

Hong Leong Foreign Currency Current Account-i **Terms and Conditions**

These terms and conditions are to be read together as a whole with the General Terms and Conditions of Accounts for Deposits and Islamic Banking Deposits, Terms and Conditions for Hong Leong Current Account-i and Savings Account-i (Tawarruq CASA-i), Terms and Conditions for Hong Leong Business Internet Banking and any other relevant terms and conditions as Hong Leong Islamic Bank Berhad (“HLISB”) may impose from time to time with at least **Twenty One (21)** calendar days prior notice to the Customer.

1. Definitions & Interpretations

1.1 The following terms and expressions will have the meanings assigned to them unless the context otherwise requires:

- (a) “Account(s)” means any account or accounts under Foreign Currency Current Account-i in any foreign currency which is acceptable to HLISB opened or to be opened by the Customer with HLISB from time to time;
- (b) “Customer(s)” means customer of HLISB and may include partnerships, sole-proprietorships, companies, societies, associations, organisations and statutory bodies and where applicable personal representatives and successors-in-title unless specified otherwise.
- (c) “Domestic Ringgit Borrowing” means:-
 - (i) Any Borrowing in Ringgit obtained by a Resident from another Resident; or
 - (ii) any obligation considered or deemed as Domestic Ringgit Borrowing under any of the Foreign Exchange Policy Notices (FEP Notices).
- (d) “Entity” means:-
 - (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
 - (ii) the Federal Government, any State Government or any other government;

- (e) “FEP Notices” means Foreign Exchange Policy Notices as may be amended or supplemented from time to time, which is available on Bank Negara Malaysia’s website:
https://www.bnm.gov.my/index.php?lang=en&ch=fea&pg=en_fea_overview&ac=100
- (f) “General Partnership” has the same meaning with the term “partnership” as defined in Section 3(1) of the Partnership Act 1961
- (g) “Licensed Onshore Bank” means:-
- (i) a licensed bank or a licensed investment bank under the Financial Services Act 2013; and
 - (ii) a licensed Islamic bank under the Islamic Financial Services Act 2013.
- (h) “Resident” means:-
- (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;
 - (ii) a non-citizen of Malaysia who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia;
 - (iii) a body corporate incorporated or established, or registered with or approved by any authority, in Malaysia;
 - (iv) an unincorporated body registered with or approved by any authority in Malaysia; or
 - (v) the Government or any State Government;
 - (vi) “Ringgit Malaysia” or “RM” means the lawful currency of Malaysia.

2. Shariah Principle

- 2.1 The Hong Leong Foreign Currency Current Account-i (“FCCA-i”) is an Islamic foreign currency current account based on the Shariah contract of tawarruq which refers to multiple sale and purchase transactions. The mechanics involved:
- (i) HLISB acting as an Agent purchase the Commodity on behalf of Customers at Purchase Price.
 - (ii) HLISB thereafter as an Agent to a Customer(s) sell the Commodity to HLISB at Selling Price on the basis of Murabahah (a sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the purchaser) which shall

be paid to the Customer(s) on deferred basis throughout the tenure (after taking into consideration any rebates if any).

(iii) HLISB thereafter sell the Commodity to a third party on a cash and spot basis.

Apart from that, Tawarruq can happen in the form of Musawamah or bargained sale/negotiated sale which refers to a sale contract without the disclosure of the asset cost price and profit margin to the purchaser. For the purpose of this CASA-i products, it will be used for non-profit bearing accounts.

2.2 In addition to Tawarruq, FCCA-i also adopts other Shariah contract approved by Bank Negara Malaysia (“BNM”) where applicable. The other Shariah contract is:

(i) Bai’ al-Sarf

Bai’ al-Sarf refers to a contract of exchange of money for money of the same or different type.

Bai’ al-Sarf in FCCA-i refers to situation whereby customer will sell a currency to HLISB for another currency on spot basis and at the Bank’s prevailing exchange rate. The proceeds from the exchange will thereafter be utilised for the purchasing and selling of Commodity based on Tawarruq as per the Hong Leong Current Account-i and Savings Account-i (Tawarruq CASA-i).

3. Opening of Account(s)

3.1 An Account(s) may be opened in any foreign currency (other than Ringgit Malaysia) acceptable to HLISB upon receipt by HLISB of references acceptable to HLISB and all documents required by HLISB. The Customer agrees to execute such documents and do such other acts as HLISB may require now or in the future in connection with the Account(s) and any related services.

4. Operation of the Account(s)

4.1 The Customer may operate the Account(s) by giving written instructions and where necessary through forms and instruments prescribed by HLISB from time to time. All transactions for deposits or withdrawals from the Account(s) may only be made by way of demand drafts, transfers or any other method which may be prescribed by HLISB. There will be:-

(a) no chequebooks issued in respect of the Account(s); and

- (b) no cash or currency notes in any currency transacted or dealt with in respect of the Account(s).
- 4.2 The profit under the FCCA-i is 0% or any profit rate that will be determined from time to time with prior notice based on single flat rate regardless of any amount.
- 4.3 The Account(s) may not be overdrawn except where it is permitted by HLISB and, even so permitted, any amount overdrawn must be payable on demand.
- 4.4 HLISB will be entitled at any time to reverse any credits made to the Account(s) by error or the fact that the Customer has altered its position in reliance on such credits. Any debit balance arising from such reversals will be a debt due from the Customer to HLISB and payable on demand.
- 4.5 The Customer must maintain a Ringgit Malaysia (RM) Current Account-i with HLISB for ease of conversion of RM into FCY and vice versa.
- 4.6 As and when required, Customer will furnish HLISB with any information / support documents required for the purpose of ensuring compliance with FEP Notices, regulatory reporting or as required under Clause 8.1 below.
- 4.7 Customer is required to operate and maintain all foreign currency current accounts with HLISB in accordance to the permitted sources and uses of funds as stipulated in the FEP Notices.
- 4.8 Inter branch deposits and withdrawals are allowed.
5. **Deposits into the Account(s)**
- 5.1 For the purposes of any collection on behalf of the Customer, HLISB reserves the right to employ any suitable method in obtaining proceeds of such collections.
- 5.2 In the event that it would not be possible within the relevant time period legally prescribed for HLISB to present any cheques or instruments that the Customer remits, or to advise the presenting bank in due time of their non-payment or of their non-acceptance, HLISB will not be liable to the Customer and the Customer hereby waives

any right of action against HLISB, save and except for damages arising directly from HLISB's wilful default or gross negligence.

- 5.3 Deposits will be in the currency of the relevant Account(s). Where the Funds received are not in the mutually agreed currency in the relevant Account(s) HLISB is entitled to convert the same and for this purpose, the mutually agreed currency equivalent will be determined by HLISB and as agreed by the customer during the conversion at HLISB's spot rate of exchange then prevailing.
- 5.4 Proceeds from cheques, drafts or other instruments for the credit of the Account(s) ("**the Funds**") will be credited into the Account(s) only when the branch of HLISB at which the Account(s) is maintained has received the Funds. Funds which, at HLISB's discretion, are credited to the Account(s) prior to collection or final settlement will be credited to the Account(s) subject to receipt of ultimate payment by HLISB. In the event HLISB does not, for whatever reason, receive such Funds or if any such cheques, drafts or instruments are dishonoured, HLISB will be entitled at any time to reverse any credit (in part or in whole) relating to such Funds from the Account(s). The Customer will indemnify HLISB for any loss, damages and expenses which HLISB may have incurred or suffered and HLISB will be entitled to debit the Account(s) for such amounts.

6. Withdrawals from the Account(s)

- 6.1 HLISB may at any time refuse any withdrawal or limit the amount which may be withdrawn.
- 6.2 All payments or transfers effected by HLISB will be debited to the Account(s) on the date determined by HLISB.
- 6.3 Where the total amount in respect of orders or instructions given by the Customer exceeds the credit balance in the Account(s), HLISB will be entitled to determine which of such orders or instructions it will execute in whole or in part, irrespective of the date of despatch or receipt.
- 6.4 Payments or transfers from the Account(s) will be in the currency of the Account(s) or at HLISB's option, Ringgit Malaysia. If HLISB effects any payment or transfer from the Account(s) in a currency other than the currency of the Account(s), HLISB will be entitled to convert the currency of the Account(s) to the other currency at HLISB's spot rate of exchange then prevailing.

7. Closing the Account(s)

- 7.1 On closure of the Account(s), whether by HLISB or the Customer, HLISB may retain an amount equivalent to any outstanding liabilities of the Customer to HLISB, (whether present or future).

8. Compliance by the Customer with Laws, Rules, Regulations etc.

- 8.1 The Customer undertakes with HLISB as follows:-

The Customer undertakes with HLISB that the Customer will always comply at all times with all laws, conditions, regulations, instructions, guidelines (whether legally binding or otherwise) including all eligibility conditions and regulations set by Bank Negara Malaysia or any legal body or authority or agency (government or otherwise), in matters related to the opening and operation of the Account. The Customer undertakes to immediately inform HLISB in writing if he is in violation of the law, conditions, regulations, instructions and guidelines.

(a) That the Customer will comply at all times with all laws, rules, regulations, directives, (including directives on international and domestic transactions by whatever name called issued by Bank Negara Malaysia (“BNM”), which is currently the FEP Notices, guidelines (whether having the force of law or otherwise)) including all qualifying conditions and regulations set by BNM or any other relevant legal or regulatory authority or agencies (governmental or otherwise), in relation to:-

- (i) any of the opening and operation of the Account(s); and
- (ii) the uses of funds;

(b) As and when required, the Customer will furnish HLISB information / support documents required for the purposes of ensuring compliance with FEP Notices or such other requirements imposed by relevant regulatory authorities; and

(c) To inform HLISB in writing immediately in the event it is in breach of such laws, rules, regulations, directives and guidelines.

- 8.2 Applicable to Entity Customers only:-

(a) In accordance with the FEP Notices, all Accounts opened by an Entity Customer will be designated as either Trade Foreign Currency Account-i (“TFCA-i”) or Investment Foreign Currency Account-i (“IFCA-i”) based on the purpose of the opening of the Account. The classification of TFCA-i

and IFCA-i by HLISB are as stated below:-

- (i) For TFCA-i, the Entity Customer must be an exporter / importer or the Entity Customer has foreign currency obligations, i.e. import payments and foreign currency loan repayments.
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- (ii) For IFCA-i, the Entity Customer is not an exporter / importer or does not have foreign currency obligations, i.e. import payments and foreign currency loan repayments.

8.3 Customer who is a Resident Entity (other than sole proprietorship and General Partnership) with Domestic Ringgit Borrowing is subject to an investment limit of RM50 million equivalent per calendar year using the funds sourced from the aggregate of:-

- (a) conversion of Ringgit into foreign currency;
- (b) TFCA-i;
- (c) a Financing (as defined in the FEP Notices) in foreign currency from a Licenced Onshore Bank for purposes other than Direct Investment Abroad (as defined in the FEP Notices); and
- (d) swapping of a Ringgit denominated financial asset in Malaysia for a financial asset outside Malaysia.

8.4 The computation of the investment limit is in aggregate per calendar year on corporate group basis (with parent-subsidiary relationship).

9. Tax & Risks

9.1 The Customer acknowledges and agrees that there are risks involved in foreign currency transactions including but not limited to risks due to the fluctuation of exchange rates, valuation and devaluation of currencies, taxes, involuntary transfers or changes in governmental policies or any other reasons beyond the control of HLISB. The Customer agrees that HLISB will be entitled to effect any conversion or reconversion of any currencies as required by law and/or under any of these Terms and Conditions for any payment, deduction, withholding or any other taxes or levies and HLISB will not be liable to the Customer or any other parties for any loss suffered or incurred by the Customer or other parties for any such conversion or reconversion.

10. Set Off

10.1 Without prejudice to and in addition to any remedy of set-off which HLISB may have under the laws of any relevant jurisdiction, HLISB may exercise at any time with prior notice to the Customer any right of set-off, combination or consolidation between any sums in any accounts held by HLISB and any liabilities due to HLISB or any right of forfeiture, retention or pledge over any sums held by HLISB in accordance with and subject to the laws of Malaysia notwithstanding the following:

- (a) that the sums held by HLISB are denominated in a different currency to that due, owing or incurred to HLISB; or
- (b) that the sums held by HLISB are not yet due and payable to the Customer; or
- (c) that the sums due, owing or incurred to HLISB are not presently payable; or
- (d) that the sums held by HLISB are situated in a different jurisdiction or branch of HLISB from the sums due or owing or incurred to HLISB.

10.2 If any amounts held by HLISB are in currencies other than those due, owing or incurred to HLISB, HLISB will have the right and with prior notice to the Customer, to convert such currencies to currencies acceptable to HLISB at the cost of the Customer.

11. Liability

11.1 HLISB will have no responsibility for, and will be indemnified by the Customer in full on demand against any loss, damage or other liability suffered by the Customer or HLISB which arises :

- (a) as a result of HLISB acting on any instruction or communication which HLISB believes in good faith to be given by the Customer or any person(s) authorised by the Customer to give or send instructions or communications to HLISB; or
- (b) as a result of any error or failure in transmission of any instruction or communication attributable to the fault of the Customer.

11.2 HLISB will under no circumstances have any liability to the Customer or any other person for any indirect or consequential loss suffered by the Customer.

12. Service Fees, Charges and Costs

HLISB will be entitled to impose or levy service fees and other costs and charges in respect of all cheques, drafts, other instruments deposited or drawn on the Account(s) and all transactions, including the usual bank charges, commissions, postage, cable charges. HLISB reserves the right to vary such service fees and other charges at any time and from time to time with prior notice and the Customer hereby authorises HLISB to debit the Account(s) or deduct from such proceeds received with such fees, commissions and charges without further notice to the Customer

13. Notices

13.1 Subject to Shariah compliance, HLISB reserves the right at any time with **Twenty One (21) calendar days' notice** to add, delete, suspend or vary the terms and conditions contained herein, wholly or in part at its absolute discretion by way of posting on the

HLISB website, or in any manner deemed suitable by HLISB. Accountholders are strongly advised to access the website at regular time intervals to view the terms and conditions and ensure to be kept up-to-date on any change or variation to the terms and conditions.

14. Representations and Warranties

- 14.1 The Customer hereby confirms that all the representations and warranties made to HLISB in the application(s) are true and correct and will remain true and correct for as long as the Account(s) are maintained with HLISB. The Customer undertakes to immediately inform HLISB of any changes in respect of any of the information provided to HLISB.

Protected by PIDM up to RM250,000 for each depositor.