

Investment by Resident Entity in Foreign Currency Asset

Investment by Resident Entity (RE)

- A RE without Domestic Ringgit Borrowing (DRB)¹ is allowed to invest in foreign currency (FCY) asset up to any amount.
- A RE with DRB¹ is allowed to invest in FCY asset:
 - 1) up to any amount using FCY funds from:
 - outside Malaysia except proceeds of Export of Goods (PEG);
 - an approved borrowing in FCY in accordance with Part B of Foreign Exchange Policy (FEP) Notice 2; and
 - a borrowing in FCY from a Licensed Onshore Bank (LOB) for Direct Investment Abroad (DIA)².
 - 2) up to RM50 million equivalent³ in aggregate per calendar year using FCY funds sourced from:
 - Conversion of ringgit (RM) into FCY;
 - Trade Foreign Currency Account;
 - A borrowing in FCY from a LOB for purposes other than DIA; and
 - Swapping of a RM-denominated financial asset in Malaysia for a financial asset in Labuan Entity or outside Malaysia.

¹ any borrowing in RM obtained by a resident from another resident or any obligation considered or deemed as DRB under the FEP

Kindly visit Bank Negara Malaysia's website at <https://www.bnm.gov.my/fep> > [Preamble & Interpretation](#) to view the detailed definition of **BORROWING** and **DRB**

²

- (a) an investment in FCY Asset Offshore by a Resident resulting in at least 10% equity ownership or control of a Non-Resident (NR) Entity outside Malaysia or a Labuan Entity
- (b) an inter-company lending by a RE to a NR Entity within the RE's Group where the NR Entity is outside Malaysia or a Labuan Entity; or
- (c) a capital expenditure by a Resident investor in an unincorporated Entity outside Malaysia or a project outside Malaysia by an agreement with no establishment created, where the Resident investor:
 - (i) contributes capital of at least 10% of the cost of the project;
 - (ii) is entitled to at least 10% of profits from the unincorporated Entity or project; or
 - (iii) has management control of the unincorporated Entity or project

³ computed in aggregate based on the RE and other RE with parent-subsidiary relationship's investment in FCY Asset

- (a) the RE is deemed to have DRB when another RE with parent-subsidiary relationship has a DRB; and
- (b) the following shall not be considered as DRB:
 - (i) a borrowing obtained by a RE from another RE within its group of entities with Parent-Subsidiary relationship;
 - (ii) a borrowing obtained from its Direct Shareholder; or
 - (iii)
 - any facility including credit facility or refinancing facility which is used for Sundry Expense or Employees' Expenses only.
 - "Sundry Expenses" refers to small and infrequent expenses for office supplies (e.g. stationaries), ancillary services (e.g. software and online subscription) and other minor expenses to facilitate daily business operation.
 - "Employees' Expenses" refers 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, excluding investment.