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**Circulars/Notifications - Exchange Policy Department****FE Circular No. 02 of 2020****August 05, 2020**

The Presidents/Chief Executives of  
All Authorized Dealers in Foreign Exchange

Dear Sir/Madam,

**Amendment in Instructions regarding Foreign Currency Accounts**

Attention of Authorized Dealers (ADs) is invited to Chapter 6 of the Foreign Exchange Manual, which provides general instructions relating to opening and maintenance of Foreign Currency Accounts in Pakistan.

2. In order to facilitate the non-resident Pakistanis as well as resident Pakistanis, who have assets abroad duly declared with Federal Board of Revenue (FBR), for investment in foreign currency denominated government registered debt securities on repatriable basis, it has been decided to introduce a separate category of foreign currency account. Accordingly, a new para 8A has been inserted after para 8 in the Chapter 6 of the FE Manual as under:

**8A. Foreign Currency Value Account (FCVA)**

(i) Authorized Dealers may open 'Foreign Currency Value Account' of the following:

- a) **A non-resident individual Pakistani;**
- b) **A resident individual Pakistani** who has duly declared assets held abroad, as per wealth statement declared in latest tax return with Federal Board of Revenue (FBR).

Operations of Foreign Currency Value Account shall be governed by the regulations set out below:

**ii) General Operations**

- a. ADs shall clearly mark the account as resident or non-resident at the time of account opening.
- b. ADs shall allow operations in the account through the digital channels e.g. internet/mobile banking, ATM/ Debit cards. The ADs may also issue cheque book to the account holder, if required.
- c. ADs may issue supplementary ATM/Debit cards as per applicable laws /regulations.
- d. The resident individual desirous to open FCVA shall have to provide the declaration of his/her assets held abroad, including latest wealth tax statement filed with the FBR.
- e. The ADs are encouraged to provide online real time convertibility from FCY to PKR based on the request made by the account holder digitally for the eligible debits from the account. For the sake of transparency, the ADs shall indicate the exchange rate applicable to the transaction.
- f. ADs may allow non-resident Pakistanis to open the account jointly with other residents/non-residents, as per applicable laws/banking practices. These accounts should, however, be treated as non-resident accounts. However, a resident Pakistani, having foreign assets declared with FBR, may be allowed to open the account jointly with a resident only.
- g. In case the account becomes dormant due to non-operation, ADs shall devise a mechanism, aligned with applicable regulations, to reactivate the account digitally, in case of non-resident account. However, for resident FCVA, the ADs may reactivate the account digitally or otherwise in compliance with the applicable regulations and their own policy.
- h. Authorized Dealers will ensure ongoing monitoring of these accounts to mitigate ML/FT risk.

**iii) Credits to the Foreign Currency Value Account.**

- a. Remittances received from abroad through banking channels.
- b. Transfer of funds from his/her own NRP Rupee Value Account (NRVA) with the same AD.
- c. Profit/interest on the permissible investments made from the account
- d. Dis-investment proceeds from the permissible investments made from the account.
- e. Reversal of any incorrect debit in the account.

**iv) Debits to the Foreign Currency Value Account.**

- a. Investment in permissible securities, provided that the relevant laws/regulations permit such investment, as under:
  - 1. Government of Pakistan's registered debt securities denominated in FCY only.
  - 2. Term deposit/remunerative product scheme, denominated in FCY, of the same AD.

The funds for the above investments shall be transferred by the ADs only in the eligible products, through the instructions received from the account holder in this behalf.

- b. Transfer of funds to account holder's own NRP Rupee Value Account (NRVA) with the same AD.
  - c. Transfer to other FCY, PKR account and non-resident Rupee account – non-repatriable with any bank in Pakistan.
  - d. Remittances and payments outside Pakistan to the extent of balances available in the account, without any prior approval from the bank or the State Bank.
  - e. Cash withdrawal in foreign currency and equivalent local currency.
  - f. Any payment in PKR to any person resident in Pakistan. However, any amount so paid shall not be allowed to be credited back into the account.
  - g. Reversal of any incorrect /wrong credit entry.
3. ADs shall submit a consolidated monthly statement of transaction(s) executed from FCVA on the attached format (Annexure-A) to FCVA@sbp.org.pk through their head/principle office by 7th of the ensuing month for each reference month.
4. The ADs are encouraged to make necessary arrangement in their system to facilitate non-resident Pakistanis in opening and operating this account remotely through digital channels.
5. ADs shall comply with all other applicable rules and regulations.
6. ADs are advised to bring the above instructions to the knowledge of all their constituents for meticulous compliance.

Encls: [Annexure-A](#)

Yours truly,

Sd/-

**(Arshad Mehmood Bhatti)**

Director

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