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THE FOREIGN EXCHANGE (TEMPORARY RESTRICTIONS)
ACT, 1998

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THE FOREIGN EXCHANGE (TEMPORARY RESTRICTIONS) ACT, 1998

ACT No. IV OF 1998

An Act to provide for dealings in foreign exchange

WHEREAS it is necessary to impose certain temporary restrictions for and in relation to foreign exchange;

It is hereby enacted as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Foreign Exchange (Temporary Restrictions) Act, 1998.

(2) It extends to the whole of Pakistan.

(3) It shall be deemed to have come into force on the twenty-eighth day of May, 1998.

2. Restriction on withdrawal of foreign exchange etc. —Notwithstanding anything contained in the Protection of Economic Reforms Act, 1992 (XII of 1992), or in any other law for the time being in force, or in any agreement or contract, it is hereby provided that the right to hold, sell, withdraw, transfer, pay or take out foreign exchange held by any person in Pakistan as on the twenty-eighth day of 1998, (the “specified date”) without the prior permission of the State Bank of Pakistan shall remain suspended:

Provided that there shall be no legal restriction on any person converting his foreign exchange held as above into rupees at the officially notified rate of exchange.

Explanation.—For the purpose of this section “foreign exchange” means foreign exchange held in a foreign currency account or in such other form as the Federal Government may specify.

3. Certain protection to remain unaffected.—(1) Subject to the provisions of this Act all the protections and immunities conferred in terms of the Protection of Economic Reforms Act, 1992 (XII of 1992), shall remain unaffected.

(2) The Federal Government may—

(a) make provision for the grant of further concessions for, or in relation to, amounts converted from the foreign exchange referred to in section 2 held as on the specified date into rupees, or assets acquired therefrom; and

(b) issue financial instruments including bonds of varying maturities against the aforesaid foreign exchange which shall carry with them not less than the same entitlements, protections and immunities, as the foreign exchange held on the aforesaid date save and except for the right to immediate repayment in foreign exchange.

4. Power to make rules.—(1) The Federal Government by rules empower the State Bank of Pakistan to—

(a) pass general orders suspending the right of persons to repayment except in rupees in relation to the foreign exchange referred to in section 2 as on the specified date;

(b) make provision for the payment of profit to persons holding foreign exchange referred to in section 2 as on the specified date in foreign exchange or in rupees; and

(c) classify citizen of Pakistan on the basis of their status being resident or non-resident of Pakistan or other persons on the basis of residence or nationality or otherwise for the purpose aforesaid.

(2) Pending the framing of rules under subsection (1) withdrawals, remittances or payments in foreign exchange shall be made with the prior permission of the State Bank of Pakistan.

5. Repeal and saving.—(1) The Foreign Exchange (Temporary Restrictions) Ordinance, 1998 (VII of 1998), is hereby repealed.

(2) Any rules, orders or instructions regarding foreign exchange made or issued by the Federal Government or the State Bank of Pakistan and in force before the commencement of this Act shall, in so far as such rules, orders or instructions are not inconsistent with the provisions of this Act, be deemed to have been made or issued under this Act.