
PAYMENTS

Part A: Payment for an approved transaction

Payment for transaction approved by the Bank 1. Any person is allowed to make or receive a payment arising from a transaction as set out under any of the Notices or as approved by the Bank.

Part B: Payment in ringgit

Payment in ringgit between resident and non-resident 2. A resident is allowed to make or receive payment in ringgit, in Malaysia, to or from a non-resident, as follows:

- (a) The settlement of a ringgit asset including any income and profit due from the ringgit asset;
- (b) the settlement of trade in goods;
- (c) the settlement of services, in any manner;
- (d) income earned or expense incurred, in Malaysia;
- (e) the settlement of a commodity murabahah transaction between a resident and non-resident participant undertaken through a resident commodity trading service provider;
- (f) the settlement of reinsurance for domestic insurance business or retakaful for domestic takaful business between a resident and a person licensed to undertake Labuan insurance or takaful business;
- (g) the settlement of a non-financial guarantee denominated in ringgit issued by a person licensed to undertake Labuan banking business in favour of a resident; or
- (h) for any purpose between immediate family

members.

- Payment in ringgit between non-residents**
3. A non-resident is allowed to make or receive payment in ringgit, in Malaysia, to or from another non-resident, as follows:
- (a) The settlement of a ringgit asset including any income and profit due from the ringgit asset;
 - (b) the settlement of domestic trade in goods or services in Malaysia;
 - (c) income earned or expense incurred, in Malaysia;
 - (d) the settlement of a commodity murabahah transaction between non-resident participants undertaken through a resident commodity trading service provider; or
 - (e) for any purpose between immediate family members.

Part C: Payment in foreign currency

- Payment in foreign currency between residents**
4. (1) A resident is allowed to make or receive payment in foreign currency, to or from another resident, as follows:
- (a) A transaction between the resident and a licensed investment bank, a licensed international takaful operator or an international currency business unit of a licensed takaful operator in carrying out its business, as the case may be;
 - (b) the settlement of any security, Islamic security, financial instrument or Islamic financial instrument denominated in foreign currency approved by the Bank;
 - (c) the settlement of domestic trade in goods or services by the resident entity with export earnings to another resident entity using foreign currency funds in

foreign currency account II or proceeds from approved foreign currency trade financing facility in accordance with the requirements under Part A of Notice 2;

- (d) the settlement of a derivative denominated in foreign currency, other than exchange rate derivatives, transacted on a Specified Exchange stipulated under the Capital Markets and Services Act 2007 [Act 671] between the resident and a resident futures broker;
- (e) the settlement of a commodity murabahah transaction between resident participants undertaken through a resident commodity trading service provider; or
- (f) the settlement for education or employment overseas.

(2) A resident individual is allowed to make or receive payment in foreign currency, for any purpose to or from an immediate family member.

Payment in foreign currency between resident and non-resident

5. (1) A resident is allowed to make or receive payment to or from a non-resident in foreign currency for any purpose, other than for –
- (a) a derivative denominated in foreign currency offered by the resident unless it has been approved by the Bank or allowed under Part B of Notice 5;
 - (b) a derivative denominated in foreign currency offered by the non-resident; or
 - (c) a derivative denominated in or referenced to ringgit unless it has been approved by the Bank or allowed

under Part B of Notice 5.

(2) Notwithstanding subparagraph (1)(b), payment in foreign currency is allowed for –

- (a) a derivative denominated in foreign currency, other than exchange rate derivative with reference to ringgit, purchased by a licensed onshore bank for its own account;
- (b) an interest rate swap denominated in foreign currency between a resident and Labuan banks to manage interest rate exposure arising from borrowing in foreign currency as set out in Part A of Notice 2; or
- (c) a derivative denominated in foreign currency, other than exchange rate derivatives, offered on a Specified Exchange stipulated under the Capital Markets and Services Act 2007 [Act 671] undertaken through a resident futures broker by a resident with firm commitment.

(3) For the purpose of payment arising from the settlement of services, a resident is allowed to receive such payment in foreign currency from a non-resident in any manner.

Part D: Payment relating to remittance business

Payment on behalf of clients

6. A person who is licensed to carry out remittance business under the Money Services Business Act 2011 [Act 731] and a person who provides a remittance system approved by the Bank under subsection 40(1) of the Money Services Business Act 2011 [Act 731] for the licensed person and its money services business

agents are allowed to make or receive payment relating to remittance business under the Act.

Part E: Repatriation of funds

Repatriation of funds by non-residents 7. A non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency.

Part F: Opening and maintaining of account

External account 8. (1) A non-resident is allowed to open and maintain an external account with a financial institution in Malaysia.

(2) A non-resident intermediary who manages ringgit asset on behalf or in trust of its resident or non-resident clients shall –

- (a) segregate funds belonging to the resident clients from those belonging to non-resident clients into separate ringgit accounts opened by the non-resident intermediary for the clients; or
- (b) transfer the ringgit proceeds arising from the sale of ringgit asset managed for resident clients from the non-resident intermediary's external account into the resident clients' own ringgit account within three business days.

(3) A non-resident financial institution is allowed to make payment in ringgit on behalf of its non-resident clients using

funds in the external account for the settlement of international trade of goods or services with resident.

(4) There shall be no ringgit financing provided by the non-resident intermediary or non-resident financial institution to its non-resident clients.

**Foreign currency
account**

9. (1) A resident individual is allowed to open and maintain a foreign currency account with a licensed onshore bank or a non-resident financial institution, individually or jointly with –

- (a) another resident individual; or
- (b) a non-resident individual who is his immediate family member.

(2) A resident individual is allowed to transfer funds from his foreign currency account opened individually or jointly with another individual into –

- (a) his own foreign currency account;
- (b) his joint foreign currency account; or
- (c) a foreign currency account of his immediate family member opened individually or jointly with any individual.

(3) Notwithstanding subparagraph (2), the transfer of foreign currency funds shall comply with the requirements under Part B of Notice 3.

(4) A resident entity is allowed to open and maintain a foreign currency account with a licensed onshore bank or a non-

resident financial institution.

(5) A resident intermediary shall segregate funds belonging to its resident clients from those belonging to its non-resident clients into separate foreign currency accounts opened by the resident intermediary.

(6) A non-resident is allowed to open and maintain a foreign currency account with a licensed onshore bank, individually or jointly with –

- (a) another non-resident; or
- (b) a resident individual who is his immediate family member.