

Foreign Exchange Policy Department
Bangladesh Bank, Head Office, Dhaka

Bangladesh Bank - Authorized Dealers' Forum
34th Meeting - Record Notes

The 34th meeting of the "**Bangladesh Bank-Authorized Dealers' Forum**" was held on **07/02/2024 at 11:00 AM** at the Jahangir Alam Conference Hall, 5th floor, Head Office, Bangladesh Bank. The meeting was convened and chaired by **Kazi Rafiqul Hasan, 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 33rd 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 33rd and 34th meetings were discussed. The detailed discussions and decisions are as follows:

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
01	Confirmation of Full and Partial Overdue Reports in OEMS	Standard Chartered Bank	FEOD informed the meeting that for Overdue EXP, reasons for delayed export value repatriation, bank-adopted measures and case information (if any) must be reported in FEOD's Online Export Monitoring System (OEMS) per FEOD directives via email, letter, and phone. However, some banks are not yet completing online reporting. Therefore, all banks were re-directed from the meeting to confirm Full and Partial Overdue-related reporting in OEMS by the 10th of each month.	All Banks
02	Properly Reporting Commodity Price Information at Time of Import LC/Contract Establishment	Standard Chartered Bank	Per GFET-2018, Volume-1, Chapter 7, Para-20 and FE Circular Letter No. 36/2023, banks have been instructed to verify whether imported commodity prices are consistent with the international market before opening LCs. However, recently a wide discrepancy between actual international market prices and prices reported for imported goods has been observed. FEOD's representative informed the meeting of this, and FEOD's Director noted that banks must be more vigilant and attentive when verifying commodity prices before opening LCs and reporting to Bangladesh Bank's dashboard. The chairperson directed all concerned to follow accordingly.	All Banks
03	Opening New LC/FTT When Bill of Entry is Overdue Against IMP	Standard Chartered Bank	FEOD informed the meeting that per GFET-2018, Volume-1, Chapter 7, Para-27(b) and Para-31(c), and FEPD Circular Letters No. 13, when a Bill of Entry against any IMP is overdue, no new LC/FTT may be opened for the concerned importer without FEOD extension or FEOD prior approval. However, it has recently been observed that some banks are violating this instruction. The chairperson directed everyone to be vigilant to ensure no further violations of the given instruction.	All Banks

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
04	Clarification on 'Local Project Authority' for Issuing Foreign Currency Guarantees for Local Project Authorities	Standard Chartered Bank	Standard Chartered Bank's representative informed the meeting that per GFET, Chapter 16, Clause 11, authorized dealer banks may issue foreign currency performance bonds/guarantees for residents in favor of international/foreign donors/Bangladesh government-funded projects against import/supply contracts for goods/services. There is no definition of 'local project authority' in GFET. The representative asked whether a government entity that is a guarantee beneficiary can be considered as a 'local project authority.' After overall discussion, it was decided that any government entity can be considered as a local project authority.	–
05	Banks Collecting 'Early Settlement Fee' on Export Bills and Describing it as 'Discount Commission'	Standard Chartered Bank	Standard Chartered Bank's representative informed the meeting that when making payments from abroad, banks are collecting 'early settlement fee' but describing it as 'discount commission,' which creates confusion for exporter banks. FEPD's Director expressed the view that using 'early settlement fee' is appropriate in this context, which was adopted unanimously.	–
06	Timely Settlement of Accepted Import LC Bill Values	Standard Chartered Bank	Standard Chartered Bank's representative informed the meeting that despite Bangladesh Bank's repeated directives, various LC-issuing banks are not settling accepted bill values at maturity, and in many cases these remain overdue for a long time — which is very unusual and harmful to the LC system. As a result, customers' cash cycle management, local business operations (such as EDF or other import payments) are being adversely affected. Moreover, for EPZG exports, matured ECP adversely affects customers' new EDF loans and cash incentive receipt. After overall discussion, the chairperson urged all concerned AD banks to settle accepted bill values timely and lawfully.	All Banks
07	Whether Unsigned Electronic Contracts (Contract/PO/PI) Can Be Accepted as 'Firm Contract'	Standard Chartered Bank	Standard Chartered Bank's representative informed the meeting that some exporters are receiving contracts digitally/electronically (Contract/PO/PI) without signatures. Since GFET has no definition of 'Firm Contract,' the bank raised the question of whether such unsigned contracts can be accepted as 'Firm Contract.' FEPD's Import Policy Branch Additional Director noted that the Import Policy Order 2021-24 contains mandatory conditions for buy/sell contracts. The chairperson directed all present to follow accordingly.	All Banks

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
08	Bill of Lading Signature Verification for Export	Standard Chartered Bank	Per GFET, Chapter 8, Clause 10(8), to verify authenticity of shipping documents presented by exporters, authorized dealer banks are required to compare sample signatures of authorized officials of the shipping company with signatures on the Bill of Lading. However, in every case this is very time-consuming and costly. Standard Chartered Bank raised the question of whether the Bill of Lading signature verification process can be eliminated or a risk-based approach applied — using it only for export finance purposes. After overall discussion considering current instructions, FEPD (Export Branch) will examine whether any alternative measure can be taken.	Export Policy Branch, FEPD, Bangladesh Bank
09	Request to Relax Inland Bank-to-Bank LC Advising and Detailed OIMS Update for LC Advising Banks	Standard Chartered Bank	Standard Chartered Bank's representative noted that as an advising bank, detailed OIMS update is only required when inland bank-to-bank LC advising is done. This creates an operational challenge in LC advising, and follow-up with banks is required for OIMS detailed updates. Standard Chartered raised this for relaxation of inland bank-to-bank LC advising. FEPD's Director expressed the view that the current advising process, if maintained, could lead to delays in bill settlement and create opportunities for fraud. After overall discussion, the chairperson directed following current procedures.	All Banks
10	Informing the Chief Controller of Imports and Exports and the Import and Export Directorate Before Commercial Import by Foreign Entities	Standard Chartered Bank	Standard Chartered Bank's representative informed the meeting that per Import Policy Order 2021-2024, Clause 22(3), before commercial import of goods by foreign companies or organizations, the Chief Controller of Imports and Exports, and Import and Export Directorate must be notified in writing with the HS code, commodity description, quantity, price, name and address of foreign exporter, and other related information. Many multinational foreign importers are facing various difficulties when applying for LCs before informing the Import and Export Directorate. After overall discussion, FEPD's Import Policy Branch-1 will take necessary measures.	Import Policy Branch-1, FEPD, Bangladesh Bank

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
11	Settlement of Accepted Bills Against Bank-to-Bank LC	Standard Chartered Bank	Standard Chartered Bank's representative informed the meeting that per current system management, AD banks have provisions to settle accepted bill obligations for bank-to-bank LCs opened for exporters at maturity. In this process, if the customer's margin or ERQ account has insufficient foreign currency, the bank lends in Taka from its own funds. Subsequently, after export value is repatriated, the foreign currency is converted to Taka and credited — and the buy rate at repatriation time is used for crediting, which is later used to settle the Taka loan created. As a result, customers face losses due to foreign exchange buy/sell rate differences. Standard Chartered Bank raised the question of whether, if a customer has sufficient foreign currency in their account when settling accepted import bill obligations, the bank can directly use foreign currency instead of Taka and settle the loan after repatriation. The chairperson directed following current regulations.	All Banks
12	Necessity of Buyer's Credit Report for 100% Advance Payment in Export	Brac Bank PLC	For ensuring export value repatriation, buyers/consignees' authenticity/credential collection is required. However, in some cases where 100% advance has already been received for export, due diligence such as price verification, sanction checking, TBML vigilance, etc. should be followed. But the requirement to collect credit reports from CRA agencies in exchange for foreign currency can be relaxed, and some foreign currency assistance may be available. Additionally, for other import LC openings, a minimum value threshold (i.e., USD 10,000 margin dollar) should be kept for buyer's credit report collection. Brac Bank raised these matters. After discussion, FEPD's Director expressed the view that current regulations on supplier's/buyer's credit report collection should remain, and the chairperson directed all concerned to follow accordingly.	All Banks
13	Retention of 30-Day Value Addition Portion of EPZ Type B and C Companies' Export Income in Single Pool Account	Brac Bank PLC	Brac Bank PLC's representative, considering EPZ-based companies' demand and current market conditions, proposed that EPZ Type B and C companies be given the facility to retain the value addition portion in their Single Pool/EFC accounts for 30 days. FEPD's Director informed the meeting that per current provisions, EPZ-based companies can retain up to 80% of the value addition portion; additionally, for back-to-back imports, deferred facilities of up to 360 days have been given. Therefore, there is no inconsistency here.	—

Sl. No.	Agenda Item	Raised By	Discussion & Decision	Responsible Party
14	Whether EPZ/EPZED Type C Companies in USA and Canada Can Claim 1% Special Cash Incentive for New Market Exports	Brac Bank PLC	FEPD's Director clarified that per FE Circular-34/2021, the 1% special incentive is only applicable for new market (new market) countries. However, since the new market cash incentive is determined by the Finance Ministry, there is nothing Bangladesh Bank can do in this regard. All concerned were informed accordingly.	All Banks
15	EXP Issuance Under Both Master Contract and Replaced LC	Brac Bank PLC	Currently in BBOEMS, exporters cannot simultaneously issue EXP under master contract and replacement LC. However, foreign buyers partially import garments from Bangladesh under master contracts and partially under replacement LCs. International buyers demand that both master contract and replaced LC be used to simultaneously issue EXP in BOEMS for export. Brac Bank PLC raised this for consideration in the context of export trade. It was decided that FEOD will examine the matter and send a proposal to FEPD.	FEOD and Export Policy Branch, FEPD, Bangladesh Bank

Finally, the chairperson thanked all present and declared the meeting closed.

(Kazi Rafiqul Hasan)
 Convener, BB-AD Forum
 &
 Executive Director, Bangladesh Bank