Accounts and Securities.

Authorized Dealers are required to furnish a yearly return in the prescribed form (Appendix V- 138) to the State Bank at the end of each year ending 31st December, showing the balance held by them in blocked accounts. This return should show the country of residence of each account holder separately. Similarly, a yearly return in the prescribed form (Appendix V- 139) showing the securities held by them on blocked accounts should also be furnished. These returns should include the balance and securities held in non-resident accounts blocked by orders of the State Bank. Where there are no accounts or securities to report, "NIL" return should be sent. The returns should be made as on the 31st December, each year and should reach the State Bank not later than 7th January.