Foreign Exchange Investment Department
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FEID Circular No. 04 Date: 03 November, 2026

All Authorized Dealers in Foreign
Exchange in Bangladesh

Dear Sirs,

Issuance, conversion and redemption of preference shares in favour of non-resident investors and repatriation of dividends thereon

Please refer to Paragraph 2(A), Chapter 9, Guidelines for Foreign Exchange Transactions, 2018 (GFET-2018), Vol. 1, FEID Circular No. 01 dated 27 January 2025 and FEID Circular No. 01 dated 08 March 2026. Pursuant to the aforesaid guidelines and circulars, the issuance of shares to non-residents and the transfer of shares to or in favour of non-residents are required to be reported to the Foreign Exchange Investment Department (FEID) of Bangladesh Bank.

02. In view of the distinctive features of preference shares vis-à-vis ordinary shares, it has been decided that the following instructions shall be complied with in respect of the issuance, redemption and conversion of preference shares, as well as the repatriation of dividends thereon:

a) Any Bangladeshi resident company operating in the manufacturing or service sector may issue preference shares in favour of non-resident investors, subject to the provisions of the Companies Act, 1994, the applicable rules and regulations of the Bangladesh Securities and Exchange Commission (BSEC), and the company's Memorandum and Articles of Association (MoA and AoA).

b) Preference shares shall be issued only against foreign currency remitted into Bangladesh through official banking channels.

c) A subscription agreement between the resident company and the non-resident investor for the issuance of preference shares shall be executed, subject to Bangladesh Bank’s authorization where required under this circular. The agreement shall clearly specify the number of preference shares to be issued, their face value and issue price denominated in Bangladeshi Taka (BDT), the dividend rate, and the terms and conditions governing the preference shares, including their tenure, redemption and conversion features, as applicable.

d) No prior approval from Bangladesh Bank shall be required where the dividend rate on preference shares does not exceed 5% of their face value. In all other cases, including preference shares carrying participating or adjustable dividend rates, an application, together with proper justification for the proposed dividend rate, shall be submitted to FEID of Bangladesh Bank, through the nominated Authorized Dealer (AD) bank for consideration and approval.

e) AD banks shall report the issuance of preference shares to the FEID, Bangladesh Bank, within 14 (fourteen) days of such issuance, together with all relevant supporting documents, including the company's Memorandum and Articles of Association (MoA and AoA), Form XV (Return of Allotment) duly endorsed by the Registrar of Joint Stock Companies and Firms (RJSC), an Encashment Certificate in the prescribed format (Appendix 5/39 or 5/40) indicating the Online Foreign Exchange (FX) Transaction ID, and Schedule X, where applicable.

f) Preference shares shall be issued at par, and accordingly, valuation of the company shall not be required for the issuance or redemption of such shares. However, where preference shares carry a conversion feature, the fair value of the ordinary shares shall be determined in accordance with the methodology prescribed in FEID Circular No. 01 dated 8 March 2026 for the purpose of determining the applicable conversion ratio.

g) Upon conversion of preference shares into ordinary shares, the issuing company shall, through its AD bank, notify FEID of Bangladesh Bank, and submit the relevant supporting documents as prescribed in paragraph 2(A), chapter 9 of GFET-2018, Vol.1.

h) Where preference shares have been issued in compliance with the provisions of this circular, the nominated AD bank may remit dividends and redemption proceeds to non-resident investors without prior approval from Bangladesh Bank, subject to compliance of the relevant provisions of foreign exchange regulations; and deduction and payment of applicable taxes. However, in respect of each remittance of a redemption instalment, AD bank shall submit a post facto report to the Foreign Exchange Investment Department (FEID), Bangladesh Bank, within 30 (thirty) days from the date of remittance, together with the relevant supporting documents, including the TM Form bearing the Online Foreign Exchange (FX) Transaction ID.

i) Dividends and redemption proceeds shall be repatriated through AD bank through which the original capital funds were remitted into Bangladesh. AD bank shall maintain year-wise records of all dividends and redemption proceeds repatriated to non-resident investors.

j) Dividends and redemption proceeds shall be repatriated to the non-resident investor in the country from which the original investment funds were remitted into Bangladesh.

k) If any principal amount or accrued dividends remain unrepatriated after the due date of any instalment or upon expiry of the term of the preference shares, as applicable, no further interest or compensation shall be payable or claimable in respect of such outstanding amounts.

l) Dividends on preference shares may be reinvested in ordinary shares of the same company or another company at their respective fair values.

m) AD bank shall preserve the auditor's certificate supporting the calculation of Tax Deducted at Source (TDS) and the amount eligible for repatriation. Where applicable, the relevant documents issued by the National Board of Revenue (NBR) for the purposes of availing benefits under a Double Taxation Avoidance Agreement (DTAA) shall also be obtained and maintained in the respective file. All relevant documents shall be properly maintained by AD bank and made readily available for inspection by Bangladesh Bank officials upon request.

n) Any change in the nominated AD bank shall be subject to obtaining a No Objection Certificate (NOC) from the existing AD bank. All relevant records relating to dividends repatriated shall be duly transferred to the newly appointed AD bank. Any such change shall also be duly notified to the FEID, Bangladesh Bank.

o) In the event of redemption of preference shares, AD bank shall submit to FEID of Bangladesh Bank, two copies of Schedule X: the first immediately before the payment date of the final redemption instalment, and the second following such payment, reflecting the removal of the preference shareholders' names. AD bank shall also submit the corresponding financial statements for both periods.

p) Fully convertible and irredeemable preference shares shall be treated as equity capital.

q) AD banks shall ensure compliance with applicable KYC requirements, AML/CFT standards, tax laws, and all other relevant laws, rules, regulations, and regulatory requirements.

This circular is issued in terms of the authority conferred under Section 20(3) of the Foreign Exchange Regulation Act (FERA), 1947.

Please bring the instructions of this circular, effective immediately, to the notice of all your concerned clientele.

Yours Faithfully,



(Abu Saleh Mohammed Shahab Uddin)
Director (FEID)
Phone: +88-02-9530144