

## Definitions Applicable to Foreign Exchange Policy (“FEP”)

FEP Notices came into operation on 1 June 2022 and includes the following:

- Notice 1: Dealings in Currency, Gold and Other Precious Metals;
- Notice 2: Borrowing, Lending and Guarantee;
- Notice 3: Investment in Foreign Currency Asset;
- Notice 4: Payment and Receipt;
- Notice 5: Securities and Financial Instruments;
- Notice 6: Import and Export of Currency; and
- Notice 7: Export of Goods

Below are the Terms & Definitions (not exhaustive) that are applicable upon the customer conducting any foreign exchange currency transaction with Mizuho Bank (M) Berhad.

Terms	Definitions
<b>Borrowing means</b>	<p>(a) any utilised or unutilised credit facility or financing facility;</p> <p>(b) any utilised or unutilised trade financing facility, including but not limited to, trade guarantee or guarantee for payment of goods;</p> <p>(c) redeemable preference share or Islamic redeemable preference share; or</p> <p>(d) corporate bond or sukuk.</p> <p>(e) exchanging or swapping of Ringgit or Foreign Currency debt for another Foreign Currency debt; or</p> <p>(f) exchanging of Foreign Currency debt for a Ringgit debt;</p> <p style="padding-left: 20px;">• for (e) and (f), kindly refer to Table 1 &amp; 2 in page 5 below for further clarification.</p> <p>Notwithstanding the above, the following are <b>excluded</b> from the definition of Borrowing—</p> <p>(i) a trade credit term extended by a supplier for any goods or services;</p> <p>(ii) a credit limit that a *LOB apportions for its client to undertake a Forward Basis transaction.</p> <p>(iii) a Financial Guarantee or Non-Financial Guarantee;</p> <p>(iv) an operational leasing facility;</p> <p>(v) a factoring facility without recourse;</p> <p>(vi) a credit card or charge card facility obtained by an Individual from a Resident and used for payment for retail goods or services only; or</p> <p>(vii) a credit facility or financing facility obtained by a Resident Individual from a Resident to purchase one (1) residential property and one (1) vehicle.</p>
<b>Direct Investment Abroad (“DIA”) means</b>	<p>(a) an investment in Foreign Currency Asset Offshore by a Resident resulting in at least 10% equity ownership or control of a Non-Resident Entity outside Malaysia or a Labuan Entity;</p> <p>(b) an inter-company lending by a Resident Entity to a Non-Resident Entity within the Resident Entity’s Group where the Non-Resident Entity is outside Malaysia or a Labuan Entity; or</p> <p>(c) a capital expenditure by a Resident investor in an unincorporated Entity outside Malaysia or a project outside Malaysia by an agreement with no establishment created, where the Resident investor—</p> <p style="padding-left: 20px;">(i) contributes capital of at least 10% of the cost of the project;</p> <p style="padding-left: 20px;">(ii) is entitled to at least 10% of profits from the unincorporated Entity or project;</p> <p style="padding-left: 40px;">or</p> <p>has management control of the unincorporated Entity or project.</p>

<p><b>Domestic Ringgit Borrowing means</b></p>	<p>(a) any Borrowing in Ringgit obtained by a Resident from another Resident; or  (b) any obligation considered or deemed as Domestic Ringgit Borrowing under any of the Foreign Exchange Notices.</p> <p><b>Note:</b>  For purposes of determining the Domestic Ringgit Borrowing status of a Resident Entity:</p> <p>(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</p> <p>(b) the following shall not be considered as Domestic Ringgit Borrowing:</p> <p>(i) a Borrowing obtained from another Resident Entity with Parent-Subsidiary Relationship;</p> <p>(ii) a Borrowing obtained from its Direct Shareholder; or</p> <p>(iii) any facility including credit facility or financing facility which is used for *Sundry Expenses or *Employees' Expenses only.</p>
<p><b>Entity means</b></p>	<p>(i) any corporation, statutory body, local authority, society, co-operative, limited liability partnership and any other body, organisation, association or group of persons, whether corporate or unincorporated, in or outside Malaysia; or  the Federal Government, any State Government or any other government.</p>
<p><b>Export of Goods means</b></p>	<p>(a) movement or transfer of goods by land, sea or air from Malaysia to any territory outside Malaysia; or</p> <p>transfer of ownership in goods originated from Malaysia by a Resident Entity to a Non-Resident outside Malaysia or to a Labuan Entity declared by the Bank as a Non-Resident under section 214(6)(a) of the FSA or section 225(6)(a) of the IFSA.</p>
<p><b>External Account means</b></p>	<p>an account in Ringgit opened with any Financial Institution in Malaysia:</p> <p>(a) by a Non-Resident:</p> <p>(i) individually;</p> <p>(ii) jointly with another Non-Resident; or</p> <p>(iii) jointly with a Resident, <b>excluding</b>—</p> <p>(A) for a joint venture in Malaysia;</p> <p>(B) a husband and wife; or</p> <p>(b) by a person who operates the account in trust for or on behalf of a Non-Resident. The designation of the account shall be determined based on the residency of the beneficiary.</p>
<p><b>Foreign Currency Account ("FCA") means</b></p>	<p>any account, document or instrument where Foreign Currency is being maintained including –</p> <p>(a) Trade Foreign Currency Account ("TFCA"); and</p> <p>(b) Investment Foreign Currency Account ("IFCA")</p>

\*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.

<b>Foreign Currency Asset means</b>	Foreign Currency Asset Offshore and Foreign Currency Asset Onshore.
<b>Foreign Currency Asset Offshore</b> (previously referred to as “Investment Abroad”) <b>means</b>	<ul style="list-style-type: none"> <li>(a) a financial asset in Malaysia swapped for a financial asset in a Labuan entity or outside Malaysia;</li> <li>(b) Foreign Currency borrowing given to a Non-Resident;</li> <li>(c) working capital arising from the set up of any business arrangement outside Malaysia (including a joint venture project where no Entity is created or established);</li> <li>(d) deposit in a Foreign Currency Account maintained in a Labuan entity or outside Malaysia <b>excluding</b> reasonable amount of deposit for education, employment or migration outside Malaysia; or</li> <li>(e) Foreign Currency-denominated: <ul style="list-style-type: none"> <li>(i) asset (tangible or intangible) offered by a Non-Resident or any person whose residency cannot be determined;</li> <li>(ii) asset (tangible or intangible) maintained with a Labuan Entity, or outside Malaysia;</li> <li>(iii) Financial Instrument or Islamic Financial Instrument (excluding Exchange Rate Derivatives) without Firm Commitment offered on a Specified Exchange under the CMSA outside Malaysia undertaken by a Resident through a Resident futures broker; or</li> <li>(iv) Financial Instrument or Islamic Financial Instrument (excluding Exchange Rate Derivatives) without Firm Commitment issued or offered by a Non-Resident.</li> </ul> </li> </ul>
<b>Foreign Currency Asset Onshore means</b>	<ul style="list-style-type: none"> <li>(a) Foreign Currency-denominated securities or Islamic securities offered in Malaysia by a Resident as approved in writing by the Bank;</li> <li>(b) Foreign Currency-denominated Financial Instrument or Islamic Financial Instrument offered in Malaysia by a Resident as approved in writing by the Bank excluding a derivative or Islamic derivative transaction entered with Firm Commitment;</li> <li>(c) deposit in Investment FCA with a LOB or an approved Financial Institution as specified in Notice 3; or</li> <li>(d) any instrument offered by a LOB with Foreign Currency delivery at maturity (such as dual currency investment).</li> </ul>
<b>Global Supply Chain (“GSC”) means</b>	a business activity where a Resident imports goods or services to support production or distribution of goods or services by a Resident exporter, for the Resident exporter’s export activities. This includes domestic trade in goods or services between the Resident importer and the Resident exporter undertaken through a Resident intermediate Entity.

<b>Group means</b>	<p>an Entity's:</p> <ul style="list-style-type: none"> <li>(a) ultimate or direct Holding/Parent Entity;</li> <li>(b) head office;</li> <li>(c) branch;</li> <li>(d) subsidiary company where the Entity owns more than 50% of ordinary shares in the subsidiary company;</li> <li>(e) associate company where the Entity owns between 10% and 50% of ordinary shares in the associate company; or</li> <li>(f) sister company where the Entity and its sister company have a common shareholder with minimum of 10% of ordinary shares in both Entity and sister company.</li> </ul>
<b>Holding/ Parent Entity means</b>	<p>an Entity which owns more than 50% of ordinary shares of another Entity.</p>
<b>Licensed Onshore Bank ("LOB") means</b>	<ul style="list-style-type: none"> <li>i. a licensed bank or a licensed investment bank under the Financial Services Act 2013 ("FSA") ; and</li> <li>ii. a licensed Islamic bank under the Islamic Financial Services Act 2013 ("IFSA").</li> </ul> <p>A list of LOB can be found at:  <a href="http://www.bnm.gov.my/index.php?ch=en_announcement&amp;pg=en_announcement&amp;ac=478&amp;tpt=9">http://www.bnm.gov.my/index.php?ch=en_announcement&amp;pg=en_announcement&amp;ac=478&amp;tpt=9</a>.</p>
<b>Non-Resident means</b>	<ul style="list-style-type: none"> <li>i) any person other than a resident;</li> <li>ii) an overseas branch, a subsidiary, regional office, sales office or representative office of a resident company;</li> <li>iii) Embassies, Consulates, High Commissions, supranational or international organizations; or</li> <li>iv) a Malaysian citizen who has obtained permanent resident status of a country or territory outside Malaysia and is residing outside Malaysia.</li> </ul> <p>For the avoidance of doubt, this includes Malaysian Embassies, Consulates and High Commissions.</p>
<b>Parent-Subsidiary Relationship means</b>	<p>a relationship between a Resident Entity and its direct or indirect:</p> <ul style="list-style-type: none"> <li>(a) Resident Holding/Parent Entity; or</li> <li>(b) Resident subsidiary Entity.</li> </ul> <p>For the avoidance of doubt, this includes a relationship between a Resident subsidiary of a Non-Resident Holding/Parent Entity with the Resident subsidiary's ultimate Resident Holding/Parent Entity.</p>

<b>Resident means</b>	<ul style="list-style-type: none"> <li>(i) a citizen of Malaysia, excluding a citizen who has obtained permanent resident status in a country or a territory outside Malaysia and is residing outside Malaysia;</li> <li>(ii) a non-citizen of Malaysia who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia;</li> <li>(ii) a body corporate incorporated or established, or registered with or approved by any authority, in Malaysia;</li> <li>(iii) an unincorporated body registered with or approved by any authority in Malaysia; or</li> <li>(iv) the Government or any State Government.</li> </ul>
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**TABLE 1: EXCHANGING OF EXISTING DEBT BY RESIDENT WITH LOB**

Currency denomination of existing debt	Currency denomination of exchanged debt (swap to)	Applicable FEP Rules
Ringgit	Foreign Currency with or without delivery of Foreign Currency at inception.	<ul style="list-style-type: none"> <li>• The exchanged debt shall be considered as a Borrowing in Foreign Currency.</li> <li>• Where the swap involves delivery of Foreign Currency at inception, utilisation of such Foreign Currency for Investment in Foreign Currency Asset shall comply with Notice 3 for Resident with Domestic Ringgit Borrowing.</li> </ul>
Foreign Currency	Ringgit with or without delivery of Ringgit at inception.	<ul style="list-style-type: none"> <li>• The exchanged debt shall be considered as a Domestic Ringgit Borrowing.</li> <li>• In the case where the Foreign Currency Borrowing is obtained from a Non-Resident, it shall continue to be subject to the requirement under Part A and Part B of Notice 2.</li> </ul>

**TABLE 2: EXCHANGING OF EXISTING DEBT BY RESIDENT WITH NON-RESIDENT**

Currency denomination of existing debt	Currency denomination of exchanged debt (swap to)	Applicable FEP Rules
Foreign Currency	An alternate Foreign Currency debt with or without delivery of Foreign Currency at inception.	<ul style="list-style-type: none"> <li>• The exchanged debt shall be considered as a Borrowing in Foreign Currency from a NonResident.</li> <li>• The Resident shall comply to the requirement under Part A and Part B of Notice 2.</li> </ul>

Source: <https://www.bnm.gov.my/fep>