

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 (“FEP Notices”). The FAQ is NOT a complete set of the FEP Notices and you are advised to read and understand the latest FEP Notices, FAQs and Minimum Due Diligence Guide available on Bank Negara Malaysia’s website at <http://www.bnm.gov.my/fep>.

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

When and why do I need to be concerned about the FEP 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 FEP 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 FEP 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?	<p>(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;</p> <p>(b) a non-citizen of Malaysia who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia;</p> <p>(c) a body corporate incorporated or established, or registered with or approved by any authority, in Malaysia;</p> <p>(d) an unincorporated body registered with or approved by any authority in Malaysia; or</p> <p>(e) the Government or any State Government.</p>
2.	Who is a 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; or</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>

BORROWING, LENDING AND GUARANTEE (NOTICE 2)

No.	Questions	Answers
Permissible Limits and Conditions		
1.	What are the permissible limits and conditions for financing and guarantee involving foreign currency and or a Non-Resident?	<p>Please refer to Appendix 1 of this FAQ for the summary requirements.</p> <p>It is important for you to ensure that all your transactions that relate to financing and guarantee comply with Notice 2 or seek BNM's prior approval should the transaction fall outside the permissible parameters.</p>
2.	What is deemed as a resident entity's group?	A resident entity's group includes: (a) Ultimate holding entity; (b) Parent or head office; (c) Branches; (d) Subsidiaries where the resident entity owns more than 50% of shares in the subsidiaries; (e) Associate companies where the resident company owns between 10% and 50% of shares in the associate companies; or (f) Sister companies where the resident company and its sister companies have common shareholder (of minimum 10% shareholding).
3.	What is the definition of Special Purpose Vehicle (SPV)?	<ul style="list-style-type: none"> • A SPV is an entity set up solely for the purpose of borrowing. • Entities such as investment holding companies that are receiving dividend income from its investee companies or Treasury Management Centres that provide treasury services in addition to fund raising activities for the group are not deemed as SPV.
4.	Can a resident entity repay its foreign currency ("FC") borrowing obtained from a resident entity within the same group in ringgit?	Yes
5.	Can a resident entity borrow in FC from a resident entity within	<ul style="list-style-type: none"> • Yes. Source and receipt for the FC borrowing may be undertaken as follows –

No.	Questions	Answers																						
	the same group or its resident direct shareholder?	<table border="1" data-bbox="771 237 1172 590"> <thead> <tr> <th>Source (Lender's account)</th> <th>Receipt (Borrower's account)</th> <th>Limit</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Investment Foreign Currency Account (FCA)</td> <td>Trade FCA</td> <td rowspan="3">No limit</td> </tr> <tr> <td>Ringgit account</td> </tr> <tr> <td>Investment FCA</td> </tr> <tr> <td rowspan="3">Trade FCA or ringgit account</td> <td>Trade FCA</td> <td rowspan="3">Up to the borrower's investment in FC asset limit</td> </tr> <tr> <td>Ringgit account</td> </tr> <tr> <td>Investment FCA</td> </tr> </tbody> </table> <p data-bbox="771 640 1421 716">• Source and receipt for repayment of the FC borrowing may be undertaken as follows –</p> <table border="1" data-bbox="771 720 1172 1094"> <thead> <tr> <th>Source (Borrower's account)</th> <th>Receipt (Lender's account)</th> <th>Limit</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Investment FCA</td> <td>Trade FCA</td> <td rowspan="2">No limit</td> </tr> <tr> <td>Ringgit account</td> </tr> <tr> <td>Investment FCA</td> <td>Allowed, subject to documentary proof that the original borrowing was sourced from the same Investment FCA</td> </tr> </tbody> </table>	Source (Lender's account)	Receipt (Borrower's account)	Limit	Investment Foreign Currency Account (FCA)	Trade FCA	No limit	Ringgit account	Investment FCA	Trade FCA or ringgit account	Trade FCA	Up to the borrower's investment in FC asset limit	Ringgit account	Investment FCA	Source (Borrower's account)	Receipt (Lender's account)	Limit	Investment FCA	Trade FCA	No limit	Ringgit account	Investment FCA	Allowed, subject to documentary proof that the original borrowing was sourced from the same Investment FCA
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	Investment FCA	Allowed, subject to documentary proof that the original borrowing was sourced from the same Investment FCA																						
6.	What are activities in the real sector in Malaysia?	<p data-bbox="771 1144 1421 1220">Activities in the real sector means activities relating to –</p> <p data-bbox="771 1228 1421 1564">(a) production or consumption of goods or services in Malaysia excluding:</p> <ul style="list-style-type: none"> <li data-bbox="803 1312 1421 1388">(i) activities in the financial services sector, whether Islamic or otherwise; <li data-bbox="803 1396 1421 1472">(ii) the purchase of securities or Islamic securities; or <li data-bbox="803 1480 1421 1556">(iii) the purchase of financial instruments or Islamic financial instruments; and <p data-bbox="771 1606 1421 1808">(b) construction or purchase of a residential or commercial property excluding the purchase of land which will not be utilised for construction or production of goods or services.</p>																						

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No.	Questions	Answers
7.	Is a resident allowed to issue ringgit debt securities to a non-resident?	<ul style="list-style-type: none"> • A resident is free to issue ringgit tradable private debt securities to a non-resident. • However, the issuance of non-tradable private debt securities in ringgit is subject to FEP rules on borrowing from non-residents.
8.	If a resident entity obtained borrowing in ringgit from a non-resident, can the resident entity repay the non-resident in ringgit via conversion of FC into ringgit sourced from Trade FCA on forward basis?	<ul style="list-style-type: none"> • The resident company can convert FC into ringgit sourced from Trade FCA on spot basis only. • Nevertheless, a resident is not allowed to convert existing FC funds from the FCA into ringgit on forward basis, except for foreign currency proceeds received into the FCA earlier than the maturity date of the FX hedging transaction.
9.	Can a resident entity freely issue ringgit-denominated redeemable preference shares (RPS) to a Non-Resident Financial Institution (NRFI)?	Yes, proceeds shall only be for use in Malaysia.
10.	What if the proceeds from the issuance of ringgit-denominated RPS are not used in Malaysia i.e. to be invested abroad?	The resident is required to obtain prior approval from BNM for such issuance of RPS of any amount.
11.	Can a resident company swap its ringgit debt obligation into a FC debt obligation with a NRFI?	No
12.	Can a resident entity borrow in ringgit from a NRFI? (new)	A resident entity is free to borrow in ringgit for use in Malaysia from a NRFI which is: <ul style="list-style-type: none"> (a) a Multilateral Development Bank; or (b) a Qualified Development Financial Institution as approved by the Bank. The list of Qualified Development Financial Institution can be found on BNM's website https://www.bnm.gov.my/fep.

No.	Questions	Answers
GUARANTEE		
13.	Can a resident entity or individual freely obtain financial guarantee (FG) from any non-resident, including a non-resident financial institution (NRFI)?	Yes, there is no approval or registration requirement.
14.	Can a resident freely give a FG on behalf or in favour of a non resident?	Yes, except for FG issued to secure – (a) foreign currency (FC) borrowing obtained by a non-resident special purpose vehicle (SPV) from a non-resident entity outside the resident guarantor’s group, or if the underlying borrowing is ultimately utilised by the resident guarantor, which is subject to external borrowing limit as per Notice 2; or (b) FC borrowing obtained by a non resident where the repayment of the borrowing will be paid by a resident (other than when the FG is called upon by the lender in the event of default). This FG will be subjected to investment in FC asset limit as per Notice 3.
15.	Is approval from BNM still required for a resident to issue a FG to secure FC borrowing obtained by a non-resident SPV, but the proceeds are used by another non-resident entity within the same group?	Yes, approval from BNM is required even if the resident guarantor is not the beneficiary of the FC borrowing based on the external borrowing limit as per Notice 2.
16.	Does a resident guarantor need to seek approval from BNM for any changes made to existing registered or approved FG?	No, except for guarantees issued to secure FC borrowing obtained by a non-resident SPV from a non-resident entity outside the resident guarantor’s group, or where the underlying borrowing is ultimately utilised by the resident guarantor, or where the repayment of the borrowing will be paid by a

No.	Questions	Answers
		resident (other than when the FG is called upon by the lender in the event of default). In those cases, the resident guarantor needs to abide Guarantee by Resident (Notice 2) by the conditions set in the approval letter.
17.	Will a clause in the guarantee agreement such as "Covenant to Pay" where the guarantor is obligated to repay or service the FC borrowing without triggering event of default constitute as a formal or informal arrangement to make repayment of the FC borrowing?	Yes, this will be regarded as resident having the obligation to repay the FC borrowing on behalf of the non-resident borrower and shall be subject to investment in FC asset limit as per Notice 3.
18.	When a resident gives a FG to a non-resident entity within the same group that is not a SPV where the borrowing proceeds will be on-lent to another resident within the group, does it require approval from BNM?	The issuance of FG by the resident guarantor is freely allowed in such case, unless there is a formal or informal arrangement for the resident guarantor to service or repay the FC borrowing other than for an event of default. This FG will be subjected to investment in FC asset limit as per Notice 3.
19.	Is a guarantee to secure payment of trade in goods (or trade guarantee) deemed as a FG?	No, a guarantee to secure payment of trade in goods is deemed as borrowing.
20.	What qualifies as a "call-upon" of a FG in the event of default?	A FG "call-upon" in the event of a default is when the lender initiates in its prerogative in writing to the resident guarantor.
21.	Can a resident guarantor instructs the liquidation of a FG to voluntarily repay the borrowing on behalf of the borrower?	A guarantor may not initiate a "call upon" of a FG. In the event a guarantor intends to voluntarily liquidate a FG to support the borrower, the guarantor must obtain prior approval from the Bank in accordance with Notice 3.

No.	Questions	Answers
22.	What is considered an “event of default” in relation to the rules on FG?	An event of default prior to a call-upon of a FG by the lender shall be treated by the lender in accordance with the requirements under IFRS9 or any equivalent accounting standards adopted by the lender.
23.	Can a resident issue or obtain non-financial guarantee (NFG) in FC to or from another resident?	Such a NFG between residents is allowed. However, any payment arising from the NFG between the two residents must be in ringgit only.
24.	Can a resident pay in ringgit to a non-resident guarantor arising from a called upon NFG denominated in ringgit?	<ul style="list-style-type: none"> • Yes, provided that the NFG issued was for use in Malaysia and ringgit payment is credited into non-resident guarantor’s external account. • Utilisation of ringgit funds in the non resident’s external account shall comply with Notice 4.

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APPENDIX 1: PERMISSIBLE LIMITS AND CONDITIONS [BORROWING, LENDING AND GUARANTEE]

Part A: Borrowing/Financing (including Refinancing)

Residency Status and Type of Borrower	Residency Status and Type of Lender/Financing Provider	Currency	Permissibility (includes Refinancing)
Resident Individual	<p>Non-Resident (a) Immediate Family Member*; or (b) Employer in Malaysia for use in Malaysia subject to terms and conditions of his employment contract</p> <p><i>*Immediate Family Member means a legal spouse, parent, legitimate child (including legally adopted) or legitimate sibling of an individual. Does not include grandparents, parents in-laws and siblings in-laws.</i></p>	Ringgit	Any amount
Resident Individual, sole proprietor or General Partnership	Non-Resident [but must not be a Non-Resident Financial Institution (“ NRFI ”)]	Ringgit	Up to RM1 million* in aggregate for use in Malaysia [to be computed in aggregation of all Ringgit borrowing by the Resident Individual and a sole proprietor or General Partnership owned by the Resident Individual]
Resident Entity	Non-Resident within the Resident Entity’s Group including Non-Resident Direct	Ringgit	Any amount – only for the purpose to finance a Real Sector Activity in Malaysia [see Footnote 1]

Residency Status and Type of Borrower	Residency Status and Type of Lender/Financing Provider	Currency	Permissibility (includes Refinancing)
	Shareholder, excluding— (a) a NRFI; or (b) a Non-Resident Special Purpose Vehicle which is used to obtain Borrowing from any person outside the Resident Entity’s Group.		
Resident Entity	Any Non-Resident	Ringgit	Any amount through the issuance of— (a) redeemable preference shares or Islamic redeemable preference shares in Ringgit for use in Malaysia; (b) Ringgit sovereign bond or sukuk (issued by the Federal Government); or (c) Ringgit

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Residency Status and Type of Borrower	Residency Status and Type of Lender/Financing Provider	Currency	Permissibility (includes Refinancing)
			<p>Corporate Bond or Sukuk in accordance with relevant guidelines issued by the Securities Commission Malaysia excluding non-tradable Ringgit Corporate Bond or Sukuk issued to a Non-Resident Entity outside the Resident Entity's Group or a NRFI.</p>
Resident Entity	Any Non-Resident [but must not be a NRFI]	Ringgit	<p>Up to RM1 million in aggregate* for use in Malaysia</p> <p><i>*Computed based on an aggregate Borrowing in Ringgit by the Resident Entity and other Resident Entity</i></p>

Residency Status and Type of Borrower	Residency Status and Type of Lender/Financing Provider	Currency	Permissibility (includes Refinancing)
			<i>with Parent-Subsidiary Relationship.</i>
Resident Entity	Multilateral Development Bank/Qualified Development Financial Institution	Ringgit	Any amount for use in Malaysia.
Resident Individual	Non-Resident Immediate Family member	Foreign Currency	Any amount
Resident Individual, sole proprietor or General Partnership	Non-Resident or Licensed Onshore Bank	Foreign Currency	Up to RM10 million equivalent in aggregate* [to be computed in aggregation of all Foreign Currency borrowing by the Resident Individual and a sole proprietor or General Partnership owned by the Resident Individual]
Resident Entity	Resident Licensed Onshore Bank	Foreign Currency	Any amount
	Resident of Non-Resident Entity within the Resident Entity's Group or from the Resident Entity's Direct Shareholder	Foreign Currency	Any amount Subject to the conditions below:- (i) Lender/Financing provider cannot be:- <ul style="list-style-type: none"> ▪ NRFI; or ▪ A Non-Resident Special Purpose Vehicle which is used to obtain Borrowing from any person outside the Resident Entity's Group

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Residency Status and Type of Borrower	Residency Status and Type of Lender/Financing Provider	Currency	Permissibility (includes Refinancing)
			<p>(ii) When the fund is sourced from Trade FCA / conversion of Ringgit and crediting account of the Borrower is Investment FCA, Notice 3 investment limit applies.</p> <p>(iii) When repayment is from Investment FCA of Borrower to Investment FCA of the Lender/Financing Provider, the Investment FCA of Lender/Financing Provider must be the same account where the financing was sourced/ disbursed from.</p>
	Resident who/which subscribes to Foreign Currency Corporate Bond or Sukuk issued by the Resident borrower.	Foreign Currency	Subscription of the Corporate Bond or Sukuk by the Resident investor is a form of Investment in FCY Asset. Prudential Investment Limit under Notice 3 must be complied with if the Resident investor has DRB.
	(a) a Non-Resident outside the Resident Entity's Group;	Foreign Currency	Up to RM100 million equivalent in aggregate*

Residency Status and Type of Borrower	Residency Status and Type of Lender/Financing Provider	Currency	Permissibility (includes Refinancing)
	<p>(b) a NRFI; or</p> <p>(c) Non-Resident Special Purpose Vehicle which is used to obtain Borrowing from any person outside the Resident Entity's Group.</p>		<p><i>*Computed based on an aggregate Borrowing in Foreign Currency by the Resident Entity and other Resident Entity with Parent-Subsidiary Relationship.</i></p>
Non-Resident Individual	<p>(a) an Immediate Family Member;</p> <p>(b) 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 Individual; or</p> <p>(c) his employer in Malaysia for use in Malaysia.</p>	Ringgit	Any amount
Non-Resident Individual / Non-Resident Entity	(a) a Resident to finance Real Sector Activity in Malaysia	Ringgit	Any amount

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Residency Status and Type of Borrower	Residency Status and Type of Lender/Financing Provider	Currency	Permissibility (includes Refinancing)
[but exclude NRFI]	<p>[see Footnote 1]; or</p> <p>(b) a Resident with a stockbroking license under the CMSA, in the form of margin financing for products traded on Bursa Malaysia.</p>		
Non-Resident Individual / Non-Resident Entity	Resident Licensed Onshore Bank	Ringgit	<p>Any amount of trade financing for settlement of trade in goods or services with a Resident</p> <hr/> <p>Up to the amount of an overdraft 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 facility shall only be eligible to be utilised by—</p>

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Residency Status and Type of Borrower	Residency Status and Type of Lender/Financing Provider	Currency	Permissibility (includes Refinancing)
			<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>(c) up to RM10 million in aggregate via a repurchase agreement or sale buy back agreement.</p>
Multilateral Development Bank/Qualified Development Financial Institution	Resident and Non-Resident	Ringgit (through issuance of debt security in Ringgit)	Any amount for use in Malaysia
Non-Resident (individual or entity)	Resident Licensed Onshore Bank	Foreign Currency	Any amount
	Resident Immediate Family Member	Foreign Currency	Any amount

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Residency Status and Type of Borrower	Residency Status and Type of Lender/Financing Provider	Currency	Permissibility (includes Refinancing)
	Non-Resident in Malaysia	Foreign Currency	Any amount
	Any other Resident	Foreign Currency	The financing by the Resident to Non-Resident is deemed as Investment in Foreign Currency Asset and the prudential investment limit set out in Notice 3 must be complied with if the Resident lender/financing provider has DRB.

Footnote 1: Activities in the real sector include activities where the ultimate use of the borrowing/financing proceeds will be to finance a real sector activity in Malaysia, such as refinancing of existing Borrowing in Ringgit that was used for Real Sector Activity in Malaysia or on-lending in Ringgit to a Resident Entity (related or non-related)/Resident Individual (including non- Immediate Family Member) or direct investment and capital contribution to a Resident Entity in Malaysia that will be ultimately used for Real Sector Activity in Malaysia.

EXCHANGING OF DEBT

Table 1: Exchanging of Existing Debt by Resident with Licensed Onshore Bank

Currency denomination of existing debt	Currency denomination of exchanged debt (swap to)	Applicable FEP Rules
Ringgit	Foreign Currency with or without delivery of Foreign Currency at inception.	<ul style="list-style-type: none"> • The exchanged debt shall be considered as a Borrowing in Foreign Currency. • Where the swap involves delivery of Foreign Currency at inception, utilisation of such Foreign Currency for Investment in Foreign Currency Asset shall comply with Notice 3 for Resident with Domestic Ringgit Borrowing.
Foreign Currency	Ringgit with or without delivery of Ringgit at inception.	<ul style="list-style-type: none"> • The exchanged debt shall be considered as a Domestic Ringgit Borrowing. • In the case where the Foreign Currency Borrowing is obtained from a Non-Resident, it shall continue to be subject to the requirement under Notice 2.

Table 2: Exchanging of Existing Debt by Resident with Non-Resident

Currency denomination of existing debt	Currency-denomination of exchanged debt (swap to)	Applicable FEP Rules
Foreign Currency	Another Foreign Currency debt with or without delivery of Foreign Currency at inception.	<ul style="list-style-type: none">• The exchanged debt shall be considered as a Borrowing in Foreign Currency from a Non-Resident.• The Resident shall comply to the requirement under Notice 2.

Part B: Financial Guarantee

Residency Status of Guarantor	Residency Status of Borrower	Residency Status of Lender/Financing Provider	Currency	Permissibility
Resident	Resident	Resident /Non-Resident	Ringgit/Foreign Currency	Allowed in any amount as long as the underlying Borrowing is allowed.
Resident [non-bank]	Non-Resident	Resident /Non-Resident	Ringgit/Foreign Currency	<p>Allowed in any amount subject to the below conditions being fulfilled:-</p> <p>(a) The underlying Borrowing must not be:-</p> <p>(i) obtained by a Non-Resident borrower which is a Special Purpose Vehicle, or</p> <p>(ii) utilised by the Resident guarantor.</p> <p>(b) where the Resident guarantor has entered into a formal or informal arrangement to make repayment of the Borrowing in Foreign Currency other than under a call-upon by the lender in the event of default.</p>
Non-Resident	Resident / Non-Resident	Resident	Ringgit/Foreign Currency	Allowed in any amount for as long as the underlying Borrowing is permitted/approved.

INVESTMENT IN FOREIGN CURRENCY ASSETS (NOTICE 3)

No.	Questions	Answers
General		
1.	How do I know if the prudential investment limit applies to me and what are the permissible limit for investment in foreign currency assets (onshore and offshore)?	<p>Investment limit will apply <u>if you have outstanding Domestic Ringgit Borrowing</u> AND when you source the foreign currency for investment from:</p> <ul style="list-style-type: none"> (i) conversion of Ringgit into foreign currency; (ii) transfer of fund from Trade Foreign Currency Account (FCA) into Investment FCA; (iii) Borrowing in foreign currency from a Licensed Onshore Bank for purposes other than Direct Investment Abroad; or (iv) swapping of 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> <p>NOTE: Please refer to Appendix 2 of this FAQs for the summary of permissible prudential limit. It is important that you ensure full compliance with Notice 3 before you proceed to transact any investment transaction onshore or offshore (including those transactions not facilitated by CIMB). Should the transaction fall outside the permissible parameters, prior approval of BNM must be obtained.</p>

No.	Questions	Answers
1a.	What constitutes Domestic Ringgit Borrowing (“DRB”)?	<p>DRB means borrowing* [see NOTE 2 below] in ringgit obtained by a Resident from another Resident, and excluding the following:</p> <ul style="list-style-type: none"> (a) a borrowing obtained by a Resident Entity from another Resident Entity within its group of entities with parent-subsidiary relationship; (b) a borrowing obtained from direct shareholder with at least 10% effective shareholding; (c) any credit facility or financing facility (including corporate credit cards and corporate charge cards), and other facility obtained by a Resident Entity, which is used for sundry expenses* and employees’ expenses** only. <p>*Sundry expenses refer to expenses that are small in amount and infrequent including office supplies (e.g. stationaries), purchase of ancillary services (e.g. software and online subscription) and other minor expenses to facilitate daily business operations of the entity.</p> <p>**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 other than for investment.</p> <p>*Borrowing/financing means any utilised and unutilized (see NOTE 1 below) credit/financing facility, trade financing facility (including but not limited to trade guarantee or guarantee for payment of goods), redeemable preference share, Islamic redeemable preference share, private debt</p>

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No.	Questions	Answers
		<p>security or Islamic debt security (e.g. Corporate Bond or Sukuk) other than: -</p> <ul style="list-style-type: none"> (a) trade credit terms extended by a supplier for all types of goods or services; (b) credit limit that a licensed onshore bank apportions for its client to undertake forward (including derivatives) contract with a licensed onshore bank excluding a contract that involves the exchanging or swapping of Ringgit or foreign currency debt for another foreign currency debt or the exchanging of foreign currency debt for a Ringgit debt; (c) financial guarantee or non-financial guarantee; (d) operational leasing facility; (e) factoring facility without recourse; (f) credit facility or financing facility obtained by a resident individual from a resident to purchase one residential property and one vehicle; (g) credit card and charge card facility obtained by a resident individual from a resident and used for payment for retail goods or services only. <p>NOTE 1: examples of <u>unutilised</u> credit facility include unutilized share margin financing, overdraft facility, revolving credit facility, credit facility obtained from employer such as staff loan, etc.</p> <p>NOTE 2: For a Resident Entity, it is deemed to have domestic ringgit borrowing when</p>

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No.	Questions	Answers
		another resident entity with parent-subsiary relationship has a domestic ringgit borrowing.
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 <p>[Limit: RM50 million equivalent in aggregate per calendar year]</p> <p>NOTE: See Appendix 2 of this FAQs for more details.</p>
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 <u>detailed list is available on BNM’s website</u>. 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 (non-exhaustive) are also a form of Foreign Currency Assets:-</p> <ul style="list-style-type: none"> (i) foreign currency borrowing given to a Non-Resident;

No.	Questions	Answers
		<ul style="list-style-type: none"> (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>; (vi) Emission credits (e.g. carbon credits, Rountable of Sustainable Palm Oil (RSPO) credits and renewable energy credits).
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 transaction beyond the permitted limit?	You will need to first seek and obtain BNM's approval in writing and furnish a copy of the approval to CIMB.
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.

No.	Questions	Answers
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 and swaps offered by a non-resident?	Yes, a resident individual is allowed to invest in non-exchange rate related derivatives, such as 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.

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
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.	How does a resident entity with domestic ringgit borrowing calculate its total investment limit?	The investment limit for a resident entity shall take into account the aggregate amount of investment in foreign currency asset onshore and offshore per calendar year undertaken by the resident entity and its resident group of entities with parent-subsidary relationship.
15.	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

No.	Questions	Answers
		to the RM50 million annual aggregate limit (on corporate group basis).

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.

APPENDIX 2- PREVAILING PERMISSIBLE INVESTMENT LIMIT (NOTICE 3)

Investor Type	Source of Fund	Purpose of Payment	Permissible Investment Limit
Resident Individual, Sole Proprietor (SP) and General Partnership (GP) with DRB	Foreign currency fund outside Malaysia (except export proceeds of Goods)	Any Investment in FCY Asset	Any amount
	Approved Borrowing in Foreign Currency under Notice 2	Any Investment in FCY Asset	Any amount
	Any source including conversion of Ringgit	Only for investment in real estate [only for own accommodation or Immediate Family Member's accommodation] outside Malaysia for the purpose of education, employment or migration [only for customer's own account or his/her Immediate Family Member]	Any amount
	(a) conversion of Ringgit into Foreign Currency; (b) Trade FCA; and (c) swapping of a Ringgit-	Any Investment in FCY Asset (which includes same name transfer to Foreign Currency account maintained by the	RM1 million* equivalent per calendar year in aggregation of (a), (b) and (c) * Computed in aggregate based on

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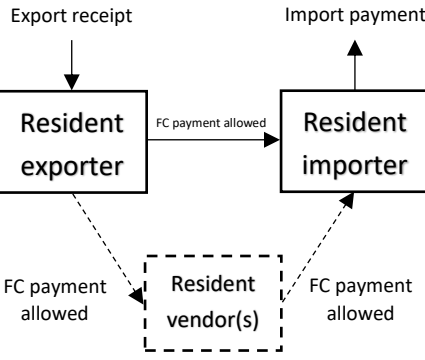
Investor Type	Source of Fund	Purpose of Payment	Permissible Investment Limit
	denominated financial asset in Malaysia for a financial asset in Labuan Entity or outside Malaysia.	customer inside or outside Malaysia)	the Resident Individual, sole proprietorship and General Partnership's investment in FCY Asset. For investment in derivatives, limit shall be computed based on remittance made to the margin account maintained with Non-Resident broker/bank.
Resident Entity with DRB	Foreign currency fund outside Malaysia (except export proceeds of Goods)	Any Investment in FCY Asset	Any amount
	Approved Borrowing in Foreign Currency under Notice 2 (other than from Licensed Onshore Bank)	Any Investment in FCY Asset	Any amount
	Borrowing in Foreign Currency from Licensed Onshore Bank for Direct Investment Abroad purpose	Only for Direct Investment Abroad purpose	Any amount
	(a) conversion of Ringgit into Foreign Currency; (b) Trade FCA; (c) a Borrowing in Foreign Currency from a	Any Investment in FCY Asset (which includes same name transfer to Foreign Currency account maintained by the	RM50 million* equivalent per calendar year in aggregation of (a), (b), (c) and (d). *Computed in aggregate based on

Investor Type	Source of Fund	Purpose of Payment	Permissible Investment Limit
	<p>LOB for purposes other than Direct Investment Abroad; and</p> <p>(d) swapping of a Ringgit-denominated financial asset in Malaysia for a financial asset in Labuan Entity or outside Malaysia.</p>	<p>customer inside or outside Malaysia)</p>	<p>the Resident Entity and other Resident Entity with Parent-Subsidiary Relationship's investment in FCY Asset.</p> <p>Qualified Resident Investor ("QRI") Programme</p> <p>In addition to the above general rule, customers which has been duly accorded the QRI status by BNM under the Qualified Investor Programme effective 1 July 2025 to 30 June 2028 are allowed to repatriate and convert eligible Foreign Currency funds into Ringgit and to subsequently reconvert the said Ringgit funds for Direct Investment Abroad purpose. The said reconversion is not subject to the investment limit aggregation. Please refer to Appendix 1 of this Part C for the</p>

Investor Type	Source of Fund	Purpose of Payment	Permissible Investment Limit
			minimum due diligence requirements.

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>
2.	What type of foreign currency receipts from abroad can a resident individual keep in	A resident individual may keep foreign currency receipts arising from income, profit, rental, proceeds from divestment of foreign

No.	Questions	Answers
	his/her foreign currency account (FCA)?	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><i>"FC"- foreign currency</i></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.

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
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

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
	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 FEP Notices.</p> <p>The account holder must ensure that the transaction can be supported by documentary evidence to show compliance with the relevant FEP 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 FEP Notices.</p>
3.	Other than Notice 4 of the FEP Notices, are there FEP 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.

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.

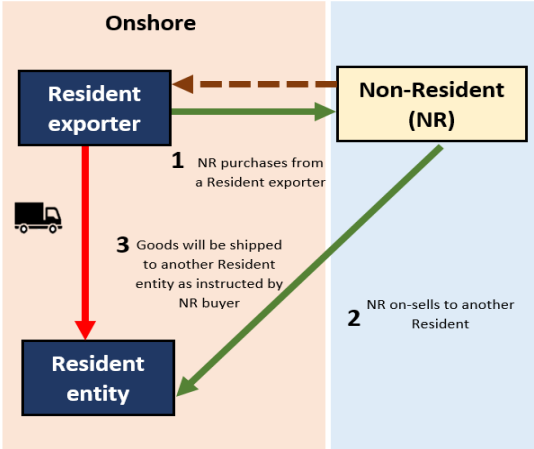
No.	Questions	Answers
	Restricted Currency with CIMB with BNM's approval?	
6.	We have a vendor/counterparty which is incorporated in the United Kingdom (Company ABC). The vendor/counterparty is directly owned (more than 50% of shares) by Company XYZ which is incorporated in Israel. Is Company ABC a Specified 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.

EXPORT OF GOODS (NOTICE 7)

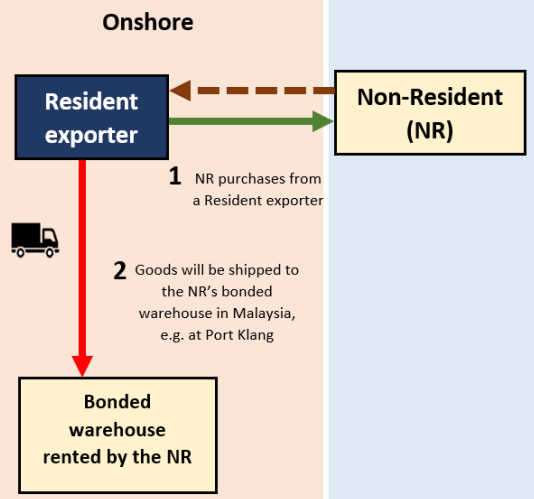
No.	Questions	Answers
Export of goods		
1.	<p>What is the scope of export of goods?</p> <ul style="list-style-type: none"> Any movement or transfer of goods by land, sea or air from Malaysia to any territory outside of Malaysia; or Any transfer of ownership in goods originated from Malaysia by a resident 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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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
		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

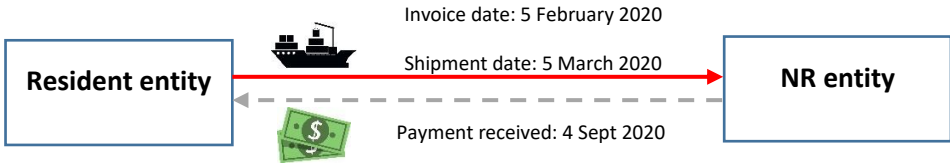
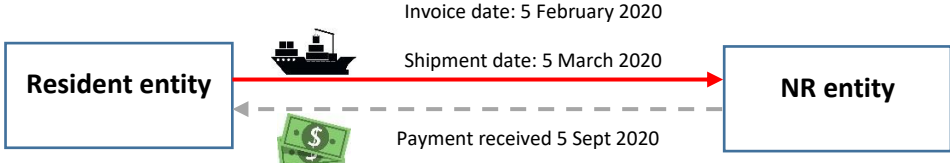
¹ Onshore banks refer to licensed banks and licensed investment banks under the Financial Services Act 2013 or licensed Islamic banks under the Islamic Financial Services Act 2013.

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;

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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)		

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
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. 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: 8 June 2026

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