

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

FE Circular No. 30

Date: 28/10/2018

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Forward sale and purchase of foreign exchange – flexibility

Please refer to paragraph 9, chapter 4 of the Guidelines for Foreign Exchange Transactions-2018 (GFET), Vol-1 outlining operational procedures for forward sale and purchase of foreign exchange with the stipulation that all forward contracts should be treated as firm and should be closed out on expiry. This paragraph also states that no forward contract should be renewed at the old rate and all cases of renewal should be treated as new contracts and the rates as applicable for purchase-sale of forward contracts on the date of renewal should be applied. The forward contracts booked under the facility are normally deliverable at maturity. Exchange gains, if any, on cancellation is not passed on to customers.

02. With a view to bringing operational flexibility in forward transactions, it has been decided that forward contracts under the purview of the regulatory instructions may be renewed/rolled over/extended for the new delivery period at the prevailing market rate, provided Authorized Dealers (ADs) are satisfied with documentary evidences that customers are unable to perform the contracts due to changes in the actual requirements or other valid exigencies. In such cases, when both the cancellation and re-booking of forward contracts are undertaken simultaneously, gain to customers, if any thereon, to be passed on to customers at the time of entering into new arrangement. Such gains favoring customers shall be retained in margin accounts of customers till the close of the underlying transactions. Balances held in this account may be utilized by ADs for realizing dues from the customers for this purpose.

03. In order to widen the scope of forward contracts and to ensure sound management of risks associated with foreign exchange exposure, it has been decided that forward contracts may be executed on outright full settlement or net settlement on non-deliverable basis in conformity with the principle of satisfying bonafide needs of the resident business entities. Hence, it is permissible to book short term non-deliverable forward contracts with roll-over flexibility till maturity for ultimate settlement on deliverable basis against underlying transactions having long tenor. In the context of settlement of gain/loss in favor of customers during the split tenor of the contracts, procedure as noted at paragraph 2 above shall be applicable.

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

Yours faithfully,



(Md. Bayazid Sarker)
Deputy General Manager
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