# Foreign Exchange Policy Department
## Bangladesh Bank, Head Office, Dhaka

# Bangladesh Bank - Authorized Dealers' Forum
## 33rd Meeting - Record Notes

The 33rd meeting of the **"Bangladesh Bank-Authorized Dealers' Forum"** was held on **20/09/2023 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 32nd 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 32nd and 33rd meetings were discussed. The detailed discussions and decisions are as follows:

| Sl. No. | Agenda Item | Raised By | Discussion & Decision | Responsible Party |
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| 01 | Timely Settlement of Accepted Local and Foreign Import Bills by Banks | FEOD, Bangladesh Bank | FEOD informed the meeting that based on the March/2023 situation, the volume of accepted and matured local and foreign import bills by banks has increased noticeably compared to the December/2022 position. The meeting re-directed all banks to timely settle accepted and unsettled bills. | All Banks |
| 02 | OIMS Reporting | FEOD, Bangladesh Bank | Banks often report LC data in OIMS and in many cases at the time of reporting, Commodity Head, Quantity, Unit of Measures, H.S. Code, and Description are reported incorrectly. After overall discussion, banks were re-directed to properly and correctly report LC data at the correct time and under the correct heading. | All Banks |

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| 03 | Master Circular on Schedule of Charges | Import Policy Branch, FEPD, Bangladesh Bank | For depositors/investors/customers, to address the inconsistency in various charges/fees/commissions for services provided by scheduled banks, Bangladesh Bank issued a Master Circular on Schedule of Charges via Circular No. 11/2021. Although the highest service value for local and foreign trade transactions has been determined under that Circular, it has been observed that for back-to-back LC discrepancy charges, reimbursement charges, payment issuance fees, trade arrangement fees, structured card charges, etc., the highest rates are not standardized and various banks are charging different rates. This was brought to the attention of the Import Policy Branch, FEPD. In this regard, for compliant exporter establishments — members of BGAPMEA and BTMEA — discrepancy charges including payment and reimbursement charges/fees are charged at varying rates by banks, and BGAPMEA and BTMEA have requested necessary measures. The matter, since it involves BRPD, was decided that the chairperson will discuss with BRPD and direct resolution. | Import Policy Branch, FEPD, Bangladesh Bank |
| 04 | Opening Inland BTB LC/S Against Replacement of Inner BTB LC/Contract Purchase Orders | Prime Bank Ltd. | Prime Bank's representative informed the meeting that per GFET-2018, Chapter 7, Para-40(b), after compliant exporters receive an inland BTB LC/S from a direct exporter, they may open another BTB LC to import necessary raw materials. It was observed that for textile imports, they often obtain inland BTB LCs from local producers/compliant exporters. However, several channels' LC issue dates and inland BTB LC issuance dates are 10-15 days apart. Moreover, many channels import small quantities while procuring larger raw material quantities. The bank's representative noted all this and proposed that the facility to open inland BTB LC/S for compliant exporters against purchase/contract orders from direct exporters be provided, considering real-situation valuation. FEPD noted that the process for receiving inland raw material through BTB LC/S is in GFET-2018, Chapter 7. For inland BTB LC/S, the Urgency LC/S are in GFET-2018, Chapter 7, Para-40(si). | – |

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| 05 | Re-determination of Maximum Ceiling for All Types of Expenses (Including Interest Rate) for Short-Term Approved Trade Finance | Prime Bank Ltd. | Prime Bank's representative informed the meeting that per FE Circular-27/2022, for short-term approved trade finance in foreign currency, the maximum ceiling for all expenses (including interest rate) has been set at SOFR+3.50%. Due to rising bank borrowing costs, the mentioned maximum ceiling for short-term foreign currency trade loan has become difficult to maintain. The bank's representative proposed re-determining the maximum ceiling for all types of expenses (including interest rates) for short-term approved trade finance to be consistent with actual global market rates. Discussion revealed that global market interest rates are rising and in many cases direct foreign credit is unavailable. Therefore, OBU trade finance provision through banks is more rational, and credit line establishment through foreign correspondent relationships is appropriate. FEPD informed the meeting accordingly. | All Banks |
| 06 | BTBLC Opening via Foreign Bank OBU alongside Domestic Bank, Time Extension, and Facility for Special Re-financing (Max 180 Days) | Mutual Trust Bank Ltd. | Mutual Trust Bank's representative informed the meeting that EDF facility recipients, on behalf of foreign suppliers under site LC, can provide back-to-back lending facilities. In other cases, customers can benefit through Buyer's credit/Supplier's credit. Again, in many cases local BTB LCs are opened with suppliers for 90/120/150 day deferred payment. Due to frequently arriving export value shortfalls and extension application delays, exporters are forced to settle obligations through forced loans. The bank's representative highlighted this and proposed that alongside domestic banks, OBU should also provide BTB via Buyer's credit, time extension as applicable, and special re-financing (maximum 180 days) facilities. FEPD noted that OBU has no provision to provide any financing facility for inland BTB LC/S. For inland BTB LC/S suppliers, foreign banks can provide foreign currency discounts via OBU and the bank can make payments. In this context, no financing facility from OBU is needed. All were informed accordingly. | – |

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| 07 | Rate of Exchange for Student File Refunds/Cancellations | Prime Bank | Prime Bank's representative informed the meeting that for student file refunds/cancellations, the exchange rate applied is the transaction date's foreign currency-taka exchange rate or the bank's buy rate — whichever is lower — as per current practice. Previously one exchange rate was stable as per law, so there was no such difference. However, currently every month the exchange rate is being changed due to market conditions. Since the country's Taka-acquired foreign currency is coming back or has no value, whether there is justification for applying a higher exchange rate in this case needs guidance. The bank's representative proposed providing guidance on this. FEPD's Director noted that foreign currency-taka transaction/transfer date settlement per TT Clean rate is applicable and Prime Bank has settled one such case accordingly, and informed the meeting. The chairperson directed that this matter should be followed accordingly. | All Banks |
| 08 | Central Database/Repository for Credit Reports Used in Import Transactions | Standard Chartered Bank | Guidelines for Foreign Exchange Transactions 2018, Chapter 07, Para 23(b) requires various import transaction-obtained credit reports to be kept in a central database at the head office. Standard Chartered Bank's representative informed the meeting that a bank's AD branch-obtained credit reports on importers' request need to be sent to other banks via banking channel (e-mail). These credit reports with related charges must be remitted in foreign currency. In this regard, to reduce the country's foreign currency outflow and for easy credit report access via banking channel, establishing a central database is worth considering. The bank's representative proposed this. The chairperson directed all AD banks to collect, maintain, and use credit reports according to their own authority. | – |

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| 09 | New Bangladesh Bank Reference LC Type Code for EPZ Shipment-Subsequent Payments | Standard Chartered Bank | Standard Chartered Bank's representative informed the meeting that for EPZ-related subsequent shipment payments, Bangladesh Bank's Online Import Monitoring System uses LC type code 15 — Foreign Contract. Generally, subsequent shipment payments are settled against the Bill of Entry submitted by customs. However, the Bill of Entry submitted before PII registration lists the registration number, making IMP matching impossible. As a result, no matured Bill of Entry in the importer's name can be identified and timely matching in the monitoring system is not possible, as the bank's representative noted. In this context, the bank's representative proposed considering a new LC Type Code for identifying and separately recording EPZ-related subsequent shipment post-payment online dashboard, and for this the bank's representative proposed this at the meeting. FEOD's representative informed the meeting that an initiative to separate EPZ from non-EPZ imports is currently underway, and the problem will be resolved shortly. The chairperson directed FEOD to resolve this quickly. | FEOD, Bangladesh Bank |
| 10 | Removing Long-Matured Bill of Entry Items from Dashboard | Standard Chartered | Per Bangladesh Bank Foreign Exchange Operation Department Letter No. FEOD/Import Trade/85/2020-2436, dated 30/09/2020, an agenda meeting was held on 16/09/2020 on the subject of date-based matured Bill of Entry items. At that meeting, various discussion subjects were raised. Among those, for various AD branches' long-matured Bill of Entry items for which the importer or document filer information is not immediately available, a specific directive for their permanent dashboard removal was to be provided. For this purpose, Standard Chartered Bank's representative requested the meeting. FEOD's representative informed the meeting that this matter is currently in progress. The chairperson directed FEOD to take prompt effective measures. | FEOD, Bangladesh Bank |
| 11 | Clarification on Settlement from RFCD Account | South East Bank Ltd. | Per current provisions, after a Bangladeshi citizen returns from abroad, they can open an RFCD A/C and deposit foreign currency they brought with them. The deposited foreign currency may be transferred abroad. Per the stated instructions, any RFCD Account Holder or any person or family member (e.g., for Student File, Lodging/Fooding/Tuition Fees, etc.) can settle various payments from this account. South East Bank raised this for clarification. After overall discussion, the chairperson informed all present that the stated payment categories from the mentioned accounts may be followed using the current procedure. | All Banks |

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| 12 | No-Objection Letter for New AD Bank Nomination and AD Bank Change When Foreign Institution's Local Branch/Liaison/Representative Office Changes Its Nominated AD Bank | BFIU | When a foreign institution's local branch/liaison/representative office changes its nominated AD bank, per Guidelines for Foreign Exchange Transactions-2018 (GFET), Volume-1, Chapter 17, Clause-3(g) instructions, a no-objection letter from the previous nominated AD bank must be obtained and submitted to the new nominated AD bank along with BFIU-informed Bangladesh Bank's concerned departments. However, currently some inconsistencies are being observed. Clarification: In this context, when any single bank/same bank's multiple branches or the same bank's multiple branches open local currency accounts, account opening prior to the previously nominated AD bank/AD bank's no-objection letter must be obtained and BFIU must be informed. When the same bank's other branch is nominated as AD bank, the main head office's prior application must be obtained before BFIU is informed. Banks were directed to follow the raised matters accordingly. | All Banks |
| 13 | Blocking Bank Accounts of Foreign Institution's Local Branch/Liaison/Representative Office for Unusually Large Inward Remittances Without Bank Notification | BFIU | Some AD banks, when foreign institution's local branches/liaison/representative offices receive unusually large inward remittances without prior notification, are unilaterally and without banking notice blocking their bank accounts. BFIU's representative informed the meeting that this also disrupts their country operations and in the context of debt-related legal complications. Additionally, banks blocking accounts of liaison/representative offices without any engagement and conducting no banking transactions is also being observed. BFIU's representative noted this and highlighted that banks, before blocking such bank accounts, must give three months' notice to the customer and after blocking, must inform BFIU with documented justification. Banks were directed to follow the raised matters accordingly. | All Banks |
| 14 | Incorporation of Commodity Price, Value, Unit Details in Proforma Invoice/Indent | FEPD and LIAM | Per Guidelines for Foreign Exchange Transactions, Volume-1, Chapter-9, Section-2, Para-20, for goods imported into Bangladesh from abroad, the authorized dealer banks' authority to open LCs is granted subject to verification of competitive pricing by the Country of Origin and international market. Currently, some banks are not properly verifying importation commodity values with international market rates. For this purpose, importers' agents (PIA) or their local agents' supplied proforma invoice/indent commodity-related details such as price, quantity, description, etc. should be clearly stated. FEPD's Director proposed this for consideration and participants agreed. The chairperson directed prompt issuance of a circular. | FEPD and LIAM, Bangladesh Bank |

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

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

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Executive Director, Bangladesh Bank