



Annexure-A

40. Utilization of Funds held in Exporters' Special Foreign Currency Account

- i. Authorized Dealers may allow exporters of goods and services to retain prescribed percentage of their export proceeds in Exporters' Special Foreign Currency Account (ESFCAs), as enunciated in Paras 35 (iii), 36 and 37 of this chapter. In this regard, the exporters may utilize these funds freely for making all types of payments abroad of current account nature to fulfil the needs of their own businesses, without prior SBP approval, including but not limited to the following:
 - a. Payment for import by exporters for the purpose of their own business, subject to compliance with applicable Import Policy Order and related laws/ regulations issued by any government department and SBP.
 - b. Shortfall/ non-realization of export proceeds due to genuine reasons beyond the control of an exporter, subject to submission of sufficient documentary evidence to the satisfaction of concerned Authorized Dealer. In such cases, the banks shall report overdue to FEOD, SBP BSC in their periodic reporting in Appendix V-20, while the adjusted amount will be reported in the column of "realized amount" of Appendix V-21 (as and when such adjustments are allowed by the banks). In case of misuse of this provision, however, appropriate enforcement action will be taken against the respective AD and/or exporter under relevant provisions of FERA, 1947.
 - c. Payment for acquisition of services/ IT or digital services from abroad, without prior designation requirement as stipulated in Chapter 14 (Commercial Remittances).
 - d. Payments for dividends of domestic entities to their shareholders abroad, provided shares owned are registered as 'Repatriable' with SBP.
 - e. Operational expenses, including employee salaries, of liaison/ marketing/ representative offices abroad of local companies in accordance with the provisions of Para 13, Chapter 20 of FE Manual.
- ii. The funds in ESFCAs can also be used for making payments with regard to capital and financial account transactions, such as equity investment abroad and foreign currency loan repayments. However, in case of remittance of such transactions, proper procedure as described in the relevant regulations shall be followed. For example, for equity investment abroad, instructions stipulated in Para 13, Chapter 20 of the FE Manual shall be adhered to. Similarly, regarding loan repayments, the procedure defined in chapter 19 would be followed.
- iii. The Authorized Dealers are required to facilitate the exporters (on specific request) by issuing debit cards against balances held in ESFCAs. However, no cash withdrawal in foreign currency from ESFCAs shall be allowed within Pakistan.



- iv. The funds of such exporters available in the ESFCA with an Authorized Dealer may be transferred to the same exporter's ESFCA maintained with another Authorized Dealer, upon specific request of the exporter. Both of the Authorized Dealers involved shall ensure that the proceeds being credited are from ESFCA and pertain to the same exporter.
- v. The funds available in ESFCAs cannot be credited/transferred to any other FCY/ FE-25 account(s). However, on the request of the exporter, the funds available in ESFCA can be converted into PKR at any time.

Exchange Policy Department