Foreign Exchange Policy (FEP) Liberalisation for Multilateral Development Banks (MDBs) and Qualified Non-resident Development Financial Institutions (DFIs)

What is the FEP liberalisation?

MDBs and qualified non-resident DFIs are now allowed to –

a. issue ringgit-denominated bond or sukuk for use in Malaysia; and

b. provide ringgit financing to resident entities.

Is there any application process?

- **MDB:** No application is required. MDBs can immediately enjoy the flexibilities.
- **Other non-resident DFI:**
  1. Interested DFIs may submit the application form to be a qualified DFI to the BNM FEP Department. (See *Guide to submit application form* below)
  2. If DFIs meet the criteria, a one-off approval will be provided by BNM and the DFIs will be added to the qualified DFIs list on the BNM FEP website.
  3. Upon inclusion onto the list, interested DFIs can now enjoy the FEP flexibilities.

What are the criteria to be a qualified DFI?

1. Good governance and clear development mandate; and
2. Ringgit funds raised via issuances of ringgit-denominated debt securities and ringgit financing provided are used to support real economic activities in Malaysia.

Are there any restrictions or exceptions for the flexibilities?

- There are generally no restrictions, so long as the proceeds from the issuances of ringgit-denominated bond or sukuk are used in Malaysia, and the ringgit financing is provided to a resident entity.
- MDBs and qualified DFIs are also free to utilise either flexibility, i.e. to issue ringgit bond/sukuk or extend ringgit financing, or both based on the institution's business strategy in Malaysia. For instance, a MDB can opt to provide ringgit financing to resident entities using its own funding sources which may be in foreign currency.

Guide to submit application form

- Complete the application form that is available on the BNM FEP website.
- Under the FEP Public Portal, submit an application by using *Form General* and attach the completed application form as a supporting document.
- For any guidance on the online submission system, you may refer to this user guide.

For more information, please refer to the FEP Notices on the BNM FEP website or submit online enquiries via the FEP Public Portal

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