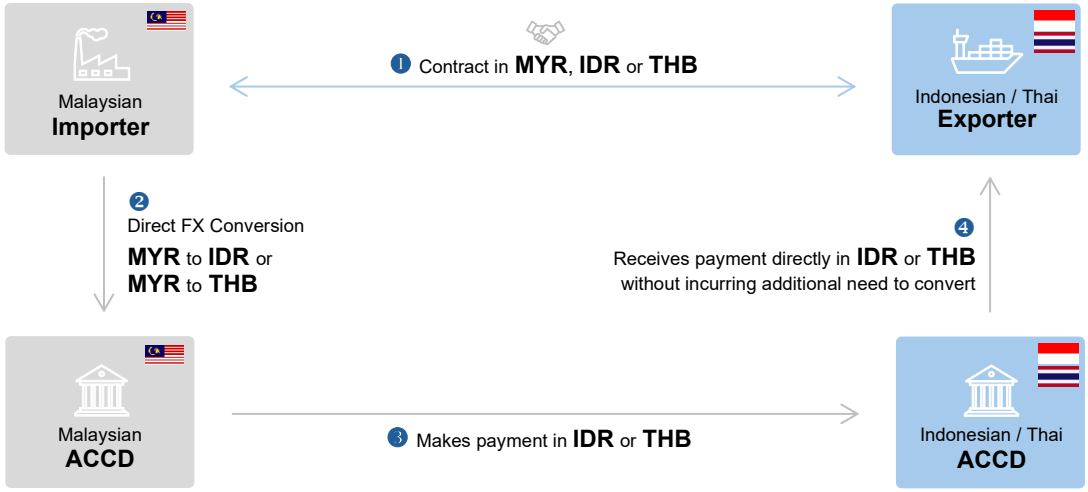
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Local Currency Transaction Framework ("LCTF")

Key Facts and Information

Settlements undertaken via the
Local Currency Transaction Framework



Note: The above is an illustration involving trade in goods, other transactions such as investments can also be permitted. **See details in following sections.**

What is the LCTF?

- LCTF facilitates the **use of local currencies** for settlements of cross-border economic activities between **Malaysia**, **Thailand** and **Indonesia**
- Transactions for **trade** and **investments** can be **converted directly into** and / or **transacted** in the counterpart's local currency
- Businesses and individuals can obtain a wide range of **local currency financial products** in Malaysia under the LCTF

Permitted Transactions

- **Trade** (Goods & services)
- **Direct Investments**
- **Portfolio Investments**
- **Income** and **Transfers**

Local Currency Offerings

- **Buy and Sell Local Currency** (FX) (Spot, Forward and Swaps)
- **Local Currency Loans and Financing** (for Trade and Direct Inv.)
- **Local Currency Deposit Accounts**

Where can I access the LCTF?

Appointed Cross-Currency Dealers ("ACCDs") in Malaysia can facilitate local currency transactions

(see list on website)

THB	IDR
14 ACCDs	**12 ACCDs**

What are the benefits to businesses?

Cost competitiveness
Reduce need for multiple conversions and hence **lowering FX** and **business costs**

Improved Risk Management
Businesses can price and settle **directly in their home currency**, **reducing exposure** to multiple FX rates

Unlocking Opportunities
Increased price competitiveness and access to local currency **unlocks new opportunity**

Financial Market Flexibilities
LCTF offers **flexible** and wide **access** to a host of local currency solutions across a large network of ACCDs

Benefits to the Economy

Regional Financial Integration
Harnessing growth potential in areas of trade and investments through deeper regional integration

Building Financial Resilience and Innovation
Promote the development of regional financial markets and strengthening resilience