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 1 October 2025.

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 15 November 2024 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-denominated tangible or intangible asset— (i) offered by a Non-Resident or any person whose residency cannot be determined; (ii) in or maintained with a Labuan Entity, including but not limited to deposit in a Foreign Currency Account maintained with a Labuan Entity; (iii) outside Malaysia including but not limited to deposit in a Foreign Currency Account maintained outside Malaysia but shall **not** include reasonable amount of deposit for education, employment or migration outside Malaysia; or (iv) in the form of— (A) Borrowing given to a Non-Resident; (B) working capital arising from the set-up of any business arrangement outside Malaysia (including a joint

Term	Definition
	venture project where no Entity is created or established); (C) Financial Instrument or Islamic Financial Instrument (excluding Exchange Rate Derivatives) without Firm Commitment— (I) traded on a Specified Exchange under the CMSA outside Malaysia by a Resident through a Resident futures broker; (II) issued or offered by a Non-Resident;or (D) Emission credits[2]— (I) traded whether via an exchange or otherwise, througha Labuan Entity or outside Malaysia by a Resident or a Non-Resident; or (II) sold by a Non-Resident to a Resident.
Foreign Currency Asset Onshore	(a) deposit in Investment FCA with a LOB or an approved Financial Institution as specified in Notice 3; (b) any instrument issued or offered by a LOB with Foreign Currency delivery at maturity[3]; or (c) Foreign Currency-denominated— (i) securities or Islamic securities issued or offered in Malaysia by a Resident as approved in writing by the Bank; (ii) Financial Instrument or Islamic Financial Instrument issued or offered in Malaysia by a Resident as approved in writing by the Bank **excluding** a derivative or Islamic derivative transaction entered with Firm Commitment; or

[2] Such as carbon credits, Roundtable of Sustainable Palm Oil (RSPO) credits and renewable energy credits.
[3] Such as dual-currency investment.

Term	Definition
	(iii) Emission credits[4] traded in Malaysia (excluding those traded through a Labuan Entity) by a Resident or a Non-Resident.
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*].
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;

[4] Such as carbon credits, Roundtable of Sustainable Palm Oil (RSPO) credits and renewable energy credits.

Term	Definition
	(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.
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*];

Term	Definition
	(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*].
MSBA	Money Services Business Act 2011 [*Act 731*].
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.

Term	Definition
	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. 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;

Term	Definition
	(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; (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.

Term	Definition
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.