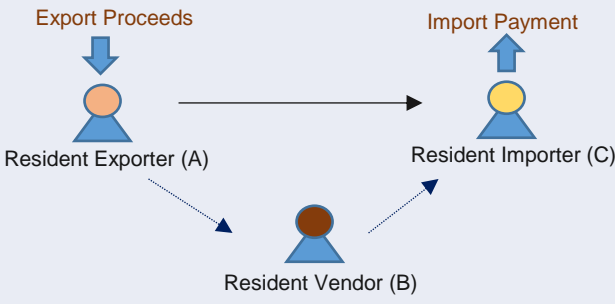


**Dear Valued Customer,**

**Liberalisation of Foreign Exchange Policy (FEP) 15 April 2021**

As you are aware, Bank Negara Malaysia (BNM) has further announced liberalisation of Foreign Exchange Policy which provides greater flexibilities to the export-oriented industries to better support economic recovery which has been effective since 15<sup>th</sup> April 2021.

The latest revised FEP published by BNM on 15<sup>th</sup> April 2021 entails the following main changes;

No	New Measure w.e.f 15 <sup>th</sup> April 2021	Summary Update on the Changes	FE Notices
1.	<p><b>Removal of Export Conversion Rule</b> Resident exporters may now manage the conversion of export proceeds according to their foreign currency cash flow needs.</p>	<ul style="list-style-type: none"> <li>Receipt of export proceeds of goods in foreign currency (in any amount) will <b>no longer</b> be subjected to 75:25 rule.</li> <li>Residents exporters are free to retain any amount of export proceeds in foreign currency in Trade MCA (EXPA) account to meet its foreign currency obligations.</li> </ul>	Notice 7
2.	<p><b>Resident exporters can settle domestic trade in foreign currency with other residents involved in the global supply chain.</b></p> <p><i>Global supply chain defined as a business activity where a resident importer purchase goods or services from overseas to support production and distribution of goods or services by resident exporter for its export activities. This includes domestic trade transaction between the resident importer and the resident exporter undertaken through resident intermediary (resident vendor).</i></p>	<p>Relationship between global supply chain illustrated as below;</p>  <p>Under the global supply chain cycle;</p> <ul style="list-style-type: none"> <li>A can pay to B &amp; C in foreign currency</li> <li>B can also pay to C in foreign currency</li> <li>Payment can <b>only</b> be sourced from available funds in Trade MCA or proceeds from Foreign Currency Trade Financing facility.</li> <li>No conversion from MYR allowed</li> <li>Declaration letter confirming that the related resident entities for the transaction are involved in global supply chain shall be required. Declaration to be prepared by A or B when making payment to another resident entity.</li> <li>The declaration letter together with the relevant supporting documents to support payment must be presented to bank.</li> <li><i>Declaration letter (Appendix 1) as enclosed to be completed by A or B when making payment using Letter of Credit, Collection or financing via any <b>RHB Trade Finance</b> transactions.</i></li> <li><i>Kindly refer to our RHB branches on the relevant declaration letter for remittance done at branches.</i></li> </ul>	Notice 4

3.	Resident exporters can extend the period for repatriation of export proceeds beyond six months under exceptional circumstances.	<p>Proceeds of export of goods by Resident must continue to be repatriated to Malaysia within 6 months from date of shipment <b>except</b> for the following <b>permitted situations</b> where;</p> <p>(a) a resident exporter has no control over the delay in receiving proceeds of export of goods which includes:</p> <ul style="list-style-type: none"> <li>▪ Buyer in financial difficulties;</li> <li>▪ Cancellation of order by the buyer (e.g. shut out);</li> <li>▪ Restriction on foreign exchange transactions in the buyer's country;</li> <li>▪ Quality and/or quantity claims; or</li> <li>▪ Incidence of fraud.</li> </ul> <p>(b) credit terms provided by a resident exporter of up to 24 months for:</p> <ul style="list-style-type: none"> <li>▪ Consignment sale; or</li> <li>▪ Goods that involve testing and commissioning</li> </ul>	Notice 7
4.	Resident exporters can offset or write-off export proceeds without requiring BNM approval only for permitted foreign currency obligations with non-resident	<ul style="list-style-type: none"> <li>▪ Permitted foreign currency obligations includes; <ul style="list-style-type: none"> <li>(a) Import of goods or services;</li> <li>(b) Warranty claims;</li> <li>(c) Dividend payments;</li> <li>(d) Other current account transactions; or</li> <li>(e) Repayment of foreign currency borrowing</li> </ul> </li> <li>▪ In addition, export proceeds also can be written-off due to the following reasons: <ul style="list-style-type: none"> <li>(a) Liquidation of the non-resident buyer; or</li> <li>(b) Unable to receive export proceeds from the non-resident buyer at least 24 months from date of shipment despite following up with the buyer.</li> </ul> </li> <li>▪ Supporting documents to be provided to bank for due diligence process</li> </ul>	Notice 7
5.	Resident corporates can undertake commodity derivatives hedging directly with non-resident counterparties.	<i>New rules - in addition to the current access to resident future brokers for their commodity hedging needs.</i>	Notice 1

To know the full details of the liberalisation and revised Foreign Exchange policy 15 April 2021, kindly go to the link below;

<https://www.bnm.gov.my/-/liberalisation-of-foreign-exchange-policy-2021>  
<https://www.bnm.gov.my/fep>

Stay healthy & stay safe.

Thank you & Warmest Regards,  
**RHB Group Transaction Banking**

**DOMESTIC SETTLEMENT IN FOREIGN CURRENCY – REMITTER DECLARATION**

Date:

To  
RHB BANK BERHAD or RHB ISLAMIC BANK BERHAD \*  
(Address)

**LIBERALISATION OF FOREIGN EXCHANGE POLICY**

With reference to the revised Foreign Exchange policy issued by Bank Negara Malaysia on 15<sup>th</sup> April 2021, we hereby declare to you the followings: -

- i. We confirm that we are a Resident Exporter / Resident Vendor\* (as defined below)
  
- ii. We confirm that the payment is to  

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who is a Resident Vendor / Resident Importer\* (as defined below) which is from the same Global Supply Chain (as defined below)

We hereby provide the supporting documents related to the payment, as enclosed.

We understand and agree that you have the right to reject our payment request if any of the requirements above are not met.

We hereby confirm that all of the above declarations are true and correct and we undertake to inform you immediately should there be any changes herein.

Yours faithfully

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Authorised Signatory(ies) and Company Stamp

\* Please delete where applicable

\*\* Please tick where applicable

**Note:** 1. **Global Supply Chain** is defined as a business activity where resident importers purchase goods or services from overseas to support production or distribution of goods or services by resident exporters for their export activities. This includes domestic trade transactions between the resident importer and the resident exporter undertaken through resident intermediaries.

2. Resident Exporter is an exporter who is also a resident

3. Resident Importer is an importer who is also a resident

4. Resident Vendor is a Resident intermediary between exporter and importer