



**LABUAN FINANCIAL SERVICES AUTHORITY
(LEMBAGA PERKHIDMATAN KEWANGAN LABUAN)**

Our Ref . : 280/2022/ALL
Date : 22 November 2022

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

Dear Chairman,

Relaxation of Regulatory and Operational Requirements for Labuan International Trading Companies, Labuan Digital Banks and Labuan Protected Cell Companies (PCC)

We refer to the Circular on the Additional Temporary Regulatory Relief Measures (TRRs) for Labuan Entities dated 5 August 2021.

2. As part of our continuous effort to mitigate the challenges of the current global economic climate and complementing the initiatives under the Labuan IBFC Strategic Roadmap 2022-2026, Labuan FSA has decided to extend the following regulatory reliefs from the date of this Circular until 31 Dec 2023:

I. Guidelines on the Establishment of Labuan International Commodity Trading Company under the Global Incentives for Trading Programme (Para 6.10)	The minimum annual turnover for LITCs is reduced as follows: a) For petroleum and petroleum-related products including liquefied natural gas: ⇒ USD25 million. b) For other than petroleum and petroleum-related products including liquefied natural gas: ⇒ USD10 million.
II. Labuan Digital Banking Framework (Para 5.1)	The minimum capital requirement is reduced to RM50 million or its equivalent in any foreign currency unimpaired by losses.
III. Labuan Digital Banking Framework (Para 5.2)	The non-interest bearing security deposit is reduced to RM2.5 million.

IV. Guidelines on the Establishment of Labuan Protected Cell Companies (Para 10.2)	The requirement to obtain approval for the establishment of cell for PCC captive is waived.
--	---

3. Details of the relief is attached as Appendix 1 and forthwith be referred to as Relaxation of the Regulatory and Operational Requirements (*Regulatory Relaxation Circular*).

4. For avoidance of doubt, this Regulatory Relaxation Circular will take effect from the date of this Circular; and will supersede the terms of Item 1 to Item 4 of the TRRs dated 5 August 2021 accordingly. In the interim, Labuan FSA will continue its efforts on the review of current regulatory and operational requirements for relevant business Guidelines which will be in line with the enabling initiatives under the Labuan IBFC Strategic Roadmap 2022 – 2026.

Should you require any clarification on the above matters please do not hesitate to contact us at bpu@labuanfsa.gov.my.

For and on behalf of
Labuan Financial Services Authority



Jaffree Ismail
Director
Business Development Department

Appendix I

**Relaxation of Regulatory and Operation Requirements
Labuan International Trading Companies, Labuan Digital Banks, and Labuan Protected Cell Companies**

No.	Current Regulatory and Operation Requirements	Applicability	Relaxation of Regulatory and Operation Requirements	Duration
1.	<p><u>Guidelines on the Establishment of Labuan International Commodity Trading Company under the Global Incentives for Trading Programme (Para 6.10)</u></p> <p>Achieve minimum annual turnover of USD50 million.</p>	Labuan International Trading Companies (LITCs)	<p>The minimum annual turnover for LITCs is reduced as follows:</p> <p>a) For petroleum and petroleum-related products including liquefied natural gas: ⇒ USD25 million.</p> <p>b) For other than petroleum and petroleum-related products including liquefied natural gas: ⇒ USD10 million.</p>	From the date of this Circular until 31 December 2023
2.	<p><u>Labuan Digital Banking Framework (Para 5.1)</u></p> <p>Maintain minimum capital that is unimpaired by losses of at least RM200 million or its equivalent in any foreign currency.</p>	Labuan Digital Bank	The minimum capital requirement is reduced to RM50 million or its equivalent in any foreign currency unimpaired by losses.	From the date of this Circular until 31 December 2023

3.	<p><u>Labuan Digital Banking Framework (Para 5.2)</u></p> <p>Place a non-interest bearing security deposit with Labuan FSA amounting to RM5 million or its equivalent in any foreign currency which is refundable after three years from the date of placement, subject to the assessment of the digital bank's performance over three years.</p>	Labuan Digital Bank	The non-interest bearing security deposit is reduced to RM2.5 million.	From the date of this Circular until 31 December 2023
4.	<p><u>Guidelines on the Establishment of Labuan Protected Cell Companies (Para 10.2)</u></p> <p>A Labuan PCC must seek prior approval of Labuan FSA for establishment of its cell(s).</p>	Labuan Protected Cell Companies (PCC) - Captive	<p>The requirement to obtain approval for the establishment of cell for PCC Captive is waived.</p> <p>The PCC Captive is required to submit a notification form to Labuan FSA within 14 days after the establishment of its cell(s). The updated form on Application of Establishment of Cell by The Protected Cell Company Undertaking Labuan Captive Insurance / Captive Takaful Business is available on Labuan FSA's website.</p> <p>The Core of the PCC Captive is responsible for ensuring its cells are in compliance with the relevant regulatory requirements.</p> <p>Notwithstanding, the processing fee for submission of the notification form is still applicable.</p>	From the date of this Circular until 31 December 2023