

2<sup>nd</sup> September 2014

## **Compliance of SBP Rules and Regulations –Correspondence with SBP**

Attention of the Authorized Dealers is invited to the instructions contained in Paras 5 and 6 of Chapter I and Para 4 of Chapter II of the F.E. Manual (Eighth Edition—2002) in terms of which they are, *inter alia*, required to bring Foreign Exchange Regulations to the notice of their customers and to ensure compliance in their day to day operations. Further, Authorized Dealers are also required to refer to the State Bank only those cases which they are not authorized to approve after satisfying themselves about the bonafides of the applicants and the correctness of the statements made by them on the application and the accompanying documents, if any, along with their recommendations/comments and appropriate documentary evidences, according to EPD circular letter No 08 of 2014 issued to The Head/Principal Offices of all Authorized Dealers in Foreign Exchange.

It has, however, been observed that the above referred instructions are not being followed in letter and spirit by the Authorized Dealers. Further, it has been noticed that queries/clarifications relating to various Foreign Exchange Regulations/F.E. Circulars/Circular Letters are sought from and cases are forwarded to Exchange Policy Department directly either by field functionaries or different officers of the Authorized Dealers without in-depth study of the instructions and knowledge of the concerned Head of the Department/Group Head. This results in wastage of precious time and resources in unnecessary correspondence with the Authorized Dealers.

In order to streamline the process for expeditious disposal of the cases/references, it is advised that Authorized Dealers must ensure that the same are forwarded to Exchange Policy Department after proper review/scrutiny in the light of above referred instructions. Further, henceforth all references seeking clarification on the regulations/instructions and all other cases, except routine and prescribed statements/returns/information, shall be signed at least at the level of respective Departmental/Business/ Group Head of the bank. It may carefully be noted that the references/cases received without following the above procedure shall not be attended and shall be returned back in original to the respective Authorized Dealer.

It has also been observed during inspections of various banks that personnel handling foreign exchange related matters lack in skills and knowledge about foreign exchange regulations, SBP policies etc. Therefore, Authorized Dealers are advised to arrange suitable training courses in areas related to foreign exchange for their staff and submit their training plans to the Exchange Policy Department latest by December 31, 2014.