

**BROADCAST – BANK NEGARA MALAYSIA (BNM): ENHANCEMENT OF FOREIGN EXCHANGE ADMINISTRATION (FEA) POLICIES - RETENTION OF EXPORT PROCEEDS IN TRADE FOREIGN CURRENCY ACCOUNT**

Dear Valued Customers,

We wish to inform you that Bank Negara Malaysia had on 17 August 2018 announced changes to the Foreign Exchange Administration (FEA) Policies, details of which can be found in Supplementary Notice (No. 4) on Foreign Exchange Administration Rules issued by BNM on the same day.

Among the changes with effect from 17 August 2018, is the following:-

**Greater Flexibility in the management of export proceeds**

Resident exporters are allowed to automatically sweep foreign currency export proceeds into their Trade Foreign Currency Account(s) maintained with licensed onshore banks to meet up to 6 months' foreign currency obligations without the need to first convert the proceeds into ringgit. The flexibility is available upon exporters establishing their 6 months' foreign currency obligations with their respective onshore banks.

For the avoidance of doubt, the following eligibility principles remain unchanged:-

Resident exporters are allowed to retain their foreign currency proceeds from its export of goods up to the higher of:-

- (a) 25% of the export proceeds; or
- (b) the resident exporter's six (6) months foreign currency obligations that exist on the date of receipt of the export proceeds\*.

The balance of the foreign currency proceeds from the export of goods shall be converted into ringgit with a licensed onshore bank.

**NOTE:**

*\* Item (b) is only applicable if the aggregate of the following is not sufficient to meet the resident exporters' foreign currency payment obligations:-*

- (i) balances (including all balances arising from conversions prior to 5 December 2016) in the Trade Foreign Currency Account(s) onshore (whether or not with CIMB);*
- (ii) proceeds retained via paragraph (a) above (whether or not with CIMB); and*
- (iii) all relevant outstanding forward hedging contract amounts as at the date of receipt of the export proceeds.*

We would like to thank you for your kind support and we look forward to continuing our most valued relationship.

Thank you.