

# Foreign Exchange Administration (FEA) Liberalisation Measures in 2019



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

EQ, Equatorial Plaza, Kuala Lumpur  
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# March 2019: FEA liberalisation to enhance businesses' hedging flexibilities for better foreign exchange risk management

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## Flexibility to hedge longer term obligations

Residents can extend hedging of foreign currency exposures on current account obligations<sup>1</sup> and loan repayment **up to 12 months**

*(Effective immediately)*

### **Benefit**

*Allow residents to better manage their foreign currency exposure for longer tenure*

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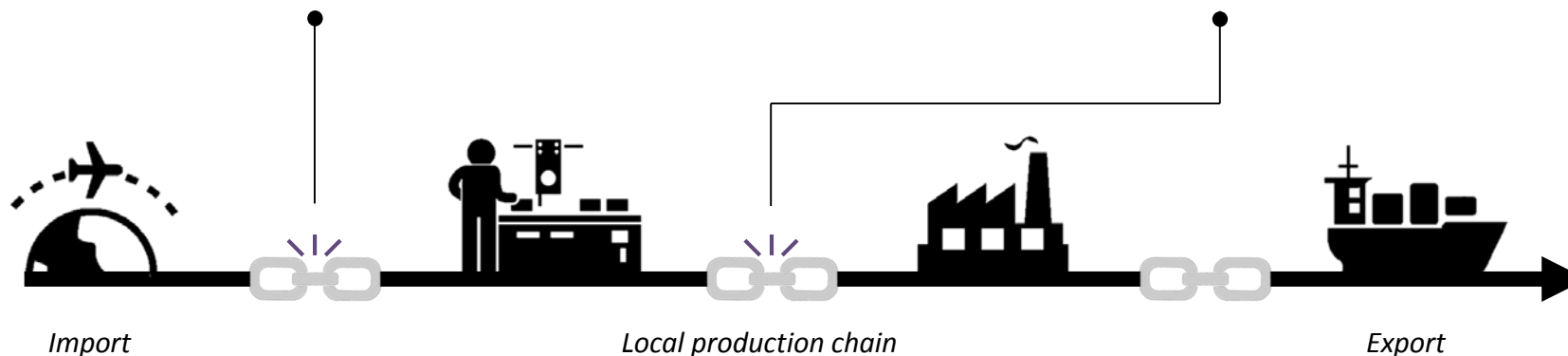
## Facility for SMEs with import obligations to receive payment in foreign currency

Resident exporters can **make payment in foreign currency** to resident SMEs (net importers) for settlement of domestic trade in goods and services upon one-off registration with respective banks

*(Effective 2 May 2019)*

### **Benefit**

*Allow SMEs which are net importers to achieve 'natural hedge', thus minimising FX risks*



# August 2019: FEA liberalisation measures to support business efficiency

## *Enhancing hedging flexibility to promote sound risk management*

### 1 Flexibility to hedge up to underlying tenure

- Residents are free to hedge foreign currency current account obligations up to underlying tenure

*(previously up to 12 months)*

### 2 Flexibility to hedge via treasury centres

- Resident treasury centres in Malaysia are free to hedge on behalf of their related entities with a licensed onshore bank
- Non-resident treasury centres registered with the Bank are free to hedge on behalf of their related entities with a licensed onshore bank or AOO

*(previously required approval)*

### 3 Flexibility to hedge on anticipatory basis

- Non-residents are free to hedge on an anticipatory basis via AOO for settlement of trade in goods and services

*(previously required approval)*



### 4 Revised definition of domestic ringgit borrowing

Ringgit credit facilities which are used by corporates for miscellaneous expenses such as sundry and employees' travel expenses are excluded from domestic ringgit borrowing

## Any enquiry:

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**Website:** <https://bnm.my/fea> (Details of FEA rules)

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