APPENDIX 1
A Chronology of Capital Account Policy in Malaysia, 1992–2010

Date	**Events**
1992	
April	Total borrowing by residents in foreign currency from domestic commercial and merchant banks to finance imports of goods and services was restricted to the equivalent of RM1 million.
July	Borrowing under the export credit refinance facilities (both pre- and post-shipment) by non-resident controlled companies would be considered domestic borrowing.
October	Offshore guarantees obtained by residents to secure domestic borrowing, except offshore guarantees (whether dominated in ringgit or foreign currency) without recourse to Malaysian residents and obtained from the licensed offshore banks in Labuan to secure domestic borrowing, were deemed as foreign borrowing. In cases where an offshore guarantee is denominated in ringgit, it was subject to the condition that, in the event the guarantee is called on, the licensed offshore banks in Labuan must make payments in foreign currency (with some exceptions), not in ringgit.
November	The guidelines on foreign equity capital ownership were liberalized. Companies exporting at least 80 per cent of their production were no longer subject to any equity requirement, whereas companies exporting between 50 and 79 per cent of their production were permitted to hold 100 per cent equity, provided that they have invested $50 million or more in fixed assets or completed projects with at least 50 per cent local value added and that company's products do not compete with those produced by domestic firms. These guidelines were not to apply to sectors in which limits on foreign equity participation have been established.
December	Residents and the offshore companies in Labuan were prohibited from transacting in the currency of the FYR Yugoslavia without specific prior approval from the Controller of Foreign Exchange.
1993	
December	Non-resident controlled companies involved in manufacturing and tourism-related activities were freely allowed to obtain domestic credit facilities to finance the acquisitions and/or the development of immovable property required or their own business activities.
1994	
January	A ceiling was placed on the outstanding net external liability position of domestic banks (excluding trade-related inflows or foreign direct investment (FDI) in Malaysia).

Date	Events
1994	
January	Restriction on sales of short-term monetary instruments to non-residents (the restriction applied only to instruments used by Bank Negara Malaysia (BNM) to influence liquidity in the market: negotiable instruments of deposit; Bank Negara bills; treasury bills; government securities, including Islamic securities) with a remaining maturity of one year or less.
February	The list of securities on the prohibition list for selling to non-residents was extended to cover private debt securities (including commercial papers but excluding securities convertible into ordinary shares) with maturity of one year or less, covering both initial issues and the subsequent secondary market trade. Prohibition of forward transactions (on bid side) and non-trade-related swaps by commercial banks with foreign customers to curtail the speculative activities of offshore agents seeking long positions in ringgit.
August	Residents were permitted to sell to non-residents any Malaysian securities. Prohibition of forward transaction and non-traded swaps by commercial banks were lifted.
December	Residents may borrow in foreign currency up to a total of the equivalent of RM5 million from non-residents and from commercial and merchant banks in Malaysia. Non-residents-controlled companies were allowed to obtain credit facilities, including immovable property loans, up to RM10 million without specific approval, provided that at least 60 per cent of their total credit facilities from banking institutions were obtained from Malaysian-owned financial institutions. Non-residents with valid work permits may obtain domestic borrowing to finance up to 60 per cent of the purchase prices of residential property for their own accommodation.
1995	
January	A ceiling of the net external liability position of domestic banks was lifted.
June	Corporate residents with a domestic credit facility were allowed to remit funds up to the equivalent of RM10 million for overseas investment purposes each calendar year.
1997	
August	Controls were imposed on banks to limit outstanding non-commercial-related ringgit offer-side swap transactions (i.e. forward order/spot purchases of ringgit by foreign customers) to $2 million per foreign customer or its equivalent.

Date	**Events**
1997	
August	Hedging requirements of foreigners were imposed, except trade-related and genuine portfolio and FDI were excluded. Residents are allowed to enter into non-commercial-related swap transaction up to a limit (no limits previously). A ban on short-selling of the listed securities on Kuala Lumpur Stock Exchange (KLSE) was introduced to limit speculative pressures on stock prices and exchange rates.
1998	
September	A requirement introduced to repatriate all ringgit held offshore (including ringgit deposits in overseas banks) by 1 October 1998 (BNM approval thereafter). Approval requirement was imposed to transfer funds between external accounts (freely allowed previously) and for the use of funds other than permitted purposes. Licensed offshore banks were prohibited to trade in ringgit assets. A limit was introduced on exports and imports of ringgit by resident and non-resident travellers. Residents were prohibited from granting ringgit credit facilities to non-resident corresponding banks and stockbroking companies (subject to a limit previously). All imports and exports were required to be settled in foreign currency. Residents were prohibited from obtaining ringgit credit facilities from non-residents. All purchases and sales of ringgit facilities can only be transacted through authorized depository institutions. Approval requirement for non-residents to convert RM in external accounts into foreign currency, except for purchases of RM assets, conversion of profits, dividends, interest and other permitted purposes. A 12-month waiting period for non-residents to convert RM proceeds from the sale of Malaysian securities held in external accounts (excluding FDI, repatriation of interest, dividends, fees, commissions and rental income from portfolio investment). A prior approval requirement beyond a certain limit for all residents to invest abroad in any form. A specific limit on exports of foreign currency by residents and up to the amount brought into Malaysia for non-residents.

Date	Events
1998	
September	Trading in Malaysia shares on Singapore's CLOB (central limits order book) OTC (over the counter) market became de facto prohibited as a result of strict enforcement of the existing law requiring Malaysian shares to be registered in KLSE prior to trade.
December	Residents were allowed to grant loans to non-residents for purchases of immovable properties from 12 December 1998 to 12 January 1999.
1999	
January	Designated non-resident accounts for future trading are allowed and exempt from the 12-month holding period. Capital flows for the purpose of trading derivatives on the commodity and monetary exchange of Malaysia and the Kuala Lumpur options and financial futures exchange were permitted for non-residents, without being subject to the rules governing external accounts, when transactions were conducted through "designated external accounts" that could be treated with tier-1 commercial banks in Malaysia.
February	The 12-month waiting period was replaced with a graduated system of exit levy on the repatriation of the principal of capital investments (in shares, bonds, and other financial instruments, except for property investments) made prior to 15 February 1999. The levy decreased over the duration of the investment, and thus penalized earlier repatriations; the levy was 30 per cent if repatriated less than 7 months after entry; 20 per cent if repartitioned in 7–9 months and 10 per cent if 9–12 months. No levy on principle if repatriated after 12 months. Repatriation of funds relating to investments in immovable property was exempted from the exit levy regulations.
March	The ceiling on the import and export of ringgit for border trade with Thailand was raised. Investors in MESDAQ (Malaysian Exchange of Securities Dealing & Automated Quotation) were exempted from the exit levy introduced on 15 February 1999.
July	Residents were allowed to grant overdraft facility in aggregate not exceeding RM200 million for intra-day and not exceeding RM5 million for overnight to a foreign stockbroking company subject to certain conditions.
September	Commercial banks were allowed to enter into short-term currency swap arrangement with non-resident stockbrokers to cover payment for purchases of shares on the KLSE and in outright ringgit forward sale contracts with non-residents who have firm commitment to purchase shares on the KLSE, for maturity period not exceeding five working days and with no rollover option.

Date	Events
1999	
October	Residents were allowed to grant RM loans to non-residents for purchases of immovable properties from 29 October 1999 to 7 December 1999.
2000	
March	Funds arising from sale of securities purchased by non-residents on the CLOB can be repatriated without payment of exit levy.
April	Non-resident controlled companies raising domestic credit through private debt securities were exempted from the RM19 million limit and the 50:50 requirement for issuance of private debt securities on tender basis through the fully automated system for tendering, to develop domestic bond market.
June	Administrative procedures issued to facilitate classification of proceeds from the sale of CLOB securities as being free from levy.
July	Residents and non-residents were no longer required to make a declaration in the travel's declaration from as long as they carry currency notes and/or travellers' checks within the permissible limits. For non-residents, the declaration was incorporated into the embarkation card issued by the Immigration Department.
September	Licensed offshore banks in the Labuan international offshore financial centre were allowed to invest in RM assets and instruments in Malaysia for their own accounts only and not on behalf of clients. The investment could not be financed by ringgit borrowing.
December	Foreign owned banks in Malaysia were allowed to extend up to 50 per cent (from 40 per cent) of the total domestic credit facilities to non-resident controlled companies, in case of credit facilities extended by resident banks. This is to fulfil Malaysia's commitment under the General Agreement on Trade in Services (GATs). Licensed company banks were allowed to extend intraday overdraft facilities not exceeding RM200 million in aggregate and overnight facilities not exceeding RM10 million (previously 5 million) to foreign stockbroking companies and foreign global custodian banks.
2001	
February	The exit levy on profit repatriated after one year from the month the profits are realized was abolished. Portfolio profits repatriated within one year remained subject to the 10 per cent levy.
May	The 10 per cent exit levy imposed on profits arising from portfolio investments repatriated within one year of realization was abolished.
June	All controls on the trading of futures and options by non-residents on the Malaysia Derivatives Exchange (MDEX) were eliminated. The commodity and monetary exchange of Malaysia and the KLSE were merged to form the MDEX.

Date	Events
2001	
June	Resident insurance companies were allowed to extend ringgit policy loans to non-resident policyholders with the terms and conditions of the policies. The amount of RM loans extended may not exceed the policy's attended cash surrendered value and may be for the duration of the policies.
July	Resident financial institutions were allowed to extend ringgit loans to non-residents to finance the purchase or construction of any immovable property in Malaysia (excluding financing for purchases of land only) up to a maximum of three property loans in aggregate.
2002	
November	Banks are allowed to extend additional RM credit facilities to non-residents up to an aggregate of RM5 million per non-resident to finance projects undertaken in Malaysia. Prior to this, credit facilities in RM to non-residents for purposes other than purchases of three immovable properties or a vehicle were limited to RM200,000.
December	In addition to obtaining property loans to finance new purchases or construction of any property in Malaysia, non-residents may also refinance their RM domestic property loans. The above is subject to a maximum of three property loans. The limit of RM10,000 equivalent in foreign currency for investment abroad by residents under the Employee Share Option/Purchase Scheme has been removed. Effective this date, general permission is granted for overseas investment for this purpose. Payments between residents and non-residents as well as between non-residents for RM assets are liberalized to allow payments to be made either in RM or foreign currency (previously, only in RM).
2003	
March	Banking institutions as a group was permitted to extend ringgit overdraft facilities, not exceeding RM500,000 in aggregate, to a non-resident customer, if the credit facilities are fully covered at all times by fixed deposits placed by the non-resident customer with the banking institutions extending the credit facilities.
April	Exporters were allowed to retain a portion of their export proceeds in foreign currency accounts with onshore licensed banks in Malaysia with overnight limits ranging between the equivalent of US$1 million and US$70 million, or any other amount that has been approved (previously, the limit was between US$1 million and US$10 million).

Date	Events
2003	
April	Residents were allowed to sell up to 12 months forward foreign currency receivables for ringgit to an authorized dealer for any purpose, if the transaction is supported by a firm underlying commitment to receive such currency. The maximum amount of payment of profits, dividends, rental income, and interest to a non-resident on all bona fide investments that may be remitted without prior approval, but upon completion of statistical forms, was increased from RM10,000 to RM50,000, or its equivalent in foreign currency, per transaction.
May	The threshold level for acquisition by foreign and Malaysian interests exempted from FIC approval was raised from RM5 million to RM10 million. Acquisition proposals by licensed manufacturing companies were centralized at the MITI, while corporate proposals were centralized at the SC. These proposals no longer required FIC consideration.
June	Foreign equity holding in manufacturing projects was allowed up to 100 per cent for all types of investment.
2004	
April	Residents were allowed to sell forward non-export foreign currency receivables for ringgit or another foreign currency to an authorized dealer or an approved merchant bank for any purpose, provided the transaction is supported by an underlying commitment to receive currency. Residents with permitted foreign currency borrowing were allowed to enter into interest rate swaps with onshore licensed banks, approved merchant banks, or licensed offshore banks in Labuan, provided that the transaction is supported by a firm underlying commitment. Resident individuals with funds abroad (not converted from ringgit) were allowed to maintain non-export foreign currency accounts offshore without any limit imposed on overnight balances. Resident companies with domestic borrowing were allowed to open non-export foreign currency accounts with licensed onshore banks in Malaysia to retain foreign currency receivables other than export proceeds with no limit on the overnight balances. Resident companies without domestic borrowing were allowed to open non-export foreign currency accounts in licensed offshore banks in Labuan up to an overnight limit of $500,000 or its equivalent.

Date	Events
2004	
April	Resident individuals were permitted to open foreign currency accounts to facilitate payments for education and employment overseas, with an aggregate overnight limit equivalent to \$150,000 with Labuan offshore banks. Previously, the limit was \$100,000 (\$50,000 for overseas banks). Resident individuals who have foreign currency funds were allowed to invest freely in any foreign currency products offered by onshore licensed banks. The amount of export proceeds that residents may retain in foreign currency accounts with licensed onshore banks was increased from the range of \$1 million to \$70 million to the range of \$30 million to \$70 million. COFE approval was required for the issuance of ringgit bonds in Malaysia by multinational development institutions and foreign multinational corporations. Resident banks and non-banks were permitted to extend ringgit loans to finance or refinance the purchase or construction of any immovable property in Malaysia (excluding financing for purchases of land only) up to a maximum of three property loans in aggregate. The limit for banking institutions on loans to non-residents (excluding stockbroking companies, custodian banks and correspondent banks) was raised from RM200,000 to RM10,000,000. Licensed insurers and takaful operators (Islamic insurance) were allowed to invest abroad up to 5 per cent of their margins of solvency and total assets. These entities were also allowed to invest up to 10 per cent of Net Asset Value (NAV) in their own investment-linked funds. Unit trust management companies were allowed to invest abroad the full amount of NAV attributed to non-residents, and up to 10 per cent of NAV attributed to residents, without prior COFE approval. In addition, fund/asset managers were allowed to invest abroad up to the full amount of investments of non-resident clients and up to 10 per cent of investments of their resident clients. BNM liberalized its foreign exchange administration rules to facilitate Multilateral Development Banks (MDBs), or Multilateral Financial Institutions (MFIs) to raise ringgit-denominated bonds in the Malaysian capital market.

Date	Events
2004	
April	The size of the bond to be issued by MDBs or MFIs should be large enough to contribute to the development of the domestic bond market, and the minimum tenure of the bonds should be three years. Ringgit funds raised from the issuance of ringgit-denominated bonds could be used either in Malaysia or overseas. There would be no restriction for MDB or MFI issuers and non-resident investors of ringgit-denominated bonds to maintain foreign currency accounts, or ringgit accounts as External Accounts with onshore licensed banks in Malaysia. MDBs, MFIs, or non-resident investors could enter into forward foreign exchange contracts or swap arrangements to hedge ringgit exposure, and MDB or MFI issuers could enter into interest rate swap arrangements with onshore banks. BNM liberalized rules to facilitate Foreign Multinational Corporations (MNCs) to raise ringgit denominated bonds in the Malaysian capital market. The ringgit funds raised from such issues could be used in Malaysia or overseas. MNC issuers and non-resident investors of ringgit-denominated bonds could maintain, without restrictions, foreign currency accounts, or ringgit accounts as External Accounts with any onshore licensed bank. MNC issuers or non-resident investors would be allowed forward exchange contracts of swap arrangements to hedge ringgit exposures, and MNC issuers would be allowed interest rate swap arrangements with onshore banks.
2005	
April	Residents without domestic credit facilities are free to invest abroad in foreign currency, to be funded either from their own foreign currency or from conversion of ringgit funds. Individuals with domestic credit facilities may invest abroad any amount of their foreign currency funds or convert ringgit up to RM100,000 per annum for such purposes. Corporations with domestic credit facilities are also free to use their foreign currency funds or convert ringgit up to RM10 million per annum for investment in foreign currency assets (FCA). These corporations must have a minimum shareholders' fund of RM100,000 and must be operating for at least one year. The threshold for investing abroad funds attributed to residents by a unit trust company is increased to 30 per cent, from the current 10 per cent, of the NAV of all resident funds managed by the unit trust company. There continues to be no restriction on investment abroad for funds attributed to non-resident clients.

Date	Events
2005	
April	Fund managers may now invest abroad any amount of funds belonging to non-resident clients and resident clients that do not have any domestic credit facilities. They are also free to invest up to 30 per cent of funds of resident clients with domestic credit facilities. Currently they may invest only 10 per cent of resident funds, irrespective whether the resident clients have any domestic credit facilities. Residents are free to open FCA onshore or offshore (except for export FCA). No specific prior permission is required. There is no limit on the amount of foreign currency funds a resident is able to retain onshore or offshore. A resident without any domestic credit facilities is free to convert any amount of his ringgit funds for credit into his FCA maintained onshore or offshore. A resident corporation with domestic credit facilities is allowed to convert ringgit up to RM10 million in a calendar year for credit into its FCA. A resident individual with domestic credit facilities is also allowed to convert ringgit for credit into his/her FCA as follows. For education or overseas employment purposes: up to USD150,000 for credit into onshore FCA or FCA maintained with offshore banks in Labuan; and up to US$50,000 for credit into overseas FCA. For other purposes: up to RM100,000 per annum. Exporters may now retain any amount of their foreign currency export proceeds onshore with licensed banks. The current limits of between US$30 million and US$100 million are abolished. All export proceeds continue to be required to be repatriated to Malaysia onshore. Resident corporation, on a per corporate group basis, may now obtain foreign currency credit facilities up to the aggregate of RM50 million equivalent. The foreign currency borrowing may be used to finance overseas investment up to RM10 million equivalent. The aggregate limit for foreign currency borrowing by individuals is also increased from RM5 million to RM10 million equivalent. The funds may be used for any purposes, including financing overseas investments. The rules for domestic borrowing by non-resident controlled companies are fully liberalized by removing the current RM50 million limit and the 3:1 gearing ratio requirement.

Date	**Events**
2007	
April	Abolish the net open position limit of licensed onshore banks. Previously, the open position limit was capped at 20 per cent of the banks' capital base. Abolish the limits imposed on licensed onshore banks for foreign currency accounts maintained by residents. Allow investment banks in Malaysia to undertake foreign currency business subject to a comprehensive supervisory review on the capacity and capability of the investment banks. Further flexibility for non-resident stockbroking companies and custodian banks to obtain ringgit overdraft facilities from licensed onshore banks to avoid settlement failure due to inadvertent delays by: removing the previous overdraft limit of MYR200 million; and expanding the scope on utilization of the overdraft facility to include ringgit instruments settled through the Real Time Electronic Transfer of Funds and Securities (RENTAS) System and Bursa Malaysia. Previously, utilization of the facility was confined only to shares traded on Bursa Malaysia. Abolish the limit on the number of residential or commercial property loans obtained by non-residents. Under the previous policy, non-residents were allowed to obtain a maximum limit of three property loans from residents to finance the purchase or construction of residential or commercial properties in Malaysia. Allow licensed onshore banks to appoint overseas branches of their banking group as a vehicle to facilitate the settlement of any ringgit assets of their non-resident clients. Remove restriction on Labuan offshore banks to transact in ringgit financial products on behalf of non-resident clients. Increase the limit of foreign currency borrowing that can be obtained by resident corporations from licensed onshore banks and non-residents as well as through issuance of onshore foreign currency bonds, to MYR100 million equivalent in aggregate and on corporate group basis from the previous MYR50 million equivalent. The proceeds may be used for domestic purposes or offshore investment. Allow residents to hedge foreign currency loan repayment up to the full amount of underlying commitment. Enhance flexibilities for resident individuals and corporations to invest in FCA as follows: i. Increase the limit for resident individuals with domestic ringgit borrowing to invest in FCA up to MYR1 million per calendar year from the previous limit of MYR100,000; and ii. Increase the limit for resident corporations with domestic ringgit borrowing to invest in FCA up to MYR50 million per calendar year from the previous limit of MYR10 million.

Date	Events
2007	
April	Increase the limit for resident institutional investors to invest in FCA as follows: i. Unit trust companies: up to 50 per cent of NAV attributable to residents from the previous 30 per cent of NAV; ii. Fund management companies: up to 50 per cent of funds of resident clients with domestic credit facilities from the previous 30 per cent level; and iii. Insurance companies and takaful operators: up to 50 per cent of NAV of investment-linked funds marketed from the previous 30 per cent of NAV.
June	The licensed onshore banks are also allowed to appoint overseas branches of their banking group to facilitate the settlement of any ringgit assets of their non-resident clients. The ringgit transactions undertaken by the overseas branches would be subject to the following conditions: i. The overseas branches must conduct only straight pass-through transactions matched with a back-to-back arrangement on exchange rate, amount and value date with the licensed onshore bank. There will be: (a) No gapping of the ringgit positions in the books of the overseas branches; (b) No ringgit account, physical withdrawal or transfer of ringgit at the overseas branches. All ringgit settlements must be made onshore; and (c) No public display of the ringgit exchange rate by the overseas branches. ii. The arrangement will be made available only to non-resident investors with firm underlying commitment to purchase or sell ringgit assets.
October	The registration requirement on forward foreign exchange contracts exceeding RM50 million equivalent per contract for permitted capital account transactions and anticipatory current account transactions is abolished. The registration requirement on ringgit-denominated loans exceeding RM50 million extended by a resident to a non-resident to finance or refinance the purchase or construction of residential and commercial properties in Malaysia is abolished. The registration requirement on investment in FCA exceeding RM50 million equivalent by a resident (individual or company on corporate group basis) without domestic ringgit borrowing is abolished.

Date	Events
2007	
October	Foreign currency borrowing by residents: (a) The registration requirement on foreign currency borrowing in aggregate between RM50,000,001 and up to RM100 million equivalent by a resident company on corporate group basis from licensed onshore banks and non-residents is abolished. (b) The registration requirement on foreign currency borrowing exceeding RM50 million equivalent by an Approved Operational Headquarters from licensed onshore banks and non-residents to finance its own operation is abolished. (c) The registration requirement on foreign currency borrowing exceeding RM50 million equivalent by a resident company from another resident company within the same corporate group using proceeds from an Initial Public Offering on foreign stock exchanges is abolished. Prepayment or repayment of foreign currency borrowing by residents: (a) The registration requirement on prepayment exceeding RM50 million equivalent on permitted foreign currency borrowing from a non-resident lender is abolished. (b) Repayment of foreign currency borrowing with no fixed tenure or repayment schedule is deemed to be a prepayment, and therefore, registration requirement is also abolished. Investments of Islamic Funds in FCA: (a) To further promote Malaysia as an Islamic financial centre and a centre for origination of Shariah-compliant investment instruments, the thresholds (50 per cent of the NAV for unit trust companies and total funds attributable to residents with domestic ringgit borrowing for fund management companies) on investments of Islamic funds in FCA are abolished. (b) The investment in FCA by conventional funds managed by the unit trust and fund management companies continue to be subject to the existing thresholds of 50 per cent of the NAV and the total funds attributable to resident clients with domestic ringgit borrowing. To provide greater flexibility to non-resident investors in managing their ringgit exposure, the requirement for a non-resident to reinvest within 7 working days, the proceeds arising from the sale of ringgit assets prior to the maturity of the forward foreign exchange contract in order to continue with the existing forward foreign exchange contract, is abolished.

Date	Events
2007	
October	With the abolition, a non-resident is allowed to continue with the existing forward foreign exchange contract entered with a licensed onshore bank for: (a) Proceeds arising from the sale of ringgit assets sold prior to the maturity of the forward foreign exchange contract; and (b) Income from the ringgit assets.
November	Resident companies with export earnings are allowed to pay another resident company in foreign currency for the settlement of purchases of goods and services. The objective of this liberalization is to enhance Malaysia's competitiveness by reducing the cost of doing business for resident companies. With the liberalization, exporters would have greater control and flexibility in the management of their foreign currency cash flow and thereby more effectively settle their domestic and overseas transactions.
2008	
January	The requirement to submit the Overseas Account Statement (Statement OA) by a resident company maintaining an overseas account, including a foreign currency account with a licensed offshore bank in Labuan, is abolished; and the requirement to submit the Inter-Company Account Statement (Statement IA) by a resident company maintaining an inter-company account with a non-resident company is also abolished.
May	Borrowing in foreign currency by residents: (a) A resident company is free to borrow any amount in foreign currency from: (i) its non-resident non-bank parent company; (ii) other resident companies within the same corporate group in Malaysia (previously, approval required for any amount); and (iii) licensed onshore banks. (b) A resident company is free to obtain any amount of foreign currency supplier's credit for capital goods from non-resident suppliers; and (c) A resident company or an individual is free to refinance outstanding approved foreign currency borrowing, including principal and accrued interest. The thresholds for foreign currency borrowing of RM100 million in aggregate by a resident company on a corporate group basis and RM10 million for a resident individual would no longer be applicable for the above financing activities.

Date	Events
2008	
May	Borrowing in ringgit by residents from non-residents: (a) A resident company is allowed to borrow in ringgit, including through the issuance of ringgit-denominated redeemable preference shares or loan stocks: (i) of any amount from its non-resident non-bank parent company to finance activities in the real sector in Malaysia; and (ii) up to RM1 million in aggregate from other non-resident non-bank companies and individuals for use in Malaysia; and (b) A resident individual is allowed to borrow in ringgit up to RM1 million in aggregate from non-resident non-bank companies and individuals for use in Malaysia. Previously, borrowing in ringgit of any amount from non-residents required prior permission of the Controller of Foreign Exchange. Lending in ringgit by residents to non-residents: (a) A resident company or individual is free to lend in ringgit of any amount to non-resident non-bank companies and individuals to finance activities in the real sector in Malaysia (previously, only allowed up to RM10,000). (b) A licensed onshore bank is free to lend in ringgit of any amount to non-resident non-bank companies and individuals to finance activities in the real sector in Malaysia (previously, only allowed up to RM10 million in aggregate).
October	To promote Malaysia as an international Islamic financial centre, BNM is pleased to announce the following with immediate effect: (a) All international Islamic banks are allowed to conduct the following transactions with any person in or outside Malaysia: (i) buy or sell foreign currency against another foreign currency; or (ii) borrow or lend in foreign currency. (b) All international Islamic banks, international takaful operators and international currency business units of licensed onshore banks, takaful operators or retakaful operators are allowed to make payment in foreign currency to resident intermediaries (individuals and companies) for the financial services rendered by the intermediaries to these institutions.

2010	
April	Resident futures brokers are allowed to make payments to non-residents for foreign currency-denominated derivatives (other than currency contracts) transacted on overseas specified exchanges. Residents are allowed to transact foreign currency-denominated derivatives (other than currency contracts) on the overseas specified exchanges only through resident futures brokers as follows: (a) any amount for transactions that are supported by firm underlying commitment; and (b) subject to limits on investment in FCA for transactions that are not supported by firm underlying commitment. In undertaking the above, the resident futures brokers are required to ensure that: (a) the resident clients comply with the limits on investment in FCA if the derivative transactions are not supported by firm underlying commitment; and (b) the derivatives transacted on the overseas specified exchanges do not involve ringgit directly or indirectly.

Source: Bank Negara Malaysia, <http://www.bnm.gov.my/>.