



LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY

GUIDELINES FOR CARRYING ON OFFSHORE LEASING BUSINESS IN LABUAN

I. What is Offshore Leasing

Offshore leasing means the business of letting or sub-letting property on hire for the purpose of the use of such property by the hirer, regardless whether the letting is with or without an option to purchase the property or such other business as approved by the Minister of Finance.

Property includes any plant, machinery, equipment or other chattel attached or to be attached to the earth.

With the exception to the transportation of passengers or cargo by sea or the letting out on charter of ships on a voyage or time charter basis, Labuan Offshore leasing companies are allowed to carry on leasing of ships on “bare boat” basis.

II. Eligibility

LOFSA would consider application for the conduct of offshore leasing in Labuan from:

- Offshore company incorporated or registered under the Offshore Companies Act 1990; and
- Special Purpose Vehicles (SPV) set up to facilitate leasing transactions, including inter-company transactions.

III. How to Apply

An application can be submitted under Section 23B of the Offshore Banking Act to :

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

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

The submission should include but not restricted to the following:

- the nature of business of the applicant;
- the composition of the Board of Directors and senior management of the applicant. Prior written approval of LOFSA must be obtained for the appointment of directors, controller or CEO;
- a business plan detailing the operations of the applicant with regard to its Labuan entity and the nature of the leasing transactions, including whether they would be conducted with residents or non-residents;
- audited financial statements of the applicant for the last two years, if applicable;
- a copy of the necessary approval from Bank Negara Malaysia (BNM) for dealings with Malaysian residents ; and
- any other information that may be relevant to the application.

IV Annual License Fee

i. For leasing companies (covering both SPVs and companies whose principal business is leasing) established to conduct leasing transaction with Malaysian Residents:

The fee payable is RM40,000 per annum. For each subsequent transaction, the applicant is required to obtain approval from LOFSA and to pay a fee of RM20,000 once approval is given. The transaction fee is not applicable to subsequent transaction conducted with non-residents

For purposes of clarification, the subsequent transaction is deemed to be any new or additional leasing agreement other than the original agreement entered by the Lessor with the existing lessee or others.

ii. For Leasing Companies that only conduct Out-out Business

No license fee is imposed. However, the applicant is still required to submit a formal application to the Authority to conduct the leasing business.

The applicant company, where applicable, must pay the annual license fee to LOFSA on or before every 15th day of January.

V. Operational Requirement

The applicant company:

- is required to ensure all transactions be done through Labuan and adequate and proper records and books of accounts be maintained in Labuan;
- needs to maintain capital sufficient to support the company's operations;
- can transact business only in foreign currency and not deal in Malaysian Ringgit except for the purpose of defraying administrative and statutory expenses;

- must conduct its business with due diligence and sound principles and comply with the laws and regulations where it services its clients;
- indicate clearly its name on its letterhead, stationery and other documents;
- is to submit to LOFSA within three months after the close of each financial year, a copy of its audited annual balance sheet and profit and loss account;
- is to provide statistics and information as may be required by LOFSA in relation to prudential information, general business conduct and volume and direction of business in Labuan;
- must notify LOFSA of any change to its constituent documents, shareholdings, management or business plans;
- must provide a signed declaration by directors and senior staff of the applicant on confidentiality and secrecy and
- is required to comply with any other requirements issued by LOFSA from time to time.

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