

Terms and Conditions

- i. Exchange Companies (ECs) will be eligible to receive an incentive of PKR 1 for each United States Dollar (USD) or equivalent in other currencies mobilized through inward home remittances subject to 100% surrender of such Foreign Exchange (FX) in the interbank market.
- ii. ECs will submit their claim for preceding month by the 15th of next month to the Director, Foreign Exchange Operations Department (FEOD), State Bank of Pakistan-Banking Services Corporation (SBP-BSC). However, ECs can submit their claims for the months of February 2022, March 2022, and April 2022 separately till May 31, 2022. After verification of submitted claim, the approved claim amount will be paid to EC in its designated PKR account.
- iii. The payment of incentive claims would be made on 'First In, First Out (FIFO)' basis. In case of availability of limited funds, the remaining claims would be processed after release of funds by the Government.
- iv. The amount paid as home remittances during the last month shall be included in the claim of that particular month, provided that the corresponding USD has been surrendered in the interbank market. However, the home remittances paid prior to effective date (04-Feb-2022) shall not be eligible for claim of incentive. Further, the home remittances for which USD was surrendered prior to effective date (04-Feb-2022) shall also not be eligible for claim of incentive.
- v. ECs shall be free to sell FX raised against home remittances, to any Authorized Dealer (AD)/ Bank. Sale of USD/ FX by the ECs to ADs for other purposes, i.e. settlement of credit card payments, sale of export proceeds of foreign currencies etc., shall not be eligible for this incentive scheme.
- vi. The ECs can maintain separate foreign currency account for each Money Transfer Operator (MTO). Further, ECs can use such accounts to receive home remittances related commission/ fee or exchange gains subject to the condition that all such funds/ FX are surrendered in the interbank market on same day. However, incentive under this scheme will be provided only on the FX generated through home remittances.
- vii. With each claim, ECs shall submit unconditional authority, on non-judicial stamp paper valuing Rs. 100/-, in favor of the State Bank to recover funds from (i) their account, maintained at SBP-BSC and/ or (ii) from subsequent claims, in case of any discrepancy subsequently observed in the previously paid claim.

Internal Procedures and Documentation at ECs:

For the purpose of this incentive scheme, ECs shall develop internal procedures and respective documentation requirements, duly approved by the Board of Directors, to maintain relevant record and for filing claims under the incentive scheme. The internal procedures include the following minimum requirements and documentation:

- i. **Payment of PKR by ECs:** ECs shall pay PKR to the individual customers and report individual remittance transaction in PKR, through Data Acquisition Portal (DAP) under **2110 (Workers' remittances) of Book Transactions (Summary – 1)** {Ref: Chapter 7, Para 4 of Exchange Companies Manual}.
- ii. **Settlement with MTOs:** As per the agreed terms with respective MTO, ECs shall devise a mechanism to obtain/ maintain system based (electronic) settlement deals on daily basis. Daily settlement deals shall be placed in the record of ECs. A system based monthly statement shall either be retrieved from system or received from MTO. The statement should include the following:
 - a. Amount Disbursed (PKR)/ Principal or Base Amount;
 - b. Settlement Amount (USD);
 - c. Settlement ID/ Advice No;
 - d. Details of other charges including commission/ fee/ FX gain/ etc.

In addition, ECs shall also arrange to obtain/ retrieve date-wise details of commission/ exchange gain received during the month. The same shall also be kept in the record of ECs.

- iii. **Transfer of FX/ USD from MTOs:** The ECs shall receive FX/ USD from MTOs in its designated Foreign Currency Account (FCA) on pre agreed terms. ECs shall obtain and maintain Statement of Account on monthly basis from their bank/ branch. The monthly account statement should contain at least the following against each transaction:
 - a. Date of transaction;
 - b. Particulars containing mode of transaction (FTT/ Selling of USD etc.), Sending and Receiving Entities (WU/ MG/ RIA etc.), SWIFT/ TTs number etc.
 - c. Instrument number and time
 - d. Amount
 - e. Balance
- iv. **Selling of FX/ USD to ADs/ Banks:** The ECs shall sell/ surrender the FX/ USD, as received from MTO(s), to/ with ADs on the same day. ECs shall document all deals made with the bank(s) on daily basis and keep record of relevant documents. ECs shall also obtain and maintain a monthly statement/ Encashment Certificate for their FX/ USD sales to respective banks. The Account statement, as mentioned above, should also reflect all such encashment/ transactions.

SOP for submission of Claims under the Incentive Scheme

1. The EC shall submit its monthly claim to the Foreign Exchange Operations Department (FEOD), SBP BSC through **Regulatory Approval System** (RAS). The EC shall submit their claim, for preceding month by the 15th of next month (in case of holiday, next working day) along with following documents/ information:
 - i. Scanned copy of the application on prescribed format as per **Appendix – I**.
 - ii. PDF file of date wise statement of individual settlement advices, inward receiving of FX/ USD in designated accounts, payment of home remittances to customers and surrendering of FX/ USD in the interbank market, as per prescribed format (**Annexure-I**).
 - iii. Scanned copy of the statements of the settlement deals with respective MTO, as retrieved from MTO's system or as received from MTO electronically.
 - iv. Scanned copy of the monthly statement of commission/ exchange gain etc. (other than principal amount) as retrieved from MTO's system or as received from MTO electronically.
 - v. Scanned copy of Account Statement(s) of designated Foreign Currency (FCY) and PKR Accounts (where FX and encashment proceeds have been credited) duly authenticated by the bank/ branch.
 - vi. Scanned copy of the monthly encashment certificates as received from AD/bank against surrendering of FX/ USD.
 - vii. Certificate from head of Internal Audit of the EC regarding the authenticity of the claim and validity of all relevant details.
2. The ECs shall thoroughly examine claims and requisite documents/ information prior to submission through RAS. Discrepant claims shall be returned for resubmission. In case of limited funds from government (as mentioned in Para iii. of the terms and conditions), the claims complete in all respects shall only be considered eligible for disbursement on FIFO basis.
3. The application will be stamped and signed by the CEO/ authorized signatory.
4. Payment of eligible claims after due processing will be made through RTGS to the ECs' account subject to availability of funds from Finance Division, Government of Pakistan. The ECs shall share complete details of its PKR account including IBAN for receiving the amount of claim.
5. State Bank reserves the right to defer/ hold payment of any claim for examination/ scrutiny and may require submission of further supporting documents/ information, if deemed appropriate.
6. Any wrongful claims and inadvertent credits to PKR accounts against claims shall be recovered from the ECs.

ON LETTER HEAD OF EXCHANGE COMPANY

Ref No. _____

Date: _____

The Director,
Foreign Exchange Operations Department,
SBP Banking Services Corporation,
Head Office,
Karachi.

Dear Sir/ Madam,

**Application for Claiming Incentive under “Incentive Scheme for Exchange Companies”
for the month of _____ 20xx.**

I/We, M/s _____ having NTN No. _____ hereby apply to claim the incentive of PKR (*...Amounts in Figures...*), (*...Amount in words...*); under captioned scheme announced by the Government of Pakistan and circulated through EPD Circular Letter No. 03 dated February 03, 2022.

2. I/We hereby confirm that EC has surrendered 100% of the Foreign Exchange (FX), received from Money Transfer Operators (MTOs) against the payments of inward home remittances, in interbank market during the month of *Month, Year (e.g. February, 2022)*. Daily transaction details regarding receipt of all such FX and its subsequent surrendering into the interbank market along with all the relevant documents, as prescribed under relevant SOPs, are enclosed herewith.

3. The eligible claim may please be disbursed into the account of company bearing IBAN No. *PKXXXXXXXXXXXXXXXXXXXXXX* maintained with *Branch Name* of the *BANK Name*. We undertake that our claim is eligible and genuine as per the conditions laid out by the State Bank of Pakistan and no additional/ wrongful amount has been claimed. In case of any discrepancy observed subsequently, SBP/ SBP-BSC may initiate regulatory action under relevant provisions of the FERA, 1947.

4. I/We, further, undertake that if our claim is found to be ineligible, SBP-BSC may debit the claimed amount from our account maintained with State Bank of Pakistan or may adjust from subsequent claims.

5. As required under the SOPs, issued for implementation of this scheme, following documents have been attached for processing the claim:

- i. Statement of transactions on prescribed format (Annexure-I).
- ii. Monthly statement of settlement deals.
- iii. Monthly statement of commissions/ exchange gains etc.
- iv. Monthly FCA/PKR account Statement.
- v. Monthly encashment certificate.
- vi. Certificate from internal auditor.
- vii. Unconditional authority in favor of the State Bank/SBP BSC.

Regards,

(Signature & Stamp of CEO of Exchange Company)

Annexure - I

Date (DD-MM-YR)	Settlement Deals with MTOs ¹				Receiving of USD against Inward Remittances			Surrendering of FCY		Claim Amount (PKR)	Remarks
	MTO	Home Remittances Disbursed (PKR)	Settlement Amount Principal (USD)	Settlement Amount Com/ Ex. Gain etc. (USD)	Amount Received (USD)	Bank Name	Account No.	AD/ Bank	Amount Sold (USD)		
1	2	3 ²	4	5	6	7	8	9	10	11=4	12 ³
TOTAL											

Signature of CEO

Date

¹ Settlement with MTO refers to deal between EC and MTO.

² PKR disbursed on last working day(s) on cutoff time, as mentioned in the MTO settlement advice.

³ Reason for any difference between the USD received and surrendering should be mentioned in remarks.