



Quarterly Regulatory Updates

September 2026

Rahman Rahman Huq
Chartered Accountants



Foreword

Bangladesh's regulatory landscape continues to evolve, with frequent changes across foreign exchange, banking, corporate affairs and other regulatory areas affecting the way businesses operate and make decisions. Staying abreast of these developments is therefore increasingly important not only for meeting regulatory obligations, but also for managing risk, strengthening governance and responding effectively to emerging opportunities. This edition of our Quarterly Regulatory Update brings together key regulatory developments and updates that may be relevant to businesses operating in Bangladesh. Alongside highlighting significant changes in the regulatory framework, we aim to provide practical perspectives on their potential implications, helping businesses assess what these developments may mean for their operations and decision-making.

As a trusted and leading business consultant and regulatory risk advisor, with a legacy of 60 years and formerly the first Big 4/KPMG member firm in Bangladesh, Rahman Rahman Huq (RRH) remains committed to helping clients navigate an evolving regulatory environment with clarity and confidence. Our experienced team of professionals bring in their industry insights and share their updates on key developments in the regulatory environment (e.g. company incorporation, branch, liaison, representative and project office setup, licensing and registration support). We hope this publication serves as a useful resource for business leaders, finance professionals and other stakeholders seeking to stay informed and respond effectively to regulatory change. We welcome the opportunity to discuss how these developments may affect your organisation. Please feel free to reach out to any of the contacts listed in this publication for further information or assistance.



M Mehedi Hasan

Partner

E: mehedihasan@rrh.com.bd



01.

Foreign Exchange

Foreign Exchange (Bangladesh Bank)

[1/8]

Pilot Framework for Digital Processing of Trade Documents



Bangladesh Bank (BB) has introduced a pilot framework for digital processing of import and export trade documents under documentary collections and LCs through approved trade corridors. ADs require BB concurrence and must ensure legal, compliance, risk-management and cybersecurity measures. Electronic documents, including e-bills of lading, may be processed with secure authentication, control, integrity and audit trails.

The pilot will proceed in phases, with reporting and regulatory assessment requirements. FE Circular No. 01 dated 6 January 2026 continues to apply outside the pilot framework.

FEPD-1 Circular No. 15 dated 1 July 2026

Forward Rate Agreements to hedge interest rate risk on imports



Bangladesh Bank has allowed ADs to enter into Forward Rate Agreements (FRAs) with importers to hedge floating interest-rate risk on permissible foreign-currency suppliers'/buyers' credit. The FRA must be for genuine hedging, with its notional amount and tenor aligned with the underlying credit. Settlement is based on the net interest differential against SOFR and does not involve repayment of the underlying loan.

FEPD-1 Circular No. 16 dated 2 July 2026

Export Subsidy/Cash Incentive for the financial year 2026–2027



Government will continue providing export incentives and cash assistance across 43 sectors (including specialised zones, pharmaceuticals, tea and steel) for FY 2026–2027. Eligible goods shipped between 1 July 2026 and 30 June 2027 will be subject to the rates specified in Annexure A to the circular.

Government has also raised the alternative cash assistance rate for the export-oriented domestic textile sector from 1.50% to 5.00%. To qualify for this increased incentive, exporters (members of BGMEA/BKMEA or other associations) must submit proof that raw materials (yarn/cloth) were procured from domestic sources.

FEPD-1 Circular No. 17 dated 5 July 2026

Foreign Exchange (Bangladesh Bank)

[2/8]

Foreign Currency-Taka Swap facility for exporters operating in Specialised Zones



This circular expands the scope of FC-Taka swap arrangements by allowing ADs to enter into such arrangements with exporters operating in Specialised Zones (EPZs, PEPZs, Economic Zones, and High-Tech Parks) against unencumbered balances held in their foreign currency accounts, with the aim of facilitating short-term Taka liquidity for these exporters.

FEPD-1 Circular No. 10 dated 13 July 2026

Bangladesh Bank Extends Outward Remittance Limit for DPAs



Bangladesh Bank has amended paragraph 49 of FE Circular No. 37 (30 September 2025) relating to outward remittances for royalty, technical know-how, and technical assistance fees for Domestic Processing Areas (DPAs) in Economic Zones. ADs are now permitted to effect outward remittances beyond the 6% limit on the cost of imported machinery and the previous year's sales, as prescribed under paragraphs 49(1) and 49(2), respectively.

BEZA approval will be mandatory regardless of the amount involved.

FEPD-1 Circular No. 20 dated 13 July 2026

External borrowing from related parties by fully foreign-owned industrial enterprises



BB has granted general permission for fully foreign-owned industrial enterprises inside and outside specialised zones to borrow from parent companies, associates and shareholders. Short-term loans (<1 year) may be interest-free or carry up to 3% p.a., subject to specified conditions. Medium-term loans (1–5 years) must fund capital expenditure, with interest-free borrowing allowed up to USD 50 million and interest-bearing loans up to USD 5 million at 3% p.a. Long-term loans (>5 years) must also fund capital expenditure, with interest capped at 3% p.a. where applicable.

FEID Circular No. 03 dated 15 July 2026

Foreign Exchange (Bangladesh Bank)

[3/8]

Framework for import trade in Free Trade Zones (FTZs)



BB has established a framework for import trade through Free Trade Zones (FTZs) under existing foreign exchange rules. Eligible FTZ enterprises may import on a consignment basis, while purchases by Bangladeshi buyers follow normal IMP/EXP procedures and must be settled in freely convertible foreign currency.

Usance imports may be financed for up to 270 days through buyer's or supplier's credit from Offshore Banking Units (OBUs).

FEPD-1 Circular No. 21 dated 16 July 2026

Enhancement of Exporter's Retention Quota (ERQ)



Bangladesh Bank has increased the Exporter's Retention Quota (ERQ) for merchandise exporters of goods with high import content from 7.5% to 15% of the repatriated FOB value.

FEPD-1 Circular No. 23 dated 22 July 2026

Master Circular on Export Development Fund



BB has issued a revised operational procedure for the Export Development Fund (EDF) by consolidating the existing instructions under FE Circular No. 45 dated 31 December 2017 and subsequent relevant circulars, along with necessary modifications to facilitate EDF operations.

With the issuance of the revised procedure, the instructions contained in FE Circular No. 45/2017 and its subsequent circulars stand repealed.

FEPD-1 Circular No. 24 dated 23 July 2026

Foreign Exchange (Bangladesh Bank)

[4/8]

Introduction of Digital Value Account Framework for Cross-Border Payments



BB has introduced a digital payment framework allowing ADs to partner with cross-border payment providers and facilitate foreign exchange through Digital Value Accounts (DVAs). DVAs can be funded from travel entitlements, ERQ and RFCD balances, with cross-border online payments capped at USD 300 per transaction.

Exporters and e-commerce businesses may use DVAs and ERQ funds for eligible payments, while ADs can provide acquiring and settlement services for non-resident DVA holders paying local merchants.

FEPD-1 Circular No. 25 dated 29 July 2026

Consolidated Circular on Foreign Exchange Regulations for Export Trade



BB has issued a consolidated circular on foreign exchange regulations governing the export of goods and services. With the issuance of the consolidated circular, the previous instructions stand repealed, except for the reporting requirements contained in the Guidelines for Foreign Exchange Transactions (GFET), Volume 2.

The circular will remain valid for one year from the date of issuance, with subsequent instructions to be read in conjunction with it.

FEPD-1 Circular No. 26 dated 30 July 2026

Revised Declaration Requirements for Intercompany Import and Export



BB has revised the declaration requirements for intercompany import and export transactions involving parent companies, approved foreign subsidiaries, and overseas branch offices. The previous declaration confirming no relationship with the overseas counterparty is no longer required for such transactions. ADs must obtain the revised declaration and verify the legitimacy of the intercompany relationship through appropriate documentary evidence before processing transactions.

FEPD-1 Circular No. 27 dated 4 August 2026

Foreign Exchange (Bangladesh Bank)

[5/8]

Bangladesh Bank Permits OBUs to Undertake FX Transactions with Local Counterparties



BB has permitted Offshore Banking Units (OBUs) to undertake outright foreign currency purchase/sale and cross-currency swap transactions with their respective Domestic Banking Units (DBUs), other ADs, other OBUs and legitimate local counterparties. However, speculative trading is prohibited. OBUs are encouraged to adopt prudent and cost-effective foreign currency funding strategies. All other OBU guidelines remain unchanged.

FEPD-1 Circular No. 37 dated 21 September 2026

Consolidated Circular on Import-Related Foreign Exchange Regulations



BB has consolidated and updated all foreign exchange regulations relating to import transactions, replacing FE Circular No. 33/2025 and incorporating subsequent amendments into a single framework. It covers import trade, LCs, import payments, supplier's and buyer's credit, back-to-back LCs, alternative trade finance, digital trade documentation, and import-related transactions in specialised zones.

Previous instructions are repealed, except for reporting requirements under GFET Volume 2, and the circular remains valid for one year from the date of issuance.

FEPD-1 Circular No. 30 dated 13 August 2026

BB Permits Guarantees and SBLCs for Local Project Authorities



BB has authorised ADs to issue foreign currency guarantees and standby letters of credit (SBLCs) on behalf of resident entities supporting foreign companies awarded contracts through international tenders in Bangladesh. The facility covers bid bonds, performance guarantees, and SBLCs for resident strategic partners, local agents, and authorised representatives, subject to valid contractual arrangements, adequate collateral, and reimbursement mechanisms. Claims are generally settled in the Taka equivalent, although foreign currency settlement may be allowed where specifically required under the tender or contract.

FEPD-1 Circular No. 31 dated 27 August 2026

Foreign Exchange (Bangladesh Bank)

[6/8]

BB Reiterates 0.03% Central Fund Deduction Requirement for RMG Exporters



This circular reiterates the requirement for banks to deduct 0.03% of the export value from every L/C realised by 100% export-oriented RMG enterprises and deposit the amount into the Central Fund (RMG Sector) maintained at Sonali Bank. Banks must also report the deposited amounts and exporter details to the Ministry of Labour and Employment.

FEPD-1 Circular Letter No. 14 dated 30 August 2026

Consolidated Circular on Loans, Overdrafts, Guarantees and External Borrowings



Bangladesh Bank has issued a consolidated circular governing loans, overdrafts, guarantees and external borrowings. The circular sets out guidelines including provisions on Taka financing against overseas BGs/SBLCs, working-capital and term financing for eligible foreign-owned or controlled companies, and external borrowing arrangements. It also specifies eligibility conditions, debt-equity requirements, approval and documentation requirements, repayment procedures and reporting obligations, with separate provisions for enterprises operating in specialised zones.

FEPD-1 Circular No. 32 dated 2 September 2026

BB Permits Taka Account Remittances for HTP Enterprises Within Prescribed Limits



Bangladesh Bank has extended the existing facility under FE Circular No. 21 dated 16 May 2019 by allowing ADs, including OBUs for Type A enterprises, to effect outward remittances from Taka accounts of industrial enterprises in Hi-Tech Parks for royalty, technical know-how and technical assistance fees, within the prescribed limits. The limits remain 6% of the cost of imported machinery for new projects and 6% of the previous year's sales for existing businesses.

Prior specific approval from BHTPA is required for fees exceeding the prescribed limits and for other similar legitimate expenses, irrespective of the amount.

FEPD-1 Circular No. 15 dated 3 September 2026

Foreign Exchange (Bangladesh Bank)

[7/8]

Access to Finance against Funds held in OBUs as Collateral



BB has amended FE Circular No. 27 dated 3 July 2025 to broaden the scope of local currency financing that may be secured against eligible balances in private foreign currency accounts and non-resident foreign currency deposit accounts. Such balances may be used as collateral for short-term working capital financing in BDT for resident companies, firms and individuals, and for short-term or consumer financing in BDT for resident persons and NRBs, as applicable.

FEPD-1 Circular Letter No. 16 dated 3 September 2026

Release of Foreign Exchange for Travel Abroad



Bangladesh Bank has increased the annual foreign exchange travel entitlement for adult Bangladeshi nationals residing in Bangladesh from USD 12,000 to USD 18,000 or equivalent for travel abroad during a calendar year.

FEPD-1 Circular No. 33 dated 6 September 2026

Alignment of Foreign Exchange Guidelines with the Import Policy Order 2026–2029



Bangladesh Bank has aligned its foreign exchange guidelines with the Import Policy Order (IPO) 2026–2029, allowing open-account payments and imports under purchase-and-sale agreements without LCs. For export-oriented industries, the IPO permits local procurement through BDT back-to-back LCs, free-of-cost supplies, and bonded warehouse facilities.

FEPD-1 Circular Letter No. 17 dated 13 September 2026

Foreign Exchange (Bangladesh Bank)

[8/8]

Hedging of Commodity Price Risk for Import Transactions in International Markets



BB has allowed AD banks to facilitate commodity price hedging for eligible importers without prior approval. Importers may hedge up to 100% of genuine commodity exposures using internationally recognised instruments, subject to applicable documentation, risk management, and reporting requirements.

FEPD-1 Circular No. 34 dated 13 September 2026

BB Clarifies Approval Requirements for External Borrowing by Specialised-Zone Enterprises



BB has clarified that its approval is not required for medium- and long-term external borrowing by industrial enterprises in specialised zones registered with the Invest Bangladesh Authority (formerly BIDA). Such approval is therefore required only for specialised-zone enterprises not registered with the Invest Bangladesh Authority.

Economic Zone companies will instead submit loan proposals to the Invest Bangladesh Authority's Scrutiny Committee on Foreign Loan/Supplier's Credit.

FEPD-1 Circular No. 35 dated 14 September 2026

BB Clarifies Overdue Treatment for EDF Financing



Bangladesh Bank has clarified that, when determining the overdue status of deemed exporters in connection with Export Development Fund (EDF) financing, ADs may consider EDF financing for eligible producers' bulk imports where local delivery bills against back-to-back import LCs remain outstanding for no more than 270 days. This aligns the EDF overdue assessment with the maximum 270-day usance period permitted for back-to-back import LCs under FEPD-1 Circular No. 30 dated 13 August 2026.

FEPD-1 Circular Letter No. 36 dated 16 September 2026

02.

Others

The background features a gradient of blue and green hues. On the right side, there are several overlapping, wavy, ribbon-like shapes that create a sense of depth and movement. The overall aesthetic is modern and minimalist.

Import Policy Order 2026–2029



The Government of Bangladesh has introduced the Import Policy Order 2026–2029, replacing the previous framework and easing import procedures.

A key change is the removal of value ceilings on imports made through sales or purchase contracts without LCs, reducing reliance on traditional LC-based payments. The policy also introduces provisions for free trade zones and central bonded warehouses to strengthen trade, logistics and re-export activities.

Expatriate Bangladeshis will receive simplified facilities for importing capital machinery, machinery parts and raw materials for approved industrial investments. Export-oriented industries will also benefit from expanded access to raw materials and production inputs on a fee-at-cost basis.

Dated 24 August 2026

Our experience team of professionals combine deep industry knowledge, and regulatory insights are ready to assist your business needs.

Contact us



M Mehedi Hasan

Partner

E: mehedihasan@rrh.com.bd



Sarkar Nahidul Islam

Partner

E: nahidulislam@rrh.com.bd



Jashim Uddin Patwary

Director

E: JUddin@rrh.com.bd



Abidur Rahman

Associate Director

E: abidurrahman@rrh.com.bd



dhaka@rrh.com



<https://rrh.com.bd/>



Disclaimer

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 | Rahman Rahman Huq, Chartered Accountants, is a partnership firm established in 1962 and RRH Advisory Services Limited, a company incorporated in Bangladesh. All rights reserved. The RRH name and logo are registered trademarks of Rahman Rahman Huq.