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CHAPTER 10

INWARD AND OUTWARD REMITTANCES

1. Inward Remittances.

The term 'inward remittance' means purchase of foreign currencies in whatever form and includes not only remittances by M.T., T.T., draft etc., but also purchase of travellers cheques, drafts under travellers letters of credit, bills of exchange, currency notes and coins etc. Debit to banks' non-resident Rupee accounts also constitutes an inward remittance. This chapter, however, does not cover purchase of foreign currency notes and coins which is dealt with in Chapter 11.

2. Inward Remittance – No Restrictions.

There is no restriction on receipt of remittances from abroad either in foreign currency or by debit to non-resident Rupee accounts of banks' overseas branches or correspondents. Authorized Dealers may freely purchase T.Ts, M.Ts, drafts, bills etc., expressed and payable in foreign currencies or drawn in Rupees on banks' non-resident Rupee accounts. There is also no objection to their obtaining reimbursement in foreign currency from their overseas branches and correspondents in respect of Rupee bills and drafts which are purchased by them under letters of credit opened by non-resident banks or under other arrangements.

2A. Issuance of Electronic Proceeds Realization Certificate.¹

Authorized Dealers (ADs) may issue electronic Proceeds Realization Certificate (e-PRC) upon realization of funds received from abroad through ADs, as per the standard format of e-PRC (Annexure V-148)² and S-PRCs (Annexure V-149)³. ADs are required to follow the guidelines with respect to automated issuance and verification of e-PRCs and S-PRCs (Annexure A). ADs shall provide complete digital solution under 'same bank model' and 'different bank model' as defined in the guidelines.

3. Home Remittances Arrangements.⁴

In order to support and facilitate banks in their diligence process, before finalization, the banks are required to forward to Exchange Policy Department draft of all Home Remittances related agreements intended to be made with other entities both within and outside Pakistan. Exchange Policy Department will provide its input, if any, on the draft agreements so received but the ultimate responsibility to adequately safeguard their interest would remain on the banks.

4. Home Remittances.⁵

(i) With a view to encourage overseas Pakistanis and others to use banking channels for home remittances, and to protect the remitters / beneficiaries from any losses that they may incur due to unwarranted delays in receipts of funds in the beneficiaries' accounts, the banks shall put in place

¹ FE Circular No. 05 dated August 05, 2022

² EPD Circular Letter No. 02 dated June 12, 2025

³ Ibid

⁴ EPD Circular Letter No. 05 dated May 30, 2008

⁵ FE Circular No. 04 dated August 22, 2009

a mechanism as per PSD Circular No. 02/2009 dated August 22, 2009 which will, interalia, ensure that:

a) In case where the beneficiary is maintaining its account within the same bank, the amount of remittance will be credited to the beneficiary's account instantly.

b) In case where the beneficiary is maintaining its account with bank other than the recipient bank, the recipient bank will intimate and give credit of the same to the other bank as per guidelines in PSD Circular No. 02/2009 dated August 22, 2009, however maximum within 24 hours of the receipt of funds. The bank maintaining the account of the beneficiary, after receiving intimation and funds from the recipient bank, will give credit to the beneficiary's account instantly.

c) In case where the payment is required to be made through Pay Order/ Demand Draft to the beneficiary, the bank will issue and dispatch the same within 24 hours of receipt of funds by the bank.

d) In case where the banks are offering the facility of cash over the counter to the beneficiary, the banks shall ensure the availability of the funds instantly.

(ii) In case where the amount of remittance is not credited/ paid to the beneficiary as mentioned above, the beneficiary shall be entitled to a return of sixty five (65) paisa per thousand rupees per day for the number of days credit/payment on account of remittance was delayed. The banks should, therefore, ensure that the amount of remittances is credited/ paid to the beneficiary within time frame laid down above. In case of delays in the crediting/ making payment of remittance amount, the banks shall remunerate the beneficiaries at the rate given above.

(iii) Where a tendency is noted by the State Bank on the part of any bank, either through inspection or on the basis of the pattern of complaints, to delay the credit/ making of payment to the beneficiary's account, penalties shall be imposed on such banks under the provisions of the Banking Companies Ordinance, 1962.

5. Outward Remittances.

The term "outward remittance" means sale of foreign exchange in any form and includes not only remittances by T.Ts, M.Ts, drafts etc., but also sale of travellers cheques, travellers letters of credit, foreign currency notes and coins etc. Outward remittance can be made either by sale of foreign exchange or by credit to non-resident Rupee account of banks' overseas branches or correspondents. Authorized Dealers may sell foreign exchange for approved transactions only in accordance with the procedure outlined in this chapter. This chapter does not cover sale of foreign currency notes and coins which is dealt with in Chapter 11.

6. Mode of Remittances.

Authorized Dealers should normally avoid issuing drafts in cover of outward remittances whenever remittance can be made by T.Ts, or M.Ts, etc. Where, however, the normal means of transfer is likely to result in unnecessary hardship or inconvenience to the remitter, drafts may be issued in the name of the beneficiaries of the remittance but such drafts should be crossed by the issuing bank as "Account Payee only".

7. Prescribed Application Forms.

- (i) There are three types of application forms for outward remittances:
 - (a) Form 'I' is to cover remittance against imports (Appendix V-32)
 - (b) Form 'T-1' is to cover sale of exchange for travel (Appendix V-68)
 - (c) Form 'M' is to cover all other remittances (Appendix V-7)

Any person who wishes to purchase foreign exchange must lodge an application with an Authorized Dealer on the appropriate prescribed form duly supported by the requisite documents. On receipt, the application should be examined by the Authorized Dealer and if the Authorized Dealer is satisfied that the application is covered by the regulations and it is empowered to approve the remittance on behalf of the State Bank, it may effect the sale of foreign exchange. If the transaction requires prior approval of the State Bank, the application should be forwarded by the Authorized Dealer to the State Bank for consideration with comments under its stamp and signature. However, in case of NRVA, since no approval is required to NRVA holder for repatriating the funds from his/her account, Form 'M' may not be required for payment/repatriation of funds from NRVA. Nonetheless, Authorized Dealers shall continue to report outward remittances under the specified purpose code through monthly foreign exchange returns to SBP as per the existing procedure.⁶

8. Applications by Letters.

In some cases, applications are made by letters as it becomes difficult for the applicants to fully describe on the prescribed application form the purpose of purchase of foreign exchange particularly for travel abroad and for purposes other than import. In all such cases, letters should be accompanied by Form 'T-1' or 'M' as the case may be, duly filled in. If the remittance is permissible, the State Bank will return the form duly approved. In cases where remittance is required to be made in installments at periodical intervals, the State Bank may issue special permits authorizing remittances in the desired manner.

9. Applications to be submitted to the State Bank/SBP-Banking Services Corporation only through an Authorized Dealer.

All applications for foreign exchange should be forwarded to the State Bank/SBP-Banking Services Corporation through Authorized Dealers who should arrange their delivery to the State Bank/SBP-Banking Services Corporation through their own messengers or through post. All applicants who present their applications directly to the State Bank/SBP-Banking Services Corporation will be asked to resubmit them through an Authorized Dealer.

10. Forwarding Applications to the State Bank/SBP-Banking Services Corporation.

When submitting applications to the State Bank/SBP-Banking Services Corporation, Authorized Dealers should take all reasonable precautions to satisfy themselves as to the bonafides of the applicants. They should verify that the application form has been duly completed and signed by the applicant and then affix their stamp and signature thereon in token of their having examined the application and of having satisfied themselves that to the best of their knowledge and belief, the statements made in the form are correct and that full documentary evidence as required has been submitted. In this connection, reference is also invited to para 6 of Chapter 1. The applicant should also be advised that under Section 22 of the Act, it is an offence to give any information or

⁶ EPD Circular Letter No. 22 dated November 17, 2020

make any statement which he knows or has reasonable cause to believe to be false or not true in any material particular.

11. Processing of Approved Form etc.

After receipt of approved forms or permits etc., from the State Bank/SBP-Banking Services Corporation, Authorized Dealers should see that the forms etc., have been approved by the authorized officers of the State Bank/SBP-Banking Services Corporation and that they bear its embossing seal. Authorizations which are signed by officers whose specimen signatures are not available with the Authorized Dealer, should be presented to the nearest office of the SBP-Banking Services Corporation for authentication. It is also important that once a form has been approved by or on behalf of the State Bank, the Authorized Dealer should effect remittance only on behalf of the original applicant for whom the form has been approved and in favour of the beneficiary whose name appears in the approval. They must in no case accept instructions from third parties. In those cases where Authorized Dealers are empowered under the instructions laid down in this Manual to approve applications on behalf of the State Bank, they should ensure while approving the form that the applications are complete in all respects and that all the necessary documentary or other evidence as required has been submitted to and examined by them and that they have satisfied themselves as to the genuineness of the transaction.

12. Permits for Recurring Remittances.

(i) Permits (Appendix V-8) issued by the State Bank are of three types. In the first type of permits, the SBP-Banking Services Corporation authorizes remittances upto a stated amount within a stated period which an Authorized Dealer may make on behalf of the permit holder. Remittances under such permits may be made during the period of validity of the permit in amounts as required by the applicant provided that the total of such remittances under the permit does not exceed the overall limit laid down in the permit.

(ii) The second type of permits covers remittances on a periodical (monthly) basis but the periodical (monthly) limits are not cumulative and remittances in all during any one period (month) must not exceed the prescribed rate laid down in the permit. If remittances are not made upto the full extent of the limit in any period (month), it is not permissible to carry forward unutilised balance in order to make larger remittances in subsequent periods.

(iii) The third type of permits allows remittances on a periodical (monthly) basis but the periodical (monthly) amount is sanctioned on a cumulative basis so that unutilised amounts for earlier periods (months) can be remitted in subsequent periods (months). Unutilised amounts may, however, be accumulated only within the validity of the permit and the entire unutilised balance of such permits will lapse after the last day of the validity of the permit. In such cases it is not permissible to make remittances in advance of the entitlements of the subsequent periods (months).

(iv) Requests for utilization of lapsed quotas should be forwarded by Authorized Dealers to the SBP-Banking Services Corporation giving full reasons for non-utilization on due dates supported by suitable documentary evidence, wherever available.

13. Effecting Remittances against Permits.

In all cases where permits are issued by the SBP-Banking Services Corporation, it will be in order for the Authorized Dealers to effect remittances against the permits subject to report on form 'M'. Authorized Dealers must state on form 'M' the number of the permit against which the remittance has been made and also certify that the remittance has been endorsed on the permit.

The remittance must be endorsed on the reverse of the permit giving the amount and date of remittance under their stamp and signature. When the permit is exhausted, it should be returned to the SBP-Banking Services Corporation by the Authorized Dealers alongwith the form 'M' on which the last remittance is reported. In all cases where the purpose for which the permit was granted ceases to exist and no further remittances are required or are permissible, the unutilised permit should be returned to the SBP-Banking Services Corporation with an advice that the permit should be cancelled.

14. Period of validity of approval by the State Bank.

All Authorizations given by the State Bank/SBP-Banking Services Corporation are valid for a period not exceeding 30 days from the date of approval unless they are expressly approved as valid for a specified longer period or unless they have been revalidated for a further period. Similarly, permits issued by the SBP-Banking Services Corporation are also valid for specified periods as stated on the permit. Authorized Dealers should not effect any remittance against approved forms, permits etc., which have been lapsed unless they have been duly revalidated.

15. Release of Foreign Exchange for Travel Abroad.

Foreign exchange is issued to the travellers against specific or general approval given by the State Bank. It may be drawn in any foreign currency equivalent to the sanctioned amount exclusively in the forms specified in paragraph 43 of Chapter 17. In cases where a traveller desires to draw foreign exchange partly in foreign currency instruments and partly in foreign currency notes, Authorized Dealers will prepare two separate 'T-1' forms. In the portion meant for their certificate, the Authorized Dealers will give on both the 'T-1' forms a suitable indication as to the amounts of foreign exchange released in foreign currency instruments and notes. The 'T-1' forms will be attached with Schedules E-3 annexed to Summary Statements S-1 and S-6. In the case of sale of foreign exchange partly in foreign currency instruments and partly in foreign currency notes against specific approval issued by the State Bank, a photocopy of the State Bank's sanction will also be made. Authorized Dealers will give a suitable indication to this effect, both on the original sanction as well as its photocopy which will be attached with the relative 'T-1' forms and surrendered to the State Bank/SBP-Banking Services Corporation alongwith the monthly returns of foreign exchange transactions.

16. Processing of Approvals given on one Authorized Dealer's Form by another Authorized Dealer.

There may be instances where a traveller or a remitter might approach an Authorized Dealer for issue/remittance of foreign exchange against approved form 'T-1' or 'M' bearing the identifying prefix and serial number of another Authorized Dealer. While releasing/remitting foreign exchange against such form 'T-1' or 'M', Authorized Dealers should insert their own identifying prefix and serial number borne on one of the blank 'T-1' or 'M' forms in their possession, and score out the prefix and serial number already appearing on approved form 'T-1' or 'M' under proper authentication. The Authorized Dealers should, however, destroy that blank form 'T-1' or 'M' whose serial number is so inserted by them.

17. Reporting of Remittances.

Authorized Dealers should submit to the SBP-Banking Services Corporation alongwith the appropriate returns as laid down in Chapter 22, forms 'M', 'T'-1 and 'T' as the case may be, in cover of each remittance effected by them. Where remittances are approved by the State Bank/SBP-Banking Services Corporation, the approved forms should be submitted in original. Where approval is given by the State Bank/SBP-Banking Services Corporation by letter or through

issue of permit, particulars of the letter or of the permit should be given on the appropriate form before submitting it to the SBP-Banking Services Corporation with the returns.

18. Cancellation of Outward Remittances.

In the event of any outward remittance which has already been reported to the State Bank/SBP-Banking Services Corporation being subsequently cancelled, either in full or in part, Authorized Dealers must report the cancellation of the outward remittance as an inward remittance. The return in which the reversal of the transaction is reported should be supported by a letter giving the following particulars:

- (a) The date of the return in which the outward remittance was reported.
- (b) The name and address of the applicant.
- (c) The amount of the sale as effected originally.
- (d) The amount cancelled.
- (e) Reasons for cancellation.

19. Cancellation of Inward Remittances.

In the event of any inward remittance which has already been reported to the State Bank/SBP-Banking Services Corporation, being subsequently cancelled either in full or in part, because of non-availability of the beneficiary, Authorized Dealers must report the cancellation of the inward remittance as an outward remittance on form 'M'. The return in which the reversal of the transaction is reported should be supported by a letter giving the following particulars:

- (a) The date of the return in which the inward remittance was reported.
- (b) The name and address of the beneficiary.
- (c) The amount of the purchase as effected originally.
- (d) The amount cancelled.
- (e) Reasons for cancellation.

20. Utilization of Exchange for the purpose it is obtained.

Where any foreign exchange is acquired by any person other than an Authorized Dealer for any particular purpose or where any person has been permitted conditionally to acquire foreign exchange, the said person will not use the foreign exchange so acquired otherwise than for that purpose or fail to comply with the prescribed conditions. In cases where the foreign exchange so acquired cannot be used in full or in part for the purpose for which it was acquired or any of the conditions subject to which the foreign exchange was released cannot be complied with, the foreign exchange should immediately be surrendered to an Authorized Dealer.

21. Framework Governing International Payment Orders (IPOs).⁷

(i) Definitions:

For this framework, the following terms shall have the following meanings:

- a) **“Bank”** shall mean a Person engaged in and (to the extent applicable) licensed to undertake the business of banking, including (without limitation) a universal bank, savings bank, savings and loan association, credit union, trust company or other financial institution, in each case whether domestic or foreign.

⁷ EPD Circular Letter No. 05 dated July 05, 2024

b) **“Beneficiary”** shall mean the Person to be paid by (or for whose benefit payment is to be made by) the Beneficiary’s Bank.

c) **“Beneficiary’s Bank”** shall mean the AD/Bank identified in a Payment Order that is to make payment to (or for the benefit of) the applicable beneficiary, whether: (i) via credit to an account of such beneficiary maintained at such AD/Bank, (ii) application to payment of an obligation of such beneficiary with such AD/Bank or (iii) otherwise. A Beneficiary’s Bank may be a Receiving Bank of the applicable Payment Order.

d) **“Funds Transfer”** shall mean a series of transactions made for the purpose of causing payment to be made to (or for the benefit of) a Beneficiary. A Funds Transfer is initiated by the Originator’s issuance of a Payment Order, includes any Payment Order issued by the Originator’s Bank and (if applicable) an Intermediary Bank intended to carry out the Originator’s Payment Order and is then completed by Acceptance by the Beneficiary’s Bank of a Payment Order (whether from the Originator, the Originator’s Bank or an Intermediary Bank) instructing that such Beneficiary’s Bank make payment to the applicable Beneficiary.

For the purpose of clarification, a Funds Transfer is one or a series of Payment Orders that, with respect to each Payment Order, create contractual obligations only as to the Sender and Receiving Bank of such Payment Order. Such contractual obligations are not the property of either the Originator (except with respect to its relationship with the applicable Originator’s Bank) or the Beneficiary (except with respect to its relationship with the applicable Beneficiary’s Bank).⁸

e) **“Funds Transfer Business Day”** of a Receiving Bank shall mean the part of a day during which such Receiving Bank is open for the receipt, processing and transmittal of Payment Orders and cancellations and amendments of Payment Orders.

f) **“Intermediary Bank”** shall mean a Receiving Bank other than the Originator’s Bank or the Beneficiary’s Bank.

g) **“Originator”** with respect to a Funds Transfer shall mean the Person who sends the first Payment Order in such Funds Transfer.

h) **“Originator’s Bank”** with respect to a Funds Transfer shall mean: (a) if the applicable Originator, is not a Bank, the Receiving Bank to which the Payment Order of such Originator is issued, or (b) otherwise, the Originator.

i) **“Payment Order”** shall mean an electronic or other message in writing (or a recorded oral message) from any Person (the “Sender”) to request or instruct a Bank (a “Receiving Bank”) to make (or cause to be made) a payment to (or for the benefit of) a Beneficiary (other than such Receiving Bank) of a fixed or determinable amount of money, with respect to which:

i. such message does not state a condition to payment to the applicable Beneficiary other than time of payment,

ii. such Receiving Bank is to be reimbursed (whether by debiting an account of the applicable Sender maintained at such Receiving Bank, being credited funds at an account of such Receiving Bank maintained at the applicable Sender, receipt of cash or otherwise) and,

⁸ Although elements of this framework follow convention in using the term “funds transfer” to identify payment being made to a Beneficiary, no money or property right of the Originator is actually transferred to the Beneficiary.

iii. such message is transmitted by the applicable Sender directly to the applicable Receiving Bank or to an agent, funds-transfer system or communication system (such as the system of the Society for Worldwide Interbank Financial Telecommunication (SWIFT) or its successor) for transmittal to such Receiving Bank. Such message may be sent in any manner, including (without limitation): (i) via any Payment Order System, telex or the internet or (ii) using one of the Receiving Bank's forms or electronic portals.

j) **“Person”** shall mean any natural person or any corporation, company, partnership, joint venture, trust, fund, foundation, estate, unincorporated association, governmental authority or any other entity of whatever nature.

An elaboration of relevant international funds transfer transactions depicting the roles of relevant parties along with examples are placed at Annexure-B.

(ii) **Applicability:**

The provisions of this framework are only applicable to Payment Orders with respect to which the applicable Receiving Bank (whether the applicable Originator's Bank, an Intermediary Bank or the applicable Beneficiary's Bank) is incorporated or otherwise organized under the laws of Pakistan and;

- a) the applicable Sender (whether the applicable Originator, the applicable Originator's Bank or an Intermediary Bank) is incorporated or otherwise organized under the laws of (or, if a natural person, located in) a jurisdiction other than Pakistan, or
- b) the applicable Sender (whether the applicable Originator, the applicable Originator's Bank or an Intermediary Bank) is incorporated or otherwise organized in (or, if a natural person, located in) Pakistan, such Payment Order is denominated in a currency other than Pakistani Rupee and settlement of such Payment Order is to occur outside of Pakistan.

In case of any conflict with any other instructions, regulations, circulars, circular letters, notifications or similar instructions of the State Bank of Pakistan (SBP), the provisions of this framework will supersede. Notwithstanding the above, if a Sender and a Receiving Bank have made an agreement selecting the law of a particular jurisdiction to govern the rights and/or obligations between each other with respect to a particular Payment Order, then such law shall govern such rights and/or obligations (including whether or not such Payment Order has any connection to such jurisdiction).

(iii) **Timing of the Receipt of a Payment Order:**

- a) A Payment Order or any communication cancelling or amending a Payment Order shall be considered as received by a Bank when it is duly delivered to such Bank in a format reasonable under the circumstances at the place of business held out by such Bank as the place for receipt by it of such communications. However, in case a Payment Order or such other communication, other than through an automated system provided by such Bank for such purpose, it shall not be considered as received until it has been brought to the attention of the authorized individual, conducting the applicable transaction.
- b) If an Execution Date or Payment Date or a day on which a Receiving Bank is required to take action in terms of this framework does not fall on a Funds Transfer Business Day for such Receiving Bank, then the next day that is a Funds Transfer Business Day for such

Receiving Bank shall be treated as the applicable date or day, unless the contrary is explicitly stated in this framework.

(iv) **Acceptance of a Payment Order:**

“Acceptance” under this framework shall mean acceptance of a Payment Order in the manner described below (and terms such as “Accepted” shall have corollary meanings):

- a) The Receiving Bank (whether the applicable Originator’s Bank) other than the Beneficiary’s Bank will be considered to have Accepted a Payment Order when (and only when) it Executes such Payment Order.
- b) A Beneficiary’s Bank will be considered to have Accepted a Payment Order at the earliest of the following:

i. When such Beneficiary’s Bank:

- A. pays the applicable Beneficiary as stated in Para viii(e)(i) or (ii) or;
- B. notifies such Beneficiary of such Beneficiary’s Bank receipt of such Payment Order (unless such notice indicates that such Beneficiary’s Bank is rejecting such Payment Order or that funds with respect to such Payment Order may not be withdrawn or used by such Beneficiary until such Beneficiary’s Bank receipt of payment from (or on behalf of) the Sender of such Payment Order) or that the account of such Beneficiary has been credited with withdrawable funds with respect to such Payment Order,

ii. when such Beneficiary’s Bank receives payment of the entire amount payable to it in connection with such Payment Order pursuant to Para viii(c)(i)(A) or, (B), or C, and

iii. the opening of the next Funds Transfer Business Day of such Beneficiary’s Bank after the applicable Payment Date of such Payment Order provided that:

- A. At that time, the amount of such Payment Order is fully covered by a withdrawable credit balance in an account of the applicable Sender maintained at such Beneficiary’s Bank or such Beneficiary’s Bank has otherwise received full payment from (or on behalf of) the applicable Sender, and
- B. Such Payment Order was not rejected by such Beneficiary’s Bank within one hour after such time or, if later, one hour after the opening of the next business day of such Sender following such Payment Date.

However, Acceptance of a Payment Order shall not be considered to have occurred under ii or iii above, if such Receiving Bank is not permitted by law to receive Payment Orders for the applicable Beneficiary.

- c) Notwithstanding the above, Acceptance of a Payment Order shall not be considered to have occurred before the Payment Order is received by the Receiving Bank, such as when a Beneficiary’s Bank receives payment before it has received the Payment Order.
- d) A Receiving Bank that Accepts a Payment Order, is not the agent, trustee, fiduciary or similar of any other Person (including the applicable Sender or Beneficiary of such

Payment Order) involved in the applicable Funds Transfer, and such Receiving Bank owes no duty to any such Person except as expressly provided in this framework or by express agreement by such Receiving Bank. In connection therewith, a Receiving Bank: (i) receives payment with respect to a Payment Order that it Accepts (or has a right to receive such payment) from (or behalf of) the applicable Sender only for itself and not as agent, trustee, fiduciary or similar of the applicable Beneficiary or any other Person and (ii) may sell, assign, grant a lien on or otherwise dispose of any or all of such payments and/ or rights, related bank accounts and/ or other related assets, revenues and rights, (with, if such Receiving Bank is a Pakistani Bank, the general or special permission of SBP).

- e) Other than as expressly provided in this framework or as has been agreed by the applicable Beneficiary's Bank with the applicable Person, the only obligation of a Beneficiary's Bank that results from its Acceptance of a Payment Order is to pay the amount of such Payment Order to the applicable Beneficiary in the manner provided in this framework. No obligation is owed by such Beneficiary's Bank to either the Sender of such Payment Order or the Originator of the applicable Funds Transfer. The obligation of such Beneficiary's Bank created by such Acceptance is for the benefit only of such Beneficiary.

(v) **Rejection of Payment Orders:**

- a) A Payment Order shall be considered to have been rejected if the applicable Receiving Bank so notifies the applicable Sender in writing (including electronically). If the applicable Sender is the Originator, the Receiving Bank also may notify such Sender orally.
- b) Acceptance by a Receiving Bank of a Payment Order precludes a later rejection of such Payment Order. Effective rejection by a Receiving Bank of a Payment Order, pursuant to (a) above, precludes a later Acceptance by such Receiving Bank of such Payment Order except to the extent thereafter so agreed with the applicable Sender.

(vi) **Cancellation and Amendment of Payment Orders:**

- a) The Sender of a Payment Order may send an electronic or other message in writing (or a recorded oral message) to the applicable Receiving Bank seeking to cancel or amend such Payment Order. However, such communication will be effective to cancel or amend the Payment Order if it is received at a time and in a manner affording the Receiving Bank a reasonable opportunity to act on such communication before such Receiving Bank Accepts such Payment Order.
- b) After a Payment Order has been Accepted by the applicable Receiving Bank, the applicable Sender's request to cancel or amend such Payment Order will not be effective unless the applicable Receiving Bank agrees thereto.
- c) A Payment Order that has not been Accepted by the applicable Receiving Bank is deemed canceled at the close of the fifth Funds Transfer Business Day of such Receiving Bank after:
 - i. the Execution Date of such Payment Order if such Receiving Bank is not the Beneficiary's Bank, and
 - ii. otherwise, the Payment Date of such Payment Order.

- d) With respect to a Payment Order that has been effectively cancelled or amended pursuant to the above:
 - i. if such Payment Order has not yet been Accepted by the applicable Receiving Bank, then the applicable Receiving Bank cannot thereafter Accept such Payment Order.
 - ii. if such Payment Order has already been Accepted by the applicable Receiving Bank, then such Acceptance is nullified and no Person shall have any right or obligation based upon such Acceptance. However, with respect to a Payment Order that has been amended, the Receiving Bank may extend its Acceptance to the amended Payment Order.

(vii) **Execution of a Payment Order:**

- a) A Payment Order is “Executed” by the applicable Receiving Bank when it issues its own Payment Order intended to carry out a Payment Order that it received from a Sender. A Payment Order received by the Beneficiary’s Bank can be Accepted but cannot be Executed.
- b) The “Execution Date” of a Payment Order shall mean the day on which the applicable Receiving Bank receives such Payment Order; provided that if such Payment Order:
 - i. includes instructions to such Receiving Bank to delay its Execution thereof until a future business day of such Receiving Bank, then such future business day will be the Execution Date of such Payment Order, and
 - ii. does not specify such a delayed date but does state a Payment Date, then the Execution Date of such Payment Order will be such date as selected by such Receiving Bank that is no later than such Payment Date (or, if Execution is reasonably necessary to allow the Beneficiary’s Bank to make payment to the applicable Beneficiary on such Payment Date, an earlier date on or after such Receiving Bank’s receipt of such Payment Order).
- c) If a Receiving Bank Accepts a Payment Order pursuant to (iv)(b) above, then such Receiving Bank has the following obligations in Executing such Payment Order:
 - i. Such Receiving Bank is required to issue, on the Execution Date, a Payment Order complying with the applicable Sender’s Payment Order and to follow such Sender’s instructions in such Payment Order concerning: (i) any Intermediary Bank or Payment Order System to be used in carrying out the Funds Transfer and/or (ii) the manner in which such Receiving Bank’s Payment Order is to be transmitted.
 - ii. If such Payment Order states a Payment Date, then such Receiving Bank shall transmit its Payment Order at a time and in a manner reasonably determined to allow the Beneficiary’s Bank to make payment to the applicable Beneficiary on such Payment Date or as soon thereafter as is reasonably feasible.

(viii) **Payments under a Payment Order:**

a) **Payment Date:** “Payment Date” with respect to a Payment Order shall mean the day on which the amount of such Payment Order is intended to be paid by the applicable Beneficiary’s Bank to the applicable Beneficiary. The Payment Date of a Payment Order shall be as specified by the applicable Sender; provided, that:

- i. such Payment Date shall not be considered to be earlier than the Funds Transfer Business Day on which the applicable Payment Order is received by the applicable Beneficiary’s Bank, and;
- ii. unless specified in such Payment Order to be a later date, such Payment Date shall be the Funds Transfer Business Day on which such Payment Order is received by such Beneficiary’s Bank; provided that such is received by such Beneficiary’s Bank before its cut-off time (if received after such cut-off time, then the following Funds Transfer Business Day shall be the Payment Date).

b) **Obligation of a Sender to pay the Receiving Bank:**

- i. With respect to a Payment Order issued to the Beneficiary’s Bank, Acceptance of such Payment Order by such Beneficiary’s Bank obliges the applicable Sender to pay such Beneficiary’s Bank the amount of such Payment Order, which payment is due on the applicable Payment Date.
- ii. With respect to a Payment Order issued to a Receiving Bank other than the Beneficiary’s Bank, Acceptance of such Payment Order by such Receiving Bank obliges the applicable Sender to pay such Receiving Bank the amount of such Payment Order, which payment is due on the date on which such Receiving Bank Executes such Payment Order; however, such obligation of such Sender to pay such Receiving Bank is excused if the applicable Funds Transfer is not completed by Acceptance by the applicable Beneficiary’s Bank of a Payment Order instructing payment to the applicable Beneficiary.

c) **Payment by a Sender to a Receiving Bank:**

i. Payment by a Sender of its obligation under (b) above, to pay the applicable Receiving Bank occurs as follows:

- A. If such Sender is a Bank and the applicable Payment Order was transmitted through a Payment Order System, then payment occurs when such Receiving Bank receives final settlement of such obligation through such Payment Order System (including as described in (ii) below).
- B. If such Sender is a Bank and such Sender: (i) credited the applicable amount to an account of such Receiving Bank maintained with such Sender or (ii) caused the applicable amount to be credited to an account maintained by such Receiving Bank with another Bank, then payment occurs when such credit is withdrawn or, if not withdrawn, at midnight of the day on which such credit is withdrawable and such Receiving Bank learns of that fact.
- C. If such Receiving Bank debits the applicable amount from an account that such Sender maintains with the Receiving Bank, then payment occurs when such debit

is made to the extent such debit is covered by a withdrawable credit balance in such account.

ii. If a Payment Order is transmitted via a Payment Order System that nets obligations bilaterally and/or multilaterally among participants, then the applicable Receiving Bank receives final settlement when settlement is complete in accordance with the rules of such Payment Order System. The obligation of a Sender to pay the amount of a Payment Order transmitted through a Payment Order System may be satisfied, to the extent permitted by the rules of such Payment Order System, by setting off and applying against such Sender's obligation the right of such Sender to receive payment from the applicable Receiving Bank of the amount of any other Payment Order transmitted to such Sender by such Receiving Bank through such Payment Order System. The aggregate balance of obligations owed by each Sender to each Receiving Bank in a Payment Order System may be satisfied, to the extent permitted by the rules of such Payment Order System, by setting off and applying against that balance the aggregate balance of obligations owed to a Sender by other members of such Payment Order System. The aggregate balance is determined after the right of setoff stated in the second sentence of this paragraph has been exercised.

iii. In a case not covered by (i) above (e.g., payment in cash or a check), the time when payment of a Sender's obligation under (b) above, to pay the applicable Receiving Bank occurs is governed by applicable principles of law that determine when an obligation is satisfied.

d) Obligation of a Beneficiary's Bank to pay the applicable Beneficiary:

If a Beneficiary's Bank accepts a Payment Order, then it is required to pay to the applicable Beneficiary an amount equal to the amount of such Payment Order, which payment shall (except to the extent agreed otherwise with such Beneficiary or required by law) be made in the same currency of such Payment Order. Such payment is due to such Beneficiary on the Payment Date of such Payment Order; however, if Acceptance of such Payment Order occurs on the Payment Date at a time that is after the close of the Funds Transfer Business Day of such Beneficiary's Bank, then such payment is due to such Beneficiary on the next Funds Transfer Business Day of such Beneficiary's Bank. Notwithstanding anything else in this paragraph, however, a Beneficiary's Bank need not make such payment to a Beneficiary if such payment shall be prohibited by law.

e) Payment by a Beneficiary's Bank to the applicable Beneficiary:

If a Beneficiary's Bank Accepts a Payment Order and:

- i. credits an account of the applicable Beneficiary, then payment of such Beneficiary's Bank's obligation under (d) above, occurs when and to the extent: (i) such Beneficiary is notified of the right to withdraw such credit, (ii) such Beneficiary's Bank lawfully applies such credit to a debt of such Beneficiary (whether owing to such Beneficiary's Bank or any other Person) or (iii) funds with respect to such Payment Order are otherwise made reasonably available to such Beneficiary by such Beneficiary's Bank, or
- ii. lawfully applies the amount of such Payment Order to a debt of such Beneficiary (whether owing to such Beneficiary's Bank or any other Person), then payment of such Beneficiary's Bank's obligation under (d) above, occurs at the time and to the extent of such application.

Guidelines for Automated Issuance & Verification of e-PRC and S-PRCs

1. PRC is a documentary proof of the funds received from abroad and realized in Pakistan, on different accounts e.g. workers' remittances, export proceeds, equity, loan etc. e-PRC and S-PRC is to be digitally issued as per the standard format, with a system generated unique identification number.
2. **Same bank model** means, the beneficiary is maintaining his/her account in the same bank where funds have been received. Under this model, the bank will issue e-PRC and SPRC to its account holder on his/her registered email address, or upload it on its online issuance portal through which the customer may retrieve it as and when required by him.
3. **Different bank model** means, the beneficiary is not maintaining his/her account in the bank where funds have been received. The recipient (or intermediary) bank, will be responsible to send the amount of remittance, received from abroad, to the beneficiary's bank along with complete information (as per the standard format of MT-102 and MT103). Based on complete transactional information received from the intermediary bank, the beneficiary bank will issue e-PRC and S-PRC. However, only the recipient or intermediary bank will report the inward remittance received from abroad in ITRS.
4. In case of cash over the counter (CoC) transaction, an AD may ask the customer to provide his or her email address, if available, and send the e-PRC on his email address. In case beneficiary does not have an email address, the AD must instantly issue and handover the PRC, while disbursing the cash in Pak Rupee.
5. In order to realign with relevant instructions, the requirement of issuance of e-PRC in duplicate under SBP instructions, including the requirement vide Para 31 – Chapter 12 of the Foreign Exchange Manual, hereby stands withdrawn.
6. ADs must ensure mentioning complete information, as per the standard formats of e-PRC and S-PRC while issuing these certificates, in order to avoid any inconvenience to the customer.
7. ADs must make all necessary arrangements with the verifying agencies to ensure that the purpose is also recorded in the portal, for which an e-PRC and S-PRCs is verified.
8. ADs shall inform, relevant verifying agencies, in case of change of its focal person or modifications in their respective online verification user manual so prepared and shared with verifying agencies.
9. At the end of each financial year, ADs shall send S-PRCs, through digital means, to all their customers who have been issued e-PRC(s) during the year.
10. Though, verifying agencies are required to share the list of authorized officers, however, ADs may, periodically, share the list of verifying officers with respective verifying agency to reconcile/update and share the updated list with ADs.
11. ADs are advised to assign a focal person to facilitate issuance and verification of e-PRC and S-PRCs, and share the contact details of focal person(s) with verifying agencies.
12. ADs are advised to acquaint /train its relevant staff at head office and branches regarding the process of issuance and verification of e-PRC and S-PRCs, enabling them to properly guide/ educate the customers.

Example of a Funds Transfer in this framework:

An example of a Funds Transfer that is covered by this framework is as follows:

X, the obligor of a receivable owed to Y, wants to pay Y for such receivable. Instead of delivering to Y a negotiable instrument such as a check or some other writing such as a credit card slip that enables Y to obtain payment from a bank, X chooses to transmit an instruction to X's bank to credit a sum of money to Y's bank account.

In most cases, X's bank and Y's bank are different banks, in which event X's bank carries out X's instruction by instructing Y's bank to credit Y's account in the amount that X requested. In such a "funds transfer:"

1. The instruction that X issues to its bank is a "Payment Order,"
2. X is the "Originator" of such Funds Transfer and the "Sender" of such Payment Order,
3. X's bank is three things: the "Originator's Bank", the "Receiving Bank" of such Payment Order and the "Sender" of its own "Payment Order" to Y's bank,
4. Y's bank is two things: the "Receiving Bank" of such Payment Order sent by X's bank and the "Beneficiary's Bank," and;
5. Y is the "Beneficiary" of both such Payment Orders.

When X's bank issues a Payment Order to Y's bank to carry out X's Payment Order, X's bank "Executes" X's Payment order. In more complex transactions, there are one or more additional bank(s) known as "Intermediary Banks" between X's bank and Y's bank. In the Funds Transfer, the instruction contained in the original Payment Order of X to its bank is carried out by a series of Payment Orders by each bank in the transmission chain to the next bank in the chain until Y's bank receives a Payment Order to make payment to Y.

In most cases, the Payment order of each bank to the next bank in the chain is transmitted electronically, and often the Payment Order of X to its bank is also transmitted electronically; however, the manner of transmission does not have any legal significance and a Payment Order may be transmitted in any manner (e.g., a customer form, mail, telex or e-mail). To reflect this fact, the broader term "Funds Transfer" is used in this framework rather than the narrower term wire transfer.

EXAMPLES

EXAMPLE #1 – SINGLE PAYMENT ORDER

X, which has an account in Bank A, instructs Bank A to pay PKR1,000,000 to Y's account in Bank A. Bank A carries out X's instruction by making a credit of PKR1,000,000 to Y's account and notifying Y that the credit is available for immediate withdrawal. The instruction by X to Bank A is a "Payment Order," which was issued when it was sent by X to Bank A. X is the "Sender" of such Payment Order, Bank A is the "Receiving Bank" of such Payment Order, Y is the "Beneficiary" of such Payment Order and Bank A is the "Beneficiary's Bank" of such Payment Order.

When Bank A notified Y of receipt of such Payment Order, Bank A "Accepted" such Payment Order (Para iv (b)). As a result of such Acceptance: (a) Bank A thereby incurred an obligation to Y to pay the amount of such Payment Order (Para viii (d)) and X incurred an obligation to pay Bank A the amount of X's Payment Order (Para viii (b)). Payment from X to Bank A would frequently (though not necessarily) be made by a debit to X's Authorized Account in Bank A (Para viii c (i) (C)).

Bank A paid Y when it gave notice to Y of a withdrawable credit of PKR1,000,000 to Y's account (Para viii e (i)). The overall transaction, which comprises the acts of X and Bank A, in which X causes payment to be made to Y is referred to as a "Funds Transfer."

In this example, only one Payment Order was involved in the Funds Transfer. A one-Payment Order Funds Transfer is frequently referred to as a "book transfer" because the payment is accomplished by the Receiving Bank's debiting the account of the Sender and crediting the account of the Beneficiary in the same bank. In this Funds Transfer: (a) X, in addition to being the Sender of the Payment Order to Bank A, is the "Originator," and (b) Bank A is the "Originator's Bank" as well as the "Beneficiary's Bank."

EXAMPLE #2 – TWO PAYMENT ORDERS

Assume the same facts as in Example #1 except that X instructs Bank A to pay PKR1,000,000 to Y's account in Bank B. With respect to this Payment Order, X is again the "Sender" and "Originator," Bank A is the "Receiving Bank" and Y is the "Beneficiary."

Bank A carries out (i.e., "Executes") X's Payment Order by sending its own Payment Order to Bank B to credit PKR1,000,000 to Y's account (Para vii (a)), which also constitutes Bank A's "Acceptance" of X's Payment Order (Para iv (a) and Para vii (a)). In this second Payment Order, Bank A is the "Sender," Bank B is the "Receiving Bank" and "Beneficiary's Bank" and Y is the "Beneficiary."

In this example, there are thus two Payment Orders that are involved in this Funds Transfer. In this Funds Transfer, X is the "Originator," Bank A is the "Originator's Bank," Bank B is the "Beneficiary's Bank" and Y is the "Beneficiary."

When Bank A Executed X's Payment Order, X incurred an obligation to pay Bank A the amount of the Payment Order (Para viii (b)(ii)). When Bank B Accepts the Payment Order issued to it by Bank A, Bank B incurs an obligation to Y to pay the amount of the Payment Order (Para viii (d)) and Bank A incurs an obligation to pay Bank B for such Payment Order (Para viii (b)).

EXAMPLE #3 – INTERMEDIARY BANK(S) (THREE OR MORE PAYMENT ORDERS)

Assume the same facts as in Example #2 except that Bank A does not have a correspondent banking relationship with Bank B and thus cannot Execute X's Payment Order by issuing a Payment Order to Bank B. In such scenario, Bank A can Execute X's Payment Order by issuing its own Payment Order to Bank C with instructions to cause PKR1,000,000 to be paid to Y's account in Bank B. With respect to this Payment Order, Bank A is the "Sender," Bank C is the "Receiving Bank" and Y is the "Beneficiary."

Bank C will then Execute the Payment Order it receives from Bank A by issuing its own Payment Order to Bank B to pay PKR1,000,000 to Y's account in Bank B, which also constitutes Bank C's "Acceptance" of the Payment Order it received from Bank A (Para vi (a) and Para vii (a)). With respect to Bank C's Payment Order, Bank C is the "Sender," Bank B is the "Receiving Bank" and "Beneficiary's Bank" and Y is the "Beneficiary."

In this scenario, the Funds Transfer involves three Payment Orders and X is the "Originator," Bank A is the "Originator's Bank," Bank C is an "Intermediary Bank," Bank B is the "Beneficiary's Bank" and Y is the "Beneficiary." In some cases, there might be more than one Intermediary Bank, in which case each such Intermediary Bank would be treated in the same manner as Bank C.
