

FE Circular No. 29

Date: October 20, 2022

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Transactional procedures for import trade on phase-out of LCAF

Attention of Authorized Dealers (ADs) is invited to Import Policy order 2021-2024 issued vide SRO No. 92-Law/2022 dated April 20, 2022 by the Ministry of Commerce. To bring simplification in import transactions, requirement of Letter of Credit Authorization Form (LCAF) has been phased out through IPO 2021-2024

2. In accordance with IPO 2021-2024, it has been decided that registration of LCAF by ADs as per instructions contained at chapter 7 of the Guidelines for Foreign Exchange Transactions-2018 (GFET) and subsequent circulars shall stand repealed. On phase-out of LCAF registration, ADs shall observe the following procedures for relevant import transactions:

(a) Before establishment of letters of credit (LCs) or initiation of permissible imports, ADs shall obtain underlying indents, proforma invoices, purchase or sales contracts from relevant importers.

(b) For imports on FOB or similar other terms, ADs shall obtain applicable transport charges against the shipments to facilitate issuance of certificate as per paragraph 16, chapter 7 of GFET.

(c) ADs shall provide primary import information based on (a) above to online import monitoring system of Bangladesh Bank.

(d) In case of permissible imports without LCs by industrial imports, and commercial imports within authorized limits, ADs shall report to Bangladesh Bank as per (c) above with indication of imports without LCs.

(e) Payments for relative imports shall not exceed the amount of LCs or other underlying arrangements, as the case may be.

3. ADs shall also ensure the import payments on maturity against permissible usance imports without LCs in terms of IPO.

4. As usual, ADs shall observe due diligence of import transactions and adhere to relevant regulations without limiting to requirement of advance payments, admissible imports under usance terms, credit reports of suppliers, matching of import payments with bill of entry, provisions of IPO and so on.

5. Other relevant instructions on import trade shall remain unchanged. The contents of this circular shall be effective from November 20, 2022.

Please bring the above instructions to the notice of all your concerned clientele.

Yours faithfully,



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