

Foreign Exchange Policy Department  
Bangladesh Bank  
Head Office  
Dhaka  
[www.bb.org.bd](http://www.bb.org.bd)

FE Circular No. 19

Date: October 03, 2024

All Authorized Dealers in  
Foreign Exchange in Bangladesh

Dear Sirs,

Issuance of payment commitments as collaterals against  
surplus earnings payable to airlines/shipping companies abroad

Please refer to paragraph 2, chapter 10 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1 (GFET) and its subsequent circulars regarding remittance on account of surplus earnings payable to airlines/shipping companies abroad. As per underlying arrangements with local companies working as agents of foreign airlines/shipping companies, Authorized Dealers (ADs) issue payment commitments in the form of bank guarantees or standby letters of credit or otherwise (hereinafter referred to as payment commitments) with prior approval of Bangladesh Bank. The payment commitments work as collaterals against surplus earnings held in Bangladesh until the effect of remittances.

02. It has been decided that ADs may issue payment commitments on behalf of their agent-customers in favor of airlines/shipping companies. In this context, ADs shall observe following instructions before issuance of payment commitments:

- (a) ADs shall ensure that all applicable credit norms and prudential parameters including single borrower exposure limit, prescribed by Bangladesh Bank, have already been observed against the repayment commitments for which applications have been made;
- (b) Applications shall be supported by documentary evidences to the effect that necessary arrangements have been made to cover the amount of repayment commitments by eligible collaterals acceptable by ADs;
- (c) The payment commitments need to be approved by the Board of Directors of local banks or approval from management authority of foreign banks operating in Bangladesh.
- (d) ADs shall ensure themselves of the authenticity of all necessary documents.

03. In case of call for encashment of payment commitments, ADs shall effect payments up to surplus earnings determined in terms of chapter 10 of GFET, 2018 and its subsequent circulars. Accordingly the repayment commitments shall contain such stipulations. On effect of remittances, ADs shall submit reports of the transactions to Bangladesh Bank as per chapter 10 ibid and its subsequent circulars.

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

Yours faithfully,



(Md. Harun-Ar-Rashid)  
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