

**FOREIGN EXCHANGE POLICY NOTICES**
**INVESTMENT IN FOREIGN CURRENCY ASSET (“FCA”) ONSHORE / FCA OFFSHORE (PREVIOUSLY KNOWN AS INVESTMENT ABROAD) BY A RESIDENT INDIVIDUAL, SOLE PROPRIETOR OR GENERAL PARTNERSHIP**

The Customer must ensure that all their present and future investment with or through Hong Leong Investment Bank Berhad (“HLIB”) shall be transacted within the prescribed Foreign Exchange Policy (“FEP”) limits/requirements set out under the Financial Services Act (“FSA”) 2013, FEP Notices and other requirements imposed by Bank Negara Malaysia (“BNM”) in relation to the FEP Notices (collectively referred to as “FEP Notices”). Some of the FEP Notices limits/requirements are set out in Table 1 below:

**Table 1: Applicable for Resident Individual, Sole Proprietor or General Partnership**

Types of Investments	Without Domestic Ringgit Borrowing	With Domestic Ringgit Borrowing (Note 1)	
		Investment Amount <sup>#</sup>	Conditions
Investment in FCA Onshore and FCA Offshore for Own Account (Note 2)	Any amount <sup>*#</sup>	(a) Any amount (Note 3)	Using foreign currency funds sourced from: <ul style="list-style-type: none"> <li>outside Malaysia except proceeds from export of goods; or</li> <li>an approved Borrowing in Foreign Currency in accordance with Part A of Notice 2;</li> </ul>
		(b) Up to RM10 million equivalent in aggregate	<ul style="list-style-type: none"> <li>Foreign currency borrowing obtained by the Resident from a licensed onshore bank (“LOB”) or Non-Resident.</li> </ul>
		(c) Up to RM1 million in aggregate per calendar year <sup>@</sup>	Using foreign currency funds sourced from: <ul style="list-style-type: none"> <li>Trade Foreign Currency Account (previously known as Foreign Currency Account I (FCA I));</li> <li><b>conversion of Ringgit</b>; and</li> <li>swapping of Ringgit-denominated financial asset in Malaysia for a financial asset Labuan entity or outside Malaysia.</li> </ul>

<sup>\*</sup> However if the source of funds to invest in FCA Onshore or FCA Offshore is from foreign currency borrowing obtained from a LOB or from a Non-Resident, then a limit of RM 10 million (or equivalent in aggregate) applies.

<sup>#</sup> Please note that the limits set out in Table 1 above may be varied by BNM from time to time and any changes imposed by BNM shall be immediately applicable to this declaration without further notice from HLIB.

<sup>@</sup> The computation of aggregate is based on the Resident individual, sole proprietorship and general partnership’s investment in FCA Onshore and FCA Offshore.

**Definitions:**
**Note 1:**

“**borrowing**” means (a) any utilised or unutilised credit facility / 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 / Islamic redeemable preference shares; or (d) Corporate Bond / Sukuk, except for:

- (a) A trade credit term extended by a supplier for any goods or services;
- (b) A credit limit that a LOB apportions for its client to undertake a Forward Basis transaction, **excluding** a transaction that involves:-
  - (i) exchanging or swapping of Ringgit or Foreign Currency debt for another Foreign Currency debt; or
  - (ii) exchanging of Foreign Currency debt for a Ringgit debt;
- (c) A Financial Guarantee or Non-Financial Guarantee;
- (d) An operational leasing facility;
- (e) A Factoring facility without recourse;
- (f) A credit facility or financing facility obtained by a Resident individual from a Resident to purchase one (1) residential property and one (1) vehicle; or
- (g) A credit card or charge card facility obtained by an individual from a Resident and used for payment for retail goods or services only.

**“domestic ringgit borrowing”** means (a) any borrowing in Ringgit obtained by a Resident from another Resident; or (b) any obligation considered or deemed as domestic Ringgit borrowing under any of the FEP Notices.

**Note 2:**

**“Foreign Currency Asset (FCA) Offshore”** means:

- (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 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—
  - (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 Offer 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.

**“FCA Onshore”** means:

- (a) foreign currency-denominated securities or Islamic securities offered in Malaysia by a Resident as approved in writing by BNM;
- (b) purchase of foreign currency-denominated financial instrument or Islamic financial instrument offered in Malaysia by a by a Resident as approved in writing by BNM **excluding** a derivative or Islamic derivative transaction entered with Firm Commitment;
- (c) deposit in Investment foreign currency account 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)

**Note 3:**

Shall exclude foreign currency proceeds from the export of goods. These proceeds shall be credited into a Trade Foreign Currency Account and can be utilised to invest in FCA onshore / FCA offshore in accordance with the investment limit prescribed in the above table. Please note that these limits may be varied by BNM from time to time and any changes by BNM shall be immediately applicable when they come into effect.

**Others:**

<b>“calendar year”</b>	means a period ranging from 1 Jan to 31 Dec of the same year.
<b>“in aggregate”</b>	means the cumulative amount transacted so far.
<b>“entity”</b>	means any corporation, statutory body, local authority, society, co-operative, limited liability partnership and any other body, organisation, association or group of persons, whether corporate or unincorporate, in or outside Malaysia and also includes the Federal Government, State Government or any other government.
<b>“financial instrument”</b>	includes derivatives.
<b>“Firm Commitment”</b>	a commitment arising from: <ul style="list-style-type: none"> <li>a) an obligation to make or a right to receive, any payment under any agreement or arrangement;</li> <li>b) a holding of an asset or a property; or</li> <li>c) a holding of a debt, an obligation or a liability.</li> </ul>
<b>“Labuan entity”</b>	means an entity which is created, incorporated, licensed or registered, as the case may be, under any of the following Acts:- Labuan Companies Act 1990 [Act 441]; Labuan Trusts Act 1996 [Act 554]; Labuan Foundations Act 2010 [Act 706]; Labuan Limited Partnerships and Limited Liability Partnerships Act 2010 [Act 707]; Labuan Financial Services and Securities Act 2010 [Act 704]; or Labuan Islamic Financial Services and Securities Act 2010 [Act 705].
<b>“licensed onshore bank” or “LOB”</b>	means a licensed bank and a licensed investment bank under FSA 2013 and licensed Islamic bank under the Islamic FSA 2013.

<p><b>“Non-Resident”</b></p>	<p>means:-</p> <ul style="list-style-type: none"> <li>a) Malaysian citizen who has obtained permanent resident status of a country or territory outside Malaysia and is residing outside Malaysia;</li> <li>b) an overseas branch, a subsidiary regional office, sales office or representative office of a Resident company;</li> <li>c) embassies, consulates, high commissions, superannuation or international organization; or</li> <li>d) any person other than a Resident.</li> </ul>
<p><b>“Resident”</b></p>	<p>means:-</p> <ul style="list-style-type: none"> <li>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;</li> <li>b) a non-citizen of Malaysia who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia;</li> <li>c) a body corporate incorporated or established, or registered with or approved by any authority, in Malaysia;</li> <li>d) an unincorporated body registered with or approved by any authority in Malaysia; or</li> <li>e) the Government or any State Government in Malaysia.</li> </ul>
<p><b>“security”</b></p>	<p>means shares, stocks, bonds, notes (other than promissory notes), debentures, debentures stock, units under a unit trust scheme, a secondary security and coupons, whether in scripless form or in bearer certificates, including certificates of title to securities or any letter of allotment which may be renounced, any letter of rights, any warrants conferring an option to acquire a security, any deposit certificate in respect of securities and such other documents conferring, or containing evidence of rights to securities as may be specified by BNM.</p>

**IMPORTANT NOTICE:**

**BNM’s prior approval must be obtained by the customer before effecting any transaction with or through HLIB if such transaction would exceed any applicable threshold limits and/or is not specifically allowed under the FEP Notices.**