

## SECTION - VI

**OTHER FOREIGN CURRENCY ACCOUNTS****31. Foreign currency accounts for Initial Public Offerings (IPO)**

ADs may open foreign currency accounts titled 'FC Account for IPO' in the name of issuing company only to collect subscription for IPO from non-resident Bangladeshis. The AD shall preserve the copy of the approval of BSEC for floatation of shares and shall immediately inform opening of such account to the Foreign Exchange Investment Department, Bangladesh Bank, Head Office, Dhaka. In the event of over-subscription, excess amount should be refunded back in the same currency. Such accounts should also be closed immediately after the remittance is effected and reported the same to the above mentioned department with a summary of transactions made through this account as per Appendix 5/88.

**32. Foreign currency accounts for ship builders (exporters)**

Export oriented shipbuilders in Bangladesh are allowed to open and maintain FC accounts in ADs for retaining advance remittances from abroad against ship exports. Balances of these accounts may be used for payment of input procurements. Separate FC accounts may be opened for each ship for receiving and payment on per ship basis. Such account opened for one ship shall have to be closed within one month of delivery of the ship to the foreign buyer by transferring the balance of the account in usual retention quota account or by converting the balance into Taka. ADs shall submit the quarterly return of transactions (as per Appendix-5/89) of the above FC accounts to FEOD, Bangladesh Bank, Head Office/other offices of Bangladesh Bank within second week at the close of each quarter.

**33. Foreign currency accounts of shipping companies, airlines and freight forwarders**

Shipping companies/airlines/licenced freight forwarders handling FOB export cargo from Bangladesh receive payments in foreign currency in settlement of costs incurred by them locally towards internal transportation, sea freight/air freight, and related other handling charges. Likewise they have to pay abroad in foreign currency for similar costs and charges incurred on FOB imports into Bangladesh.

To facilitate these payments in foreign currency for handling of FOB imports from their receipts in foreign currency against handling of FOB exports, shipping companies, airlines and multimodal transport operators licenced as freight forwarders by Customs Authorities can open and maintain accounts in USD or other freely convertible currencies with ADs in Bangladesh.

Eligible transactions through these accounts and other requirements for opening and maintaining of such accounts are enumerated below :

### **Eligible credits to these accounts**

**(a) Accepting freight on FOB exports in FC :** Foreign exchange received by shipping companies, airlines and multimodal transport operators licenced as freight forwarders by Customs Authorities against their handling of FOB export cargos from Bangladesh may be credited to such accounts as mentioned in Para 1(x), Chapter 10. Shipping companies/airlines may accept freight charges on FOB exports in foreign currencies from the eligible licensed freight forwarders. In these cases, shipping companies/airlines should ask the licenced freight forwarders to make payments in foreign currency from the foreign currency accounts maintained with their nominated ADs.

**(b) Accepting freight on FOB imports in FC :** Shipping companies/airlines may accept freight charges on FOB imports in foreign currencies from the importers/eligible licenced freight forwarders [Para 1 (ix), Chapter 10]. In this process importers' banks may at the request of their importer clients make payments of freight charges in foreign exchange to airlines/shipping companies/eligible licenced freight forwarders, out of the total value of the LCAF issued for the import covering costs of goods and freight. The receipts in foreign exchange will be used through the foreign currency accounts maintained by shipping companies/airlines/eligible licenced freight forwarders. The AD should endorse on the LCAF the amount of freight payable in foreign currency as stated in the bill of lading/airway bill and to issue a certificate in the form prescribed in Appendix 5/13 for presentation to the shipping company/airline/freight forwarder in Bangladesh at the time of payment of freight in foreign currency. This is to mention here that, ADs shall not credit the FC Account of the concerned shipping company/airline/Freight Forwarder in Bangladesh without producing this certificate in case of receiving freight in FC against FOB imports.

### **Eligible debits from accounts**

Balances of such foreign currency accounts may be debited for the following purposes :

- a) Encashment to Bangladesh Taka for meeting local expenses;
- b) Foreign currency payable abroad towards costs and charges relating to handling of FOB imports into Bangladesh;
- c) Foreign currency deposited in foreign currency accounts of shipping companies/airlines may be used for outward remittances on account of surplus earnings.

Balances held in foreign currency accounts shall first be used for outward remittances before use of local currency fund. However, AD Banks shall get themselves ensured of the encashment of

adequate foreign currency by the shipping companies/airlines to meet local expenses in case of shortfall in local currency funds and submit the encashment certificates with the statements.

**Reporting :** (i) AD banks will inform FEOD, head office or concerned office of Bangladesh Bank immediately (by the next business day) as and when each such foreign currency account is opened.

(ii) All receipts and payments transactions through these accounts will have to be included in the monthly collection and disbursement statements routinely submitted to Bangladesh Bank by shipping companies/airlines through their AD banks. In this context, collection in foreign currency should be presented in a separate column of relevant statements as mentioned in Para 5, Chapter 10.

(iii) Transaction statements of these foreign currency accounts will also have to be submitted to Bangladesh Bank (FEOD, Head Office or concerned office of Bangladesh Bank) on quarterly basis for post facto checking to satisfy that reasonable amount from the foreign currency accounts have been encashed to Taka towards defraying of local costs and tax liabilities. Besides, eligible licenced freight forwarders shall, through AD banks, submit monthly statements to FEOD/concerned office of Bangladesh Bank as mentioned in Section III, Chapter 17.

#### **34. Special Foreign Currency Account Monitoring System (SFCAMS)**

Transactions of FC Accounts which are opened with specific approval of Bangladesh Bank shall have to be reported to the SFCAMS, operated by Bangladesh Bank. The purpose of this software is to monitor transactions of foreign currency accounts. While reporting transactions, ADs are required to follow the instructions enumerated in the user manual available in the website.