

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
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Note 1: Domestic Ringgit Borrowing is defined as follows:

Borrowing	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 –		
			(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—		
	(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 Individua		
			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	(a) any Borrowing in Ringgit obtained by a Resident from another Resident;		
Borrowing	or		
	(b) any obligation considered or deemed as Domestic Ringgit Borrowing		
	under any of the FE Notices.		
	For purposes of determining the Domestic Ringgit Borrowing status of a Resident Entity—		
	(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		



- (b) the following shall not be considered as Domestic Ringgit Borrowing—
 - (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.

"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.

"Borrowing" refers to the definition of "Borrowing" above.