

Foreign Exchange Policy Notices (FEP Notices)

Introduction

FEP Notices are a set of rules issued by BNM to maintain monetary and financial stability. The FEP Notices set out transactions that are allowed by BNM which otherwise are prohibited under Section 214 read together with Schedule 14 of the Financial Services Act 2013 and Section 225 read together with Schedule 14 of the Islamic Financial Services Act 2013.

Please note that this is a general guide to the FEP Notices relating to common transactions that individuals, sole proprietors, partnerships, and business entities who are Resident or Non-Residents may enter into or undertake.

MBSB Bank is a full-fledged Islamic bank. However, this notice uses the conventional terms "borrower," "borrowing," and "lending" from the BNM's Foreign Exchange Policy to avoid confusion and contradiction with its original definition.

Customer is advised to read and understand the FEP Notices and ensure all activities performed for accounts maintained with MBSB Bank comply with FEP Notices requirements at all times.

This guide is for informational and educational purposes only and does not constitute a complete set of the FEP Notices. The FEP Notices and its related guidelines may be revised from time to time, so please refer to the complete FEP Notices and Directions, Frequently Asked Questions (FAQs) and Minimum Due Diligence (MDD) on BNM's website (<https://www.bnm.gov.my/fep>) for full details.

Applicability

The FEP Notices apply to:

- Residents dealing in foreign currencies
- Non-Residents dealing with Malaysian Ringgit, in Malaysia

Responsibility of the Customer to Comply with FEP Notices

- Understand the FEP Notices applicable to you as you are responsible to comply with the applicable FEP Notices requirements.
- Accurately declare your residency status whenever you open an account with MBSB Bank Berhad.
- Accurately declare the beneficiary's residency status when performing transaction that subject to FEP Notice requirements.
- Ensure any payments and receipts to/from your account are permitted sources and uses of funds – **Notice 4 - Payment and Receipt**
- Provide relevant information and / or document, as required, for opening of account or performing any transaction(s) subject to FEP Notices.
- Accurately declare (i) your domestic Ringgit borrowing status and (ii) investment status, before you invest in foreign currency assets – **Notice 3 - Investment in Foreign Currency Asset**

- Ensure any transaction to/from your foreign currency account meets the permitted sources and uses of funds – **Notice 4 - Payment and Receipt**
- **Obtain BNM's approval** if your transaction does NOT meet the permitted sources and uses of funds and the allowable limits stated in FEP Notices.
- **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.

You may submit your enquiries on Foreign Exchange Policy (FEP) to BNM via new [FEP online enquiry system](#) and submit your [FEP approval applications](#) to BNM via new FEP Submission System (Please read the Form User Guide before submitting the application)

For customer with approval/exemption from BNM, the customer has to satisfy the Bank's due diligence process in ensuring the transaction to be facilitated is in line with the approval/exemption. Customer with approvals/exemptions from BNM is expected to provide the approval letter to the MBSB Bank.

Please refer to the section below for all the FEP Notices and related documents to assist your banking transactions:

RULES APPLICABLE FOR RESIDENTS

<p>1. Foreign currency accounts</p>	<p>(a) There are two (2) types of Foreign Currency Accounts ("FCA") may be offered by licensed onshore banks ("LOB") in Malaysia namely Trade FCA and Investment FCA.</p> <p>Examples of permissible sources of funds for Investment FCA are as follows:</p> <p><u>Permissible sources:</u></p> <p>(1) Any Foreign Currency funds except—</p> <ol style="list-style-type: none"> proceeds of Export of Goods; or settlement of domestic trade from another Resident within the global supply chain as permitted under Notice 4. <p>(2) Transferred from Trade FCA up to the approved aggregated investment limit in Notice 3.</p> <p>(3) Any amount for same-party transfers from Investment FCA.</p> <p><u>Permissible uses:</u></p> <p>Funds from Investment FCA could be used for:-</p> <ol style="list-style-type: none"> Any amount for same-party transfers from Investment FCA. All permissible purposes. <p>(b) In the case of a Resident Individual, the FCA may be maintained individually or jointly* with another Resident Individual or a Non-Resident Individual.</p> <p>*For a joint FCA where any one account holder is a Resident Individual with Domestic Ringgit Borrowing, Part A of Notice 3 shall apply.</p>
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	<p>(c) A Resident Individual is allowed to transfer funds from his FCA opened individually or jointly with another individual into -</p> <ul style="list-style-type: none"> • his own FCA; • his joint FCA; or • a FCA of his Immediate Family Member opened individually or jointly with any individual. <p>The above is subject to all other rules set out in the FEP Notices.</p>
<p>2. Investment in Foreign Currency Assets</p>	<p>(a) <u>Resident Individual, Sole Proprietor or General Partnership</u></p> <ul style="list-style-type: none"> • A Resident Individual, sole proprietor or General Partnership without Domestic Ringgit Borrowing is allowed to invest in Foreign Currency Asset up to any amount. • A Resident Individual, sole proprietor or General Partnership with Domestic Ringgit Borrowing is allowed to invest in Foreign Currency Asset up to <p>(a) any amount using Foreign Currency funds sourced from—</p> <p>(i) outside Malaysia except proceeds of Export of Goods; or</p> <p>(ii) approved Borrowing in Foreign Currency up to RM10 million equivalent, in accordance with Part A of Notice 2;</p> <p>(b) any amount where the investment is in real estate (for Resident Individual's own accommodation or Immediate Family Member's accommodation only) outside Malaysia for the purpose of education, employment or migration; or</p> <p>(c) RM1 million equivalent per calendar year using funds sourced from the aggregate of—</p> <p>(i) conversion of Ringgit into Foreign Currency;</p> <p>(ii) Trade FCA; and</p> <p>(iii) swapping of a Ringgit-denominated financial asset in Malaysia for a financial asset in Labuan Entity or outside Malaysia.</p> <p>(b) <u>Resident Entities ("RE")</u></p> <ul style="list-style-type: none"> • A RE without Domestic Ringgit Borrowing is allowed to invest in Foreign Currency Asset up to any amount. • A RE with Domestic Ringgit Borrowing is allowed to invest in Foreign Currency Asset up to: <p>(a) any amount using Foreign Currency funds sourced</p>

from—

- (i) outside Malaysia **except** proceeds of Export of Goods; or
- (ii) approved Borrowing in Foreign Currency in accordance with Part B of Notice 2;

(b) **any amount** using Foreign Currency funds sourced from a Borrowing in Foreign Currency from a LOB for Direct Investment Abroad; or

(c) **RM50 million equivalent** per calendar year using funds sourced from the aggregate of—
(i) conversion of Ringgit into Foreign Currency;
(ii) Trade FCA;
(iii) a Borrowing in Foreign Currency from a LOB for purposes other than Direct Investment Abroad; and
(iv) swapping of a Ringgit-denominated financial asset in Malaysia for a financial asset in Labuan Entity or outside Malaysia.

For this purpose, a RE is deemed to have Domestic Ringgit Borrowing when the RE or another RE with Parent-Subsidiary Relationship has a Domestic Ringgit Borrowing.

Note:

- To facilitate the operation of the FCA by a Resident, a LOB may offer two types of FCAs, which is explained in the Section 1 above.
- The definition of "Export of Goods" has been updated in the FEP Notices.

3. Borrowing/
Financing

(a) **Borrowing/ Financing in Foreign Currency by Resident** Foreign Currency borrowing/ financing by Resident Individuals, sole proprietor or General Partnership from licensed onshore banks and Non-Residents, is subject to an **aggregate limit of RM10 million equivalent***. A Resident Individual however is allowed to borrow or obtain financing in Foreign Currency in **any amount** from his Immediate Family Member.

For Resident Entities ("RE") are free to obtain **any amount** of Foreign Currency borrowing/ financing –
(i) from a LOB;
(ii) from an Entity within the RE's Group or from the RE's Direct Shareholder (except for a Non-Resident outside the RE's Group, a Non-Resident financial institution ("NRFI") and a Non-Resident special purpose vehicle used to obtained borrowing/ financing outside the RE's Group which is subjected to RM100 million equivalent in aggregate);

	<p>(iii) through issuance of Foreign Currency Corporate Bond or Sukuk to another Resident. The subscription of the Corporate Bond or Sukuk by another Resident must be subject to compliance with Notice 3.</p> <p>(b) Borrowing/ Financing in Ringgit from Non-Residents</p> <p>A Resident Individual is allowed to borrow or obtain financing in Ringgit in any amount from his Non-Resident—</p> <p>(i) Immediate Family Member; or</p> <p>(ii) employer in Malaysia for use in Malaysia subject to terms and conditions of his employment contract.</p> <p>A Resident Individual, sole proprietor or General Partnership is allowed to borrow or obtain financing in Ringgit up to RM1 million in aggregate* for use in Malaysia from a Non Resident excluding a Non Resident Financial Institution.</p> <p>*calculated based on an aggregate of Borrowing/ Financing in Ringgit (or Foreign Currency, as the case may be) by the Resident Individual and a sole proprietor and a General Partnership owned by the Resident Individual. Likewise, a Resident Individual, sole proprietor or General Partnership is allowed to refinance an outstanding approved Borrowing/ financing (including principal and accrued interest or profit) as described above, subject to compliance with the requirements mentioned in the respective paragraphs.</p> <p>A Resident Entity ("RE") is allowed to obtain:-</p> <p>(1) any amount of Ringgit borrowing/ financing to finance Activities in the Real Sector in Malaysia from a Non-Resident within the RE's Group including their Non-Resident Direct Shareholders excluding -</p> <p>(a) A NRFI; or</p> <p>(b) A Non-Resident Special Purpose Vehicle which is used to obtain Borrowing/ Financing from any person outside the RE's Group.</p> <p>(2) up to RM1 million in aggregate for use in Malaysia from any other Non-Resident, other than a Non-Resident Financial Institution. This limit is calculated shall be based on the aggregate Borrowing/ Financing in Ringgit by the RE and other REs with Parent-Subsidiary Relationship.</p>
4. Payments and receipts	<p>(1) In foreign currency between Residents</p> <p>Residents are allowed to pay or receive in Foreign Currency, to</p>

or from another Resident for –

- a) any purpose between Immediate Family Members;
- b) education, employment or migration outside Malaysia;
- c) a transaction between the Resident and—
 - (i) a LOB
 - (ii) a licensed international takaful operator; or
 - (iii) an international currency business unit of a license takaful operator,

In the conduct of the latter's business involving Foreign Currency.

- d) settlement of, amongst others, —
 - (i) a Foreign Currency-denominated derivative (excluding an Exchange Rate Derivatives) transacted on a Specified Exchange under the Capital Markets and Services Act 2007 between a Resident and a Resident futures broker
 - (ii) a commodity murabahah transaction between Residents undertaken through a Resident or Non-Resident commodity trading service provider
 - (iii) a domestic trade in goods or services between a resident exporter and resident entities involved in Global Supply Chain operations in Malaysia, subject to specified conditions.

Note: All settlement of domestic trade in goods and services between Residents who do not involve in global supply chain shall be made only in Ringgit.

- (iv) a miscellaneous expense (including but not limited to holiday expenses abroad, medical expenses abroad and advance or reimbursement for purchase of goods and services abroad on behalf of a Resident Individual residing in Malaysia with reasonable amount and infrequent in nature) incurred outside Malaysia between a Resident Individual residing in Malaysia and a Resident Individual residing outside Malaysia

(2) In Foreign Currency between Resident and Non-Resident

A Resident is allowed to make or receive payment to or from a Non-Resident in Foreign Currency for any purpose, **excluding** payment made or received for:-

	<ul style="list-style-type: none"> i. a Foreign Currency-denominated derivative or Islamic derivative offered by a Resident unless approved by BNM under Part B of Notice 5 or otherwise approved in writing by BNM; ii. 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 iii. an Exchange Rate Derivative offered by a Non-Resident unless approved by BNM under Notice 1 or otherwise approved in writing by BNM. <p>For the purpose of payment arising from the settlement of services, a Resident is allowed to receive such payment in Foreign Currency from a Non-Resident.</p> <p>(3) In Ringgit between Resident and Non-Resident in Malaysia</p> <p>A Non-Resident is allowed to make or receive payment in Ringgit, in Malaysia, to or from another Resident or Non-Resident, for, amongst others :</p> <ul style="list-style-type: none"> a) any purpose between Immediate Family Members; b) income earned or expense incurred, in Malaysia; or c) settlement of amongst others — <ul style="list-style-type: none"> i) a trade in goods or services, excluding payment between Non-Residents for settlement of a trade in goods or services outside Malaysia; ii) a Ringgit Asset including any income and profit due from the Ringgit Asset; iii) a commodity murabahah transaction undertaken through a commodity trading service provider, excluding payment between Non-Residents for settlement of a commodity murabahah transaction undertaken through a Non-Resident commodity trading service provider.
<p>5. Buying and selling of currency</p>	<ul style="list-style-type: none"> (a) Buying or selling of Foreign Currency against Ringgit Residents are free to buy or sell Foreign Currency against Ringgit for his own account with a LOB (excluding International Islamic Banks) on spot basis. <p>Transactions on Forward Basis are subject to the conditions set out in Part A of Notice 1.</p> <ul style="list-style-type: none"> (b) Buying or selling of Foreign Currency against another Foreign Currency Residents are free to buy or sell Foreign Currency against another Foreign Currency on Spot Basis or Forward Basis with a LOB.

<p>6. Import and Export of Currency</p>	<p>(a) Residents are free to import into and export from Malaysia any amount of Foreign Currency including traveller's cheques.</p> <p>(b) Resident travellers are allowed to carry Ringgit on his person or in his baggage or in his possession, only up an amount not exceeding in aggregate USD10,000 equivalent upon arrival or leaving Malaysia.</p>
<p>7. Financial Guarantee</p>	<p>A Resident guarantor is allowed to give a Financial Guarantee in any amount in Ringgit or Foreign Currency to secure any Borrowing/ Financing obtained by a Resident in Ringgit or Foreign Currency as approved in Notice 2 or otherwise approved in writing by BNM.</p> <p>A non-bank Resident guarantor is allowed to give a Financial Guarantee in any amount in Ringgit or Foreign Currency to secure a Borrowing/ Financing obtained by a Non Resident in Ringgit or Foreign Currency as approved in Notice 2 or otherwise approved in writing by BNM, excluding a Financial Guarantee given to secure a Borrowing—</p> <p>(a) obtained by a Non-Resident customer which is a Special Purpose Vehicle or if the underlying Borrowing/ Financing is being utilized by the Resident guarantor. This Financial Guarantee shall be deemed as a Borrowing/ Financing (in Ringgit or Foreign Currency, as the case may be) by the Resident guarantor, and the Resident guarantor shall comply with Part A or B of Notice 2; or</p> <p>(b) where the Resident guarantor has entered into a formal or informal arrangement to make payment of the Borrowing/ Financing in Foreign Currency other than under a call-upon initiated by the lender/ financier in writing to the guarantor in the event of default. Such payment shall be deemed as an investment in Foreign Currency Asset and the Resident guarantor shall comply with Part A or Part B of Notice 3.</p> <p>Note: A guarantor shall not initiate a “call-upon” of a Financial Guarantee. In the event a Financial Guarantee is liquidated at the instruction of the guarantor, the guarantor must obtain prior approval from the BNM in accordance with Notice 3. An event of default prior to a call-upon of a Financial Guarantee by the lender/ financier shall be treated by the lender/financier in accordance with the requirements under International Financial Reporting Standards (IFRS) 9 or any equivalent accounting standards adopted by the lender/financier.</p>

RULES APPLICABLE FOR NON-RESIDENTS

<p>1. Investment in Malaysia</p>	<p>(a) Non-Residents are free to invest in any form of Ringgit Assets either as direct or portfolio investments.</p> <p>(b) The investments can be funded through:-</p> <ul style="list-style-type: none"> • the conversion of Foreign Currency to Ringgit with LOB (excluding International Islamic Banks) or through an Appointed Overseas Office of LOB; or • Foreign Currency borrowings from LOBs; or • Ringgit borrowing/ financing from LOB for Real Sector Activity in Malaysia, which includes activities relating to the construction or the purchase of residential and commercial properties in Malaysia except for the purchase of land which will not be used for construction. <p>(c) Non-Residents are free to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however must be made in Foreign Currency and the conversion of Ringgit into Foreign Currency is undertaken in accordance with Part B of Notice 1.</p>
<p>2. Borrowing/ Financing</p>	<p>(a) Borrowing/ Financing in Ringgit</p> <p>A Non-Resident Individual is allowed to borrow or obtain financing in Ringgit in any amount from—</p> <p>(i) an Immediate Family Member;</p> <p>(ii) a licensed insurer or a licensed takaful operator up to the attained cash surrender value of any life insurance policy or family takaful certificate purchased by the Non-Resident; or</p> <p>(iii) his employer in Malaysia for use in Malaysia</p> <p>A Non-Resident, excluding a Non-Resident Financial Institution, is allowed to borrow or obtain financing in Ringgit in any amount from —</p> <p>(i) a Resident to finance Real Sector Activity in Malaysia; or</p>

	<p>(ii) a Resident with a stockbroking license under the CMSA, in the form of margin financing for products traded on Bursa Malaysia.</p> <p>A Non-Resident is allowed to borrow or obtain financing in Ringgit from a LOB—</p> <p>(i) in any amount of trade financing for settlement of trade in goods or services with a Resident;</p> <p>(ii) up to the amount of an overdraft/ cashline-i facility (not exceeding two (2) business days and with no roll over option) to avoid settlement failure for purchase of shares or Ringgit instrument traded on Bursa Malaysia or through RENTAS due to inadvertent delay of payment by the Non-Resident. Such overdraft/ cashline-i facility shall only be eligible to be utilised by—</p> <p>a) a Non-Resident custodian bank, stockbroking corporation, trust bank or international central securities depository acting on behalf of Non-Resident investor; or</p> <p>b) a Non-Resident investor purchasing shares or Ringgit instrument mentioned above for its own account; or</p> <p>(iii) up to RM10 million in aggregate via a repurchase agreement or sale buy back agreement.</p> <p>(b) Borrowing/ Financing in Foreign Currency</p> <p>A Non-Resident is allowed to borrow or obtain financing in Foreign Currency –</p> <p>(i) in any amount from a LOB, a Resident Immediate Family Member or a Non-Resident in Malaysia; or</p> <p>(ii) up to the limit stated in Parts A and B of Notice 3 from another Resident.</p>
3. Buying or selling of currency	<p>(a) Buying or selling of Foreign Currency against Ringgit Non-Residents are free to buy or sell Foreign Currency against Ringgit for own account with LOBs (excluding International Islamic Banks) on spot basis.</p> <p>Transactions with AOO and transactions on Forward Basis are subject to the conditions set out in Part B of Notice 1</p> <p>(b) Buying or selling of Foreign Currency against another Foreign Currency</p>

	<p>Non-Residents in Malaysia are free to buy or sell Foreign Currency against another Foreign Currency on Spot Basis or Forward Basis with a LOB.</p>
<p>4. Opening and maintaining of account</p>	<p>(a) Non-Residents are allowed to open and maintain:</p> <ul style="list-style-type: none"> (i) FCAs with LOBs individually or jointly with another Non-Resident Individual or Resident Individual. (ii) an External Account, which is an account in Ringgit opened with any Financial Institution in Malaysia. <p>(b) Funds in these accounts are free to be remitted abroad in Foreign Currency. The conversion of Ringgit into Foreign Currency however must be undertaken in accordance with Part B of Notice 1.</p> <p>(c) Any payment, receipt or transfer into or from an External Account is subjected to RM10,000 per transaction for any purpose without verification, including cash deposit. For cheque, the limit applies on per cheque basis.</p> <p>The above limits shall not apply to the exempted group-</p> <ul style="list-style-type: none"> • a Consulate; • a High Commission; • an Embassy; • an individual participating in the Malaysia My Second Home Programme (MM2H); or • an Individual who is working or studying in Malaysia including the Individual's spouse, child or parent who is staying in Malaysia. <p>(d) The purpose of payment, receipt or transfer into or from an External Account are subject to the conditions set out in Part B of Notice 4. Any transaction exceeding RM10,000 per transaction involving non-exempted group must be verified and supported with documentary evidence.</p> <p>(e) There is no limit for cash withdrawal over-the-counter from an External Account or</p>

	transfer between External Accounts of the same account holder.
5. Import and Export of Currency	<p>(a) Non-Residents are free to import into and export from Malaysia any amount of Foreign Currency including traveller's cheques.</p> <p>(b) Non-Resident travelers are allowed to carry ringgit on his person or in his baggage or in his possession, only up to an amount not exceeding in aggregate USD10,000 equivalent upon arrival or leaving Malaysia.</p>
6. Payment and receipts	<p><u>In Ringgit between Non-Residents and Resident or Non-Resident in Malaysia</u></p> <p>1) A Non-Resident is allowed to make or receive payment in Ringgit, in Malaysia to or from another Resident or Non-Resident for, amongst others:</p> <p>(a) any purpose between Immediate Family Members;</p> <p>(b) income earned or expense incurred in Malaysia;</p> <p>(c) settlement of—</p> <p>(i) a trade in goods or services, excluding payment between Non-Residents for settlement of a trade in goods or services outside Malaysia;</p> <p>(ii) a Ringgit Asset including any income and profit due from the Ringgit Asset;</p> <p>(iii) a commodity murabahah transaction between Non-Residents undertaken through a Resident commodity trading service provider, excluding payment between Non-Residents for settlement of a commodity murabahah transaction undertaken through a Non-Resident commodity trading service provider.</p> <p>2) A Non-Resident is allowed to make or receive payment in Ringgit, in Malaysia to or from another Resident or Non-Resident for, amongst others:</p> <p>(a) a court judgement where the transaction under litigation is undertaken in compliance with the FEP Notices; or</p> <p>(b) a reinsurance for domestic insurance business or a re-takaful for domestic takaful business between a Resident and a person licensed to carry out Labuan insurance business under the Labuan Financial Services and Securities Act 2010 (LFSSA) or Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA).</p>

In Foreign Currency between Residents

A resident is free to pay or receive foreign currency to or from another resident for the following:

- (a) Any purpose between immediate family members.
- (b) Education, employment or migration outside Malaysia.
- (c) A transaction between the resident and a licensed onshore bank, a licensed international takaful operator or an international currency business unit of a licensed takaful operator, in the conduct of the latter's business involving foreign currency.
- (d) Settlement of –
 - i. a foreign currency-denominated derivative, excluding exchange rate derivatives, transacted on a Specified Exchange under CMSA between the resident and a resident futures broker.
 - ii. a commodity murabahah transaction between residents undertaken through a resident commodity or a non-resident trading service provider.
 - iii. a domestic trade in goods or services between a resident exporter and resident entities involved in Global Supply Chain operations in Malaysia, subject to specified conditions.
 - iv. a miscellaneous expense incurred outside Malaysia between a resident individual residing in Malaysia and a resident individual residing outside Malaysia.

In Foreign Currency between Non-Resident and Resident

A Non-Resident is allowed to make or receive payment to or from a Resident in foreign currency for any purpose, excluding payment made or received for:-

- i) a Foreign Currency-denominated derivative or Islamic derivative offered by a Resident*;
- ii) a derivative or Islamic derivative which is referenced to Ringgit*; or
- iii) an Exchange Rate Derivative offered by a Non-Resident*

*unless approved by BNM under applicable Notices or otherwise approved in writing by BNM

	<p><u>In Foreign Currency between Non-Residents</u></p> <p>A Non-Resident is allowed to make or receive payment in Foreign Currency, in Malaysia, to or from another Non-Resident for any purpose.</p>
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DEFINITION OF THE TERMS USED IN FEP NOTICES

<p>Borrowing</p>	<ul style="list-style-type: none"> (a) any utilised or unutilised credit facility or financing facility; (b) any utilised or unutilised trade financing facility, including but not limited to, trade guarantee or guarantee for payment of goods; (c) redeemable preference share or Islamic redeemable preference share; or (d) Corporate Bond or Sukuk. <p>Notwithstanding the above, the following are excluded from the definition of Borrowing—</p> <ul style="list-style-type: none"> (i) a trade credit term extended by a supplier for any goods or services; (ii) a credit limit that a LOB apportions for its client to undertake a Forward Basis transaction, excluding a transaction that involves— <ul style="list-style-type: none"> (a) exchanging or swapping of Ringgit or Foreign Currency debt for another Foreign Currency debt; or (b) exchanging of Foreign Currency debt for a Ringgit debt; (iii) a Financial Guarantee or Non-Financial Guarantee (iv) an operational leasing facility; (v) a factoring facility without recourse; (vi) a credit card or charge card facility obtained by an Individual from a Resident and used for payment for retail goods or services only; or
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	<p>(vii) a credit facility or financing facility obtained by a Resident Individual from a Resident to purchase one (1) residential property and one (1) vehicle.</p> <p>Note: For clarity purposes, the transactions in paragraphs (ii)(a) and (ii)(b) shall be considered as Borrowing.</p>
Direct Investment Abroad/DIA	<p>(a) an investment in Foreign Currency Asset Offshore by a Resident resulting in at least 10% equity ownership or control of a Non-Resident Entity outside Malaysia or a Labuan Entity;</p> <p>(b) an inter-company lending by a Resident Entity to a Non-Resident Entity outside Malaysia within the Resident Entity's Group where the Non-Resident Entity is outside Malaysia or Labuan Entity;</p> <p>(c) a capital expenditure by a Resident investor in an unincorporated Entity outside Malaysia or a project outside Malaysia by an agreement with no establishment created, where the Resident investor— -</p> <ul style="list-style-type: none"> (i) contributes capital of at least 10% of the cost of the project; (ii) is entitled to at least 10% of profits from the unincorporated Entity or project; or (iii) have management control of the unincorporated Entity or project.
Direct Shareholder	A shareholder with at least 10% effective shareholding in a Resident Entity.
Domestic Ringgit Borrowing	<p>(a) any Borrowing in Ringgit obtained by a Resident from another Resident; or</p> <p>(b) any obligation considered or deemed as Domestic Ringgit Borrowing under any of the FE Notices.</p> <p>Note: For purposes of determining the Domestic Ringgit Borrowing status of a Resident Entity—</p> <p>(a) the Resident Entity is deemed to have a Domestic Ringgit Borrowing when another Resident Entity with Parent Subsidiary Relationship has a Domestic Ringgit Borrowing; and</p> <p>(b) the following shall not be considered as Domestic Ringgit Borrowing—</p> <ul style="list-style-type: none"> (i) a Borrowing obtained from another Resident Entity with Parent-Subsidiary Relationship; (ii) a Borrowing obtained from its Direct Shareholder; or (iii) any facility including credit facility or financing facility which is used for Sundry Expenses or Employees' Expenses only.

	<p>- "Sundry Expenses" refers to small and infrequent expenses for office supplies (e.g. stationaries), ancillary services (e.g. software and online subscription) and other minor expenses to facilitate daily business operation.</p> <p>- "Employees' Expenses" refers 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 investment.</p> <p>- "Borrowing" refers to the definition of "Borrowing" above.</p>
Entity	<p>(a) any corporation, statutory body, local authority, society, cooperative, limited liability partnership and any other body, organisation, association or group of persons, whether corporate or unincorporate, in or outside Malaysia; or</p> <p>(b) the Federal Government, any State Government or any other government.</p>
External Account	<p>An account in Ringgit opened with any Financial Institution in Malaysia—</p> <p>(a) by a Non-Resident—</p> <p style="padding-left: 40px;">(i) individually;</p> <p style="padding-left: 40px;">(ii) jointly with another Non-Resident; or</p> <p style="padding-left: 40px;">(iii) jointly with a Resident, excluding—</p> <p style="padding-left: 80px;">(A) for a joint venture in Malaysia;</p> <p style="padding-left: 80px;">(B) a husband and wife; or</p> <p>(b) by a person who operates the account in trust for or on behalf of a Non-Resident. The designation of the account shall be determined based on the residency of the beneficiary.</p>
Financial Guarantee	<p>Any guarantee, indemnity or undertaking to secure the payment of a Borrowing.</p>
Foreign Currency	<p>Includes—</p> <p>a) currency notes or coins which are legal tender in any country, territory or place outside Malaysia;</p> <p>b) any right to receive foreign currency—</p> <p style="padding-left: 40px;">i. in respect of any credit or balance at a licensed bank or any other similar institution in or outside Malaysia; or</p> <p style="padding-left: 40px;">ii. from any person in or outside Malaysia; or</p> <p>c) any document or device of a kind intended to enable the person to whom the document or device is issued to obtain foreign currency from another person on the credit of the person issuing it, and in particular, any traveller's cheque or other draft or letter of credit so intended.</p>

<p>Foreign Currency Asset Offshore (previously referred to as "Investment Abroad")</p>	<ul style="list-style-type: none"> (a) a financial asset in Malaysia swapped for a financial asset in a Labuan Entity or outside Malaysia; (b) Foreign Currency Borrowing given to a Non-Resident; (c) working capital arising from the set up of any business arrangement outside Malaysia (including a joint venture project where no Entity is created or established); (d) deposit in a Foreign Currency Account (FCA) maintained with a Labuan Entity or outside Malaysia excluding reasonable amount of deposit for education, employment or migration outside Malaysia; or (e) Foreign Currency-denominated – <ul style="list-style-type: none"> (i) (asset (tangible or intangible) offered by a Non-Resident or any person whose residency cannot be determined; (ii) asset (tangible or intangible) in or maintained with a Labuan Entity, or outside Malaysia; (iii) Financial Instrument or Islamic Financial Instrument (excluding Exchange Rate Derivatives) without Firm Commitment offered on a Specified Exchange under the CMSA outside Malaysia undertaken by a Resident through a Resident futures broker; or (iv) Financial Instrument or Islamic Financial Instrument (excluding Exchange Rate Derivatives) without Firm Commitment issued or offered by a Non-Resident.
<p>Foreign Currency Asset Onshore</p>	<ul style="list-style-type: none"> (a) Foreign Currency-denominated securities or Islamic securities offered in Malaysia by a Resident as approved in writing by BNM; (b) Foreign Currency-denominated Financial Instrument or Islamic Financial Instrument offered in Malaysia by a Resident as approved in writing by BNM excluding a derivative transaction entered with Firm Commitment; (c) deposit in Investment FCA with a LOB or an approved Financial Institution as specified in Notice 3; or (d) any instrument offered by a LOB with Foreign Currency delivery at maturity (such as dual-currency investment).
<p>Forward Basis</p>	<p>Buying or selling of any currency after two (2) business days (regardless of whether settlement is to be made on gross or net basis) through –</p> <ul style="list-style-type: none"> a) a derivative as defined under section 2(1) of the Financial Services Act 2013;

	<ul style="list-style-type: none"> b) an Islamic derivative as defined under section 2(1) of the Islamic Financial Services Act 2013; or c) any other arrangement.
General Partnership	has the same meaning with the term "partnership" as defined in section 3(1) of the Partnership Act 1961 [Act 135].
Group	<p>An Entity's –</p> <ul style="list-style-type: none"> (a) ultimate or direct Holding/Parent Entity; (b) head office; (c) branch; (d) subsidiary company where the Entity owns more than 50% of ordinary shares in the subsidiary Entity; (e) associate Entity where the Entity owns between 10% and 50% of ordinary shares in the associate Entity; or (f) sister company where the Resident Entity and its sister company have a common shareholder with minimum of 10% of ordinary shares in both the Entity and its sister company.
Immediate Family Member	A legal spouse, parent, legitimate child (including legally adopted) or legitimate sibling of an Individual.
Individual	A natural person.
Labuan Entity	<p>An Entity which is created, incorporated, licensed or registered under any of the following legislation:</p> <ul style="list-style-type: none"> (a) Labuan Companies Act 1990 [Act 441]; (b) Labuan Trusts Act 1996 [Act 554]; (c) Labuan Financial Services and Securities Act 2010 [Act 704]; (d) Labuan Islamic Financial Services and Securities Act 2010 [Act 705]. (e) Labuan Foundations Act 2010 [Act 706]; (f) Labuan Limited Partnerships and Limited Liability Partnerships Act 2010 [Act 707].
Licensed onshore bank or LOB	A licensed bank and a licensed investment bank under the Financial Services Act 2013 and a licensed Islamic bank under the Islamic Financial Services Act 2013.

Non-Resident	<p>(a) any person other than a Resident;</p> <p>(b) an overseas branch, a subsidiary, regional office, sales office or representative office of a Resident company;</p> <p>(c) Embassies, Consulates, High Commissions, supranational or international organizations;</p> <p>(d) a Malaysian citizen who has obtained permanent resident status of a country or territory outside Malaysia and is residing outside Malaysia.</p> <p>For the avoidance of doubt, this includes Malaysian Embassies, Consulates and High Commissions.</p>
Parent-Subsidiary Relationship	<p>a relationship between a Resident Entity and its direct or indirect—</p> <p>(a) Resident Holding/Parent Entity; or</p> <p>(b) Resident subsidiary.</p> <p>For the avoidance of doubt, this includes a relationship between a Resident subsidiary of a Non-Resident Holding/Parent Entity with the Resident subsidiary's ultimate Resident Holding/Parent Entity.</p>
Real Sector Activity	<p>an activity relating to—</p> <p>(a) construction or purchase of a residential or commercial property, excluding purchase of land which will not be utilised for construction or production of goods or services; or</p> <p>(b) production or consumption of goods or services, excluding— –</p> <p>(i) activity in financial services sector, whether Islamic or otherwise;</p> <p>(ii) purchase of securities or Islamic securities; or</p> <p>(iii) purchase of Financial Instrument or Islamic Financial Instrument.</p>
Resident	<p>(i) a citizen of Malaysia, excluding a citizen who has obtained permanent resident status in a country or a territory outside Malaysia and is residing outside Malaysia;</p> <p>(ii) a non-citizen of Malaysia who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia;</p> <p>(iii) a body corporate incorporated or established, or registered with or approved by any authority, in Malaysia;</p>

	<p>(iv) an unincorporated body registered with or approved by any authority in Malaysia; or</p> <p>(v) the Government or any State Government.</p> <p>For joint accounts where the relationship is a husband and wife relationship only and one of the joint account holders is a Resident while the other is a Non-Resident, this joint account will be a Resident account. Otherwise, the joint account will be treated as a Non-Resident account where one of the joint account holders is a Non-Resident.</p>
Ringgit Asset	<p>(a) Ringgit-denominated security or Islamic security issued in Malaysia by a Resident;</p> <p>(b) Ringgit-denominated security or Islamic security issued by a Non-Resident as approved by BNM;</p> <p>(c) Ringgit-denominated Financial Instrument or Islamic Financial Instrument as approved by BNM;</p> <p>(d) Ringgit deposits with a Financial Institution in Malaysia; including deposit-like instrument with only Ringgit delivery at the inception and maturity; or</p> <p>(e) Any property in Malaysia</p>

Please note that the above terms are non-exhaustive. Kindly refer to the complete terms used in the FEP Notices available on [Preamble & Interpretation](#) on BNM's FEP website for full details.

Types of Documentary Documents Required

The table below serves as a guide on the types of documentary evidence to verify the purpose of transactions:

No	Purpose	Examples of Documents to Support Transactions (non-exhaustive)
1	Between immediate family (parents, spouse, children and siblings only)	Marriage certificate, birth certificate, identity cards, passports
2	Education overseas	<u>For sponsoring entity:</u> Letter of Award/scholarship/sponsorship, letter of offer by overseas school/ college, university for sponsored student, invoice for tuition/accommodation/other fees

		For individual: Letter of offer by overseas school/college/university for student, valid student card/pass/ID, invoice for tuition/ accommodation/ other fees, letter indicating estimated fees and/or living expenses for an academic year
3	Employment overseas	Letter of offer from employer, letter from employer confirming employee identity and status of employment, work permit, payslip
4	Foreign worker remittance or remuneration for expatriates	Work permit, payslip or letter from company
5	Goods and Services	Invoice, Bill of Lading, Purchase Order, Delivery Order, Supply contract, Service/Tenancy/Rental Agreements, Payment Advice, Pro-forma invoice, Court Order, Air or Sea waybill, Insurance policy or certificate
6	Repatriation of dividend, royalties or fees	Extract of AGM, Board resolution, BNM approval (if applicable), Invoice/Agreement/Payment advice
7	Loan/ financing payment	Letter of offer or loan/financing agreement, loan payment schedule, promissory note
8	Ringgit asset, including any income and profit due	Sale and purchase agreement, receipt for purchase or sale, tenancy/ rental agreement, dividend payment notice
9	Payment of any security or financial instrument (conventional and Islamic), payment of commodity murabahah transaction through resident commodity trading service provider, payment of derivative with a resident futures broker	Letter of account opening, contract notes with due dates, resident broker invoices to the buyer/ customer
10	Purchase or sale of Ringgit equities/bonds/sukuk	Purchase/Sale tickets, Broker confirmation/statements or Local custody confirmation/ statements
11	Placement of Ringgit deposits with a financial institution in Malaysia only for spot transaction	Deposit brochure / Term Sheet/Prospectus or confirmation of the respective investment product
12	Purchase or sale of property in Malaysia	Sales & Purchase Agreements or contract agreements
13	Purchase, sale or margin call on Ringgit futures	Purchase/ Sale tickets, Broker confirmations/statements/Margin calls, Local custody confirmation/statements
14	Other ringgit-denominated financial instruments or Islamic financial instruments as approved by the relevant regulator	Deposit Brochure/ Term-sheet/Prospectus or Confirmation of the respective investment product
15	Lending to intercompany onshore	Documentation regarding intra-group payment or agreement, Debit notes, BNM approval letter
16	Direct investment to Malaysia entities	Sales & Purchase agreement
17	Evidence of international dealings in foreign currency for TFCA opening	Customs Official Forms such as Form K1(Import), Form K2 (Export) and its receipts