

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

FE Circular No. 03

Date: January 14, 2021

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Advance payments against imports under buyer's credit.

Please refer to paragraph 27(I), chapter 7 of the Guidelines for Foreign Exchange Transactions (GFET)-2018, vol-1 in terms of which Authorized Dealers (ADs) have been permitted to effect advance payments beyond the allowable limit without prior approval of Bangladesh Bank against inter alia acceptable repayment guarantee from a bank abroad. Paragraph 33(b) ibid and its subsequent circulars permit admissible imports under buyer's credit at prescribed all-in cost ceiling.

02. In view of the growing trend of imports under short term buyer's credit, it has been decided that advance payments against permissible imports may also be executed directly by external financiers and/or offshore banking operations of scheduled banks, subject to repayment guarantees irrespective of amount acceptable to ADs received from banks abroad and compliance of other relevant instructions contained at paragraph 27(i), chapter 7 of GFET-2018 including reporting routine on IMP formalities, inter alia, to Bangladesh Bank. In this context, ADs shall observe extended due diligence with regard to the transactions including KYC and AML/CFT standards. ADs shall also satisfy themselves regarding the enforceability of repayment guarantees.

Please bring the above instructions, effective immediately, to the notice of your concerned constituents.

Yours faithfully,



(Md. Shahidul Islam)
General Manager (In charge)
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