

Foreign Exchange Investment Department
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FEID Circular No. 02

Date: 30th July, 2018

All Authorized Dealers
of Foreign Exchange in Bangladesh

Dear Sirs,

**Investment by non-resident investors in Alternative Investment Funds
under BSEC (Alternative Investment) Rules, 2015**

Chapter 9 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1 outlines operational procedures for non-resident investors to make direct and portfolio investment in Bangladesh. To bring wider scope in foreign investment, it has been decided to allow foreign investment in Alternative Investment Funds (AIF) registered under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015. In this context, Authorized Dealers shall observe the following instructions:-

- (a) Eligible investors in terms of BSEC (Alternative Investment) Rules, 2015 may invest in units of AIF registered with Bangladesh Securities and Exchange Commission (BSEC);
 - (b) Transactions relating to such investments may be made through Non-resident Investor's Taka Account (NITA);
 - (c) The payment against purchase of units of AIF by eligible non-resident investors shall be made by an inward remittance through the normal banking channel including by debit to NITAs, permissible FC accounts, Non-Resident Taka Accounts (Vostro) of overseas branches and correspondents (NRTA);
 - (d) Foreign Exchange Investment Department of Bangladesh Bank, Head Office, must be informed within 14 days of issuance, transfer or redemption of units of AIF in favor of and/or by non-resident investors with necessary documents;
 - (e) Payment on account of dividend may be remittable abroad and/or may be credited to NITAs, permissible FC accounts, NRTAs (Vostro) of overseas branches and correspondents subject to deduction of applicable taxes, duties/levies, commission etc.;
 - (f) Foreign investors holding units of AIF may sell or transfer or redeem the units as per rules or directions issued by BSEC. Fair value of sale proceeds of units is remittable abroad and/or may be credited to NITA subject to prior approval of Bangladesh Bank. Among other documents, a valuation report prepared by a Merchant Banker licensed by BSEC or Chartered Accountant experienced in valuation along with a recommendation from Trustee of the AIF is to be submitted with the application.
02. Authorized Dealers shall carry out due diligence with regards to KYC/AML/CFT norms of the transactions.

Please bring the contents of the circular to the notice of your concerned clientele.

Yours faithfully,



(Abu Saleh Mohammed Shahab Uddin)
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