

FREQUENTLY ASKED QUESTIONS (“FAQ”) – FOREIGN EXCHANGE POLICY NOTICES

NOTE: The purpose of this document is to draw your attention to some of the common queries/concerns with regards to the legality of your transaction under the Foreign Exchange Policy Notices issued by Bank Negara Malaysia (“FE Notices”). The FAQ is NOT a complete set of the FE Notices and you are advised to read and understand the latest FE Notices available on Bank Negara Malaysia’s website at <http://www.bnm.gov.my>.

What is Foreign Exchange Policy (“FEP”) and FE Notices?

It is part of the broad prudential toolkits used by Bank Negara Malaysia (“BNM”) to maintain monetary and financial stability.

In exercise of the powers conferred by the Financial Services Act 2013 (“FSA”) and the Islamic Financial Services Act 2013 (“IFSA”), BNM issued the FE Notices.

A customer will need to obtain a written approval from BNM to undertake or engage in any transaction listed in Schedule 14 of the FSA or IFSA that is not approved by BNM under the FE Notices.

When and why do I need to be concerned about the FE Notices?

When a Resident is dealing/transacting in foreign currency OR when a Non-Resident is dealing/transacting with a Resident or in Ringgit.

It is important for you to ensure that your dealing/transaction complies with the applicable FE Notices or direction or any condition(s) imposed by BNM under its written approval. Any person who contravenes it commits an offence and shall on conviction be liable to imprisonment for a term not exceeding ten years or to a fine not exceeding fifty million ringgit or to both pursuant to section 214(9) of the FSA and section 225(9) of the IFSA.

Please note that CIMB reserves the right to reject your transaction if there is reasonable doubt of the compliance of your transaction to the applicable FE Notices. We are also obliged to report to BNM upon suspicion of any non-compliance.

Please refer to some FAQs in the following areas:-

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RESIDENT AND NON-RESIDENT (DEFINITION)

No.	Questions	Answers
General		
1.	Who is a Resident?	<ul style="list-style-type: none"> (a) 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; (b) a non-citizen of Malaysia who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia; (c) a body corporate incorporated or established, or registered with or approved by any authority, in Malaysia; (d) an unincorporated body registered with or approved by any authority in Malaysia; or (e) the Government or any State Government.
2.	Who is a Non-Resident?	<ul style="list-style-type: none"> (a) any person other than a resident; (b) an overseas branch, a subsidiary, regional office, sales office or representative office of a resident company; (c) Embassies, Consulates, High Commissions, supranational or international organizations; or (d) a Malaysian citizen who has obtained permanent resident status of a country or territory outside Malaysia and is residing outside Malaysia. <p>For the avoidance of doubt, this includes Malaysian Embassies, Consulates and High Commissions.</p>

INVESTMENT IN FOREIGN CURRENCY ASSETS (NOTICE 3)

No.	Questions	Answers
General		
1.	How do I know if the prudential investment limit applies to me?	<p>Investment limit will apply if you have outstanding domestic Ringgit borrowing AND when you:</p> <ul style="list-style-type: none"> (i) convert Ringgit into foreign currency for investment purpose; (ii) transfer your fund from Trade Foreign Currency Account (FCA) into Investment FCA; or (iii) swap Ringgit denominated financial asset in Malaysia for a financial asset in Labuan Entity or outside Malaysia. <p>The investment limit will not apply if you have no outstanding domestic Ringgit borrowing whereby you are free to invest in any amount in foreign currency assets onshore or offshore.</p>
2.	Do I compute my investment limit at individual or single entity level or do I need to aggregate the investments made by entities which I have control in?	<p><u>For Resident Individual, Sole Proprietorship and General Partnership:</u></p> <ul style="list-style-type: none"> - to aggregate the investments made by the Resident individual, sole proprietorship and general partnership in which the resident individual has control in. <p>[Limit: RM1 million equivalent in aggregate per calendar year]</p> <p><u>For Resident Entity</u></p> <ul style="list-style-type: none"> - to aggregate the investments made by the Resident Entity and investments by all other Resident Entities with Parent-Subsidiary relationship within the same group

No.	Questions	Answers
		[Limit: RM50 million equivalent in aggregate per calendar year]
3.	What are "Foreign Currency Assets" which I need to take into account when I compute the total investment limit that I have utilised?	<p>The detailed list is available on BNM's website. Please note that the investment limit applies to both investments in Foreign Currency Asset OFFSHORE and ONSHORE.</p> <p>We wish to highlight that the following items are also a form of Foreign Currency Assets:-</p> <ul style="list-style-type: none"> (i) foreign currency borrowing given to a Non-Resident; (ii) working capital arising from the set up of a business arrangement outside Malaysia; (iii) deposit in foreign currency account maintained in <u>Labuan or outside Malaysia</u> excluding reasonable amount of deposit for education, employment or migration outside Malaysia; (iv) deposit in Investment FCA <u>maintained with a licensed onshore bank in Malaysia</u>; (v) foreign currency denominated securities or financial instrument <u>offered in Malaysia by a Resident</u>.
4.	I am a Resident, is my lending/loan/advance/financing to a Non-Resident subject to the investment limit?	Yes, any foreign currency borrowing given to a Non-Resident is subject to the same investment limit rule above as it is deemed as a form of investment in Foreign Currency Asset.
5.	What should I do if I wish to perform an investment in Foreign Currency Asset	You will need to first seek and obtain BNM's approval in writing and furnish a copy of the approval to CIMB.

No.	Questions	Answers
	transaction beyond the permitted limit?	
6.	If I have a joint account with my wife, what is the investment limit available?	The investment limit applies to customer level and not at account level. Husband and wife will each have a limit of RM1 million equivalent per calendar year.
Purchase of real estate abroad by a resident individual		
7.	Can a resident individual with domestic ringgit borrowing freely purchase a property abroad for a close friend who intends to obtain education, employment or migration outside Malaysia?	No. A resident individual can only purchase the property abroad for own account or for immediate family members only under the permitted purposes i.e. education, employment or migration outside Malaysia.
8.	What are the documents required for a resident individual to purchase a property abroad for migration purpose?	A resident individual shall produce relevant supporting document that could confirm his or her citizenship or permanent resident status abroad, including conditional approval letters, as part of the onshore bank's due diligence process. <i>*evidence of application itself is insufficient.</i>
9.	Can a resident individual with domestic ringgit borrowing freely purchase a property abroad for his or her child as part of the child's long term education plan over a 10-year horizon (without documentation)?	No. A resident individual shall submit documentary evidence of committed education plan (e.g. an enrolment letter from the foreign school or institution) as part of the onshore bank's due diligence process.
Resident individual's investment in derivatives offered by non-residents		
10.	Can a resident individual invest in derivatives such as options	Yes, a resident individual is allowed to invest in non-exchange rate related derivatives, such as

No.	Questions	Answers
	and swaps offered by a non-resident?	equity options, commodity futures and other similar products offered by a non-resident, subject to the permissible limit on investment in foreign currency asset as per Notice 3, as long as it is consistent with the resident individual's risk tolerance.
11.	Can a resident individual with domestic ringgit borrowing invest in foreign currency product embedded with derivatives offered by a non-resident?	<p>A resident individual with domestic ringgit borrowing may invest up to the prudential limit of RM1 million in aggregate per calendar year if the investment is sourced from conversion of ringgit or transfer from Trade Foreign Current Account (FCA).</p> <p>However, the foreign currency product must not be an exchange rate product (e.g. FX forward, swap, option, futures).</p>
12.	Can I invest in structured deposit / investment /note which pay out/return is referenced to the performance of exchange rate/currency?	No, such instrument will be deemed as a type of exchange rate related derivatives and it is not allowed unless BNM's approval is first obtained.
13.	Can a resident individual purchase derivatives directly from a non-resident futures broker or a non-resident bank?	Yes. A resident individual may do so subject to the permissible limit on investment in foreign currency asset as per Notice 3 and as long as the derivative is not an exchange rate derivative.
Investment in foreign currency asset by a resident entity		
14.	Is a resident entity without domestic ringgit borrowing subject to the investment in foreign currency asset limit?	No. A resident entity without domestic ringgit borrowing is free to invest any amount in foreign currency asset onshore and offshore.

No.	Questions	Answers
15.	How does a resident entity determine whether it has domestic ringgit borrowing?	<ul style="list-style-type: none"> • Domestic ringgit borrowing is any borrowing in ringgit obtained by a resident from another resident. • For a resident entity, it is deemed to have domestic ringgit borrowing when another resident entity with parent-subsiary relationship has a domestic ringgit borrowing. <p>Note:</p> <ul style="list-style-type: none"> • The following shall not be considered as domestic ringgit borrowing: <ul style="list-style-type: none"> (a) A borrowing obtained from another resident entity with parent-subsiary relationship or its resident direct shareholder (b) Any facility including credit facility or financing facility which is used for sundry expenses or employees' expenses only. <ul style="list-style-type: none"> ➤ Sundry expenses refer 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. ➤ 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 investment.
16.	How does a resident entity with domestic ringgit borrowing	The investment limit for a resident entity shall take into account the aggregate amount of

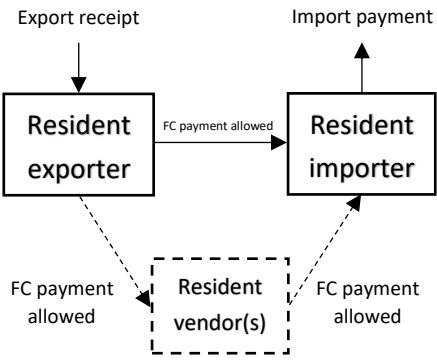
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No.	Questions	Answers
	calculate its total investment limit?	investment in foreign currency asset onshore and offshore per calendar year undertaken by the resident entity and its resident group of entities with parent-subsiary relationship.
17.	Can a resident entity use income from investment abroad for other investment abroad activities?	<ul style="list-style-type: none"> • Yes, a resident entity can use the investment income received into its Investment FCA for further reinvestment in foreign currency asset. • Any investment in foreign currency asset sourced from Trade FCA by a resident entity with domestic ringgit borrowing is subject to the RM50 million annual aggregate limit (on corporate group basis).

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PAYMENT IN FOREIGN CURRENCY (NOTICE 4)

No.	Questions	Answers
Payment in Foreign Currency by Resident Individual		
1.	Can a resident individual pay another resident in foreign currency?	<p>A resident individual is free to pay another resident in foreign currency for the following purposes:</p> <ul style="list-style-type: none"> (a) any purpose between immediate family members (comprises spouse, parents, children and siblings); (b) education, employment or migration outside Malaysia; (c) a transaction between the resident and a licensed onshore bank, licensed international takaful operator or international currency unit of a licensed takaful operator in the conduct of the latter's business involving foreign currency; (d) settlement of derivatives denominated in foreign currency, excluding exchange rate derivatives, transacted on a Specified Exchange under the Capital Markets and Services Act 2007 (CMSA) between the resident and a resident futures broker*; and (e) settlement of commodity murabahah transactions between residents through a commodity trading service provider. <ul style="list-style-type: none"> • Approval is required for payment between residents in foreign currency for purposes other than the above. <p>*subject to prevailing rules on investment in foreign currency asset, if applicable.</p>

No.	Questions	Answers
2.	What type of foreign currency receipts from abroad can a resident individual keep in his/her foreign currency account (FCA)?	A resident individual may keep foreign currency receipts arising from income, profit, rental, proceeds from divestment of foreign currency assets and approved foreign currency borrowings in his/her FCA.
Settlement of domestic trade in foreign currency with other resident entities operating in the global supply chain ("GSC")		
3.	What is the definition of global supply chain?	<p>It is defined as a business activity where a resident importer purchases goods or services from overseas to support production and distribution of goods or services by a resident exporter for its export activities. This includes domestic trade transactions between the resident importer and the resident exporter undertaken through resident intermediate entity.</p> <p>Illustration:</p>  <pre> graph TD ER[Resident exporter] -- "Export receipt" --> RI[Resident importer] RI -- "Import payment" --> ER ER -.-> FC payment allowed RV[Resident vendor(s)] RV -.-> FC payment allowed RI </pre> <p>"FC"- foreign currency</p>
4.	Does a resident exporter need to obtain prior approval from BNM to be eligible for this flexibility?	No, the resident entities operating in the global supply chain shall provide any supporting document requested e.g. list of resident vendors to the licensed onshore bank facilitating the foreign currency payment based on the licensed onshore bank's due diligence process.

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No.	Questions	Answers
5.	Can a resident exporter convert ringgit into foreign currency to pay to another resident entity?	No, the resident exporter can only source the foreign currency payment from available foreign currency funds in its Trade FCA or proceeds from foreign currency trade financing facility.
6.	If the resident exporter is a resident exporter of services and does not have a Trade FCA currently, can the payment be sourced from its Investment FCA as long as it is not sourced from conversion of Ringgit?	No, the resident exporter of services should open a Trade FCA to facilitate such payment under this GSC framework. Transfer of fund from Investment FCA to Trade FCA is allowed.
7.	If a resident entity does not have foreign currency obligations and sells locally sourced goods to a resident exporter, can the resident entity receive foreign currency from the resident exporter?	No, such business arrangement is not deemed as a global supply chain activity. Hence, the resident exporter must pay in ringgit only to the resident entity.
8.	If a resident entity (resident importer) does have foreign currency obligations and sells goods sourced from overseas to another resident, does it mean that the resident importer is automatically entitled to invoice the resident buyer in foreign currency and receive foreign currency?	<p>No, the resident importer has an obligation to first ascertain that the resident buyer is a resident exporter/resident intermediary that operates and eligible within the global supply chain.</p> <p>CIMB has an obligation to perform due diligence on your transaction. The resident importer client is required to produce documentary evidence to support the eligibility of itself and its buyer within the global supply chain when so requested by CIMB.</p>
9.	For a resident providing ancillary services (e.g. shipping and logistics) to another resident that is directly part of a global supply chain, can the	Yes, the resident providing ancillary services is allowed to receive payment in foreign currency provided that it has foreign currency obligations incurred overseas arising from its

No.	Questions	Answers
	settlement of such ancillary services be made in foreign currency?	provision of services and the resident payer has foreign currency proceeds.
Settlement of foreign currency derivatives directly with non-residents		
10.	Can a resident entity enter into foreign currency-denominated commodity derivatives e.g. sugar futures directly with non-resident counterparties to hedge its commodity price risk?	Yes. Resident entity may undertake commodity derivatives hedging either via a resident futures broker or directly with a non-resident counterparty up to the underlying exposure.
11.	Can a resident entity trade non-FX foreign currency derivatives with a non-resident counterparty for investment purpose (i.e. not for price hedging), e.g. structured product which return is determined by reference to the performance of 3-month KLIBOR movement?	It is permitted within the investment abroad limit as stipulated in Notice 3 (Investment in Foreign Currency Assets).
12.	Can a resident entity enter into an FX/foreign exchange contract (e.g. FX spot, forward, swap, option, futures, deposit/note/investment) with a non-resident counterparty?	No, a resident entity shall only enter into an FX transaction with a licensed onshore bank or a licensed money changer in Malaysia. *Note: The prohibition includes transactions that do not involve Ringgit Malaysia.
13.	If I am a Resident, can I make a payment using my CIMB credit card or CIMB online banking or over counter at CIMB branches for the purpose of	No, you are not allowed to enter into a FX transaction with a non-resident. You can only enter into FX transaction (all currencies) with a licensed onshore bank or a licensed money changer in Malaysia.

No.	Questions	Answers
	payment/settlement of my FX contract with a non-resident? (e.g. my forex trading via an online trading platform operated by a non-resident)	

**EXTERNAL ACCOUNT (RINGGIT ACCOUNT MAINTAINED BY A NON-RESIDENT)
(NOTICE 4)**

No.	Questions	Answers
1.	Is non-resident required to obtain prior approval from BNM before opening an External Account?	No, any non-resident is allowed to maintain a Ringgit account (External Account) with a Financial Institution in Malaysia.
2.	Is there any specific restriction that apply to External Account?	<p>Any payment, receipt or transfer from or into the External Account (for transactions between the account holder and another resident or another non-resident) must comply with the relevant FE Notices.</p> <p>The account holder must ensure that the transaction can be supported by documentary evidence to show compliance with the relevant FE Notices.</p> <p>CIMB reserves the right to impose transaction limit/ documentary evidence/ declaration or other information requirement as part of its internal controls to discharge its compliance obligation under the FE Notices.</p>
3.	Other than Notice 4 of the FE Notices, are there FE Notices that needs to be referred to when making or receiving a payment from or to my External Account?	Apart from Notice 4, you need to ensure that your transaction complies with Notice 1 (if the transaction involves conversion to or from Ringgit) and Notice 2 (if the transaction involves loan/ borrowing/ financing/ guarantee).

No.	Questions	Answers
4.	Can a Non-Resident Financial Institution (NRFI) maintain an External Account on behalf of its Non-Resident clients?	<p>Yes, for purpose of facilitating settlement of international trade in goods and services between the Non-Resident client and a Resident.</p> <p>Note:</p> <ul style="list-style-type: none"> • Sale of foreign currency against Ringgit shall be undertaken via straight-pass-through transactions matched with a back-to-back arrangement with a licensed onshore bank. • No Ringgit financing is allowed to the client.
5.	Can a Non-Resident Intermediary or NRFI managing Ringgit Asset for its clients maintain an External Account acting as custodian or trustee of its Non-Resident or Resident clients?	<p>Yes, either in its own name or on behalf of its Non-Resident client, for the purpose of settlement of Ringgit Asset.</p> <p>However, for fund/transaction relating to its Resident clients:-</p> <p>(i) a Ringgit account must be maintained separately for the Resident client and the usage of fund must comply with Notice 3 when it involves investment in foreign currency asset transaction; OR</p> <p>(ii) where no separate Ringgit account is opened and maintained to manage funds for its Resident clients, to transfer all Ringgit proceeds arising from sale of Ringgit Asset on behalf of Resident clients to Resident client's own account within three (3) business days.</p> <p>Note:</p> <ul style="list-style-type: none"> • No Ringgit financing is allowed to the client.

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DIRECTION ON DEALINGS WITH SPECIFIED PERSON AND IN RESTRICTED CURRENCY

No.	Questions	Answers
1.	Who is Specified Person?	<p>“Specified Person” means:-</p> <ul style="list-style-type: none"> (a) the State of Israel or its governmental organization, authority or agency; (b) a natural person who is a citizen or permanent resident of the State of Israel; (c) any person incorporated, established, or registered for purposes of incorporation or establishment, in the State of Israel or under its laws including such person’s direct subsidiary or branch outside the State of Israel; or (d) any unincorporated person which is formed in the State of Israel or under its laws or policy.
2.	What is Restricted Currency	<p>“Restricted Currency” means-</p> <ul style="list-style-type: none"> (a) currency note or coin which is legal tender in the State of Israel; (b) any right to receive currency note or coin mentioned in subparagraph (a) <ul style="list-style-type: none"> (i) in respect of any credit or balance at a licensed onshore bank or any other similar institution in or outside Malaysia; or (ii) from any person in or outside Malaysia (c) any document, instrument or device which enables a person to obtain

No.	Questions	Answers
		<p>currency note or coin mentioned in subparagraph (a) from another person, including but not limited to traveller's cheque, letter of credit and bank draft; or</p> <p>(d) any electronic or digital representation of currency note or coin mentioned in subparagraph (a).</p>
3.	Can I undertake or engage in any dealing or transaction with or involving a Specified Person?	<p>No, it is prohibited generally.</p> <p>However, it is permitted in the following scenarios:-</p> <p>Where an international trade with or involving a Specified Person—</p> <p>(i) in goods, where such trade is licensed under the Customs Act 1967 [Act 235], or does not involve movement of goods in or out of Malaysia; or</p> <p>(ii) in services, where such trade is allowed in writing by a relevant authority exercising statutory power in Malaysia, or does not involve provision of services to or from a person in Malaysia,</p> <p>a person may, enter into, or make or receive payment arising from such trade PROVIDED that the approval is obtained from the relevant authority (e.g. custom, Ministry of International Trade and Industry (MITI)). BNM's approval is not required.</p>
4.	I am a Specified Person, am I allowed to open an account with CIMB?	No, CIMB is not allowed to open an account for you unless written approval by BNM is furnished to and sighted by CIMB.
5.	I am a Specified Person, am I allowed to open an account in	No, CIMB does not currently offer an account in Restricted Currency.

No.	Questions	Answers
	Restricted Currency with CIMB with BNM's approval?	
6.	We have a vendor/counterparty which is incorporated in the United Kingdom (Company ABC). The vendor/counterparty is directly owned (more than 50% of shares) by Company XYZ which is incorporated in Israel. Is Company ABC a Specified Person?	Yes, an entity incorporated or established outside the State of Israel will be deemed as Specified Person as long as it is directly owned by an entity incorporated, established or registered for purpose of incorporation in the State of Israel or under its laws.
7.	How would I know whether my counterparty or vendor which is an entity is a Specified Person?	<p>You would need to perform the following checks:</p> <p>Step 1: Find out where the counterparty/vendor is incorporated, established or registered for purpose of incorporation; AND</p> <p>Step 2: If answer to Step 1 is not Israel, you will need to check or identify if the direct shareholder of the counterparty/vendor is an entity incorporated, established or registered for purpose of incorporation in the State of Israel or under its laws.</p>
8.	Is it my/our responsibility as a customer of CIMB to ensure that my/our counterparty is not a Specified Person?	Yes, the Direction on Dealings with Specified Person and in Restricted Currency issued by Bank Negara Malaysia is applicable to all persons in Malaysia.

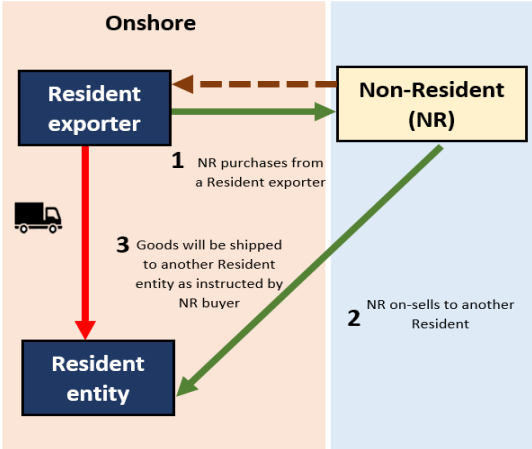
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EXPORT OF GOODS (NOTICE 7)

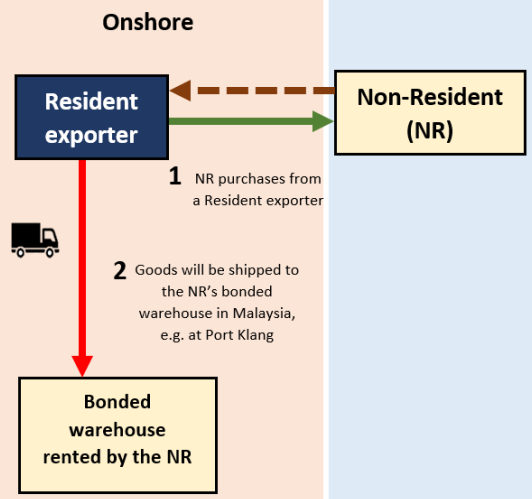
No.	Questions	Answers
Export of goods		
1.	<p>What is the scope of export of goods?</p> <ul style="list-style-type: none"> Any movement or transfer of goods by land, sea or air from Malaysia to any territory outside of Malaysia; or Any transfer of ownership in goods originated from Malaysia by a resident to a non-resident abroad or a Labuan entity which was declared by the Bank as a non-resident. 	<div data-bbox="367 600 1208 674" style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> </div> <p>Scenario 1: A resident exports goods to a to another</p> <div data-bbox="461 793 1000 1220" style="border: 1px solid black; padding: 10px; margin-bottom: 10px;"> </div> <p>Scenario 2: A non-resident on-sells to another non-resident</p> <div data-bbox="461 1373 1008 1766" style="border: 1px solid black; padding: 10px;"> </div>

No.	Questions	Answers
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Scenario 3: Transfer of ownership although goods remain onshore



Scenario 4: Transfer of ownership to a non-resident’s bonded warehouse



Repatriation of export proceeds

2.	Can a resident exporter retain foreign currency (FC) export of goods proceeds overseas?	<ul style="list-style-type: none"> • No. The resident exporter must repatriate into Malaysia the full value of export of goods proceeds either in ringgit or FC within 6 months from the date of shipment. • The proceeds can be retained in ringgit account or Trade Foreign Currency
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No.	Questions	Answers
		Account (Trade FCA) maintained with onshore banks ¹ .
3.	Does the repatriation requirement apply to FC proceeds from export of services and merchanting trade? ²	<ul style="list-style-type: none"> No, the repatriation requirement applies to export of goods only.
4.	Are export proceeds from toll manufacturing ³ activity performed by a resident for a non-resident deemed as export of goods?	<ul style="list-style-type: none"> Yes, they are subject to requirements as stipulated in Notice 7.
5.	Is there a timeline to repatriate the proceeds of export of goods?	<ul style="list-style-type: none"> Yes, export proceeds shall be repatriated immediately upon receipt of payment which shall be within 6 months from the date of shipment. Thus, credit term given to non-resident clients shall not exceed 6 months from shipment date. However, the repatriation timeline may be extended up to 24 months for permitted reasons (see Q6 below). If it falls under any of the reasons, the credit terms can be extended up to 24 months without prior approval from BNM. In the event where there remains outstanding proceeds from export of goods which are yet to be received by the resident exporter after 24 months from the date of shipment, the resident

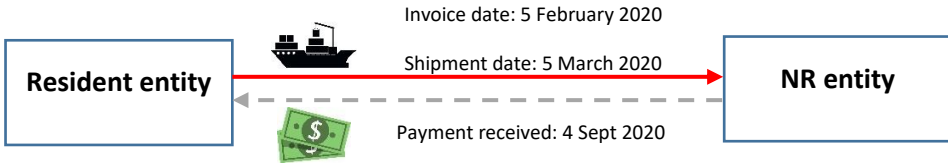
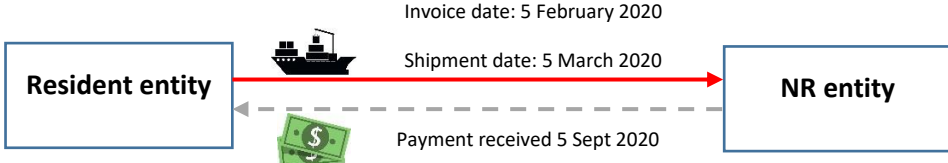
¹ Onshore banks refer to licensed banks and licensed investment banks under the Financial Services Act 2013 or licensed Islamic banks under the Islamic Financial Services Act 2013.

² Merchanting trade here refers to the selling of goods to a non-resident where the goods are shipped from an overseas location to another overseas location without entering or leaving the territory of Malaysia.

³ Toll manufacturing performed by resident for non-resident refers to an arrangement where the resident receives semi-finished goods from non-resident for further processing and onward selling to the non-resident.

No.	Questions	Answers
		<p>exporter shall notify BNM within 21 days after the end of each calendar year via https://bnm.my/fep.</p>
6.	<p>What are the permitted reasons considered for the 24-month repatriation flexibility?</p>	<ul style="list-style-type: none"> • The permitted reasons (subject to supporting documents) refer to a situation where: <ul style="list-style-type: none"> (a) a resident exporter has no control over the delay in receiving such proceeds of export of goods, including but not limited to: <ul style="list-style-type: none"> i) Buyer in financial difficulties; ii) Buyer cancels, delays, disputes or does not respond to request for payments; iii) Restriction on foreign exchange transactions in the buyer's country; iv) Quality and/or quantity claims; or v) Incidence of fraud. (b) credit terms provided by a resident exporter of up to 24 months for: <ul style="list-style-type: none"> i) Consignment sale; or ii) Goods that involve testing and commissioning.
7.	<p>Does the requirement on export of goods apply to all residents including individual, sole proprietorship and general partnership?</p>	<ul style="list-style-type: none"> • Yes, other than export of goods by a resident individual for personal consumption.
8.	<p>How is the 6 months period for repatriation of export of goods computed?</p>	<ul style="list-style-type: none"> • It is calculated from the date of shipment.

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No.	Questions	Answers
	<p>Illustration 1: If payment for proceeds of export of goods is received within 6 months from the date of shipment, approval from Bank Negara Malaysia (BNM) is not required.</p>  <p>Illustration 2: If payment for proceeds of export of goods is received after 6 months from the date of shipment other than arising from the permitted reasons (up to 24 months from the date of shipment), approval from BNM is required. Application for approval from BNM shall be submitted prior to expiry of the 6 months period.</p> 	
Retention of export proceeds in foreign currency		
9.	Upon repatriation to Malaysia, can a resident exporter retain the export proceeds in FC?	<ul style="list-style-type: none"> • Yes, a resident exporter can freely retain any amount of export proceeds in FC in its Trade FCA maintained with a licensed onshore bank or convert to ringgit according to its FC and ringgit cash flow needs.
10.	Is there a time limit on the retention of the FC proceeds in Trade FCA?	<ul style="list-style-type: none"> • There is no time limit for retention of export proceeds in Trade FCA.
Offsetting and Writing-Off Arrangements		
11.	What is the approved offsetting and writing-off arrangements?	<ul style="list-style-type: none"> • Export proceeds can be offset against the following FC obligations with a non-resident: (a) Import of goods or services; (b) Warranty claims; (c) Dividend payments;

Note: The FAQs is subject to revision by the bank in line with regulatory updates. We will update the FAQs as and when there are new developments.

No.	Questions	Answers
		<p>(d) Other current account transactions (e.g. management fees); or (e) Repayment of FC borrowing.</p> <p>This includes global offsetting arrangement undertaken by a resident exporter through its non-resident treasury management centre (TMC) for the above FC obligations.</p> <ul style="list-style-type: none"> • Additionally, export proceeds also can be written-off due to the following reasons: <ul style="list-style-type: none"> (a) Liquidation of the non-resident buyer; or (b) Unable to receive export proceeds from the non-resident buyer at least 24 months from date of shipment despite following up with the buyer.
12.	Can a resident exporter offset export proceeds against anticipated FC obligations in the future?	<ul style="list-style-type: none"> • No, the offsetting flexibility is only for incurred FC obligations based on firm commitment. Otherwise, the resident exporter shall repatriate export proceeds to Malaysia in full value.
13.	Does a resident exporter need to provide supporting documents to a licensed onshore bank to be eligible for such flexibility?	<ul style="list-style-type: none"> • Yes, to substantiate that its export proceeds are being offset against the permitted reasons.
14.	Can a resident exporter offset export proceeds against its investment abroad or its commodity hedging contract (entered directly with a non-resident counterparty)?	<ul style="list-style-type: none"> • No, resident exporter is not allowed to undertake such offsetting of export proceeds.
Trade Foreign Currency Account (Trade FCA)		

No.	Questions	Answers
15.	What can the retained FC funds be used for?	<ul style="list-style-type: none"> The retained FC can be used among others to meet FC obligations such as import payment and FC borrowing repayment. The use of export proceeds for investment in FC asset shall be subject to the investment in FC asset limit as stipulated in Notice 3 (Investment in Foreign Currency Assets).
16.	Can a resident without export proceeds convert ringgit into FC to pay import and borrowing obligations?	<ul style="list-style-type: none"> Yes, conversion of ringgit into FC to pay for import and borrowing obligations is allowed.
17.	Is a resident exporter allowed to transfer FC funds from Trade FCA to Investment FCA or vice versa?	<ul style="list-style-type: none"> Yes, the transfer of funds from Trade FCA to Investment FCA is allowed and is subject to the requirements of Notice 3. There is no restriction for transfer of funds from Investment FCA to Trade FCA or between the same type of FCA (i.e. Trade FCA to Trade FCA, or Investment FCA to Investment FCA) of the same account holder.
Reporting and notification		
18.	Does a resident exporter need to submit any report on exports of goods to BNM?	<ul style="list-style-type: none"> A resident exporter that meets the requirement as stipulated in Part C of Notice 7 shall submit a report on Export of Goods as and when required by BNM. NEW: Effective January 2024, resident exporter with annual gross export of RM50 million and above per calendar year and netting arrangement with non-resident counterparts is required to submit "Statement IA" monthly via cashbop@bnm.gov.my for Inter-Company account transactions.

No.	Questions	Answers
		<ul style="list-style-type: none"> If a resident exporter is required to submit export of goods report, such requirement will be communicated to the exporter via a letter from BNM.
19.	Can a resident exporter combine both submission of application for approval and notification?	<ul style="list-style-type: none"> Applications for approval and notification cannot be combined and must be submitted separately.

Last updated: 13 September 2024

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