



Regulatory Updates

August 2024



Given the current condition of foreign currency and domestic stock market, the government of Bangladesh has introduced new regulations or amended existing regulations for more effective management of economic conditions of the country. This update presents some of our picks from the major updates which any professional should be aware of.

Major regulatory updates

Bangladesh Securities and Exchange Commission

1. Private limited companies are allowed to be sponsor of any mutual fund.

As per Directive No. BSEC/CMRRCD/2009-193/81 dated 18 July 2024 Bangladesh Securities and Exchange Commission (BSEC) has announced that now private limited companies are allowed to sponsor any mutual fund. The private limited company, which intends to be a sponsor of any mutual fund to comply with the following requirements:

- (a) it shall have net worth of at least Tk. 10 crore;
- (b) it shall have sufficient cash and cash equivalent or ready to liquid assets at least equivalent to the committed subscription as a sponsor of any mutual fund;
- (c) the Board of Directors of the company shall comprise of at least 3 members, including an independent director;
- (d) the company or any of its directors shall not be a loan defaulter as per Credit Information Bureau (CIB) report of Bangladesh Bank; and
- (e) the company or any of its directors shall not be associated with any money laundering and terrorism financing activities.

2. Introduction of "Real Estate Investment Trust Fund Rules, 2024"

As per Director No. No. BSEC/CMRRCD/2023-422/80/PRD/152 dated 13 June 2024 Bangladesh Securities and Exchange Commission (BSEC) has introduced the new Real Estate Investment Trust Fund Rules, 2024.

A Real Estate Investment Trust (REIT) fund shall be formed with an object to launch either a development scheme or a rental scheme. Each scheme of a REIT fund shall include, among other, a business plan along with the target project(s) or investment and target size, tenure (in case of development scheme), characteristics, investment strategy, etc. A REIT fund excepting development scheme shall be formed primarily with the intent of rental income.

3. Cash incentive disbursement against monthly deposits under 'Probash Scheme' by wage earners.

As per FE Circular Number 11 dated 30 June 2024, for foreign currency directly remitted to the "Probash Scheme", the government will provide remittance incentive/cash assistance at the prescribed rate as per the government if the conditions are followed.

The conditions given include payment of foreign currency from abroad directly into the "Probash Scheme" account where a remittance incentive is provided against their remittance into the remitter's account. It is mentioned that the remitter will not be eligible if the payment is made in local currency from within Bangladesh.

4. Export Subsidy/ Cash Incentive for FY23-24

As per FE Circular No. 12 dated 30 June 2024, the government has decided to provide export incentive/cash subsidy to export in 43 sectors to encourage export trade.

5. Submission of applications to record the refunded import payments in Online Import Monitoring System

As per FE Circular Letter No. 11 dated 16 July 2024, settlement of overdue bills of entry or customs certified invoices due to non-receipt or short receipt of goods can be done through inward remittances. Payments should come from the foreign supplier or legitimate sources. The refunded amount should be recorded in the Online Import Monitoring System (OIMS) against the relevant IMP. Applications for this process should now be made through the Online Ticketing Module of OIMS under the 'Refund of Import Payments' category, with the relevant LC ID, IMP number, and Inward ID number mentioned. This replaces the previous email method.

6. Regarding fund transfer from Domestic Banking to Offshore Banking Operations

As per FE Circular Letter No. 13 dated 20 August 2024, Offshore Banking Operations (OBOs) are now permitted to borrow up to 30% of their regulatory capital from their Domestic Banking Units (DBUs), including current outstanding amounts. OBOs exceeding this limit must comply by December 31, 2024.

7. Export Subsidy against export of Finished Leather

As per FE Circular No. 14 dated 14 July 2024, Government requires the Bangladesh Tanners Association (BTA) to issue attestation certificates to its members. These certificates aid in processing applications for cash assistance under the advance price repatriation scheme. Besides this scheme, the certificates are also valid documentation for applying for cash assistance against the export of finished leather.

8. Clarification regarding export incentive against export of diversified Jute products

The FE Circular No. 12, dated April 07, 2016, has been clarified to include both raw jute and jute-like products as eligible materials for receiving export subsidies under the Jute Act, 2017. This means that when applying for subsidies on jute products like jute bags, both types of materials used in their production are recognized.

The purpose of this clarification is to ensure that the subsidy application process accurately reflects the use of jute and jute-like materials, and that existing instructions regarding export subsidies remain in effect.

9. Remittances of surplus earnings and submission of monthly/quarterly statement by foreign airlines as well as foreign shipping companies operating in Bangladesh.

The circular introduces updated procedures for foreign airlines and shipping companies operating in Bangladesh regarding the remittance of surplus earnings and submission of statements. It specifies that companies should retain certain documents (such as airway bills and freight manifests) for internal examination rather than submitting them with their statements. It also revises the forms and annexures to be used for reporting and requires Authorised Dealers (ADs) to obtain specific declarations and certificates.

The purpose of the circular is to streamline the documentation and reporting process for foreign airlines and shipping companies and aims to simplify compliance while ensuring that necessary records are retained for regulatory and legal purposes.

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