SBP releases new network expansion policy for exchange cos | Forex, Pakistan

Written by Administrator
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KARACHI: The State Bank of Pakistan (SBP) said exchange companies desiring to open new branches, franchises, payment booths and currency exchange booths shall submit an Annual Network Expansion Plan (ANEP) duly approved by their board of directors by September 30 of each year for the next calendar year (January to December) on the prescribed format (Annexure-I). </p> <p>�</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The SBP said in-principle approval to ANEP for the next calendar year shall be granted by the Exchange Policy Department keeping in view the compliance status and inspection rating of the exchange company.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Giving the new policy to the exchange companies here on Monday, the SBP said in principle approval granted under ANEP shall be valid only for one year.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Financial health, corporate governance, anti-money laundering issues, future earnings prospects etc shall form the eligibility criteria for approval of ANEP.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">In case of non-compliant or marginally compliant exchange company, approval for network expansion may not be considered. However, EPD will hold discussion with the management of the company on specific issues, the SBP said.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Before commencement of operations of each outlet, as approved in ANEP, exchange companies shall be required to apply for formal approval and licence for each outlet. Application for the same must be accompanied by documents as mentioned at Annexure-II.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">In case the planned expansion is for other than company-owned outlet, before forwarding the application to the SBP, it will be responsibility of the exchange company to scrutinise the applicant(s) in all respect including his or their present and past occupation or profession and ensure that the applicant(s) has or have never been involved in any unlawful activity and has or have not been failed to honour his or their liabilities towards banks or tax authorities or government agencies etc. The company will further ensure that the applicant(s) is or are fully aware about rules and regulations specified by SBP and is or are committed to follow them in letter and spirit.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The exchange companies having capital of Rs 200 million or above will be eligible for their network expansion. New companies having capital of less than Rs 200 million will initially be allowed a maximum network of 20 only.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The following criteria related to capital adequacy shall be observed for network expansion: Rs 5.0 million per branch Rs 3.0 million per franchise and Rs 2.0 million per payment booth.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">It may, however, be noted that the above criteria is only for calculation of capital adequacy of the company in relation to their entire network. Exchange companies shall be free to assign any amount of capital to any of their outlets. In case of franchises and third party payment booths, the business name must be indicated in the ANEP, which, if approved, should be prominently displayed outside the place of business along with exchange company�s name.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Licence or permission of franchise or third party payment booth shall be non-transferable other than to the company itself.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Temporary currency exchange booths at Haji Camps: In order to

facilitate Hajj pilgrims, exchange companies may establish their own currency exchange booths (CEB) at Haji Camps during Hajj season, subject to the following terms and conditions:</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">For establishing the said booths at Haji Camps, an NOC will have to be obtained by the exchange company from Ministry of Religious Affairs prior to approaching SBP for approval.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The booths will be setup temporarily during Hajj season only.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The booth will be authorised to deal only in sale of Saudi riyals to Hujjaj during Hajj season for which related details and documents and record of transactions will be maintained by the exchange company and will be produced for SBP inspection as and when required.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">No business other than specified above will be undertaken at the said booths.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Transactions carried out through such booths will become an integral part of the overall transaction record of the exchange company and will be reported to SBP in related returns accordingly.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Relocation of outlet: Exchange companies may relocate any of their outlets during the year within city or town under intimation to the SBP. However, before commencement of operations at the new location, prior approval of the SBP shall be required for which the company shall submit the related documents as mentioned in Annexure-II. Further, the company shall surrender original licence or permission letter for issuance of revised licence or permission. Inter-city relocation is not permissible. In this case, the company will close the operations of its outlet from one city and apply for establishment of fresh outlet in another city.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Exchange companies shall be free to close any of their existing outlets without obtaining prior permission of the SBP. Information regarding closure of the outlet should be published in a leading newspaper at the time of closure and original licence or permission letter of the outlet must be surrendered to SBP within 15 days from the date of closure.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Processing fees: A processing fee of Rs 25,000 will be charged for each application for the establishment or relocation of each outlet. Exchange companies shall submit the above fees related to them and their franchises or third party payment booths through DD/PO drawn in favour of the SBP.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">It will be the discretion of the SBP to grant or refuse, fully or partially, �in-principle� or �formal approval� without assigning any reason. Exchange companies who do not fulfil the paid-up capital requirement in relation to their existing network must fulfil the capital requirement by December 31, 2014.

Courtesy: �Daily Times</p>