

## Frequently Asked Questions

Questions	Answer
<b>Export of goods</b>	
1. How is the newly introduced process refinement for export measure different from previous process?	<ul style="list-style-type: none"> <li>• The 25% retention policy remains but the newly introduced flexibility will reduce cost of doing business by removing the conversion and reconversion process.</li> <li>• Exporters may now automatically sweep export proceeds into their Trade FCA up to the higher of-               <ul style="list-style-type: none"> <li>(i) 25% of export proceeds; or</li> <li>(ii) up to six months foreign currency obligation, subject to documentary proof.</li> </ul>               The balance of which shall be converted into ringgit.             </li> </ul>
2. How soon are onshore banks expected to adopt the new process refinement for export measure?	<ul style="list-style-type: none"> <li>• The process refinement is an option for the banks to adopt. However, BNM strongly encourage banks to adopt the process soonest possible.</li> </ul>
3. What are the eligible foreign currency obligation?	<ul style="list-style-type: none"> <li>• The six months foreign currency obligation refers to foreign currency import and loan repayment obligation, as well as current international transactions.</li> </ul>
<b>Hedging</b>	
4. Can a resident use domestic invoice denominated in foreign currency as underlying for hedging?	<ul style="list-style-type: none"> <li>• Resident may hedge foreign exchange exposure arising from foreign currency-denominated domestic invoice upon approval from BNM.</li> </ul>
5. Can a resident undertake hedging of foreign currency obligations beyond six months?	<ul style="list-style-type: none"> <li>• Resident may hedge foreign currency obligation beyond six months upon approval from BNM.</li> </ul>
6. How can a resident submit application for hedging?	<ul style="list-style-type: none"> <li>• Application can be submitted to-               <p style="margin-left: 40px;">Director Foreign Exchange Administration Department Bank Negara Malaysia Jalan Dato' Onn 50480 Kuala Lumpur</p> </li> </ul>

<b><i>Appointed overseas office</i></b>	
<p>7. Can non-residents transact ringgit interest rate derivative via appointed overseas office?</p>	<ul style="list-style-type: none"> <li>• Yes. Transactions of non-resident banking institution must be supported by firm underlying. For other non-resident clients, transactions can be undertaken with or without underlying.</li>   <li>• Notwithstanding the above, all interest rate derivatives embedded with buying and selling of ringgit against foreign currency (for example, cross currency interest rate swap) shall be subject to firm underlying.</li> </ul>

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