



LABUAN FINANCIAL SERVICES AUTHORITY
(LEMBAGA PERKHIDMATAN KEWANGAN LABUAN)

Circular no.: 137/2012/ALL

28 November 2012

Chairman
Association of Labuan Banks
Labuan Investment Bank Group
Labuan International Insurance Association
Association of Labuan Trust Companies

Labuan International Financial Exchange Inc.
Labuan Approved Auditors
Labuan Approved Liquidators
Labuan IBFC Inc.

Dear Sir/Madam,

New Fees Structure for Labuan International Business and Financial Centre

We refer to the above and the briefing conducted by Labuan FSA to the industry players on 8 November 2012.

2. As you are aware, Labuan FSA has undertaken a comprehensive review of fees structure for institutions operating in the Labuan IBFC. One of the main objectives of the review is to support the future focus and strategy for Labuan IBFC as articulated in the Financial Sector Blueprint where Labuan IBFC would play a more prominent role in providing the platform for greater financial inter-linkages between the regional and global economies and at the same time, the fees of Labuan institutions has not been reviewed since 2001.

3. The review would also enable Labuan FSA to continue with various initiatives and further improve future services and market development, enhance focus its strategic effort on targeted products and market as well as to elevate the status of

companies operating in Labuan IBFC. Amongst the major initiatives undertaken by the Authority since 2001 include:

- (i) Establishment of Labuan IBFC Inc Sdn Bhd in 2008 to promote Labuan IBFC which has directly benefited the players including trust companies, banks and insurance companies;
- (ii) Amendments to the existing Labuan legislation to create a more conducive and dynamic operating environment;
- (iii) Promulgation of new Acts with the introduction of a broad array of new products offering such as foundation, protected cell companies, Islamic finance, limited liability partnerships and private trust companies;
- (iv) Introduction of Statistical Management System (SMS) which allows Labuan financial institutions to submit statistical data through online system;
- (v) Enhancement of the supervisory activities to ensure that the financial institutions are secured and strong, and in compliance with the regulatory and supervisory standards; and
- (vi) Development of human capital including training and funding of financial industry activities such as annual seminars for compliance officers and qualifying courses for insurance brokers.

4. The revised fees were benchmarked against major international financial centres and took into consideration the views from Labuan FSA's International Advisory Panel based on the overarching objectives of promoting and regulating entities in Labuan IBFC. The overall cost effectiveness and efficiency including the fiscal incentives offered in Labuan IBFC remain intact. In this regard, some institutions would not be affected by the fees review and continue to pay the existing annual fees or charges, while others would have higher statutory fees. Apart from the existing fees, we are also introducing fees for value added services, amongst others, application fees, approval request from Labuan FSA, fast track and work permits.

Implementation of the new fee review

5. The implementation of the new fees would be effective from 1 January 2013. However, due to the request from the industry, Labuan FSA has agreed to the following:

- (i) For Labuan companies, the new fee would be applicable to companies that are incorporated/ registered on or after 1 January 2013. For existing Labuan companies which are incorporated/registered **on or before 31 December 2012**, the annual fee payable is RM1,500 for 2013 and thereafter, the annual fee would be RM2,600. In this regard, we are pleased to inform that lodgement fees relating to Labuan companies which are currently waived have been permanently abolished.
- (ii) The new annual fee for Labuan licensed/registered entities shall be applicable to entities licensed/registered from 1 April 2013. Existing Labuan licensed/registered entities approved on or before 31 March 2013 would pay the existing rate for 2013 and the new rate thereafter.

Condition	Applicable rate
If the entities are licensed/registered on or before 31 March 2013.	Existing rate.
If the entities are licensed/registered on or after 1 April 2013.	New rate.

- (iii) Notwithstanding the policy mentioned in item (i) and (ii) above, other new chargeable fees specified in the list, would come into force effective from 1 January 2013.

Moving Forward

6. Please be informed that as a matter of policy, the following will be implemented in the future:

- (i) Fee review exercise will be conducted every three (3) years to ensure that Labuan IBFC continues to keep pace with the global development; and
- (ii) The payment of fees and other chargeable activities will be denominated in USD. The implementation date for the USD payment will be informed accordingly to ensure that all parties are prepared for the change.

7. The details of the new fees structure are attached in **Appendix I** for your ease of reference and further distribution to all the members. Please do not hesitate to contact Encik Billy Gumbang at 087-591331 (e-mail: billy@labuanfsa.gov.my) or the undersigned at 087-591219 (e-mail: yunus@labuanfsa.gov.my) should you require any further clarification on the above.

With kindest regards.

Yours sincerely,



Md Yunus Bin Atip
Director
Strategic Development Department