



Foreign Exchange Policy Department-2
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FEPD-2 Circular No.09

Date: 29 October 2026

All Authorized Dealers in
Foreign Exchange in Bangladesh

**Consolidated circular on foreign exchange regulations –foreign exchange
management and operations**

Dear Sirs,

Foreign exchange management and operations are regulated by the Foreign Exchange Regulation Act (FERA), 1947 and subsequent circulars issued thereagainst. To streamline foreign exchange management and operations, the existing regulations compiled at one place with modifications as necessitated are attached herewith. Existing instructions regarding foreign exchange management and operations available in the Guidelines for Foreign Exchange Transactions-2018 (GFET), Vol.-1 and its subsequent circulars will stand repealed with issuance of this circular excepting monthly reporting instructions contained in GFET, Vol.-2.

2. This circular is issued with the authority vested to Bangladesh Bank under Section 20(3) of FER Act, 1947.

3. The instructions of this circular will remain valid for one year from the date of its issue. However, instructions to be issued within this period will be read with this circular.

Please bring the instructions to the notice of your constituents.

Yours faithfully,

Encl. As stated.

(Munira Islam)
Director (FEPD-2)
Phone: 9530119

Table of Contents

Part-A: EXCHANGE RATE AND REPORTING	1
Part-B: BANGLADESH BANK'S TRANSACTIONS WITH ADs.....	2
Part-C: PAYMENT SETTLEMENT THROUGH ACU MECHANISM.....	3-4
Part-D: CLEARING ARRANGEMENT WITH BANGLADESH BANK	5
Part-E: FOREIGN CURRENCY (NOSTRO) ACCOUNTS OF ADs AND PURCHASE AND SALE OF FOREIGN CURRENCY	6
1. Accounts in foreign currency	6
2. Foreign currency held by ADs at the disposal of Bangladesh Bank.....	6
3. Open position	6
4. Overbought/oversold position in excess of prescribed limits	6
5. Purchase of one currency against another	6
6. Short term loans and overdrafts	7
7. Reconciliation of nostro accounts	7
Part-F: FORWARD DEALINGS IN FOREIGN EXCHANGE	8
1. General.....	8
2. Forward sale and purchase.....	8
3. Swap Transactions	9
4. Cross currency forward and swap.....	9
5. Keeping records and submission of statements	9
6. Two way quotation	9
Part-G: HEDGING OF COMMODITY PRICE RISK FOR IMPORT TRADES IN INTERNATIONAL MARKETS	10
Part-H: PROHIBITION REGARDING VIRTUAL ASSETS, VIRTUAL CURRENCIES AND FACILITATING THEIR EXCHANGE/TRANSFER/TRADING.....	11

ENCLOSURES

Enclosure-A: FEPD-1 Circular No. 34, dated September 13, 2026

Enclosure-B: FE Circular No. 24, dated September 15, 2022

Enclosure-C: BRPD Circular Letter No. 40, dated October 12, 2022

Enclosure-D: DFIM Circular Letter No. 24, dated November 10, 2022

Part-A
EXCHANGE RATE AND REPORTING

1. Authorized Dealers (ADs) are allowed to purchase and sell foreign currency from/to their customers and other dealers at freely negotiated rates.
2. ADs shall provide information twice on each business day for all foreign exchange transactions at or above 1.00 lac US dollar or equivalent through Foreign Exchange Market (FXM) Module. ADs shall, before 11:30 am, report for transactions executed till 11:00 am. In the afternoon, ADs shall provide information of transactions executed from 11:00 am to 5:00 pm before 5:30 pm.
3. Bangladesh Bank will publish a daily reference benchmark exchange rate, defined as the weighted average of freely quoted exchange rates in market transactions with customers and other dealers. To facilitate the benchmark reference exchange rate, the corresponding guideline is available in Bangladesh Bank website.
4. Bangladesh Bank has launched 'Foreign Exchange Intervention Strategy and Operations for the Bangladesh Bank' (available in Bangladesh Bank website) to ensure the smooth functioning of existing exchange rate regime.
5. Exchange rates of a business day need to be displayed on digital screens/display boards visible to customers of ADs as well as on the top of their websites.

Part-B
BANGLADESH BANK'S TRANSACTIONS WITH ADs

1. Buying and selling

Bangladesh Bank's purchase and sales from and to ADs are in approved foreign currencies as per notification issued by Bangladesh Bank from time to time. All such transactions with Bangladesh Bank are required to be in multiples of USD 10,000 or equivalent other approved foreign currencies, subject to a minimum of USD 50,000 or equivalent other approved foreign currencies. ADs are free to quote their own rates for transactions in the interbank market and with their customers.

Part-C
PAYMENT SETTLEMENT THROUGH ACU MECHANISM

1. The central banks of Bangladesh, India, Iran, Nepal, Pakistan, Sri Lanka, Myanmar, Bhutan and Maldives have an agreement to settle current transactions between these countries through the Asian Clearing Union (ACU) mechanism. All such payments to the ACU member countries excepting those covered by loan/credit agreements are accordingly settled through the ACU mechanism in "Asian Monetary Units" which may be referred to in the abbreviated form as "AMUs". The Asian Monetary Units shall be denominated as 'ACU Dollar', 'ACU Euro' and 'ACU JPY' which shall be equivalent in value to one US Dollar, one Euro and one JPY respectively. In response to the Central Bank of Sri Lanka (CBSL)'s decision to remain temporarily suspended from ACU mechanism with effect from October 14, 2022; all ADs are advised not to do any trade and trade related transactions with Sri Lanka through ACU mechanism.

2. The ACU Agreement referred to above provides for settlement of the following types of payments:

- (a) Payments from residents in the territory of one participating country to residents in the territory of another participating country;
- (b) Payments for current international transactions as defined by the Articles of Agreement of the International Monetary Fund;
- (c) Payments permitted by the country in which the payer resides.

Besides, payments arising on account of import/export transactions on deferred payment terms will also be considered as eligible payments for being settled under ACU mechanism. However, payments not related to import and export of goods and services, except to the extent mutually agreed between two or more participants will be considered as ineligible payments for being settled under ACU mechanism.

The minimum threshold amount to be routed through ACU member central banks under ACU arrangement has been set at 500 (Five hundred) ACU Dollar, ACU Euro or ACU JPY.

Transactions considered as ineligible for being settled under ACU mechanism may be settled bilaterally (as settlements take place other than under ACU mechanism) and shall be reported under Statement S-1 (or other relevant statements as the case may be), Guidelines for Foreign Exchange Transactions, Vol-2.

3. ADs shall maintain nostro accounts in AMUs (ACU Dollar, ACU Euro, ACU JPY) with their correspondent banks in ACU member countries for the purpose of settlements through ACU. Similarly accounts in AMUs (ACU Dollar, ACU Euro and ACU JPY) may be opened by ADs in their books in the names of their correspondents in ACU member countries. ADs may pay interest on the balance of nostro accounts in AMUs as per mutually agreed terms and conditions with the correspondent(s).

4. An AD needing to fund its AMU nostro account with a correspondent bank in an ACU member country shall do so through Bangladesh Bank against surrender of the required amount in AMU, or of equivalent Taka at Bangladesh Bank's selling rate.

Bangladesh Bank will advise the central bank of the concerned ACU member country to make the amount available to the transferee bank in that country. After making the payment, the central bank of the recipient ACU member country shall advise the Secretary General of the ACU Secretariat to credit its account by debit to Bangladesh Bank's account.

5. For repatriating funds from an AMU nostro account with a correspondent bank in an ACU member country, an AD shall advise the correspondent bank to route the payment through the central bank of that country, which will advise Bangladesh Bank to make the amount available to the recipient AD. Bangladesh Bank on receipt of the advice, shall make the fund available to the recipient AD (either in AMU or in equivalent Taka at BB's buying rate, at AD's option) and shall advise the Secretary General of the ACU Secretariat to credit its account by debit to the account of the central bank of the transferor ACU member country.

Part-D
CLEARING ARRANGEMENT WITH BANGLADESH BANK

1. Bangladesh Bank operates a foreign currency clearing system enabling AD banks to settle their mutual claims in US Dollar, Pound Sterling, Euro, Japanese Yen, Canadian Dollar and Chinese Yuan Renminbi (CNY) arising from interbank transactions; to economize the time and cost involved in settlements through correspondents abroad. Under this arrangement, AD banks maintain clearing accounts with the Bangladesh Bank in US Dollar, Pound Sterling, Euro, Japanese Yen, Canadian Dollar and Chinese Yuan Renminbi (CNY). Apart from the purpose of settlement with other ADs, these accounts may also be used for transfers to and from correspondents abroad.
2. Settlement of the balances lying in each of the clearing accounts takes place at the end of each month. Bangladesh Bank charges interest on the debit balance in an account on daily product basis and debits the bank's account at the end of each working day and pays interest on the amount of credit balance at the rates prescribed from time to time.
3. Payment against inland foreign currency LCs and inland back to back LCs in foreign currency as mentioned in paragraph 2. Part-F and paragraph 3, Part-G of FEPD-1 Circular No. 30, dated August 13, 2026 shall be settled through Bangladesh Bank FC clearing accounts of the concerned AD banks.
4. Operation of the clearing system is centralized in the Forex Reserve and Treasury Management Department-1 of Bangladesh Bank, Head Office, Dhaka; but ADs in other centers may transfer funds to other banks through their Head/Principal Office in Dhaka.

Part-E
FOREIGN CURRENCY (NOSTRO) ACCOUNTS OF ADs
AND PURCHASE AND SALE OF FOREIGN CURRENCY

1. Accounts in foreign currency

ADs may maintain accounts in freely convertible/usable currencies with their correspondents/branches abroad. However, maintaining relationship, opening of nostro accounts and transactions with correspondents shall be subject to compliance with AML-CFT regulations of Bangladesh Bank/ other competent authorities.

2. Foreign currency held by ADs at the disposal of Bangladesh Bank

The foreign currencies held by ADs shall at all time be deemed to be held at the disposal of Bangladesh Bank. Bangladesh Bank, through Foreign Exchange Policy Department-2, may give such instructions with regard to the disposal of such currencies as it may deem necessary and expedient.

3. Open position

Bangladesh Bank sets prudential limits on each AD bank's open (overbought/oversold) exchange position. An AD should ensure that the prescribed open position limit is not exceeded. If an AD exceeds the prescribed limit and fails to furnish satisfactory explanation for the same, it may be asked to sell the excess amount ready and to cover its position by buying forward for deliveries corresponding to the maturities of its own forward obligations.

4. Overbought/oversold position in excess of prescribed limits

ADs are required to work out their open exchange position (overbought/oversold) daily as at the close of the business on each working day and report to the Bangladesh Bank at the subsequent working day through RIT in the web portal of Bangladesh Bank (paragraph 22, chapter 2, GFET, Vol.-2). If for reasons beyond control the overbought/oversold position during the period under report is in excess of the prescribed limit, the daily statement must be accompanied by a letter explaining the circumstances. A hard copy of the daily exchange position statement prepared as per Appendices 49A & 49B, GFET, Vol-2), duly signed by responsible officials of the respective AD, shall have to be preserved for at least five years for eventual utilization/inspection by Bangladesh Bank.

5. Purchase of one currency against another

ADs may enter into transactions for sale or purchase of foreign currencies both ready and forward with other ADs, foreign correspondents and overseas branches provided that all such transactions must be reported to Bangladesh Bank in the appropriate Returns (chapter 2, GFET, Vol-2), daily exchange position statement (paragraph-22) and daily interbank transaction statement through online (paragraph-26).

6. Short term loans and overdrafts

ADs may obtain short term loans and overdrafts for a period not exceeding seven days at a time from overseas branches and correspondents at the going market rates to meet their short term needs. If these loans or overdrafts require collateral in Bangladesh or abroad prior approval must be obtained from Bangladesh Bank. Short term loans and overdrafts taken under the authority of this paragraph may be remitted by ADs without prior approval of Bangladesh Bank, but subject to report.

7. Reconciliation of nostro accounts

In pursuance to the 'Foreign Exchange Risk Management Guidelines' (as prescribed by FE Circular Letter No. 12, dated February 20, 2025 and subsequent amendments) to be followed in case of foreign exchange risks for reconciliation of nostro accounts, Head Offices/Principle Offices of ADs are required to submit comprehensive review of all nostro accounts containing a complete list of all un-reconciled entries at the end of each quarter of the year; the list to be prepared by officials who have no involvement in the transaction and approval process of the nostro accounts. Banks are also required to make provisions periodically for debit entries remaining un-reconciled for more than six months as per schedule issued by Bangladesh Bank from time to time. In addition, June and December end reviews must be accompanied with certification of the External Auditor of the bank concerned on correctness of the status of the un-reconciled entries mentioned on the review.

Besides, banks are also required to submit summary of un-reconciled nostro account entries at the end of each month through online web portal (paragraph 26, chapter 2 of GFET-2). However, quarter-end statement will include summary of un-reconciled entries as per format given in Appendix 50, GFET, Vol-2.

Part-F
FORWARD DEALINGS IN FOREIGN EXCHANGE

1. General

ADs may engage in forward sales only against bona fide need of the customers/counterparty banks. In all cases, ADs must ensure that the cover is intended to neutralize the risks arising from such transactions. ADs may purchase forward from banks and non-bank customers like exporters, foreign currency account holders including retention quota accounts of exporters, foreign currency accounts of specialized zones (export processing industrial areas such as EPZ, HTP, EPA of Invest Bangladesh Authority), exchange houses abroad etc. Be it forward sale or purchase, ADs must cover their own risk within the shortest possible time.

2. Forward sale and purchase

(a) All forward contracts should be treated as firm and should be closed out on expiry. In such cases, ADs should charge the difference between the contracted (booked) rate and the TT clean spot buying or TT spot selling rate, as the case may be, ruling on the date the contract is closed out. The forward contract should be closed without charging any difference if the rate moves in favor of the customer on the date of the closure. In other words, in case of a forward purchase by an AD no difference will be charged if the TT spot selling rate on the date of closure is at par or lower (i.e., inferior from the point of view of the customer) than the booked rate. Similarly, no difference should be charged for closing out a forward sale contract if the TT clean spot buying rate on the date of closure is at par or higher (i.e., costlier than the booked rate from the point of view of the customer) than the booked rate.

(b) With a view to bringing operational flexibility, forward contracts may be renewed/rolled over/extended for the new delivery period at the prevailing market rate, provided ADs are satisfied with documentary evidences that customers are unable to perform the contracts due to changes in the actual requirements or other valid exigencies. In such cases, when both the cancellation and re-booking of forward contracts are undertaken simultaneously, gain to customers, if any thereon, to be passed on to customers at the time of entering into new arrangement. Such gains favoring customers shall be retained in margin accounts of customers till the close of the underlying transactions. Balances held in this account may be utilized by ADs for realizing dues from the customers for this purpose.

(c) Forward contracts may be executed on outright full settlement or net settlement on non-deliverable basis in conformity with the principle of satisfying bona fide needs of the resident business entities. Hence, it is permissible to book short term non-deliverable forward contracts with roll-over flexibility till maturity for ultimate settlement on deliverable basis against underlying transactions having long tenor. In the context of settlement of gain/loss in favor of customers during the split tenor of the contracts, the procedure as stated above shall apply.

(d) Forward premium calculation

(i) A calculation of forward selling exchange rate is presented in the below table containing determination of forward premium:

Spot selling rate	Tenor in Days	T-Bill rate	Benchmark rate in FC	Differential	Forward Premium	Forward Rate
(a)	(b)	(c)	(d)	(e)= (c) – (d)	(f) = (a)*(e) *(b)/360	(g)= (a)+(f)

(ii) With regard to forward buying rate, ADs shall consider spot buying rate to calculate the desired rate on adjustment of forward premium.

3. Swap Transactions

ADs may undertake swap transactions in line with their counterparty limit in accordance with the core risk management guidelines issued by Bangladesh Bank to cover their risks arising from forward transactions and manage cash flow mismatch arising out of day to day transactions. However, they are advised to refrain from taking speculative positions through swap transactions.

4. Cross currency forward and swap

Cross currency swap and forward, not backed by underlying customers' transactions, can be undertaken only if the 'Foreign Exchange Risk Management Guidelines' (as prescribed by FE Circular Letter No. 12, dated February 20, 2025 and subsequent amendments) are implemented to the satisfaction of Bangladesh Bank.

5. Keeping records and submission of statements

All documents (copy of LCs, contracts etc.) relating to forward contracts and swap transactions must be preserved for subsequent inspection by Bangladesh Bank. Besides, ADs shall report all the interbank transactions on daily basis through online as instructed in paragraph 26, chapter 2 of GFET (Vol-2).

6. Two way quotation

ADs are advised to quote both sale and purchase rate while quoting/asking for any spot/forward transaction in the interbank market.

Part-G
HEDGING OF COMMODITY PRICE RISK FOR
IMPORT TRADES IN INTERNATIONAL MARKETS

ADs are permitted to facilitate and offer commodity price risk hedging products to eligible importers, irrespective of whether such importers operate within designated specialized zones or outside such zones, within a structured, transparent, and supervised framework, subject to the terms and conditions set out in FEPD-1 Circular No. 34, dated September 13, 2026 (Enclosure-A).

Part-H
PROHIBITION REGARDING VIRTUAL ASSETS, VIRTUAL CURRENCIES
AND FACILITATING THEIR EXCHANGE/TRANSFER/TRADING

Foreign Exchange Policy Department of Bangladesh Bank (now Foreign Exchange Policy Department-2) has imposed restriction on virtual assets and virtual currencies, including activities facilitating their exchange, transfer or trading vide FE Circular No. 24, dated September 15, 2022 (Enclosure-B). Similar prohibitions were subsequently reiterated through BRPD Circular Letter No. 40, dated October 12, 2022 and DFIM Circular Letter No. 24, November 10, 2022 (Enclosure-C and D) addressed to all scheduled banks, and financial institutions. The restrictions remain in force, and the concerned parties are required to comply with the applicable instructions issued by Bangladesh Bank.

Foreign Exchange Policy Department-1
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FEPD-1 Circular No. 34

Date: September 13, 2026

All Authorized Dealers in
Foreign Exchange in Bangladesh

Hedging of Commodity Price Risk for Import Trades in International Markets

Dear Sirs,

In view of the evolving dynamics of global commodity markets, which highlight the importance of effective price risk management for importers in Bangladesh, the adoption of appropriate risk management practices may facilitate better cost planning and enhance business competitiveness.

02. Bangladesh Bank, in exercise of the powers conferred under Section 20(3) of the Foreign Exchange Regulation (FER) Act, 1947, hereby issues enclosed the Guidelines on Hedging of Commodity Price Risk for import trades in international markets to promote prudent risk management practices and align with international standards.

03. Authorized Dealers (ADs) are permitted to facilitate and offer commodity price risk hedging products to eligible importers, irrespective of whether such importers operate within designated specialized zones or outside such zones, within a structured, transparent, and supervised framework, subject to the terms and conditions set out in these guidelines.

04. In light of the above decision, the instructions contained at paragraph 14, chapter 4 of the Guidelines for Foreign Exchange Transactions (GFET)-2018, Vol-1, shall stand amended.

Please bring the contents of this circular to the notice of all concerned.

Yours faithfully,



Encl. As stated.

(Dr. Md. Abu Bakkar Siddique)
Director (FEPD-1) (Current Charge)
Phone: 9530092

Guidelines on

Hedging of Commodity Price Risk for Import Trades in International Markets

In exercise of the powers conferred under Section 20(3) of the FER Act, 1947, Bangladesh Bank hereby issues the following Guidelines.

1. Short title

These instructions shall be known as the Guidelines on Hedging of Commodity Price Risk for Import Trades in International Markets, 2026. These instructions shall come into force with immediate effect.

2. Definitions

(a) Exposure to commodity price risk

“Exposure to Commodity Price Risk” means any direct or indirect exposure to fluctuations in commodity prices arising from import transactions in international markets.

(i) **Direct exposure** – An importer shall be deemed to have direct exposure where the imported commodity, or any component thereof, is priced based on an internationally recognized benchmark.

(ii) **Indirect exposure** – An importer shall be deemed to have indirect exposure where the imported product contains a commodity that is not explicitly benchmark-linked but whose price remains subject to price.

(b) **Hedging** – “Hedging” means the activity of entering into a derivative transaction to mitigate an identifiable and measurable commodity price risk.

(c) **Eligible importers** – “Eligible Importers” means importers who meet the criteria set out in paragraph 3 of these guidelines.

(d) Hedge classification –

(i) **Procurement hedge** – A hedge undertaken prior to import or purchase in order to manage the risk of an increase in commodity price.

(ii) **Structured hedge** – A hedge undertaken by using a combination of permitted hedging instruments in order to improve cost efficiency or define a price band, without creating net open speculative exposure.

3. Eligible importers

Eligibility shall be established on the basis of verifiable underlying exposure supported by confirmed import orders, letters of credit, or purchase agreements denominated in foreign currency. Eligible importers include:

- (a) Importers of raw materials or intermediate goods such as crude oil, edible oil, metals, grains, fertilizer, and other primary commodities;
- (b) Importers of essential commodities for domestic consumption; and
- (c) Public sector entities engaged in strategic or large-scale import operations.

4. Permissible hedging instruments

Eligible importers may undertake hedging transactions linked to their underlying import exposures using the following instruments:

- (a) Commodity futures on internationally recognized exchanges (Schedule-I);
- (b) Forward contracts linked to reference commodity indices (Schedule-II);
- (c) Commodity swaps to lock in price differentials (Schedule-III);
- (d) Commodity options and permitted option structures for price protection (Schedule-IV).

5. Operational modality

Eligible importers having exposure to commodity price risk for any permissible commodity may hedge such exposure in international markets through Authorized Dealers (ADs) using any of the permitted instruments in accordance with the provisions contained in Schedules I to IV. ADs may arrange hedging and related foreign exchange transactions under the following conditions:

- (a) The instruments shall be used strictly for hedging genuine exposures and not for speculative or leveraged trading;
- (b) The notional amount and tenor of the hedge shall not exceed the value or maturity of the underlying import transaction;
- (c) Importers may use fixed-for-floating swaps to lock in a fixed price while receiving a floating market price;
- (d) Importers may purchase call options to cap the maximum purchase price for procurement-related exposures;
- (e) Importers may use collar structures, including zero-cost collars, provided such structures are linked to underlying import exposure and do not create net open speculative positions;
- (f) In any structure involving a written option, including collars, the written leg shall be fully covered by the corresponding underlying exposure and shall not exceed the quantity or tenor of the hedgeable exposure;

(g) Importers shall furnish documentary evidence of underlying exposure, including LCs, import contracts, or confirmed purchase orders specifying commodity type, quantity, quality, and expected shipment/delivery dates;

(h) In case of over-the-counter (OTC) derivative contracts, justification for using OTC instruments instead of exchange-traded products shall be properly documented;

(i) Where hedging uses a benchmark price different from the underlying commodity, justification including the economic rationale and basis relationship shall be properly documented;

(j) Proxy hedging using a correlated internationally recognized benchmark may be permitted where direct hedging instruments are not available or not liquid, subject to proper documentation and internal approval;

(k) Hedging shall be undertaken under a Board-approved Risk Management Policy of the importer;

(l) All margin, premium, and settlement payments related to hedging transactions shall be routed through the concerned AD in compliance with existing foreign exchange regulations, including deduction and payment of applicable tax/VAT;

(m) ADs shall maintain full documentation for each hedge transaction, including deal ticket, confirmation, underlying documents, premium or margin remittances, and settlement records;

(n) ADs shall ensure margin practices following accepted international norms, including daily mark-to-market valuation and reconciliation of outstanding positions;

(o) ADs shall transact only with internationally recognized exchanges, brokers, or counterparties having acceptable credit standing and operational capability;

(p) ADs shall obtain an annual certificate from the importer's statutory auditors confirming:

(i) Hedge transactions align with underlying exposures;

(ii) Margin and premium remittances are consistent with such exposures;

(iii) The risk management policy and exposure-calculation methodology are appropriate;

(q) ADs may issue Standby Letters of Credit or Guarantees on behalf of clients in lieu of margin remittance for hedging transactions, subject to:

(i) Maximum validity of one year;

(ii) Use strictly for hedging-related margin obligations;

(r) Where necessary for effective risk mitigation, ADs may facilitate associated foreign exchange transactions in accordance with existing regulations;

(s) ADs shall ensure that importers are made aware of potential mark-to-market, premium, margin, settlement, and contingent liability implications before execution of any hedging transaction.

6. Hedge limits

Importers may hedge up to 100 percent of their underlying commodity exposure, including partial coverage where appropriate. Multiple hedge contracts may be executed provided the aggregate value does not exceed the import exposure. ADs shall ensure that each hedge is closely matched in terms of timing, quantity, and contract specifications with the underlying transaction, as the case may be.

7. Prudential and documentation requirements

(a) Importers shall maintain detailed records of each hedging transaction including:

(i) Contract details: notional amount, maturity, strike price, settlement terms; benchmark, and premium where applicable;

(ii) Evidence of corresponding import exposure;

(iii) Hedge classification as procurement hedge and/or structured hedge;

(iv) Internal approvals and risk management policy references.

(b) Importers shall submit to ADs a written declaration confirming that the hedge has been undertaken solely for risk mitigation and not for speculative gain.

(c) ADs shall retain all related records for inspection by Bangladesh Bank and for compliance with prudential supervision.

(d) ADs shall ensure that hedge effectiveness is demonstrable through price correlation, economic offset or other appropriate internal methodology.

8. Accounting and valuation

(a) Hedging gains or losses shall be accounted for in accordance with International Financial Reporting Standards (IFRS-9), where applicable.

(b) Hedging gains or losses shall be properly recognized in financial statements in line with the matched exposure principle in the importer's financial statements.

(c) Importers are responsible for accounting treatment in their financial statements consistent with applicable local regulations and auditing requirements.

9. Supervisory and reporting arrangements

(a) ADs shall report all importer-linked hedging transactions to Bangladesh Bank on a monthly basis as per Annexure I, detailing commodity type, hedge classification, instrument, amount, maturity, and counterparties.

(b) Any irregularity, default, speculative use or misuse of these instructions will be reported immediately to Bangladesh Bank.

(c) Non-compliance may result in suspension of hedging facility or other regulatory actions.

10. Risk awareness

ADs shall advise importers that hedging is a risk-management tool and not a profit-generating mechanism. It reduces uncertainty but cannot eliminate market risk. Adverse price movements opposite to the hedged position may result in losses. Importers shall, therefore, fully understand product features, premium, margin requirements, potential mark-to-market obligations, contingent liabilities under written options, and settlement procedures before entering into any contract.

11. Internal systems and controls

ADs shall align their internal risk management systems, due diligence procedures and control mechanisms with best international standards for commodity derivative transactions.

12. Client accommodation

ADs shall accommodate importers' hedging requests upon receipt of the required documentation, along with importers' internal approvals.

13. Periodic return

ADs shall submit a quarterly report to Foreign Exchange Policy Department-1, Bangladesh Bank, in the prescribed format (Annexure II). In case of no transactions, a “Nil” report shall be submitted.

14. Prior concurrence of Bangladesh Bank

ADs intending to offer commodity price hedging services under this circular shall obtain prior concurrence from Bangladesh Bank by submitting Board-approved specification of the proposed products, along with the standard operating procedures (SOP).

Annexure I: Monthly returns

Table 1: Customer-wise hedging position

Sl	Name of Client	Sector	Hedge Classification	Underlying Commodity	Exposure Amount (USD/Equivalent)	Hedge Instrument	Hedge Amount	Tenor	Start Date	Maturity Date

Table 2: Instrument-wise details

Sl	Client Name	Instrument Type (Futures/Options/SWAP/Forwards)	Exchange/ OTC	Counterparty	Contract Reference	Notional Amount	Strike / Fixed Price	Premium Paid/Net Premium

Table 3: Hedge effectiveness and coverage

Sl	Client Name	Underlying Exposure	Hedge Amount	Hedge Ratio (%)	Effectiveness Status	Basis Risk (Y/N)

Table 4: Exception/red flag reporting

Sl	Client Name	Nature of Exception	Details	Action Taken

Table 5: Top exposures (Top 10 Clients)

Rank	Client Name	Total Exposure	Total Hedge	Instrument Type	Risk Category

Declaration:

We hereby confirm that:

- All hedging transactions reported above were undertaken against genuine underlying import exposures;
- The notional amount and maturity of each hedge are aligned with the corresponding import transaction, as applicable; and
- No speculative or leveraged transactions have been conducted.

Certification

Authorized Signatory : _____
 Name : _____
 Designation : _____
 Signature & Seal : _____
 Date : _____

Submission instruction

This statement shall be submitted within 10 days from the end of each month to Foreign Exchange Policy Department-1, Bangladesh Bank, Head Office, Dhaka.
 (In case of no transactions, a “Nil” statement shall be submitted.)

Annexure II: Quarterly returns

Table 1: Aggregate exposure

Total Underlying Exposure	Total Hedged Exposure	Net Open Exposure	% Hedged	Remarks

Table 2: Instrument mix

Futures	
Options	
SWAPs	
Forwards	
Others	

Table 3: Sectoral distribution

Energy	
Agriculture	
Metals	
Others	

Table 4: MTM position

Total MTM Gain	
Total MTM Loss	
Net MTM	
Remarks	

Certification:

We hereby certify that:

- The above information is true and correct to the best of our knowledge.
- The reported hedging transactions were undertaken strictly against genuine import exposures.
- All transactions were conducted in compliance with prevailing foreign exchange regulations of Bangladesh Bank.

Authorized Signatory : _____
 Name : _____
 Designation : _____
 Signature & Seal : _____
 Date : _____
 Place : _____

Submission instruction

This statement shall be submitted within 15 days of the end of each quarter to Foreign Exchange Policy Department-1, Bangladesh Bank, Head Office, Dhaka
(In case of no transactions, a “Nil” statement shall be submitted.)

Schedule I

Commodity Futures

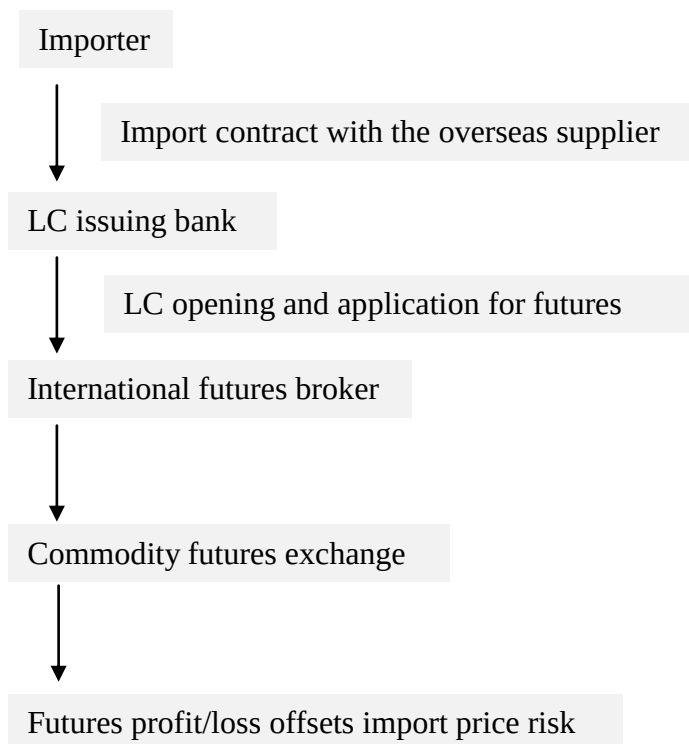
Description:

Commodity futures are standardized contracts traded on exchanges that enable importers to lock in a future price for a commodity. To manage the risk of price fluctuations between the contract date and the shipment or payment date, the importer or its bank takes a futures position.

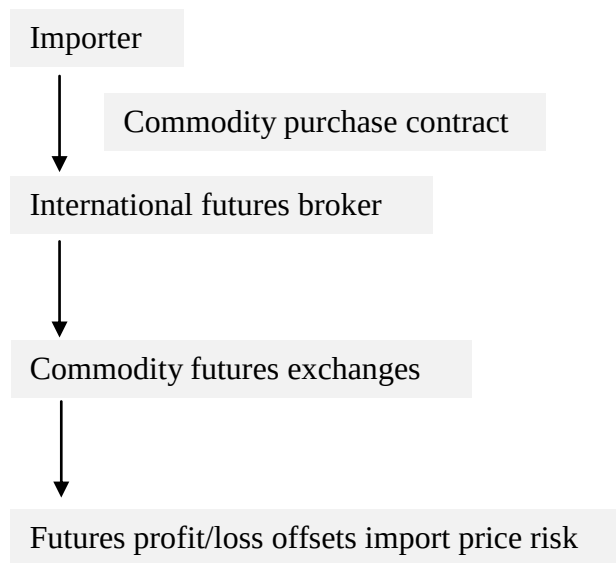
Operational flow:

- (a) Importer signs commodity purchase contract with exporter.
- (b) Importer requests LC from a Bangladeshi commercial bank, where applicable.
- (c) AD bank issues the LC through international banking networks.
- (d) Importer requests price hedging through the AD bank.
- (e) AD bank executes a futures contract through an international broker or exchange member.
- (f) Futures position is held until shipment or price exposure period ends.
- (g) Gains or losses from futures offset commodity price movement.

Operational flowchart (LC-linked):



Operational flowchart (Without LC linkage):



Example:

A Bangladeshi importer has agreed to purchase 10,000 tons of wheat at the market price in three months. The current market price is USD 350 per ton. To secure this price, the importer, through its bank, buys wheat futures at USD 350 per ton.

Outcome:

- If the price rises to USD 420 per ton, the import cost will increase, but the futures will gain approximately USD 70 per ton, which helps offset the increase.
- If the price falls to USD 320 per ton, the importer will buy the wheat at a lower price but will incur a loss on the futures, which helps stabilize the total cost.

Schedule II

Commodity Forward Contracts

Description:

A commodity forward contract is a customized agreement between two parties to buy or sell a commodity at a predetermined price on a specific future date. Unlike futures contracts, which are standardized and traded on exchanges, forwards are typically traded over-the-counter (OTC) through banks and are tailored to meet the specific needs of the importer.

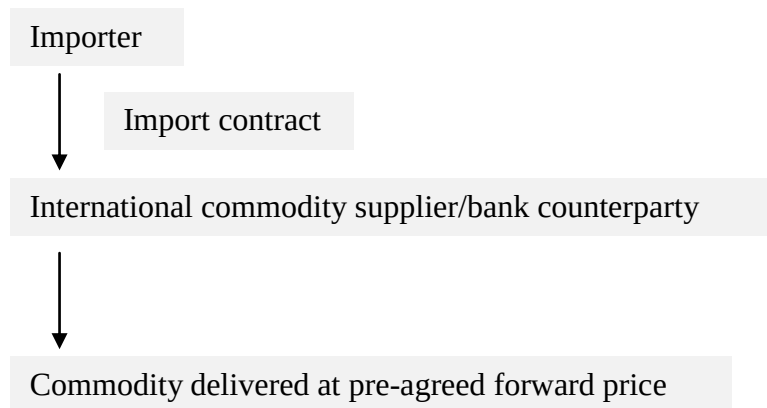
Operational flow:

- (a) Importer signs commodity purchase agreement with the supplier.
- (b) Importer asks the AD bank to lock the future commodity price.
- (c) AD Bank quotes forward price.
- (d) Forward contract is agreed.
- (e) AD Bank offsets risk in the international market, where applicable.
- (f) Importer financing and LC opening (optional).
- (g) Commodity delivery and forward contract settlement take place on the agreed date

Operational flowchart (LC-linked):



Operational flowchart (Without LC linkage):



Example:

A Bangladeshi importer has agreed to import 5,000 tons of wheat in three months. The current market price is USD 360 per ton. To manage future price fluctuations, the importer has entered into a forward contract with a bank at a price of USD 365 per ton.

Outcome:

- If the market price rises to USD 420 per ton, the importer will still be able to purchase the wheat for the agreed price of USD 365 under the forward contract, thereby avoiding the higher market price.
- If the market price falls to USD 330 per ton, the importer is still obligated to buy at USD 365, which provides protection against price increases but does not allow the importer to benefit from price decreases.

Schedule III

Commodity Swaps

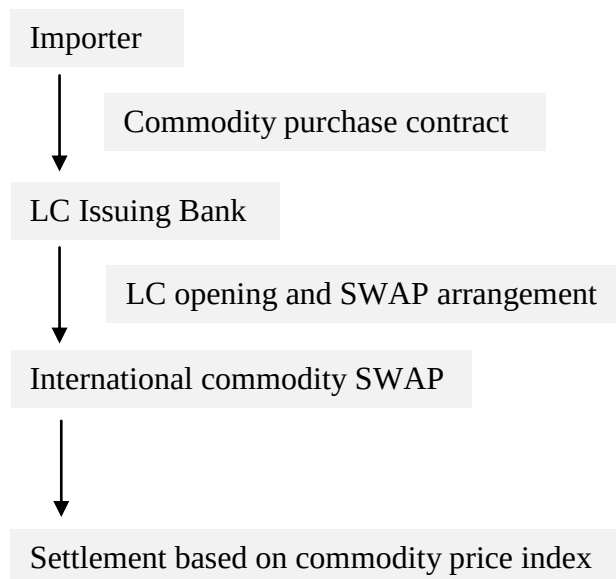
Description:

Commodity swaps are over-the-counter agreements between an importer and a financial institution in which the importer exchanges a floating market price for a fixed price. These swaps are commonly used to hedge against price risks for various commodities purchased from overseas markets.

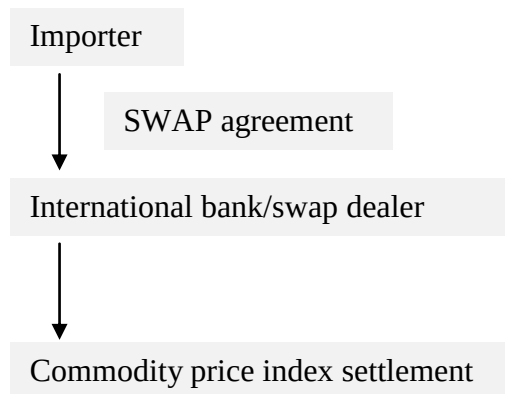
Operational flow:

- (a) Importer signs long-term commodity purchase agreement.
- (b) Importer opens LC for shipment payments, where applicable.
- (c) Importer enters commodity swap agreement through the AD.
- (d) Importer pays fixed commodity price under the swap.
- (e) Swap counterparty pays floating market price.
- (f) Net payment offsets price fluctuations.

Operational flowchart (LC-linked):



Operational flowchart (Without LC linkage):



Example:

An importer plans to purchase fuel linked to a global benchmark. The current market price is USD 80 per barrel. The importer enters into a swap contract with a bank, agreeing to a fixed price of USD 80 per barrel.

Outcome:

- If the market price rises to USD 100, the swap counterparty pays the difference of USD 20 per barrel.
- If the market price falls to USD 70, the importer pays the difference of USD 10 per barrel.

Schedule IV

Commodity Options

Description:

Commodity options provide price protection. The importer purchases the right, but not the obligation, to buy or sell the commodity at a predetermined strike price. To obtain this protection, the importer pays an option premium except where the structure has been arranged on a zero-cost basis through a permitted collar strategy.

Types of Option-Based Hedging Structures:

(a) Procurement hedge using call option

A call option may be used by an importer to hedge against an increase in commodity prices prior to procurement. This enables the importer to secure a maximum purchase price while retaining the benefit of any price decline.

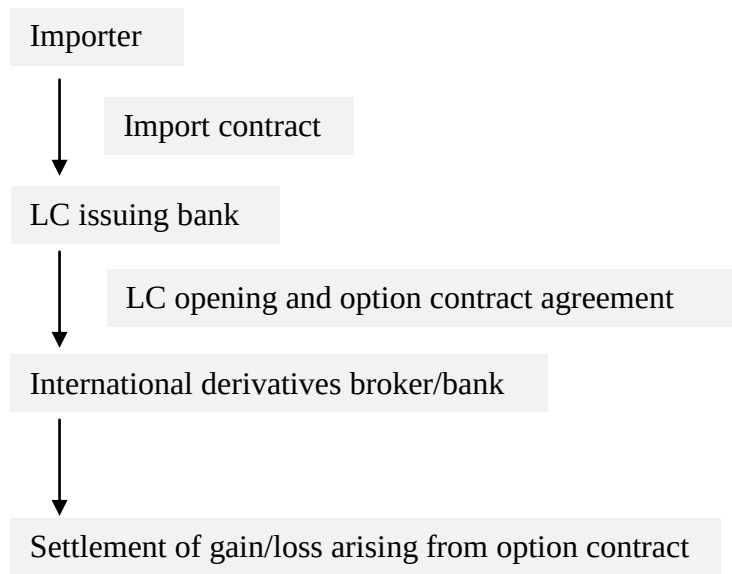
(b) Zero-Cost collar structure

A collar structure involves the simultaneous purchase of a call option and sale of a put option, or such other permitted combination of option legs, in order to reduce or eliminate upfront premium cost. The structure shall be constructed such that it provides a defined price band and does not result in speculative exposure.

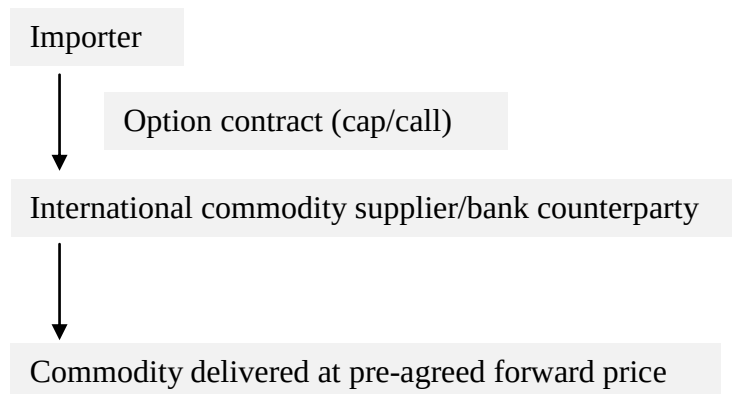
Operational flow:

- (a) Importer signs commodity supply contract.
- (b) Importer opens LC with issuing bank, where applicable.
- (c) Importer requests a call option, put option, or collar structure through the AD bank depending on the nature of exposure.
- (d) AD bank executes the option transaction through an international derivatives broker, exchange, or bank counterparty.
- (e) If market price moves adversely (increase), the option payoff offsets the increase in procurement cost, as the case may be.
- (f) If market prices move favorably (decrease), the importer may benefit from market movement subject to the premium paid or collar range agreed.

Operational flowchart (LC-linked):



Operational flowchart (Without LC linkage):



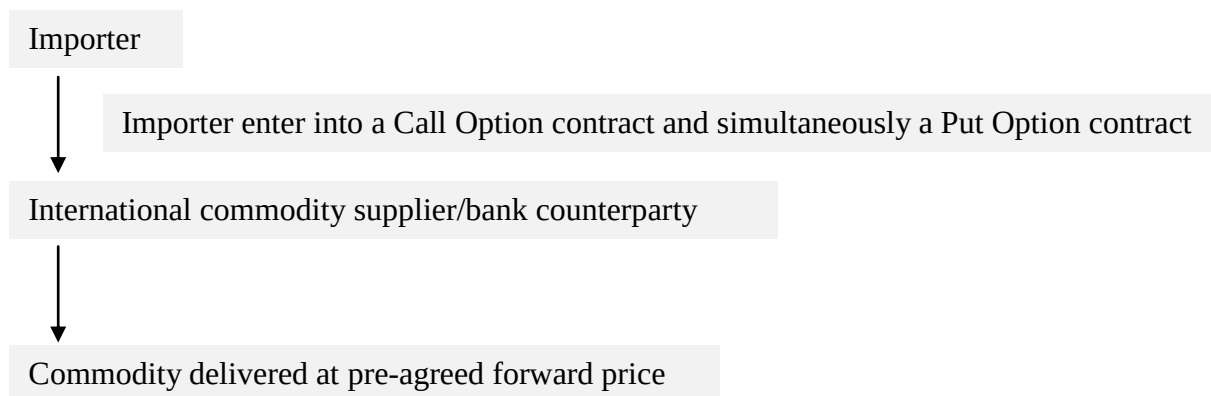
Example 1: Procurement hedge using call option

An importer plans to purchase crude oil in three months. Current market price: USD 82 per barrel. The importer purchases a call option with a strike price of USD 82 by paying a premium of USD 2.

Outcome:

- If the market price rises to USD 100 per barrel, the importer exercises the option and effectively caps the purchase price at USD 82.
- If the market price falls to USD 70 per barrel, the importer purchases at market price and only incurs loss of the premium cost USD 2.

Operational flowchart for zero-cost collar hedge structure:



Example 2: Zero-Cost collar structure

An importer plans to import copper in three months. Current market price: USD 9,000 per ton. The importer purchases a call option at USD 9,200 and simultaneously sells a put option at USD 8,800. The premium received from the put option offsets the cost of the call option, resulting in zero net premiums.

Outcome:

Market price	Effective price	Outcome
USD 10,000	USD 9,200	Importers are protected (Price capped)
USD 9,000	USD 9,000	Market price applies
USD 8,000	USD 8,800	Importers must buy at USD 8,800 per ton (Floor) (minimum obligation)

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

FE Circular No. 24

Date: September 15, 2022

Managing Directors/CEOs
All Scheduled Banks/ Authorized Dealers of Foreign Exchange
/MFS Providers/Financial Institutions/Other Concerns and
All stakeholders associated with
Foreign Exchange dealings in Bangladesh

Dear Sirs,

**"Prohibition regarding virtual assets, virtual currencies and
facilitating their exchange/transfer/trading**

Refer to Bangladesh Bank public notice no. DCP(PR)1/2021-7/5 dated July 29, 2021 where all persons and institutions concerned were repeatedly cautioned about various risks associated in dealing with virtual currencies/crypto currencies.

2. The definition of “currency” given in section 2(b)(i) of the Foreign Exchange Regulation (FER) Act, 1947 does not recognize virtual currencies. Virtual currencies [subset of virtual assets] are neither approved foreign exchange/currency nor approved form of transactions/investments in accordance with section- 2(aa) and 2(bb) of the FER Act, 1947. Virtual currencies or virtual assets have no financial claim embedded and neither issued by any sovereign nor guaranteed by any jurisdiction. Thus, their value is highly volatile and associated with high financial risks. Nonetheless, borderless transactions of unregulated virtual currencies are growing fast and being exchanged with some other foreign currencies, thus treated as an alternative form of foreign exchange transactions which is contravention of the FER Act, 1947.

3. The Financial Action Task Force (FATF) has defined virtual assets as a digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes. Point to be noted that, virtual assets do not include digital representations of fiat currencies, securities and other financial assets, recognized by Bangladesh Bank.

4. Retention of export proceeds abroad in any form without limiting to equity/portfolio investment, purchase of physical assets/virtual assets, maintenance of accounts regardless of currencies including crypto currencies constitutes contravention of the FER Act, 1947 and is subject to cognizance under Section 23(1) of the said act as mentioned in FE Circular No. 39 of November 18, 2021. Any transactions made in/from/to Bangladesh for obtaining virtual assets (as defined in paragraph 3) or its subset- virtual currencies, are not permitted by Bangladesh Bank. As well as

providing any kind of facilitation in favor of doing business, activities, and operations associated with exchange/transfer/trading of virtual assets or virtual currencies, are not permitted by Bangladesh Bank.

5. Any violation of the aforementioned instructions (as defined in paragraph 4) constitutes contravention of Section 5(1)(e) of the FER Act, 1947 and is subject to cognizance under Section 23(1) of the said Act as per SRO No. 59-LAW/2021 dated March 08, 2021. Therefore, all individuals/entities/institutions operating in Bangladesh shall refrain from dealing in virtual assets, virtual currencies and providing any kind of facilitation in favor of doing business, activities, and operations associated with exchange/transfer/trading of virtual assets or virtual currencies.

6. This circular is issued in exercise of the power conferred under section- 20(3) of the Foreign Exchange Regulation (FER) Act, 1947.

Please bring the contents of this circular to the notice of your clientele for awareness on virtual assets.

Yours faithfully,



(Md. Sarwar Hossain)
Director (FEPD)
Phone: 9530123



বাংলাদেশ ব্যাংক

প্রধান কার্যালয়
মতিঝিল, ঢাকা-১০০০
বাংলাদেশ।
website: www.bb.org.bd

Enclosure-C

ব্যাংকিং প্রবিধি ও নীতি বিভাগ

বিআরপিডি সার্কুলার লেটার নং-৪০

১২ অক্টোবর ২০২২

তারিখ: -----

২৭ আশ্বিন ১৪২৯

ব্যবস্থাপনা পরিচালক/প্রধান নির্বাহী কর্মকর্তা
বাংলাদেশে কার্যরত সকল তফসিলি ব্যাংক

প্রিয় মহোদয়,

**ভার্চুয়াল সম্পদ (Virtual asset) ও ভার্চুয়াল মুদ্রা (Virtual currency) লেনদেন এবং তাদের
বিনিময়/স্থানান্তর/বাণিজ্য (Exchange/Transfer/Trading) সংক্রান্ত নিষেধাজ্ঞা প্রসঙ্গে।**

শিরোনামোক্ত বিষয়ে বৈদেশিক মুদ্রা নীতি বিভাগ কর্তৃক ১৫ সেপ্টেম্বর ২০২২ তারিখে জারিকৃত এফই সার্কুলার নং-২৪ এর প্রতি আপনাদের দৃষ্টি আকর্ষণ করা যাচ্ছে।

২। সূত্রোক্ত সার্কুলারের মাধ্যমে ভার্চুয়াল সম্পদ (Virtual asset) ও ভার্চুয়াল মুদ্রা (Virtual currency) লেনদেন এবং তাদের বিনিময়/স্থানান্তর/বাণিজ্যের (Exchange/Transfer/Trading) সাথে যুক্ত ব্যবসা ও এ সংক্রান্ত যেকোন ধরনের কার্যক্রমে সহায়তা প্রদান হতে বিরত থাকার জন্য নির্দেশনা দেওয়া হয়েছে। সম্প্রতি লক্ষ করা যাচ্ছে যে, বিভিন্ন বিদেশী Virtual Asset Service Provider (VASP) তাদের ওয়েবসাইট/অ্যাপের মাধ্যমে বাংলাদেশে কার্যরত কোন কোন তফসিলি ব্যাংকের গ্রাহক একাউন্ট ব্যবহার করে Virtual currency/Crypto currency, Foreign currency ইত্যাদির লেনদেন, ক্রয়-বিক্রয়, পুনঃবিক্রয়, P2P বিনিময়/স্থানান্তর/বাণিজ্য কার্যক্রম পরিচালনা করছে।

৩। এক্ষেপে, ভার্চুয়াল সম্পদ (Virtual asset) ও ভার্চুয়াল মুদ্রার (Virtual currency/Crypto currency) লেনদেন এবং তাদের বিনিময়/স্থানান্তর/বাণিজ্য কার্যক্রমের কারণে সম্ভাব্য আর্থিক ও আইনগত ঝুঁকি পরিহারের লক্ষ্যে নিম্নবর্ণিত নির্দেশনা প্রদান করা হলোঃ

ক) গ্রাহকের ব্যাংক একাউন্ট ব্যবহার করে VASP এর মাধ্যমে Virtual currency/Crypto currency, Foreign currency ইত্যাদির লেনদেন, ক্রয়-বিক্রয়, পুনঃবিক্রয়, P2P বিনিময়/স্থানান্তর/বাণিজ্য সংক্রান্ত কার্যক্রম অথবা এরূপ যেকোন ধরনের কার্যে সহায়তা প্রদান অবিলম্বে বন্ধের পাশাপাশি এ বিষয়ে যথাযথ সতর্কতা অবলম্বনপূর্বক মনিটরিং কার্যক্রম বৃদ্ধি করতে হবে;

খ) এফই সার্কুলার নং-২৪/২০২২ এর মাধ্যমে প্রদত্ত নির্দেশনা ব্যাংকের প্রধান কার্যালয়, সকল শাখা, উপশাখা ও এজেন্ট ব্যাংকিং আউটলেটসমূহের দর্শনীয় স্থানে জনসাধারণের অবগতির লক্ষ্যে তাদের বোধগম্য করে নোটিশ বোর্ডে প্রদর্শন এবং ওয়েবসাইটের হোম পেইজ-এ প্রকাশ নিশ্চিত করাসহ সকল প্রশিক্ষণ প্রোগ্রামে প্রশিক্ষণার্থীদেরকে সার্কুলারটির বিষয়বস্তু অবগতকরণের নিমিত্ত প্রয়োজনীয় ব্যবস্থা গ্রহণ করতে হবে।

৪। ব্যাংক কোম্পানী আইন, ১৯৯১ এর ৪৫ ধারায় প্রদত্ত ক্ষমতাবলে এ নির্দেশনা জারি করা হলো।

আপনাদের বিশ্বস্ত,

(মাকসুদা বেগম)
পরিচালক (বিআরপিডি)
ফোনঃ ৯৫৩০২৫২



আর্থিক প্রতিষ্ঠান ও বাজার বিভাগ
বাংলাদেশ ব্যাংক
প্রধান কার্যালয়
ঢাকা।

Website: www.bb.org.bd

২৫ কার্তিক ১৪২৯

তারিখঃ

১০ নভেম্বর ২০২২

ডিএফআইএম সার্কুলার লেটার নং-২৪

ব্যবস্থাপনা পরিচালক/প্রধান নির্বাহী কর্মকর্তা
বাংলাদেশে কার্যরত সকল আর্থিক প্রতিষ্ঠান।

প্রিয় মহোদয়,

ভার্চুয়াল সম্পদ (Virtual asset) ও ভার্চুয়াল মুদ্রা (Virtual Currency) লেনদেন
এবং তাদের বিনিময়/স্থানান্তর/বাণিজ্য (Exchange/Transfer/Trading) সংক্রান্ত নিষেধাজ্ঞা প্রসঙ্গে।

শিরোনামোক্ত বিষয়ে বৈদেশিক মুদ্রা নীতি বিভাগ কর্তৃক ১৫ সেপ্টেম্বর ২০২২ তারিখে জারিকৃত এফই সার্কুলার নং-২৪ এর প্রতি আপনাদের দৃষ্টি আকর্ষণ করা যাচ্ছে।

২। সম্প্রতি লক্ষ্য করা যাচ্ছে যে, বিভিন্ন বিদেশী Virtual Asset Service Provider (VASP) তাদের ওয়েবসাইট/অ্যাপের মাধ্যমে বাংলাদেশে কার্যরত কোন কোন তফসিলি ব্যাংকের গ্রাহক একাউন্ট ও MFS একাউন্ট ব্যবহার করে Virtual currency/Crypto currency, Foreign currency ইত্যাদির লেনদেন, ক্রয়-বিক্রয়, পুনঃবিক্রয়, P2P বিনিময়/স্থানান্তর/বাণিজ্য কার্যক্রম পরিচালনা করছে। ভার্চুয়াল সম্পদ (Virtual Asset) ও ভার্চুয়াল মুদ্রা (Virtual Currency) লেনদেন এবং তাদের বিনিময়/স্থানান্তর/বাণিজ্যের (Exchange/Transfer/Trading) সাথে যুক্ত ব্যবসা ও এ সংক্রান্ত যে কোন ধরনের কার্যক্রমে সহায়তা প্রদান হতে বিরত থাকার জন্য সূত্রোক্ত সার্কুলারের মাধ্যমে বাংলাদেশে কার্যরত সকল তফসিলি ব্যাংক, আর্থিক প্রতিষ্ঠান এবং বৈদেশিক মুদ্রা লেনদেনের সাথে সম্পৃক্ত স্টেকহোল্ডারদেরকে নির্দেশনা প্রদান করা হয়েছে।

৩। এমতাবস্থায়, বৈদেশিক মুদ্রা নীতি বিভাগ কর্তৃক জারিকৃত এফই সার্কুলার নং-২৪, তারিখঃ ১৫/০৯/২০২২-এ প্রদত্ত নির্দেশনা আপনাদের প্রতিষ্ঠানের প্রধান কার্যালয় এবং শাখাসমূহের দর্শনীয় স্থানে জনসাধারণের বোধগম্য করে প্রদর্শন, প্রতিষ্ঠানের ওয়েবসাইটে প্রকাশ নিশ্চিত করাসহ আপনাদের যে কোন ট্রেনিং প্রোগ্রামে প্রশিক্ষার্থীদেরকে সার্কুলারটির বিষয়বস্তু অবহিতকরণের প্রয়োজনীয় ব্যবস্থা গ্রহণের জন্য আপনাদেরকে নির্দেশনা প্রদান করা হলো।

৪। আর্থিক প্রতিষ্ঠান আইন, ১৯৯৩ এর ১৮(ছ) ধারায় প্রদত্ত ক্ষমতাবলে জনস্বার্থে এ আদেশ জারি করা হলো।

আপনাদের বিশ্বস্ত,

(মোঃ আমির উদ্দিন)
পরিচালক (ডিএফআইএম)
ফোনঃ ৯৫৩০১৭৮