

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

FE Circular No. 26

Date: 16 July 2017

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Use of share capital and authorized loans through foreign currency/local currency accounts by industrial enterprises operating in Export Processing Zones (EPZs).

FE Circular No. 21, dated May 11, 2017 permits share capital of foreign shareholders and authorized external loan to credit in foreign currency accounts maintained by 'Type A' and 'Type B' enterprises in Economic Zones (EZs). Authorized external loan availed by 'Type C' enterprises of EZs are permitted to deposit in their foreign currency accounts. This circular also permits Authorized Dealers (ADs) to convert share capital of local shareholders of 'Type B' and 'Type C' enterprises in EZs and authorized loans in local currency for settlement of payment obligations against import of capital machinery.

02. To bring uniformity in regulations between enterprises of EPZs and EZs, following decisions have been made:

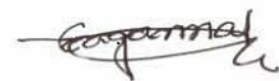
(a) Equity from foreign shareholders of 'Type A' and 'Type B' enterprises and authorized loan received in foreign currency from external sources by EPZ enterprises may be credited in their FC accounts. ADs may issue a certificate in support of inward equity amount credited in FC account as per Format A/Format B of FE Circular 09, dated March 19, 2017. Foreign investment in EPZs (in 'Type A' and 'Type B' enterprises) is subject to report to Bangladesh Bank within 14 (fourteen) days of issuance of shares favoring non-resident investors as per instructions stipulated in paragraph 2 of chapter 9 of the Guidelines for Foreign Exchange Transactions (GFET), 2009 (Vol-1).

(b) 'Type C' enterprises of EPZs may obtain foreign exchange from ADs to settle obligations for importing capital machinery by the conversion of equivalent equity and/or authorized loan received in local currency. Similarly, 'Type B' enterprises may convert their local equity/authorized loan received in local currency into foreign exchange to settle obligations for importing capital machinery if equity/authorized foreign loan received from abroad falls short to meet such obligations. Instructions regarding repayment of Taka loans along with interest shall remain unchanged.

Hence, paragraph 31 of Chapter-13; paragraph 18 and 21 of Chapter 16 of the GFET, 2009 (Vol-1) shall stand modified. Other instructions in this regard shall remain unchanged.

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

Yours Faithfully,



(Jagannath Chandra Ghosh)
Deputy General Manager
Phone: 9530092