## Frequently Asked Questions

**General payment in foreign currency (Notice 4)**

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<th>Questions</th>
<th>Answer</th>
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| 1. Can a resident individual pay another resident in foreign currency?    | • A resident individual is allowed to pay another resident in foreign currency for the following purposes:  
(a) settlement of any securities, Islamic securities, financial instrument or Islamic financial instrument denominated in foreign currency approved by Bank Negara Malaysia*;  
(b) settlement of derivatives denominated in foreign currency, other than currency derivatives, transacted on a specified exchange under the Capital Markets and Services Act 2007 between the resident and a resident futures broker;  
(c) settlement of commodity murabahah transactions through resident commodity trading service providers;  
(d) for education and employment overseas; and  
(e) for any purpose by a resident individual to another resident immediate family member (comprises spouse, parents, children and siblings).  
• Approval is required for payment between residents in foreign currency for purposes other than the above.  
*subject to prevailing rules on investment in foreign currency asset, if applicable. |
<p>| 2. Can a resident individual use own foreign currency funds to pay the licensed onshore banks for the purchase of foreign currency financial products? | • Yes.                                                                                                                                   |</p>
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<th>3. What type of foreign currency receipts from abroad can a resident individual keep in a foreign currency account?</th>
<th>• A resident individual may keep foreign currency receipts arising from income, profit, rental, proceeds from divestment of foreign currency assets and approved foreign currency borrowings in his foreign currency accounts.</th>
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| 4. My company and another resident company have been awarded a joint venture project overseas. Can we open a foreign currency account to facilitate payments and receipts under this project? | • Yes, provided the foreign currency account is opened by the joint venture entity.  
• However, approval is required for other resident companies to open and maintain joint foreign currency accounts. |

**Eligible resident SMEs to receive foreign currency payment from resident exporters for domestic trade**

| 5. Who are eligible for the foreign currency payment flexibility? | • This flexibility is for any resident SME, as defined by SME Corporation Malaysia, who is a net importer within the global supply chain (payee) and resident exporter with foreign currency export earnings (payor).  
• Global supply chain under this flexibility is defined as a business activity where a resident SME purchasing goods or services from overseas which will support the production and distribution of goods by another resident exporter for export activities.  
• Eligible resident SMEs may apply to their banks to set up this facility to receive foreign currency payments for their domestic trade with resident exporters.  
• Once resident SMEs have set up this facility and issue the domestic invoices in foreign currency to its resident exporters, resident exporters may apply to their banks to set up this flexibility to pay eligible resident SMEs in foreign currency. |

*Please refer to the Supplementary Notice (No.5) for more details*
| 6. If a resident company does not fall under the definition of SME under SME Corporation, can this company submit application to seek approval from BNM? | • The flexibility is intended to allow SMEs to minimise FX risks arising from their net import obligations. BNM also recognises that SMEs are more likely to have limited capability to undertake cost-effective FX hedging, unlike larger firms. Therefore, this flexibility provides a ‘natural hedge’ for SMEs.  
• SMEs that are net exporters would have sufficient foreign currency proceeds to pay for their import obligations.  
• In this regard, any other resident company may submit an application to seek approval from BNM. |
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| 7. Can a resident exporter use proceeds from foreign currency trade financing facility to make the foreign currency payment to eligible SMEs? | • Other than using its foreign currency export proceeds, a resident exporter may also utilise proceeds from foreign currency export trade financing facility to make payment in foreign currency to an eligible SME for settlement of domestic trade.  
• Notwithstanding, a resident exporter obtaining the foreign currency export trade financing facility must comply with prevailing FEA rules on conversion of export of goods. |