



## LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY

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### **GUIDELINES ON CARRYING OUT OFFSHORE FACTORING BUSINESS IN LABUAN**

#### **I. What is offshore factoring?**

Offshore factoring means the business of acquiring debts due to any person or institution at a discount or such other business as approved by the Minister of Finance.

#### **II. Who qualifies?**

Applicant should meet the following minimum criteria:

- Offshore company incorporated or registered under the Offshore Companies Act 1990;
- Factoring companies registered under the Banking and Financial Institutions Act 1989;
- Special Purpose Vehicle (SPV) set up to facilitate inter-company factoring transactions; and
- No adverse report from any reliable sources.

#### **III. How to apply?**

Applicant is required to submit an application for approval 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 - 413328 / 453442

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 and strategies of the applicant with regard to its Labuan entity;
- audited financial statements of the applicant for the last two years, if applicable; and
- any other information that is relevant to the application.

#### **IV What is required?**

- The applicant company must pay an annual fee of RM40,000 to LOFSA on or before every 15<sup>th</sup> day of January for those with physical presence and RM60,000 for those without physical presence.
- Signed declaration by directors and senior staff of the applicant on confidentiality and secrecy.

#### **V. Operational requirement**

The applicant company:

- has an option to either set up an office in Labuan or operate through its registered office. However all transactions must be done through Labuan and adequate and proper records and books of accounts must be maintained in Labuan;
- must maintain capital sufficient to manage the company's daily operations;
- must transact business only in foreign currency and not deal in Malaysian Ringgit except for the purpose of defraying administrative and statutory expenses;
- is prohibited from dealing with Malaysian residents other than those approved by

the Bank Negara Malaysia;

- must conduct its business with due diligence and sound principles and comply with the local laws and regulations where it services its clients;
- indicate clearly its name on its letterhead, stationery and other documents;
- must appoint an auditor;
- is to submit to LOFSA within three months after the close of each financial year, one copy of its audited annual balance sheet and profit and loss account;
- is to provide statistics and information as 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; and
- any other requirements issued by LOFSA from time to time.