

**STATE BANK OF PAKISTAN**  
**EXCHANGE POLICY DEPARTMENT**  
**KARACHI**

**EPD Circular Letter No. 03**

**January 13, 2023**

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

Dear Sir/Madam,

**Utilization of Funds held in Exporters' Special Foreign Currency Account**

Attention of Authorized Dealers (ADs) is invited to Para 40 of Chapter 12 (Exports) of the Foreign Exchange (FE) Manual, which provides general instructions relating to utilization of funds held in Exporters' Special Foreign Currency Account. In order to facilitate exporters of goods/services, the scope of utilization of funds is being enhanced through following amendments:

2. The existing clauses i), iv) and xiii) are substituted as under:

- i) *Payment of commission/discount to the overseas agents/buyers/ affiliates;*
- iv) *Payment for fee/expenses related to advertisement, promotion, publicity, marketing, brand building, shelf spacing etc. of products abroad through third party agent, e-commerce platforms, digital platforms or through company's own subsidiary/liaison/marketing office abroad;*
- xiii) *Payment for import of goods by exporters for the purpose of their own business, subject to compliance with applicable Import Policy Order and related laws/regulations issued by any government department and SBP;*

3. Following clauses are added after existing clause xiii):

- xiv) *Payments for software purchasing, hosting, licensing subscription;*
- xv) *Payments for dividends of domestic entities to their shareholders abroad;*
- xvi) *Payments for product listing on different platforms, including affiliate platforms;*
- xvii) *Payments for certification fees;*
- xviii) *Payments for acquiring game development services and publishing services;*

4. Existing clause xiv and onwards are renumbered as clause xix), xx), and xxi). Further, renumbered clause xx) and xxi) are revised as under:

- xx) Operational expenses, *including employee salaries*, of liaison/ marketing/ representative offices abroad of local companies in accordance with the provisions of Para 13, Chapter 20 *ibid*;
- iv) *Payments on account of equity investment* abroad by residents (*such as establishment of subsidiary/ branch office abroad, payment of capital expenditure*) in accordance with instructions stipulated in Para 13, Chapter 20 *ibid*.
- xxi) Payment for import of goods by exporters for the purpose of their own business, subject to compliance with applicable Import Policy Order and related laws/regulations issued by any government department and SBP;

The revised para 40 is attached as Annexure A. Authorized Dealers are advised to bring these instructions to the knowledge of all their constituents and ensure meticulous compliance.

Yours truly,

-Sd-

**(Dr. Asif Ali)**  
Director

Encl: Annexure A

Revised Para 40

#### **40. Utilization of Funds held in Exporters' Special Foreign Currency Account**

Authorized Dealers may allow exporters of goods and services to retain prescribed percentage of their export proceeds in Exporters' Special Foreign Currency Account, as enunciated in Paras 12 (iii), 35 (iii), 36 and 37 of this chapter. Authorized Dealers may allow the exporters to utilize the funds available in this account for the purposes stated below, without prior approval of SBP, except where specifically mentioned otherwise:

- i) Payment of commission/discount to the overseas agents/buyers/ *affiliates*;
- ii) Shortfall in realization up to 10% of the FOB value of export proceeds realized, subject to submission of sufficient documentary evidence for short realization to the satisfaction of concerned Authorized Dealer. Any shortfall exceeding 10% limit may also be adjusted through this account subject to the adjudicating process in terms of Section 23B of FERA.
- iii) Payment abroad against collection of commercial intelligence, purchase of designs/patterns, market studies, bonafide export claims.
- iv) Payment for fee/expenses related to advertisement, promotion, publicity, marketing, brand building, shelf spacing etc. of products abroad through third party agent, e-commerce platforms, *digital platforms* or through company's own subsidiary/liaison/marketing office abroad.
- v) Subscription fee for participation in foreign exhibitions, fairs for promotion/marketing of company's products;
- vi) Payment to foreign consultant for acquisition of services from abroad in relations to enhancing exports of goods/services;
- vii) Payments for hotel booking and other travel expenses abroad, in lieu of official visits of company's employees/ directors;
- viii) Payment for warehousing services including insurance of goods warehoused through third party agent or through company's own subsidiary/liaison/marketing office abroad;
- ix) Payment of lab testing charges, audit/inspection/certification charges, logistics/other charges for clearance of goods at destination port, as per the terms of contract;
- x) Payment of debit notes to importer for chargebacks / penalties or any other charges incurred by the importer on behalf of the exporter;
- xi) Refund of advance payment received against goods/ services on account of cancellation of the underlying contracts within one year from date of receipt of advance payments.
- xii) Payments for registration of patents, copyrights, drug registration, license fee etc.
- xiii) Payment for import by exporters *for the purpose of their own business*, subject to compliance with applicable Import Policy Order and related laws/regulations issued by any government department and SBP;
- xiv) *Payments for software purchasing, hosting, licensing subscription;*
- xv) *Payments for dividends of domestic entities to their shareholders abroad;*
- xvi) *Payments for product listing on different platforms, including affiliate platforms;*
- xvii) *Payments for certification fees;*
- xviii) *Payments for acquiring game development services and publishing services;*
- xix) Payment for acquisition of digital services from abroad in accordance with the provisions of Para 14A, Chapter 14 *ibid*;
- xx) Operational expenses, *including employee salaries*, of liaison/ marketing/ representative offices abroad of local companies in accordance with the provisions of Para 13, Chapter 20 *ibid*;
- xxi) *Payments on account of equity Investment abroad by residents (such as establishment of subsidiary/ branch office abroad, payment of capital expenditure)* in accordance with the provisions of Para 13, Chapter 20 *ibid*.