

A. Para 6B (viii), Chapter 13 (Imports) of FE Manual

(viii) Financial Instrument Details

Authorized Dealer shall communicate the details of import transaction in the form of financial instruments through EDI with PSW. The financial instrument shall be issued in the prescribed format on behalf of importers upon:

- i) making advance payment;
- ii) establishment of letter of credit;
- iii) receipt of shipping documents directly from the bank abroad or issuance of shipping guarantee under registered contract/ collection in accordance with the applicable regulations;
- iv) registering a contract for the import of crude oil and petroleum products by oil refineries/ marketing companies. However, it shall be ensured that payment is made only upon presentation of the shipping documents as per terms of the registered contract.
- v) Receipt of declaration from PSW, in case of import on open account basis.

The expiry date of the financial instrument must match with the related underlying transaction (i.e. contract/LC/ advance payment) as per applicable regulations.

After the financial instrument is issued in cases other than open account, the importers shall file a declaration in PSW and attach it with the respective financial instrument for clearance of goods from Pakistan Customs. The detailed procedure for filing declaration in PSW is explained in the PSW user manual.

Authorized Dealers can amend the information on financial instruments such as value, quantity, price, validity, etc. upon the importer's request, provided that the request is duly supported by appropriate documentary evidence/information to the satisfaction of the Authorized Dealers. Authorized Dealers may also cancel financial instruments before the submission of BDA, in case of advance payment, or before the instrument is attached with the declaration in the PSW system.

The serial number of financial instruments for each Authorized Dealer will be generated automatically through its system. Each financial instrument number shall comprise of four components i.e. alphabetic acronym of Authorized Dealer, the three letters "IMP" indicating that the transaction is an import, system generated six-digit serial number and the date of issuance in the format DDMMYYYY. For example, for ABC Bank, the number of a financial instrument shall appear as ABC-IMP-000001-15032021. The Authorized Dealers may add up to three characters, at the end of the number, if needed, to indicate the type of transaction e.g. LC, contract, advance payment etc. At the beginning of each calendar year, the serial number for each Authorized Dealer will reset to 000001. Authorized Dealer are required to maintain a complete record of importers' financial transactions through PSW in electronic form in accordance with applicable regulations.

B. Para 10, Chapter 19 (Loans, Overdrafts & Guarantees) of FE Manual

10. Guarantees on behalf of Residents of Pakistan in favor of Non-residents.

Except in cases covered in paragraph 14, prior approval shall be required for giving any guarantee or undertaking or opening of a letter of credit/Standby Letter of Credit (SBLC), the issuance/opening of which may involve payment to a non-resident in either foreign currency or Pak Rupees. Applications seeking permission for guarantees related to foreign currency borrowing from abroad (except as may otherwise be allowed by the State Bank) or for equity investment abroad will be forwarded to the Director, Exchange Policy Department, State Bank of Pakistan. All other guarantee related cases shall be forwarded to the Director, Foreign Exchange Operations Department, State Bank of Pakistan-Banking Services Corporation (SBP-BSC). Such applications should, inter alia, include complete details of the guarantee/ SBLC or undertaking including the amount, validity period, purpose, invocation scenario.

These requirements shall also apply to renewal of such instruments. Renewal applications should also indicate the extent to which the facilities covered by the guarantees were utilized during the validity period.

In case the guarantee is invoked, the Authorized Dealer concerned must report full details of the case to the State Bank or SBP-BSC, as the case may be, within one week of invocation.

The restrictions imposed above shall not apply to the establishment of the following by the Authorized Dealers:

- i. Letters of credit or similar undertakings to finance imports into Pakistan in accordance with the provisions of Chapter 13.
- ii. SBLC for the import of Crude Oil, Petroleum Products and Liquefied Natural Gas (LNG) on behalf of oil refineries/ marketing companies and LNG importers.

Exchange Policy Department