

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

FE Circular No. 31

Date: 08/11/2018

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Issuance of guarantee on behalf of non-residents in favor of residents in Bangladesh

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

2. It has now been decided that ADs may also issue such guarantees in foreign currency or in equivalent Taka favoring residents against remittances credited in their nostro accounts arranged by the guarantee applicant non-resident firm/company. Before issuing guarantees, ADs shall retain foreign currency in margin account of the non-resident firm/company. As and when the guarantee is released by the beneficiary, the foreign currency so retained will be remittable to the non-resident firm/company. After effecting the remittance ADs shall close the account immediately. ADs shall comply with usual reporting procedure required for operating transactions of foreign currency accounts of non-residents. If the guarantee issued in foreign currency is invoked or encashed, the claim there against shall be settled in equivalent Taka. On encashment, ADs shall report the transactions as inward remittances and close the margin account.

3. Other instructions in this regard shall remain unchanged.

Please bring the content of this circular to the notice of all concerned constituents.

Yours faithfully,



(Debashish Sarkar)
Deputy General Manager
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