

ORDINANCE NO. XXX OF 2002

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ORDINANCE

further to amend the Foreign Exchange Regulation Act, 1947

WHEREAS it is expedient further to amend the Foreign Exchange Regulation Act, 1947 (VII of 1947), for the purposes hereinafter appearing;

AND WHEREAS the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in pursuance of the Proclamation of Emergency of the fourteenth day of October, 1999, and the Provisional Constitution Order No. 1 of 1999, read with the Provincial Constitution (Amendment) Order. No. 9 of 1999, and in exercise of all powers enabling him in that behalf, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance :-

1. **Short title and commencement.**-(1) This Ordinance may be called the Foreign Exchange Regulation (Amendment) Ordinance, 2002.

(2) It shall come into force at once.

2. **Amendment of section 2, Act VII of 1947.**-In the Foreign Exchange Regulation Act, 1947 (VII of 1947), hereinafter referred to as the said Act, in section 2,-

(a) in clause (ab), for the commas and words, “bank notes, coins and travelers cheques” the words “and coins” shall be substituted; and

(b) after clause (b), the following new clause shall be inserted, namely :-

“(ba) “exchange company” means a company authorized under section 3AA to deal in foreign currency notes, coins, postal notes, money orders, bank drafts, travelers cheques and transfers;”.

3. **Amendment of section 3A, Act VII of 1947.**-In the said Act, in section 3A, in sub-section (1), for the commas and words “bank notes, coins and travelers cheques” the words “and coins” shall be substituted.

4. **Insertion of section 3AA, Act VII of 1947.**-In the said Act, after section 3A the following new section shall be inserted, namely:-

“3AA. **Exchange companies.**-(1) The State Bank may, on application made to it in this behalf, and on payment of such fee as it may, from time to time prescribe, authorize any company to deal in foreign currency notes, coins, postal notes, money orders, bank drafts, travelers cheques and transfers.

(2) For the purposes of sub-section (1), the expression “company” means a company having been formed and registered under the Companies Ordinance, 1984(XLVII of 1984), pursuant to no objection certificate issued by the State Bank in respect thereof to the Securities and Exchange Commission of Pakistan upon receiving an intimation from the said Commission that it has received an application for the formation of the company.

(3) The power conferred under sub-section (1) shall be exercised on the basis of the eligibility criteria prescribed for exchange companies by the State Bank.

(4) Exchange companies shall, in all their dealings, comply with-

- (i) the terms and conditions of the authorizations issued to them under sub-section (1); and
- (ii) such general or special directions or instructions as the State Bank may, from time to time, issue including those set out in the circulars and foreign exchange manual of the Stat Bank.

(5) Failure to comply with any such terms and conditions, directions or instructions imposed, given or issued may lead to suspension of authorization or any other action as deemed necessary by the State Bank.”.

5. **Amendment of section 3B, Act VII of 1947.-** In the said Act, in section 3B, after the word “dealer”, occurring twice, the comma and words “, exchange company” shall be inserted.

6. **Amendment of section 4, Act VII of 1947.-** In the said Act, in section 4, for sub-section (2) the following shall be substituted, namely:-

“(2) Except as may otherwise be directed by the State Bank, authorized dealers, authorized money changers and exchange companies shall be free to determine exchange rates for the conversion of Pakistan currency into any foreign currency or any foreign currency into Pakistan currency.”.

7. **Amendment of section 23B, Act VII of 1947.-**In the said Act, in section 23B,-

(a) in sub-section (3),-

- (i) for the words “Additional Director”, wherever occurring, the words “Senior Joint Director shall be substituted”
- (ii) for the words “Senior Deputy Director”, wherever occurring the words “Joint Director” shall be substituted; and

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- (iii) for the words “Deputy Director”, wherever occurring, the words “Junior Joint Director” shall be substituted; and
- (b) in sub-section (8),-
- (i) for the words “Additional Director”, wherever occurring, the words “Senior Joint Director” shall be substituted;
- (ii) for the words “Senior Deputy Director”, wherever occurring the words “Joint Director” shall be substituted; and
- (iii) for the words “Deputy Director”, wherever occurring, the words “Junior Joint Director” shall be substituted; and

**GENERAL
PERVEZ MUSHARRAF,
*President.***

**MR. JUSTICE
MANSOOR AHMED,
*Secretary.***