

## CHAPTER 10

### SECTION- I PRIVATE FOREIGN CURRENCY ACCOUNTS

Opening of FC  
accounts with  
ADs in  
Bangladesh

I. (i) The ADs may without prior approval of the Bangladesh Bank open foreign currency accounts in the names of (a) Bangladesh nationals residing abroad (b) foreign nationals residing abroad or in Bangladesh and also foreign firms registered abroad and operating in Bangladesh or abroad (c) Foreign missions and their expatriate employees. Foreign exchange earned through business done or services rendered in Bangladesh can not be put into these accounts. Credits to a foreign currency account may be made against inward remittance of foreign exchange in any form or transfer from another of account or non-resident Taka accounts of banks abroad. Bangladesh Bank may specially allow opening of foreign currency accounts not covered by this general authorization.

(ii) Payments may be made freely abroad from these foreign currency accounts to the extent of balances lying therein. Local disbursements may also be made freely in Taka from such foreign currency accounts.

(iii) No payment in foreign exchange may be made to or on behalf of any resident in Bangladesh out of the foreign currency accounts opened as per the above arrangement. However, this restriction will not apply in case of foreign diplomats and privileged persons or any other person or firm who have specific authority from the Bangladesh Bank to accept such payments. Bills of the local contractors of the foreign missions in Bangladesh may also be settled in foreign currency from the balances of the foreign currency accounts of such missions. In such cases the beneficiary of the bill will have to encash the foreign currency with any AD within one month from the date of receipt.

(iv) Any payment received in foreign exchange by the ADs on behalf of residents of Bangladesh must not be retained in foreign exchange but must be converted into Taka unless the AD is satisfied that the payee has the general/ special permission of the Bangladesh Bank to retain the foreign exchange.

(v) The ADs maintaining foreign currency accounts under this authority can pay interest on such accounts provided the accounts are maintained in the form of term deposits for a minimum period of 90 days. Rates of interest payable on such accounts should normally be comparable with the rates available on similar accounts maintained abroad.

2. Bangladesh nationals working and earning abroad including Self employed Bangladeshi migrants proceeding abroad on employment may open foreign currency accounts even without initial deposits. They may operate the accounts themselves or nominate other persons in Bangladesh for this purpose. The accounts can be opened either in Pound Sterling, US Dollar, Deutsche Mark or Japanese Yen at the option of the prospective account holder and maintained as long as the account holder desires. These accounts would ordinarily be fed from remittances by account holders themselves but funds sent by other wage earners may also be placed to the credit of such accounts. ADS may also raise credits to such accounts with the proceeds of convertible foreign exchange viz. currency notes, travellers' Cheques, drafts etc. brought into Bangladesh by the account-holders while on temporary visit to Bangladesh provided such foreign exchange in excess of US \$5000 (or its equivalent) has been duly declared by them to the Customs on Form 'FMJ' at the time of their arrival. Funds lying to the credit of FC accounts of Bangladesh nationals can be utilized for import of goods and commodities as per instructions issued by the CCI&E and Bangladesh Bank.

3. Foreign currency accounts in the names of the Diplomatic Bonded Warehouse (duty free shops) licensed by the Custom Authorities may be opened by the ADS without prior approval of the Bangladesh Bank on following conditions:

a) Convertible foreign currency (travellers' cheques, drafts, cheques or credit card settlements) received only on account of sale of merchandise may be credited to these accounts.

b) Foreign exchange may be remitted abroad only for the purpose of import of merchandise by the bonded warehouse. For the same purpose foreign exchange may also be transferred from such accounts to foreign Currency accounts maintained with other ADS. For meeting local expenses, foreign exchange from these accounts may be encashed freely at current exchange rate. The requirement of encashment of at least 50% of the gross profit (sale price of merchandise minus purchase price of merchandise) of the Bonded Warehouse in foreign exchange should be duly fulfilled.

c) Monthly statement of purchase, sale and foreign exchange transaction related thereto alongwith bank certificate concerning encashment in Taka shall be submitted to the Bangladesh Bank in prescribed form (*See Ch. 2, VOI. 2*).

4. Foreign currency accounts in the names of local and Joint Venture contracting firms employed to execute projects by foreign donors/international donor agencies may also be opened by the ADs as per terms of the approved contract without prior permission of the Bangladesh Bank. Only foreign exchange received from the donors/donor agencies to meet expenses of the project can be credited

to these accounts. All expenses in foreign exchange as per relevant contract may be met from these accounts. These accounts should be closed as soon as the transactions relating to the project are concluded.

It will be in order for the ADs to issue cheque books to foreign currency account-holders.

5. Foreign nationals residing in Bangladesh are allowed to maintain and operate their foreign currency accounts abroad.

6. Foreign currency accounts may be opened in the names of resident Bangladesh nationals working with the foreign/ international organizations operating in Bangladesh provided their salary is paid in foreign currency, Such account may be credited only with the foreign currency portion of the salary and debited for all approved current transactions like cost of travel, education for children, treatment etc. Foreign Currency accounts may also be credited with consultancy fees/honoraria received in foreign Currency by the above mentioned category of residents, debits to Such accounts being subject to same conditions as mentioned above.

7. In terms of Government Notification No. I (g)-EF/58 dated 20th August, 1958 issued under Section 9 of the FER Act, all citizens of Bangladesh and other persons residing in Bangladesh Continuously for six months or more who became owner of any foreign exchange whether held in Bangladesh or abroad are required to sell such foreign exchange to an AD within one month of the date of acquisition by them of such foreign exchange. This provision of repatriation of foreign exchange will not, however, apply to the following cases viz:

- (i) Foreign exchange held abroad by foreign diplomats and foreign nationals employed in Embassies and Missions of foreign countries in Bangladesh.
- (ii) Foreign exchange held abroad by foreign nationals or foreign business houses, except to the extent representing earnings abroad in respect of business conducted in Bangladesh or services rendered while in Bangladesh.
- (iii) Foreign exchange held by Bangladesh nationals in accounts abroad which were opened and credited while the account holders were working abroad as resident outside Bangladesh.
- (iv) Foreign contractors or consultants working in Bangladesh Under contract with any Government Department or Public Sector agency or in a project under any loan, credit or grant, where the relevant contract provides for payment of their fees and emoluments partly or entirely in foreign exchange abroad.

- (v) Expatriate employees of foreign contractors or consultants as mentioned in sub-para (iv) above where the terms of their employment provide for payment of their salaries partly or entirely in foreign exchange abroad.
- (vi) Foreign nationals stationed in Bangladesh as employees of foreign concerns Situated abroad and receiving part of their emoluments in Bangladesh for subsistence and the balance abroad for meeting other expenses, including maintenance of their families, will not also be required to repatriate the portion of their emoluments received abroad.

Besides the above mentioned exemptions from repatriation requirement, there are exemptions from surrender (encashment) requirement in respect of (i) portion of repatriated export proceeds that is allowed to be credited to the exporters retention quota account (please see ch 20), (ii) foreign exchange brought in at the time of return from abroad that can be credited to RFCD account (please see ch 10) and (iii) upto US\$ 5000 brought in undeclared at the time of return from abroad that can be retained at hand (please see ch 21).

For the purposes of the aforesaid Notification the term "residents in Bangladesh" excludes citizens of Bangladesh in foreign countries so long as they stay outside Bangladesh but includes foreign nationals who reside continuously in Bangladesh for six months or more.

**8.** Payments in foreign currency by foreign nationals residing in Bangladesh to or on behalf of residents of Bangladesh whether Bangladeshis or foreign nationals are prohibited except to a firm, like a gift shop or an establishment, like a hotel, holding a valid Authorized Money changer's license. Foreign nationals should not, therefore, directly or indirectly, make foreign currency available to tile residents or to other pet sons on their behalf against payment in Taka. Such payments are prohibited even from their foreign currency accounts which they Lire permitted to maintain and operate from Bangladesh.

Payments by  
foreign nationals  
in foreign  
currencies

## SECTION - II

**NON-RESIDENT FOREIGN CURRENCY  
DEPOSIT ACCOUNT**

Opening of  
account

**9.** All non-resident Bangladesh nationals and persons of Bangladesh origin including those having dual nationality and ordinarily residing abroad may maintain interest bearing time deposit accounts named "Non-Resident Foreign Currency Deposit (NFCD) Account" with the ADs.

**10.** Bangladesh nationals serving with Embassies/High Commissions of Bangladesh in foreign countries as also the officers/staff of the Government/semi -Government departments/nationalized banks and employees of body corporate posted abroad or deputed with International and Regional agencies like IMF, World Bank, IDB, ADB etc. during their assignments abroad may open such accounts. Crew members of the Bangladeshi shipping companies are not entitled to open such accounts, but shore staff posted abroad may open such accounts. Accounts may also be opened with funds transferred from existing foreign currency accounts maintained by the wage earners with the ADs in Bangladesh.

How to open the  
account

**11.** The accounts are in the nature of term deposits maturing after one month, three months, six months and one year. The accounts may be maintained in US dollar, pound sterling, deutsche mark or Japanese yen; initially with minimum amount of US\$ 1000 or pound sterling 500 or equivalent. Accounts may be opened against remittances in other convertible currencies after conversion of those into US Dollar, pound sterling, deutsche mark or Japanese yen.

**12.** These Accounts may be maintained as long as the Account-holders desire. Eligible persons are also allowed to open such Accounts within six months of their return to Bangladesh.

**13.** Eligible Bangladesh nationals may send application (as per *Appendix 5/4*) alongwith a set of specimen signatures of the opener of the account to an AD in Bangladesh duly verified by Bangladesh Mission abroad, or a reputable batik or any other person known to the AD in Bangladesh. The application forms may be had from Bangladesh Missions abroad and from the ADs in Bangladesh or their branches abroad. No set of specimen signatures will be required to be enclosed with the application form if the application is submitted to an AD with whom the applicant has already been holding a foreign currency account. In Such case a reference to the respective FC account number will serve as self-introduction and the account opening branch will verify the signature with the specimen signature maintained for the FC account.

**14.** The ADs will pay interest on deposits into the accounts at the eurocurrency deposit rates. In case of premature repayments, the interest amount will be forfeited to the depositing AD. The interest on deposits into this account is exempt from the tax payable under Income Tax Act.

Interest on deposits

**15.** The ADs in Bangladesh may at their option sell foreign exchange deposits (in US Dollars only) to the Bangladesh Bank without any lower limit at the Bangladesh Bank's buying rate and repurchase the principal and interest at the Bangladesh Bank's selling rates prevailing on the day of repurchase. The ADs may also invest abroad the amounts deposited with them and pay interest to the depositors out of earnings from such investments.

**16.** The account holder can freely repatriate the balance and the interest accrue & thereon in foreign exchange to the country of his residence or anywhere he chooses and may at his option, convert the balance into local Taka at the prevailing exchange rate.

Repatriation of principal and interest

**17.** Foreign nationals and companies/firms registered and/or incorporated abroad, banks, other financial institutions including institutional investors and 100% foreign owned (A-Type) industrial units in the Export Processing Zones in Bangladesh, are also allowed to open and maintain NFCD accounts with the ADs. The minimum amount of time deposits in such cases should be US\$ 25,000 or its equivalent in pound sterling, deutsche mark or Japanese yen. Other terms and conditions in respect of these account-holders will be the same as those mentioned above for NFCD accounts of non-resident Bangladesh nationals.

**18.** Seperate monthly statements summarizing currency wise the transactions in the NFCD accounts of all AD branches of a bank should be submitted from the head offices/ principal offices of the banks to the FEPD at the head office of Bangladesh Bank, as per proforma at appendix 5/5, by the 15th of the month following that which it relates.

## SECTION - III

**RESIDENT FOREIGN CURRENCY  
DEPOSIT ACCOUNT**

**19.** Persons ordinarily resident in Bangladesh may open and maintain Resident Foreign Currency Deposit(RFCD) accounts with foreign exchange brought in at the time of their return from travel abroad. Any amount brought in with declaration to Customs Authorities in form FMJ and upto US \$ 5000 brought in without any declaration, can be credited to such accounts. However, proceeds of export of goods or services from Bangladesh or commission arising from business deals in Bangladesh shall not be credited to such accounts.

**20.** Balances in these accounts shall be freely transferable abroad. Fund from these accounts may also be issued to account-holders for the purpose of their foreign travels in the usual manner (i.e. with endorsement in passport and ticket, upto US \$ 300 in the form of cash currency notes and the remainder in the form of TC).

**21.** These accounts may be opened in US dollar, pound sterling DM or Japanese yen and may be maintained as long as the account holders desire. While depositing foreign exchange for credit to such account the depositor shall furnish written declaration, mentioning the date of return from abroad and the amount of foreign exchange brought in, that the foreign exchange (i) is not a receipt against export of goods or services from Bangladesh, (ii) is not a commission due from abroad arising from business deal in Bangladesh. The ADs will credit the foreign exchange presented by the depositor to the RFCD account only after examining the passport of the depositor and the FMJ form (if the amount exceeds the equivalent of \$ 5000) and after being satisfied about the correctness of the declaration.

**22.** Interest in foreign exchange shall be payable on balances in such accounts if the deposits are for a term of not less than one month and the balance is not less than US \$ 1000 or £ 500 or its equivalent. The rate of interest shall be one quarter percent (0.25 percent) less than the rate at which interest is paid on balances of bank in their foreign currency clearing accounts maintained with the Bangladesh Bank.

**23.** The head offices/principal offices of the banks shall prepare currency-wise consolidated monthly statements of transactions in the RFCD accounts in all their AD branches (as *per Appendix 5 / 6*) and send the same to Foreign Exchange Policy Department, Bangladesh Bank, head office by the 15th day of the following month.

## CHAPTER 11

**CONVERTIBLE AND NON-CONVERTIBLE  
TAKA ACCOUNTS**

1. ADs may open convertible Taka accounts in the names of foreign organizations/ nationals viz., diplomatic missions, UN organizations, non-profit international bodies, foreign contractors and consultants engaged for specific projects under the Govt. semi Govt. agencies and the expatriate employees of such missions/organizations who are resident in Bangladesh. General
  
2. These accounts may be credited with foreign currency brought in or remitted from abroad or transferred from a foreign currency account or another convertible Taka account. For transfer from another convertible Taka account, the taka amount from the transferor's account would be converted into foreign currency for transfer and credit to the recipient account by reconversion into Taka. No money emanating from a business originating in Bangladesh and otherwise repatriable to Bangladesh can be credited to these accounts.
  
3. A convertible Taka account may be debited for payments in foreign currency abroad, for local expenses, for transfers to foreign currency accounts or other convertible Taka accounts or for credits to a non-convertible Taka account. Operation on  
Convertible Taka  
Account
  
4. The ADs may open Taka STD (7-30 days special notice) accounts in the names of foreign diplomatic missions and their expatriate personnel, foreign airlines and shipping lines operating in Bangladesh, international non-profit organizations including charitable organizations, UN organizations and their respective expatriate personnel and pay interest thereon provided that the amount of interest accrued on balances of these accounts will be disbursed locally in non-convertible Taka and that no part of the earned interest will be remittable abroad at any stage. Interest Bearing  
STD Amounts
  
5. Foreign organizations/their expatriate personnel mentioned at para I above may maintain non-convertible Taka accounts with ADs without prior BB approval. These accounts may be credited with funds from convertible Taka accounts, with remittances from abroad, and with Taka received from authorised sources including interests from STD accounts. These accounts may freely be debited for local expenses. No remittance abroad or transfer to an fc account/convertible Taka account may be made by debit to a non-convertible Taka account. Non-convertible  
Taka Amount