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.