

## **Bank Negara Malaysia (BNM) Foreign Exchange (FE) Notices**

*You are advised to read and understand the FE Notices and ensure all activities performed for accounts maintained with HSBC Bank Malaysia Berhad and/or HSBC Amanah Malaysia 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's website at <https://bnm.my/fep>.*

### **What is BNM Foreign Exchange Notices?**

The FE Notices are administered by BNM under the Financial Services Act 2013 and Islamic Financial Services Act 2013 to accelerate the development of Malaysian financial market and to promote financial stability. Depending on your residency status and whether you have domestic ringgit borrowing / financing, undertaking of investment in foreign currency asset onshore and offshore may have limit imposed.

### **What are the key terms and its explanation?**

<b>Term</b>	<b>Explanation</b>
Resident	<ul style="list-style-type: none"><li>• Malaysian citizen (does not include Malaysian citizen who has PR status in another country and reside outside Malaysia); or</li><li>• Malaysian citizen with PR status of another country but resides in Malaysia; or</li><li>• Non- Malaysian citizen with PR status in Malaysia and resides in Malaysia; or</li><li>• Business enterprises / societies established / operating in Malaysia</li></ul>
Non-Resident	Other than Resident
Domestic ringgit borrowing / financing	<ul style="list-style-type: none"><li>• Where a Resident has at least one personal loan/financing or one overdraft facility or two hire purchase loans/financing or two residential property mortgage obtained from another Resident.</li><li>• There is no threshold to number of credit / charge cards/i</li></ul>
Foreign Currency Asset Onshore	Where it involves fund being converted to foreign currency in Malaysia and is not remitted outward to another country.
Foreign Currency Asset Offshore	Where it involved remittance/placement of foreign currency fund out of Malaysia for investment purpose. This would include transfer to own account.
Calendar year	1 January to 31 December of a particular year

For full and actual definition, please refer to BNM website.

### **How does this impact me?**

Depending on your residency status and whether you have domestic ringgit borrowing / financing, the following limit applies:

<b>Category</b>	<b>Applicable Limit Per Calendar Year</b>
Non-resident	Free to undertake investment in foreign currency asset onshore and offshore of any amount.
Resident without domestic ringgit borrowing / financing	No limit applies to undertake investment in foreign currency asset onshore and offshore, <b>unless</b> the funding is from foreign currency borrowing / financing obtained from a Licensed Onshore Bank or a Non-Resident which is subjected to a limit of up to RM10 million equivalent in aggregate.

<p>Resident with domestic ringgit borrowing / financing</p>	<p>The following limit applies to investment in foreign currency asset onshore and offshore:</p> <ul style="list-style-type: none"> <li>• Up to RM1 million equivalent in aggregate per calendar year using funds from the aggregate of: - <ul style="list-style-type: none"> <li>✓ Conversion of ringgit into Foreign Currency (includes through use of ringgit-denominated credit cards)</li> <li>✓ Swapping of financial assets</li> <li>✓ Transfer from Trade FCA</li> </ul> </li> <li>• Up to RM10 million equivalent in aggregate using funds from foreign currency borrowing / financing obtained from a Licensed Onshore Bank or a Non-Resident</li> </ul> <p><u>Investment in Foreign Currency Asset Onshore</u> It includes foreign currency denominated:</p> <ol style="list-style-type: none"> <li>a. Account</li> <li>b. Bonds/ Sukuk</li> <li>c. Structured Investment</li> <li>d. Unit Trust</li> <li>e. Dual Currency Investment (where base currency is Ringgit only)</li> </ol> <p><u>Investment in Foreign Currency Asset Offshore</u> It includes the following transactions:</p> <ol style="list-style-type: none"> <li>a. Telegraphic Transfer for any types of investment purpose such as stocks, bonds, mutual funds or purchase of real estate offered outside Malaysia</li> <li>b. Any Global Transfer (except for education or employment abroad)</li> <li>c. Foreign Currency loan to a Non-Resident.</li> </ol> <p>Transfer to own account at overseas, regardless of purpose of payment, is classified as investment in foreign currency asset offshore as well.</p> <p>Telegraphic transfer for settlement of education abroad, employment abroad or any investment purpose, can only be performed at branch with supporting document.</p> <p>Settlement of education abroad, employment abroad or purchase of real estate abroad for own or immediate family member's accommodation arising from education, employment or migration abroad are not subjected to the applicable limit.</p>
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The applicable limit applies to customer level and not at account level. This means the applicable limit is enforced regardless of the number of accounts a customer has.

## Can you provide examples for me to understand better?

### **Scenario 1**

**Situation:** A Resident customer with domestic ringgit borrowing status would like to remit funds for the purpose of goods purchase but he/she transfer his/her funds from a Ringgit account to his/her foreign currency account before using the same money to pay to a vendor/supplier.

**FE Notices:** This remittance is subjected to RM1 million equivalent aggregate limit per calendar year due to the conversion of Ringgit into the foreign currency account first.

### **Scenario 2**

**Situation:** A Resident customer with domestic ringgit borrowing status transfers foreign currency to his own account at overseas prior to transferring to the university's account for education fees payment.

**FE Notices:** This telegraphic transfer is subjected to RM1 million equivalent aggregate limit per calendar year due to the transfer is to own account first even though the eventual destination is for education purpose. The limit is not applicable for transfer to the university / education institution directly.

### **Scenario 3**

**Situation:** A Resident customer has one housing loan/financing each with Bank X and Bank Y. The housing loan/financing with Bank X has no outstanding balance because the customer has deposited the same amount as the loan/financing he took.

**FE Notices:** This customer is still considered to have domestic ringgit borrowing / financing because he/she has two housing loans/financings. Housing loan/financing balances is not taken into consideration in calculating of the number of housing loan/financing outstanding.

### **Scenario 4**

**Situation:** A Resident customer has domestic ringgit borrowing / financing until September when he has cancelled his borrowing / financing facilities.

**FE Notices:** From October onwards, he is no longer bound by the applicable limit.

### **Scenario 5**

**Situation:** A Resident customer has domestic ringgit borrowing / financing would like to perform telegraphic transfer to purchase a property abroad for her daughter's accommodation for education purposes.

**FE Notices:** This telegraphic transfer is not subjected to RM1million aggregate limit per calendar year. However, the transfer can only be performed at branch with supporting documents such as Sales & Purchase Agreement and student visa.

### **Scenario 6**

**Situation:** A Resident customer with Domestic Ringgit Borrowing would like to use ringgit-denominated credit card to invest in foreign currency assets.

**FE Notices:** This transaction is subjected to RM1 million equivalent aggregate limit per calendar year due to the purpose of the transaction is to invest in foreign currency assets onshore and offshore.

### **Scenario 7**

**Situation:** A Resident/Non-Resident customer would like to undertake forex trading using ringgit-denominated credit card with Non-Residents (offshore trading companies/brokers)

**FE Notices:** Notice 1 only allows a Resident/Non-Resident to buy or sell ringgit against foreign currency or foreign currency against another foreign currency with a licensed onshore bank or any person licensed under Money Services Act 2011. In addition, Residents are not allowed to make or receive payment in foreign currency with Non-Residents for the purpose of settlement of derivatives offered or issued by a Non-Resident, unless it is permitted under

Notice 4 or any other relevant Notices.

**What should I do when I need to remit and/or invest beyond the limit applicable to me?**

Please seek approval from BNM and provide the approval letter to perform the transaction.

**What if I wrongly declare and exceeded the applicable limit?**

Please inform the bank / your Premier Relationship Manager immediately. If you have an approval letter from BNM, please provide a copy to the nearest branch.

**Who can I contact for more information?**

You may contact your Premier Relationship Manager, any of our branch staff or our contact centre at 1300-88-1388 (local) / +603 8321 5400 (international). Alternatively, you may also visit [www.bnm.gov.my](http://www.bnm.gov.my) to find out more about BNM Foreign Exchange Notices.