## Foreign Exchange Policy Department Bangladesh Bank **Head Office** Dhaka

www.bb.org.bd

FE Circular No. 10 Date: June 21, 2023

All Authorized Dealers in Foreign Exchange in Bangladesh

Dear Sirs.

## Maintenance of foreign currency (FC) accounts for foreign investment

Please refer to paragraph 2(b), chapter 9 of the Guidelines for Foreign Exchange Transactions (GFET)-2018 regarding obligation of encashment of equity received from foreign investors through banking channel.

- 02. To facilitate transactional needs in foreign exchange, it has been decided that Authorized Dealers (ADs) may retain foreign currency sent by foreign investors to invest in Bangladesh. In this context, ADs may open FC accounts in the names of local companies which will issue shares in compliance with regulatory instructions.
- 03. Subject to observance of relevant instructions as noted at paragraph 2(C), chapter 9 of GFET, ADs may henceforth open temporary FC accounts in the names of the proposed companies/enterprises of foreign investors to park fund remitted from abroad on account of equity. On completion of the registration/commencement of the business, new FC accounts in the names of the companies may be opened by transferring the fund held in temporary FC accounts.
  - 04. The operational modalities in both cases will be as follows:
    - a) In support of the inward remittances, ADs shall issue certificate as per App. 5/40 of GFET.
    - b) Fund held in the FC accounts shall be used only for permissible outward payments on account of capital expenditures including encashment in taka.
    - c) The tenure of FC accounts shall be one year from the date of opening of such accounts, subject to closure immediately at the end of the prescribed time after encashment of the fund, if any, held in the accounts.
- 05. Other instructions in relevant paragraphs of chapter 9 of GFET and regarding foreign investment in Bangladesh shall remain unchanged.

Please bring the contents of this circular to the notice of your concerned customers.

Yours faithfully, Amelia

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