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UPDATED F.E. CIRCULAR

Date 29th May,1998	**F.E Circular No.12**

All Authorised Dealers
In Foreign Exchange.

Dear Sirs,

FOREIGN CURRENCY ACCOUNTS, FEBC, DBC AND FCBC.

1. The rules relating to maintenance and operation of private foreign currency accounts notified by us from time to time are partially modified as under:-

i. No new foreign currency accounts will henceforth be opened in the name of resident Pakistani nationals, resident firms and companies including foreign controlled companies functioning in Pakistan.

ii. Withdrawals from the existing foreign currency accounts - whether maintained by the residents or non-residents - have been temporarily suspended till further orders. State Bank of Pakistan is developing a criterion for allowing withdrawals from those accounts. Till such time as the criterion is developed, withdrawals may be made in Pakistan rupees if so desired by the account-holders. Payments in such cases may be made by the Authorised Dealers at the rate of exchange determined by them in terms of F.E. Circulars Nos. 1 and 5 of 1998. The State bank will pay a cash subsidy to the extent of the difference between the Authorised Dealer buying rate and Rs. 46/- per US Dollar (and this rate crossed with New York's closing mid-rate for the previous working day in respect of other currencies as published by the Foreign Exchange Rates Committee), which will also be paid by the Authorised Dealers, and re-imbursement claimed by them from the State Bank. The difference between the booked rate - where forward cover has been obtained from the State Bank - and the Authorised Dealers buying rate may also be claimed from the respective office of the State Bank and the relative forward cover got cancelled to that extent.

2. Instructions contained in the preceding paragraph will also apply to the Certificates of Investment issued by the non-bank financial institutions.

3. The instructions contained in paragraph 1 above will not apply to the foreign currency deposits brought under F.E. Circular No. 45 of 1985. No premature withdrawals of these deposits would, however, be allowed.

4. The foreign currency accounts maintained by the diplomatic missions accredited to Pakistan, their non-resident employees, all international organizations in Pakistan viz. IMF, IBRD, ADB and their non-resident employees are not affected by the instructions contained in paragraph 1 above.

5. The restrictions mentioned in paragraph 1 above would not apply to the special foreign currency accounts allowed to be opened by firms/companies in Pakistan for receiving foreign equity and foreign currency loans for the purpose of import of plant and machinery, and to foreign currency accounts opened by IPPs in terms of F.E. Circular No. 16 of 1996 or in terms of specific permissions given to them.

6. The encashment of Foreign Exchange Bearer Certificates / US Dollar Bearer Certificates and Foreign Currency Bearer Certificates, including payment of profit in foreign exchange, is also hereby temporarily suspended. The holders can, however, encash these instruments and obtain the profits in Pakistan rupees. The encashments will be made and re-imbursement of subsidy claimed in the manner prescribed in paragraph 1 (ii). Other terms and conditions applicable for encasement of these instruments will remain unchanged.

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