

Frequently Asked Questions (FAQ)

Investment in Foreign Currency Asset (Notice 3)	
Questions	Answers
<i>General investment in foreign currency asset</i>	
1. Is a resident without domestic ringgit borrowing subject to the investment limit?	<ul style="list-style-type: none"> No. A resident without domestic ringgit borrowing is free to invest any amount in foreign currency (FC) asset onshore and offshore.
2. How does a resident with domestic ringgit borrowing compute their total investment limit?	<ul style="list-style-type: none"> The investment limit is based on the aggregate amount of investment in FC asset onshore and offshore per calendar year. For a resident entity, the investment limit shall take into account of its resident group of entities with parent-subsidiary relationship.
3. Is a resident entity required to seek BNM's prior approval from BNM to invest in FC assets if their intended FC investment is to exceed the RM50 million limit?	<ul style="list-style-type: none"> Yes, only the amount exceeding the RM50 million limit would require prior approval from BNM.
4. Is short term placement of FC deposits considered as investment in foreign currency assets?	<ul style="list-style-type: none"> Yes.
5. Where can a resident place the proceeds from investment abroad such as, for example investment income or dividends?	<ul style="list-style-type: none"> Investment income, including divestment proceeds derived from FC asset can be credited into Investment Foreign Currency Account (Investment FCA). Funds from Investment FCA can be transferred to Trade FCA to meet any shortfall in FC requirements.
6. Can a resident use income from investment abroad for other investment abroad activities?	<ul style="list-style-type: none"> Yes, a resident can use the investment income received from abroad for reinvestment.
7. Is there any restriction on payment of dividends to non-resident shareholders?	<ul style="list-style-type: none"> No.
8. Can a resident entity convert ringgit directly for investment in FC assets?	<ul style="list-style-type: none"> Yes, subject to the permissible limit on investment in FC asset.
9. What does 'exchange of debt' mean?	<ul style="list-style-type: none"> In this context, it also means swap or swapping of debt.
<i>Purchase of real estate abroad by resident individuals</i>	
10. Can a resident individual buy a property abroad for his/her close	<ul style="list-style-type: none"> No. A resident individual can only buy the property abroad for own account or his/her

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friend who intends to obtain education, employment or migration abroad?	immediate family members only under the permitted purposes.
11. Can a resident individual buy a property abroad for his/her child as part of his/her long term education plan over a 10-year horizon (without documentation)?	<ul style="list-style-type: none"> No. A resident individual shall submit documentary evidence of committed education plan (e.g. an enrolment letter from the foreign school or institution) as part of the onshore bank's customer due diligence.
12. Can a resident entity buy a property abroad for their staff posted abroad?	<ul style="list-style-type: none"> This flexibility is only applicable for resident individuals. A resident entity purchasing a property abroad for their staff posted abroad is subject to the permissible limit on investment in FC asset.
13. What are the documents required for a resident individual to purchase a property abroad for migration purpose?	<ul style="list-style-type: none"> A resident individual shall produce relevant supporting document that could confirm his/her citizenship or permanent resident status abroad, including conditional approval letters. Proof of application for foreign citizenship or permanent resident status is not sufficient for onshore bank's customer due diligence.
<i>Investment by resident individuals in derivatives offered by non-residents</i>	
14. Can a resident individual freely invest in derivatives such as options and swaps offered by a non-resident?	<ul style="list-style-type: none"> Yes, a resident individual is free to invest in non-exchange rate related derivatives, such as equity options, commodity futures and other similar products offered by a non-resident as long as it is consistent with the resident individual's risk management.
15. Can a resident individual with domestic ringgit borrowing invest in FC product embedded with derivatives offered by a non-resident?	<ul style="list-style-type: none"> A resident individual with domestic ringgit borrowing may invest up to a limit of RM1 million in aggregate per calendar year if the investment is sourced from conversion of ringgit or transfer from Trade FCA.
16. Can a resident individual purchase derivatives directly from a non-resident futures broker?	<ul style="list-style-type: none"> Yes. A resident individual may do so subject to the permissible limit on investment in FC asset as per Notice 3 and as long as the derivative is not an exchange rate derivative.
17. How does a resident individual compute the amount of investment for non-exchange rate related derivatives? Is it based on notional amount or margin?	<ul style="list-style-type: none"> The amount of investment for derivatives shall be computed based on the total remittance made to the resident individual's margin account maintained with the non-resident broker to facilitate the derivative transactions.

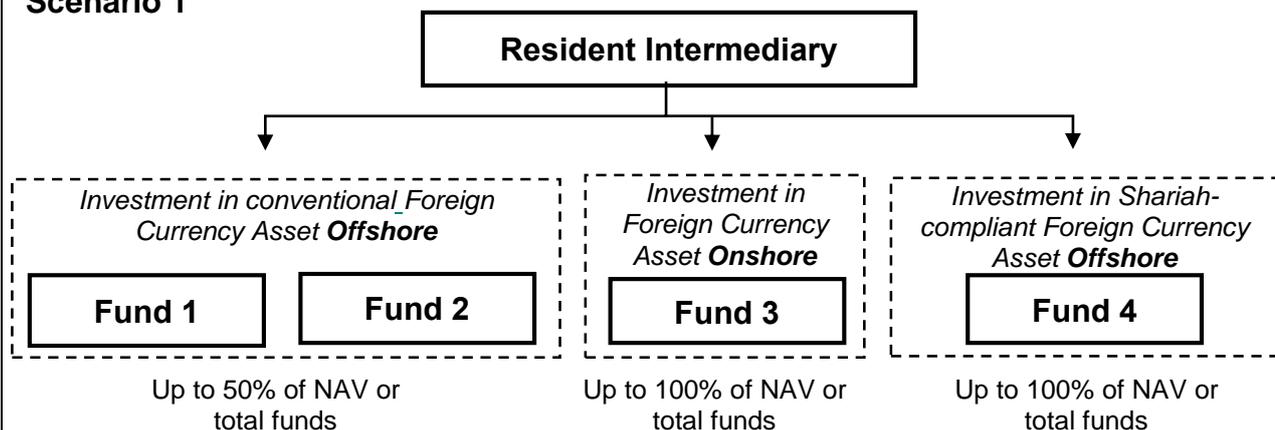
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	<ul style="list-style-type: none"> • If the resident individual's investment is to exceed the RM1 million annual aggregate limit arising from a potential margin call, prior approval from BNM is required. • Any such application will take up to 14 business days from the date of full information received. Thus, a resident individual is advised to factor this in his/her risk assessment when investing in derivatives.

Investment by intermediary

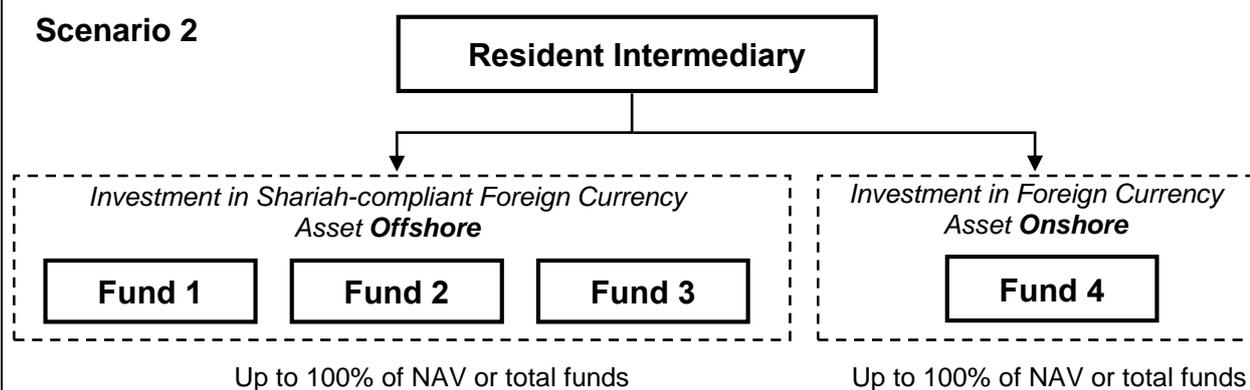
18. Computation of threshold for investment on behalf of a resident client with domestic ringgit borrowing:

Scenario 1



Note: Aggregate investments by Resident Intermediary shall not exceed 100% of NAV or total funds

Scenario 2



Note: Aggregate investments by Resident Intermediary shall not exceed 100% of NAV or total funds