

# Here are some important details you need to know about Bank Negara Malaysia's 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 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 'Foreign Exchange Administration' tab.

## What is it?

The FEA rules are a set of rules that 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.

## Who does it apply to?

The FEA rules apply to:

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

Please see the table on the right for a definition of 'Resident' and 'Non-Resident'

## What is required from me?

- Let us know about your residency status (you will need to declare your status whenever you open an account)
- Ensure any payments and receipts to/from your account meet the permissible purposes ► **Section A**
- **Tell us** about (i) your domestic ringgit borrowing status and (ii) investment status, when you intend to invest in foreign currency assets ► **Section B**
- Ensure any transaction to/from your foreign currency account meets the permissible sources and uses of funds ► **Section C**
- **Obtain BNM's approval** if your transaction does **NOT** meet the permissible purposes listed in **Section A** or the sources of funds and the allowable limits listed in **Section B and Section C**.

You may submit your application online via BNM's 'Foreign Exchange Administration' website under the tab 'Submission of Application and Report'.

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

Source: Notice 4 Payments (BNM's Notices on Foreign Exchange Administration Rules dated 28 June 2013 & Supplementary Notice on Foreign Exchange Administration Rules – Measures to Promote the Development of Malaysian Financial Market dated 2 Dec 2016.)

## A. You may make or receive payment (cont'd):

(including cheques issued and deposited)

### II. In Foreign Currency in the following scenarios :

Between Residents
Settlement for purchase of onshore foreign currency investment product (offered by licensed onshore banks, licensed merchant banks or R entities permitted by the Controller) subject to compliance to Notice 3.
Settlement for foreign currency denominated future contracts traded on Bursa Malaysia subject to compliance to Notice 3.
Settlement to resident futures broker for purchase of foreign currency denominated derivatives (other than exchange rate derivative s) on specified overseas exchanges under the Capital Markets and Services Act 2007, undertaken by a resident with firm commitment subject to compliance to Notice 3.
Settlement of a commodity murabahah transaction between resident participants undertaken through a resident commodity trading service provider
Settlement for education or employment overseas

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-
<ul style="list-style-type: none"> <li>• 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;</li> <li>• A derivative denominated in or referenced to ringgit unless it has been approved by BNM or allowed under Part B of Notice 5; or</li> <li>• A derivative denominated in foreign currency offered by the non-resident, except for               <ul style="list-style-type: none"> <li>○ 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;</li> <li>○ 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</li> <li>○ 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.</li> </ul> </li> </ul>

Source: Notice 4 Payments (BNM's Notices on Foreign Exchange Administration Rules dated 28 June 2013 & Supplementary Notice on Foreign Exchange Administration Rules – Measures to Promote the Development of Malaysian Financial Market dated 2 Dec 2016.)

#### **Note:**

For non-resident customer with Ringgit account, the payment/transfer and receipt (in aggregate) should not exceed RM10k per account per day through

- a. ATM; and
- b. any electronic means (except ATM).

## B. Investment in Foreign Currency Assets for your own account

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

### I. If you are a Resident individual, sole proprietor or general partnership:

Without domestic ringgit borrowing, you are allowed to invest in foreign currency assets of any amount; or
With domestic ringgit borrowing you are allowed to invest in foreign currency assets of <ul style="list-style-type: none"> <li>▪ Any amount using foreign currency funds           <ul style="list-style-type: none"> <li>• from abroad;</li> <li>• from non-resident, other than foreign currency borrowing; or</li> <li>• sourced from Investment FCA (IFCA)</li> </ul> </li> <li>▪ Up to RM10million equivalent in aggregate of foreign currency borrowing obtained by the resident from a licensed onshore bank or a non-resident; or</li> <li>▪ Up to RM1 million equivalent in aggregate per calendar year –           <ul style="list-style-type: none"> <li>• using foreign currency funds sourced from Trade FCA (TFCA);</li> <li>• using foreign currency funds sourced from conversion of ringgit; or</li> <li>• through the swapping of financial assets</li> </ul> </li> </ul>

### II. If you are a Resident entity:

Without domestic ringgit borrowing, you are allowed to invest in foreign currency assets of any amount;
With domestic ringgit borrowing <sup>1</sup> , you are allowed to invest in foreign currency assets of <ul style="list-style-type: none"> <li>▪ Any amount using foreign currency funds           <ul style="list-style-type: none"> <li>• from abroad;</li> <li>• from non-resident, other than foreign currency borrowing; or</li> <li>• sourced from Investment FCA (IFCA)</li> </ul> </li> <li>▪ Any amount using foreign currency borrowing obtained from a licensed onshore bank for direct investment abroad;</li> <li>▪ Up to the amount of approved foreign currency borrowing obtained from a non-resident as set out in Part A of Notice 2;</li> <li>▪ 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</li> <li>▪ Up to RM50 million equivalent in aggregate<sup>2</sup> per calendar year           <ul style="list-style-type: none"> <li>• using foreign currency funds sourced from Trade FCA (TFCA);</li> <li>• using foreign currency funds sourced from conversion of ringgit; or</li> <li>• foreign currency borrowing obtained from a licensed onshore bank for purposes other than direct investment abroad; or</li> <li>• through the swapping of financial assets.</li> </ul> </li> </ul>
<sup>1</sup> 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.
<sup>2</sup> the RM50 million equivalent refers to investment in foreign currency asset 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 & Supplementary Notice on Foreign Exchange Administration Rules – Measures to Promote the Development of Malaysian Financial Market dated 2 Dec 2016.)

## C. Foreign Currency Accounts (FCA)

Effective 5 December 2016, existing FCA I and FCA II will be replaced by Trade Foreign Currency Account (Trade FCA) and Investment Foreign Currency Account (Investment FCA) respectively. The source of funds and uses of funds permissible for each of the FCA is as follows:

I. Resident Individual, sole proprietor or general partnership	
Trade FCA	Investment FCA
<b>Source of funds</b> <ul style="list-style-type: none"> <li>Up to 25% of receipt of export of goods upon receipt of the proceeds</li> <li>Conversion of ringgit up to six months foreign currency obligations</li> <li>Other foreign currency funds</li> </ul>	<ul style="list-style-type: none"> <li>Any amount using foreign currency funds – <ul style="list-style-type: none"> <li>✓ From abroad, other than proceeds from export of goods</li> <li>✓ From a non-resident, other than foreign currency borrowing</li> </ul> </li> <li>Up to RM10 million equivalent of foreign currency borrowing from a licensed onshore bank or a non-resident</li> <li>Up to RM1 million equivalent<sup>^</sup> in aggregate per calendar year using funds from – <ul style="list-style-type: none"> <li>✓ Conversion of ringgit</li> <li>✓ Swapping of financial assets</li> <li>✓ Transfer from Trade FCA</li> </ul> </li> </ul> <p><sup>^</sup>This is applicable to resident individual, sole proprietor or general partnership with domestic ringgit borrowing only.</p>
<b>Uses of funds</b> <ul style="list-style-type: none"> <li>Foreign currency obligations <ul style="list-style-type: none"> <li>✓ Import payment</li> <li>✓ Foreign currency loan repayment</li> </ul> </li> <li>Transfer into Investment FCA subject to investment limit</li> <li>Other current international transactions</li> </ul>	<ul style="list-style-type: none"> <li>Any purpose</li> </ul>

II. Resident Entities	
Trade FCA	Investment FCA
<ul style="list-style-type: none"> <li>Up to 25% of receipt of export of goods upon receipt of the proceeds</li> <li>Conversion of ringgit up to six months foreign currency obligations</li> <li>Other foreign currency funds</li> </ul>	<ul style="list-style-type: none"> <li>Any amount using foreign currency funds – <ul style="list-style-type: none"> <li>✓ From abroad, other than proceeds from export of goods</li> <li>✓ From a non-resident, other than foreign currency borrowing</li> <li>✓ Foreign currency borrowing from a licensed onshore bank for direct investment abroad (DIA)</li> </ul> </li> <li>Up to the amount of – <ul style="list-style-type: none"> <li>✓ Approved foreign currency borrowing from non-resident</li> <li>✓ Foreign currency sourced from Initial Public Offering on the Main Market of Bursa Malaysia</li> </ul> </li> <li>Up to RM50 million equivalent<sup>^</sup> in aggregate per calendar year on a corporate group basis from – <ul style="list-style-type: none"> <li>✓ Conversion of ringgit</li> <li>✓ Foreign currency borrowing from a licensed onshore bank for purposes other than DIA</li> <li>✓ Swapping of financial assets</li> <li>✓ Transfer from Trade FCA</li> </ul> </li> </ul> <p><sup>^</sup> This is applicable to resident entities with domestic ringgit borrowing only.</p>
<ul style="list-style-type: none"> <li>Foreign currency obligations <ul style="list-style-type: none"> <li>✓ Import payment</li> <li>✓ Foreign currency loan repayment</li> </ul> </li> <li>Transfer into Investment FCA subject to investment limit</li> <li>Other current international transactions</li> </ul>	<ul style="list-style-type: none"> <li>Any purpose</li> </ul>

### 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 Al-Amin Bank Berhad accept no liability for any part of this document.

(Source: Supplementary Notice on Foreign Exchange Administration Rules – Measures to Promote the Development of Malaysian Financial Market dated 2 Dec 2016.)