

Frequently Asked Questions (FAQs)

No	Questions	Answer
1	How is the 25% retention of export proceeds computed?	The 25% is computed based on each receipt of export proceeds [only applicable to proceeds from the export of GOODS].
2	Can exporters retain foreign currency funds with overseas banks?	The foreign currency funds must be retained only with onshore banks. [Onshore banks refer to licensed banks and licensed investment banks under FSA 2013 or licensed Islamic banks under the IFSA 2013]
3	Is there a time limit on the retention of the foreign currency proceeds?	There is no time limit on the retention of the foreign currency proceeds.
4	Are exporters allowed to convert ringgit if the retained foreign currency is insufficient?	Yes. In addition to utilising the retained foreign currency for import and loan obligations, exporters are allowed to convert ringgit into foreign currency for up to 6months of imports and loan obligations.
5	Do resident corporations need to maintain Investment MFCA to undertake investments in foreign currency assets onshore or offshore?	Yes.
6	Can exporters seek approval to retain more than 25% of export proceeds in foreign currency?	Yes, however the applications will be assessed based on the merit of each case.
7	Can residents convert ringgit into foreign currency for education and employment abroad purposes?	Yes. The conversion must be placed into Investment MFCA.
8	Are resident exporters allowed to transfer foreign currency funds from Trade MFCA to Investment MFCA or vice versa?	<ul style="list-style-type: none"> ✓ Transfer from Trade MFCA to Investment MFCA is subject to the investment limit. ✓ Transfer from Investment MFCA to Trade MFCA is allowed.
9	Who is eligible for this Special Deposit Facility (SDF)?	The SDF is offered to resident exporters, which receive ringgit arising from the conversion of foreign currency export proceeds.
10	Which banks offer this SDF?	<ul style="list-style-type: none"> ✓ All licensed onshore banks shall offer the SDF to resident exporters when the conversion to ringgit is made by the bank. ✓ Exporters can approach banks with existing relationship or approach new banks to inquire on this SDF.
11	How to activate this SDF?	<ul style="list-style-type: none"> ✓ Upon receipt of the foreign currency export proceeds, the bank shall offer this SDF when converting into ringgit proceeds.

		<ul style="list-style-type: none"> ✓ Resident exporters can decide to place the ringgit proceeds into SDF or to use for other purposes.
12	How much of the converted proceeds can be placed into this SDF?	Resident exporters can make full or partial placement of the proceeds arising from the export conversion.
13	How long is SDF offered?	The offer shall last up to 1 year, until 31 Dec 2017 .
14	Can an exporter pay another resident in foreign currency?	<ul style="list-style-type: none"> ✓ Any settlement for goods and services between residents shall only be made in ringgit. ✓ Notwithstanding the above, residents with initial contractual agreement entered prior to 5 December 2016 may continue to make or receive payment in foreign currency until 31 March 2017 provided that the payment is - <ul style="list-style-type: none"> i) made by an exporter using export proceeds; or ii) approved by the BNM. ✓ Payments may be made from the payer's Trade MFCA or Investment MFCA. ✓ Payee receiving such foreign currency payment may retain full amount of the payment in foreign currency in its Trade MFCA. ✓ This flexibility is granted to enable residents to re-negotiate existing contractual agreements in accordance to the new measures.
15	Is the resident entity (with domestic RM borrowings) required to seek BNM's approval if the current outstanding onshore investment has exceeded the RM50 million limit?	Yes, for applications to make further investments in foreign currency asset from 5 December 2016.
16	Is a resident without domestic ringgit borrowing subject to the investment limit?	No, as a resident without domestic ringgit borrowing continues to be free to invest in foreign currency assets onshore and offshore.
17	How does a resident with domestic ringgit borrowing computes total investment limit?	The investment limit is to be computed based on the aggregate amount of investments in foreign currency assets onshore and offshore.
18	Where can the resident place the proceeds from the investment income?	<ul style="list-style-type: none"> ✓ Investment income, including divestment proceeds derived from foreign currency assets can be credited into Investment MFCA. ✓ Funds from Investment MFCA can be transferred to Trade MFCA to meet any

		shortfalls in foreign currency requirements.
19	Can residents use income from investment abroad for other investment abroad activities?	Residents may use the investment income received from abroad for any purpose.
20	Can a resident entity convert ringgit directly for investment in foreign currency assets?	A resident entity can convert ringgit for placement into investment MFCA up to the relevant investment limit for subsequent investment in foreign currency assets.
21	Is a resident entity required to seek BNM's approval if the current (From 1 January 2016 to 4 December 2016) outstanding investment compute Onshore and Offshore has exceeded the limit?	Yes. The resident entity requires approval from BNM to make further foreign currency investment onshore and offshore.