

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

FE Circular No. : 10

Date : 20 March, 2017

All Authorized Dealers of
Foreign Exchange in Bangladesh

Dear Sirs,

Issuance of guarantee on behalf of non-residents in favor of residents in Bangladesh.

Please refer to paragraph 10(b), chapter 16 of the Guidelines for [Foreign Exchange Transactions-2009, Vol-1](#) in terms of which Authorized Dealers (ADs) are allowed to issue guarantee, bid bond or performance bond in foreign currency on behalf of a non-resident firm/company favoring residents in Bangladesh provided a back to back guarantee covering the guaranteed amount from an overseas correspondent or other bank abroad is held by them.

It is observed that for underlying transactions beneficiaries in Bangladesh require guarantee in Taka instead of foreign currency. To facilitate the transactions, it has now been decided that ADs may issue guarantee, bid bond or performance bond in local currency against taka equivalent back to back foreign currency guarantee with suitable coverage for exchange rate fluctuation from counter guarantee issuing banks abroad.

Other instructions in this regard shall remain unchanged.

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

Yours faithfully,



(Jagannath Chandra Ghosh)
Deputy General Manager
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