

7 Januari 2010

TO THE CHIEF EXECUTIVE OFFICERS
OF LICENSED ONSHORE BANKS AND
INTERNATIONAL ISLAMIC BANKS

Tuan,

Foreign Exchange Administration Rules on General Payments

To promote Malaysia as an international Islamic financial hub, Bank Negara Malaysia is pleased to announce that with immediate effect, all resident and non-resident participants[#] undertaking commodity murabahah through resident commodity trading service providers are allowed to make –

- (a) payment in foreign currency between resident participants;
- (b) payment in ringgit onshore between –
 - (i) resident and non-resident participants; and
 - (ii) non-resident participants.

2. The above flexibilities are applicable for settlements of commodity murabahah undertaken only to create the underlying physical transactions in accordance with the Shariah principles and not for speculative purposes. In addition, all settlements between resident and non-resident participants as well as between non-resident participants in ringgit shall be undertaken through licensed onshore banks.

3. The Exchange Control Notice, "ECM 4: General Payments" dated 1 September 1998 is amended accordingly.

[#] For the purposes of the foreign exchange administration, the participants of commodity murabahah comprise financial institutions, companies or individuals, commodity brokers, commodity suppliers, commodity buyers and commodity trading service providers.