



SHARIAH PRONOUNCEMENT ON LABUAN ISLAMIC DIGITAL-BASED SOLUTIONS BY THE SHARIAH SUPERVISORY COUNCIL OF LABUAN FSA

The Shariah Supervisory Council of Labuan FSA (SSC), in its 24th meeting dated 25 January 2022, has resolved that the Digital Financial Services (DFS) providers which intend to offer Labuan Islamic digital-based solutions shall meet the minimum Shariah compliance criteria as follows:

- (i) Establish Internal Shariah Advisory Board¹ (ISAB) or appoint qualified Shariah Adviser² to oversee on Shariah matters relating to all aspects of the business operations and ensure that the products and services offered are Shariah compliant. The DFS providers must ensure that the ISAB or Shariah Adviser comprises an appropriate number of qualified Muslim individuals that commensurate with the nature, scale and complexity of its business operations.
- (ii) Endorsement by ISAB or Shariah adviser for all offering products and services.
- (iii) Segregation of funds between conventional and Islamic financial business for Labuan entity which carries out both business activities.
- (iv) Comply with existing regulations and guidelines issued by Labuan FSA, where applicable.

The SSC has also resolved that subject to the fulfilment of the above requirements by the DFS providers, offer or subscription of Labuan Islamic digital-based solutions in Labuan IBFC can be considered as permissible from Shariah point of view.

Labuan Financial Services Authority
28 February 2022

¹ "Internal Shariah advisory board" means the board established under section 129 and 130 in Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA) which is applicable to Labuan Islamic bank licensees, Labuan takaful licensees, Labuan Islamic securities licensees and Labuan fund manager.

² "Shariah adviser" means a qualified person appointed by any licensed entity or entity pursuant to section 2 of LIFSSA to advise on matters relating to Shariah principles.