

BANGLALDESH BANK

HEAD OFFICE

DHAKA

FINANCIAL INSTITUTIONS DEPTT.

FID CIRCULAR NO. 02

DATED: 29 JUNE, 2003

Chief Executive

All FIs in Bangladesh.

Dear Sir,

Paid-up Capital and Reserve Fund of Financial Institutions.

By S.R.O. No. 182 Law/2003, dated June 18, 2003 (4 Ashar, 1410 Bangla) Clause 4(d) and sub-clause (2) of Clause 6 of Financial Institutions Regulations, 1994 have been amended as under :-

“(A) Sub-Clause (d) of Clause 4 is hereby replaced by new sub-clause (d) and (dd) as follows:

(d) In the case of a company registered in Bangladesh the amount of its paid-up capital or the said capital and reserve collectively will not be less than Tk.25 crore or the minimum capital as required on the basis of Risk Weighted Asset determined by Bangladesh Bank from time to time with prior approval of the Government, whichever is higher.

(dd). A company registered outside Bangladesh, will also maintain minimum capital and reserve as mentioned above.

(B) The sub-regulation (2) of regulation 6 is replaced by a new sub-regulation (2) as follows:

(2) Each company registered outside Bangladesh shall, after obtaining licence, maintain a minimum amount of Tk.25 crore as capital or the minimum capital as required on the basis of Risk Weighted Asset determined by Bangladesh Bank from time to time, to be kept in Bangladesh in a manner prescribed by Bangladesh Bank, with prior approval of the Government, whichever is higher.

In the light of the above notification, FIs are directed to follow the instructions below to meet up the deficit in minimum paid-up capital & reserve :

(1) Minimum 50% of the deficit in capital should be met up within one year from the date of issuance of this circular.

(2) The rest 50% of the deficit capital shall have to be met within next one year.

(3) In order to raise the required capital, the FIs may build up reserve by not distributing profit after tax; they can opt for IPO or issue right shares, where applicable, for this purpose.

(4) In order to maintain capital and reserve requirement within the stipulated time, the FIs may consider possibility of merger among themselves.

(5) As long as the deficit of their capital requirement is not fulfilled, FIs are not allowed to distribute any dividend.

(6) In the light of the above notification, FIs will take necessary steps to amend their Memorandum & Articles of Association.

This circular is issued under Section 18(Chha) of Financial Institution Act, 1993 and will have immediate effect.

Please acknowledge receipt.

Yours faithfully,

Sd/-

(Md. Yasin Ali)

General Manager.

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