



Date: 19 January 2017

Malaysia Regulatory Update: Foreign Exchange Administration (FEA) Rules

Following our announcement on 8 December 2016 in conjunction with the issuance of the Supplementary Notice on FEA rules by Bank Negara Malaysia (“BNM”), **all Foreign Currency Account (FCA) offered by Citibank which were previously designated as FCA 1 have been converted into Investment FCA on the effective date.**

With Investment FCA, key changes are amongst others, the uses of the account for investment abroad and investment in foreign currency asset onshore. A resident individual, sole proprietor or general partnership **with domestic Ringgit borrowing** is allowed to undertake **investments abroad and investments in foreign currency asset onshore** in aggregate using funds in the Investment FCA. Please note that there is a limit of up to RM1 million equivalent in aggregate per calendar year, if using funds from the conversion of Ringgit, swapping of financial assets and transfers from Trade FCA. A Resident Entity **with domestic Ringgit borrowing** is allowed to undertake **investments abroad and investments in foreign currency assets onshore** in aggregate using funds in its Investment FCA. Please note that there is a limit of up to RM50 million equivalent in aggregate per calendar year on a corporate group basis if using funds from the conversion of ringgit, foreign currency borrowing from a licensed onshore bank for purposes other than direct investment abroad, swapping of financial assets and transfers from Trade FCA.

The changes above will not impact non-residents. For more information on BNM’s ‘Supplementary Notice on Foreign Exchange Administration Rules – Measures to Promote the Development of Malaysian Financial Market’ and BNM’s FAQ, please visit, respectively:

http://www.bnm.gov.my/index.php?ch=en_announcement&pg=en_announcement&ac=481

http://www.bnm.gov.my/documents/2016/faq_initiative_onshore_financial_market_v4.1.pdf

Alternatively, please visit the General Guide on FEA at www.citibank.com.my/fea for more information.