



Foreign Exchange Policy Notices (FEP Notices)

Dear Valued Client,

Client is advised to read and understand the FEP Notices issued by Bank Negara Malaysia (“BNM”) and ensure that all activities performed for accounts maintained with CGS-CIMB Securities Sdn Bhd, CGS-CIMB Futures Sdn Bhd and CGS-CIMB Wealth Management Sdn Bhd (also referred to herein as “CGS-CIMB”) comply with the FEP Notices at all times. It remains the responsibility of clients to ensure that they comply with FEP Notices, and as such we are pleased to provide the following reminder to help with your understanding of the said rules.

What is FEP Notices:

FEP Notices are a set of rules administered by BNM under the Financial Services Act 2013 and Islamic Financial Services Act 2013 to safeguard the value of Ringgit Malaysia.

Who does it apply to:

The FEP Notices applies to Residents, dealing in foreign currencies and Non-Residents, dealing in Ringgit Malaysia, in Malaysia. Accurate declaration on the residency status by client is mandatory when opening an account with CGS-CIMB.

The residency status of client individuals shall be based on:

- (a) Nationality of the resident; and
- (b) For individuals with Permanent Residency (“PR”) status, the determination shall be guided by existing tax ruling in Malaysia.

Definition of Resident	Definition of Non-Resident
(a) Malaysian citizen (b) Malaysian citizen who holds PR status in another country but resides in Malaysia (c) a non-citizen of Malaysia who holds PR status in Malaysia and resides in Malaysia (d) Business enterprises or societies established and operating in Malaysia.	(a) Non-Malaysian citizen (b) Malaysian citizen who has obtained PR status abroad and resides abroad (c) Business entities established abroad (d) Foreign embassies, Consulates, High Commissions, supranational or international organizations

Investing in Foreign Currency Assets

Based on your residency status, the following limit applies whether you have domestic ringgit borrowing/financing.

I. If you are a Resident individual, sole proprietor or general partnership:

Category	Applicable Threshold
Resident without domestic ringgit borrowing.	Free to invest any amount in foreign currency (“FC”) asset onshore and offshore.
Resident with domestic ringgit borrowing (refer to Note 1)	The following limit applies to investment in FC asset onshore and offshore: <ol style="list-style-type: none"> 1. Any amount using FC funds sourced from— <ul style="list-style-type: none"> • outside Malaysia except proceeds of Export of Goods; or • an approved Borrowing in FC in accordance with Part A of Notice 2.

Category	Applicable Threshold
	<p>2. Up to RM1 million equivalent in aggregate per calendar year using funds from the aggregate of: -</p> <ul style="list-style-type: none"> • Conversion of ringgit into FC (includes through use of ringgit-denominated credit cards); • Transfer from Trade Foreign Currency Account (“FCA”); and • swapping of Ringgit-denominated financial assets in Malaysia for a financial asset outside Malaysia. <p>The following items are a form of FC Assets including: -</p> <ol style="list-style-type: none"> a. Demand Draft b. Telegraphic Transfer c. Dual Currency Investment d. FCA e. FC Fixed Deposit f. FC denominated Structured Investment g. any FC denominated deposits or investments

II. If you are a Resident Entity

Category	Applicable Threshold
Resident without domestic ringgit borrowing	Free to invest any amount in FC asset onshore and offshore.
Resident with domestic ringgit borrowing (refer to Note 1)	<p>The following limit applies to investment in FC asset onshore and offshore:</p> <ol style="list-style-type: none"> 1. Any amount using FC funds sourced from <ul style="list-style-type: none"> • outside Malaysia except proceeds of Export of Goods; or • up to RM10 million equivalent in aggregate* of foreign currency borrowing from a licensed onshore bank (“LOB”) or a non-resident. <p>* Computed in aggregate based on the Resident Individual, sole proprietorship, and General Partnership’s investment in Foreign Currency Asset.</p> <ol style="list-style-type: none"> 2. Any amount using FC funds sourced from a Borrowing in FC from a LOB for Direct Investment Abroad; or 3. Up to RM50 million equivalent* per calendar year using funds sourced from the aggregate of: <ul style="list-style-type: none"> • conversion of Ringgit into FC; • Transfer from Trade FCA; • a Borrowing/Financing in Foreign Currency from a LOB for purposes other than direct investment abroad; and • swapping of a Ringgit-denominated financial asset in Malaysia for a financial asset in Labuan Entity or outside Malaysia. <p>* Computed in aggregate based on the Resident Entity and other Resident Entity with Parent- Subsidiary Relationship’s investment in Foreign Currency Asset.</p> <p>The following items are a form of FC Assets including: -</p> <ol style="list-style-type: none"> a. Demand Draft b. Telegraphic Transfer c. Dual Currency Investment d. FCA e. FC Fixed Deposit f. FC denominated Structured Investment g. any FC denominated deposits or investments

Note:

1. The following are not considered domestic borrowing:

- (i) A credit/financing facility (utilised or unutilised) obtained by a resident individual for the purchase of one (1) residential property and one (1) vehicle.
- (ii) A credit card or charge card facility obtained by a resident individual and used for payment for retail goods or services only.
- (iii) A borrowing obtained by a resident entity from another resident entity within its group of entities with parent –subsidiary relationship.
- (iv) A borrowing obtained from its Direct Shareholder.
- (v) Any facility including credit facility or refinancing facility which is used for sundry Expenses or employees' Expenses only.

2. Please refer to the “Preamble and Interpretation” in BNM website for the latest definition and interpretation.

What is required from you?

- Declare your residency status when you open an account with us and to update us as and when there are changes to your residency status.
- Declare your domestic Ringgit borrowing/financing prior to investing in FC assets and notify CGS-CIMB immediately in writing of any changes.
- Provide relevant information and / or document, as required, for opening of account or performing any transaction(s) subject to FEP Rules.
- Seek approval from BNM and provide the approval letter to us if you want to invest beyond the limit applicable to you.
- You may obtain BNM's approval via online through BNM's Foreign Exchange Policy (<https://www.bnm.gov.my/fep>) website under the tab Submission of Application and Report.

Please note that this is not a complete set of the FEP Notices and BNM may revised from time to time. Kindly refer to BNM's website at <https://bnm.my/fep> for the latest FEP Notices and related FAQs.

Frequently asked questions

1. Is a resident individual and resident entity without domestic ringgit borrowing subject to the investment in FC asset limit?

No. A resident without domestic ringgit borrowing is free to invest any amount in FC asset onshore and offshore.

2. How do I know if the prudential investment limit applies to me?

Investment limit will apply if you have domestic ringgit borrowing with one or more financial institutions in Malaysia and when you:

- (a) convert ringgit into foreign currency for investment purpose;
- (b) swapping of financial asset; and
- (c) transfer your fund from Trade FCA into investment FCA.

3. If resident individual has more than one (1) housing loan or vehicle loan, is the resident individual deemed as having domestic ringgit borrowing and how much can the resident individual invest abroad?

Yes, individual resident is considered as having domestic ringgit borrowing/financing and is subjected to RM1 million equivalent aggregate limit per calendar year to invest in foreign currency assets onshore and offshore.

4. What does 'calendar year' mean?

A calendar year is defined as 1 January to 31 December in the same year.

The BNM FEP investments limit covers all foreign currency transaction amounts within the calendar year. The investment limits are then refreshed from 1 January the following year.

5. What should I do if I wrongly declare and exceeded the applicable limit?

Please inform CGS-CIMB immediately. You can visit our branch or refer to your respective Dealer's Representative.

If you have an approval letter from BNM, please provide a copy to the nearest branch.

6. Is there any penalties or fines conjunction to this?

It is important for you to ensure that your dealing/transaction complies with the applicable FEP Notices imposed by BNM.

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.