

BANGLADESH BANK

GUIDELINES FOR FOREIGN EXCHANGE TRANSACTIONS

Volume - 2

SUMMARIZING

Instructions as of 31st December, 1996 issued to Authorised Dealers regarding
Submission of Returns and Statement on all foreign exchange transactions

To be read in conjunction with other instructions, Subsequent
amendments and modifications issued from time to time.

Preface

This second volume of the publication title 'Guidelines for Foreign Exchange Transactions' contains instructions to be followed by Authorised Dealers in their reporting of foreign exchange transactions to Bangladesh Bank, and includes the proformas of returns, statements, schedules to be used for such reporting. This volume includes instructions in force as on 31st December 1996, and should be read with subsequent FE Circulars/Circular Letters advising modifications/alterations, if any.

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CHAPTER 1

INTRODUCTORY

1. Authorised Dealers being responsible for dealings in foreign exchange are required to keep proper records. It is also a requirement that they submit to the Bangladesh Bank prescribed periodic returns and statements of all foreign exchange transactions concluded by them.
2. It should be noted that besides the Returns/ Schedules/ Statements prescribed in this volume, certain other statements regarding different types of transactions are also required to be submitted in terms of the relevant instructions in volume-1 of this publication.

CHAPTER 2

SUBMISSION OF RETURNS OF FOREIGN EXCHANGE TRANSACTIONS

- Maintenance of records
1. Authorised Dealers must maintain proper records of all in foreign exchange including transactions on non-resident Taka dealings accounts in their books.
- Submission of Returns to the Bangladesh Bank
2. Authorised Dealers must submit Returns and Statements to the Bangladesh Bank as prescribed in this Chapter. Where there is no transaction to report during a particular period, a NIL Return/ Statement should be submitted. The Returns/ Statements must be submitted to the Bangladesh Bank within the prescribed dates. These Returns/ Statements are of great importance to the Bangladesh Bank and it is essential, therefore, that care should be taken by the Authorised Dealers to ensure that all transactions are correctly reported and the relative forms are properly filled in. The Bangladesh Bank will take a serious view of the failure of any branch of an Authorised Dealer to furnish returns regularly or Promptly as well as of irregularities. If any, detected in the operations of any branch and where it deems fit, it may direct the Authorised Dealer concerned to refrain from transacting foreign exchange business at the branch concerned.
3. The system of reporting transactions is designed to compile figures on the basis of actual entries in the currency accounts so that there are no Suspense items.

Authorised Dealers should report transactions as per following procedure:

(a) Exports:

- (i) *Export bills drawn under confirmed and irrevocable Letters of Credit:*

Transactions in respect of export bills negotiated by Authorised Dealers should be reported as purchases only

at the time entries are made in the currency account duly supported by EXP Form (Appendix 5/64, Vol. 1) and Schedule A.

(ii) *Export bills drawn on collection basis:*

Sometimes Authorised Dealers also purchase export bills drawn on collection/CAD basis. Transactions relating to such export bills should be reported as outright purchases against "Exports" in the Summary Statement after the transactions are put through the currency account on receipt of advice of realisation of the export proceeds.

The following reporting procedure will be observed with regard to the export bills re-discounted with the Bangladesh Bank.

(iii) *Export bills pertaining to head office or branch maintaining independent currency account:*

When export bills are re-discounted with the Bangladesh Bank, the transactions should be reported as purchases in the Summary Statement supported by Schedule A and EXP Form and the contra entries should be reported on Schedule D as sales to the Bangladesh Bank.

(iv) *Export bills pertaining to branch not maintaining its own currency account:*

As and when the export bills are re-discounted by the Bangladesh Bank the branch concerned will report the transaction as purchase in the Summary Statement duly supported by Schedule A and EXP form. The head office of the bank maintaining the currency account will report the said purchase under the head "Branch transactions adjusted through this Account" supported by Schedule O and the contra entry should be reported on Schedule D as sale to the Bangladesh Bank. Authorised Dealers should ensure that transactions by head office and the branch are booked in the same reporting period.

(b) Other Receipts:

The procedure indicated if subpara (a) (i) above should also be followed with regard to DDs and MTs etc.; In other words, purchases in respect of DDs and MTs etc. should be reported only when the transactions are put through the currency accounts.

(c) Imports:

- (i) In case of import bills drawn under Letters of Credit, the foreign currency accounts of the Authorised Dealers are debited at the time of negotiation of documents by their foreign correspondents. Accordingly, sales on account of import bills drawn under confirmed and irrevocable Letters of Credit should be reported when the transactions are put through the currency account on receipt of import documents and not on the basis of retirement of bills by the importers.
- (ii) All sales on account of imports are required to be supported by the original copy of the IMP Form (*Appendix 5/13, Vol.1*). In view of the time lag between the date of receipt of the import bills and the date of their retirement by the importers it may not be possible to submit original copy of the IMP Form duly signed by the importers. In such cases, Authorised Dealers should fill in the quadruplicate copy of the IMP Form and submit it along with the relevant schedule and the Summary Statement. The original copy of the IMP Form should be submitted after it has been signed by the importer.
- (iii) With regard to import bills received on collection/ CAD basis, the transactions will be reported on Schedule E-2 supported by original IMP Form.

(d) Other Payments:

Transactions relating to DDs and MTs issued by the Authorised Dealers should also be reported only at the time entries are made in the currency accounts.

Transactions in non-resident Taka accounts of foreign banks and correspondents including barter accounts should also be reported by Authorised Dealers in the manner indicated in this paragraph.

Coding of
Transactions

4. Authorised Dealers will give code numbers for all receipts as well as payment transactions on the relevant forms as also in the columns provided in the relevant Schedules, including stubs given on the right

hand top of the Schedules relating to "Period", "Authorised Dealers" and "Currency".

- (a) *Separate Code Lists have been provided for the following items:*

PERIOD	Code - 0
AUTHORISED DEALER	Code - 1
CURRENCY	Code - 2
COUNTRY/TERRITORY/REGION	Code - 3
EXPORTS (visible receipts)	HS Code Guide
INVISIBLE RECEIPTS	Code - 5
IMPORTS (visible payments)	HS Code Guide
INVISIBLE PAYMENTS	Code - 7
CATEGORY/DEPARTMENT/SECTOR	Code - 8
UNIT	Code - 9

Authorised Dealers are advised to use the HS Code Numbers from the HS Code Guide titled "The Harmonized Commodity Description and Coding System" published by the Bangladesh Bureau of Statistics while reporting of commodity exports and imports in the relevant Schedules. Authorised Dealers are also advised to take utmost care while reporting of the Unit Code in the relevant Schedules. They are to choose the Specific unit of the commodity as corresponds to the right of each of the commodity items. If export or import contract is in a unit other than the specific unit, the Authorised Dealers are advised to make conversion of the contracted unit into the specific unit and accordingly they will determine the quantity of the export or import commodity.

- (b) *For entering Code numbers on various Schedules, the Code lists mentioned below against each schedule should be referred to:*

Title of Schedule	Code lists to be used
A-1/0-1	HS Code Guide, Code-9 and Code-3
A-2/0-2	HS Code Guide, Code-9 and Code-3
A-3/0-3	Not required
J-1/0-3	Code-3 and Code-5 (From 0001 to 5999)
J-2/0-3	Code-3 and Code-5 (From 6001 to 9999)
IRV1/0-4	Code-3 and Code-5 (From 0001 to 5999)
IRV2/0-4	Code-3 and Code-5 (From 6001 to 9999)
E-2/P-2	HS Code Guide, Code-8, Code-9 and Code-3
E-3/P-3	Code-3, Code-7 (From 0001 to 5999) and Code-8
E-4/P-4	Code-3, Code-7 (From 6001 to 9999) and Code-8
E-5/P-5	Not required

(c) *At the time of filling in the forms the Authorised Dealer concerned should invariably enter the relative Code numbers in the space provided for the same in the forms. The stubs earmarked for "Category" are to be used only in cases of transactions relating to imports and invisible payments.*

It is further clarified that the stubs earmarked for "Category" are not only meant for coding of payments for imports or invisibles made by the public sector but also for coding payments for imports or invisibles under Cash in the private sector for which separate Code has been provided in Code-8. All payments out of cash resources should be correctly correlated with those given in Code-8 and Code number given accordingly. Authorised Dealers will also follow the above procedure while coding the transactions listed on the schedules as indicated in this paragraph.

- (d) The procedure indicated above will apply mutatis mutandis to transactions under barter arrangements and other special payment arrangements.
- (e) It should be ensured that the description of transactions given in the relevant forms conforms to the nomenclature given in the Code lists. Coding should be done with extreme care. It is advisable to entrust the coding work to senior responsible staff. To guard against any possible misclassification,

coding should be independently checked. For all amounts equivalent to Taka 1 lac and above, the checking of Codes should be done by supervisory staff and concerned officer.

5. Authorised Dealers shall report to the Bangladesh Bank particulars of all their foreign exchange transactions, i.e., all outward and inward remittances effected, whether through their accounts in foreign currencies or through the Taka accounts of non-resident banks. For this purpose, Authorised Dealers must submit to the Bangladesh Bank monthly Summarized statements of their transactions in each currency in which a position is maintained by them and also monthly summary statement of transactions effected on the Taka accounts of non-resident banks. The branches should submit the original copies of Statements/ Schedules directly to the Statistics Department, Bangladesh Bank, Head Office, Dhaka the duplicate copies alongwith the relevant forms should be endorsed to the concerned area office of Bangladesh Bank. These monthly Statements/ Schedules from the branches should be so dispatched as to reach the Statistics Department at Head Office and the concerned area office of Bangladesh Bank by the 5th day of the following month. The monthly Statements/ Schedules from the Head Office/ Principal Office of the Authorised Dealer bank should likewise reach the Statistics Department at Head Office and the concerned area office of Bangladesh Bank by the 12th of the following month.

Reporting
procedure for
cash transaction

The Summary statements should be furnished in:

Statement S-1 for transactions in all foreign currencies other than for transactions with ACU member countries (*See Appendix-1*).

Statement S-2 for transactions with ACU member countries. (*See Appendix-2*).

Statement S-4 for transactions in Taka accounts of non-resident bank branches and correspondents held by Authorised Dealers (*See Appendix-3*).

Statement S-5 for transactions in Barter and Special Trade Arrangement Accounts (*See Appendix-4*).

Statement S-6 for transactions of sales and purchases of approved foreign currency notes. This statement should be submitted in

duplicate alongwith the usual returns as per prescribed proforma (*See Appendix-5*).

Statement FCS-7 for transactions in foreign currency accounts of Bangladesh nationals working abroad (*See Appendix-6*).

Statement EFCS-8 for transactions in exporters' foreign currency retention quota accounts (*See Appendix-7*).

compilation of
Summary
Statements

6. (a) Each Summary statement will be an abstract of the Authorised Dealer's ledger account and will consist of totals under specified heads. Opening and closing balances should be added making each summary a complete and balanced statement.

(b) Authorised Dealers will complete only one S-4 statement for each month in which consolidated figures of all non-resident Taka bank accounts maintained with them will be given. It will not be necessary to complete a separate S-4 statement for each non-resident Taka bank account.

Reporting
Procedure under
commodity
exchange
agreements

(c) While reporting transactions under various commodity exchange agreements the banks designated for handling Such transactions shall follow the procedure outlined below:

(i) The designated banks maintaining barter accounts will submit country wise consolidated S-5 statement covering all the barter accounts in respect of a particular Country. In other words, separate monthly returns for each barter account with a particular country need not be submitted.

(ii) The branches of the designated banks which do not maintain barter accounts will not be required to submit the S-5 statement to the concerned area office of Bangladesh Bank. These branches will report the transactions alongwith the relevant forms to the designated branch which will be responsible for consolidating all transactions in the Summary statement for submission to the Bangladesh Bank alongwith the relevant forms and schedules.

7. To support the details of the totals entered in the Summary statements, every statement must be accompanied by schedules and the relative forms as indicated in the Summary statements. The Schedules should be compiled as under:

Supporting
schedules and
forms of the
summary
statement

Receipts and Payments Schedules

(a) Preparation of Schedule A-1, A-2, A-3, J-1, J-2, IRV-1, IRV-2, E-2, E-3, E-4 and E-5:

Each of the above schedules has a combined heading as under:

Schedule	Combined Heading
A-1	A-1/0-1 <i>(See Appendix-8)</i>
A-2	A-2/0-2 <i>(See Appendix-9)</i>
A-3	A-3/0-3 <i>(See Appendix-10)</i>
J-1	J-1/0-3 <i>(See Appendix-11)</i>
J-2	J-2/0-3 <i>(See Appendix-12)</i>
IRV-1	IRV-1/0-4 <i>(See Appendix-13)</i>
IRV-2	IRV-2/0-4 <i>(See Appendix-14)</i>
E-2	E-2/P-2 <i>(See Appendix-15)</i>
E-3	E-3/P-3 <i>(See Appendix-16)</i>
E-4	E-4/P-4 <i>(See Appendix-17)</i>
E-5	E-5/P-5 <i>(See Appendix-18)</i>

Combined headings have been provided to facilitate preparation of Schedules O & P in respect of transactions of branches who do not maintain independent currency positions but operates on the foreign currency accounts of the head/principal office/ another branch, and themselves submit unbalanced Summary Statements to the concerned area office of the Bangladesh Bank. The procedure for preparation of these Schedules is described in sub-para (n) of Para 8 below.

8. (a) Schedule A-1, A-2 and A-3

Purchase of foreign currencies or debits to non-resident bank Taka accounts covering proceeds of exports from Bangladesh will be listed on Schedule A as follows:

Schedule A-1

In cases where EXP Form is certified against purchase of foreign currencies or debit to non-resident Taka account, the transaction must be listed on a relative Schedule A-1 in triplicate showing the number of the EXP Form and the amount.

Schedule A-2

In cases where no EXP Form is certified at the time of purchase of foreign currency or debit to non-resident Taka account, the particulars will be listed on Schedule A-2 in triplicate. Such cases will fall into two categories:

- (a) Advance receipts for goods to be exported.
- (b) Where the duplicate of the EXP Form has already been lodged with the Bangladesh Bank and the triplicate is not available at the time when proceeds are received.

If an advance remittance is received for an export, the Authorised Dealer must make out an Advance Receipt Voucher (See *Appendix-19*). When the EXP Form is ultimately made out and a deduction shown for the advance receipt, the date of the Advance Receipt Voucher must be stated on the EXP Form.

When proceeds of exports are received and EXP Form is not available, an EXP Form Not Attached Voucher (*See Appendix-20*) must be completed.

Particulars of Advance Receipts Vouchers and EXP Form Not Attached Voucher must be listed in Schedule A-2.

Totals of Schedules A-1 and A-2 must be cast and the total of A-2 brought forward to A-1 and grand total shown on the A-1 which must agree with the amount entered on the Summary Statement. Even in cases where there are no certified EXP Forms to be submitted with the Return an A-1 Schedule should be completed showing a nil figure and giving the total figure of A-2 making up the grand total on A-1.

For every item in Schedules A-1 and A-2 a certified copy of EXP Form or a voucher, as applicable, must be enclosed. Conversely, for every voucher or EXP Form enclosed, there should be an item in the

appropriate Schedule. No EXP Form should be enclosed with the Return against which no receipt is being reported on the Return. The forms and vouchers must be sorted in the order they are listed. If more than one Schedule sheet is used, the sheets must be serially numbered and stitched together.

Separate Schedules A1, A-2 and A3 must be attached to the Summary Statement relating to each currency. It is not permitted, for example, to enter the EXP Forms in US Dollars and Sterling in the Same Summary Statement.

Schedule A-3

Schedule A-3/0-3 has been solely designed to incorporate figures pertaining to purchase of foreign currency against exports to Myanmar under Bangladesh-Myanmar Border Trade Arrangement. The Authorised Dealer shall attach this schedule with a separate Summary Statement S-1.

(b) Schedule B (See Appendix-21)

Currency sold against convertible foreign currencies is to be listed on Schedule B. Separate Schedule Must be made out for each currency of which the name must be written on Schedule and be attached to the relative S-1, S-2 or S-6 Statement. Sales of currencies within the banks should be in accordance with conditions/ restrictions as prescribed by the Bangladesh Bank from time to time.

(c) Schedule C (See Appendix-22)

Currencies Purchased from other Authorised Dealers or branches in Bangladesh maintaining a separate currency position must be listed on Schedule C. A separate Schedule Must be made out for each currency of which the name must be written on the Schedule and be attached to the relative S-1, S-7 or S-6 Statement.

(d) Schedule D (See Appendix-23)

Foreign currencies purchased from and sold to the Bangladesh Bank must be entered on Schedule D and totals entered on the relative Summary Statements.

(e) Schedules E-2, E-3, E-4 and E-5

Forms relating to sales of foreign currencies to the public must be listed as under:

- (1) IMP Forms on Schedule E-2.
- (2) TM Forms on Schedules E-3 and E-4.
- (3) No form is required for Schedule E-5.

As with Schedule A, a separate Schedule must be made out for each currency and attached to the respective S-1, S-2, S-4 or S-5 statement. For every item listed in Schedules E (excepting E-5) there must be a payment form (IMP or TM, as appropriate to the transaction) and these forms must accompany the relative Schedules. No form should be submitted which is not listed on the Schedules and forms should not be sent in duplicate. E-5 is meant for reporting import payments to Myanmar under Bangladesh-Myanmar Border Trade Arrangement.

(f) Schedule F (*See Appendix-24*)

Currencies bought against sales of other foreign currencies is to be listed on Schedule F. Separate Schedule must be made out for each currency of which the name must be written on the Schedule and be attached to the relative S-1, S-2 or S-6 statement. Purchases of currencies should not breach the conditions/ restrictions prescribed by the Bangladesh Bank from time to time.

(g) Schedule G (*See Appendix-25*)

Currencies sold to other Authorised Dealers or branches in Bangladesh maintaining a separate currency position must be listed on Schedule G. A separate Schedule must be made out for each currency of which the name must be written on the Schedule and must be attached to the relative S-1, S-2 and S-6 statements.

(h) Schedule H (*See Appendix-26*)

Currencies bought against credits to non-resident bank Taka accounts must be entered on Schedule H. A separate Schedule must be made out for each currency and attached in duplicate to the relative summary statement on form S-1 or S-2 and total amount of currency

shown on the Schedule must agree with item 4 on the purchase side of the relative Summary Statement while total of Bangladesh Taka figures must agree with the totals of item 5 on credit side of S-4 statement.

(i) (a) Schedule J (J-1/0-3, J-2/0-3)

All C forms (*See Appendix-5/3, Vol.1*) must be listed on Schedule J, a separate list being made for each currency. The Schedules must be attached to the relative S-1, S-2 or S-4 statements and the totals on the Schedule must agree with those entered in the statements.

For every item appearing in the Schedule, a C Form must be attached. In cases of encashment of foreign currency instruments by Foreign Missions in Bangladesh, the name of the Mission concerned should invariably be mentioned in the C Form.

Authorised Dealers must carefully, note that Schedule J is to cover items OTHER THAN RECEIPTS FOR EXPORT. Export receipts are to be included under Schedule A and not under Schedule J.

(b) Inward Remittance Voucher IRV (IRV-1/0-4, IRV-2/0-4)

The voucher is designed to collect details regarding inward remittances. Authorised Dealers should give information in respect of "Purpose" as clearly as possible. In cases where remittances are similar as to "Purpose", "Country of origin" and "Currency" in which payments have been received, the Authorised Dealer may pass one combined entry on the voucher. In the case of inward remittances of the Foreign Missions in Bangladesh, the name of the Mission concerned should invariably be mentioned in the "Inward Remittance Voucher". The total amount must tally with the corresponding entry against item No.3 of the relative Summary Statement.

(j) Schedule K

The Schedule K is not related to the Summary Statements S-1, S-2 or S-4 (*See Paragraph 18 below*).

(k) Schedule L (See Appendix -27)

Debits to non-resident bank Taka Accounts covering transfers to other non-resident bank Taka Accounts must be listed on Schedule L and the total amounts of Taka must agree with the total on S-4 statement. The Schedule should be Submitted to the Bangladesh Bank in duplicate with the relative Summary Statements.

(l) Schedule M (See Appendix -28)

Debits to non-resident bank Taka Accounts against sales of foreign currencies must be listed on Schedule M and the total must agree with the amount entered on S-4 statement. Thus, for example, if US Dollars are sold to a US bank against debit to that bank's non-resident Taka account, the US Dollar will be reported against item No. 4 on the sales side of the S-1 statement for US Dollar. The Schedule should be submitted to the Bangladesh Bank in duplicate with the relative Summary Statements.

(m) Schedule N (See Appendix -29)

The closing balances of the non-resident bank Taka Accounts must be listed on Schedule N. They should be grouped according to countries or currency groups. The final total must agree with the amount entered for closing balance on the S-4 statement.

(n) Schedules O & P (See Appendices -30 & 31)

Branches that do not maintain independent currency positions but operate on the foreign currency accounts of their head office/ principal office/ another branch are required to submit to the area office of the Bangladesh Bank unbalanced Summary Statements S-1, S-2 etc. Their transactions eventually reflect in the relative currency accounts although not in the same reporting period. The transactions on account of Branches booked in the currency account are reported on Schedule O & P.

The branches operating on head office/ principal office/ another branch account will continue to prepare the Summary Statements in the usual manner but prepare the supporting Schedules in quadruplicate. The originals, duplicates and triplicates of these Schedules after deleting O-1, O-2, O-3 and O-4 from the headings and similarly after deleting P-2, P-3 and P-4 respectively will be sent

along-with the Summary Statements and relevant forms to the concerned area office of the Bangladesh Bank. The quadruplicate after deleting A1, A-2, J-1, J-2, IRV-1, IRV-2, E-2, E-3 and E-4 from the heading will be sent to the office of the Authorised Dealer on whose foreign currency account they operate.

The Authorised Dealer whose currency account has been operated upon will amend the Schedules O-1, O-2, O-3, O-4, P-2, P-3 and P-4 received from the Branch by deleting such entries which have not been booked during the reporting period and adding those of the previous period which have been booked during this period. The total of the amended Schedules O-1, O-2, O-3, & O-4 will be listed on Schedule O and the total of Schedules P-2, P-3 and P-4 listed on Schedule P for each branch. The aggregates of Schedule O and P should respectively match with items 8 of Purchase and Sale sides of the Summary Statements S-1, S-2 and items 6 of Purchase and Sale side of the Summary Statement S-4.

In view of the extra work involved in the preparation of the supporting schedules in respect of branch transactions the head office/ principal office may submit these to the Bangladesh Bank within seven days from the date of Submission of the Summary Statements/ Schedules. In other words, Summary Statement alongwith all Schedules, other than O and P and their supporting Schedules O-1, O-2, O-3, O-4, P-2, P-3 and P-4 should be submitted within the prescribed normal time limit, viz., by the 12th and the reconciled Schedules O and P by the 27th of the following month.

(o) Schedule R (See Appendix-32)

Credits to non-resident bank Taka accounts covering transfers from other non-resident bank Taka accounts must be listed on Schedule R and the total amounts of Taka must agree with the total on S-4 Statement. The Schedule should be submitted to the Bangladesh Bank in duplicate with the relative Summary Statements.

(p) Opening and Closing Balances

The opening and closing balances are to be taken from the currency accounts in the books of the Authorised Dealer. The abbreviations Cr. or Dr. on the summarized statements are intended to signify:

Cr.- Credit balances with agents or correspondents abroad as shown by Debit balances in own books.

Dr.- Debit balances with agents or correspondents abroad as shown by Credit balances in own books.

Balances of customers' foreign currency accounts should be excluded from the Authorised Dealer's balances.

(q) Items without Schedules

Schedules are not needed for the following items on the various Statements viz.,

Statements	Purchases side	Sales side
	(Item No.)	(Item No.)
S-1	Nil	4
S-2	Nil	4
S-4	Nil	5
S-5	Nil	5
S-6	4	3

All that is necessary is to insert one total covering the relative period.

9. Foreign currency notes

Authorised Dealers are asked not to include their holdings of foreign currency notes in the balances reported on the S-1 and S-2 Statement and they are to omit their transactions in currency notes completely except where such transactions result directly in entries on their currency accounts. Examples of these are when an Authorised Dealer under special license imports bank or currency notes from abroad paying for them by drawing on the currency account and alternatively when an Authorised Dealer sends a batch of currency notes abroad to be credited to his account. In the first instance the transaction should be treated as sale of currency and reported on TM Form which will be included in Schedule E3. In second case the Authorised Dealer will report the purchase of the currency under the head "Purchases covering remittances from abroad other than for exports" on the relative Summary Statement. Again, if a traveller obtains US\$ 1000 in TCs and US\$ 500 in Federal Reserve currency

notes as his travel quota the transaction shall be included in Statement S-1 as the sale of US\$ 1000, the transaction of US\$ 500 in currency notes being omitted.

10. Method of dispatch of Statements S-1, S-2, S-4, S-5 & S-6 to the Bangladesh Bank:

The Statements being dispatched to the Bangladesh Bank should be put in separate envelopes or packages, i.e., each of the S-1, S-4, S-5 & S-6 Statements separately. On the outside of the envelopes or covers, preferably on the back in the top left corner, the name of the Authorised Dealer, the last date of the respective period, the type of Statement enclosed and the currency should be shown. Example:

XYZ Bank

Period ended 31.12.93

Statement S-1

Currency US\$

11. Deposits to and withdrawals from the foreign currency account should not be included in the usual Summary Statements viz., S-1, S-2 etc. of the Authorised Dealers. Withdrawals made from these foreign currency accounts for payment in Taka in Bangladesh should, however, be treated as inward remittance and, therefore, the amount involved should be shown as purchase in the usual Summary Statements viz., S-1, S-2 etc.

Reporting of transactions under FC accounts other than those of Bangladesh nationals working abroad

12. For reporting transactions under foreign currency accounts of Bangladesh nationals working abroad, head offices of Authorised Dealers will submit separate monthly Summary Statements FCS-7 (Appendix-6) for Pound Sterling, US Dollar, DM and Japanese Yen in duplicate in a consolidated form covering figures from all Authorised Dealer branches, directly to the Wage Earners' Cell, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka by 10th of the following month. The figures reported in Summary Statements must be supported by Schedules FCR-1, 2, 3 etc. and FCP-1, 2, 3, etc. alongwith relevant IMP, TM Forms. Transactions in currencies other than Pound Sterling, US Dollar, DM and Japanese Yen should be reported in equivalent Pound Sterling, US Dollar, DM or Japanese Yen.

Reporting of transactions under FC accounts of Bangladesh nationals working abroad

Inward remittances received from branches/ correspondents abroad in cover of Taka drafts/ TTs should be reported in FCR-1 and shown in Summary Statement FCS-7 at serial 1. On disposal of foreign exchange, the resultant Taka proceeds credited to non-resident Taka account of foreign branch/ correspondent should be reported in Schedule FCP- 1 (payment for imports) if fund is utilized to cover payment for imports and in FCP-6 (Transfer to FC account maintained with other Authorised Dealers) in case fund is placed for sale or transferred to any other Authorised Dealer.

Transactions which are settled through the ACU mechanism utilizing funds from the foreign currency accounts of Bangladesh nationals working abroad should be reported on Summary Statement S-2. The supporting Schedules (E-2, E-3 etc.) however should be separately and distinctly identified by means of a suitable inscription according to the transaction's mode of financing viz. cash, foreign currency funds of Bangladesh nationals working abroad as the case may be. The summary total must agree with the total of the Schedules.

Reporting of
inland LC
settlements

13. (a) Payments against inland LCs in foreign exchange (*See Para 32.B(1), Ch-15, Vol.1*) will be reported in Summary Statement S1 against sl no 11 on sales side as "payment against inland LC". The recipient Authorised Dealer shall report the receipt as sl no 11 on the purchase side of S-1 as "receipt in settlement of inland LC".

Reporting of
transactions
under exporters'
FC retention
quota accounts

(b) Transactions in foreign Currency retention quota accounts of exporters are to be reported in the following manner:

(1) Monthly Summary Statement EFCS-8 (*See Appendix-7*) containing all transactions made under the exporters' foreign currency retention quota accounts shall be prepared and submitted.

(2) The amount in foreign currencies (except ACU dollar) credited to retention quota account (out of repatriated export proceeds) shall be shown under serial No. 9 in the sales side of S-1 as "Transfer on account of exporters retention quota to EFCS-8". As a contra, this amount will be shown in the Deposits side of statement EFCS-8 at serial No 1. Schedule EFCR-1 (*See Appendix-7-I*) will accompany this statement.

(3) The amount in ACU dollar credited to retention quota account out of export proceeds repatriated under the ACU mechanism shall be shown in the sales side of S-2 at serial 9 as "Transfer to S-1 on account of exporter's retention quota". Simultaneously, this amount will be shown in the purchase side of S-1 at serial No.9 as "Receipt from S-2/ S-4/ S-5 on account of exporter's retention quota." The same amount will be reported as contra in the sales side of S-1 and EFCS-8 as described in sub-para (2) above.

(4) Retention quota against export receipts through non-resident Taka account will be credited by the Authorised Dealer to the retention quota account by selling equivalent Pound Sterling/ US Dollar/ DM/ Japanese Yen, which will be shown in the sales side of S-1 against Serial No. 9 as "Transfer on account of Exporter's retention quota". This amount will be reported in the deposits side of EFCS-8 at sl. No. 1 alongwith supporting schedule EFCR-1 as mentioned in subpara (2) above.

(5) For barter transactions, the same procedure as described under (3) above shall apply, except that the transfer to S-1 will in this instance be from S-5 rather than S-2.

(6) The portion of retention quota maintained as term deposits is to be shown separately at item No. 1 on the Deposit side of EFCS-8 in the space provided for therein.

(7) The amounts debited from the exporter's retention quota accounts for imports and other expenses by the exporters should be reported in the withdrawal side against Nos. 1 and 2 enclosing Schedules EFCP-1 and EFCP-2 respectively (*See Appendices 7-II and 7-III*).

(8) Debits to retention quota accounts for payment settlement through ACU should be shown in the withdrawal side of EFCS-8 at sl no 3 as "Transfer to S-2 for settlement under ACU" and its Contra on the purchase side of S-2 at sl. No. 9 would be "Receipt by way of transfer from EFCS-8 for payment through this account".

14. In order that exports or other invisible earnings of EPZ are accounted for the Authorised Dealers will open Notional Account of EPZ' for their EPZ constituents to which all foreign

Reporting of
exports from the
EPZs

currency receipts in respect of the EPZ constituents will be credited. Deposits into the Notional Account will not be taken into the regular exchange position of the Authorised Dealer. The portions of export proceeds of EPZ industries encased to Taka will be taken into the regular exchange position of the Authorised Dealers and reported in the normal Summary and Schedules as invisible receipts by debit to the Notional Account.

EPZ will be treated as a separate economic territory. A separate country code has been assigned for EPZ, under which all foreign currency transactions with EPZ, (between EPZ and Bangladesh) will be reported. For the transactions of various nature, appropriate existing codes should be used.

Authorised Dealers should maintain separate register/ ledger for foreign exchange transactions of EPZs. The forms for prescribed Returns and Summary Statements to be used for EPZ transactions Should be printed in light yellow coloured paper.

Amalgamation of cash holdings pertaining to FC accounts of customers and regular accounts of Authorised Dealer

15. Authorised Dealers may amalgamate stocks of foreign currency notes purchased from customers (and taken into exchange position) and those credited into FC accounts of customers in so far as separate accounts are maintained of these stocks. They may also transfer foreign currency notes from one account to another with a corresponding transfer of funds from or to the special accounts to or from the special accounts relating to balances of customer's FC accounts.

Transfer of foreign currency notes from the special accounts relating to balances of customer's FC accounts to the exchange position of the Authorised Dealer should be reported in S-6 Statement against item No. 3 (purchase from banks in Bangladesh) and the transfer of the corresponding amount from the Authorised Dealer's regular account to the aforesaid special account as sale against item No. 6 of the S-1 statement. Similarly, transfer of foreign currency notes from the exchange position of an Authorised Dealer to the special account relating to balances of customer's FC Accounts should be reported as sale against item No. 2 of the S-6 Statement and the corresponding transfer of the fund from the said special account to the regular account of Authorised Dealer should be reported as purchase against item No. 6 of the S-1 Statement.

16. Transactions relating to deposits into and withdrawals from FC accounts of Bangladesh nationals working abroad Should be reported in Schedules FCR and FCP as under:

(a) Deposits:

- (i) FCR-1 (*Appendix-6-I*) ~~3/4~~ *Countrywise inward remittances through banking channel.*
- (ii) FCR-2 (*Appendix-6-II*) ~~3/4~~ *Countrywise inward remittances through non-resident Taka accounts.*
- (iii) FCR-3 (*Appendix-6-III*) ~~3/4~~ *Drafts, TCs etc. locally deposited into FC accounts*
- (iv) FCR-4 (*Appendix-6-IV*) ~~3/4~~ *Countrywise inward remittances through postal channel*
- (v) FCR-6 (*Appendix-6-V*) ~~3/4~~ *Transfers from FC accounts maintained with other Authorised Dealers and/or conversion from other foreign currency.*

(b) Withdrawals:

- (i) FCP-1 (*Appendix-6-VI*) ~~3/4~~ *Drafts etc. issued for imports without LC.*
- (ii) FCP-2 (*Appendix-6-VII*) ~~3/4~~ *Import payments against LCs.*
- (iii) FCP-3 (*Appendix-6-VIII*) ~~3/4~~ *Debits raised for cost of passages for foreign travel.*
- (iv) FCP-4 (*Appendix-6-IX*) ~~3/4~~ *Debits raised for travel expenses.*
- (v) FCP-5 (*Appendix-6-X*) ~~3/4~~ *Miscellaneous payments in foreign exchange.*
- (vi) FCP-6 (*Appendix-6-XI*) ~~3/4~~ *Purchase by Authorised Dealer for transfer to S-1.*
- (vii) FCP-8 (*Appendix-6-XII*) ~~3/4~~ *Remittances to FC account holders.*
- (viii) FCP-9 (*Appendix-6-XIII*) ~~3/4~~ *Transfers to FC accounts with other banks.*

17. Authorised Dealers themselves shall make arrangements for printing of Forms and Returns from time to time which should conform exactly to the size, color, contents and format as prescribed by the Bangladesh Bank, in the following manner:

- (a) The stubs provided on the forms EXP and IMP will be filled in by Authorised Dealers in the following manner:

The first three boxes of EXP and IMP number will bear Authorised Dealer's branch code assigned by the Bangladesh Bank and the next five boxes are meant for mentioning the serial number of Register of Issuing Forms maintained at the bank and the last two boxes are meant for mentioning the last two digits of the year of registration.

- (b) Forms and Schedules other than TM, IMP and EXP will not bear any serial number.
- (c) Size of different Forms, Statements, Schedules etc. will be as under:

Name of Forms, Statements, etc.	Size	
	Length	Breadth
Forms EXP, IMP, TM and Statements S-1, S-2, S-4, S-5	36 cm	23 em
S-6, FCS-7 and EFCS-8	30 cm	21 cm
All Schedules	30 cm	21 cm

- (d) Papers of the following colours should be used for printing the various Summary Statements:

Name of Statement	Colour
S-1	Light green
S-2	Light blue
S-4	Orange
S-5	Pink
S-6	White
Statement for reporting EPZ transactions	Light yellow
FCS-7	Light gray
EFCS-8	Grey

Authorised Dealers should take utmost care in the printing of these Forms exactly as prescribed, and should ensure adequate supply of Forms to their customers to avoid any complaint of non-availability/ scarcity.

18. Authorised Dealers must submit in Schedule K (*See Appendix-33*) quarterly Return of operations of private non-resident Taka accounts of non-bank clients (i.e. other than Taka accounts of non-resident banks which are reported on S-4 Statement). The Schedules should reach the concerned area office of the Bangladesh Bank by 12th April, 12th July, 12th October and 12th January. Only totals for all such accounts of credits and debits passed during the period and of the balances are required. Schedule K consists of the following categories:

Operations
on private
Non-resident
Taka account

(a) Private non-resident Taka accounts of Indian nationals other than bank branches and correspondents.

(b) Private non-resident Taka accounts of non-Indian nationals excluding bank branches and correspondents.

19. Head offices/ principal offices of the Authorised Dealers are also required to submit the following statements relating to imports/ exports to the General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka:

(a) Monthly statement of outstanding payment commitments abroad in the prescribed proforma (*See Appendix-34*) as of the month end, reaching the Bangladesh Bank by the 15th of the following month. Position in regard to public sector including TCB and the position in regard to the private sector should be shown separately, using separate forms for each of the following month.

Statement of
outstanding
foreign payment
commitments

(b) Monthly Statement (*See Appendix-35*) showing commodity wise value of import LCs outstanding as of each month end, to reach the Bangladesh Bank by the 10th of the following month.

Commodity wise
statement of
import LCs
opened and
outstanding

Statement of
outstanding
export bills

(c) Monthly statement (See *Appendix-36*) of outstanding export bills its of each month end, to reach the Bangladesh Bank by the 15th of the following month.

Returns of
blocked accounts
and securities

20. Authorised Dealers are required to furnish half yearly returns in the prescribed proforma (See *Appendix-37*) to the Bangladesh Bank as of end June and end December showing the balances held by them in blocked accounts. These Return should reach the Bangladesh Bank by the 7th July and 7th January respectively. This return should show account holders resident in each country separately. Similarly, half yearly Returns in the prescribed protorma (See *Appendix-38*) showing the securities held by Authorised Dealers in blocked accounts should also be furnished. These Returns should include the balances and securities held in non-resident accounts blocked by orders of the Bangladesh Bank. Where there are no accounts or securities to report. Nil Return Should be sent. The Returns as of 30th June and 31st December should reach Bangladesh Bank by the 7th of July and January.

Reporting
procedure for
imports under
foreign loans and
grant

21. The procedure with regard to coding as mentioned in this Chapter shall also apply to imports under foreign loans and grants with the following modifications:

(a) IMP Forms shall be listed on a schedule bearing combined EL-1 /EL-2 /EL-3 (See *Appendiv-39*). The schedules will be prepared in duplicate in the following manner:

(i) In cases where no remittance is involved, the heading EL-1 to be retained and headings EL-2/ EL-3 deleted.

(ii) In cases of imports under reimbursable loans and credits under which payments are first made out of Bangladesh's cash resources and are subsequently reimbursed by loan/ grant giving agency, the heading EL-2 is to be retained and the headings EL-1 /EL-3 to he deleted.

(iii) In Case of supplier's credit under which remittance of down payment is involved the heading EL-3 to be retained and the headings EL-1 and EL-2 deleted. The

relative Schedule EL-3 bears pertinent country, commodity and category codes. Payments of interest should, however, be reported on TM Forms and Schedule E-4 and the purpose should invariably be coded against the interest Code Number.

Authorised Dealers Should take extreme care in reporting cases where IMP Forms are not required. Such cases should invariably be reported in schedule EL-1. It should also be noted that like EL-3. EL-1 and EL-2 bear pertinent country commodity and category codes.

- (b) Separate Schedule should be used for each Loan/ Grant. The name of the Loan/ Grant should be clearly described on the schedule in the space provided therefor.
- (c) With regard to coding of Schedules EL-1 /EL-2 /EL-3 the procedure shall be as follows:
 - (i) The stubs on the right hand top of the Schedule should be left blank.
 - (ii) In the Column meant for amount the amount in foreign currency should be stated.
 - (iii) The existing codes as prescribed by the Bangladesh Bank including HS codes are to be used as usual in the Schedules for coding commodity, country, department, currency etc.

Authorised Dealers will Submit Schedule EL-1 /EL-2/ EL-3 relating to Loans/ Grants with relative Summary Statements to the Bangladesh Bank along with other Summary Returns in the usual manner

22. (i) Authorised Dealers are required to maintain record of their exchange Position in each currency in which they maintain an account as at the close of business on each working day in the prescribed proforma (*See Appendix-40*). These currency wise daily position statements Should be kept ready for immediate submission to Bangladesh Bank as and when called for.

Record of
exchange
position

Calculation of
exchange
position

(ii) The proforma of exchange position has been drawn up to suit the different types of book keeping used in different banks and in some cases some of the items will not be required. The main items which may cause some difficulty are explained below. In the event of any further difficulty being encountered, the Authorised Dealer should refer the matter to the Bangladesh Bank.

The exchange position on a particular day is the extent to which the Authorised Dealer has bought or sold on his own account without covering contracts with the Public, the Bangladesh Bank or other Authorised Dealers. The position can be calculated by adding to its currency holding, the total of his contracted purchases and by deducting the total of his contracted sales. If, however, the Authorised Dealer has no currency holding but is overdrawn with his correspondents abroad, the position can be calculated by deducting his contracted purchases from the total of his overdrawn balance and his contracted sales. If his spot holding plus purchases exceed his sales or if his purchases exceed the combined total of his overdrawn balances plus his sales, it is an overbought position and vice versa. Open position should be worked out on the basis of opening balance and other transactions as per the books of the Authorised Dealer. The opening balance required is that which is in the Authorised Dealer's own books on the day specified. As all assets take the form of debit balances and all liabilities the form of credit balances, if an Authorised Dealer holds a credit balance with his correspondent, his local books will show a debit balance, as he is holding an asset. Similarly, an overdrawn position with his correspondent will be shown as a credit balance in his local books. If he is holding currency, the balance is entered on left hand side, if he is owing currency, it is entered on the right.

(a) Outward bills purchased (temporary account)

Banks have different methods of entering bills purchased. Some banks enter these immediately into their currency account, in which case this item will not be required. On the other hand, some banks debit their bills purchased to a temporary suspense account and transfer to their currency account at the estimated time when the bill is payable. On the date the exchange position is prepared the total in the suspense account must be entered under this heading.

(b) Bills negotiated abroad charged to account and responded to but no sales shown in exchange position

This is intended to cover the bills which have been received after negotiation abroad, entered into the currency account but not taken up by the customers, when the person who has had the relative credit opened covers the requirement by forward purchase of currency. The amount of such bills should be shown under the heading in order to offset the effect of outstanding forward sales included on the sales side on the final position.

(c) Proceeds of bills: sales booked but not credited in local books

This item is intended for those banks who have to remit currency to their agents and who have booked the sale but have not entered the amount in their currency accounts. For example, suppose that a bank in Dhaka has to remit the proceeds of a Sterling bill to its London correspondent; if the sale has been booked bill for some reason or other it has not been able to pass entries in its books or issue the advice, then the amount must be shown here. Again, some banks if they issue drafts do not credit their currency accounts until such estimated time as their correspondents will receive the advice of issue, the amount is held on a suspense account in the interval. Such amounts must be shown under this heading.

(d) Foreign currency bills, MTs and TTs payable

Banks receive from their correspondents advice of drafts in foreign currency issued on them or MTs and TTs to pay foreign currency or its equivalent. This in fact will be ultimately a purchase of the currency from the beneficiary of the transaction. If the Authorised Dealer does not enter into his, currency position the amount of draft or transfer until it is actually paid, this heading will not be required. If, however, he enters the amount in his currency account immediately on receipt of advice with a contra entry to a suspense account, the amount outstanding on the suspense account on the date of the Return must be entered here.

23. Authorised Dealers shall submit to the Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka a weekly statement reporting their exchange position (overbought /oversold) as at close of business every Thursday, using for this purpose the proforma at *Appendix-40*. The statement shall be in a consolidated form covering positions in all currencies, with the figures in other currencies converted to equivalent US dollars.

Statement of
foreign currency
balances

24. Authorised Dealers are also required to submit to the Bangladesh Bank a statement (*See Appendix-41*) of their foreign currency balances held abroad, as and when called for by Bangladesh Bank.