

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

FE Circular No. 18

Date: 28 June 2018

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Issuance of guarantee on behalf of foreign owned/controlled companies in favour of
residents against foreign back to back guarantee.

Please refer to paragraph 10(b), chapter 16 of the Guidelines for Foreign Exchange Transactions-2018 (GFET), Vol-1 in terms of which Authorized Dealers (ADs) are permitted to issue guarantee, bid bond or performance bond in foreign currency or in local currency on behalf of non-resident firm/company favouring residents in Bangladesh provided they hold a back to back guarantee covering the guaranteed amount from an overseas correspondent or overseas other bank.

02. It has been decided that ADs may, also on behalf of foreign owned/controlled companies operating in Bangladesh, issue guarantee in Taka or equivalent convertible foreign currency favouring concerned authorities in Bangladesh against foreign back to back guarantee acceptable to them, subject to observance of following instructions:

(a) ADs shall be satisfied with the legitimate arrangements against the specified purposes for which foreign counterparts are liable to arrange back to back guarantee with risk;

(b) In case of issuance of guarantee in local currency against back to back guarantee in foreign currency, ADs shall get arranged suitable coverage for exchange rate fluctuation from counter guarantee issuing banks abroad; and

(c) As usual, ADs shall carry out due diligence with regards to KYC/AML/CFT standards with regards to the transactions.

Please bring the above instructions, effective immediately, to the notice of your concerned clientele.

Yours faithfully,

(Md. Enamul Karim Khan)
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