

FOREIGN EXCHANGE POLICY NOTICES FACT SHEET – FOREIGN CURRENCY ACCOUNT (INDIVIDUALS)

(Applicable to Foreign Currency Accounts and Multi-Currency Feature Enabled accounts.)

Protected by PIDM up to RM250,000 for each depositor

WHAT ARE FOREIGN EXCHANGE POLICY NOTICES?

The Foreign Exchange Policy Notices (“FEP Notices”) are a set of rules administered by Bank Negara Malaysia (“BNM”) under the Financial Services Act 2013 and Islamic Financial Services Act 2013 to safeguard the value of the Ringgit Malaysia (“Ringgit”).

You are advised to read and understand the FEP Notices and ensure all activities performed for account/s maintained with Hong Leong Bank Berhad and/or Hong Leong Islamic Bank Berhad (“the Bank”) comply with FEP Notices at all times.

ARE YOU A RESIDENT OR NON-RESIDENT?

The applicable rules within the FEP Notices differ between Residents and Non-Residents.

BNM’s definitions of Residents and Non-Residents are as set out in the Financial Services Act 2013, please refer to the table below (for guidance):

Citizenship	Permanent Resident Status of a country outside Malaysia	Length of time residing outside Malaysia	Residency Status	Citizenship	Permanent Resident Status in Malaysia	Length of time residing in Malaysia	Residency Status
Malaysian Citizen	No	N/A	Resident	Non-Malaysian Citizen	No	N/A	Non-Resident
	Yes	> 182 days*	Non-Resident		Yes	> 182 days*	Resident
		< 182 days*	Resident			< 182 days*	Non-Resident

* Computation of 182 days is based on per calendar years and need not be on a continuous basis.

WHAT IS AN HLB FOREIGN CURRENCY ACCOUNT?

Individuals are free to open Foreign Currency Accounts (“FCA”) with Hong Leong Bank (HLB). A FCA can be opened:

- Individually by a Resident or Non-Resident customer;
- Jointly between individual customers who are all Residents;
- Jointly between individual customers who are all Non-Residents; or
- Jointly between individual Resident and individual Non-Resident.

The Bank classifies all FCAs belonging to individual customers and Multi-Currency Feature Enabled accounts as Investment FCAs.

WHAT ARE THE FEP RULES APPLICABLE TO AN INVESTMENT FCA?

The operations, sources and uses of funds into and from an Investment FCA belonging to a Resident shall be in accordance with the requirements, restrictions and conditions set out in the FEP Notices issued by BNM, as summarized below:

Permissible Sources of Funds received into Investment FCA	Permissible Uses of Funds paid from Investment FCA
<ol style="list-style-type: none"> Any amount using foreign currency funds: <ul style="list-style-type: none"> • From abroad, other than proceeds from export of goods; or • From an approved borrowing in foreign currency in accordance with Part A of Notice 2. Any amount where the investment in real estate* abroad for the purpose of education, employment or migration. Up to RM10 million equivalent of foreign currency borrowing in aggregate from a licensed onshore bank (i.e. local/ Malaysian bank) or a Non-Resident. Up to RM1 million equivalent** per calendar year using funds from the aggregate of: <ul style="list-style-type: none"> • conversion of Ringgit into Foreign Currency; • Trade FCA; and • swapping of a Ringgit-denominated financial asset in Malaysia for a financial asset in Labuan Entity or outside Malaysia Any amount for same-party transfer from an Investment FCA. Refinance the outstanding borrowing (including principal and accrued interest or profit) subject to compliance with the requirements in the paragraph 1 to 4 under Part A of Notice 2. <p>* Applicable to Resident Individual’s own accommodation or Resident Individual’s Immediate Family Member’s accommodation only. ** Applicable to Resident with Domestic Ringgit Borrowing only.</p>	<ol style="list-style-type: none"> Any amount for same-party transfer into an Investment FCA All permissible uses under the relevant FEP Notices, such as: <ul style="list-style-type: none"> • Any purpose between immediate family members (comprises spouse, parents, children and siblings); • Education, employment or migration outside Malaysia; • 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; • Settlement of: <ol style="list-style-type: none"> a) derivatives denominated in FC, 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*; b) commodity murabahah transaction to or from another Resident undertaken through a commodity trading service provider; and • A miscellaneous expense** incurred outside Malaysia between a resident individual residing in Malaysia and a resident individual residing outside Malaysia. <p>* Subject to prevailing rules on investment in foreign currency asset, if applicable. ** Applicable to a Current Account Transaction that is of reasonable amount and infrequent in nature, including but not limited to holiday expenses abroad, medical expenses abroad and advance or reimbursement for purchase of goods and services abroad on behalf of a Resident Individual residing in Malaysia.</p>

WHAT IS DOMESTIC RINGGIT BORROWING (DRB)?

Domestic Ringgit Borrowing is any borrowing in Ringgit obtained by a Resident from another Resident (including borrowing from licensed onshore banks), except for:

- A credit/financing facility (any utilised or unutilised) obtained by a Resident individual for the purchase of one (1) residential property and one (1) vehicle; or
- A Credit Card or Charge Card facility obtained by a Resident individual and used for payment for retail goods or services only;

Definition of DRB includes unutilised ringgit credit facility such as unutilised share margin facility, overdraft facility, revolving credit facility, as well as credit facility obtained from employer such as staff loan. For illustration purpose, a Resident is deemed to have Domestic Ringgit Borrowing if he/she has a Personal Loan with XYZ Bank Berhad.

IMPORTANT:

Information contained in this document is not meant to be comprehensive and to be used only as a general guide for customers. You are advised to refer to the full and latest FEP Notices, which are available on BNM’s website www.bnm.gov.my/fep.