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PART II

**Statutory Notifications (S. R. O.)**

GOVERNMENT OF PAKISTAN

**FINANCE DIVISION**

**(External Finance Wing)**

NOTIFICATION

*Islamabad, the 7th September, 2020*

**S.R.O. 817(I)/2020.**—In exercise of the powers conferred by section 28 of the Public Debt Act, 1944 (XVIII of 1944), the Federal Government is pleased to make the following rules, namely:—

1. **Short title, application and commencement.**—(1) These rules shall be called the Naya Pakistan Certificates Rules, 2020.

(2) These rules shall be applicable to certificates purchased under these rules.

(3) These rules shall come into force at once.

2. **Definitions.**—(1) In these rules, unless there is anything repugnant in the subject or context,—

(1825)

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[5985(2020)/Ex. Gaz.]

- (a) “certificate” means the Naya Pakistan certificate issued, purchased and held under these rules;
- (b) “customer due diligence” or “CDD” shall have the same meaning as defined in the rules made under the Banking Companies Ordinance, 1962 (LVII of 1962);
- (c) “Division concerned” means the Finance Division or any other division to which the business of these rules stands allocated;
- (d) “enhanced due diligence” or “EDD” shall have the same meaning as defined in the rules made under the Banking Companies Ordinance, 1962 (LVII of 1962);
- (e) “foreign currency value account” or “FCVA” means an account opened in foreign currency in accordance with the Foreign Exchange Regulation Act, 1947 (VII of 1947) and rules made thereunder;
- (f) “guardian” means the guardian of a minor as defined in the Guardians and Wards Act, 1890 (VIII of 1890);
- (g) “holder” means the individual or a person in whose name the certificate has been issued under these rules;
- (h) “know your customer” or “KYC” shall have the same meaning as defined in the rules made under the Banking Companies Ordinance, 1962 (LVII of 1962);
- (i) “minor” means a person who has not attained the age of majority under the Majority Act, 1875 (XI of 1875);
- (j) “non-resident Pakistani” or “NRP” is an individual who has been a non-resident of Pakistan for a period as provided in the Income Tax Ordinance, 2001 (XLIX of 2001);
- (k) “non-resident Pakistani Rupee Value Account” or “NRVA” means a PKR account opened in accordance with the Foreign Exchange Regulation Act, 1947 (VII of 1947) and rules made thereunder;
- (l) “PKR” means Pakistani Rupees, the legal currency of the Islamic Republic of Pakistan;
- (m) “purchaser” means a person eligible to purchase certificate under rule 3;

- (n) “SBP” means the State Bank of Pakistan;
- (o) “standard operating procedures” or “SOP” means the procedure framed to carry out the purposes of these rules; and
- (p) “USD” means the United States Dollar, the legal currency of the United States of America.

3. **Eligibility criteria.**—(1) Every non-resident Pakistani having National Identity Card for Overseas Pakistanis, Foreigners having Pakistan Origin Card, members of Overseas Pakistanis Foundation, an employee or official of the Federal Government or a Provincial Government posted abroad who are eligible to open FCVA or NRVA as per the relevant regulations shall be eligible either individually or jointly to purchase the certificates.

(2) The resident Pakistanis having assets abroad, duly declared in latest tax return filed with the Federal Board of Revenue, may also invest in the certificate through their FCVA in Pakistan subject to such controls, conditions and operational procedure as may be notified by SBP under these rules from time to time:

Provided that in case of a minor, the parent or the guardian shall operate all transactions on behalf of the minor until the age of eighteen years, at which time the minor should meet the criteria:

Provided further that in case of certificate being purchased jointly, both joint-holders of the certificate shall be required to meet the eligibility criteria set out as aforesaid.

4. **Form of the certificate.**—The certificate shall be issued in scrip-less form or any other form or format as approved by the Division concerned from time to time in consultation with the SBP.

5. **Types of certificate.**—The certificate shall be issued in conventional form and also in *Shariah* compliant form as per the *Shariah* structure to be notified by the Division concerned under these rules from time to time.

6. **Tenor.**—The certificate shall be issued for three, six, twelve, thirty-six and sixty months or any other tenor as may be notified by the Division concerned from time to time.

7. **Currency of the certificate.**—The certificate shall be issued in both USD and PKR or any other currency as may be notified by the Division concerned from time to time.

8. **Denomination of the certificate.**—The minimum denomination of the certificate and maximum investment limit in the certificate shall be as notified by the Division concerned from time to time.

9. **Issuance.**—The certificate shall be issued through selected commercial banks hereinafter called the agent banks to be selected by the Division concerned in consultation with the SBP and the SBP shall maintain the record of issuance of these scrip-less certificates in its system and the agent banks shall also open investment portfolio securities (IPS) accounts of the investors and credit the certificate in the respective IPS accounts.

10. **KYC, CDD and EDD of the purchasers.**—KYC, CDD and EDD of the purchasers of the certificate, being the account holders of agent banks, shall be the responsibility of the agent banks.

11. **Source of funds.**—The funds for investment in the certificate must be remitted from abroad in the investor's FCVA or NRVA as per prevailing regulations and processes:

Provided that the investment in the certificates may be made against the funds remitted in the FCVA and NRVA of the investor after the 30<sup>th</sup> day of June, 2020.

12. **Rate of return.**—(1) The Division concerned shall notify the rate of return on the certificate and frequency of payment from time to time.

(2) Profit as well as repayment of the principal amount shall be made directly to the account of the investor.

13. **Payment on death of the certificate holder.**—In case the holder dies, the payment of principal amount and profit thereon, if any, shall be paid to the legal heirs of the deceased holder in accordance with a valid succession certificate or equivalent documentation issued in accordance with the law for the time being in force.

14. **Transferability.**—The certificate shall not be transferrable except if required under the relevant laws.

15. **Automatic rollover.**—The certificate shall not be automatically reinvested or rolled over after maturity date.

16. **Pledging.**—The certificate shall be pledgeable as security for raising financing in Pakistan subject to such conditions as may be prescribed by the SBP.

17. **Premature encashment.**—Premature encashment shall be allowed:

Provided that rate of return on the premature encashed certificate shall be equivalent to the rate of return of the nearest shorter tenure certificate or any rate as notified by the Division concerned from time to time. No profit shall be paid in case of encashment before completion of three months.

18. **Tax on profit payment.**—The profit on the certificate shall be subject to deduction of tax in accordance with the law for the time being in force.

19. **Zakat deduction at source.**—The certificate shall be exempted from compulsory deduction of *zakat* under section 3 of the *Zakat and Ushr Ordinance, 1980 (XVIII of 1980)*.

20. **Procedures, processes and policies.**—The SBP shall devise and notify the SOPs, from time to time, for sale, encashment, premature encashment, profit disbursement and all other matters to carry out the purposes of these rules subject to the condition that such SOPs shall not be inconsistent with any provision of these rules and other applicable laws for the time being in force.

21. **Repeal and savings.**—(1) The Pakistan *Banao* Certificates Rules, 2018 and the Overseas Pakistani Savings Bills Rules, 2020 are hereby repealed.

(2) the certificates issued under the rules repealed under sub-rule (1) shall continue to have effect under the repealed rules.

[No. 3(8)EF(FCM)/2020]

SHERIN TARIQ,  
*Section Officer (EF FCM).*