

Foreign Exchange Notices (FE Notices)

Important notice:

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

Please note that this is not a complete set of the FE Notices and they may be revised from time to time. You are advised to get the full and latest FE Notices from Bank Negara Malaysia (BNM)'s Foreign Exchange Policy website at <https://bnm.my/fep>.

What is it?

The FE Notices 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.

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 prior 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**.
- **Obtain BNM’s prior approval** if you have any dealing or transaction with any Israeli residents or Israeli-owned or controlled entities or involving the Israeli currency in any manner*. *Applicable to resident and non-resident in Malaysia. More details at <https://bnm.my/fep>

You may submit your application online via BNM’s ‘[Foreign Exchange Administration](#)’ 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:
<ul style="list-style-type: none"> • Malaysian citizen; or • Malaysian citizen with PR status of another country but resides in Malaysia; or • Non-Malaysian citizen with PR status in Malaysia and resides in Malaysia; or • Business enterprises/societies established/operating in Malaysia 	<ul style="list-style-type: none"> • Non-Malaysian citizen; or • Malaysian citizen with PR status abroad and resides abroad; or • Foreign embassies, high commissions, supranationals, central banks; or • Business entities established abroad

▶ **Section 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 a trade in goods and services	Settlement of domestic trade in goods or services in Malaysia
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-residents 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 under LFSSA or LIFSSA	
Settlement of a Financial Guarantee denominated in Ringgit, to secure an underlying Borrowing in Ringgit	
Settlement of a Non-Financial Guarantee denominated in Ringgit for use in Malaysia	Settlement of a Non-Financial Guarantee denominated in Ringgit for use in Malaysia
For any purpose between immediate family members	For any purpose between immediate family members
Settlement of a court judgement where the transaction under litigation is undertaken in compliance with FE Notices.	

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 (excluding exchange rate derivatives) on specified overseas exchanges under the Capital Markets and Services Act 2007, undertaken by a resident with firm commitment.
Settlement of a commodity murabahah transaction between resident participants undertaken through a resident commodity trading service provider
Settlement for education, employment or migration outside Malaysia
Settlement of domestic trade in goods and services by resident exporter to resident SME net importers subject to fulfilment of certain conditions

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, **excluding** exchange rate derivatives, offered on a Specified Exchange stipulated under the Capital Markets and Services Act 2007 [Act 672] undertaken through a resident futures broker by a resident with firm commitment. Subject to compliance to Notice 3 if undertaken without firm commitment.

► Section B: Investment in Foreign Currency Assets for your own account

Some examples of foreign currency (FCY) assets with OCBC Malaysia include FCY Call Account/ Time 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

- Any amount using foreign currency funds
 - from outside Malaysia except proceeds of Export of Goods;
 - from non-resident, other than foreign currency borrowing; or
 - sourced from Investment FCA (IFCA)
- Up to RM10 million 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 Trade FCA (TFCA);
 - using foreign currency funds sourced from conversion of ringgit; or
 - through the swapping of financial assets

[^] Computed in aggregate based on the Resident Individual, sole proprietor and General Partnership's investment in Foreign Currency Asset.

II Investment in Foreign Currency Assets for your own account (cont'd)

(a) If you are a Resident entity:

Without domestic ringgit borrowing you are allowed to invest in foreign currency assets of any amount; or

With domestic ringgit borrowing¹ you are allowed to invest in foreign currency assets of

- Any amount using foreign currency funds
 - from outside Malaysia except proceeds of Export of Goods;
 - from non-resident, other than foreign currency borrowing; or
 - sourced from Investment FCA (IFCA)
- 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;² or
- Up to RM50 million equivalent in aggregate² per calendar year
 - using foreign currency funds sourced from Trade FCA (TFCA);
 - 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 "domestic ringgit borrowing" means borrowing in ringgit obtained by a resident from another resident excluding –

- (a) a borrowing obtained by a resident entity from another resident entity within its group of entities with parent – subsidiary relationship;
- (b) a borrowing obtained from its Direct Shareholder; or
- (c) any facility including credit facility or refinancing facility which is used for Sundry Expenses[^] or Employees' Expenses^{^^} only.

[^] Sundry expenses refer to expenses that are small in amount and infrequent including office supplies (e.g. stationeries), purchase of ancillary services (e.g. software and online subscription) and other minor expenses to facilitate daily business operations of the entity.

^{^^} Employees' expenses refer 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 for investment.

² 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-subsiary relationship.

► Section C: Foreign Currency Account (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		II. Resident Entities	
	Trade FCA	Investment FCA	Trade FCA	Investment FCA
Source of funds	<p>A. Up to 100% of proceeds of Export of Goods not exceeding RM200,000 equivalent per transaction.</p> <p>B. Up to the higher of:</p> <ul style="list-style-type: none"> ○ 25% of the export proceeds; or ○ an amount from the export proceeds sufficient to meet up to 6 months of its import payments with a non-resident, loan/financing repayments, other current transactions in foreign currency with a non-resident and payment by a resident exporter to resident SME net importer for settlement of domestic trade in goods and services ("Foreign Currency Obligations"). <p><i>This is only applicable if the aggregate amount of existing balance of your TFCA (with OCBC Bank and other banks), item A and the 25% export proceeds are insufficient to meet the aggregate of your 6 months Foreign Currency Obligations.</i></p> <p>C. Conversion of ringgit up to six months foreign currency obligations on spot basis (excludes payment to resident SME net importers).</p> <p>D. Settlement of FX forward contracts.</p> <p>E. Other foreign currency funds.</p>	<p>A. Any amount using foreign currency funds –</p> <ul style="list-style-type: none"> ○ From outside Malaysia except proceeds of Export of Goods ○ From a non-resident, other than foreign currency borrowing <p>B. Up to RM10 million equivalent of foreign currency borrowing from a licensed onshore bank or a non-resident</p> <p>C. Up to RM1 million equivalent¹ in aggregate per calendar year using funds from –</p> <ul style="list-style-type: none"> ○ Conversion of ringgit ○ Swapping of financial assets ○ Transfer from Trade FCA <p>¹ <i>This is applicable to resident individual, sole proprietor or general partnership with domestic ringgit borrowing only.</i></p>	<p>A. Up to 100% of proceeds of Export of Goods not exceeding RM200,000 equivalent per transaction.</p> <p>B. Up to the higher of:</p> <ul style="list-style-type: none"> ○ 25% of the export proceeds; or ○ an amount from the export proceeds sufficient to meet up to 6 months of its import payments with a non-resident, loan/financing repayments, other current transactions in foreign currency with a non-resident and payment by a resident exporter to resident SME net importer for settlement of domestic trade in goods and services ("Foreign Currency Obligations"). <p><i>This is only applicable if the aggregate amount of existing balance of your TFCA (with OCBC Bank and other banks), item A and the 25% export proceeds are insufficient to meet the aggregate of your 6 months Foreign Currency Obligations.</i></p> <p>C. Conversion of ringgit up to six months foreign currency obligations on spot basis (excludes payment to resident SME net importers).</p> <p>D. Settlement of FX forward contracts.</p> <p>E. Receipt by a SME net importer for settlement of domestic trade in goods and services from a resident exporter.</p> <p>F. Other foreign currency funds.</p>	<p>A. Any amount using foreign currency funds –</p> <ul style="list-style-type: none"> ○ From a broad outside Malaysia except proceeds of Export of Goods ○ From a non-resident, other than foreign currency borrowing ○ Foreign currency borrowing from a licensed onshore bank for direct investment abroad (DIA) <p>B. Up to the amount of –</p> <ul style="list-style-type: none"> ○ Approved foreign currency borrowing from non-resident ○ Foreign currency sourced from Initial Public Offering on the Main Market of Bursa Malaysia <p>C. Up to RM50 million equivalent² in aggregate per calendar year on a corporate group basis from –</p> <ul style="list-style-type: none"> ○ Conversion of ringgit ○ Foreign currency borrowing from a licensed onshore bank for purposes other than DIA ○ Swapping of financial assets ○ Transfer from Trade FCA <p>² <i>This is applicable to resident entities with domestic ringgit borrowing only.</i></p>
Uses of funds	<p>A. Foreign currency obligations</p> <ul style="list-style-type: none"> ○ Import payment ○ Foreign currency loan repayment <p>B. Transfer into Investment FCA subject to investment limit</p> <p>C. Other current international transactions</p> <p>D. Payment by a resident exporter to resident SME net importer for settlement of domestic trade in goods and services</p>	Any purpose	<p>A. Foreign currency obligations</p> <ul style="list-style-type: none"> ○ Import payment ○ Foreign currency loan repayment <p>B. Transfer into Investment FCA subject to investment limit</p> <p>C. Other current international transactions</p> <p>D. Payment by a resident exporter to resident SME net importer for settlement of domestic trade in goods and services</p>	Any purpose

Disclaimer:

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

Under the FE Notices issued on 30 April 2020 read with the related FAQs (“FE Notices”) where resident exporters are permitted to retain the foreign currency proceeds from export of goods in Trade Foreign Currency Account (“**TFCA Account**”):

A. Up to 100% of proceeds of Export of Goods not exceeding RM200,000 equivalent per transaction.

B. Up to the higher of:

- 25% of the export proceeds; or
 - Aggregate of 6 months import payments with non-residents, foreign currency loan/financing repayments, other current account transactions in foreign currency with a non-resident and payment by a resident exporter to resident SME net importers for settlement of domestic trade in goods and services (“**Foreign Currency Obligations**”).
- This is only applicable if the aggregate amount of existing balance of your TFCA (with OCBC Bank and other banks), item (A) and the 25% export proceeds are insufficient to meet the aggregate of your 6 months **Foreign Currency Obligations**.

Please ensure that you have put in place systems/processes and internal controls to ensure compliance with the requirements before making any request below to the Bank. You must also maintain proper documents/records of your transactions to substantiate your compliance with the Requirements. The Bank or BNM may request the production of such documents/records from time to time.

In consideration of OCBC Bank agreeing to comply with your retention instructions, you hereby warrant and undertake to OCBC Bank:

(a) That you have undertaken your own due diligence and confirm that your instructions previously made and which you may from time to time hereafter make to OCBC Bank to retain Ringgit proceeds into foreign currency is in compliance with FEA Rules and OCBC Bank may rely on each such instruction to effect the retention;

(b) That you will only issue your retention instructions if the balances in your **TFCA Account of OCBC Bank and other banks** are insufficient to meet your **Foreign Currency Obligations**;

(c) That the Foreign Currency Export Proceeds from each of your retention instruction:

- (i) will **ONLY** be used for the purpose of meeting your 6 months **Foreign Currency Obligations**; and
- (ii) when the aggregate amount of existing balance of your TFCA (with OCBC Bank and other banks), 100% of proceeds of Export of Goods not exceeding RM200,000 equivalent per transaction and the 25% export proceeds are insufficient to meet the aggregate of your 6 months **Foreign Currency Obligations**; and

(d) You will retain and submit the supporting documentary evidence to substantiate our **Foreign Currency Obligations** upon request by OCBC Bank and that all these confirmations/documents given by yourselves are true and accurate and that OCBC Bank may request for further documentation or evidence and you shall promptly provide such documents to OCBC Bank.

(e) **For settlement of domestic trade in goods and services between Resident Exporter (“Resident Payor”) and Resident SME Net Importer (“Resident Payee”), subject to obtaining (1) and (2) below:**

(1) Declaration from the Resident Payee that:

- a. the Resident Payee is an SME as defined in the “Guideline for New SME Definition” issued by SME Corporation Malaysia in October 2013 (as amended from time to time);
- b. the Resident Payee does not have foreign currency export earnings **or** its annual foreign export earnings are less than its annual foreign currency obligations;
- c. the Resident Payee has invoiced or will invoice the Resident Payor in foreign currency

(2) Declaration from the Resident Payor that:

- a. the Resident Payor has foreign currency export earnings;
- b. the payment in foreign currency to Resident Payee is for the settlement of domestic trade in goods and services.

Source: BNM’s Website/Foreign Exchange Policy

Please note that under the laws of Malaysia, any person who fails to comply with FE Notices commits an offence and shall on conviction, be liable to imprisonment for a term not exceeding 10 years or to a fine not exceeding RM50million or to both.