

TO WHOM IT MAY CONCERN

Tuan,

**Supplementary Notice (No. 6) on Foreign Exchange Administration Rules and  
Amendment to the Definitions of the Notices on Foreign Exchange  
Administration Rules**

Bank Negara Malaysia (“Bank”) issues this Supplementary Notice (No. 6) following the Notices on Foreign Exchange Administration Rules issued on 28 June 2013 (“2013 Notices”) and other Supplementary Notices on Foreign Exchange Administration Rules as listed in **Appendix 1**.

**Part A – Foreign Exchange Transactions**

**A.1 Buying and selling of currency for current account transactions**

2. A resident is allowed to sell ringgit against foreign currency with a licensed onshore bank (“LOB”) on forward basis **up to the underlying tenure** of its–
- (a) foreign currency import payments<sup>1</sup> with a non-resident; or
  - (b) other current account transactions<sup>2</sup> in foreign currency with a non-resident,

collectively referred to as “foreign currency current account obligations”. The illustrations are set out in **Appendix 2**.

3. A non-resident is allowed to buy or sell ringgit against foreign currency with an appointed overseas office (“AOO”) on anticipatory basis for settlement of international trade in goods or services.

4. All foreign exchange transactions undertaken under paragraph 2 or 3 above shall be guided by the Minimum Due Diligence for Foreign Exchange Transactions for Residents and Non-Residents<sup>3</sup> (“Minimum Due Diligence”) documents in ensuring compliance with paragraph 2 or 3 as the case may be.

---

<sup>1</sup> Goods and services.

<sup>2</sup> Payment of fees, commission, royalties, or income including wages, salaries, dividends, profits or interests.

<sup>3</sup> Accessible at <http://www.ppkm.net/>.

## A.2 Buying and selling of currency on behalf of related entity

5. A resident entity is allowed to buy or sell ringgit against foreign currency on behalf of a **resident** and/or **non-resident** entity within its group of entities with a LOB. For the buying and selling of ringgit against foreign currency on behalf of a non-resident entity for financial account transaction, it shall be undertaken on firm commitment basis only.

6. A non-resident entity undertaking centralised treasury management functions<sup>4</sup>, where an entity within its group of entities is a foreign direct investor in Malaysia<sup>5</sup>, is allowed to buy or sell ringgit against foreign currency on behalf of–

- (a) a **resident** entity within its group of entities with a LOB on firm commitment or anticipatory basis; and
- (b) a **resident** entity within its group of entities with an AOO provided that–
  - (i) the buying and selling of ringgit against foreign currency for purposes other than settlement of international trade in goods or services shall be undertaken on firm commitment basis; and
  - (ii) the non-resident entity is registered with the Bank. The registration can be made by submitting the Non-Resident Corporate Treasury Registration Form in **Appendix 3**. The Bank shall notify in writing upon acceptance of the registration.

7. A non-resident entity undertaking centralised treasury management functions<sup>6</sup> is allowed to buy or sell ringgit against foreign currency on behalf of a **non-resident** entity within its group of entities with a LOB or an AOO.

8. All foreign exchange transactions undertaken under paragraph 5, 6 or 7–

- (a) shall not apply to a non-resident financial institution;
- (b) shall be supported by proof of underlying, where relevant, and shall be guided by the Minimum Due Diligence document; and

---

<sup>4</sup> Refers to a non-resident entity that is mandated to undertake centralised foreign exchange risk management activities for its group of entities.

<sup>5</sup> The investment in Malaysia may be undertaken directly or through any non-resident entity within its group of entities.

<sup>6</sup> Refers to a non-resident entity that is mandated to undertake centralised foreign exchange risk management activities for its group of entities.

- (c) shall comply with the 2013 Notices, other Supplementary Notices as listed in **Appendix 1** and this Supplementary Notice (No. 6).

9. For purposes of paragraphs 6 and 7, “**group of entities**” means a non-resident entity’s–

- (a) ultimate holding entity;
- (b) parent or head office;
- (c) branch;
- (d) subsidiary where the non-resident entity owns more than 50% of shares in the subsidiary;
- (e) associate company where the non-resident entity owns between 10% and 50% of shares in the associate company; or
- (f) sister company where the non-resident entity and its sister company have a common shareholder.

## **Part B – Amendment to the Definitions of the Notices on Foreign Exchange Administration Rules**

10. The definition of “domestic ringgit borrowing” in the Definitions of the 2013 Notices is replaced with the following:

“**domestic ringgit borrowing**” means borrowing in ringgit obtained by a resident from another resident excluding–

- (a) a borrowing obtained by a resident entity from another resident entity within its group of entities with parent-subsidiary relationship; and
- (b) any credit facility or financing facility (including corporate credit cards and corporate charge cards), and other facility obtained by a resident entity, which is used for sundry expenses<sup>7</sup> and employees’ expenses<sup>8</sup> only.

---

<sup>7</sup> Sundry expenses refer to expenses that are small in amount and infrequent including office supplies (e.g. stationaries), purchase of ancillary services (e.g. software and online subscription) and other minor expenses to facilitate daily business operations of the entity.

<sup>8</sup> Employees’ expenses refer to business-related expenses, which may include, but not limited to, travel (e.g. lodging and transportation), entertainment, health, insurance, Takaful and other employees’ expenses other than for investment.

## **Part C – Miscellaneous**

11. This Supplementary Notice (No. 6) is issued by the Bank in exercise of the powers conferred by sections 214(2), 214(5) and 261 read together with Schedule 14 of the Financial Services Act 2013 and sections 225(2), 225(5) and 272 read together with Schedule 14 of the Islamic Financial Services Act 2013.

12. Following the issuance of this Supplementary Notice (No. 6), Parts A and B of Notice 1 of the 2013 Notices, and paragraph 2(b) of Supplementary Notice (No. 5) are amended accordingly.

13. This Supplementary Notice (No. 6) shall take effect on **30 August 2019** and be read together with 2013 Notices and other Supplementary Notices as listed in **Appendix 1**. If there is any inconsistency between this Supplementary Notice (No. 6) and 2013 Notices and other Supplementary Notices as listed in **Appendix 1**, this Supplementary Notice (No. 6) shall prevail only to the extent of such inconsistency.

**Supplementary Notices on Foreign Exchange Administration Rules**

- (a) Supplementary Notice on Foreign Exchange Administration Rules – Measures to Promote The Development of Malaysian Financial Market dated 2 December 2016 (“Supplementary Notice”)
- (b) Supplementary Notice (No. 2) on Foreign Exchange Administration Rules and Amendment to the Definitions of the Notices on Foreign Exchange Administration Rules – Measures to Promote Development of Malaysian Financial Market dated 2 May 2017 (“Supplementary Notice (No. 2)”)
- (c) Supplementary Notice (No. 3) on Foreign Exchange Administration Rules – Measures to Promote Development of Malaysian Financial Market dated 8 September 2017 (“Supplementary Notice (No. 3)”)
- (d) Supplementary Notice (No. 4) on Foreign Exchange Administration Rules dated 17 August 2018 (“Supplementary Notice (No. 4)”)
- (e) Supplementary Notice (No. 5) on Foreign Exchange Administration Rules dated 27 March 2019 (“Supplementary Notice (No. 5)”)

**Buying and selling of currency for current account transactions (paragraph 2)**

**Illustration**

Resident A has foreign currency current account obligations of **USD30 million** for the next 3 years. Of the amount, the foreign currency current account obligations due within the next 12 months is **USD10 million**.

	Previous	Effective 30 August 2019
<b>Prevailing rules</b>	A resident is allowed to sell ringgit against foreign currency up to its <b>twelve (12) months</b> foreign currency current account obligations.	A resident is allowed to sell ringgit against foreign currency up to the <b>underlying tenure</b> of its foreign currency current account obligations.
<b>Permitted transaction</b>	<p>Permitted forward basis transaction</p> <p><b>USD10 mil</b></p> <p>T=0      T+12                      T+36</p>	<p>Permitted forward basis transaction</p> <p><b>USD30 mil</b></p> <p>T=0      T+12                      T+36</p>

*(Please use entity's letter head)*

**Non-Resident Corporate Treasury Registration Form**

To: Director  
 Foreign Exchange Administration Department  
 Bank Negara Malaysia  
 Jalan Dato' Onn, 50480 Kuala Lumpur

Legal Name of Treasury Centre: \_\_\_\_\_  
 Date of incorporation: \_\_\_\_\_  
 Holding company: \_\_\_\_\_  
 Principal activities of the group: \_\_\_\_\_  
 Registered address: \_\_\_\_\_

Contact person: Name: \_\_\_\_\_ Name: \_\_\_\_\_  
 Designation: \_\_\_\_\_ Designation: \_\_\_\_\_  
 Tel: \_\_\_\_\_ Tel: \_\_\_\_\_  
 Email: \_\_\_\_\_ Email: \_\_\_\_\_

Hedging on behalf of<sup>1</sup>–

Name of entity	Relationship	Type <sup>2</sup> of FX exposure managed	Estimated hedging amount <sup>3</sup> p.a. (RM)

Counterparty Bank<sup>4</sup>:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

On behalf of [insert institution's legal name], I hereby -

1. confirm all information provided in this form is correct and complete;
2. undertake to inform Bank Negara Malaysia (BNM) via email to [corporateregister@bnm.gov.my](mailto:corporateregister@bnm.gov.my) upon submission of the registration form;
3. agree that the information provided will be processed and kept by BNM on a confidential basis;
4. agree that the flexibility granted will be utilised to manage currency exposure;
5. acknowledge that BNM may disclose such information in its compliance with any legal or regulatory requirements, including any order of court;
6. agree to provide proof of documentary evidence upon request by BNM; and
7. consent to BNM to contact the Counterparty Bank(s) listed above for all queries.

Authorised Signatory<sup>5</sup>:

Name:  
 Designation & Department:  
 Date:

Company Stamp:

<sup>1</sup> Non-resident shall notify the Bank of any additional related entity, which it undertakes hedging on behalf for, after the initial registration has been sent via email to [corporateregister@bnm.gov.my](mailto:corporateregister@bnm.gov.my).  
<sup>2</sup> Investment/capital, dividend, income, borrowing, interest, export, import and others. Notification to the Bank is not required for any changes to this column.  
<sup>3</sup> Notification to the Bank is not required for any changes to this column.  
<sup>4</sup> Apply to both licensed onshore bank and appointed overseas office.  
<sup>5</sup> Chief Executive Officer or an officer of similar standing.