

FOREIGN EXCHANGE NOTICES

FREQUENTLY ASKED QUESTIONS (FAQS)

1. PAYMENT IN RINGGIT	
a. FROM RESIDENT TO NON-RESIDENT	
Purchase Or Sale Of Ringgit Assets	
Can a resident make a settlement of a ringgit assets to a non-resident	Yes, a resident is allowed to make a settlement of a ringgit assets to a non-resident, including any income and profit due from the ringgit assets.
Can a resident transfer payment such as “profits/ dividends/ royalties” in Malaysia to a non-resident	Yes, a resident is allowed to make a payment source from income earned or expenses incurred such as profits, dividends, rental, royalties in Malaysia.
Import of Goods and Services	
Can a resident customer pay in ringgit for import or purchase of goods or services	Yes, a resident customer can pay in ringgit for purchase of goods or services with requires the ringgit payment credited to the Non-resident External Account maintained with Licensed Onshore Bank (LOB)
What will happen if the ringgit payment does not credited into Non-resident External Account maintained with LOB	The application will not be processed (Note, payment in ringgit must be credited into non-resident external account. Alternatively, payment can be made in foreign currency by resident to non-resident for settlement of goods and services)
Aggregate Daily Limit	
Can a Resident make a payment to Non-resident up to RM 10,000 per transactions	Yes, a resident is allowed to make transaction up to RM 10,000 per transaction. (However, no limit per transaction imposed for non-resident exempted group.)
Payment to NR Immediate Family	
Can a Resident make a payment to Non-resident immediate family member	Yes, A residents are allowed to make a payment to Non-resident immediate family member for any purposes
b. FROM NON-RESIDENT TO NON-RESIDENT	
Purchase or Sale of Ringgit Assets	
Can a non-resident customer purchase or sale in ringgit assets	Yes, A non-resident is allowed to purchase or sale in ringgit assets to or from non-resident for any purpose between immediate family member

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Aggregate Daily Limit	
Can a Non-resident make or receive payment to or from another Non-resident up to RM 10,000 per transaction	Yes, Non-resident are allowed to make transaction up to RM 10,000 per transactions.
Payment to NR Immediate Family	
Can a Non-resident make or receive payment to or from another Non-resident immediate family member	Yes, Non-resident is permissible to make or receive payment to or from another non-resident for any purposes
Domestic Trade	
Can a non-resident make a payment in ringgit for domestic trade to another non-resident	Yes, A non-resident is permissible to make a payment for trade in goods and services in Malaysia

2. PAYMENT IN FOREIGN CURRENCY	
a. FROM RESIDENT TO NON-RESIDENT	
Purchase of Goods and Services	
Can a resident pay in foreign currency for import of goods and services from non-resident	Yes, a resident is allowed to pay in foreign currency for import of good and services from non-resident
Purchase or Sale of Foreign Currency	
Can a non-resident buy or sell in ringgit or foreign currency with Licensed Money Changer	A non-resident is allowed to buy or sell in ringgit or foreign currency with Licensed Money Changer on spot basis.
Investment in Foreign Currency Asset	
Can a resident customer make a payment for investment in foreign currency asset offshore	Yes, a resident is allowed to make a payment for investment in foreign currency asset offshore subject to prevailing limit if the resident has domestic ringgit borrowing
Can resident entity borrow in foreign currency for the purpose of investment from Resident individual direct shareholder if the source of borrowing is from conversion of ringgit to foreign currency	If within limit of RM 1 million per person per calendar year with domestic borrowing, Resident Entity is allowed to perform such transaction.

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<ul style="list-style-type: none"> If the investment is sourced from the Resident Entity own investment foreign currency account (IFCA) 	<p>Yes. A resident entity is allowed to invest in foreign currency asset offshore sourced from its IFCA without prevailing limit</p>
<ul style="list-style-type: none"> If the investment is sourced from trade foreign currency account (TFCA) of the Resident Entity 	<p>Yes, A resident entity is allowed to make a payment for investment in foreign currency asset offshore subject RM 50 million equivalent limit if the resident has domestic ringgit borrowing</p>
<ul style="list-style-type: none"> If the foreign currency funds is sourced from the issuance of tradable foreign currency debt securities 	<p>Resident is permissible to perform such transaction</p>
<ul style="list-style-type: none"> If the sourced of the foreign currency funds is from a conversion of ringgit to foreign currency 	<p>Resident with Domestic Ringgit Borrowing;-</p> <ul style="list-style-type: none"> ➤ The individual can only convert up to RM 1 million equivalent in aggregate per calendar year ➤ The Resident Entity can only convert up to RM 50 million equivalent in aggregate per calendar year <p>Resident without Domestic Ringgit Borrowing;- the Resident individual and entity is free to convert any amount to foreign currency</p>
<p>Can a resident entity borrow in foreign currency for direct investment abroad (DIA)</p>	<p>Yes, a resident entity with domestic ringgit borrowing is allowed to invest in foreign currency assets any amount using foreign currency funds sourced from a borrowing in foreign currency from a licensed onshore bank for DIA</p>

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Payment for Service Rendered	
Can a Resident make a payment to a non-resident in foreign currency for services rendered such as “Salaries, Wages, Commission and Fees” in Malaysia.	<p>Yes, a resident is allowed to make or receive payment in Foreign Currency, to or from a Non-Resident for any purpose, excluding payment made or received for –</p> <ul style="list-style-type: none"> ➤ A Foreign Currency-denominated derivative or Islamic derivative offered by a Resident unless approved by Bank Negara Malaysia (BNM) under Part B of Notice 5 or otherwise approved in writing by BNM ➤ A derivative or Islamic derivative which is referenced to Ringgit unless approved by BNM under Part B of Notice 5 or otherwise approved in writing by BNM; or ➤ An Exchange Rate Derivative offered by a Non-Resident unless approved by BNM under Notice 1 or otherwise approved in writing by BNM.

3. Borrowing	
Purchase of Goods and Services	
Does a resident individual require to seek BNM approval to repay a financing obtained from a non-resident?	No, provided the financing was obtained in accordance with the current rules on foreign currency borrowings obtained by residents individual as per Notice 2 part A.
Can a resident individual swap his/her ringgit outstanding debt obligation into another foreign currency debt obligation?	Yes, a resident individual can undertake the swap arrangement with a licensed onshore bank (LOB) or a non-resident subject to the prevailing rules on foreign currency borrowing obtained by residents up to limit RM 10 million equivalent in aggregate.
Can a resident entity swap his/her ringgit outstanding debt obligation into another foreign currency debt obligation?	Yes, a resident entity can undertake the swap arrangement with a licensed onshore bank (LOB) at any amount
Borrowing Within Group of Entities	
Can a resident entity borrow in foreign currency from its non-resident direct shareholder	Resident entity is allowed to borrow in foreign currency at any amount from its direct shareholder. However, RM 10 million equivalent limit is applicable if the direct shareholder is a non-resident financial institution (NRFI)
Can a resident entity borrow in foreign currency from other non-resident outside resident's entities group	Yes, resident entity can borrow in foreign currency up to RM 100 million equivalent in aggregate from a non-resident outside resident's entities group.

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Can a resident entity borrow in foreign currency from a resident individual direct shareholder	Yes, resident entity is allowed to borrow in foreign currency at any amount from its direct shareholder.
Financial Guarantee	
Can a resident give a financial guarantee to LOB	Yes, A resident is allowed to give financial guarantee at any amount.
Can a resident make a payment to non-resident under non-financial guarantee	Yes, any payment to a Non-Resident under a Non-Financial Guarantee shall be made in Foreign Currency. However, a payment to or from a Non-Resident under a Non-Financial Guarantee in Ringgit for use in Malaysia may be made in Ringgit or Foreign Currency.

Export of Goods	
My company is a resident exporter with trade foreign currency account maintained with a licensed onshore bank. Can I use the funds in the trade foreign currency account to make import payments or settle other foreign currency payment obligations?	Yes, the funds in the foreign currency account can be used for ;- <ul style="list-style-type: none"> ➤ Settlement of domestic trade from another resident within the global supply chain as permitted under FE Notice 4 ➤ All permissible purposes in FE Notices including investment in foreign currency asset (including transfers to Investment FCA) up to the permitted aggregated investment limit in FE Notice 3 ➤ Transfer into Investment FCA, in accordance with Notice 3. ➤ Any amount for same-party transfer into Trade FCA
Can a resident exporter retain any amount of export proceeds in foreign currency in its trade foreign currency account	Yes, a resident exporter can freely retain any amount in foreign currency into its trade foreign currency account maintained with LOB
Can a resident exporter convert ringgit into foreign currency to pay goods to another resident entity	No, the resident exporter is not allowed to pay in foreign currency unless the resident entity involved in global supply chains operations in Malaysia, provided the payment is in accordance with the stipulated requirement under notice 4
Is there a flexibility for the exporter to repatriate export proceed to Malaysia	No, export proceeds must be repatriated within 6 months from the date of shipment However, extension is only given up to 24 months only for the reasons <ul style="list-style-type: none"> ➤ Consignment sale ➤ Goods that involve testing and commissioning