

# **GUIDELINES FOR FOREIGN EXCHANGE TRANSACTIONS**

**Volume - 1**

## **SUMMARISING**

Instructions as of November 30, 2017 issued to  
Authorised Dealers and Money Changers in Foreign Exchange

To be read in conjunction with other instructions, subsequent  
amendments and modifications issued from time to time.



**BANGLADESH BANK**  
**Foreign Exchange Policy Department**

**2018**

## **Preface**

This publication, titled 'Guidelines for Foreign Exchange Transactions', is the successor to the last (2009) edition of the same. This is a compilation of the instructions to be followed by the Authorised Dealers & their constituents, Money Changers in transactions relating to foreign exchange. These guidelines come in two volumes. The first volume includes the instructions and the prescribed forms/declarations relating to individual transactions. The second volume delineates the procedure of reporting of foreign exchange transactions by Authorised Dealers to Bangladesh Bank, and includes the proformas for monthly returns, statements, schedules for such reporting. Both volumes include instructions as on November 30, 2017 and should be read with FE Circulars/Circular Letters issued subsequently.

Foreign Exchange Policy Department  
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## Acronyms

ACU	Asian Clearing Union
AD	Authorised Dealer
AML-CFT	Anti-Money Laundering - Combating the Financing of Terrorism.
AMU	Asian Monetary Union
BASIS	Bangladesh Association of Software and Information Services
BB	Bangladesh Bank
BEPZA	Bangladesh Export Processing Zones Authority
BEZA	Bangladesh Economic Zones Authority
BIDA	Bangladesh Investment Development Authority
BJA	Bangladesh Jute Association
BJMC	Bangladesh Jute Mills Corporation
BMET	Bureau of Manpower Employment and Training
BO	Beneficiary Owner
BSEC	Bangladesh Securities and Exchange Commission
BTB	Back To Back
CAAB	Civil Aviation Authority of Bangladesh
CCI&E	Chief Controller of Imports and Exports
CPT	Carriage Paid To
CRF	Cost and Freight
DEDO	Duty Exemption and Drawback Office
EDF	Export Development Fund
EFT	Electronic Fund Transfer
EPB	Export Promotion Bureau
EPZ	Export Processing Zone
ERD	Economic Relations Division
ERQ	Exporters' Retention Quota
EZ	Economic Zone
FC	Foreign Currency
FCA	Free Carrier Alongside
FCR	Forwarder Cargo Receipt
FEID	Foreign Exchange Investment Department

FEOD	Foreign Exchange Operation Department
FEPD	Foreign Exchange Policy Department
FERA	The Foreign Exchange Regulation Act, 1947
FER	Foreign Exchange Regulation
FOB	Free On Board
GBP	Great Britain Pound
GFET	Guidelines For Foreign Exchange Transactions
HAWB	House Airway Bill
IC	International Card
ICC	International Credit Card
IDRA	Insurance Development and Regulatory Authority
ITE	Information Technology Enabled
LC	Letter of Credit
LCAF	Letter of Credit Authorisation Form
NBR	National Board of Revenue
NFCD	Non-resident Foreign Currency Deposit
NITA	Non-resident Investors' Taka Account
NRBs	Non-resident Bangladeshis
NRTA	Non-resident Taka Account
OPGSP	Online Payment Gateway Service Provider
PRC	Proceed Realisation Certificate
PTA	Prepaid Ticket Advices
RFCD	Resident Foreign Currency Deposit
RJSCF	Registrar of the Joint Stock Companies and Firms
RIT	Rationalised Input Template
SFCAMS	Special Foreign Currency Account Monitoring System
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TC	Travellers' Cheque
TOAB	Tour Operators Association of Bangladesh
UGC	University Grant Commission
USD	United States Dollar or US Dollar

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## CHAPTER 1

## INTRODUCTION AND DEFINITIONS

1. Foreign Exchange Regulation (FER) Act, 1947 (Act No. VII of 1947, amended upto September 09, 2015) enacted on March 11, 1947 in the then British India provides the legal basis for regulating certain payments, dealings in foreign exchange and securities and the import and export of currency and bullion. This Act was first adapted in Pakistan and then in Bangladesh. The Act is reproduced at Appendix 1. Bangladesh Bank is responsible for administration of regulations under the Act. Appendix 4 provides a list of Bangladesh Bank's offices and their jurisdictions.

2. Basic regulations under the FER Act, 1947 are issued by the Government as well as by Bangladesh Bank in the form of Notifications which are published in the Bangladesh Gazette. Notifications issued by the Bangladesh Government and the erstwhile Government of Pakistan and Bangladesh Bank and the erstwhile State Bank of Pakistan are reproduced at Appendices 2 and 3. Directions having general application are issued by Bangladesh Bank in the form of notifications, FE(Foreign Exchange) circulars, SPA circulars and circular letters.

3. Authorised Dealers (ADs) in foreign exchange are required to bring the foreign exchange regulations to the notice of their customers in their day-to-day dealings and to ensure compliance with the regulations by such customers. The ADs should report to Bangladesh Bank any attempt, direct or indirect, of evasion of the provisions of the Act, or any rules, orders or directions issued thereunder.

4. (i) The ADs must maintain adequate and proper records of all foreign exchange transactions and furnish such particulars in the prescribed returns for submission to Bangladesh Bank. They should continue to preserve the records for a reasonable period unless otherwise instructed by Bangladesh Bank for ready reference as also for inspection, if necessary, by Bangladesh Bank's officials. To mention, ADs shall preserve the printed copy of Form TM (Appendix 5/9), Form-C (Appendix 5/10), Form C-ICT (Appendix 5/11), Form IMP (Appendix 5/16) and EXP Form (Appendix 5/31) along with supporting papers at their own custody for at least 05 (five) years for record and inspection of Bangladesh Bank. However, in respect of cases which are under investigation by Bangladesh Bank inspection team/other Government agencies, the relevant Forms (TM, C, IMP & EXP as the case may be) and full set of related documents shall be disposed of only after obtaining clearance from the inspection team/Government agency concerned.

**(ii) Online Reporting**

Bangladesh Bank has developed online reporting system for all types of inland and cross border foreign exchange transactions. ADs are, therefore, advised to report all types of their foreign exchange transactions carried out by them, including those of OBUs to the different web portals

of Bangladesh Bank on regular basis as directed by the concerned departments. To report different information to the online systems, ADs are advised to follow the instructions given in the different FE circulars, FE circular letters and user guidelines available in the website of Bangladesh Bank.

5. This publication summarises the instructions issued under the FER Act, 1947 as well as the prudential instructions issued by Bangladesh Bank (as of November 30, 2017) to be followed by ADs and Money Changers in their day-to-day foreign exchange transactions.

6. Specimen forms (other than those of periodical returns dealt with in Volume-2) prescribed in this publication are given in Appendix 5, while Appendix 6 contains (i) Notification issued by the Board of Investment (Now Bangladesh Investment Development Authority-BIDA) for obtaining loan from abroad by industrial enterprises in Bangladesh in the private sector (ii) Policy guidelines for establishment of drawing arrangement between the exchange houses abroad and banks operating in Bangladesh (iii) Procedure for repatriation of sale proceeds of non-resident owned equity in unlisted companies purchased by residents.

7. Terms having a special meaning for the purpose of the FER Act, 1947 are defined under Section 2 of the Act. However, for the purpose of this publication and the instructions issued by the Bangladesh Bank from time to time, the following terms as defined below shall be used in addition to those defined under Section 2 of the FER Act, 1947.

**(i) Taka**

Taka means the Bangladesh currency unless otherwise specified.

**(ii) Dollar**

Unless otherwise indicated the term dollar used in this publication shall mean the US dollar (USD).

**(iii) Money Changers**

Wherever used in this publication, the term "Money Changer" would mean a sole proprietorship or partnership firm/company licenced by Bangladesh Bank under FER Act, 1947 to act as Money Changer for dealing in certain foreign exchange transactions as directed by Bangladesh Bank from time to time.