

Foreign Exchange Administration (FEA) Rules

Important notice:

You are advised to read and understand the FEA Rules and ensure all activities performed for accounts maintained with *OCBC Bank (Malaysia) Berhad* and/or *OCBC Al-Amin Bank Berhad* comply with the FEA Rules at all times.

Please note that this is not a complete set of the FEA Rules and they may be revised from time to time. You are advised to get the full and latest FEA Rules from Bank Negara Malaysia's website at <http://www.bnm.gov.my> and clicking on the 'FXAdmin' tab.

What is it?

The FEA rules are administered by Bank Negara Malaysia ("BNM") under the Financial Services Act 2013 and Islamic Financial Services Act 2013 to safeguard the value of the currency of Malaysia.

What may be required from me?

- Inform the Bank on your residency status ► **"Who does it apply to?"**
- Ensure any payments and receipts to/from your account meet the permissible purposes ► **Section A**
- Inform the Bank on your domestic ringgit borrowing and investment status when you intend to invest abroad ► **Section B**
- **Obtain BNM's approval** before effecting any transaction if your transaction does NOT meet the permissible purposes as tabulated in **Section A** or the sources of funds and the allowable limits as listed in **Section B**.

You may submit your application online via BNM's '[FXAdmin](#)' website under the tab '[Submission of Application and Report](#)'.

Who does it apply to?

- **Residents** who are dealing in **foreign currencies**
- **Non-Residents** who are dealing in **Malaysian Ringgit**, in Malaysia

Definition of Resident:	Definition of Non-Resident:
(a) Malaysian citizen; or	(a) Non- Malaysian citizen; or
(b) Malaysian citizen with PR status of another country but resides in Malaysia; or	(b) Malaysian citizen with PR status abroad and resides abroad; or
(c) Non- Malaysian citizen with PR status in Malaysia and resides in Malaysia; or	(c) Foreign embassies, high commissions, supranationals, central banks; or
(d) Business enterprises / societies established / operating in Malaysia	(d) Business entities established abroad

Source: Bank Negara Malaysia's Website

A. You may make or receive payment: (including cheques issued and deposited)

I. In Malaysian Ringgit in the following scenarios :

Between Resident & Non-Resident	Between Non-Residents
Settlement of a ringgit asset including any income and profit due from the ringgit asset	Settlement of a ringgit asset including any income and profit due from the ringgit asset
Settlement of trade in goods	Settlement of domestic trade in goods or services in Malaysia
Settlement of services, in any manner	
Income earned or expense incurred, in Malaysia	Income earned or expense incurred, in Malaysia
Settlement of a commodity murabahah transaction between a resident and non-resident participant undertaken through a resident commodity trading service provider	Settlement of a commodity murabahah transaction between non-resident participants undertaken through a resident commodity trading service provider
Settlement of reinsurance for domestic insurance business or retakaful for domestic takaful business between a resident and a person licensed to undertake Labuan insurance or takaful business	
Settlement of a non-financial guarantee denominated in ringgit issued by a person licensed to undertake Labuan banking business in favour of a resident	
For any purpose between immediate family members	For any purpose between immediate family members

II. In Foreign Currency in the following scenarios :

Between Residents
Transaction between the resident and a licensed investment bank, a licensed international takaful operator or an international currency business unit of a licensed takaful operator in carrying out its business, as the case may be
Settlement of any security, Islamic security, financial instrument or Islamic financial instrument denominated in foreign currency approved by BNM
Settlement of domestic trade in goods or services by the resident entity with export earnings to another resident entity using foreign currency funds in foreign currency account II or proceeds from approved foreign currency trade financing facility in accordance with the requirements under Part A of Notice 2
Settlement of a derivative denominated in foreign currency, other than exchange rate derivatives, transacted on a Specified Exchange stipulated under the Capital Markets and Services Act 2007 [Act 671]
Settlement of a commodity murabahah transaction between resident participants undertaken through a resident commodity trading service provider
Settlement for education or employment overseas

Source: Notice 4 Payments (BNM's Notices on Foreign Exchange Administration Rules dated 28 June 2013)

II. In Foreign Currency in the following scenarios (cont'd):

Between Resident & Non-Resident

A resident is allowed to make or receive payment to or from a non-resident in foreign currency for any purpose, other than for-

- A derivative denominated in foreign currency offered by the resident unless it has been approved by BNM or allowed under Part B of Notice 5;
- A derivative denominated in or referenced to ringgit unless it has been approved by BNM or allowed under Part B of Notice 5; or
- A derivative denominated in foreign currency offered by the non-resident, except for
 - A derivative denominated in foreign currency, other than exchange rate derivative with reference to ringgit; purchased by a licensed onshore bank for its own account;
 - An interest rate swap denominated in foreign currency between a resident and Labuan banks to manage interest rate exposure arising from borrowing in foreign currency as set out in Part A of Notice 2; or
 - A derivative denominated in foreign currency, other than exchange rate derivatives, offered on a Specified Exchange stipulated under the Capital Markets and Services Act 2007 [Act 671] undertaken through a resident futures broker by a resident with firm commitment.

Source: Notice 4 Payments (BNM's Notices on Foreign Exchange Administration Rules dated 28 June 2013)

B. Investment in Foreign Currency Assets

Some examples of foreign currency (FCY) assets with OCBC Malaysia include FCY Call Account / Fixed Deposit, Dual Currency Investment (DCI), FCY Retail Bonds and Overseas Property Financing in FCY.

I. Investment in foreign currency asset onshore

A resident is allowed to undertake any amount of investment in foreign currency asset onshore for its own account or on behalf of clients.

II. Investment abroad for your own account

a) If you are a Resident individual, sole proprietor or general partnership:

Without domestic ringgit borrowing is allowed to undertake investment abroad of any amount; or

With domestic ringgit borrowing is allowed to undertake an investment abroad of

- Any amount using foreign currency funds
 - from abroad;
 - from non-resident, other than foreign currency borrowing; or
 - sourced from FCA II
- Up to RM10million equivalent in aggregate of foreign currency borrowing obtained by the resident from a licensed onshore bank or a non-resident; or
- Up to RM1 million equivalent in aggregate per calendar year –
 - using foreign currency funds sourced from FCA I;
 - using foreign currency funds sourced from conversion of ringgit; or
 - through the swapping of financial assets

Source: Notice 3 Investment in foreign currency asset (BNM's Notices on Foreign Exchange Administration Rules dated 28 June 2013)

II. Investment abroad for your own account (cont'd)

b) If you are a Resident entity:

Without domestic ringgit borrowing is allowed to undertake an investment abroad of any amount;

With domestic ringgit borrowing¹ is allowed undertake an investment abroad of

- Any amount using foreign currency funds
 - from abroad;
 - from non-resident, other than foreign currency borrowing; or
 - sourced from FCA II
- Any amount using foreign currency borrowing obtained from a licensed onshore bank for direct investment abroad;
- Up to the amount of approved foreign currency borrowing obtained from a non-resident as set out in Part A of Notice 2;
- Up to the amount of the proceeds sourced from the listing of shares through an Initial Public Offering on the Main Market of Bursa Malaysia; or
- Up to RM50 million equivalent in aggregate² per calendar year
 - using foreign currency funds sourced from FCA I;
 - using foreign currency funds sourced from conversion of ringgit; or
 - foreign currency borrowing obtained from a licensed onshore bank for purposes other than direct investment abroad; or
 - through the swapping of financial assets.

¹ the resident entity is deemed to have domestic ringgit borrowing when the resident entity or another resident entity within its group of entities with parent-subsidiary relationship has a ringgit borrowing.

² the RM50 million equivalent refers to investment abroad by the resident entity and other resident entities within its group of entities with parent-subsidiary relationship.

Source: Notice 3 Investment in foreign currency asset (BNM's Notices on Foreign Exchange Administration Rules dated 28 June 2013)

Disclaimer:

This information is for general reference only. If you require the information for any purposes, please refer to the FEA Rules published at Bank Negara Malaysia's website and obtain (as required) independent advice. OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad accept no liability for any part of this document.