



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

Circular No.: 293/2023/ALL
Date: 29 November 2023

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

Dear Chairman,

Relaxation of Regulatory and Operational Requirements for Labuan International Commodity Trading Companies and Labuan Digital Banks

We refer to the Circular on the Relaxation of Regulatory and Operational Requirements for Labuan International Trading Companies, Labuan Digital Banks and Labuan Protected Cell Companies (PCC) dated 21 November 2022.

2. Labuan FSA recognises the importance of creating an enabling environment for digital banks and international commodity trading in Labuan International Business and Financial Centre. In this regard, Labuan FSA is pleased to provide an extension of time until 31 December 2026 for the relaxation of regulatory and operational requirements for Labuan International Commodity Trading Companies (LITC) and Labuan digital banks, hereinafter referred to as "Regulatory Relaxation" to allow these entities to continue operating under a temporary regulatory relief framework.

3. The Regulatory Relaxation will enable Labuan digital banks to further develop their business models, enhance customer experience, and contribute to the overall financial ecosystem. Similarly, the LITC will be able to adapt to changing market dynamics, explore new opportunities, and contribute to the development of Labuan as a prominent commodity trading hub.

4. Details of the Regulatory Relaxation is attached under **Appendix 1**. In the interim, Labuan FSA will continue its efforts on the review of current regulatory and operational requirements for the relevant business Guidelines in line with the enabling initiatives under the Labuan IBFC Strategic Roadmap 2022 – 2026.

5. For the Chairman of Labuan associations, we seek your assistance in disseminating the above information to the members of your respective Association. The same will be uploaded on Labuan FSA's website at www.labuanfsa.gov.my. Should you require any clarification on the above matters please do not hesitate to contact us at bpu@labuanfsa.gov.my.

Thank you.

For and on behalf of
Labuan Financial Services Authority



Jaffree Ismail
Director
Business Development and Innovation Department

**Relaxation of Regulatory and Operation Requirements
Labuan International Commodity Trading Companies and Labuan Digital Banks**

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 Commodity 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 2026
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 2026

<p>3.</p>	<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>	<p>Labuan Digital Bank</p>	<p>The non-interest bearing security deposit is reduced to RM2.5 million.</p>	<p>From the date of this Circular until 31 December 2026</p>
-----------	---	----------------------------	---	--