

Standard Operating Procedures (SOPs)

Designation of Authorized Dealer and Registration of Shares/Units Issued/Transferred to Non-Residents on Repatriable Basis by Authorized Dealers

1. Scope

- 1.1. These SOPs shall govern the Authorized Dealer (AD)'s institutional arrangements and processes for self-designation for the purposes of registration of shares/units, on repatriable basis, issued/transferred by locally incorporated companies/funds to non-residents and effecting remittances of dividends and disinvestment proceeds to the non-resident shareholders/unitholders under Para 7(v), Chapter 20 of the Foreign Exchange Manual (FEM).
- 1.2. These SOPs shall be read in conjunction with the provisions of the Foreign Exchange Regulation Act, 1947 (FERA), FEM, and instructions issued by the State Bank of Pakistan (SBP) from time to time.

2. Definitions

For the purpose of these SOPs, unless the context otherwise requires:

- 2.1. "Share Registration Unit (SRU)" means the centralized unit established by an AD for registration of shares of companies or units of funds, on repatriable basis, issued/transferred by local companies/funds to non-residents.
- 2.2. "Company/Fund" means a resident entity incorporated in Pakistan under the company law, referred as "Applicant" in these SOPs.
- 2.3. "Designated Authorized Dealer" means the AD designated by the company/fund for the purpose of registration of shares/units issued/transferred to non-residents and remittance of dividend and disinvestment proceeds of a company/fund to its non-resident shareholders/unitholders under Para 7(v), Chapter 20 of FEM.
- 2.4. "General Exemption" means the exemption granted by SBP under Para 6, Chapter 20 of FEM for issuance/transfer of shares/units to non-residents.
- 2.5. "Unutilized Proceeds" mean the excess amount/funds remitted by the non-resident for equity injection and rendered un-utilized after allotment of shares/units.
- 2.6. "Non-Resident Shareholding Registration System (NSRS)" means the system developed to report details pertaining to registration of shares/units, designation and repatriation of dividends and disinvestment proceeds by the ADs.

Any term used but not defined herein shall have the same meaning as assigned to it under FERA or FEM.

3. Institutional Arrangements

- 3.1. ADs shall establish a centralized SRU at their head office which shall be responsible for:
 - 3.1.1. Processing requests for designation and change of designation;
 - 3.1.2. Processing requests for registration of shares/units on repatriable basis issued/transferred by applicant to non-residents;
 - 3.1.3. Acknowledging change in name and/or address of the applicant and/or its non-resident shareholder/unitholder; and
 - 3.1.4. Allowing utilization or repatriation of unutilized proceeds.
- 3.2. No branch or other department of the designated AD shall perform the functions mentioned in Para 3.1 above.
- 3.3. The SRU shall be headed by an officer not below the level of Senior Vice President or

equivalent.

- 3.4. All the requests referred to SRU will be approved/authorized by the Head, SRU or his/her direct reportee in case he/she is on leave.
- 3.5. The SRU shall be responsible for receiving, examining, processing, registering, and maintaining complete and accurate records of shares/units of applicant held by non-residents and for ensuring compliance with the relevant foreign exchange laws, rules and regulations and SBP's instructions issued from time to time.
- 3.6. After receiving the inward foreign remittance in respect of equity injection in a local company/fund and issuing Proceeds Realization Certificate (PRC)/Certificate of Deposit (COD) to the company/fund, SRU shall advise the recipient company/fund to initiate the request for registration of shares/units on a repatriable basis with its designated AD within 60 days after issuance/transfer.

4. Designation of Authorized Dealer

- 4.1. The AD, already designated by SBP, for the purpose of remittance of dividend and disinvestment proceeds to non-resident shareholders/unitholders of a company/fund shall also register the shares/units, on repatriable basis, issued/transferred by the company/fund to non-residents.
- 4.2. The company/fund which has not designated any AD shall request an AD of its choice for designation with the undertaking duly executed by the company secretary to the effect that the applicant has neither designated any AD before nor registered any shares/units on repatriable basis or repatriated any dividend/disinvestment proceeds to its non-resident shareholders/unitholders through any AD.
- 4.3. The SRU will review the request and issue a designation letter as per the format given at **Annexure-I**. SRU shall forward a copy of the designation letter to EPD, SBP through SBP's Regulatory Approval System (RAS), under its cover letter within three working days from the date of issuance of designation letter.
- 4.4. The designated AD shall be the sole bank authorized to register the shares/units of the applicant and process repatriation of dividends and disinvestment proceeds to its non-resident shareholders/unitholders.
- 4.5. Where designation of AD is required to be changed, the applicant shall submit following documents to the new AD it intends to designate:
 - 4.5.1. Approval from applicant's Board of Directors for change of designated AD;
 - 4.5.2. Designation letter issued by SBP/AD evidencing designation of previous AD; and
 - 4.5.3. NOC from the SRU of previously designated AD;

The new AD shall review the request and issue the designation letter to the applicant and shall forward a copy of the same to EPD-SBP through SBP's RAS, under its cover letter within three working days from the date of issuance of the designation letter.

5. Registration of Shares/Units by Designated ADs

- 5.1. The designated AD shall receive requests along with prescribed documents from the applicant and shall ensure that the information contained in the request corresponds with the documents provided. The minimum list of documents required to be submitted by the applicant for registration of shares/units is given as **Annexure-II**. However, the designated AD may seek further documents/information, on need basis, to process the case.
- 5.2. The designated AD shall register the shares/units issued/transferred to non-residents in chronological order.
- 5.3. The designated AD shall ensure that shares/units issued to non-residents fall strictly within the scope of the General Exemption granted under Para 6, Chapter 20 of FEM and considerations prescribed for acquisition of shares/units given under Para 7, Chapter 20 of FEM.
- 5.4. Where a person of Pakistani origin or a non-resident Pakistani (NRP) is identified as holding

ownership, directly or indirectly, in the non-resident investing entity, the designated AD shall obtain a written undertaking from that person, supported by documentary evidence, confirming that the ownership was acquired by that person from earnings derived outside Pakistan. Further, the undertaking shall also contain statement that no funds originating from Pakistan were utilized to acquire shareholding in non-resident entity(ies), and that at the time of acquisition of shares in the said non-resident entity(ies), the person held the “non-resident” status.

- 5.5. The designated AD shall obtain all the prior registration letter(s), whether issued by SBP or any AD, to ascertain the total number of shares/units already registered on repatriable basis.
- 5.6. The designated AD shall ensure that each PRC, COD, or Exchange Entitlement Certificate (EEC) is utilized only once for registration of shares/units.
- 5.7. The shares/units shall be registered on the foreign address of the non-residents, as furnished by the applicant and duly verified by AD through documentary evidence.
- 5.8. Any discrepancy, inconsistency, or deficiency in the information or documentation submitted by the applicant for registration purposes shall be resolved to the satisfaction of the designated AD.
- 5.9. After taking all the above-mentioned measures and satisfying itself about the bonafides and beneficial ownership of the company and its non-resident shareholder(s), correctness of the statements/documents made/submitted by the company, genuineness of the transaction and verifying the necessary documents, the designated AD shall issue a registration letter (as per the format given at **Annexure-III**) to the applicant.
- 5.10. Any subsequent change(s) in name and/or address of the applicant or its non-resident shareholder(s)/unitholder(s) shall also be acknowledged by the designated AD by issuing an acknowledgement letter in this regard (as per the format given at **Annexure-IV**), after obtaining the necessary documentary evidence(s) and satisfying itself that it does not involve any transfer of shares/units.
- 5.11. The designated AD may allow utilization (i.e. registration of additional shares/units) or repatriation of unutilized proceeds after obtaining and verifying documentary evidence of non-utilization of such funds.
- 5.12. In case the applicant does not provide the requisite information/documentation, the concerned AD may decline the request.

6. Internal Controls, Record Maintenance, and Reporting

- 6.1. The designated ADs shall prescribe internal timelines, approval hierarchies, and workflows to ensure timely processing of cases without compromising regulatory compliance.
- 6.2. ADs shall conduct periodic internal audit of SRU.
- 6.3. All shares/units registered during a calendar month shall be reported by the designated ADs through NSRS in the manner prescribed by SBP.
- 6.4. ADs shall maintain centralized updated record/data of all the registered shares/units of non-residents along with the details of investments and dividends/disinvestments repatriated thereagainst.

7. Regulatory Oversight

- 7.1. SBP may conduct periodic on-site and off-site reviews to assess the adequacy and effectiveness of the policies, procedures, and internal controls adopted by the designated ADs in relation to the delegated functions. The designated ADs shall extend full cooperation to SBP in the conduct of such reviews and provide all requisite information/documents, as and when required by SBP.
- 7.2. In case of non-compliance, SBP may initiate appropriate enforcement action(s), including imposition of monetary penalty, issuing warning/reprimand letter(s), etc.

Minimum Information - Designation Letter

Bank's Name and Logo

Letter Ref. No.

Date:

Subject: **Designation for Registration of Shares and Remittance of Dividend and Disinvestment Proceeds to Non-Residents – [Company/Fund Name]**

Based on the information and documents (and undertaking in case of first time designation) provided by the applicant [Company/Fund Name and NTN], [Bank Name] is designated (in place of [Name of previously designated bank] if any) for the purpose of registration of shares/units issued/transferred by the applicant to non-residents and remittance of dividend and disinvestment proceeds to non-residents against the shares/units registered on repatriable basis, subject to compliance with all the applicable laws, rules and regulations.

Name and Signature of Head SRU

Minimum List of Documents

1. In addition to the Memorandum of Association (MOA), if not already available with the designated AD, the minimum set of documents required to be submitted by the applicant to its designated AD for registration of shares/units on repatriable basis is provided below:
 - i. Bank's Proceeds Realization Certificates (PRCs) in case of issue of:
 - a. ordinary shares [including Modaraba Certificates/ Trust and Fund Units] out of public offers under paragraph 6 (B) (I), Chapter 20 of FEM,
 - b. ordinary shares through private placement against equity repatriated to Pakistan under paragraph 6 (B) (III), Chapter 20 of FEM
 - c. units of funds under paragraph 6(B)(IIIA), Chapter 20 of FEM
 - ii. PRCs and Board's resolution in case of issue of rights shares [or units of REIT funds through right] under paragraph 6 (B) (VI), Chapter 20 of FEM
 - iii. Board's Resolution and audited accounts for the respective year(s) in case of issue of bonus shares/units under paragraph 6 (B) (VI), Chapter 20 of FEM.
 - iv. Exchange Entitlement Certificate issued by the Foreign Exchange Operations Department in case of issue of ordinary shares against equity contributed in the shape of plant and machinery under paragraph 7 (iii), Chapter 20 of FEM.
 - v. Certificate of Deposit, issued by the bank maintaining FCY account, in case of issue of ordinary shares under paragraph 7 (iv), Chapter 20 of FEM against equity deposited in a foreign currency account.
 - vi. Stock Broker's Memo and PRCs in respect of the cost of shares[/units] and transfer stamp money (if applicable) in case of transfer of listed shares [and units of funds] under paragraph 6(B)(II), Chapter 20 of FEM. Further, in case the sale of shares[/units] is negotiated privately, documents establishing the deal and the price of the share[/unit] on Stock Exchange on the date of deal, should be furnished.
 - vii. Auditor's certificate for break-up value or net asset value in original, audited accounts of the respective year, documentary evidence of the agreed sale price and PRCs in respect of cost of shares/units and transfer stamp money (if applicable), in case of transfer of shares/units of un-listed companies[/funds] under paragraph 6 (B) (IV), Chapter 20 of FEM.
 - viii. PRCs for transfer stamp duty in case of transfer of shares/units from one non-resident to another non-resident against payment outside Pakistan under paragraph 6 (B) (V), Chapter 20 of FEM.
2. Further, the applicant shall furnish an undertaking, duly signed by the company secretary, stating that no resident Pakistani is included, directly or indirectly, in beneficial ownership of the non-resident entity(ies) in favor of which shares/units are requested for registration.
3. The applicant shall also provide the certificate from Commissioner, FBR in terms of Rule 19H subsection 8 of Income Tax Rules, 2002 as notified by FBR in their [S.R.O. 776\(I\)/2023 dated June 27, 2023](#), where applicable.
4. The applicant shall approach its designated AD for registration of shares/ units after completing all documentary requirements, especially the certificate from Commissioner, FBR in terms of Rule 19H subsection 8 of Income Tax Rules, 2002, where applicable.

Minimum Information - Share/Unit Registration Letter

Bank's Name and Logo

Letter Ref. No.

Date:

Subject: **Registration of Shares/Units in Favor of Non-Residents on Repatriable Basis - [Company/Fund Name]**

Based on the information and documents provided by the [Applicant Name], the following shares/units of [Applicant Name] have been registered in favor of the non-resident shareholder(s)/unitholder(s), on a repatriable basis:

Name & Address of Non-Resident Shareholder/ Unitholder	Nationality	Shares/Units Already Registered	Shares/Units Being Registered in current request	Date of Shares/Units Allotment	Total Shares/Units Registered
[Name, Address]	[Nationality]	[Number]	[Number]	[Date]	[Number]

Accordingly, the details of funds utilized for the above share/unit registration are as follows:

Previous unutilized (on cumulative basis, if any)	PKR [Amount]
PRC/ COD/EEC ref. [Number] dated [Date] issued by [Issuing Bank Name]	PKR [Amount]
Value of Shares Registered	PKR [Amount]
Un-utilized Balance	PKR [Amount]

This registration is subject to the following terms and conditions

- a. The company shall promptly update about any change in the profile of non-resident entity (ies) and the same should be in compliance with the instructions prescribed under Para 6(A), Chapter 20 of Foreign Exchange Manual of State Bank of Pakistan.
- b. If at any stage it transpires that a resident Pakistani owns, directly or indirectly, the non-resident entity(ies), the shareholding/unitholding registered on repatriable basis will be considered null & void, and the applicant will be responsible to repatriate any dividends/disinvestments repatriated to the non-resident entity(ies).
- c. The company shall provide up-to-date position of share registration in favor of non-residents within 30 days from the issuance date of this letter.

Name and Signature of Head SRU

**Minimum Information - Acknowledgement Letter for Change in Name/Address of
Company/Fund or Non-Resident**

Bank's Name and Logo

Letter Ref. No.

Date:

Subject: **Acknowledgement of Change in Name/Address of Company/Fund or Non-Resident**

Based on the information and documents provided by the [Company/Fund Name], following change in the name/address of the company/fund/non-resident has been acknowledged:

Previous Name/Address of Company/Fund/Non-Resident	New Name/Address of Company/Fund/Non-Resident
[Name/Address]	[Name/Address]

The latest position of shares/units of the company/fund registered on repatriable basis is as follows:

S.No.	Name and Address of Non-Resident(s)	Number of Registered Shares/Units Held
1	[Name, Address]	[Number]
2		
3		

Name and Signature of Head SRU
