

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

Dear Sir/Madam,

Operations of Illegal Offshore Foreign Exchange Trading, Margin Trading, Contract for Difference (CFD) Trading Websites/ Apps/ Platforms - Outflow of Foreign Exchange

Attention of Authorized Dealers (ADs) is drawn towards section 4(1) of the Foreign Exchange Regulation Act 1947 (FERA), which, inter alia, provides, "except with the previous general or special permission of the State Bank, no person other than an authorized dealer shall in Pakistan, and no person resident in Pakistan other than an authorized dealer shall outside Pakistan, buy or borrow from, or sell or lend to, or exchange with, any person not being an authorized dealer, any foreign exchange".

2. Further, ADs attention is also invited towards section 5((1(a)) of the FERA which provides, "Save as may be provided in and in accordance with any general or special exemption from the provisions of this sub-section which may be granted conditionally or unconditionally by the State Bank, no person in, or resident in, Pakistan shall— (a) make any payment to or for the credit of any person resident outside Pakistan".

3. It has been observed that a number of offshore foreign exchange trading, margin trading and contract for difference (CFD) trading websites/apps/platforms (such as OctaFX, Easy Forex, etc.) are offering their products to residents in Pakistan, luring public through social media advertisements to buy their products/services. Such buying by residents of Pakistan is a violation of section 4(1) of the FERA. Further, it has also been observed that ADs are facilitating settlement/ payments through their payment channels to such offshore trading platforms.

4. In this regard, it is clarified that remittance of foreign exchange directly/ indirectly outside Pakistan to overseas foreign exchange trading, margin trading, and CFD trading apps/ websites/ platforms through any payment channel is not allowed as no general or special permission has been granted by the State Bank under section 5(1) of the FERA.

5. In view of the foregoing, ADs are advised to ensure compliance of aforesaid sections of the FERA and take all necessary measures, including the following, to stop payments to all such forex trading, CFD trading, margin trading websites/apps/platforms by their customers through any payment channel:

1. Inform their customers regarding inherent risks and illegality of such trading with any such person/entity.
2. Institute a mechanism of ongoing monitoring whereby such trading websites/ apps/ platforms are identified and blocked from making payments through any payment channel.

6. In case it is observed that an Authorized Dealer has failed to carry out the measures and has facilitated the transactions as outlined above, the State Bank of Pakistan may proceed against that delinquent Authorized Dealer under relevant provisions of the FERA and take any pecuniary or administrative action as deemed necessary.

Sincerely,

Sd/-

(Athar Ghafoor)
Additional Director