

GUIDELINE ON CO-LOCATION OF LABUAN BANK

1.0 Preamble

- 1.1 This Guideline is issued pursuant to section 4A of the Labuan Financial Services Authority Act 1996.
- 1.2 This Guideline provides the option for Labuan Bank to establish an office or offices in other part of Malaysia other than its office in Labuan (hereinafter referred to as the “Co-Located Office”).
- 1.3 Labuan Bank given approval to establish a Co-Located Office under this Guideline must continue to have an office in Labuan with suitable number of staff to perform the functions assigned to the Labuan office.
- 1.4 The Co-located Office is to facilitate the business of Labuan Bank by leveraging, among others, on the infrastructures, human capital, professional services, recreational and residential facilities that are available in the co-located cities.
- 1.5 The application for approval to set up the Co-Located Office must be submitted to Labuan FSA prior to its establishment.

2.0 Who Qualifies

- 2.1 The application for approval under this Guideline can be made by any Labuan Bank licensed under the Labuan Financial Services and Securities Act 2010 (LFSSA).
- 2.2 Applicant has the following options subject to the compliance with the pre-determined criteria:

Options	Eligibility Criteria
<p><u>Option 1</u></p> <ul style="list-style-type: none"> • The Labuan bank may carry on any operations at the Co-Located Office, save for the 	<p>The applicant bank must have-</p> <p>(i) an average total asset for three (3) years preceding the application of not less than USD1 billion;</p>

Options	Eligibility Criteria
<p>following which will remain in Labuan:</p> <ul style="list-style-type: none"> o Booking centre o Maintenance of records 	<p>(ii) an average percentage of loan granted to non-residents to the total outstanding loan for three (3) years preceding the application of not less than 50%;</p> <p>(iii) an average percentage of deposit from non-residents to the total deposit for three (3) years preceding the application of not less than 50%; and</p> <p>(iv) a minimum number of 10 staff.</p>
<p><u>Option 2</u></p> <ul style="list-style-type: none"> • The Labuan bank may only carry on specific operations as may be approved by Labuan FSA apart from marketing activities. • All other operations to be retained in Labuan. 	<p>The applicant bank has been in operation in Labuan for not less than three (3) years at the time of the application.</p>

2.3 Labuan Bank which does not wish to co-locate are allowed to apply or continue to have marketing office under the Guidelines on the Establishment of Marketing Office in Kuala Lumpur and Iskandar Malaysia.

3.0 Permitted Activities

Labuan Bank that co-locates under this Guideline is allowed to conduct the following business activities at the Co-Located Office-

- 3.1 banking business as permitted under the LFSSA or any other relevant legislation; and
- 3.2 any other banking businesses as may be permitted from time to time.

4.0 How to Apply?

4.1 The application under this Guideline can be submitted to-

Director-General
Labuan Financial Services Authority (Labuan FSA)
17th Floor, Main Office Tower Financial
Park Complex
Jalan Merdeka
87000 Federal Territory of Labuan
Malaysia

Telephone no.: 087 591 200
Facsimile no. : 087 453 442 / 413 328
E-mail : business_management@labuanfsa.gov.my

4.2 The submission should include but not limited to the following-

4.2.1 Business plan that illustrates the following-

- a. Rationale or purpose of co-locating the office under this Guideline;
- b. Functions of the Labuan office and the Co-Located Office after the co-location;
- c. Relocation plan of staff from Labuan to the Co-Located Office (if any); and
- d. Business strategy for the Co-located Office.

4.2.2 Organisation chart of the Labuan Office and Co-Located Office and including the estimated number of staff after the co-location takes place.

4.3 Notwithstanding the above, Labuan FSA may request other information for the purpose of processing the application.

5.0 Operational Requirements

5.1 ***Address of the Co-Located Office***

5.1.1 Labuan Bank is required to inform Labuan FSA the address and contact numbers of the Co-Located Office prior to the

commencement of its operations and of any subsequent changes.

5.1.2 The Co-Located Office must be-

- a. separated from the office of other entity/company; and
- b. managed by its own personnel with sufficient books and records that would explain their activities at the Co-Located Office.

5.2 ***Name and Signboard***

5.2.1 The name of the Labuan Bank must be easily legible in Romanised characters, printed on a signboard affixed at the entrance of the Co-Located Office.

5.2.2 The signboard must contain the following information-

- a. the Labuan Bank's licence number; and
- b. the words "Labuan Bank licensed under the Labuan Financial Services and Securities Act 2010."

5.2.3 In addition, the Labuan Bank must comply with requirements of the relevant local authorities with regard to the signboard and the Co-Located Office, wherever applicable.

5.3 ***Others***

5.3.1 Labuan FSA may request Labuan Bank to provide statistical information in such manner and frequency as may be determined by Labuan FSA with regards to its activities in the Co-Located Office.

5.3.2 Labuan Bank that co-locates under this Guideline would not be allowed to have a marketing office under the Guidelines on the Establishment of Marketing Office in Kuala Lumpur and Iskandar Malaysia.

6.0 Market Conduct and Consumer Protection

Labuan Bank that co-locates is expected to comply with any guidelines and requirements on market conduct and consumer protection that will be issued by Labuan FSA from time to time.

7.0 Annual Fee

Labuan Bank that co-locates under this Guideline is required to pay to Labuan FSA an annual fee of RM 10,000 for each co-located office once the approval is given. The subsequent payment of annual fee is payable not later than 15 January of each year.

8.0 Revocation and Surrender

8.1 Labuan FSA reserves the right to revoke the approval if Labuan FSA is satisfied, based on the information made available to it, that the Labuan Bank has not complied with any laws or requirements in relation to the Co-Located Office.

8.2 Notwithstanding the above, the Labuan Bank may surrender the approval under this Guideline by notifying Labuan FSA in writing not less than 1 (one) month from the date it intends to close the Co-Located Office.

9.0 Effective date

This guideline shall come into effect on 19 January 2010 and would remain effective and applicable unless amended or revoked otherwise.

Labuan Financial Services Authority

19 January 2010

18 December 2015 (Updated)