
**DEALINGS IN FOREIGN CURRENCY NOTES AND COINS ETC. BY THE
AUTHORIZED DEALERS**

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CHAPTER 11

DEALINGS IN FOREIGN CURRENCY NOTES AND COINS ETC. BY THE AUTHORIZED DEALERS

1. Introduction.

Authorized Dealer's license to deal in foreign exchange includes an authorization to deal in foreign currency notes and coins as well. In addition to Authorized Dealers, the State Bank has granted licenses to Exchange Companies and issued restricted authorizations to selected hotels to deal in foreign currency notes and coins etc. as per the scope of business mentioned in their licenses/authorizations.

This chapter sets out the regulations which govern the purchase and sale of foreign currency by the Authorized Dealers.

2. Purchase of foreign currency notes from the public.

All incoming persons, whether Pakistani or foreign national, can bring with them without any limit foreign currencies and other instruments against the submission of a declaration to the Customs authorities on amount exceeding US\$ 10,000 or equivalent in terms of SBP Notification No. F.E.1/2012-SB dated the 16th June, 2012, wherever applicable. Such currencies/instruments may be freely purchased by the Authorized Dealers against payment in PKR. Authorized Dealers may also purchase foreign currencies withdrawn by the account holders from their foreign currency accounts and from the walk-in-customer against payment in PKR subject to fulfillment of applicable AML/CFT regulations/guidelines issued by the State Bank. Authorized Dealers should issue a certificate of currency encashment on the prescribed form (Appendix V-9).

In cases where the foreign currency offered for sale by a traveller had been originally obtained from an Authorized Dealer, the repurchase should be endorsed on the traveller's passport in the case of Pakistan nationals only.

3. Purchase of foreign currency notes and coins etc. from other Authorized Dealers, Exchange Companies and Hotels.

Authorized Dealers may also purchase foreign currency notes, coins and other instruments freely from other Authorized Dealers, Exchange Companies and hotels licensed/authorized by the State Bank.

4. Disposal of non-convertible currency notes.

Many countries have restrictions on import of their own currency notes and do not allow their repatriation through banking system. Surplus collection of such foreign currency notes can be disposed of in the international centres at market rates. Authorized Dealers should arrange with their overseas branches or correspondents to keep them fully informed of such restrictions on such currencies' import, repatriation and also about demonetization, currency re-organization etc. in foreign countries. Such information may also be passed on by the Authorized Dealers to those Exchange Companies/hotels which are their customers.

5. Availability of adequate stock of foreign currency notes with the Authorized Dealers.

It is the responsibility of Authorized Dealers to ensure that adequate stocks of foreign currency notes are available with their authorized branches at all times for meeting the requirements of their customers. For this purpose, Authorized Dealers may replenish their stocks of foreign currency notes either by purchasing the same from other Authorized Dealers/Exchange Companies or by importing them from their overseas branches and correspondents.

6 Ensuring quality of foreign currency notes.

In order to ensure provision of good quality notes to the public, Authorized Dealers should avoid stapling of foreign currency notes and deliver the same from their counters in unstapled condition with proper banding of note packets, if so required.

7. Sale of foreign currency notes to the public.

Authorized Dealers may sell foreign currency notes to persons proceeding abroad within the amount of foreign exchange allowed through special permission by the State Bank or under the authority delegated to them in Chapter 17 subject to compliance of the related provisions.

8. Sale of foreign currency notes and coins etc. to other Authorized Dealers.

Authorized Dealers may freely sell foreign currency notes, coins and other instruments to other Authorized Dealers.

9. Disposal of surplus foreign currency notes.

When Authorized Dealers are unable to dispose of their holdings of foreign currency notes by sale to the public or other Authorized Dealers, they may dispose of the same by receiving credit thereagainst in their Nostro accounts as per the following:

- i) By exporting surplus foreign currency notes to their branches, correspondents or agents abroad.
- ii) By selling surplus foreign currency notes to the Exchange Companies operating in Pakistan.

10. Acceptance of surplus foreign currency notes by SBP-Banking Services Corporation from the Authorized Dealers.

Authorized Dealers are also allowed to sell their surplus foreign currency notes (US Dollar, UK Pound Sterling, Euro and UAE Dirham) to SBP-Banking Services Corporation, Karachi Office as per the following procedure:

- i. Authorized Dealers having above-mentioned surplus foreign currencies will approach the SBP-Banking Services Corporation, Karachi Office.
- ii. Packets of foreign currency notes (100 pieces) only in the denomination of 50 and above will be acceptable.
- iii. The packets will be opened and notes will be counted by the staff of SBP - Banking Services Corporation, Karachi Office in the presence of the representative of the concerned Authorized Dealer.
- iv. Counted currency notes will be re-packed and sealed under the joint signatures of representatives of the concerned Authorized Dealer and official of SBP-Banking Services Corporation, Karachi Office.
- v. The Authorized Dealer will remain responsible for any forged/counterfeit notes, if found subsequently in the deposited currency.
- vi. SBP will provide credit of the counter value in the Nostro Account of the AD in the same value date, on confirmation of balances from SBP-Banking Services Corporation, Karachi Office.

11. Provision of foreign currency notes by SBP-Banking Services Corporation to the Authorized Dealers.

Authorized Dealers may purchase foreign currency notes from SBP-Banking Services Corporation, Karachi Office after giving credit of counter value in SBP's Nostro account in the respective currency. SBP-Banking Services Corporation, Karachi Office will provide foreign currency notes to the Authorized Dealer on having confirmation from the State Bank to the above effect.
