Foreign Exchange Policy Department
Bangladesh Bank, Head Office, Dhaka

Bangladesh Bank - Authorized Dealers' Forum
32nd Meeting - Record Notes

The 32nd meeting of the **"Bangladesh Bank-Authorized Dealers' Forum"** was held on **14/02/2023 at 11:00 AM** at the Jahangir Alam Conference Hall, 5th floor, Head Office, Bangladesh Bank. The meeting was convened and chaired by **Md. Jakir Hossain Chowdhury, 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 31st 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 31st and 32nd meetings were discussed. The detailed discussions and decisions are as follows:

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
01	Submission of Certificates for Import-Related Transactions in Online Import Monitoring System Monthly	FEOD, Bangladesh Bank	FEOD informed the meeting that from December 2022, Bangladesh Bank has been requiring monthly certificates from banks through the Online Import Monitoring System for import-related transactions for verification by the customs treasury department. Instructions were provided via FEOD letter No. FEOD/Import Trade/01/2022-4900 dated 06/11/2022, and a new Tab has been added for this purpose. Banks were directed to submit the certificate in OEMS on time.	All Banks
02	Proper Resolution of Outstanding Import LC Amount	FEOD, Bangladesh Bank	Normally, accepted import LC values are settled within the agreed time period. However, it was noted that in one specific LC, the total settled import value was less than the LC value, resulting in it being shown as an Outstanding LC in the system. FEOD's representative informed banks that the Outstanding LC amount for various reasons has not yet reached a satisfactory level. A proposal was made by FEOD to strengthen monitoring. Participants stated that the unused LC portion is being recorded as outstanding for import commerce purposes. The chairperson directed all to take strong measures to bring the Outstanding LC amount to an acceptable level for import trade.	All Banks
03	Online Cash Incentive Application via FX Dashboard-Linked OEMS Cash Incentive Sub-module	FEOD, Bangladesh Bank	A Trial Run of the Cash Incentive Module was conducted on 7 banks, and from December 2022, cash incentive applications will be received online alongside manual procedures. AD banks were informed that some officials have not yet been informed about the module. The chairperson directed taking measures to provide adequate training and develop skilled and qualified personnel from their own banks.	All Banks

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
04	Implementation of BB-AD Forum 30th Meeting Decision No. 12 on Compliance Reporting	FEOD, Bangladesh Bank	Per BB-AD Forum 30th Meeting Decision No. 12, for export values of 5% or more excess, Bangladesh Bank-approved agent commission and other charges as SWIFT/Cable Charges, Discrepancy Charges, Reimbursement/Payment Fee, Postal/Courier Charges, LC amendment Charges, Export Bill Acceptance Fee deductions must be reported with EXP's duplicate (triplicate) data in OEMS. FEOD's monitoring revealed that for various branch compliance with charge deductions, some AD banks were not properly monitoring. From 2018 to 2021, many EXP reports showed more than 5% charge deductions. Through this, unrepatriated export values are being reported as fully repatriated in multiple charge forms to avoid export value obligations. On the other hand, for export L/c/Contract, after prior approval for more than 5% agent commission, it is being reported in EXP as Reimbursement/Payment Fee. As a result, getting proper data on bank charges and agent commission deductions has become difficult. The chairperson directed all banks' reporting compliance-related senior officials to be properly vigilant and compliant in reporting.	All Banks
05	Overdue Export Value Repatriation	Export Policy Branch, FEPD	Per a letter dated January 08, 2023, banks were directed to send a letter to suppliers for overdue export value repatriation information, and those not yet sending information are to be directed to repatriate, as FEPD informed the meeting. Banks not yet sending required information must be urged to provide overdue export value repatriation pressure. Discussion participants noted that FEPD's Director discussed the current import-export status of the country and remittance position comprehensively, and noted that to maintain Bangladesh's current reserves and keep overdue export value repatriation measures active, the view of all present bank representatives was requested. Overall, banks were directed to be vigilant about timely export value repatriation and take appropriate measures.	–

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
06	Mandatory Submission of Required Documents When Applying for Guarantee/Renewal via AD Branch	ATENFBI, BFIU, FEPD	For customers' guarantee/performance guarantee/advance/payment guarantee, standby letter of credit, and other non-funded facilities, AD banks require application submission. For cases at the ATENFBI branch, subject matter completion is often unacceptably delayed. In this context, for a favored exposure/non-funded facility like a Single Borrower Exposure violation, the relevant contract copy, margin/partial advance collateral information, and other current legal provision compliance-related documentation is required. The ATENFBI branch requested this. The chairperson proposed that when sending application documents, all relevant data and documents must be submitted.	All Banks
07	Conducting Foreign Trade via Centralized Trade Processing Centre	Licensing Branch, FEPD	FEPD's licensing branch proposed developing a policy framework for proper monitoring and regulation of foreign currency transactions and related regulations. The proposed policy framework would require all AD banks to operate foreign trade-related activities from a 'Centralized Trade Processing Centre.' Banks present expressed that CTP branches of banks are operated directly from the principal office's International Division, and all related regulatory reporting and supervision/inspection compliance is mandatory. Since CTP branches handle import-export activities, removing AD licenses from those branches would be impractical. After overall discussion, it was decided that FEPD's licensing branch will further examine and take necessary measures.	Licensing Branch, FEPD
08	Inclusion of Exporter Name-Wise EXP Registration in BBOEMS	Standard Chartered Bank	Standard Chartered Bank proposed that exporters usually prepare Performance Reports that need to be matched with EXP registration. Additionally, sometimes for special purposes such as discount committee approval applications, past 3-year exporter performance data must be obtained. However, all necessary data are not available in the 'Exporter Name Wise' format. Therefore, if a facility to download exporter names from BBOEMS exists, all banks would benefit. After detailed discussion, it was decided that FEOD will take necessary measures.	FEOD, Bangladesh Bank

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
09	Payment Against Previously Opened Matured LCsIAs with Bangladesh Bank Approval Before Full LCsIAs Cancellation	Standard Chartered Bank	Per Import Policy Order 2021-24, LCsIA's need has been fully cancelled. Per Import Policy Order, only loans or credit facilities under loan agreements may be used. After that, FE Circular No. 29 was issued on October 2022. Standard Chartered Bank's representative highlighted that the mentioned Circular's workability, all pre-established LCs/LCsIAs' maturity settlement before the Circular became effective, and the need for Bangladesh Bank guidance for prior-opened LCs/LCsIAs' maturity payment. After overall discussion, the chairperson drew participants' attention toward the above-mentioned Circular's implementation — that pre-established LCs/LCsIAs' maturity must be settled, and FEOD will take necessary measures.	FEOD, Bangladesh Bank
10	Risk-Based Approach for Vessel/Container Tracking for Import Transactions	Standard Chartered Bank	Per FE Circular No. 9, dated 17 May 2022, all import transaction shipments require mandatory Vessel/Container tracking. Standard Chartered Bank raised whether tracking can be done on a Risk Based approach basis for specific high-value import transactions rather than mandatory tracking. Bank representatives expressed that mandatory Vessel/Container tracking for specific high-value import transactions or Trade Based Money Laundering-related import documentary material discrepancies should still require tracking. After detailed discussion, it was decided that banks should use their own Risk Based approach for foreign transaction risk consideration in accordance with current circulars.	All Banks

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
11	Import Transaction Price Verification	Standard Chartered	Per GFET-2018, Chapter 7, Para 20, AD banks have the authority to import goods competitively, with price verified authorization. However, in commercial bank reporting assessments, banks are not verifying import commodity prices properly. Bangladesh Bank issued FE Circular Letter No. 24 (dated 18/07/2022) and subsequently FE Circular Letter No. 29 (dated 28/07/2022) to start the import price verification program for imports of USD 3 million margin dollars and above. Standard Chartered Bank's representative proposed providing a specific guide line or policy for price verification. City Bank's N.A. representative expressed the view that customs authorities cannot provide assistance for price verification. FEPD's Director noted that the current import price verification work for Bangladesh Bank's 'Foreign Exchange Policy Division for Bulk Import Verification Branch' is properly conducted. This covers import policy order, LCs, contracts, goods value (FOB) verification, freight, installation, commission, etc., as well as over/under-invoicing, import-related other regulation compliance monitoring. He further noted that per Country of Origin, updated competitive market prices vary by commodity nature, quality, and quantity. After overall discussion, for price verification, banks should use their best knowledge, expertise, and highest ethical standards alongside internationally recognized Web portals for assistance, and the chairperson directed all present to follow this.	All Banks
12	Necessity of IMP Form Hard Copy Preservation	Standard Chartered	For import payments, alongside Bangladesh Bank's Online Import Monitoring System IMP reporting, hard copy preservation is mandatory per regulations. Standard Chartered Bank's representative proposed considering IMP Form hard copy preservation's necessity. For import transaction simplification, the proposal was made to legally remove it. All were informed that it cannot currently be removed.	All Banks
13	Narcotics Drug Registry/Renewal Based on Letter of Credit – LC HS Code Harmonization	Standard Chartered	Standard Chartered Bank's representative noted that per Narcotics Control Act 2018 (amended 2020), Sections 9, 10, and 11, in a registered name in English and related Tafsiland name, drug importation via bank's AD branch LC issuance at time of HS code harmonization is possible. For the registry/renewal, the appropriate ministry's urgent directive was raised. FEPD's Import Policy Branch representative noted that this matter has been raised by the ministry and the ministry's decision will be followed. After overall discussion, it was decided that FEPD will contact the ministry to take necessary measures.	Import Policy Branch, FEPD

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
14	Chinese Yuan Renminbi (CNY) ERQ Account Opening Permission	South East Bank Ltd.	Per FE Circular No. 25/2022, AD banks are permitted to open CNY currency accounts with their foreign Correspondents/Branches for import-export trade and foreign exchange transaction facilitation. For this, Guideline For Foreign Exchange Transactions 2018, Vol-1, Para 1, Chapter-4, Para 24, Chapter 07, and Para 05, Chapter 08 have been amended, and CNY currency has been recognized as an exchange-eligible currency for import-export trade. Additionally, the Circular's reference mentions that for exporters' ERQ account CNY currency account opening permission, Sec-iv, Para 28(a)(i) Chapter-13 via CNY and USD, GBP, EURO, and JPY supplier approval, South East Bank Ltd.'s representative proposed allowing CNY currency. The meeting discussed and was informed by FEPD that if CNY or any other currency's export value is repatriated, that currency's Escrow account may be opened. So if CNY currency or any other forex value is repatriated, that currency's Escrow account may be opened. Additionally, GFET's subsequent amendments should remove the currency name from 'exchange-ineligible/non-usable currency.'	All Banks
15	Merchanting Trade Operational Guidelines	Standard Chartered	Per FE Circular No. 22, dated 14 September 2022, specific Merchanting Trade guidelines have been provided. Per the Circular's Para 02(e)te, before export value's foreign currency repatriation, short-term buyer's credit via IMP's import value settlement is possible. At the same time, AD-issued loan instruments' Payment undertaking/Acceptance cannot be provided. For OBU/External Source buyer's credit, the loan instrument-issuing bank's acceptance obligation exists. For AD bank's practical guidance, Standard Chartered Bank proposed this at the meeting. FEPD clarified that under buyer's credit, third country goods procurement has no local bank UPAS LC or urgency LC acceptance requirement. Offshore banking facility for fund collection is also unavailable. If a foreign party has buyer's credit arrangement, via that fund collection, local-level loan instruments may be issued, whose settlement liability is the buyer's credit's liability.	All Banks

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

(Md. Jakir Hossain Chowdhury)
Convener, BB-AD Forum

&

Executive Director, Bangladesh Bank