

Foreign Exchange Notices – Explanatory Notes

The Foreign Exchange Notices issued by Bank Negara Malaysia and its related and relevant provisions can be obtained from www.bnm.gov.my.

Section 1.0	Domestic Ringgit Borrowing
--------------------	-----------------------------------

Note 1: Domestic Ringgit Borrowing is defined as follows:

Borrowing	<p>any credit facility, financing facility, trade guarantee or guarantee for payment of goods, redeemable preference share, Islamic redeemable preference share, private debt security or Islamic private debt security other than –</p> <ul style="list-style-type: none"> (a) a trade credit term extended by a supplier for any goods or services; (b) a credit limit that a Licensed Onshore Bank (LOB) apportions for its client to undertake a Forward Basis transaction, excluding a transaction that involves— <ul style="list-style-type: none"> (i) exchanging or swapping of Ringgit or Foreign Currency debt for another Foreign Currency debt; or (ii) exchanging of Foreign Currency debt for a Ringgit debt; (c) a Financial Guarantee or Non-Financial Guarantee; (d) an operational leasing facility; (e) a factoring facility without recourse; (f) a credit facility or financing facility obtained by a Resident Individual from a Resident to purchase one (1) residential property and one (1) vehicle; (g) a credit card and charge card facility obtained by a Resident Individual from a Resident.
Domestic Ringgit Borrowing	<ul style="list-style-type: none"> (a) any Borrowing in Ringgit obtained by a Resident from another Resident; or (b) any obligation considered or deemed as Domestic Ringgit Borrowing under any of the FE Notices. <p>For purposes of determining the Domestic Ringgit Borrowing status of a Resident Entity—</p> <ul style="list-style-type: none"> (a) the Resident Entity is deemed to have a Domestic Ringgit Borrowing when another Resident Entity with Parent-Subsidiary Relationship has a Domestic Ringgit Borrowing; and

	<p>(b) the following shall not be considered as Domestic Ringgit Borrowing—</p> <ul style="list-style-type: none">(i) a Borrowing obtained from another Resident Entity with Parent-Subsidiary Relationship;(ii) a Borrowing obtained from its Direct Shareholder; or(iii) any facility including credit facility or financing facility which is used for Sundry Expenses or Employees' Expenses only. <p>“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.</p> <p>“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.</p> <p>“Borrowing” refers to the definition of “Borrowing” above.</p>
--	---