

Bank Negara Malaysia (BNM) Notices on Foreign Exchange Administration (FEA) Rules

You are advised to read and understand the FEA Rules and ensure all activities performed for accounts maintained with HSBC Amanah Malaysia Berhad comply with the FEA Rules at all times. Please note that this is not a complete set of the FEA Rules and they may be revised from time to time. You are advised to get the full and latest FEA Rules from Bank Negara Malaysia's website at <http://www.bnm.gov.my>.

What is BNM Notices on FEA Rules?

The FEA Rules 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 resident status and whether you have domestic ringgit borrowing / financing, undertaking of investment abroad and investment in foreign currency asset onshore may have limit imposed.

What are the key terms and its explanation?

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

For full definition, please refer to BNM website.

How does this impact me?

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

Category	Applicable Limit Per Calendar Year
Non-resident	Free to undertake investment abroad and investment in foreign currency asset onshore of any amount.
Resident without domestic ringgit	No limit applies to undertake investment abroad and investment in foreign currency asset onshore, unless the funding is from foreign currency borrowing / financing obtained from a licensed onshore bank or a non-

borrowing / financing	resident which is subjected to a limit of up to RM10 million equivalent in aggregate.
Resident with domestic ringgit borrowing / financing	<p>The following limit applies to investment in foreign currency asset onshore and investment abroad:</p> <ul style="list-style-type: none"> • Up to RM1 million equivalent in aggregate per calendar year using funds from: - <ul style="list-style-type: none"> ✓ Conversion of ringgit ✓ Swapping of financial assets ✓ Transfer from Trade FCA • Up to RM10 million equivalent in aggregate using funds from foreign currency borrowing / financing obtained from a licensed onshore bank or a non-resident <p><u>Investment in Foreign Currency Asset Onshore</u> It includes foreign currency denominated:</p> <ol style="list-style-type: none"> a. Account b. Bonds/ sukuk c. Structured Investment d. Unit Trust e. Dual Currency Investment (where base currency is Ringgit only) <p><u>Investment Abroad</u> It includes the following transactions:</p> <ol style="list-style-type: none"> a. Telegraphic Transfer (for investment purpose such as deposit placement, purchase of real estate offered outside Malaysia) b. Any Global Transfer (except for education or employment abroad) <p>Transfer to own account at overseas, regardless of purpose of payment, is classified as investment abroad as well.</p> <p>Telegraphic transfer for settlement of education abroad purpose or employment abroad purpose, can only be performed at branch with supporting document. These transactions are not subjected to the applicable limit.</p>

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 customer 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.

FEA Rules: 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 customer transfer foreign currency to his own account at overseas prior to transferring to the university's account for education fees payment.

FEA Rules: This remittance 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 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.

FEA Rules: 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 customer has domestic ringgit borrowing / financing until September when he have cancelled his borrowing / financing facilities.

FEA Rules: From October onwards, he is no longer bound by the applicable limit.

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 BNM approval letter, 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 to find out more about BNM Notices on FEA Rules.