

Foreign Exchange Policy Department
Bangladesh Bank, Head Office, Dhaka

Bangladesh Bank - Authorized Dealers' Forum
30th Meeting - Record Notes

The 30th meeting of the "**Bangladesh Bank-Authorized Dealers' Forum**" was held on **09/06/2022 at 11:00 AM** at the Jahangir Alam Conference Hall, 5th floor, Head Office, Bangladesh Bank. The meeting was convened and chaired by **Md. Humayun Kabir, Executive Director, Bangladesh Bank**. The list of Forum members and representatives present is shown in Annex "Ka."

The chairperson welcomed all present and commenced the meeting with introductions of new participants. The record notes of the 28th meeting were presented and adopted unanimously. Subsequently, progress on implementation of decisions from previous meetings was reported. Various circulars and circular letters issued between the 28th and 30th meetings were discussed. The detailed discussions and decisions are as follows:

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
01	Collection of One-Time or Per-Application Undertaking for Cash Assistance/Incentive Facilities	HSCBC	HSCBC informed the meeting that for each cash assistance application, a one-time or per-application undertaking is collected from applicants. FEPD was asked to clarify whether this practice should continue. FEPD noted that for cash assistance/incentive facilities, applicants sign an undertaking at the prescribed place in each application form. No separate circular directives have been issued under government policy decisions.	All AD Banks
02	Use of Foreign Currency-Discounted Export Bill Value	Inland Bank	Inland Bank informed the meeting that per Guidelines for Foreign Exchange Transactions, Chapter 8, Clause 25, there is a provision for discounting export bills in foreign currency via urgency export bills. Banks were asked for guidance on using foreign currency-discounted export bill values. Discussion participants noted that per Guidelines for Foreign Exchange Transactions Chapter 7, Clauses 42(i) and 42(ii), the foreign currency obtained through discount as margin — along with cash — can be used for business expenses without any special directive needed.	All AD Banks

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03	EDF Loan Instrument Issuance and Re-financing from Bangladesh Bank	Inland Bank	Inland Bank informed the meeting that if export bills are overdue, there is no scope for re-financing from Bangladesh Bank via EDF. However, for EDF loan instruments issued against overdue export bills with clean export bills, re-financing from EDF can be considered — guidance was requested on this. Additionally, justifiable reasons for not obtaining re-financing from Bangladesh Bank were also requested. Discussion participants noted that per FE Circular No. 45/2019, Clause 4(ii), if an exporter has no overdue bills, the associated EDF loan instrument's bill can be re-financed from EDF. For justifiable reasons, Bangladesh Bank's Chapter 7, Clause 39(iv)(b) and Chapter 16, Clause 5(b) and 23 (for specialized establishments) apply.	All AD Banks
04	Cloud Service Use/Subscription Fee Remittance	Remittance Policy Branch-2, FEPD	For Cloud Service subscription fee remittance, AD banks were asked to propose different policy development opinions. Per Guidelines for Foreign Exchange Transactions (Volume-1), Chapter 7, Clause 39, for e-delivery method software imports, standard duty fulfillment provisions are in place. However, there are no specific directives for Cloud Service remittances, and some AD banks, even after Customs Assessment, are applying for remittance approval. Other banks, per Ordinance 1984, Section 56, are paying Taka/VAT deduction-based invoice documents to FEPD for remittance approval. Additionally, BASIS requirement documentation's variation is being observed. FEPD informed the meeting that bank opinions on this matter must be received by 30 June 2022 for subsequent action.	Remittance Policy Branch-2, FEPD, Bangladesh Bank, and all AD Banks
05	Taka Financing for Local Subsidiaries/Companies of Foreign Institutions Under Bank Guarantee/Performance Bond/Stand-by Letter of Credit Against Foreign Collateral	Wholesale and Donation Branch, FEPD	HSCBC's representative informed the meeting that to simplify and expedite the Taka financing process for local subsidiaries per FE Circular No. 26/2020 and FE Circular No. 17/2021, foreign collateral-backed Bangladesh Bank prior approval is required. Discussion participants noted that even though the financing amount may be small per foreign collateral, multiple country legal constraints may be present. For appropriate supervision of foreign lenders and foreign-owned companies, equity/liquidity ratio growth, foreign loan capacity increase, and maintaining Bangladesh's Foreign Contingent Assets, Bangladesh Bank's case-by-case approval process is rational. After discussion, HSCBC expressed its written views to FEPD for subsequent action.	Wholesale and Donation Branch, FEPD, Bangladesh Bank, and HSCBC

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06	Settlement of Local Foreign Currency Bills via Bangladesh Bank Nostro Clearing	Bank Asia	Bank Asia informed the meeting that per current rules, settlement of local/inland foreign currency bills requires FDD. Via SWIFT, if Bangladesh Bank's Nostro Clearing can settle within 2-3 days, both Stationery Cost and time would decrease. After overall discussion, the chairperson informed all present that there is currently no scope for local foreign currency bill settlement via Bangladesh Bank's Nostro Clearing.	All AD Banks
07	Formally Discouraging Application/Requests from Bank Officials for AD License Issuance Outside Prescribed Non-Formal Channels	Executive Director and Forum Chairperson	Per current procedure and practice, when applying for AD license issuance from the principal office, these applications are considered. However, many times bank officials/branch heads informally request new AD license information via mobile/phone. The chairperson strongly discouraged any type of non-formal/irregular application for AD license issuance. It was decided that formal action will be taken against relevant officials for this type of misconduct.	All AD Banks
08	Clarification on Certain Matters Related to Firm Contract	Agrani Bank Ltd.	Per GFET-2018, Vol-I, Chapter-7, Section-ii, Page-35, Para-23(a), what types of contracts are meant by 'Firm Contract' and what elements they must contain were discussed at the meeting. No scope for any explanation was given for such matters — all were informed that after establishing a loan instrument, contracts have no further operability.	All AD Banks
09	Use of International Credit Card for Online Value Settlement	Standard Chartered Bank	Standard Chartered Bank's representative expressed the view that banks are not mandatorily required to collect commodity purchase receipts via customers' card-based online transactions. Per current rules, for Physical goods purchases online, a Bill of Entry is required, and for service purchases, Ordinance 1984, Section 56 duty/VAT deductions with necessary reporting must be completed. FEPD's representative informed the meeting about this. For e-commerce transaction-related matters, the Commerce Ministry's three committee work is ongoing, and in this matter a government-level decision-based explanation will be provided later.	All AD Banks

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10	Daily Auto-Sending of Protected Accounts' Financial Statement via SWIFT or Email	Standard Chartered Bank	Currently Bangladesh Bank retains various AD banks' protected local currency clearing accounts' financial statements in hard copy, and associated bank officials manually enter these into the Nostro settlement system daily. This creates risks of untimely and wrong data entry. Standard Chartered Bank proposed sending protected accounts' financial statements directly to associated banks' SWIFT IDs via SWIFT's reliable channel. All were informed that the work of assigning each bank's specific official a User ID for this purpose is currently ongoing. As a result, they themselves will be able to view the associated financial statements.	All AD Banks
11	Clarification on Certain Matters of FE Circular Letter No. 33/2021	Standard Chartered Bank	Standard Chartered Bank raised matters from FE Circular Letter No. 33/2021, regarding the net 80% of salary/allowances for foreign nationals working in Bangladesh being sent abroad and tax-related bank account status. Bank representatives applauded new policy updates. Regarding whether the amended regulation applicable from previous times' remittances, bank guidance was requested. FEPD informed the meeting that for remittance matters, new directives will be effective from the circular issuance date.	All AD Banks
12	Settlement of Short/Medium/Long-Term Foreign Loan Interest Rate Being the Same	Foreign Currency Investment Division	Per GFET-2018, Vol-I, Chapter-15, Para-7 and BRPD Circular Letter No. 31, dated 18/06/2020, per FEPD's directives, for FEPD/EPARTIEMD short/medium-term foreign loan applications, the interest rate is considered on the basis of 6 Month LIBOR + 3.50% p.a. In this context, short and medium/long-term loan interest rates being the same was raised at various times by various banks as a concern. After discussion, FEPD was directed to take necessary inter-divisional action.	FEPD, FEPD, Bangladesh Bank

Finally, the chairperson thanked all present for their valuable contributions and declared the meeting closed.

(Md. Humayun Kabir)
Convener, BB-AD Forum

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Executive Director, Bangladesh Bank