BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Foreign Exchange Policy Notices

Issued on: 15 November 2024

APPROVAL AND DIRECTION
PURSUANT TO SECTION 214 OF THE FINANCIAL SERVICES ACT 2013 [*ACT 758*] AND SECTION 225 OF THE ISLAMIC FINANCIAL SERVICES ACT 2013 [*ACT 759*]

In exercise of the powers conferred by sections 214(2), 214(5), 214(6) and 261 of the Financial Services Act 2013 ("FSA") and sections 225(2), 225(5), 225(6) and 272 of the Islamic Financial Services Act 2013 ("IFSA"), Bank Negara Malaysia ("Bank") issues the following:

- **Interpretation**;
- **Notice 1**: Dealings in Currency, Gold and Other Precious Metals;
- **Notice 2**: Borrowing, Lending and Guarantee;
- **Notice 3**: Investment in Foreign Currency Asset;
- **Notice 4**: Payment and Receipt;
- **Notice 5**: Securities and Financial Instruments;
- **Notice 6**: Import and Export of Currency; and
- **Notice 7**: Export of Goods,

collectively referred to as the "Foreign Exchange Policy Notices" or "FEP Notices".

Commencement Date

1. The FEP Notices come into operation on 15 November 2024.

Notices

2. The FEP Notices set out—

(a) approvals of the Bank for transactions which otherwise are prohibited under section 214(2) read together with Schedule 14 of the FSA and section 225(2) read together with Schedule 14 of the IFSA;

(b) requirements, restrictions and conditions of the approvals; and

(c) directions of the Bank.

3. A person shall obtain a written approval of the Bank to undertake or engage in any transaction listed in Schedule 14 of the FSA or IFSA that is not approved by the Bank under the FEP Notices.

4. The FEP Notices may be amended or revoked by the Bank from time to time by a written notice.

Related Documents

5. The FEP Notices shall be read together with—

(a) the **Declaration on Entities Created, Incorporated, etc. in Labuan** issued by the Bank on 28 June 2013 and effective on 30 June 2013; and

(b) the **Direction on Dealings with Specified Person and in Restricted Currency** issued by the Bank pursuant to section 216(1) of the FSA and section 227(1) of the IFSA on 3 January 2022.

Compliance with Other Law

6. The FEP Notices shall not relieve or absolve any person from complying with other laws including any law which requires such person to obtain an approval, consent or authorisation from any person or authority before any transaction or activity may be carried out.

Offence

7. Any person who—

(a) undertakes or engages in any transaction listed in Schedule 14 of the FSA or IFSA without a written approval of the Bank;

(b) fails to comply with any requirement, restriction or condition of approval; or

(c) fails to comply with any direction of the Bank,

commits an offence under section 214(9) of the FSA and section 225(9) of the IFSA, as the case may be.

Policy Document Superseded

8. The Foreign Exchange Policy Notices issued by the Bank on 1 June 2022 are revoked.

Enquiries

9. All enquiries in relation to the FEP Notices may be directed to—

(a) FEP Public Portal
Enquiry form : (https://fep.bnm.gov.my/fep-pub/online-enquiry-form)

OR

(b) Pengarah
Jabatan Dasar Pertukaran Asing
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur

INTERPRETATION

1. The Interpretation Acts 1948 and 1967 [*Act 388*] ("IA") shall apply.

2. The FEP Notices shall include all appendices attached to it but if there is inconsistency between a provision in the body of the FEP Notices and an appendix, the former shall prevail.

3. Terms used in the FEP Notices shall have the same meanings assigned to them in the FSA, the IFSA and the IA, unless otherwise defined or the context requires otherwise. Where a word has different definitions in the FSA, IFSA, IA and the FEP Notices, the applicable definition shall be based on the following hierarchy:

(a) the FEP Notices;

(b) the FSA and IFSA; and

(c) the IA.

4. In the FEP Notices, the following terms shall have the meanings given below—

Term	Definition
Anticipatory	(a) a projected Current Account Transaction based on previous track record or relevant documents to validate the projected transaction; or (b) a projected Financial Account Transaction supported with relevant documents to validate the projected transaction.
Appointed Overseas Office or **AOO**	a Holding/Parent Entity, subsidiary Entity, sister Entity, head office or branch outside Malaysia within a LOB's banking group and its overseas office outside the LOB's banking group approved by the Bank.
Borrowing	(a) any utilised or unutilised credit facility or financing facility; (b) any utilised or unutilised trade financing facility, including but not limited to, trade guarantee or guarantee for payment of goods; (c) redeemable preference share or Islamic redeemable preference share; or

Term	Definition
	(d) Corporate Bond or Sukuk. Notwithstanding the above, the following are **excluded** from the definition of Borrowing— (i) a trade credit term extended by a supplier for any goods or services; (ii) a credit limit that a LOB apportions for its client to undertake a Forward Basis transaction, **excluding** a transaction that involves— (A) exchanging or swapping of Ringgit or Foreign Currency debt for another Foreign Currency debt; or (B) exchanging of Foreign Currency debt for a Ringgit debt; (iii) a Financial Guarantee or Non-Financial Guarantee; (iv) an operational leasing facility; (v) a factoring facility without recourse; (vi) a credit card or charge card facility obtained by an Individual from a Resident and used for payment for retail goods or services only; or (vii) a credit facility or financing facility obtained by a Resident Individual from a Resident to purchase one (1) residential property and one (1) vehicle. **Note:** For clarity purposes, the transactions in paragraphs (ii)(A) and (ii)(B) shall be considered as Borrowing.
CMSA	Capital Markets and Services Act 2007 [*Act 671*].
Corporate Bond or Sukuk	has the same meaning as defined in the "Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors" [SC-GL/5-2015] issued by the Securities Commission as amended or revised from time to time and is available at http://www.sc.com.my.
Current Account Transaction	(a) trade of goods or services; or

Term	Definition
	(b) primary income or secondary income[1], and includes fee, commission, royalty or income, wage, salary, dividend, profit and interest.
Direct Investment Abroad or **DIA**	(a) an investment in Foreign Currency Asset Offshore by a Resident resulting in at least 10% equity ownership or control of a Non-Resident Entity outside Malaysia or a Labuan Entity; (b) an inter-company lending by a Resident Entity to a Non-Resident Entity within the Resident Entity's Group where the Non-Resident Entity is outside Malaysia or a Labuan Entity; or (c) a capital expenditure by a Resident investor in an unincorporated Entity outside Malaysia or a project outside Malaysia by an agreement with no establishment created, where the Resident investor— (i) contributes capital of at least 10% of the cost of the project; (ii) is entitled to at least 10% of profits from the unincorporated Entity or project; or (iii) has management control of the unincorporated Entity or project.
Direct Shareholder	A shareholder with at least 10% effective shareholding in a Resident Entity.
Domestic Ringgit Borrowing	(a) any Borrowing in Ringgit obtained by a Resident from another Resident; or (b) any obligation considered or deemed as Domestic Ringgit Borrowing under any of the FEP Notices. **Note:** For purposes of determining the Domestic Ringgit Borrowing status of a Resident Entity—

[1] As defined in the Balance of Payments and International Investment Position Manual (Sixth Edition) issued by the International Monetary Fund and as amended or revised from time to time.

Term	Definition
	(a) the Resident Entity is deemed to have a Domestic Ringgit Borrowing when another Resident Entity with Parent-Subsidiary Relationship has a Domestic Ringgit Borrowing; and (b) the following shall **not** be considered as Domestic Ringgit Borrowing— (i) a Borrowing obtained from another Resident Entity with Parent-Subsidiary Relationship; (ii) a Borrowing obtained from its Direct Shareholder; or (iii) any facility including credit facility or financing facility which is used for Sundry Expenses or Employees' Expenses only. - "**Sundry Expenses**" refers to small and infrequent expenses for office supplies (e.g. stationaries), ancillary services (e.g. software and online subscription) and other minor expenses to facilitate daily business operation. - "**Employees' Expenses**" refers 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, **excluding** investment. - "**Borrowing**" refers to the definition of "Borrowing" above.
Entity	(a) any corporation, statutory body, local authority, society, co-operative, limited liability partnership and any other body, organisation, association or group of persons, whether corporate or unincorporate, in or outside Malaysia; or (b) the Federal Government, any State Government or any other government.
Exchange Rate Derivatives	any derivatives or Islamic derivatives which market price, value, delivery or payment obligation is derived from, referenced to or based on exchange rate.

Term	Definition
Export of Goods	(a) movement or transfer of goods by land, sea or air from Malaysia to any territory outside Malaysia; or (b) transfer of ownership in goods originated from Malaysia by a Resident Entity to a Non-Resident outside Malaysia or to a Labuan Entity declared by the Bank as a Non-Resident under section 214(6)(a) of the FSA or section 225(6)(a) of the IFSA.
External Account	an account in Ringgit opened with any Financial Institution in Malaysia— (a) by a Non-Resident— (i) individually; (ii) jointly with another Non-Resident; or (iii) jointly with a Resident, **excluding**— (A) for a joint venture in Malaysia; (B) a husband and wife; or (b) by a person who operates the account in trust for or on behalf of a Non-Resident. The designation of the account shall be determined based on the residency of the beneficiary.
Financial Account Transaction	any transaction other than a Current Account Transaction, and includes Borrowing and investment-related transactions.
Financial Guarantee	any guarantee, indemnity or undertaking to secure repayment of a Borrowing.
Financial Institution	a person carrying out a financial business regulated under the laws administered by the Bank and any person carrying out any other financial business as may be specified by the Bank. For the avoidance of doubt, Financial Institution includes—

Term	Definition
	(a) a LOB; (b) a prescribed institution under the Development Financial Institutions Act 2002 [Act 618]; (c) a licensed insurer; (d) a licensed takaful operator; (e) a licensee under the MSBA; and (f) approved issuer of a designated payment instrument under the FSA or a designated Islamic payment instrument under the IFSA.
Financial Instrument	includes derivatives as defined in section 2(1) of the FSA.
Firm Commitment	a commitment arising from— (a) an obligation to make or a right to receive, any payment under any agreement or arrangement; (b) a holding of an asset or a property; or (c) a holding of a debt, an obligation or a liability.
Foreign Currency	includes— (a) currency notes or coins which are legal tender in any country, territory or place outside Malaysia; (b) any right to receive foreign currency— (i) in respect of any credit or balance at a licensed bank or any other similar institution in or outside Malaysia; or (ii) from any person in or outside Malaysia; or

Term	Definition
	(c) any document or device of a kind intended to enable the person to whom the document or device is issued to obtain foreign currency from another person on the credit of the person issuing it, and in particular, any traveller's cheque or other draft or letter of credit so intended.
Foreign Currency Account or **FCA**	any account, document or instrument where Foreign Currency is being maintained including— (a) Trade Foreign Currency Account ("**Trade FCA**"); and (b) Investment Foreign Currency Account ("**Investment FCA**").
Foreign Currency Asset	Foreign Currency Asset Offshore and Foreign Currency Asset Onshore.
Foreign Currency Asset Offshore (previously referred to as "Investment Abroad")	(a) a financial asset in Malaysia swapped for a financial asset in a Labuan Entity or outside Malaysia; (b) Foreign Currency Borrowing given to a Non-Resident; (c) working capital arising from the set up of any business arrangement outside Malaysia (including a joint venture project where no Entity is created or established); (d) deposit in a Foreign Currency Account maintained with a Labuan Entity or outside Malaysia **excluding** reasonable amount of deposit for education, employment or migration outside Malaysia; or (e) Foreign Currency-denominated— (i) asset (tangible or intangible) offered by a Non-Resident or any person whose residency cannot be determined; (ii) asset (tangible or intangible) in or maintained with a Labuan Entity, or outside Malaysia; (iii) Financial Instrument or Islamic Financial Instrument (excluding Exchange Rate Derivatives) without Firm

Term	Definition
	Commitment offered on a Specified Exchange under the CMSA outside Malaysia undertaken by a Resident through a Resident futures broker; or (iv) Financial Instrument or Islamic Financial Instrument (excluding Exchange Rate Derivatives) without Firm Commitment issued or offered by a Non-Resident.
Foreign Currency Asset Onshore	(a) Foreign Currency-denominated securities or Islamic securities offered in Malaysia by a Resident as approved in writing by the Bank; (b) Foreign Currency-denominated Financial Instrument or Islamic Financial Instrument offered in Malaysia by a Resident as approved in writing by the Bank **excluding** a derivative or Islamic derivative transaction entered with Firm Commitment; (c) deposit in Investment FCA with a LOB or an approved Financial Institution as specified in Notice 3; or (d) any instrument offered by a LOB with Foreign Currency delivery at maturity[2].
Forward Basis	buying or selling of any currency for settlement after two (2) business days (regardless of whether settlement is to be made on gross or net basis) through— (a) a derivative as defined in section 2(1) of the FSA; (b) an Islamic derivative as defined in section 2(1) of the IFSA; or (c) any other arrangement.
FSA	the Financial Services Act 2013 [*Act 758*].
General Partnership	has the same meaning with the term "partnership" as defined in section 3(1) of the Partnership Act 1961 [*Act 135*].

[2] Such as dual-currency investment.

Term	Definition
Global Supply Chain	a business activity where a Resident imports goods or services to support production or distribution of goods or services by a Resident exporter for the Resident exporter's export activities. This includes domestic trade in goods or services between the Resident importer and the Resident exporter undertaken through a Resident intermediate Entity.
Group	an Entity's— (a) ultimate or direct Holding/Parent Entity; (b) head office; (c) branch; (d) subsidiary company where the Entity owns more than 50% of ordinary shares in the subsidiary company; (e) associate company where the Entity owns between 10% and 50% of ordinary shares in the associate company; or (f) sister company where the Entity and its sister company have a common shareholder with minimum of 10% of ordinary shares in both the Entity and its sister company.
Holding/ Parent Entity	an Entity which owns more than 50% of ordinary shares of another Entity.
IFSA	the Islamic Financial Services Act 2013 [*Act 759*].
Immediate Family Member	a legal spouse, parent, legitimate child (including legally adopted) or legitimate sibling of an Individual.
Individual	a natural person.
Institutional Investor	a foreign government, a central bank, an asset manager, a pension fund, an insurance company or a takaful operator.

Term	Definition
Intermediary	a management company, trust company, legal firm, stockbroking corporation, an asset manager or any similar Entity who undertakes investment or managing funds on behalf of clients.
Islamic Financial Instrument	includes Islamic derivatives as defined in section 2(1) of the IFSA.
Labuan Entity	an Entity which is created, incorporated, licensed or registered under any of the following legislation: (a) Labuan Companies Act 1990 [*Act 441*]; (b) Labuan Trust Act 1996 [*Act 554*]; (c) Labuan Financial Services and Securities Act 2010 [*Act 704*]; (d) Labuan Islamic Financial Services and Securities Act 2010 [*Act 705*]; (e) Labuan Foundations Act 2010 [*Act 706*]; or (f) Labuan Limited Partnerships and Limited Liability Partnerships Act 2010 [*Act 707*].
LFSSA	Labuan Financial Services and Securities Act 2010 [*Act 704*].
Licensed Money Changer	a person licensed under the MSBA to carry on money-changing business or wholesale currency business, or its money services business agent as defined in section 2 of the MSBA.
Licensed Onshore Bank or **LOB**	(a) a licensed bank or a licensed investment bank under the FSA; and (b) a licensed Islamic bank under the IFSA.
LIFSSA	Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA) [*Act 705*].

Term	Definition
MSBA	Money Services Business Act 2011 [*Act 731*].
Multilateral Development Bank	a NRFI, established in or outside Malaysia, whose membership consists of sovereign states, that fosters economic and social development in member countries by financing projects, supporting investments or generating capital.
Non-Financial Guarantee	any guarantee, indemnity or undertaking (**excluding** a Financial Guarantee) issued or obtained **not** for purposes of securing a Borrowing, and includes a performance bond, tender bond, guarantee for supply of goods or services, or shipping guarantee.
Non-Resident	(a) any person other than a resident; (b) an overseas branch, a subsidiary, regional office, sales office or representative office of a resident company; (c) Embassies, Consulates, High Commissions, supranational or international organizations; or (d) a Malaysian citizen who has obtained permanent resident status of a country or territory outside Malaysia and is residing outside Malaysia. For the avoidance of doubt, this includes Malaysian Embassies, Consulates and High Commissions.
Non-Resident Financial Institution or **NRFI**	a Non-Resident Entity undertaking financial services including custodian bank and trust bank.
Parent-Subsidiary Relationship	a relationship between a Resident Entity and its direct or indirect— (a) Resident Holding/Parent Entity; or (b) Resident subsidiary.

Term	Definition
	For the avoidance of doubt, this includes a relationship between a Resident subsidiary of a Non-Resident Holding/Parent Entity with the Resident subsidiary's ultimate Resident Holding/Parent Entity.
Portfolio Investment	(a) tradable debt securities; (b) tradable equity securities (less than 10% of ownership in an investee company), including a collective investment scheme; or (c) derivatives or Islamic derivatives (other than Exchange Rate Derivatives) without Firm Commitment.
Real Sector Activity	an activity relating to— (a) construction or purchase of a residential or commercial property, **excluding** purchase of land which will not be utilised for construction or production of goods or services; or (b) production or consumption of goods or services, **excluding**— (i) activity in financial services sector, whether Islamic or otherwise; (ii) purchase of securities or Islamic securities; or (iii) purchase of Financial Instrument or Islamic Financial Instrument.
RENTAS	Real-time Electronic Transfer of Funds and Securities System.
Resident	(a) a citizen of Malaysia, **excluding** a citizen who has obtained permanent resident status in a country or a territory outside Malaysia and is residing outside Malaysia; (b) a non-citizen of Malaysia who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia; (c) a body corporate incorporated or established, or registered with or approved by any authority, in Malaysia;

Term	Definition
	(d) an unincorporated body registered with or approved by any authority in Malaysia; or (e) the Government or any State Government.
Ringgit	currency notes or coins which are legal tender in Malaysia and includes any right to receive ringgit in such form as may be specified by the Bank.
Ringgit Asset	(a) Ringgit-denominated securities or Islamic securities issued in Malaysia by a Resident; (b) Ringgit-denominated securities or Islamic securities issued by a Non-Resident as approved in writing by the Bank; (c) Ringgit-denominated Financial Instrument or Islamic Financial Instrument as approved in writing by the Bank; (d) Ringgit deposit with a Financial Institution in Malaysia including deposit-like instrument with only Ringgit delivery at the inception and maturity; or (e) any property in Malaysia.
ROMS	Ringgit Operations Monitoring System.
Special Purpose Vehicle	An Entity set up solely for a specific purpose and is not an operating business unit.
Spot Basis	buying and selling of any currency for delivery within two (2) business days.
Qualified Development Financial Institution	a NRFI— (a) that fosters economic and social development by financing projects, supporting investments or generating capital; and (b) approved by the Bank to be a Qualified Development Financial Institution.

NOTICE 1: DEALINGS IN CURRENCY, GOLD AND OTHER PRECIOUS METALS

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PART A: DEALINGS IN CURRENCY BY RESIDENT

Buying and Selling of Foreign Currency Against Ringgit

1. (1) A Resident is allowed to buy or sell Foreign Currency against Ringgit for its own account—

(a) on **Spot Basis** with a LOB; or

(b) on **Forward Basis** with a LOB, **subject to** the following:

(i) the transaction is undertaken on Firm Commitment or Anticipatory basis, and shall be terminated when the Firm Commitment ceases to exist or the anticipated transaction does not materialise; and

(ii) where the transaction involves—

(A) underlying Foreign Currency-denominated derivatives contract (**excluding** Exchange Rate Derivatives) offered by a Resident, the value of the transaction shall **not** exceed the net open position of the Foreign Currency exposure arising from the derivatives contract;

(B) buying of Foreign Currency against Ringgit, it shall not be for deposit into FCA **except** for temporary placement arising from delivery of Foreign Currency under the Forward Basis transaction due to extension of payment timeline of the Foreign Currency Firm Commitment or temporarily placed into the FCA for subsequent payment out on the same day; or

(C) selling of Foreign Currency against Ringgit, the Foreign Currency shall not be sourced from FCA **except** for Foreign Currency proceeds received earlier than the maturity date of the Forward Basis transaction[1].

[1] Illustration: On 1 June 2020, a Resident enters into a Forward Basis transaction for underlying receipt of proceeds of Export of Goods (i.e. sell Foreign Currency against Ringgit) for delivery on 30 June 2020. However, the proceeds of Export of Goods were received earlier than anticipated

(2) A Resident is allowed to unwind the Forward Basis transaction undertaken in accordance with paragraph 1(1)(b) with any LOB **except** for a transaction where the Firm Commitment is a Portfolio Investment.

2. (1) A Resident Institutional Investor registered with the Bank under the Dynamic Hedging Framework for Institutional Investors is allowed to enter into a **plain vanilla forward** contract for its own account with a LOB to sell Foreign Currency against Ringgit without documentary evidence for the purpose of managing the Resident Institutional Investor's Foreign Currency exposure up to 100% of the Resident Institutional Investor's aggregate—

(a) investment in Foreign Currency-denominated debt securities, equity securities, Islamic debt securities and Islamic equity securities; and

(b) Foreign Currency deposits or deposit-like instruments arising from disposal of existing Foreign Currency-denominated securities referred to in paragraph 2(1)(a) on temporary basis for up to three (3) months pending reinvestment of such deposits.

The procedures for this paragraph are in the **Appendix**.

(2) The Resident Institutional Investor is allowed to unwind the plain vanilla forward contract undertaken in accordance with paragraph 2(1) with any LOB.

3. A Resident Entity is allowed to buy or sell Foreign Currency against Ringgit on behalf of an Entity within its Group ("the Principal") with a LOB, **provided that**—

(a) the Principal is **not** a Financial Institution or NRFI;

(b) where the Principal is a Resident, the Principal complies with paragraphs 1 and 2[2]; and

(c) where the Principal is a Non-Resident, the Principal complies with paragraphs 6 and 7[3].

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i.e. prior to the maturity of the Forward Basis transaction and credited into Trade FCA. The Resident has the options to either (1) take an early delivery of the Forward Basis transaction or (2) wait until the maturity of the Forward Basis transaction by debiting Foreign Currency from the Resident's Trade FCA maintained with a LOB.

2 A transaction that is undertaken pursuant to the Dynamic Hedging Framework for Institutional Investors requires registration with the Bank either by the Resident Entity or the Principal.

3 Refer to footnote 2.

4. A Resident Intermediary acting on behalf of a Resident or Non-Resident client is allowed to buy or sell Foreign Currency against Ringgit with a LOB for settlement of a Ringgit Asset or Foreign Currency Asset, **provided that**—

(a) where the client is a Resident, the transaction complies with paragraph 1; and

(b) where the client is a Non-Resident, the transaction complies with paragraph 6.

Buying and Selling of Foreign Currency Against Another Foreign Currency

5. A Resident is allowed to buy or sell Foreign Currency against another Foreign Currency on **Spot Basis** or **Forward Basis** with a LOB.

PART B: DEALINGS IN CURRENCY BY NON-RESIDENT

Buying and Selling of Foreign Currency Against Ringgit

6. (1) A Non-Resident is allowed to buy or sell Foreign Currency against Ringgit for its own account—

(a) on **Spot Basis** with a LOB or an AOO; or

(b) on **Forward Basis** (subject to paragraph 12) with a LOB or an AOO for—

(i) Current Account Transaction on Firm Commitment or Anticipatory basis; or

(ii) Financial Account Transaction on Firm Commitment basis. Where the Firm Commitment is a Ringgit-denominated derivatives contract (**excluding** Exchange Rate Derivatives) offered by a Resident, the value of the transaction shall **not** exceed the net open position of the Ringgit exposure arising from the derivatives contract,

provided that the Forward Basis transaction shall be terminated when the Firm Commitment ceases to exist or the anticipated transaction does not materialise.

(2) A Non-Resident is allowed to unwind the Forward Basis transaction undertaken in accordance with paragraph 6(1)(b) with any LOB or AOO **except** for a transaction where the Firm Commitment is a Portfolio Investment.

7. (1) A Non-Resident Institutional Investor registered with the Bank under the Dynamic Hedging Framework for Institutional Investors is allowed to enter into a **plain vanilla forward** contract (subject to paragraph 12) for its own account with a LOB or an AOO without documentary evidence to—

(a) **buy** Foreign Currency against Ringgit up to 100%; or

(b) **sell** Foreign Currency against Ringgit up to 25%,

of the Non-Resident Institutional Investor's Ringgit exposure listed in paragraph 7(3) for the purpose of managing such exposure. The procedures for this paragraph are in the **Appendix**.

(2) The Non-Resident Institutional Investor is allowed to unwind the plain vanilla forward contract undertaken in accordance with paragraph 7(1) with any LOB or AOO.

(3) For purposes of paragraphs 7(1) and 7(2), the Non-Resident Institutional Investor's Ringgit exposure refers to the aggregate of its—

(a) investment in Ringgit-denominated debt securities and Islamic debt securities on RENTAS or Bursa Malaysia;

(b) investment in Ringgit-denominated equity securities and Islamic equity securities on Bursa Malaysia; and

(c) Ringgit deposits or deposit-like instruments arising from disposal of existing Ringgit-denominated securities referred to in paragraph 7(3)(a) or 7(3)(b) on temporary basis in an External Account for up to three (3) months pending reinvestment of such deposits.

8. A Non-Resident Entity is allowed to buy or sell Foreign Currency against Ringgit on behalf of an Entity within its Group ("the Principal") with a LOB or an AOO, **provided that**—

(a) the Principal is **not** a Financial Institution or NRFI;

(b) where the Principal is a Resident, the Principal complies with paragraphs 1 and 2[4]; and

(c) where the Principal is a Non-Resident, the Principal complies with paragraphs 6 and 7[5].

9. A Non-Resident Intermediary acting on behalf of a Resident or Non-Resident client is allowed to buy or sell Foreign Currency against Ringgit with a LOB or an AOO for settlement of a Ringgit Asset or Foreign Currency Asset, **provided that**—

(a) where the client is a Resident, the transaction complies with paragraph 1;

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[4] A transaction that is undertaken pursuant to the Dynamic Hedging Framework for Institutional Investors requires registration with the Bank either by the Non-Resident Entity or the Principal.

[5] Refer to footnote 4.

(b) where the client is a Non-Resident, the transaction complies with paragraph 6; and

(c) the Non-Resident Intermediary complies with paragraph 11 of Notice 4 for transaction undertaken for settlement of a Ringgit Asset only.

10. A NRFI, acting on behalf of a Non-Resident client, is allowed to buy or sell Foreign Currency against Ringgit for settlement of international trade in goods or services with a Resident on **Spot Basis** or **Forward Basis** (subject to paragraph 12(b)(ii)) with a LOB or an AOO on Firm Commitment basis **provided that** the NRFI complies with paragraphs 10 and 12 of Notice 4.

11. (1) A NRFI acting as a custodian or trustee managing Ringgit Asset for its Resident or Non-Resident client with Ringgit Asset custody relationship is allowed to buy or sell Foreign Currency against Ringgit with a LOB or an AOO for settlement of a Ringgit Asset, **provided that**—

(a) where the client is a Resident, the transaction complies with paragraph 1;

(b) where the client is a Non-Resident, the transaction complies with paragraph 6; and

(c) the NRFI is registered with the Bank for a transaction undertaken with an AOO. The registration may be made by submitting the NRFI Custody Passive Foreign Exchange Transaction Registration Form available on the Bank's website, https://bnm.my/fep. The Bank shall notify the NRFI in writing upon acceptance of the registration.

(2) For purposes of paragraph 11(1)—

(a) a NRFI has a Ringgit Asset custody relationship with its Resident or Non-Resident client if the NRFI is engaged to manage or act as a custodian or trustee for its Resident or Non-Resident client's Ringgit Asset; and

(b) the approval includes buying or selling Foreign Currency against Ringgit for settlement of a Ringgit Asset that may not be under the NRFI's custody[6].

12. For purposes of paragraphs 6 to 11, the terms "Forward Basis" or "plain vanilla forward contract" shall—

(a) **include** buying or selling of Foreign Currency against Ringgit by a Non-Resident involving Ringgit deposit in the Non-Resident's External Account where—

(i) such deposit does **not** exceed three (3) months and arises from sale of a Ringgit Asset prior to maturity date of a forward contract; and

(ii) the total amount of the transaction does **not** exceed the total value of the Non-Resident's Ringgit Assets including proceeds from disposal of and income from the Ringgit Asset which are deposited in the Non-Resident's External Account; and

(b) **exclude** buying or selling of Foreign Currency against Ringgit—

(i) for settlement of Ringgit negotiable instrument of deposits;

(ii) involving an External Account **except** for Ringgit funds described in paragraph 12(a); or

(iii) for settlement of over-the-counter derivatives or structured products which tantamount to Borrowing or lending of Ringgit between a Resident and a Non-Resident.

Buying and Selling of Foreign Currency Against Another Foreign Currency

13. A Non-Resident is allowed to buy or sell Foreign Currency against another Foreign Currency on **Spot Basis** or **Forward Basis** with a LOB.

[6] For example: Global Custodian A holds Ringgit-denominated equities and Global Custodian B holds Ringgit-denominated bonds under custody for a Non-Resident Client. Global Custodian A is allowed to undertake a foreign exchange transaction for both underlying Ringgit-denominated equities and Ringgit-denominated bonds on behalf of the Non-Resident Client.

PART C: DEALINGS IN CURRENCY WITH AND BY LICENSED MONEY CHANGER

14. A Resident or Non-Resident is allowed to buy or sell—

(a) Foreign Currency against Ringgit; or

(b) Foreign Currency against another Foreign Currency,

on **Spot Basis** with a Licensed Money Changer in accordance with the MSBA.

15. A Licensed Money Changer is allowed to buy or sell—

(a) Foreign Currency against Ringgit; or

(b) Foreign Currency against another Foreign Currency,

on **Spot Basis** with its Resident or Non-Resident clients in accordance with the MSBA.

PART D: DEALINGS IN GOLD AND OTHER PRECIOUS METALS

16. A person is allowed to—

(a) buy, sell, exchange, borrow, lend, retain or use gold or other precious metals **subject to** compliance with section 137 of the FSA, section 149 of the IFSA and Parts B and C of Notice 4;

(b) import gold or other precious metals; or

(c) export gold or other precious metals **subject to** compliance with Notice 7.

PART E: ISSUING, PUBLISHING OR DISSEMINATING INFORMATION ON DEALINGS IN CURRENCY, GOLD AND OTHER PRECIOUS METALS

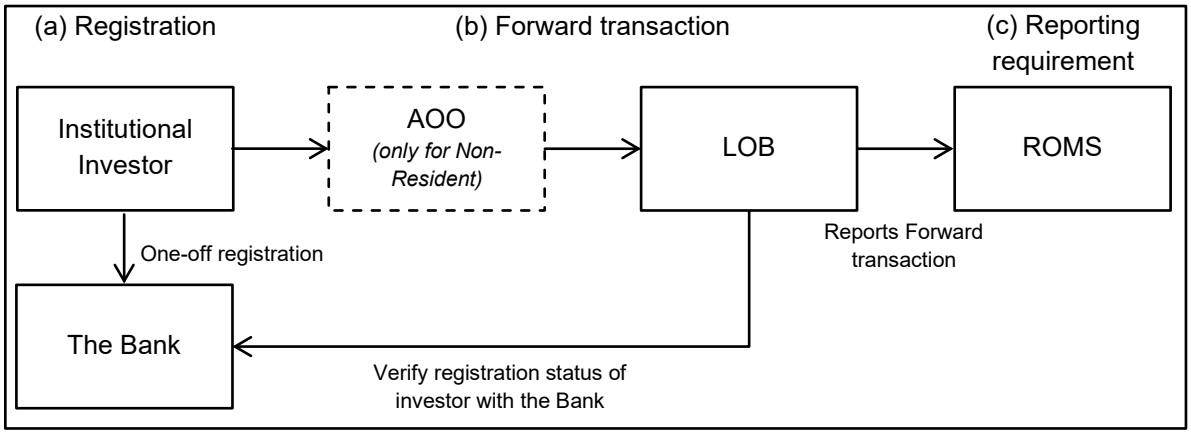
17. A licensee under the MSBA is allowed to issue, publish or disseminate information in any form on buying, selling and exchanging of Foreign Currency in accordance with Parts A and B of this Notice.

18. A person is allowed to issue, publish or disseminate information in any form on buying, selling, exchanging, Borrowing, lending, retaining or using of gold and other precious metals **subject to** compliance with section 137 of the FSA, section 149 of the IFSA and Parts B and C of Notice 4.

APPENDIX
(Paragraphs 2(1) and 7(1))

Procedures for Dynamic Hedging Framework for Institutional Investors

1. Procedures



(a) Registration

- An Institutional Investor is required to perform a one-off registration by submitting a completed "Forward Market Participation Form – Institutional Investors" form, either directly or via a LOB or AOO, to the Bank. The form is available at the Bank's website, https://bnm.my/fep.

- The Bank shall notify the Institutional Investor in writing upon acceptance of its registration.

(b) Forward Transaction

- A registered Institutional Investor may enter into a plain vanilla Forward contract without documentary evidence as follows:

  (i) a **Resident** may engage any LOB upon verification of registration status by the LOB; or

  (ii) a **Non-Resident** may engage any LOB or AOO upon verification of registration status by the LOB or AOO.

(c) Reporting requirement

- A LOB shall report to the Bank all plain vanilla Forward contracts via ROMS regardless of the amount.

NOTICE 2: BORROWING, LENDING AND GUARANTEE

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PART A: BORROWING BY RESIDENT INDIVIDUAL, SOLE PROPRIETOR OR GENERAL PARTNERSHIP

Borrowing in Ringgit from Non-Resident

1. A Resident Individual is allowed to borrow in Ringgit in **any amount** from his Non-Resident—

(a) Immediate Family Member; or

(b) employer in Malaysia for use in Malaysia subject to terms and conditions of his employment contract.

2. A Resident Individual, sole proprietor or General Partnership are allowed to borrow in Ringgit **up to RM1 million in aggregate**[1] for use in Malaysia from a Non-Resident **excluding** a NRFI.

Borrowing in Foreign Currency

3. A Resident Individual is allowed to borrow in Foreign Currency in **any amount** from his Immediate Family Member.

4. A Resident Individual, sole proprietor or General Partnership is allowed to borrow in Foreign Currency **up to RM10 million equivalent in aggregate**[2] from a LOB or a Non-Resident.

Refinancing of Borrowing

5. A Resident Individual, sole proprietor or General Partnership is allowed to refinance the outstanding approved Borrowing (including principal and accrued interest or profit) as per paragraphs 1 to 4, subject to compliance with the requirements in the respective paragraph.

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1 Computed based on an aggregate of Borrowing in Ringgit by the Resident Individual and a sole proprietor and a General Partnership owned by the Resident Individual.

2 Computed based on an aggregate of Borrowing in Foreign Currency by the Resident Individual and a sole proprietor and a General Partnership owned by the Resident Individual.

PART B: BORROWING BY RESIDENT ENTITY

Borrowing in Ringgit from Non-Resident

6. A Resident Entity is allowed to borrow in Ringgit in **any amount** to finance a Real Sector Activity in Malaysia from a Non-Resident within the Resident Entity's Group including Non-Resident Direct Shareholder, **excluding**—

(a) a NRFI; or

(b) a Non-Resident Special Purpose Vehicle which is used to obtain Borrowing from any person **outside** the Resident Entity's Group.

7. A Resident Entity is allowed to borrow in Ringgit in **any amount** from a Non-Resident through the issuance of—

(a) redeemable preference shares or Islamic redeemable preference shares in Ringgit for use in Malaysia;

(b) Ringgit sovereign bond or sukuk (issued by the Federal Government); or

(c) Ringgit Corporate Bond or Sukuk in accordance with relevant guidelines issued by the Securities Commission Malaysia **excluding** non-tradable Ringgit Corporate Bond or Sukuk issued to a Non-Resident Entity **outside** the Resident Entity's Group or a NRFI.

8. A Resident Entity is allowed to borrow in Ringgit for use in Malaysia—

(a) **up to RM1 million in aggregate**[3] from a Non-Resident **excluding** a NRFI; and

(b) in **any amount** from a Multilateral Development Bank or a Qualified Development Financial Institution.

Borrowing in Foreign Currency

9. A Resident Entity is allowed to borrow in Foreign Currency in **any amount**—

(a) from a LOB;

[3] Computed based on an aggregate Borrowing in Ringgit by the Resident Entity and other Resident Entity with Parent-Subsidiary Relationship.

(b) from an Entity within the Resident Entity's Group or from the Resident Entity's Direct Shareholder **except** for an Entity stated in paragraph 10(b) or 10(c).

(c) through issuance of Foreign Currency Corporate Bond or Sukuk to another Resident. Subscription of the Corporate Bond or Sukuk by the latter shall be **subject to** compliance with Notice 3.

10. A Resident Entity is allowed to borrow in Foreign Currency **up to RM100 million equivalent in aggregate**[4] from—

(a) a Non-Resident outside the Resident Entity's Group;

(b) a NRFI; or

(c) a Non-Resident Special Purpose Vehicle which is used to obtain Borrowing from any person **outside** the Resident Entity's Group.

Refinancing of Borrowing

11. A Resident Entity is allowed to refinance the outstanding approved Borrowing (including principal and accrued interest or profit) as per paragraphs 6 to 10, subject to compliance with the requirements in the respective paragraph.

[4] Computed based on an aggregate Borrowing in Foreign Currency by the Resident Entity and other Resident Entity with Parent-Subsidiary Relationship.

PART C: EXCHANGING OF RINGGIT OR FOREIGN CURRENCY DEBT

12. A Resident is allowed to exchange Ringgit or Foreign Currency debt with another debt in accordance with the **Appendix**.

PART D: BORROWING BY NON-RESIDENT

Borrowing in Ringgit

13. A Non-Resident Individual is allowed to borrow in Ringgit in **any amount** from—

(a) an Immediate Family Member;

(b) a licensed insurer or a licensed takaful operator up to the attained cash surrender value of any life insurance policy or family takaful certificate purchased by the Non-Resident Individual; or

(c) his employer in Malaysia for use in Malaysia.

14. A Non-Resident, **excluding** a NRFI, is allowed to borrow in Ringgit in **any amount** from—

(a) a Resident to finance Real Sector Activity in Malaysia[5]; or

(b) a Resident with a stockbroking license under the CMSA, in the form of margin financing for products traded on Bursa Malaysia.

15. A Multilateral Development Bank or Qualified Development Financial Institution is allowed to borrow in Ringgit in **any amount** for use in Malaysia, from a Resident and Non-resident, through the issuance of a debt security denominated in Ringgit.

16. A Non-Resident is allowed to borrow in Ringgit from a LOB—

(a) in **any amount** of trade financing for settlement of trade in goods or services with a Resident;

(b) **up to the amount** of an overdraft facility (**not** exceeding **two (2) business days** and with no roll over option) to avoid settlement failure for purchase of shares or Ringgit instrument traded on Bursa Malaysia or through RENTAS due to inadvertent delay of payment by the Non-Resident. Such overdraft facility shall only be eligible to be utilised by—

[5] Includes refinancing of existing Borrowing in Ringgit that was used for Real Sector Activity in Malaysia or on-lending in Ringgit to a Resident Entity within the same Group or an Immediate Family Member that will be ultimately used for Real Sector Activity in Malaysia.

(i) a Non-Resident custodian bank, stockbroking corporation, trust bank or international central securities depository acting on behalf of Non-Resident investor; or

(ii) a Non-Resident investor purchasing shares or Ringgit instrument mentioned above for its own account; or

(c) **up to RM10 million in aggregate** via a repurchase agreement or sale buy back agreement.

Borrowing in Foreign Currency

17. A Non-Resident is allowed to borrow in Foreign Currency—

(a) in **any amount** from a LOB, a Resident Immediate Family Member or a Non-Resident in Malaysia; or

(b) **up to the limit** stated in Parts A and B of Notice 3 from another Resident.

PART E: ISSUING, PUBLISHING OR DISSEMINATING INFORMATION ON BORROWING

17. Any person is allowed to issue, publish or disseminate information in any form or advertisements which may lead, directly or indirectly, to any transaction allowed under this Notice or Part A of Notice 5.

PART F: LENDING

18. A person is allowed to lend in Ringgit or Foreign Currency to a Resident or Non-Resident for any corresponding Borrowing approved in this Notice or where the Borrowing has otherwise been approved in writing by the Bank.

PART G: GUARANTEE

Financial Guarantee in Relation to LOB

19. A LOB is allowed to—

(a) **obtain** a Financial Guarantee in **any amount** in Ringgit or Foreign Currency for its own account; and

(b) **give** a Financial Guarantee in **any amount** in Ringgit or Foreign Currency on behalf of its banking group or client.

Giving and Obtaining of Financial Guarantee

20. A Resident guarantor is allowed to **give** a Financial Guarantee in **any amount** in Ringgit or Foreign Currency to secure any Borrowing obtained by a Resident in Ringgit or Foreign Currency as approved in this Notice or otherwise approved in writing by the Bank.

21. A non-bank Resident guarantor is allowed to **give** a Financial Guarantee in **any amount** in Ringgit or Foreign Currency to secure a Borrowing obtained by a Non-Resident in Ringgit or Foreign Currency as approved in this Notice, otherwise approved in writing by the Bank or Borrowing in Foreign Currency from an NRFI, **excluding** a Financial Guarantee given to secure a Borrowing—

(a) obtained by a Non-Resident borrower which is a Special Purpose Vehicle, or if the underlying Borrowing is being utilised by the Resident guarantor. This Financial Guarantee shall be deemed as a Borrowing (in Ringgit or Foreign Currency, as the case may be) by the Resident guarantor, and the Resident guarantor shall comply with Part A or B of this Notice; or

(b) where the Resident guarantor has entered into a formal or informal arrangement to make repayment of the Borrowing in Foreign Currency other than under a call-upon[6] by the lender in the event of default[7]. Such repayment shall be deemed as an investment in Foreign Currency Asset,

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[6] A "call-upon" of Financial Guarantee shall be initiated by the lender in writing to the guarantor. A guarantor may not initiate a "call-upon" of a Financial Guarantee. In the event a Financial Guarantee is liquidated at the instruction of the guarantor, the guarantor must obtain prior approval from the Bank in accordance with Notice 3.

[7] An event of default prior to a call-upon of a Financial Guarantee by the lender shall be treated by the lender in accordance with the requirements under IFRS9 or any equivalent accounting standards adopted by the lender.

and the Resident guarantor shall comply with Part A or Part B of Notice 3.

22. (1) A Resident lender is allowed to **obtain** a Financial Guarantee in **any amount** in Foreign Currency or Ringgit from a Non-Resident guarantor to secure a Borrowing obtained by a Resident or a Non-Resident borrower.

(2) Where a Borrowing obtained by a Resident in Ringgit or Foreign Currency is approved in this Notice or otherwise approved in writing by the Bank, the Financial Guarantee obtained to secure such Borrowing is deemed to be approved.

23. (1) Any payment arising from a Financial Guarantee in Foreign Currency between Residents shall be made in Ringgit. However, the payment may be made in Ringgit or Foreign Currency where the Resident guarantor is—

(a) an Entity within the borrower's Group;

(b) the borrower's Direct Shareholder;

(c) an immediate family member; or

(d) a LOB.

(2) Any payment arising from a Financial Guarantee made to a Non-Resident lender shall be in Foreign Currency. However, a Non-Resident guarantor may make payment in Ringgit or Foreign Currency to a Resident lender arising from a Financial Guarantee in Ringgit to secure a Borrowing in Ringgit which is approved in this Notice or otherwise approved in writing by the Bank.

(3) Any repayment of consequential debt arising from a Financial Guarantee to a Non-Resident guarantor shall only be made in Foreign Currency.

Non-Financial Guarantee

24. A Resident is allowed to **give** or **obtain** a Non-Financial Guarantee in **any amount** in Foreign Currency or Ringgit to or from a Non-Resident.

25. Any payment to a Non-Resident under a Non-Financial Guarantee shall be made in Foreign Currency. However, a payment to or from a Non-Resident under a Non-Financial Guarantee in Ringgit for use in Malaysia may be made in Ringgit or Foreign Currency.

APPENDIX
(Paragraph 12)

Table 1: Exchanging of Existing Debt by Resident with LOB

Currency denomination of existing debt	Currency denomination of exchanged debt (swap to)	Applicable FEP Rules
Ringgit	Foreign Currency with or without delivery of Foreign Currency at inception.	• The exchanged debt shall be considered as a Borrowing in Foreign Currency. • Where the swap involves delivery of Foreign Currency at inception, utilisation of such Foreign Currency for Investment in Foreign Currency Asset shall comply with Notice 3 for Resident with Domestic Ringgit Borrowing.
Foreign Currency	Ringgit with or without delivery of Ringgit at inception.	• The exchanged debt shall be considered as a Domestic Ringgit Borrowing. • In the case where the Foreign Currency Borrowing is obtained from a Non-Resident, it shall continue to be subject to the requirement under Part A and Part B of this Notice.

Table 2: Exchanging of Existing Debt by Resident with Non-Resident

Currency denomination of existing debt	Currency-denomination of exchanged debt (swap to)	Applicable FEP Rules
Foreign Currency	Another Foreign Currency debt with or without delivery of Foreign Currency at inception.	• The exchanged debt shall be considered as a Borrowing in Foreign Currency from a Non-Resident. • The Resident shall comply to the requirement under Part A and Part B of this Notice.

NOTICE 3: INVESTMENT IN FOREIGN CURRENCY ASSET

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PART A: INVESTMENT BY RESIDENT INDIVIDUAL, SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP

Individual, Sole Proprietorship or General Partnership without Domestic Ringgit Borrowing

1. A Resident Individual, sole proprietorship or General Partnership without Domestic Ringgit Borrowing is allowed to invest in Foreign Currency Asset up to **any amount**.

Individual, Sole Proprietorship or General Partnership with Domestic Ringgit Borrowing

2. A Resident Individual, sole proprietorship or General Partnership with Domestic Ringgit Borrowing is allowed to invest in Foreign Currency Asset up to—

(a) **any amount** using Foreign Currency funds sourced from—

(i) outside Malaysia **except** proceeds of Export of Goods; or

(ii) an approved Borrowing in Foreign Currency in accordance with Part A of Notice 2;

(b) **any amount** where the investment is in real estate[1] outside Malaysia for the purpose of education, employment or migration; or

(c) **RM1 million equivalent**[2] per calendar year using funds sourced from the aggregate of—

(i) conversion of Ringgit into Foreign Currency;

(ii) Trade FCA; and

(iii) swapping of a Ringgit-denominated financial asset in Malaysia for a financial asset in Labuan Entity or outside Malaysia.

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1 The real estate is for the Resident Individual's own accommodation or the Resident Individual's Immediate Family Member's accommodation only.

2 Computed in aggregate based on the Resident Individual, sole proprietorship and General Partnership's investment in Foreign Currency Asset.

PART B: INVESTMENT BY RESIDENT ENTITY

Entity without Domestic Ringgit Borrowing

3. A Resident Entity without Domestic Ringgit Borrowing is allowed to invest in Foreign Currency Asset up to **any amount**.

Entity with Domestic Ringgit Borrowing

4. A Resident Entity **with** Domestic Ringgit Borrowing is allowed to invest in Foreign Currency Asset up to—

(a) **any amount** using Foreign Currency funds sourced from—

(i) outside Malaysia **except** proceeds of Export of Goods; or

(ii) approved Borrowing in Foreign Currency in accordance with Part B of Notice 2;

(b) **any amount** using Foreign Currency funds sourced from a Borrowing in Foreign Currency from a LOB for Direct Investment Abroad; or

(c) **RM50 million equivalent**[3] per calendar year using funds sourced from the aggregate of—

(i) conversion of Ringgit into Foreign Currency;

(ii) Trade FCA;

(iii) a Borrowing in Foreign Currency from a LOB for purposes **other than** Direct Investment Abroad; and

(iv) swapping of a Ringgit-denominated financial asset in Malaysia for a financial asset in Labuan Entity or outside Malaysia.

[3] Computed in aggregate based on the Resident Entity and other Resident Entity with Parent-Subsidiary Relationship's investment in Foreign Currency Asset.

PART C: INVESTMENT BY LICENSED ONSHORE BANK, LICENSED INSURER, LICENSED TAKAFUL OPERATOR OR RESIDENT ENTITY

Investment on Own Account

5. A LOB, licensed insurer or licensed takaful operator may invest in Foreign Currency Asset up to **any amount** for its own account.

Investment on Behalf of Clients

6. The following persons may invest in Foreign Currency Asset Onshore on behalf of their clients up to **any amount:**

(a) a licensed insurer or a licensed takaful operator; or

(b) a Resident Entity authorised, registered or licensed by Securities Commission Malaysia[4] to undertake investment on behalf of its clients.

7. A licensed insurer is allowed to invest in Foreign Currency Asset **Offshore** on behalf of its client **up to**—

(a) the **net asset value** of investment-linked fund belonging to its client who is a Resident without Domestic Ringgit Borrowing or a Non-Resident; or

(b) **50% of the net asset value**[5] of investment-linked fund belonging to its Resident client with Domestic Ringgit Borrowing **unless** the licensed insurer can ascertain that paragraph 2(a), 2(c)(i) to (c)(ii), 4(a) or 4(c)(i) to (c)(iii) applies.

8. A licensed takaful operator is allowed to invest in Foreign Currency Asset Offshore on behalf of its clients up to the **net asset value** of Shariah-compliant investment-linked fund belonging to its client.

9. A Resident Entity authorised, registered or licensed by Securities Commission Malaysia to offer a unit trust scheme or a collective investment scheme, including a closed-end fund, is allowed to invest in Foreign Currency Asset Offshore on behalf of its client, **up to**—

(a) the **net asset value** of funds belonging to its client who is a Resident without Domestic Ringgit Borrowing or a Non-Resident; or

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4 Including a Resident Entity offering closed-end funds.
5 Computed in aggregate at the licensed insurer's level instead of on per fund basis.

(b) the **net asset value** of Shariah-compliant funds belonging to its Resident client; or

(c) **50% of the net asset value**[6] of conventional funds belonging to its Resident client with Domestic Ringgit Borrowing **unless** the Resident Entity can ascertain that paragraph 2(a), 2(c)(i) to (c)(ii), 4(a) or 4(c)(i) to (c)(iii) applies.

10. (1) A Resident Entity licensed by Securities Commission Malaysia to undertake fund management activities is allowed to invest in Foreign Currency Asset **Offshore** on behalf of its client **up to**—

(a) the **total funds** belonging to its client who is a Resident without Domestic Ringgit Borrowing or a Non-Resident;

(b) the **total funds** belonging to its Resident client for investment in Shariah-compliant assets; or

(c) **50% of the total funds**[7] belonging to its Resident client with Domestic Ringgit Borrowing **unless** the Resident Entity can ascertain that paragraph 2(a), 2(c)(i) to (c)(ii), 4(a) or 4(c)(i) to (c)(iii) applies.

(2) Where decisions on the investment under paragraph 10(1) is made by the Resident client, Parts A and B of this Notice shall apply.

6 Computed in aggregate at the Resident Entity's level instead of on per fund basis.
7 Computed in aggregate at the Resident Entity's level instead of on per fund basis.

NOTICE 4: PAYMENT AND RECEIPT

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PART A: PAYMENT AND RECEIPT FOR APPROVED TRANSACTION

1. A person is allowed to make or receive a payment arising from any transaction approved in writing by the Bank under the FEP Notices or otherwise approved in writing by the Bank **subject to** compliance with the Direction on Dealings with Specified Person and in Restricted Currency issued by the Bank on 3 January 2022 (as amended or revised from time to time).

PART B: PAYMENT IN RINGGIT

Payment in Ringgit Between Non-Resident and Resident or Non-Resident

2. A Non-Resident is allowed to make or receive payment in Ringgit, in Malaysia, to or from another Resident or Non-Resident for—

(a) any purpose between Immediate Family Members;

(b) income earned or expense incurred in Malaysia; or

(c) settlement of—

(i) a trade in goods or services, **excluding** payment between Non-Residents for settlement of a trade in goods or services **outside** Malaysia;

(ii) a Ringgit Asset including any income and profit due from the Ringgit Asset; or

(iii) a commodity murabahah transaction undertaken through a commodity trading service provider, **excluding** payment between Non-Residents for settlement of a commodity murabahah transaction undertaken through a Non-Resident commodity trading service provider.

3. A Non-Resident is allowed to make or receive payment in Ringgit, in Malaysia, to or from a Resident for—

(a) a court judgement where the transaction under litigation is undertaken in compliance with the FEP Notices; or

(b) a reinsurance for domestic insurance business or a retakaful for domestic takaful business between a Resident and a person licensed to carry out Labuan insurance business under the LFSSA or LIFSSA.

PART C: PAYMENT IN FOREIGN CURRENCY

Payment in Foreign Currency between Residents

4. A Resident is allowed to make or receive payment in Foreign Currency, to or from another Resident for—

(a) any purpose between Immediate Family Members;

(b) education, employment or migration outside Malaysia;

(c) a transaction between the Resident and—

(i) a LOB;

(ii) a licensed international takaful operator; or

(iii) an international currency business unit of a licensed takaful operator,

in the conduct of the latter's business involving Foreign Currency;

(d) settlement of—

(i) a Foreign Currency-denominated derivative (**excluding** an Exchange Rate Derivative) transacted on a Specified Exchange under the CMSA between a Resident and a Resident futures broker;

(ii) a commodity murabahah transaction between Residents undertaken through a Resident or a Non-Resident commodity trading service provider;

(iii) a miscellaneous expense[1] incurred outside Malaysia between a Resident Individual residing in Malaysia and a Resident Individual residing outside Malaysia; or

[1] Miscellaneous expense is a Current Account Transaction that is of reasonable amount and infrequent in nature, including but not limited to holiday expenses abroad, medical expenses abroad and advance or reimbursement for purchase of goods and services abroad on behalf of a Resident Individual residing in Malaysia.

(iv) a domestic trade in goods or services between a Resident exporter and a Resident Entity involved in Global Supply Chain[2] operations in Malaysia, **provided that** the payment—

(A) is sourced from Trade FCA of the Resident payor or proceeds from a Foreign Currency trade financing facility obtained by the Resident payor in accordance with Part B of Notice 2;

(B) shall **not** be sourced from conversion of Ringgit into Foreign Currency by the Resident payor; and

(C) is credited into Trade FCA of the Resident payee.

Payment in Foreign Currency Between Resident and Non-Resident

5. A Resident is allowed to make or receive payment in Foreign Currency, to or from a Non-Resident **for any purpose**[3], **excluding** payment made or received for—

(a) a Foreign Currency-denominated derivative or Islamic derivative offered by a Resident **unless** approved by the Bank under Part B of Notice 5 or otherwise approved in writing by the Bank;

(b) a derivative or Islamic derivative which is referenced to Ringgit **unless** approved by the Bank under Part B of Notice 5 or otherwise approved in writing by the Bank; or

(c) an Exchange Rate Derivative offered by a Non-Resident **unless** approved by the Bank under Notice 1 or otherwise approved in writing by the Bank.

Payment in Foreign Currency Between Non-Residents

6. A Non-Resident is allowed to make or receive payment in Foreign Currency, in Malaysia, to or from another Non-Resident for **any purpose**.

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[2] This includes pass-through payments for domestic trade in goods or services undertaken via Resident intermediate Entities along the Global Supply Chain.

[3] Subject to compliance with other FEP Notices.

PART D: PAYMENT RELATING TO REMITTANCE BUSINESS

7. The following persons are allowed to make or receive payment relating to remittance business as defined in section 2 of the MSBA for or on behalf of their customer **subject to** compliance with the Direction on Dealings with Specified Person and in Restricted Currency issued by the Bank on 3 January 2022 (as amended or revised from time to time):

(a) a person who is licensed under the MSBA to carry out remittance business or its money services business agent; or

(b) a person who provides a remittance system approved by the Bank under section 40(1) of the MSBA for a person referred to in paragraph 7(a).

PART E: REPATRIATION OF FUNDS BY NON-RESIDENT

8. A Non-Resident is allowed to repatriate from Malaysia, funds including any income earned or proceeds from divestment of Ringgit Asset, **provided that**—

(a) the repatriation is made in Foreign Currency; and

(b) the conversion of Ringgit into Foreign Currency is undertaken in accordance with Part B of Notice 1.

PART F: OPENING AND MAINTAINING OF ACCOUNT

Ringgit Account

9. A Non-Resident is allowed to open and maintain an External Account[4] with a Financial Institution in Malaysia.

10. Subject to paragraph 12, a NRFI is allowed to undertake the following transaction on behalf of its Non-Resident clients in facilitating settlement of international trade in goods or services between the Non-Resident client and a Resident:

(a) make payment in Ringgit to a Resident through the NRFI's External Account, **provided that** any sale of Foreign Currency against Ringgit shall be undertaken via straight pass-through transactions matched with a back-to-back arrangement with a LOB; or

(b) receive payment in Ringgit from a Resident through the NRFI's External Account.

11. Subject to paragraphs 12 and 13, a Non-Resident Intermediary or NRFI acting as a custodian or trustee is allowed to make or receive payment in Ringgit to or from a Resident or a Non-Resident on behalf of its Resident or Non-Resident clients in facilitating settlement of Ringgit Asset through—

(a) a Ringgit account opened and maintained by the Non-Resident Intermediary or NRFI for the Resident client;

(b) an External Account of the Non-Resident Intermediary or NRFI; or

(c) an External Account opened and maintained by the Non-Resident Intermediary or NRFI for the Non-Resident client.

12. Any transaction undertaken under paragraph 10 or 11 shall **not** involve any Ringgit financing by the Non-Resident Intermediary or NRFI to its Resident or Non-Resident clients.

13. A Non-Resident Intermediary or NRFI acting as a custodian or trustee managing Ringgit Asset for its clients shall comply with **Appendix**.

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[4] Any payment, receipt or transfer from or into an External Account is allowed provided that the Non-Resident is able to produce documentary evidence that the purpose of transaction complies with relevant FEP Notices.

Foreign Currency Account

14. A Resident Individual is allowed to open and maintain a FCA with a LOB or a NRFI, individually or jointly[5] with another Resident Individual or a Non-Resident Individual.

15. Subject to Part A of Notice 3, a Resident Individual is allowed to transfer Foreign Currency funds from his FCA into—

(a) his own FCA;

(b) his joint FCA; or

(c) a FCA of his Immediate Family Member opened individually or jointly with any Individual.

16. Subject to Part B of Notice 3, a Resident Entity is allowed to open and maintain a FCA with a LOB or a NRFI.

17. A Resident Intermediary shall segregate Foreign Currency funds belonging to its Resident client from those belonging to its Non-Resident client into a separate FCA opened under the Resident Intermediary's name.

18. A Non-Resident is allowed to open and maintain a FCA with a LOB, individually or jointly with a Resident Individual or another Non-Resident.

[5] For a joint FCA where any one account holder is a Resident Individual with Domestic Ringgit Borrowing, Part A of Notice 3 shall apply.

APPENDIX

(Paragraph 13)

Requirements on NRFI or Non-Resident Intermediary in Managing Ringgit Asset on Behalf of Clients

No.	Scenario	Requirements
1.	The Non-Resident Intermediary or NRFI opens and maintains separate Ringgit accounts for its Resident and Non-Resident clients to manage their Ringgit investments.	The Ringgit account opened and maintained by the Non-Resident Intermediary or NRFI for the Resident clients shall be designated as Resident's Ringgit account. The Ringgit account opened and maintained by the Non-Resident Intermediary or NRFI for the Non-Resident clients shall be designated as External Account. Any investment in Foreign Currency Asset on behalf of the Resident clients using funds from the Ringgit account shall be subject to Part A or B of Notice 3.
2.	The Non-Resident Intermediary or NRFI opens and maintains an Omnibus Ringgit Account to manage Ringgit investments of its Resident and Non-Resident clients.	Such Omnibus Ringgit Account is classified as External Account. However, all Ringgit proceeds arising from sale of Ringgit Asset on behalf of the Resident clients shall be transferred from the Omnibus Ringgit Account into the Resident Clients' own Ringgit account within three (3) business days.

NOTICE 5: SECURITIES AND FINANCIAL INSTRUMENTS

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PART A: ISSUANCE OF SECURITY AND ISLAMIC SECURITY (COLLECTIVELY REFERRED TO AS "SECURITY")

Issuance of Security by Resident

1. A Resident is allowed to issue a security denominated in—

   (a) Ringgit in Malaysia to a Non-Resident; or

   (b) Foreign Currency to any person,

provided that where the issuance involves a debt security, the Resident issuer shall comply with Notice 2.

Issuance of Security by Non-Resident

2. A Multilateral Development Bank or Qualified Development Financial Institution is allowed to issue a debt security denominated in Ringgit in Malaysia to any person **subject to** compliance with Notice 2.

3. A Non-Resident is allowed to issue a security denominated in Foreign Currency in Malaysia to any person.

PART B: ISSUANCE OF FINANCIAL INSTRUMENT AND ISLAMIC FINANCIAL INSTRUMENT (COLLECTIVELY REFERRED TO AS "FINANCIAL INSTRUMENT") BY LICENSED FINANCIAL INSTITUTION AND BURSA MALAYSIA

4. A LOB[1] is allowed to issue or offer a Financial Instrument denominated in—

(a) Ringgit in Malaysia to a Non-Resident; or

(b) Foreign Currency to any person,

provided that where the Financial Instrument is referenced to exchange rate, the LOB shall comply with Notice 1.

5. A LOB is allowed to deal or transact in a Ringgit-denominated interest rate derivative or profit rate Islamic derivative, directly or through its AOO, with a Non-Resident counterparty, **provided that** where the derivative or Islamic derivative is an Exchange Rate Derivative or embedded with features referenced to exchange rate, the LOB and Non-Resident shall comply with Notice 1.

6. A licensed international Islamic bank is allowed to issue or offer an Islamic Financial Instrument denominated in Foreign Currency to any person, **provided that** where the Islamic Financial Instrument is referenced to exchange rate, the licensed international Islamic bank shall comply with Notice 1.

7. A Resident licensed insurer or takaful operator is allowed to issue or offer an insurance product or a takaful product linked to a Financial Instrument[2] denominated in Ringgit to a Non-Resident.

8. Bursa Malaysia is allowed to issue or offer to a Non-Resident, a Financial Instrument denominated in Ringgit, **excluding** a Financial Instrument which is referenced to exchange rate.

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1 Depending on its scope of business.

2 Any insurance or takaful product not linked to a Financial Instrument shall be regarded as a service for purposes of FEP Notices.

PART C: SUBSCRIPTION OR TRANSFER OF SECURITY OR FINANCIAL INSTRUMENT

8. A Resident is allowed to subscribe or transfer a security or Financial Instrument issued or offered in accordance with this Notice **subject to** compliance with Notice 2, Notice 3 and Notice 4.

9. A Non-Resident is allowed to subscribe or transfer a security or Financial Instrument issued or offered in accordance with this Notice in Malaysia **subject to** compliance with Notice 2, Notice 3 and Notice 4.

NOTICE 6: IMPORT AND EXPORT OF CURRENCY

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IMPORT AND EXPORT OF CURRENCY

1. (1) All importation and exportation of currency shall be made in accordance with the **Notice on Import and Export of Currencies, Securities, Islamic Securities, Financial Instruments and Islamic Financial Instruments 2013 [*G.N. 38691/2013*]** ("Gazette Notice"), which was issued and gazetted by the Bank on 7 November 2013 and effective on 2 December 2013.

(2) A copy of the Gazette Notice is in **Appendix**.

APPENDIX
(Paragraph 1(2))

MALAYSIA

Warta Kerajaan

SERI PADUKA BAGINDA

DITERBITKAN DENGAN KUASA

HIS MAJESTY'S GOVERNMENT GAZETTE

PUBLISHED BY AUTHORITY

Jil. 57 **7hb November 2013** **No. 45**

AKTA PERKHIDMATAN KEWANGAN 2013 DAN
AKTA PERKHIDMATAN KEWANGAN ISLAM 2013

FINANCIAL SERVICES ACT 2013 AND
ISLAMIC FINANCIAL SERVICES ACT 2013

No. 38691.

NOTIS MENGENAI IMPORT DAN EKSPORT MATA WANG, SEKURITI, SEKURITI ISLAM, INSTRUMEN KEWANGAN DAN INSTRUMEN KEWANGAN ISLAM 2013

NOTICE ON IMPORT AND EXPORT OF CURRENCIES, SECURITIES, ISLAMIC SECURITIES, FINANCIAL INSTRUMENTS AND ISLAMIC FINANCIAL INSTRUMENTS 2013

Pada menjalankan kuasa yang diberikan oleh subseksyen 214(2), seksyen 261 Akta Perkhidmatan Kewangan 2013 [*Akta 758*] dan subseksyen 225(2), seksyen 272 Akta Perkhidmatan Kewangan Islam 2013 [*Akta 759*], yang berhubungan dengan perenggan 7 Jadual 14 Akta Perkhidmatan Kewangan 2013 dan Akta Perkhidmatan Kewangan Islam 2013, Bank mengeluarkan notis yang berikut:

Nama dan permulaan kuat kuasa

1. (1) Notis ini bolehlah dinamakan Notis Mengenai Import dan Eksport Mata Wang, Sekuriti, Sekuriti Islam, Instrumen Kewangan dan Instrumen Kewangan Islam 2013.

(2) Notis ini mula berkuat kuasa pada 2 Disember 2013.

Import dan eksport ringgit

2. (1) Mana-mana orang dibenarkan untuk membawa ringgit pada dirinya atau dalam bagasinya atau selainnya dalam milikannya yang tidak melebihi jumlah agregat yang bersamaan dengan sepuluh ribu Dolar Amerika Syarikat—

(a) apabila tiba di Malaysia dari mana-mana destinasi luar Malaysia; atau

(b) apabila meninggalkan Malaysia ke mana-mana destinasi luar Malaysia.

(2) Seseorang yang tertakluk kepada subperenggan (1) hendaklah disifatkan mempunyai pemilikan ringgit jika ringgit itu dalam jagaan sebenarnya atau dipegang oleh mana-mana orang lain yang tertakluk kepada kawalannya atau bagi dirinya atau bagi pihaknya.

Import dan eksport mata wang asing

3. Mana-mana orang dibenarkan untuk mengimport ke dan mengeksport dari Malaysia apa-apa mata wang asing termasuk suatu cek kembara.

Import dan eksport sekuriti, dsb., yang dinyatakan dalam nilai mata wang asing atau ringgit

4. Mana-mana orang dibenarkan untuk mengimport ke atau mengeksport dari Malaysia—

(a) apa-apa sekuriti atau sekuriti Islam yang dinyatakan dalam nilai mata wang asing atau ringgit; atau

(b) apa-apa instrumen kewangan atau instrumen kewangan Islam yang dinyatakan dalam nilai mata wang asing atau ringgit.

Kesalahan

5. Seseorang melakukan suatu kesalahan di bawah subseksyen 214(9) Akta Perkhidmatan Kewangan 2013 atau subseksyen 225(9) Akta Perkhidmatan Kewangan Islam 2013 jika orang itu mengimport atau mengeksport ringgit melebihi amaun yang dibenarkan dalam perenggan 2 tanpa kelulusan bertulis Bank.

Dibuat 21 Oktober 2013
[BNM/JUN/1125/35/33]

TAN SRI DATO' SRI DR. ZETI AKHTAR AZIZ
Gabenor Bank Negara
Malaysia

In exercise of the powers conferred by subsection 214(2), section 261 of the Financial Services Act [*Act 758*] *and subsection 225(2), section 272 of the Islamic Financial Services Act* [*Act 759*], *in relation to paragraph 7 of Schedule 14 of the Financial Services Act 2013 and Islamic Financial Services Act 2013, the Bank issues the following notice:*

Citation and commencement

1. (1) This notice may be cited as the Notice on Import and Export of Currencies, Securities, Islamic Securities, Financial Instruments and Islamic Financial Instruments 2013.

(2) This notice will come into effect on 2 December 2013.

Import and export of ringgit

2. (1) Any person is allowed to carry on his person or in his baggage or otherwise in his possession of ringgit not exceeding an aggregate amount of ten thousand United States Dollars equivalent—

(a) upon arrival in Malaysia from any place outside Malaysia; or

(b) upon leaving Malaysia for any destination outside Malaysia.

(2) A person who is subject to subparagraph (1) shall be deemed to be in possession of ringgit if the same is in his actual custody or is held by any other persons who is subject to his control or for him or on his behalf.

Import and export of foreign currency

3. Any person is allowed to import into and export from Malaysia any foreign currency including a traveller's cheque.

Import and export of security, etc. denominated in foreign currency or ringgit

4. Any person is allowed to import into or export from Malaysia—

(a) any security or Islamic security denominated in foreign currency or ringgit; or

(b) any financial instrument or Islamic financial instrument denominated in foreign currency or ringgit.

Offence

5. A person commits an offence under subsection 214(9) of the Financial Services Act 2013 or subsection 225(9) of the Islamic Financial Services Act 2013 if the person imports or exports ringgit exceeding the amount allowed in paragraph 2 without the written approval of the Bank.

Made 21 October 2013
[BNM/JUN/1125/35/33]

TAN SRI DATO' SRI DR. ZETI AKHTAR AZIZ
Governor Bank Negara
Malaysia

PNMR

NOTICE 7: EXPORT OF GOODS

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PART A: RECEIPT OF PROCEEDS OF EXPORT OF GOODS BY RESIDENT

1. A Resident exporter shall receive the proceeds of its Export of Goods in Malaysia—

(a) in Ringgit or Foreign Currency which shall be placed in a Ringgit account or Trade FCA, as the case may be, maintained with a LOB;

(b) in full value **excluding** any—

(i) approved deductions related to the Export of Goods as listed in **Appendix A**; and

(ii) amount spent for approved offsetting or writing-off arrangements as listed in **Appendix B**.

(c) earlier than or in accordance with the payment date of the export contract which shall **not** exceed **six (6) months from the date of shipment**. However, where any of the circumstances stated in **Appendix C** applies, the Resident exporter may receive the proceeds of its Export of Goods **up to twenty-four (24) months** from the date of shipment.

2. Paragraph 1 shall not apply to proceeds of Export of Goods categorised under **Appendix D.**

PART B: PAYMENT OF EXPORT PROCEEDS IN RINGGIT BY NON-RESIDENT

3. Where a Non-Resident undertakes settlement for an Export of Goods in Ringgit in Malaysia, the Ringgit shall be sourced from—

(a) buying of Ringgit against Foreign Currency in accordance with Part B of Notice 1;

(b) an External Account of the Non-Resident;

(c) an External Account of an NRFI acting on behalf of the Non-Resident, where it shall involve the buying of Ringgit in accordance with Part B of Notice 1; or

(d) a Ringgit trade financing facility from a LOB in accordance with Part D of Notice 2.

PART C: REPORTING REQUIREMENT

4. Where a Resident exporter's annual gross Export of Goods **exceeds** RM250 million equivalent in the preceding year, the Resident exporter shall submit a report on Export of Goods to the Bank via https://bnm.my/fep as and when required by the Bank.

5. Where any proceeds from Export of Goods as referred to under paragraph 1(c) of Part A of this Notice is not received by the Resident exporter within 24 months from the date of shipment, the Resident exporter shall notify the Bank on the outstanding Export of Goods proceeds within **twenty-one (21) days after the end of each calendar year** via https://bnm.my/fep.

APPENDIX A
(Paragraph 1(b)(i))

Approved Deductions

Approved deductions refer to any one or more of the following:

(a) agency commission including advertising or promotion expenses;

(b) handling charge including freight and insurance or takaful costs;

(c) administrative error;

(d) discount by the Resident exporter;

(e) quality and/or quantity claim;

(f) short-shipment;

(g) shut-out;

(h) write-off arising from fraud;

(i) goods that the Resident exporter does not own but is receiving payment for value added input; or

(j) buyer is under liquidation.

APPENDIX B
(Paragraph 1(b)(ii))

Approved Offsetting or Writing-Off Arrangements

A Resident exporter is allowed to receive less than full value of the proceeds of its Export of Goods where it enters into—

(a) an offsetting arrangement with any Non-Resident to offset the proceeds of the Resident exporter's Export of Goods with—

(i) import of goods and services by the Resident exporter;

(ii) warranty claim by the buyer;

(iii) dividend payment by the Resident exporter;

(iv) other Current Account Transactions; or

(v) repayment of Foreign Currency Borrowing obtained by the Resident exporter in accordance with Notice 2; or

(b) a writing-off arrangement with a Non-Resident buyer of the exported goods to write-off the outstanding proceeds of the Resident exporter's Export of Goods due to—

(i) liquidation of the Non-Resident buyer; or

(ii) the Resident exporter is unable to receive the proceeds of its Export of Goods from the Non-Resident buyer after at least twenty-four (24) months from date of shipment despite following up with the Non-Resident buyer.

APPENDIX C

(Paragraph 1(c))

Approved Circumstances for Receipt of Proceeds of Export of Goods up to Twenty-Four (24) Months from the Date of Shipment

1. The Resident exporter **has no control over the delay** in receiving the proceeds of its Export of Goods due to unexpected circumstances, including but not limited to:

   (a) buyer in financial difficulties;

   (b) buyer cancels, delays, disputes or does not respond to request for payment;

   (c) restriction on foreign exchange transactions in the buyer's country;

   (d) quality and/or quantity claims; or

   (e) incidence of fraud.

2. The Resident exporter has exported goods on credit terms of up to twenty-four (24) months from the date of shipment to the buyer for—

   (a) consignment sale; or

   (b) goods that involve testing and commissioning.

APPENDIX D
(Paragraph 2)

Non-Receipt of Proceeds of Export of Goods

Non-receipt of proceeds of Export of Goods is allowed for goods exported—

(a) under a border trade agreement entered into by the Government of Malaysia with any foreign government; or

(b) where the goods are not for sale, as follows:

(i) gift, donation, personal effects or business sample;

(ii) goods that are exported for further processing, testing, repairing, exchange or exhibition, and subsequently will be imported back to Malaysia; or

(iii) goods belonging to a Non-Resident that are exported after an exhibition in Malaysia or upon expiry of a lease or rental.