

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

FE Circular No. 24

Date: September 15, 2022

Managing Directors/CEOs
All Scheduled Banks/ Authorized Dealers of Foreign Exchange
/MFS Providers/Financial Institutions/Other Concerns and
All stakeholders associated with
Foreign Exchange dealings in Bangladesh

Dear Sirs,

**"Prohibition regarding virtual assets, virtual currencies and
facilitating their exchange/transfer/trading**

Refer to Bangladesh Bank public notice no. DCP(PR)1/2021-7/5 dated July 29, 2021 where all persons and institutions concerned were repeatedly cautioned about various risks associated in dealing with virtual currencies/crypto currencies.

2. The definition of “currency” given in section 2(b)(i) of the Foreign Exchange Regulation (FER) Act, 1947 does not recognize virtual currencies. Virtual currencies [subset of virtual assets] are neither approved foreign exchange/currency nor approved form of transactions/investments in accordance with section- 2(aa) and 2(bb) of the FER Act, 1947. Virtual currencies or virtual assets have no financial claim embedded and neither issued by any sovereign nor guaranteed by any jurisdiction. Thus, their value is highly volatile and associated with high financial risks. Nonetheless, borderless transactions of unregulated virtual currencies are growing fast and being exchanged with some other foreign currencies, thus treated as an alternative form of foreign exchange transactions which is contravention of the FER Act, 1947.

3. The Financial Action Task Force (FATF) has defined virtual assets as a digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes. Point to be noted that, virtual assets do not include digital representations of fiat currencies, securities and other financial assets, recognized by Bangladesh Bank.

4. Retention of export proceeds abroad in any form without limiting to equity/portfolio investment, purchase of physical assets/virtual assets, maintenance of accounts regardless of currencies including crypto currencies constitutes contravention of the FER Act, 1947 and is subject to cognizance under Section 23(1) of the said act as mentioned in FE Circular No. 39 of November 18, 2021. Any transactions made in/from/to Bangladesh for obtaining virtual assets (as defined in paragraph 3) or its subset- virtual currencies, are not permitted by Bangladesh Bank. As well as

providing any kind of facilitation in favor of doing business, activities, and operations associated with exchange/transfer/trading of virtual assets or virtual currencies, are not permitted by Bangladesh Bank.

5. Any violation of the aforementioned instructions (as defined in paragraph 4) constitutes contravention of Section 5(1)(e) of the FER Act, 1947 and is subject to cognizance under Section 23(1) of the said Act as per SRO No. 59-LAW/2021 dated March 08, 2021. Therefore, all individuals/entities/institutions operating in Bangladesh shall refrain from dealing in virtual assets, virtual currencies and providing any kind of facilitation in favor of doing business, activities, and operations associated with exchange/transfer/trading of virtual assets or virtual currencies.

6. This circular is issued in exercise of the power conferred under section- 20(3) of the Foreign Exchange Regulation (FER) Act, 1947.

Please bring the contents of this circular to the notice of your clientele for awareness on virtual assets.

Yours faithfully,



(Md. Sarwar Hossain)
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