



Circular No.: 248/2020/ALL

Date: 17 November 2020

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

Dear Sir/Madam,

**Notification on Bank Negara Malaysia's Direction on Dealings with Specified Person and in Restricted Currency Issued Under the Financial Services Act 2013 [Act 758] and the Islamic Financial Services Act 2013 [Act 759]**

Labuan FSA wishes to reiterate and remind all Labuan entities on Bank Negara Malaysia updated direction on dealings with specified person and in restricted currency, as mentioned during bilateral meetings between Labuan FSA with the industry associations in May and June this year.

2. In summary, the direction stipulates the restriction, regulatory and approval requirements pertaining to dealing with person and currency relating to the State of Israel. The direction which comes into effect on 30 April 2020 had superseded the previous direction issued on 28 June 2013. A copy of the direction, which is applicable to Labuan entities is attached in the Appendix for reference.

Please be guided accordingly.

Yours sincerely,  
**For and on behalf of Labuan FSA**

A handwritten signature in black ink, appearing to read "Azuddin Jasin".

**AZUDDIN JASIN**  
Director  
Supervision & Monitoring Department  
ALAB/087591305

**Direction on Dealings with Specified Person  
and in Restricted Currency**

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**DIRECTION ON DEALINGS WITH SPECIFIED PERSON AND IN RESTRICTED  
CURRENCY**

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In exercise of the powers conferred by subsection 216(1) and section 261 of the Financial Services Act 2013 [Act 758] and subsection 227(1) and section 272 of the Islamic Financial Services Act 2013 [Act 759], the Bank, with the approval of the Minister, in the national interest, issues the following direction:

**Commencement date**

1. This Direction comes into effect on 30 April 2020.

**Definition**

2. In this Direction, unless the context requires otherwise—

“Restricted Currency” means—

- (a) currency note or coin which is legal tender in the State of Israel;
- (b) any right to receive currency note or coin mentioned in subparagraph (a)—
  - (i) in respect of any credit or balance at a licensed onshore bank or any other similar institution in or outside Malaysia; or
  - (ii) from any person in or outside Malaysia;
- (c) any document, instrument or device which enables a person to obtain currency note or coin mentioned in subparagraph (a) from another person, including but not limited to traveller’s cheque, letter of credit and bank draft; or
- (d) any electronic or digital representation of currency note or coin mentioned in subparagraph (a);

“Specified Person” means—

- (a) the State of Israel or its governmental organization, authority or agency;

- (b) a natural person who is a citizen or permanent resident of the State of Israel;
- (c) any person incorporated, established, or registered for purposes of incorporation or establishment, in the State of Israel or under its laws;
- (d) any unincorporated person which is formed in the State of Israel or under its laws or policy; or
- (e) any person owned or controlled, directly or indirectly, by a person mentioned in subparagraph (a), (b), (c) or (d),

in whatever name or style, or any other person who is connected with a person mentioned in subparagraph (a), (b), (c), (d) or (e) as the Bank may specify.

### **Prohibition on dealings with a Specified Person**

3. (1) No person in Malaysia shall undertake or engage in any dealing or transaction with or involving a Specified Person.

(2) Notwithstanding subparagraph (1), where an international trade with or involving a Specified Person—

- (a) in goods is licensed under the Customs Act 1967 [Act 235], or does not involve movement of goods in or out of Malaysia; or
- (b) in services is allowed in writing by a relevant authority exercising statutory power in Malaysia, or does not involve provision of services to or from a person in Malaysia,

a person may, with the prior written approval of the Bank, enter into, or make or receive payment arising from such trade.

### **Prohibition on dealings in a Restricted Currency**

4. No person in Malaysia shall undertake or engage with any person in any dealing or transaction using or involving a Restricted Currency.

**Requirement on opening of account**

5. No person shall open an account for a Specified Person or in a Restricted Currency unless with a written approval of the Bank.

**Revocation**

6. The Bank's Direction on Dealings with Specified Persons and in Restricted Currencies [BNM/RH/CIR-000-3] issued on 28 June 2013 is revoked.