

SBP revises criteria for renewal of licences of Exchange Companies

The State Bank of Pakistan (SBP) has decided to amend its instructions relating to renewal of licences of Exchange Companies (ECs). Under the revised instructions, the licences of the ECs will be renewed as per the following criteria:-

- Licences of ECs who have been assessed as 'Fully Compliant' and 'Satisfactorily Compliant' in SBP's inspection reports will be renewed for a period of three years.
- Licences of ECs assessed as 'Fairly Compliant' will be renewed for a period of two years.
- Licences of ECs assessed as 'Marginally Compliant' will be renewed for a period of one year only, during which the company will be required to improve upon its performance, corporate governance and compliance status.
- Licences of ECs assessed as 'Non Compliant' may be considered for renewal for six months only along with a warning advising them to address the concerns mentioned in the SBP's inspection report. In case the EC fails to address the observations contained in the inspection report, its licence will automatically stand expired without any possibility of renewal.

The request for renewal of the licence must reach State Bank of Pakistan at least 60 days before expiry of the said licence, says FE Circular No. 02 of April 20, 2012 issued to the Chief Executives of all Exchange Companies.

It may be pointed out that as per the previous instructions, the licences of all the Exchange Companies (ECs) were renewed by SBP for a period of three years. Further, ECs were required to approach Exchange Policy Department (EPD) of the State Bank for renewal of licences within a period of not less than three months before the expiry of the licence.
