Frequently Asked Questions (FAQ)

Non-Resident Borrowing in Malaysia (Notice 2)	
Questions	**Answer**
1. Can a non-resident individual borrow in ringgit from his/her non-resident brother for any purpose?	• A non-resident individual is allowed to borrow any amount in ringgit or foreign currency (FC) from his/her resident or non-resident immediate family members (i.e. spouse, parents, children and siblings) for any purpose.
2. Can a non-resident individual borrow in ringgit from his/her non-resident sister in-law for any purpose?	• No, in-laws are not deemed as immediate family members.
3. Can a non-resident obtain ringgit margin financing facility from a resident stock broking company to purchase shares of a Malaysian company listed on Bursa Malaysia?	• Yes.
4. Can a non-resident borrow in ringgit in Malaysia for any purpose? *(new)*	• A non-resident individual is permitted to borrow in ringgit up to any amount from– (i) Immediate family member; (ii) Licensed insurer and licensed takaful operator related to life insurance policy or family takaful certificate; or (iii) Employer in Malaysia for domestic use Notwithstanding the above, a non-resident individual is allowed to obtain credit card or charge card facility from onshore bank to be used for payment of retail goods or services when abroad • A non-resident, excluding NRFI, is allowed to borrow in ringgit up to any amount from a resident– (i) To finance or refinance activities in the real sector in Malaysia, including the purchase of immovable property, except for purchase of land only; or

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	(ii) Margin financing for products traded on Bursa Malaysia. Notwithstanding the above, a Multilateral Development Bank or Qualified Development Financial Institution is allowed to borrow in ringgit for use in Malaysia from a resident or non-resident through issuance of a debt security denominated in ringgit. • A non-resident is allowed to borrow in ringgit from a LOB– (i) Via a trade financing for settlement of trade with resident up to any amount; (ii) Via an overdraft facility to avoid settlement failure for purchase shares or ringgit instrument traded on Bursa Malaysia or through RENTAS. This overdraft flexibility can be only utilised by non-resident custodian bank, stockbroking corporation, trust bank, international central securities depository acting on behalf of its clients, or a non-resident investor for its own account; or (iii) Up to RM10 million in aggregate via repurchase agreement or sale buy back agreement. Please refer to Notice 2 for more details. • ***Note:*** *(i) "Refinance" includes refinancing of existing ringgit borrowing that was utilised for real sector activities in Malaysia or on-lending to a resident entity within the same group or an immediate family member that will be*

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	ultimately used for real sector activities in Malaysia. *(ii) A Qualified Development Financial Institution is a Non-Resident Development Financial Institution approved by the Bank. The list of Qualified Development Financial Institution can be found on BNM's website https://www.bnm.gov.my/fep.*
5. Can a non-resident obtain ringgit trade financing from a licensed onshore bank to facilitate settlement of international trade in goods or services with a resident?	• Yes.
6. Can a non-resident obtain an overdraft facility from a licensed onshore bank to avoid settlement failure for purchase of ringgit securities?	• Yes. The overdraft facility shall be solely for the purpose of mitigating settlement failure for purchase of ringgit securities due to inadvertent delay of payment (e.g. system failure or payment glitch due to unplanned events) by the non-resident with maximum tenure of 2 business days. • Such overdraft facility is eligible for the following non-residents: (a) A non-resident custodian bank, stockbroking corporation, trust bank or international central securities depository acting on behalf of non-resident investors; or (b) A non-resident investor purchasing ringgit securities for its own account.
7. What is the application process to be a Qualified Development Financial Institution, and what are the approval criteria used by BNM? *(new)*	• A Non-Resident Development Financial Institution may apply to be a Qualified Development Financial Institution by submitting the Qualified Development Financial Institution Application Form available on BNM's website https://www.bnm.gov.my/fep.

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	BNM shall notify the applicant in writing upon approval of the application. • Approval shall be given if the Development Financial Institution meets the qualifying criteria as follows: (a) Good governance and clear mandate; and • Lending or funds raised in Malaysia would be used for real sector activities in Malaysia only.

Bank Negara Malaysia
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