

STRATEGIC ADVISORY SERIES

Transfer of Shares & Repatriation of Sale Proceeds

Master Circular Guidelines for Non-Resident Investors

SOURCE REFERENCE

Bangladesh Bank
FEID Circular No. 01
8 March 2026

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Overview & Regulatory Framework

BANGLADESH BANK FEID CIRCULAR NO. 01



Regulatory Authority

Issued by **Bangladesh Bank**, Foreign Exchange Investment Department (FEID).



Legal Reference

Aligned with **GFET 2018, Volume-1**, Chapter 9, Paragraphs 2(B) & 3(B).



Updates & Supersession

Supersedes FEID Circular No. 1 (06 May 2018) and FEID Circular Letter No. 01 (18 June 2020).



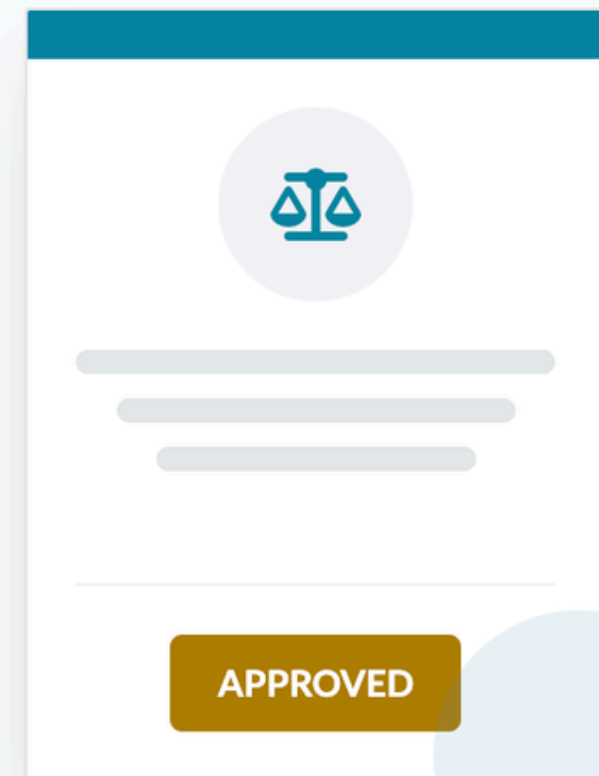
Core Objectives

To **liberalize repatriation** procedures and rationalize/simplify the valuation and reporting process for foreign investors.



Scope of Coverage

Applicable to share transfers in **unlisted private and public limited companies** operating in Bangladesh.

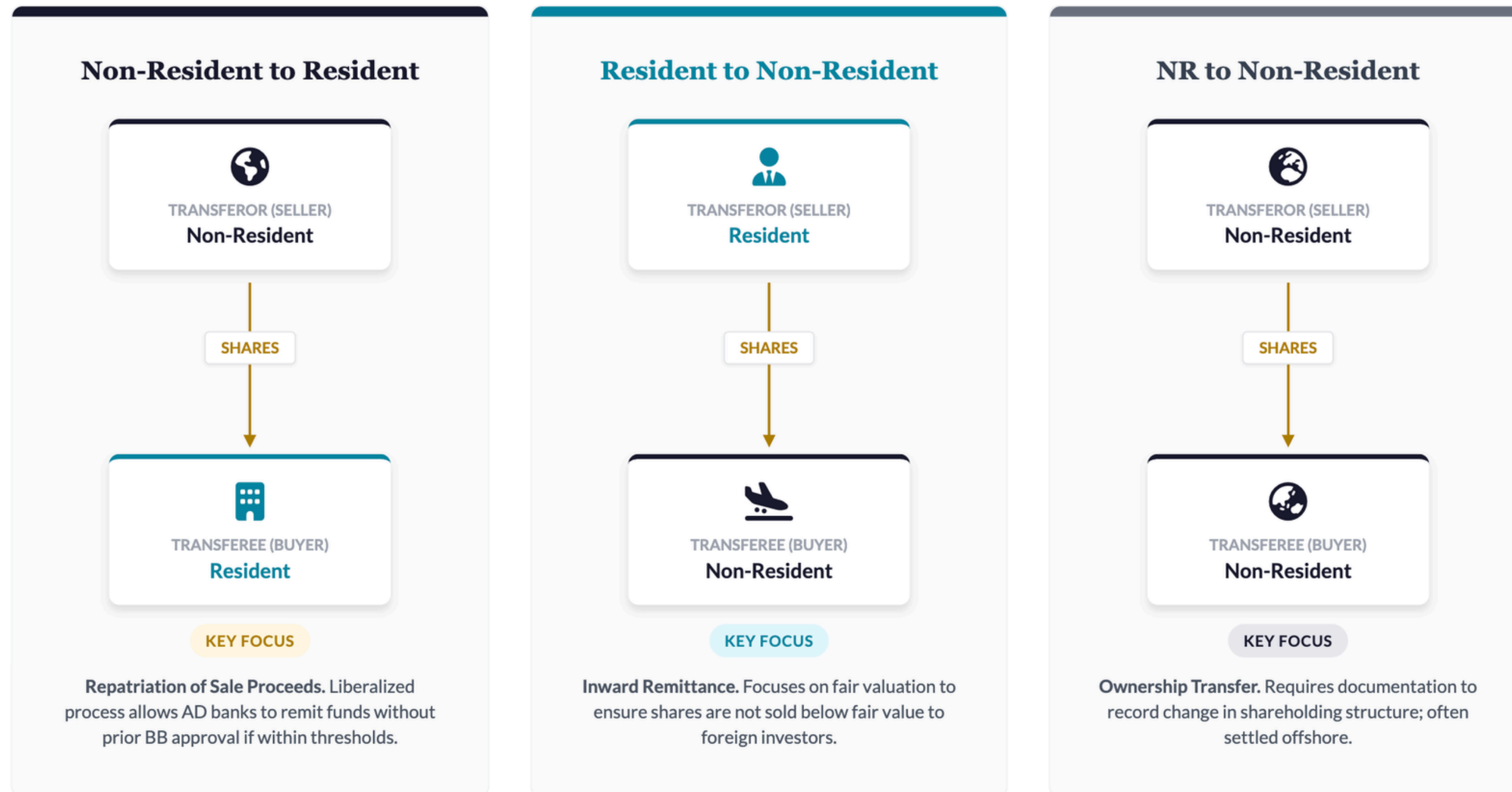


FEID Circular No. 01

March 8, 2026



The Master Circular covers three primary categories of share transfers involving non-resident investors in unlisted companies. Each scenario has distinct regulatory implications.


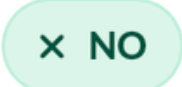
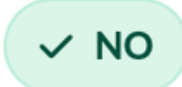




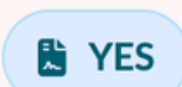
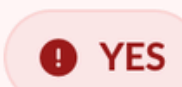


Threshold Framework Overview

VALUATION & APPROVAL REQUIREMENTS BY DEAL VALUE



The regulatory requirements for valuation reporting and approval authority are determined by the total deal value in Bangladeshi Taka (BDT). This tiered structure simplifies processing for smaller transactions while maintaining oversight for large-scale transfers.

| Deal Value Threshold | Independent Valuation Required? | Prior BB Approval Required? |
|--|--|---|
|  ≤ BDT 10 Million SMALL SCALE |  NO Joint statement from buyer & seller is sufficient. |  NO Processed by AD Bank. |
|  > 10M to ≤ 1 Billion MEDIUM TO LARGE SCALE |  YES Must be determined by an independent valuer. |  NO Processed by AD Bank (CFO/CEO Committee). |
|  > BDT 1 Billion MEGA SCALE |  YES Comprehensive independent valuation report required. |  YES Requires Bangladesh Bank Prior Approval. |

Important Exception for Repatriation (NR → R)

If the deal value does not exceed the Net Asset Value (NAV) based on the latest audited financial statements, AD banks may allow repatriation without prior Bangladesh Bank approval, **irrespective of the transaction amount.**





01

✓ NO PRIOR APPROVAL

The NAV Exception Rule

Deal Value \leq Net Asset Value (NAV)

AD banks are authorized to repatriate sale proceeds without prior Bangladesh Bank approval, **irrespective of the transaction amount**, provided the deal value does not exceed the NAV based on the latest audited financial statements.

02

✓ NO PRIOR APPROVAL

Small Transaction Exemption

Deal Value \leq BDT 10 Million

For small-scale transfers, an **independent valuation report is not required**. Repatriation can be processed based on a joint statement signed by both the buyer and the seller confirming the negotiated price.

03

✓ NO PRIOR APPROVAL

Standard Valuation Route

BDT 10 Million $<$ Value \leq BDT 1 Billion

AD banks may process repatriation based on fair value determined by an **independent valuer**. The valuation must be vetted by the AD bank's internal committee (headed by CFO/CEO) without needing central bank intervention.

04

⚠ BB APPROVAL REQUIRED

Large Value Threshold

Deal Value $>$ BDT 1 Billion

Transfers exceeding BDT 1 Billion generally require **prior approval from Bangladesh Bank** unless the transaction value is at or below the NAV (falling under Rule #1). Independent valuation is mandatory.



Resident to Non-Resident & NR to NR Transfers

OUTBOUND & CROSS-BORDER TRANSACTION GUIDELINES



Approval Exemption

Generally, **no prior approval** from Bangladesh Bank is required if the transfer is executed at fair value within the stipulated thresholds.



Small Deal Threshold

For deal values \leq **BDT 10 million**, an independent valuation report is not required. A joint statement from the buyer and seller certifying the price suffices.



Bank Governance

All valuations (above BDT 10 million) must be evaluated by the **Authorized Dealer (AD)** Bank's internal committee prior to processing the transfer.



Recent Issuance Rule

For shares issued within the last **1 year**, the transfer price must be consistent with the latest issue price to ensure valuation fairness.

CROSS-BORDER



RESIDENT

SHARES



NON-RES

Fair Value Check

✓ VERIFIED



Deal Value > 10M BDT



Independent Valuation



General Procedural Requirements

END-TO-END EXECUTION TIMELINE





Evaluation Committee Structure



SMALL DEAL

CFO-Led Committee

Chief Financial Officer

DEAL THRESHOLD

≤ BDT 10 Million

- ✓ Simplified evaluation process
- ✓ Review joint statements or simplified valuation reports



LARGE DEAL

CEO-Led Committee

Chief Executive Officer

DEAL THRESHOLD

> BDT 10 Million

- ✓ Comprehensive due diligence required
- ✓ Must evaluate independent valuation reports in depth

KEY RESPONSIBILITIES



Verify genuineness of documents & underlying transaction



Assess reasonableness of valuation methodology



Record detailed minutes of the evaluation meeting

Service Level Agreements (SLAs)

05

EXECUTION TIMELINE

Working Days

To execute repatriation if no discrepancies found



03

FORWARDING TIMELINE

Working Days

To forward application to BB when prior approval required



Valuation Methods Overview

TRIAD OF INTERNATIONALLY RECOGNIZED APPROACHES



assessment of share price. Valuers must exercise professional judgment to reconcile these into a concluded fair value.



Asset-Based

NET ASSET VALUE (NAV)

Determines value based on the fair market value of the company's total assets minus total liabilities.

- ✓ Adjusted Net Assets
- ✓ Revaluation Limits
- ✓ Intangible Constraints



Market Approach

RELATIVE VALUATION

Estimates value by comparing the target company to similar publicly traded companies in Bangladesh.

- ✓ P/E, P/B, P/S Multiples
- ✓ Peer Group Analysis
- ✓ Outlier Adjustments



Income Approach

DISCOUNTED CASH FLOW

Projects future cash flows and discounts them to present value using an appropriate risk-adjusted rate.

- ✓ Free Cash Flow (FCF)
- ✓ WACC / BGTB Yield
- ✓ Sensitivity Analysis





CORE PRINCIPLE

$$\text{NAV} = \text{Fair Market Value of Assets} - \text{Total Liabilities}$$

Revalued Intangible Assets **EXCLUDED**

Upward Revaluation Timing

Strict time-lags apply to prevent frequent manipulation.

- > Minimum **2 Years** must elapse since acquisition before an asset can be revalued upwards.
- > Minimum **3 Years** time-lag required between two consecutive valuations of the same class of assets.

Abnormal Asset Growth

Significant deviations from industry norms trigger scrutiny.

- > Growth of total assets is considered "abnormal" if it exceeds the industry average by more than **10%**.
- > Any such variance observed in any of the last **3 years** requires specific justification in the valuation report.

Leasehold Land Eligibility

Only long-term leasehold interests are eligible for revaluation.

- > The total lease period of the land must be at least **99 Years**.
- > The remaining lease period at the time of valuation must be at least **10 Years**.

Second-Hand Assets

Applies to machinery and factory buildings.

- > Asset must have at least **50%** of its economic useful life remaining.
- > Valuer must provide evidence of adequate maintenance to justify the revalued amount.



Income Approach (DCF)

PROJECTION STANDARDS & DISCOUNT RATE RULES



DISCOUNT RATE FLOOR RULE

Discount Rate = MAX(Calculated WACC, 20-Year BGTB Yield)

 Yield Floor: **MANDATORY**

Historical Foundation

Projections must be grounded in actual performance.

- > Valuation must include analysis of at least **5 Years** of audited historical financial statements.
- > Future projections must be supported by clearly documented operational drivers and reasonable assumptions.

Discount Rate Mechanics

Strict adherence to the sovereign yield floor is required.

- > WACC must be calculated using CAPM (Risk-Free Rate + Beta × Equity Risk Premium).
- > If WACC is lower than the **20-Year Bangladesh Govt Treasury Bond (BGTB)** yield, the BGTB yield must be used.

Terminal Value

Long-term value estimation methodology.

- > Terminal value should be calculated using the Gordon Growth Model (GGM) or Exit Multiple method.
- > Perpetual growth rates and exit multiples must be justified against industry norms and economic conditions.

Sensitivity Analysis

Required to assess valuation range stability.

- > Report must include sensitivity tables showing impact of key variable changes (e.g., +/- 1-2%).
- > Key variables to test include Revenue Growth, EBITDA Margins, and WACC/Discount Rate.



Market Approach (Multiples)

PEER COMPARISON & STATISTICAL METHODOLOGY



PRIMARY VALUATION METRICS

P/E Ratio

P/B Ratio

P/S Ratio

Derived from Comparable Companies

Peer Requirement: **Bangladesh Listed Companies**

Peer Group Selection

Selection must be justified by business model.

- > Must select listed companies in Bangladesh within the **same industry**.
- > If local peers are unavailable, foreign peers may be considered with strong justification on comparability.

12-Month Averaging

Smoothing technique to mitigate volatility.

- > Valuation must use the average of **month-end** market values.
- > The calculation period covers the last **12 months** prior to the valuation date.

Statistical Filtering

Mandatory removal of extreme outliers.

- > Extreme values must be disregarded using the statistical range: **Mean \pm 2.5 Standard Deviations**.
- > Ensures the multiples used are representative of the true market sector.

Adjustment Factors

Refining value for unlisted status.

- > Appropriate discounts for **Lack of Marketability (DLOM)** due to unlisted nature.
- > Adjustments for size differences, liquidity, and growth prospects must be logically documented.



Industry-Specific Application of Valuation Multiples

Part 3: Valuation Methodologies

| Industry / Sector | Primary Multiple | Rationale |
|------------------------------------|--------------------------|---|
| Manufacturing & Trading | P/E | Reflects profitability and efficiency in cost management |
| Financial Services (Banks & NBFIs) | P/B | Loans, advances and equity capital are core value drivers |
| Service & Asset-Light Industries | EV/EBITDA | Useful for comparing firms with different capex and depreciation profiles |
| Tech Startups & High-Growth Firms | P/S or DCF | Many lack profitability; captures revenue growth and future potential |
| Real Estate & Holding Companies | NAV / Asset-Based | Land, property and subsidiary equity form the majority of intrinsic value |

Valuer Qualifications & Independence

ENSURING INTEGRITY & ACCOUNTABILITY



Eligible Valuers

Must be **Merchant Bankers** licensed by BSEC or **Chartered Accountants** listed with Bangladesh Bank or BSEC.



Strict Independence

Valuers must have **NO relationship** with the target company, buyer, or seller to ensure strictly unbiased reporting.



Professional Duties

Required to conduct robust due diligence, maintain detailed working papers, and ensure **partner-level sign-off**.



Full Liability

Valuers remain **fully liable** for errors, omissions, or misstatements. Fraud or forgery is punishable under existing laws.



Regulatory Reassessment

Bangladesh Bank reserves the **right to reassess** value if asset overvaluation or liability undervaluation is detected.



Audited & Verified

Stringent Regulatory Standards



Required Documentation (Core)

MANDATORY CHECKLIST FOR ANNEXURE-B COMPLIANCE



i The following documents must be submitted to the Authorized Dealer bank for all share transfer applications.

● LEGAL ● FINANCIAL ● CORPORATE



Memorandum of Understanding

Signed agreement between buyer and seller outlining terms, price, and conditions of the share transfer.

MANDATORY



Form 117 (Transfer Deed)

Instrument of transfer duly endorsed by the Registrar of Joint Stock Companies & Firms (RJSC).

MANDATORY



Schedule-X

Annual summary of share capital and list of shareholders/directors, certified by RJSC.

MANDATORY



Share Valuation Report

Independent valuation report (for deals > BDT 10M) determining fair value per share.

CONDITIONAL



Audited Financials

Audited financial statements for the last 5 years (or since inception if less than 5 years).

MANDATORY



Tax Clearance Certificate

Proof of tax compliance for the target company and relevant parties involved in the transaction.

MANDATORY



CIB Report

Credit Information Bureau report ensuring no loan defaults by the company or directors.

MANDATORY



Board Resolution

Official resolution from the target company's Board of Directors approving the share transfer.

MANDATORY



Required Documentation (Additional)

SUPPORTING DOCUMENTS & TRANSACTION SPECIFICS



i Corporate documents are required if not previously reported/updated. Transaction documents are mandatory.

● CORPORATE ● REGULATORY ● FINANCIAL



Certificate of Incorporation

Foundational legal document proving the existence of the company, issued by RJSC.

IF NOT ON FILE



MOA & AOA

Memorandum and Articles of Association defining the company's constitution and internal regulations.

IF NOT ON FILE



Form XII

Particulars of the Directors, Managers, and Managing Agents, ensuring current leadership records.

IF NOT ON FILE



Form-XV

Return of Allotment showing the history of share issuance and current paid-up capital structure.

IF NOT ON FILE



Authority Registrations

Valid registration with BIDA, BEPZA, BEZA, or BHTPA depending on the company's jurisdiction.

IF APPLICABLE



Form-C (Encashment)

Proof of inward remittance of foreign funds used for tax/duty payments or share purchase.

TRANSACTIONAL



TM Form

Foreign Exchange Transaction Form with a generated transaction ID for reporting.

TRANSACTIONAL



AD Verification

Authorized Dealer must certify that the company profile is up-to-date in the BB system.










COMPLIANCE



Key Timelines & Deadlines

CRITICAL REGULATORY & OPERATIONAL SCHEDULES



| REQUIREMENT CATEGORY | DESCRIPTION / CONTEXT | REGULATORY LIMIT |
|--|---|---|
|  Audited Financial Statements | Maximum age of audited accounts relative to the MoU signing date. |  ≤ 6 Months |
|  Transfer Execution | Timeframe to complete share transfer after signing MoU or receiving BB approval. |  45 Days |
|  AD Repatriation Execution | SLA for AD banks to execute repatriation if no discrepancies are found. |  05 Working Days |
|  Forwarding to Bangladesh Bank | SLA for AD banks to forward applications when prior BB approval is required. |  03 Working Days |
|  Post-Facto Reporting | Deadline for ADs to report the completed transfer transaction to Bangladesh Bank. |  14 Days |
|  Valuation Consistency | Period for which transfer price must remain consistent with the latest issue price. |  01 Year |
|  Market Multiples Period | Lookback period for calculating average month-end values for peer multiples. |  12 Months |



Taxes, Duties & Funding

COMPLIANCE REQUIREMENTS FOR SETTLEMENT



Foreign Source Requirement

Non-residents must pay **Capital Gain Tax** and **Stamp Duty** exclusively using funds remitted from abroad. Local funds cannot be used for these settlements.



Target Company Restrictions

The target company is strictly prohibited from paying these taxes or duties on behalf of the non-resident investor under any circumstances.



Proof of Inflow

An **Encashment Certificate (Form-C)** is mandatory. It serves as irrefutable proof that foreign currency was brought in specifically for these payments.



AD Verification Duty

Authorized Dealer banks must **verify tax/duty settlement** and confirm the source of funds via Form-C prior to processing any repatriation of sale proceeds.

STEP 1



Remit Foreign Funds

Inward Remittance



STEP 2



Obtain Form-C

Proof of Encashment



STEP 3



Pay Tax & Duty

Settlement to Government



Target Company Funds cannot be used for these payments.



Penalties & Regulatory Rights

BANGLADESH BANK FEID CIRCULAR NO. 01



Fraud & Misrepresentation

Any fraud, forgery, or misrepresentation committed by the valuer or any involved party shall be subject to **punishment under the relevant provisions** of existing laws.



Valuer Liability

Valuers remain **fully liable** for any errors, omissions, misstatements, or anomalies in the valuation report, regardless of acceptance by regulatory bodies.



Regulatory Reassessment

Bangladesh Bank reserves the **right to reassess** and override valuations if overvaluation of assets or undervaluation of liabilities is observed during review.



AD Bank Accountability

Authorized Dealer (AD) banks are accountable for conducting **due diligence** on document completeness and strictly adhering to all reporting timelines.



Compliance Alert

- ✓ Legal Adherence
- ✓ Valuer Integrity
- ✓ Strict Oversight

⚠ ZERO TOLERANCE



Key Annexures & Forms

ESSENTIAL REGULATORY INSTRUMENTS & CHECKLISTS



i Critical documentation referenced in FEID Circular No. 01 for compliance and reporting.

● GUIDELINES **●** RJSC FORMS **●** BANKING/FX



Annexure-A

Indicative guidelines on determination of fair value of shares for unlisted companies (NAV, Market, DCF).

VALUATION



Annexure-B

Comprehensive checklist of required documents to be submitted for share transfer applications.

CHECKLIST



Form 117

Instrument of Transfer for shares, duly endorsed by the Registrar of Joint Stock Companies (RJSC).

TRANSFER DEED



Schedule-X

Annual summary of share capital and list of shareholders and directors, certified by RJSC.

SUMMARY



Form XII

Particulars of the Directors, Manager, and Managing Agents of the company filed with RJSC.

DIRECTORS



Form-XV

Return of Allotment of shares, verifying the issuance details and capital structure.

ALLOTMENT



Form-C

Encashment Certificate proving inward remittance of foreign funds for share purchase or taxes.

REMITTANCE



TM Form

Transfer of Money form for foreign exchange transactions containing specific transaction IDs.

FX FORM



Summary Comparison Matrix

KEY PARAMETERS ACROSS TRANSACTION TYPES



| Parameter | Non-Resident ↓ Resident | Resident ↓ Non-Resident | Non-Resident ↓ Non-Resident |
|--------------------------|--|--|--|
| Prior BB Approval | <p>NOT REQUIRED If ≤ NAV (any amount) OR ≤ BDT 1B (w/ Valuation)</p> <p>REQUIRED If > BDT 1B (unless ≤ NAV)</p> | <p>NOT REQUIRED If ≤ BDT 1B (w/ Fair Value)</p> <p>REQUIRED If > BDT 1B</p> | <p>NOT REQUIRED If ≤ BDT 1B (w/ Fair Value)</p> <p>REQUIRED If > BDT 1B</p> |
| Valuation Req. | <p> ≤ 10M: Joint Statement > 10M: Indep. Valuation</p> | <p> ≤ 10M: Joint Statement > 10M: Indep. Valuation</p> | <p> ≤ 10M: Joint Statement > 10M: Indep. Valuation</p> |
| AD Committee | <p>DEAL ≤ 10 MILLION Headed by CFO</p> | | <p>DEAL > 10 MILLION Headed by CEO</p> |
| Key Timelines | <p>45 TRANSFER Days</p> | <p>05 EXECUTION Working Days</p> | <p>14 REPORTING Days</p> |
| | Remit net proceeds | Foreign Funds | Tax Compliance |



Key Takeaways

STRATEGIC INSIGHTS & OPERATIONAL IMPERATIVES



01

Liberalized Repatriation

Prior BB approval is no longer required for repatriating proceeds up to **BDT 1 Billion** (at fair value) or for any amount if the deal value is at or below NAV.



02

Simplified Small Deals

Transactions **≤ BDT 10 Million** are exempt from independent valuation requirements. A joint statement from the buyer and seller is sufficient.



03

Valuation Triad

Mandatory adoption of three internationally recognized methods: **NAV, Market Approach, and DCF**, with strict regulatory guardrails for each.



04

Valuer Independence

Enhanced accountability standards. Valuers are fully liable for errors or misstatements, and fraud is punishable under existing laws. BB retains right to reassess.



05

Operational Efficiency

Strict adherence to timelines: **45 days** for transfer completion, **5 working days** for AD execution, and **14 days** for reporting.



06

Governance & Oversight

Comprehensive documentation (Annexure-B) and mandatory AD Bank Committee reviews ensure compliance, transparency, and proper tax/duty settlement.





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