FE Circular No. 04                                                                                      Date: 09 January 2019

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Use of balances held in foreign currency (FC) accounts by Type A industrial enterprises

Please refer to paragraph 30(i), chapter 13 of the Guidelines for Foreign Exchange Transactions-2018 (GFET), Vol.-1 in terms of which Type A industrial enterprises of EPZs can use balances held in their FC accounts to meet all foreign payment obligations. Such facilities are available for same type of industrial enterprises in EZs as per provision of chapter 20, GFET.

02. Chapter 9 of GFET and subsequent circulars outline operational procedures for direct investment in Bangladesh through share purchase by foreign investors. Type A industrial enterprises operating in EPZs/EZs may also invest in zone areas or outside zone areas in Bangladesh out of their surplus fund held in their FC accounts. Such type of investment is to be treated as reinvestment. To accommodate the transactions, it has been decided that balances held in FC accounts of Type A industrial enterprises of EPZs/EZs may be used for purchase of shares in zone areas or outside zone areas in Bangladesh. ADs receiving funds on account of share purchase shall observe all instructions including issuance of certificate and reporting routine contained in chapter 9 and subsequent circulars. As such, dividend income out of such investment, and disinvestment proceeds (if any) approved by Bangladesh Bank may also be credited to their FC accounts, subject to compliance with regulations of taxes.

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

Yours faithfully,

(Mohammad Khurshid Wahab)
General Manager
Phone: 9530123