

NOTICES OF FOREIGN EXCHANGE ADMINISTRATION (“FEA”) RULES
PERFORMING INVESTMENT ABROAD / FOREIGN CURRENCY ASSET ONSHORE BY RESIDENT ENTITY

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

Table 1: Applicable for Resident Entity

Types of Investments	Resident Without Domestic Ringgit Borrowing	Resident With Domestic Ringgit Borrowing <i>(Note 1)</i>	
		Amount*	Conditions
Investment in Foreign Currency Asset Onshore and Investment Abroad for Own Account (Note 2)	Any amount* (subject to Note 5)	a) Any amount (subject to Note 3)	<ul style="list-style-type: none"> Foreign currency funds from abroad;
			<ul style="list-style-type: none"> Foreign currency funds from a non-resident, other than from foreign currency borrowing; or Sourced from an Investment Foreign Currency Account <i>(previously known as FCA II)</i>.
			<ul style="list-style-type: none"> Foreign currency borrowing obtained from a licensed onshore bank for direct investment abroad (Note 4).
		b) Any amount	<ul style="list-style-type: none"> Foreign currency borrowing obtained from a non-resident as set out in Part A of Notice 2.
		c) Up to the amount approved (Note 5)	<ul style="list-style-type: none"> Listing of shares through an initial public offering on the main market of Bursa Malaysia
		d) Up to the amount of the initial public offering proceeds sourced	<ul style="list-style-type: none"> Using foreign currency funds sourced from Trade Foreign currency Account <i>(previously known as FCA I)</i>; Using foreign currency funds sourced from conversion of Ringgit; Foreign currency borrowing obtained from a licensed onshore bank for purposes other than direct investment abroad; or Through the swapping of financial assets
	e) Up to RM 50 million (Note 6) equivalent in aggregate per calendar year		

* 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

Definitions:
Note 1:

“**borrowing**” means any ringgit credit facility, financing facility, trade guarantee or guarantee for payment of goods, (Islamic) redeemable preference share, (Islamic) private debt security or similar facility in whatever name of form, except:

- (a) Trade credit terms extended by a supplier for all types of goods and services;
- (b) Forward contract with a licensed onshore bank excluding a contract that involves:-
 - (i) the exchanging or swapping of ringgit or foreign currency debt obligation with another foreign currency debt obligation; or
 - (ii) the exchanging or swapping of foreign currency debt obligation with a ringgit debt obligation;
- (c) Performance guarantee or financial guarantee;
- (d) Operational leasing facility;
- (e) Factoring facility without recourse;
- (f) a credit facility or financing facility obtained by a resident individual from a resident to purchase one residential property and one vehicle; or
- (g) Credit card and charge card facility obtained by a resident individual from a resident.

“**domestic ringgit borrowing**” means borrowing in ringgit obtained by a resident from another resident excluding:

- (a) A borrowing obtained by a resident entity from another resident entity within its group of entities with parent-subsidiary relationship; and
- (b) 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.

However, the resident entity is deemed to have domestic ringgit borrowing when the resident entity or another resident entity within its group of entities with parent-subsiary relationship has domestic ringgit borrowing.

Note 2:

“Investment Abroad” means

- (a) making of any payment for:
 - (i) purchase of foreign currency-denominated asset in Malaysia offered by a non-resident, including Labuan entity;
 - (ii) purchase of foreign currency-denominated asset offered outside Malaysia;
 - (iii) lending in foreign currency to a non-resident;
 - (iv) administrative expenses, working capital arising from the set-up of any business arrangement, including a joint venture project where no entity is created or established, outside Malaysia;
 - (v) purchase of foreign currency-denominated financial instrument or Islamic financial instrument without firm commitment, other than exchange rate derivative, offered on an overseas Specified Exchange under the Capital Markets and Services Act 2007 [Act 671] undertaken by a resident through a resident futures broker;
 - (vi) placement into Investment Foreign Currency Account (formerly known as FCA II) in Malaysia as specified in Notice 3 of FEA Rules; or
 - (vii) placement into foreign currency account overseas other than for education or employment abroad; or
- (b) swapping of a financial asset in Malaysia for a financial asset outside Malaysia.

“Investment in Foreign Currency Asset Onshore” means making of any payment in Malaysia for:

- (a) purchase of foreign currency-denominated security or Islamic security offered in Malaysia by a resident as approved by BNM;
- (b) purchase of foreign currency-denominated financial instrument or Islamic financial instrument offered in Malaysia by a resident as approved by BNM; or
- (c) placement into foreign currency account with a licensed onshore bank other than placement for investment abroad.

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 foreign currency assets onshore/abroad in accordance with the limit prescribed in 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.

Note 4:

“direct investment abroad” means:

- (a) investment abroad resulting in at least 10% equity ownership or control of a non-resident entity;
- (b) inter-company lending to a non-resident entity within its group of entities; or
- (c) capital expenditure in unincorporated entities or projects by agreement with no establishment created, where a resident investor – i) contributes capital of at least 10% of project cost; ii) is entitled to at least 10% profits from the unincorporated entity/project; or iii) has management control of the unincorporated entity/project.

Note 5:

The approved amount as per Part A of Notice 2 shall be:-

- (a) up to RM100 million equivalent in aggregate using funds from foreign currency borrowing obtained from other non-residents based on the aggregate borrowing of the resident entity and other resident entities within its group of entities with parent-subsiary relationship;
- (b) any amount using funds sourced from foreign currency borrowing obtained from its non-resident entities within its group of entities; or
- (c) any amount using funds sourced from foreign currency borrowing obtained from its non-resident direct shareholder.

Note 6:

The RM50 million equivalent refers to investment abroad/foreign currency asset onshore by the resident entity and other resident entities within its group of entities with parent-subsiary relationship.

“calendar year”	means a period ranging from 1 Jan to 31 Dec of the same year.
“employees’ expenses”	means 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.
“entity”	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 un-incorporate, in or outside Malaysia and also includes the Federal Government, State Government or any other governments.
“financial instrument”	include derivatives
“group of entities”	means a resident entity’s :- (i) ultimate holding entity; (ii) parent or head office; (iii) branch; (iv) subsidiary where the resident entity owns more than 50% of shares in the subsidiary;

	(v) associate company where the resident entity owns between 10% and 50% of shares in the associate company; or (vi) sister company where the resident entity and its sister company have common shareholder.
“in aggregate”	means the cumulative amount transacted so far.
“Labuan entity”	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]
“licensed onshore bank”	means a licensed bank and a licensed investment bank under Financial Services Act 2013 and licensed Islamic bank under the Islamic Financial Services Act 2013
“non-resident”	means:- a) Malaysian citizen who has obtained permanent resident status of a country or territory outside Malaysia and is residing outside Malaysia; b) an overseas branch, a subsidiary regional office, sales office or representative office of a resident company; c) embassies, consulates, high commissions, superannuation or international organization; or d) any person other than a resident.
“parent-subsidiary relationship”	means direct or indirect relationship where a resident entity is (i) a holding entity or ultimate holding entity of another resident entity; (ii) a subsidiary of another resident entity; or a subsidiary of a non-resident entity, where the ultimate holding entity is a resident entity.
“resident”	means:- a) a citizen of Malaysia, excluding a citizen who has obtained permanent resident status in a country or a territory outside Malaysia and is residing outside Malaysia; b) a non-citizen of Malaysia who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia; c) a body corporate incorporated or established, or registered with or approved by any authority, in Malaysia; d) an unincorporated body registered with or approved by any authority in Malaysia; or e) the Government or any State Government in Malaysia.
“security”	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.
“sundry expenses”	Means 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.

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 FEA Rules.