Foreign Exchange Policy Department-1
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FEPD-1 Circular No. 38 Date: September 23, 2026

All Authorized Dealers in
Foreign Exchange in Bangladesh

Settlement of payments in Taka against cross-border transactions

Dear Sirs,

Please refer to paragraph 16, chapter 4 of the Guidelines for Foreign Exchange Transactions-2018 (GFET), Vol-1 and subsequent circulars, in terms of which Authorized Dealers (ADs) are permitted to open Non-Resident Taka (vostro) accounts in the names of their overseas branches and correspondent banks, against inward remittances in freely convertible currencies. Credits to and debits from such vostro accounts constitute outward and inward remittances respectively in terms of paragraphs 1(ii) and 10(a), chapter 5 of GFET. Further, paragraph 9, Part-B of FEPD-1 Circular No. 30, dated August 13, 2026 and paragraph 9(b), Part-A of FEPD-1 Circular No. 26 dated July 30, 2026 provide for crediting import payments to vostro accounts and settlement of export proceeds therefrom.

2. To facilitate cross-border trade transactions on imports to and exports from Bangladesh in Taka, it has been decided that ADs may open and maintain Taka vostro accounts, without initial deposits by inward remittances in convertible currencies, in the names of correspondent banks of trading partner countries against payments to be received for admissible imports. Balances held in vostro accounts will be used for payments against exports and other purposes as outlined in paragraph 6 below.

3. Execution of trade transactions, as per underlying arrangements with trading partners abroad, through vostro accounts is subject to observance of the following instructions:

(a) Letters of credit/contracts and invoices shall be in freely convertible/admissible currencies.

(b) Invoicing currencies are required to be converted into Taka at the prevailing exchange rate.

(c) Bank-to-bank document flows, if otherwise not exempted, need to be observed, with communication in a safe, secure, and efficient manner as per mutual agreements with banks of partner countries.

(d) In the case of import documents received directly by importers, paragraph 10, Part-B of FEPD-1 Circular No. 30/2026 shall be applicable for making import payments to Taka vostro accounts.

4. Transactions through vostro accounts shall be executed in the following ways:

(a) Credits on account of import payments received from importers' accounts or through local banking channels in case of importers' ADs being different, supported by documentary evidence;

(b) Overdraft facilities as per paragraph 2, Part-A of FEPD-1 Circular No. 32, dated September 02, 2026;

(c) Debits for export payments supported by documentary evidence to exporters' accounts, or payments through bank transfer in case of exporters' ADs being different;

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(d) Advance payments from importers for imports as per paragraph 12, Part-B of FEPD-1 Circular No. 30/2026 and its subsequent circulars, and advance payments to exporters for exports as per paragraph 22, Part-A of FEPD-1 Circular No. 26/2026;

(e) Debits for settlements as per paragraph 6 below.

5. Input procurements against exports under realization of payment in Taka should be made in Taka, as per the payment arrangement outlined in paragraph 4(a) above. However, ADs may retain foreign currency in accordance with paragraphs 1 and 2, Part-J of FEPD-1 Circular No. 30/2026 after conversion of export proceeds received as per 4(c) above for input payments and/or settlement of EDF loan, if any, in foreign currency. Instead of retention quota facilities, exporters may make bonafide payments in foreign currency in terms of paragraphs 2(4) and 2(5), Part-O of FEPD-1 Circular No. 26/2026.

6. Surplus funds available in vostro accounts can be used on account of (a) investment in Bangladesh in the form of foreign direct investment, foreign portfolio investment, alternative investment funds, and open-end mutual funds in terms of prevailing regulations, (b) making payments as loans to resident entities duly approved by the competent authorities, (c) outward remittances abroad as per the instructions of account-holder banks. For the issuance of encashment certificates against eligible investments, the format prescribed in App-5/39 of GFET may be used.

7. The transactions under the above arrangements are subject to the procedures of the IMP Form for imports and EXP Form for exports. ADs executing transactions on behalf of importers and making payments to NRT accounts as per 4(a) above shall report the transactions to Bangladesh Bank under IMP Form procedures, in compliance with matching formalities. The usual EXP formalities need to be observed for export transactions, including reporting of proceeds realization as per 4(c) above. Reporting will be executed in the invoicing currency.

8. Where settlement of eligible trade transactions with a trading partner country requires or permits the use of its local or other non-freely convertible currency, ADs may, with prior regulatory clearance from Bangladesh Bank, maintain nostro accounts with banks in that country in such currency.

9. ADs intending to establish Taka vostro arrangements with overseas correspondent banks for settlement of eligible cross-border transactions shall intimate Bangladesh Bank, Head Office, with necessary details of the arrangement, including the name of the correspondent bank, country, and nature of transactions to be settled.

10. As usual, ADs shall conduct due diligence on counterpart banks to maintain Taka vostro accounts. ADs shall satisfy themselves as to the bonafides of the underlying transactions and comply with applicable regulatory requirements, including KYC, AML/CFT standards, and other instructions in force.

Other relevant instructions regarding import and export transactions shall remain unchanged. ADs are advised to bring the contents of this circular to the notice of their customers concerned.

Yours faithfully,

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