

GUIDELINES ON CARRYING OUT MONEY BROKING BUSINESS IN LABUAN IBFC

1. What is Labuan money broking?

Money broking business is defined as the business of arranging transactions between buyers and sellers in the money markets with brokers acting as an intermediary in consideration of brokerage fees paid or to be paid, but does not include the buying or selling of foreign currencies by the broker as a principal in such markets.

2. Who qualifies?

Applicant should meet the following minimum criteria:

- a. A licensed domestic money broker;
- b. A Labuan company incorporated under the Labuan Companies Act 1990 (with money broking expertise); or
- c. Any licensed institutions under the Banking and Financial Institutions Act 1989 with prior approval from Bank Negara Malaysia (Central Bank of Malaysia);
- d. Has a good track record of financial performance, at least in the three years preceding the application; and
- e. Committed to setting up a functional operation in Labuan.

3. How to apply?

Applicant is required to submit the prescribed application form for approval to:

Director-General
Labuan Financial Services Authority (Labuan FSA)
Level 17, Main Office Tower
Financial Park Complex
Jalan Merdeka
87000 Federal Territory Labuan
MALAYSIA

Telephone : 087 – 591200 / 591300
Fax : 087 – 413328 / 453442

The submission should include but not restricted to the following:

- a. Undertaking letter from the head office / parent company to undertake any liability arising from the operations of its branch or subsidiary in Labuan;
- b. The controller or director or CEO and the directors of the board of the applicant company must be fit and proper persons. Prior written approval of Labuan FSA must be obtained for the appointment;
- c. Signed declaration by directors and senior staff of the applicant on confidentiality and secrecy;
- d. The nature of business of the applicant;
- e. A business plan detailing the operations and strategies of the applicant with regard to its Labuan entity;
- f. Audited financial statements of the applicant for the last two years, if applicable; and
- g. Any other information that is relevant to the application.

4. What is required?

- a. The applicant company must have a paid up capital of RM300,000 (unimpaired by losses) or its equivalent in any foreign currency. The company must inform Labuan FSA of any changes in its shareholding structure and/or any erosion of paid up capital.
- b. The company to pay an annual fee of RM5,000 to Labuan FSA on or before every 15th day of January.

5. Operational requirement

- a. **Physical presence:** Licensed Labuan money broker must maintain a registered office in Labuan. All dealings must be done through this registered office in Labuan;
- b. **Approved activities:** Labuan money broker can only transact business in foreign currency and not deal in ringgit except for the purpose of defraying administrative and statutory expenses;
- c. **Restriction of business:** Labuan money broker is prohibited from dealing with residents other than authorised dealers as specified under section 4 of the Exchange Control Act 1953;
- d. **Auditor:** Labuan money broker is required to appoint an auditor; and
- e. **Information:** Labuan money broker must notify Labuan FSA of any amendments or alteration to any information in its constituent documents.