

Boxes & Annexes



Chronology of Major Policy Announcements: January-March, 2017

<p>PSD Circular No.-01/2017</p> <p>11 January 2017</p> <p>Instructions regarding mobile financial services</p>	<p>In order to prevent malpractice in Mobile Financial Services and to ensure discipline and appropriate utilization of mobile financial services, Bangladesh Bank has imposed restrictions on the number of mobile accounts per user and transaction limit.</p>
<p>DFIM Circular Letter No. 01</p> <p>12 January 2017</p> <p>Maintaining Statutory Liquidity Ratio by Financial Institutions</p>	<p>Statutory liquidity of any Financial Institutions will be calculated based on cash in tills, balances with Bangladesh Bank (BB), balances with other Banks/FIs, unencumbered Bangladesh treasury bills and treasury bonds and assets that approved by Government gazette notification or approved by Bangladesh Bank.</p>
<p>FE Circular No. 02</p> <p>22 January 2017</p> <p>Short term foreign currency borrowing by Type A industries in Export Processing Zones (EPZs)/Economic Zones (EZs)</p>	<p>In order to ease short term borrowing by type A industries in EPZs/EZs , it has been decided that they may access short term foreign currency loans from parent companies/shareholders abroad and other Type A subsidiaries/associates operating in EPZs/EZs. In the context of such short term loans within subsidiaries/associates operating in EPZs/EZs, Authorized Dealers (Ads) shall, before transferring the fund, satisfy themselves that the fund is unencumbered.</p>
<p>FE Circular No. 03</p> <p>22 January 2017</p> <p>Use of balances held in Exporter's Retention Quota Accounts</p>	<p>Balances held in exporter's retention quota (ERQ) accounts are usable by exporters for bonafide business purposes. In order to keep minimum involvement of AD's own fund for settlement of import, it has been decided that ADs maintaining ERQ accounts may transfer fund from ERQ accounts to other ADs of same exporters or their subsidiaries/sister concerns for settlement of import payment.</p>
<p>DFIM Circular No. 01</p> <p>29 January 2017</p> <p>Call Money borrowing limit set based on equity instead of net asset</p>	<p>From 01 February 2017, Financial Institutions can borrow money from call money market up to 30 percent of its determined equity. Earlier, borrowing limit was determined based on net asset and limited to 15 percent of net asset.</p>

<p>FE Circular No.04</p> <p>30 January 2017</p> <p>Opening of Non-Resident Foreign Currency Deposit Accounts</p>	<p>Non-resident Bangladesh nationals (NRB) may open non-resident foreign currency deposit (NFCD) accounts (after their return to Bangladesh) to credit their retirement benefits, periodical pensions, superannuation benefits etc. as per employment agreement with employers while on service abroad. The balances held in the accounts may be used for settlement of legitimate payment abroad, subject to production of documentary evidence and deduction of applicable taxes.</p>
<p>FE Circular No. 05</p> <p>05 February 2016</p> <p>Advance payment against import from Exporter's Retention Quota (ERQ) Accounts.</p>	<p>Limit of advance payment from Exporter's Retention Quota (ERQ) has been enhanced up to USD 25,000 or its equivalent. Other terms and condition will remain unchanged. Previously, Authorized Dealers have been allowed to effect advance payment on behalf of exporters not exceeding USD 10,000.00 or its equivalent from the ERQ.</p>
<p>SFD Circular No. 02</p> <p>08 February 2017</p> <p>Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh</p>	<p>In order to incorporate environmental risk in overall credit/investment management and to fortify the risk management process, Bangladesh Bank has issued "Guidelines on Environmental and Social Risk Management (ESRM)" along with an Excel-based Risk Rating Model for Banks and Financial Institutions (FIs). It will replace the previous issued 'Guidelines on Environmental Risk Management (ERM)' and will be enforceable from 01January 2018.</p>
<p>FE Circular No.08</p> <p>28 February 2017</p> <p>Re-conversion of unspent taka into foreign exchange by foreign tourists</p>	<p>In order to ease of re-conversion by foreign tourists, any licensed Money Changers (MCs) whether it encashed earlier or not may reconvert the unspent Bangladesh Taka belong to USD within the permissible limit provided that the tourist submits system generated encashment certificate provided by any licensed MC. Previously re-conversions were done by only those MCs who encashed earlier.</p>

<p>FEPD Circular No. 09 19 March 2017</p> <p>Issuance of shares in favor of non-residents by debit to non-resident Taka accounts of overseas branches and correspondents</p>	<p>Shares may be issued in favor of non-residents by debit to non-resident Taka accounts maintained by ADs in the names of their overseas branches and correspondents against inward remittance in convertible foreign currencies. Hence, ADs may issue certificate in support of the payment from such account for purchase of shares in Bangladeshi companies.</p>
<p>FE Circular No. 10 20 March 2017</p> <p>Issuance of guarantee on behalf of non-residents in favor of residents in Bangladesh</p>	<p>To facilitate the transactions, it has now been decided that ADs may issue guarantee, bid bond or performance bond in local currency against taka equivalent back to back foreign currency guarantee with suitable coverage for exchange rate fluctuation from counter guarantee issuing banks abroad. Previously ADs were allowed to do the same in foreign currency. However, other instructions in this regard shall remain unchanged.</p>
<p>FE Circular No. 11 23 March 2017</p> <p>Lending in Taka working capital loans to foreign owned/controlled companies in Bangladesh</p>	<p>Banks are permitted to invest in Commercial Papers (CPs) (usually large corporations), provide credit enhancements to CP issuers and act as an Issuing and Paying Agents (IPA) of CPs in the manner set forth in this guidelines. To widen the scope of Taka working capital loans for foreign owned/controlled companies, it has been decided that resident persons/companies may purchase CPs issued by such companies in terms of general instructions of the aforementioned guidelines.</p>