

**Frequently Asked Questions (FAQs) on Revised Instructions on Sale of Foreign Exchange by  
Exchange Companies to Individuals**

**Reference: FE Circular No. 08 Dated December 19, 2021**

**1. What is the objective of these measures?**

**Answer:** In order to enhance the documentation, transparency, and to further strengthen the foreign exchange regulatory regime, the State Bank of Pakistan has amended the regulations governing sale of foreign exchange to individuals by exchange companies. This step, which is in continuation of other measures being taken by SBP, is primarily to discourage speculative buying and selling of foreign exchange from the exchange companies without affecting the ability of the market to serve the genuine needs of the public.

**2. Will it impact the general public at large?**

**Answer:** We consider that the genuine needs of the general public for travel, family maintenance abroad and other personal needs will be adequately met within the limits prescribed under these regulations, i.e., USD 100,000/- per person per year and USD 10,000/- per person per day. It is important to note that in addition to these limits on purchase of foreign currency from exchange companies, the general public can also use banks for meeting medical and education expenses up to USD 50,000/ per invoice and USD 70,000/- per student per year respectively.

**3. Is it possible to buy FX or make payments in excess of limits prescribed by the SBP regulations?**

**Answer:** Yes, in case of any FX purchase or remittance above the prescribed limits for current international transactions or for any purpose which is specifically not mentioned in foreign exchange regulations, the individual may approach the Foreign Exchange Operations Department (FEOD) of SBP Banking Services Corporation for permission through banks' Foreign Exchange Portal, along with prescribed/appropriate supporting documents confirming the bona fides nature of requested transactions. State Bank of Pakistan will grant permission, within ten working days, for all genuine transactions once the bona fide nature of the request is confirmed by the submitting any necessary supporting documents.

**4. How do the banks facilitate the foreign currency needs of individuals?**

**Answer:** All banks in Pakistan have on-line FX portal where a customer can submit his / her FX transaction request. Payments for education and medical expenses can be made through banks.

**5. Why a limit of USD 100,000 per year and USD 10,000 per day has been set?**

**Answer:** It has been observed that substantial amounts of foreign currency (FCY) was being purchased for speculative gains. Such speculative transactions lead to excessive demand in the open market, which ultimately leads to appreciation in foreign currency rates and an increase in the interbank-Kerb premium. This adversely affects large number of people who need foreign currency to meet their genuine needs of travel, education, medical, etc.

**6. Are the limits of USD 100,000 per year and USD 10,000 per day only applicable for purchase of FCY in cash or do they also apply on purchase of FCY through bank transfer or cheques?**

**Answer:** The limits of USD 100,000/- per year and USD 10,000 per day are aggregate or total limits and apply on purchases of FCY through all modes including cash, cheques, bank transfers or outward remittances.

**7. How individuals can meet their investment needs abroad?**

**Answer:** For investment abroad, a separate investment policy is already in place. Under the policy (Para 13, Chapter 20 of FE Manual), an individual Pakistani can invest up to USD 25,000 per year in shares of listed companies abroad, through the bank.

Link: [Chapter-20.pdf \(sbp.org.pk\)](#)

**8. What is the impact of these instructions on individuals' FCY accounts?**

**Answer:** These instructions do not impact the individual FCY accounts maintained with banks in Pakistan. The funds available in these accounts can be remitted abroad or used in the same manner as was being done previously.

**9. What kind of documents will be required to substantiate the purpose for which FCY is being purchased?**

**Answer:** The documents have not been specified in the regulations to provide necessary flexibility to the Exchange Companies and their customers. The objective of these regulations is to ensure that FCY is used for the purpose for which it has been purchased. Examples of documents substantiating the purpose may include copy of passport, valid visa (if applicable) and ticket for travel purpose. For medical expenses, copy of invoice/estimation from the foreign hospital and a certificate from medical specialist/medical superintendent of a hospital may be required. For educational expenses, copy of CNIC or passport of the student, letter of admission from foreign educational institution or letter/cost sheet from foreign educational institution showing break-up of expenses may be solicited.

**10. What kind of undertaking will be required from the customer at the time of purchase of FCY?**

**Answer:** The customer will provide an undertaking in writing specifying that he/she has not purchased, from all exchange companies, FCY in excess of USD 100,000/- during the current year (from 20<sup>th</sup> December 2021 to 31<sup>st</sup> December 2022) or FCY in excess of USD 10,000/- on the day of purchase. Further, these limits will not be breached after the current transaction. In order to facilitate the customers, the exchange companies may prepare printed forms of such undertaking.

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