

Foreign Exchange Policy Department
Bangladesh Bank
Head Office
Dhaka.

Web site: www.bangladeshbank.org.bd

FE Circular No.10

Date: 03 August, 2009

All Authorized Dealers of
Foreign Exchange in Bangladesh

Dear Sirs,

Release of foreign exchange on current account transactions

Authorized Dealers (ADs) are allowed to effect remittance on current account transactions as specified in Guidelines for Foreign Exchange Transactions (GFET), Vol-1 (2009).

To bring further liberalization, it has now been decided to allow ADs in releasing foreign exchange for the following transactions:

1. Remittance for registration/participation fee for training/seminar/workshop abroad:

Chapter 11, paragraph 14 of GFET-2009 permits ADs to release foreign exchange on account of registration/participation fees of the Officials of Govt., employees of banks and financial institutions operating in Bangladesh, Faculty Members of nationally recognized banking training institutions for attending training/seminar/workshop abroad. From now, ADs may release foreign exchange on account of registration/participation fees for attending training/seminar/workshop abroad to the organizing institutions abroad on behalf of employees/officials of companies/firms/institutes/NGOs operating in Bangladesh in compliance with the following instructions :

- a) the invitation letter is received in the name of applicant from the organizing institution;
- b) the tour must be approved by the employer;
- c) the fee as indicated in invoice/demand note is reasonable;
- d) the programme of training/seminar/workshop is appropriate for the intending employee/official based on his/her job specification;
- e) the programme of training/seminar/workshop is financed out of budgetary allocation of the institutions;
- f) request for remittance of more than one time for attending training/seminar/workshop in a year favouring a single person is to be justified;
- g) request letter to remit the fee from the employer is received;
- h) registration certificate of the concerned institutions.

ADs shall forward one full set of all papers including copy of TM Form to Foreign Exchange Operation Department of head office or the concerned area office of the Bangladesh Bank with the usual monthly return.

2. Remittance for study abroad:

ADs are allowed to release foreign exchange for admission and study by Bangladesh nationals in regular courses such as undergraduate, post graduate & professional diploma/certificate courses in institutions abroad as per paragraph 10, chapter 11 of GFET-2009 (Vol-1). Sometimes students get themselves admitted into the foreign institutions without taking away foreign currency from the Bangladesh source. For meeting the educational expenses of the following year/semester ADs apply to Bangladesh Bank for approval. ADs also apply for prior approval to Bangladesh Bank for releasing foreign exchange in cases of changing institution, changing subject and opening of student file for new course by the students. In these cases, from now ADs may allow the remittances on being satisfied after scrutiny of following documents and in compliance with above mentioned paragraph:

a) Release of foreign exchange for study of students studying abroad.

- (1) reasonable explanation of reasons for application to release foreign currency for study abroad after leaving the country;
- (2) required papers of admission executed earlier ;
- (3) academic results of previous semesters;
- (4) sources and amount of the expenses incurred earlier.

b) Change of institution:

- (1) reasonable explanation by the applicant for the change;
- (2) the new institute has agreed to accept the credits earned in the present institution.

c) Change of subject:

- (1) reasonable explanation by the applicant for the change.

d) Opening of student file for new course:

- (1) in compliance with the prevailing instructions on release of foreign exchange.

3. Remittance against surplus earning of local agent of foreign railway company:

ADs may release foreign exchange on behalf of local agent of foreign railway company without prior permission from Bangladesh Bank. local agent of foreign railway company having permission from Bangladesh Bank shall submit monthly statements to the AD for the purpose of remittance of surplus earnings to head office/principal abroad. The monthly statement, certified by the auditor of the company, and its supporting documents should contain information relating to each collection in Bangladesh against sales of tickets, amount

of commission and the amount payable to the principal on account of charges. The surplus earnings shall be determined by deducting from gross collections (i) the local agent's commission, (ii) taxes payable on gross collections as applicable (iii) audit fees and other expenses. Remittance applications should also be accompanied by invoices raised by head office/principal abroad for the claimed amount and an undertaking from the applicant to the effect that in the event of detection, on post facto scrutiny, of any excess remittance, the excess amount will be repatriated/adjusted from subsequent remittable amount.

Before taking up for processing a remittance application, the AD shall check whether the applicant company has valid approval (with upto date renewal) from Bangladesh Bank under Section 18A of the Foreign Exchange Regulation Act, 1947 and shall satisfy themselves that the terms and conditions of the permission letter of Bangladesh Bank have been duly fulfilled. Within 15 days of effecting the remittance, the AD will forward one full set of application alongwith its supporting documents to the Foreign Exchange Operation Department, Bangladesh Bank, Head Office, Dhaka for post facto checking. Documents shall be attached with relative Form TM while reporting the remittance to FEOD/ the area office of Bangladesh Bank in the monthly summary statement/returns.

5. Remittance of legal expenses:

In case of filing and contesting suits in abroad by banks, prior approval of Bangladesh Bank is required for releasing foreign exchange. Moreover Bangladesh Bank approval is required separately for effecting every remittance/transaction towards legal cost of the same suit. From now ADs may continue to effect remittance of subsequent legal fees of the suit for which first time approval from Bangladesh Bank has been received. In this context, with the application for according first time approval, AD should submit approval of Board of Directors for contesting the suit and a certificate by an expert lawyer certifying that contesting the suit is mandatory and there is a possibility of getting judgment in favour of bank.

These instructions will be effective immediately. Please bring it to the notice of all concerned and acknowledge receipt of it.

Yours faithfully,

sd.
(Khandaker Abdus Salim)
Deputy General Manager
Phone: 7120375