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**OPERATIONS MANUAL**

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**PREMIUM PRIZE BONDS (REGISTERED)**  
**COMMERCIAL BANK BRANCHES**

**Currency Management Department**  
**SBP BANKING SERVICES CORPORATION**

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## 1 INTRODUCTION:

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- 1.1 The Central Directorate of National Savings (CDNS) initiated a new registered prize bonds scheme called “PREMIUM PRIZE BONDS (REGISTERED)” on March 10, 2017.
- 1.2 This scheme is governed under the “Premium Prize Bonds (Registered) Rules, 2017”, and was launched from State Bank of Pakistan Banking Services Corporation (SBP BSC) offices in the first phase.
- 1.3 State Bank of Pakistan SBP BSC now intend to increase the outreach of this scheme to the general public, whereby the operations of this scheme will be allowed from designated branches of commercial banks.
- 1.4 All policy related matters / rules pertaining to this scheme shall be referred to State Bank of Pakistan Banking Services Corporation.

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## 2 DEFINITIONS:

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- 2.1 For better understanding, the terms used in this manual are defined as under:
  - 1.1.1 **SBP BSC Office** – Offices of State Bank of Pakistan Banking Services Corporation.
  - 1.1.2 **Office of Issue** – the office of State Bank of Pakistan Banking Services Corporation or branch of designated commercial bank from where the bond is issued.
  - 1.1.3 **Main Branch** – Main Branch of Commercial Bank in direct liaison with SBP BSC office.
  - 1.1.4 **Local Branch** – Branch of Commercial Bank where applications for said scheme are received.
  - 1.1.5 **Investor** – A Corporate or an Individual who has purchased Premium Prize Bonds (Registered).
  - 1.1.6 **Transferor** – the investor of bonds who transfers the ownership of bonds by relinquishing the right against face value, profit or prize money in favor of another.

- 1.1.7 **Transferee** – a person who receives the entitlement of bonds through transfer.
- 1.1.8 **Banks** – All Conventional, Microfinance Banks and DFIs.
- 1.1.9 **PPBs** – Premium Prize Bonds (Registered)
- 1.1.10 **Issued Bond** – PPB issued to investor by commercial bank.

### **3 GENERAL GUIDELINES:**

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- 3.1 PPBs will be issued as a Federal Government Debt, to be treated as a Government Registered Prize Bonds.
- 3.2 PPBs may be purchased by any of the following:
  - 1.1.11 A single adult
  - 1.1.12 Two adults or more in their Joint Account:
    - a) Payable to holder jointly or payable to either with written consent of the other called “**Joint Class A**” or
    - b) Payable to either called “**Joint Class B**”.
  - 1.1.13 A public or private sector institution / organization, excluding Banks, Insurance Companies and Mutual Funds (Singly).
  - 1.1.14 Pakistan Origin Card (POC) Holder
- 3.3 There shall be no maximum limit for investment in the PPBs.
- 3.4 PPBs shall be issued for an unlimited tenure and shall remain valid for prize money and/or profit (if any) till such time it is either encashed by the registered holder or withdrawn by the Government of Pakistan.
- 3.5 The application for purchase of PPBs must be made, in prescribed application form(s). The forms must be available at the branches of commercial banks as well as their website.
- 3.6 Sale and Encashment of PPBs will continue till such time as Federal Government notifies closure / discontinuation of Bonds in the Gazette of Pakistan.

- 3.7 Each PPB shall have a unique alpha-numeric number where the alpha denoted the series and the number reflects bond serial number e.g. A123456. The series of prize bonds shall be issued in sequential order except I & O, which will not be used as series.
- 3.8 Each series of bonds consists of one less than a million pieces of bonds i.e. from 000001 to 999,999.
- 3.9 PPBs are encashable at any time after issuance.
- 3.10 The registered owner of PPBs through prescribed application can transfer his title to another person. After transfer of title, the former shall relinquish all his/her claims in terms of principal, profit and prize money.
- 3.11 The profit on these PPBs shall be paid to the registered Investor(s) through direct credit to bank account on bi-annual basis for each completed period of six months. It is the responsibility of the investor that in case the bank account is closed / non-operative for whatsoever reason shall approach the Local Branch / office of issue immediately for change of bank account.
- 3.12 The profit rates will be notified by the Federal Government from time to time, which will be communicated to participating banks by SBP BSC.
- 3.13 No profit shall be paid on PPBs if encashed before completion of six months period, either from the date of issuance or last profit paid.
- 3.14 PPBs issued before two months preceding the date of draw shall qualify for a prize in the forthcoming draw and all subsequent draws. However, Sale of PPBs shall continue during the shut period as well.
- 3.15 PPBs held by the public for a period of two months or more from the date of their issuance, if encashed at the SBP BSC or authorized offices before the announcement of the results of draw in the Gazette Notification will not be awarded prizes even though they may win prizes.
- 3.16 Draws will be held on quarterly basis, or any other frequency as notified by the Ministry of Finance in the official Gazette from time to time, which will be communicated to participating banks by SBP BSC.
- 3.17 The draw schedule of these PPBs shall be announced by Central Directorate of National Savings at the start of each calendar year, which will be communicated to participating banks by SBP BSC.

- 3.18 The draw result of PPBs shall be published in the official Gazette by CDNS. Draw results can also be seen on CDNS website i.e. [www.savings.gov.pk](http://www.savings.gov.pk).
- 3.19 The number and amount of prizes to be awarded on each series of PPBs in each draw shall be notified by Ministry of Finance / CDNS.
- 3.20 PPBs may be pledged as collateral, three months after the date of issue.
- 3.21 The Investment in PPBs made under this scheme, payable profit and prize money thereof shall be exempted from compulsory deduction of Zakat.
- 3.22 In case of death of PPB holder, the payment of principle amount, profit and the prize money (if any) in respect of PPBs of the deceased shall be payable to his/her legal heirs according to succession certificate issued by a Court of Competent jurisdiction.
- 3.23 Profit and Prize money on PPBs shall be subject to deduction of withholding tax by SBP BSC, at the prevailing rate as per rules.
- 3.24 Banks will only be required to Sale, Encash and Transfer the bonds as the payment of profit and Prize Money will be processed by the SBP BSC Karachi.
- 3.25 Services of sale, encashment and transfer to illiterate persons should made subject satisfaction of respective commercial bank branch in light of AML/CFT guidelines issued by BPRD SBP.

#### **4 STOCK MANAGEMENT**

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- 4.1 Centrally, the SBP BSC Karachi will supply adequate stock of PPBs to Head Offices / Main Branches of all participating commercial banks.
- 4.2 For the purpose, the concerned main branch will be required to forward indent requests as per Annexure A, in writing to the Chief Manager SBP BSC Karachi, duly mentioning the number of pieces along with details of officials authorized to collect the PPBs on behalf of the bank.
- 4.3 Upon receipt of the request, the SBP BSC Karachi will evaluate the indent requirement based on the available stock and demand from other banks etc. Accordingly, the approved indent shall be communicated in writing to the Head Offices / Main Branches of respective bank with the advice to collect the same on the date & time specified therein.

- 4.4 The responsibility of collection of fresh stock of PPBs from SBP BSC Karachi shall rest with the respective bank.
- 4.5 Banks shall be required to acknowledge receipt of fresh PPBs in writing to SBP BSC Karachi, clearly mentioning the series and serial numbers, denomination, quantity, total value in PKR and date of receipt etc.
- 4.6 The distribution of PPBs to local branches will be at the discretion of respective participating banks. However, branches where SBP BSC offices are not available may be preferred so that the outreach of the scheme can be extended.
- 4.7 The Head office / main branches of banks shall be required to submit a statement on monthly basis in writing duly signed by the Head of Operations to the Chief Manager SBP BSC Karachi, clearly stating the total number of unsold bonds / held in stock of respective banks, latest by 5<sup>th</sup> of following month.

## **5 SALE OF PPBs:**

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- 5.1 The procedure for sale of PPBs to general public through banks has been bifurcated in two parts i.e. 1) Registration of Investor(s) and 2) Issuance of Bonds to registered investor(s)

### **5.2 Procedure for Registration:**

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- 5.2.1 Registration of investor with SBP BSC is a pre-requisite for investing in PPBs. For the purpose, the investor shall be required to submit duly filled prescribed application form for registration.
- 5.2.2 It may be clarified that banks can only extend this facility to their account holders. Walk-in client(s) may open accounts with respective bank before investing in cited scheme.
- 5.2.3 Upon receipt of application form, the local branch shall scrutinize the application form by checking all details provided by the applicant. All details must be clearly legible and the applicant under full signatures must authenticate any errors / cuttings / corrections. More than three errors would require submission of a new application by the applicant.
- 5.2.4 Subsequently, the branch would be required to validate if the applicant has already availed PPBs from any other bank or SBP BSC office and remarks should be made on the prescribed place of application form. For

the purpose, a list of all registered investors along with their CNICs / NTN / FTNs will be shared with all banks by SBP BSC Karachi on daily basis for information.

- 5.2.5 It is imperative to mention that registration at a commercial bank branch is a onetime exercise. However, a registered investor can purchase bonds from any branch of the bank through which he/she is registered.
- 5.2.6 In case the applicant is a registered investor, the fact may be communicated to the applicant with a request to contact the office of issue i.e. the bank / SBP BSC office from where he/ she is registered.
- 5.2.7 For new investor(s), the local branch will proceed with registration process. Since the prospective investors are account holders of local branch, the responsibility for due diligence of investor, under AML & CFT guidelines and all other instructions issued by State Bank of Pakistan from time to time shall rest with local branch. The information as received by Office of Issue from Main Branch shall deem to be correct.

### 5.3 Procedure for Issuance of Bonds to Registered Investor(s):

- 5.3.1 Subsequently, investor would be required to submit an application for purchase of PPBs.
- 5.3.2 The investors can purchase PPBs either through cash or cheque payable to respective Bank, subject to realization of proceeds.
- 5.3.3 All details must be clearly legible and the applicant under full signatures must authenticate any errors / cuttings / corrections. More than three errors would require submission of a new application by the applicant.
- 5.3.4 The documents required are as under:

Type of investor	Required Documents
<b>Individuals</b> (Single or Joint)	1. Application Form for purchase of PPBs 2. Copy of legible valid identify document.



<p><b>Corporate</b> (Public or Private sector institution / organization, excluding Banks, Insurance Companies and Mutual Funds)</p>	<p>1. Application Form for purchase of PPBs. 2. Copy of legible valid identify document</p> <p>Note: The Authorized signatories of the account maintained may be authorized signatories for PPBs.</p>
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5.3.5 If all in order, the applicant will be issued PPBs after receipt of funds.

5.3.6 Prior to issuance, Issue Stamp must be affixed on the face of each PPB by the local branch. A sample of Issue stamp is as under:

<<< Name of Bank >>>
<<< Date of Issue DD-MM-YYYY>>>
<<< Branch Name & Code>>>

5.3.7 Details of issued PPBs i.e. series and serial number shall invariably be recorded on the application form at the prescribed place.

5.3.8 Each participating commercial bank will be required to maintain a database of all PPBs issued to general public locally, which must be readily available to all local branches at all times. The database must have at least the following information:

Sr. No	Name of Investor	CNIC / NTN / FTN	Type of investor (Individual / Corporate)	Bond No.	Date of issue	Office of Issue (local branch name & code)	Current Status of Bond (sold / encashed / Pledged / Transferred / Lost)

## 6 ENCASHMENT OF PPBs:

6.1 Encashments of PPBs shall only be allowed from the same commercial bank, irrespective of the office of issue. Therefore, the investors may at their conveniences present the PPBs for encashment at any branch of same commercial bank.

6.2 Requests for encashment of PPBs shall be made by investors on prescribed Application Form along with the original PPBs and a legible copy of valid

Identity documents. All details must be clearly legible and the applicant under full signatures must authenticate any errors / cuttings / corrections. More than three errors would require submission of a new application by the applicant.

- 6.3 The Local Branch will examine the original PPBs and other documents to ascertain:
- 6.3.1 Ownership of PPBs and identity of the applicant from the data base already maintained by respective banks.
  - 6.3.2 Genuineness of PPBs by checking the Security Features i.e. Watermark, Invisible Fibers and Denomination under UV.
  - 6.3.3 The alphanumeric serial numbers and date & place of issue.
  - 6.3.4 Pledge Status of PPBs.
- 6.4 Upon satisfactory scrutiny, the commercial bank branch will proceed with encashment of PPBs by crediting the amount in the designated/registered bank account of the investor. It must be noted that the encashment of bonds will be restricted through bank account only, subject to the satisfaction of the branch, as responsibility will continue to rest with the respective commercial bank.
- 6.5 Subsequently, consolidated data of encashment requests received during the day will be reported to SBP BSC Karachi through DAP.
- 6.6 SBP BSC Karachi will credit the consolidated amount to respective commercial banks on the same day, under advice to the bank.
- 6.7 The encashed PPBs will be retained by the local branch of commercial banks and forwarded to SBP BSC Karachi on weekly basis, through main branch.

## **7 TRANSFER OF PPBs:**

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- 7.1 Being registered in nature, the investor can only transfer PPBs from the same commercial bank irrespective of the branch, as in the case of encashment.
- 7.2 Only individual investments in PPBs will be eligible for transfer of PPBs. Corporate investments can only encash PPBs.
- 7.3 It is imperative to mention that the Transferee of PPBs must also be registered. In case the transferee is not registered, submission of application for registration as per mentioned in Para 5.2 of this manual shall be applicable.
- 7.4 The original PPBs to be transferred must be presented along with a duly-filled Application Form for the transfer of PPBs and identity document.

- 7.5 The local branch will examine the original PPBs and other documents to ascertain:
- 7.5.1 Ownership of PPBs and identity of the Transferor from the data base already maintained by respective banks.
  - 7.5.2 Identity of Transferee.
  - 7.5.3 Genuineness of PPBs by checking the Security Features i.e. Watermark, Invisible Fibers and Denomination under UV.
  - 7.5.4 The alphanumeric serial numbers and date & place of issue.
  - 7.5.5 Pledge Status of PPBs.
- 7.6 It must be ensured that both transferor and transferee shall be presented at the time of transfer of bonds. Both parties should be presented for transfer of bonds. Further, the bank will only be required to transfer the bond(s) and will have no role in financial settlement between transferor and transferee, as there is no cash involvement in the transaction.
- 7.7 Upon satisfactory scrutiny, the commercial bank branch will proceed with transfer of PPBs by delivering the bonds to transferee. Further, the investor can also transfer his / her partial investment.
- 7.8 No request for transfer of PPBs pledged with SBP BSC will be accepted unless the pledge on PPBs in question is released. Similarly, in case original PPBs are lost by the investor, requests for transfer of PPBs shall not be entertained.
- 7.9 It must be noted that no requests for transfer of PPBs will be processed if any prize money / profit amount is outstanding against the PPBs requested for transfer.

## **8 REPORTING TO SBP BSC KARACHI:**

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- 8.1 The reporting of information to SBP BSC Karachi will be made by Main Branch / Head office through Data Acquisition Portal DAP on daily basis. For the purpose, access to the DAP will be provided to authorized officials of all commercial banks.
- 8.2 On daily basis, the local branches of commercial banks will report the data to respective Main Branch / Head Office. Accordingly, The Main Branch will consolidate all details received from its local branches for onward submission to SBP BSC Karachi through DAP.
- 8.3 Four type of reporting will be made by the commercial bank main branches:

- 8.3.1 Registration of Investor
  - 8.3.2 Sale of PPBs
  - 8.3.3 Encashment of PPBs
  - 8.3.4 Transfer of PPBs
- 8.4 The bank branches will report to respective main branches by 3:00 pm while main branches will report the same to SBP BSC through DAP by 4:00 pm. Special care should be exercised while reporting on last working of OPEN period. In case an investor approaches bank after the prescribed timing, the application shall be considered on the next working day.
- 8.5 All the accounting entries shall be executed on gross-settlement basis for each participating bank.
- 8.6 Any discrepancy in the information received from Main Branches shall be intimated to Main branches for resolution / remedial action.

## **9 LOSS OF PPBs:**

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- 9.1 In case of loss of PPBs, the registered investor shall submit a duly signed application to the office of issue only i.e. local branch from where the PPBs were issued, in personal presence to be ensured by the commercial bank branch.
- 9.2 This request must be signed by all investor(s) / Authorized signatories, irrespective of operating instructions.
- 9.3 The registered investor should submit application form providing complete particulars of the PPBs i.e. Series & Serial No(s), Denomination, date of purchase and details of loss of PPBs etc. However, in case of corporate investors(s), the request must be accompanied with a letter on company's letter head duly signed by all signatories (irrespective of operating instructions) clearly mentioning details of lost PPBs with a request to issue new PPBs.
- 9.4 The local branch will examine the application form and other documents to ascertain:
- 9.4.1 Ownership of PPBs and identity of the investor(s) / authorized signatories from the database already maintained by respective banks.
  - 9.4.2 Present status of PPBs i.e. Encashed / Transferred / Pledged etc.
  - 9.4.3 Verify signatures of the investor(s) / authorized signatories.

- 9.4.4 Must check if any prize money or profit amount is due for payment. In case any amount is outstanding, the investor(s) must be informed accordingly.
- 9.4.5 Office of Issue.
- 9.5 It must be noted that no requests for issuance of new PPBs in lieu of lost will be processed if any prize money / profit amount is outstanding against the lost reported PPBs.
- 9.6 Subject to verification of all requirements, the office of issue will issuance new PPBs with new serial number in lieu of lost PPBs equivalent to the face value.
- 9.7 Accordingly, the report for loss of bonds will be submitted to SBP BSC Karachi on the following address:
- The Deputy Chief Manager (Prize Bonds Division)  
SBP Banking Services Corporation  
I.I. Chundrigar Road, Karachi.
- 9.8 The new PPBs issued in lieu of lost PPBs will bear a new the date on which they are processed by the office of issue, as illustrated below:

Series & Serial No. of lost PPBs	Date of Issue	Series & Serial No. of new PPBs	Date of Request	Date of Issue
A123456	01-01-2018	A654321	01-05-2018	01-05-2018

- 9.9 Consequently, the calculations for profit shall be based on new date of issue on PPBs.

## **10 PLEDGE OF BONDS:**

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- 10.1 Instructions regarding pledge have already been issued vide Currency Management Department Circular No. CMD/GSSAD/PBU/PPB-1/1663/2017 dated November 17, 2017 (Copy attached).

## **11 RECORD RETENTION:**

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- 11.1 All banks must maintain proper record of all applications forms along with relevant documents as permanent record. Preferably, the record may be digitally archived if possible to ensure proper record maintenance.

## **12 APPLICATION FORMS:**

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S No.	Name of Form	Form No.
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1	Application for Registration – Individuals	PPB-CB-1
2	Application for Registration – Corporate	PPB-CB-1-A
3	Application for Purchase – Individuals	PPB-CB-2
4	Application for Purchase – Corporate	PPB-CB-2-A
5	Application for Encashment – Individuals	PPB-CB-3
6	Application for Encashment – Corporate	PPB-CB-3-A
7	Application for Transfer – Individuals	PPB-CB-4
9	Application for Loss Bonds - Individuals	PPB-CB-5
10	Application for Loss Bonds - Corporate	PPB-CB-5-A

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