

Foreign Exchange Policy Department

Bangladesh Bank

Head Office

Dhaka

www.bb.org.bd

FE Circular No. 33

Date: 20 August, 2020

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Investment in ‘Open-End Mutual Fund’ by Non-resident Investors (Foreigners and NRBs)
through Non-Resident Investor’s Taka Accounts (NITAs)

Attention of authorized dealers (ADs) is invited to section iv, chapter 14 of Guidelines for Foreign Exchange Transactions-2018 (GFET), Vol-1 regarding operations of Non-Resident Investor’s Taka Accounts (NITAs) for private portfolio investment in Bangladeshi shares and securities listed in stock exchanges by foreign investors including non-resident Bangladeshis (NRBs).

02. To enhance the scope for foreign portfolio investment in stock market, it has been decided that balances held in NITAs of non-residents may be used to purchase units of open-end mutual funds as ‘over the counter (OTC) products’; subject to compliance with the instructions noted below:

- (a) The funds shall have to be operated under authorization from Bangladesh Securities and Exchange Commission (BSEC).
- (b) Non-resident investors can invest in units of open end mutual funds, prospectus of which has duly been approved by BSEC.
- (c) Foreign Exchange Investment Department of Bangladesh Bank, Head Office needs to be intimated within 14 days of the issuance of units of funds in favor of foreign investors including NRBs.
- (d) NITAs may be credited with the dividend income from mutual funds after deduction and payment of applicable taxes.
- (e) NITAs may be credited with the sale proceeds of the units of funds on receipt of approval from Bangladesh Bank. If, the fund managers are irregular in weekly public disclosure of NAV or the underlying investments in unlisted shares/securities is 30% or more of the total fund, an application along with a valuation report of the funds prepared by Merchant Banker licensed by BSEC or Chartered Accountants experienced in funds valuation listed with Bangladesh Bank/BSEC and in other cases recommendation letters from Trustees regarding the fair value of the funds shall be sent to Foreign Exchange Investment Department, Bangladesh Bank, Head Office for this purpose.

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- (f) The eligible amounts payable to NRBs as per (d) and (e), may be freely transferred to resident bangladeshi nationals upon written prayers to fund managers by unit holders. In the case of (e) above, Bangladesh Bank needs to be intimated only.

03. ADs shall observe due diligence regarding KYC, AML/CFT standards, routine reporting to Bangladesh Bank and so on.

Please bring the contents of this circular to the notice of your concerned constituents.

Yours faithfully,



(Mohammad Khurshid Wahab)

General Manager

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