



Quarterly Regulatory Updates

September 2025

KPMG in Bangladesh



01 Foreign Exchange (Bangladesh Bank)



Foreign currency deposits now usable as loan collateral

Bangladesh Bank's FE Circular No. 11 (January 30, 2025) permitted Offshore Banking Units (OBUs) to accept foreign currency deposits from fully foreign-owned enterprises and non-resident persons without restrictions. This circular further allows these deposits to be used as collateral by Domestic Banking Units (DBUs) to provide short-term local currency loans to resident borrowers. Loans to Non-Resident Bangladeshis (NRBs) against such collateral are also authorised. This circular outlines safeguards such as account-holder consent, verification of relationships, margin requirements to manage exchange risk, and rules for loan defaults and repayments. While private foreign currency accounts may be used as collateral, International Banking accounts remain excluded.

FE Circular No. 27 dated 3 July 2025



Bangladesh Bank eases financing rules for foreign companies

Bangladesh Bank has revised the allowable debt-equity ratio for foreign owned or controlled companies engaged in manufacturing or services in Bangladesh for at least three years. These companies can now access Taka term loans from local sources for capacity expansion or BMRE (Balancing, Modernisation, Renovation, and Expansion) with an increased debt-equity ratio of 60:40, up from the previous 50:50. All other related instructions remain unchanged.

FE Circular No. 25 dated 2 July 2025



Banks directed to follow URC in non-LC trade transactions

The Bangladesh Bank has reminded all Authorised Dealers (ADs), i.e., banks dealing with foreign exchange, to follow the Uniform Rules for Collections (URC) when handling documentary collection-based trade transactions (both imports and exports). Previously, banks were instructed to follow UCP 600 rules when dealing with Letters of Credit (LCs). Now, for trade transactions that don't use LCs, such as cash in advance, documentary collection, or open account, banks must ensure that documentary collections follow the latest URC rules issued by the International Chamber of Commerce (ICC).

FE Circular No. 26 dated 13 July 2025

01 Foreign Exchange (Bangladesh Bank)



Export fees revised for raw jute and jute products

The Ministry of Textiles and Jute, Government of Bangladesh, has issued a revised directive regarding government revenue fees applicable to the export of raw jute and jute products. As per the latest memorandum dated June 26, 2025, the new fees are fixed at BDT 2.00 per bale for raw jute exports and BDT 0.10 (ten paisa) per BDT 100 of export value for jute product exports. This notification overrides the previous instructions outlined in the Ministry's memorandum.

FE Circular Letter No. 25, dated 3 July 2025



Guidelines on licensing and renewal of limited money changers

Bangladesh Bank has issued a comprehensive policy framework for limited money changers, detailing procedures for license issuance, operation, and renewal. The policy specifies application requirements, eligibility, and scope of activities, distinguishing between scheduled bank branches/booths and non-bank entities like hotels and shops. While bank branches/booths do not need license renewal, non-bank entities must renew every two years with supporting documents and a fee. The circular also emphasises compliance with anti-money laundering rules, reporting obligations, and operational transparency.

FEPD Circular No.26 dated 2 July 2025



Continuation of export incentives for July–December 2025

Bangladesh Bank has announced the continuation and revision of export incentive/cash assistance rates for 43 specified sectors for the period from July 1, 2025 to December 31, 2025, within the 2025-2026 fiscal year. The revised circular confirms that existing sectors will continue to receive export incentives at specified rates and external audits of claims for this period may be conducted as per FE Circular Letter No. 10 dated July 8, 2024. All previous terms, conditions, and instructions outlined in prior FE circulars will remain applicable.

FE Circular No. 28 dated 10 July 2025

01 Foreign Exchange (Bangladesh Bank)



Revised cash assistance for export of non-leather footwear and bags

Bangladesh Bank has announced a 2% export incentive (cash assistance) for exporters of footwear and bags made from synthetic and blended fabrics, provided they utilise customs bond or duty drawback facilities on raw materials. This incentive is applicable for shipments made between July 1 and December 31, 2025. Subsequently, BB revised the nomenclature of the eligible sector from “footwear and bags made of synthetic and fabric blend” to “footwear and bags made of non-leather (other than leather) raw materials, excluding jute-based items.”

FEPD Circular No. 29 dated 24 July 2025 and FE Circular No.30 dated 27 July 2025



Updated guidelines on foreign currency retention for industrial units in specialized zones

The circular has revised the foreign currency retention rules for Type B and Type C industrial enterprises in specialised zones (EPZs, PEPZs, EZs, and HTPs). These enterprises can now retain the full amount of repatriated export proceeds in a foreign currency pool for back-to-back settlements. Additionally, the unutilised amount can be transferred to ADs, and may be used for settlement of sister concerns or subsidiaries. Any unused funds after 30 days may be moved to exporters' foreign currency accounts, with a minimum encashment of 20% (25% for garments).

FEPD Circular No. 32 dated 10 August 2025



Revised guidelines on import transactions and advance payment limits

All previous instructions on import transactions under GFET-2018, Vol-1 and related circulars are repealed, except for the monthly reporting under GFET-2018, Vol-2. The revised guidelines, issued under section 20(3) of the Foreign Exchange Regulation Act, 1947, aim to simplify compliance and remain effective for one year. Any new instructions during this period will apply alongside this circular. To further facilitate trade, advance payment limits have been increased to USD 20,000 (or equivalent) without repayment guarantee, and USD 50,000 from Exporter Retention Quota (ERQ) accounts.

*FEPD Circular No. 33 dated 14 August 2025
FE Circular No.35 dated 23 September 2025*

01 Foreign Exchange (Bangladesh Bank)



Extension of usance period against imports of industrial raw materials

Bangladesh Bank has confirmed the continuation of the previously extended usance period for imports of industrial raw materials (including back-to-back imports, agricultural implements, and chemical fertilisers) under buyers'/suppliers' credit. The usance period, which had been extended from 180 days to 360 days by FE Circular No. 08, dated January 20, 2025, will remain effective until December 31, 2025. Despite the 180-day credit period mentioned in FE Circular No. 33, the extended usance period will continue for these imports. However, this extension will not apply to imports financed under the Export Development Fund (EDF), consistent with earlier instructions.

FE Circular No. 27 dated 18 August 2025



Updated paid-up capital requirement for digital banks announced

Bangladesh Bank has revised the minimum paid-up capital requirement for establishing branchless digital bank companies. Exercising its authority under Section 13 of the Banking Companies Act, 1991 (as amended up to 2023), the central bank has set the minimum paid-up capital at BDT 300 crore, up from the previous limit of BDT 150 crore. This decision, formalised in Notification No. BRPD(R-1)(Law Review)717/2025-10069 issued on the same date, replaces earlier requirements and aims to ensure adequate capitalisation and financial strength of digital banks.

BRPD Circular Letter No.19 dated 19 August 2025



Consolidated regulations on foreign exchange transactions for loans, overdrafts, and guarantees

Bangladesh Bank has consolidated and updated the regulations for foreign exchange transactions related to loans, overdrafts, and guarantees under the Foreign Exchange Regulation Act (FER), 1947. This new circular replaces the previous guidelines from the GFET-2018 Vol.-1 and related circulars, except for the monthly reporting rules in GFET Vol.-2. Issued under Section 20(3) of the FER Act, the circular will remain effective for one year from its issuance date.

FE Circular No. 34 dated 2 September 2025

01 Foreign Exchange (Bangladesh Bank)



Inclusion of raw jute in the list of conditional export products in the Export Policy 2024-27.

Bangladesh Bank has informed all authorised dealer banks about the conditional inclusion of raw jute in the list of exportable products. This directive is based on a memorandum issued by the Ministry of Commerce on 8 September 2025, which, under Section 5.4(b) of the Export Policy 2024–27, included raw jute in Export Commodity List No. 19 of Appendix-2. According to the policy, conditional exports are products that may be exported only upon fulfillment of certain requirements, and the government retains the authority to regulate or temporarily restrict such exports when deemed necessary.

FEPD Circular Letter No. 34 dated 2 September 2025



Cash incentive against export of frozen shrimps and other fishes

This circular amends FE Circular No. 19 (Oct 25, 2011) on cash assistance for frozen shrimp and fish exports, outlining required conditions for the incentive:

- Repatriation must be proven by the export order issuer or a related entity with an established business link;
- Before processing the cash assistance application, the relevant bank must confirm export of the goods through an approved tracking method/Export General Manifest (EGM) from the customs authority.

FEPD Circular No. 36 dated 25 September 2025

02 Start-up Financing (Bangladesh Bank)



Master Circular on start-up financing

Bangladesh Bank has released a master circular providing a guideline on start-up financing.

The circular starts by defining a start-up venture and illustrating its types along with their relevant features.

Elaborating further, the circular illustrates the structure of start-up funds for investments created by Bangladesh Bank and scheduled banks, explaining the methods of equity and loan investments, and highlighting the matters related to the Start-up Refinancing Fund formed by Bangladesh Bank.

SMESPD Circular No. 02: Master Circular on Start-up Financing dated 9 July 2025

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