

Labuan Financial Services Authority

REGULATORY PLAN FOR 2024

1.0 Overview of Regulatory Policies Planned for 2024

- 1.1 The regulatory plan for 2024 outlines Labuan FSA's prudential and Anti-Money Laundering, Countering Financing of Terrorism (AML/CFT) regulatory policy priorities for the year. It includes the development of exposure drafts as well as the issuance of final policy documents.
- 1.2 The publication of this document aims to facilitate industry planning in terms of resource allocation for reviewing exposure draft and implementing new policies.
- 1.3 The annual prudential and AML/CFT regulatory plan is developed based on the Labuan IBFC Strategic Roadmap 2022-2026, international standard requirements, market developments as well as risk factors impacting the Labuan industry by ensuring that:
 - (a) prudential regulatory priority is in line with the international standards issued by the Basel Committee on Banking Supervision, International Association of Insurance Supervisors, International Organisation of Securities Commissions and Group of International Finance Centre Supervisors; and
 - (b) AML/CFT regulatory focus is aligned with the updated Financial Action Task Force (FATF) international AML/CFT standards including the preparatory works required for the upcoming Mutual Evaluation 2024-2025.
- 1.4 The regulatory plan is subject to potential changes depending on any emerging developments or shift in priorities.

2.0 Details of the Regulatory Policies Planned for 2024

2.1 The following table summarises the key regulatory initiatives of Labuan FSA in 2024:

No.	Initiative	Applicable Entities	Target Completion in 2024
Focus I: Promoting Sustainability Standards			
1.	<p>Sustainability Taxonomy [Guidelines]</p> <ul style="list-style-type: none"> Provide guidance on embedding sustainable practices into business operations by classifying and aligning them with environmental, social, and sustainability objectives Collaborate with the industry in pursuing sustainability initiatives through Joint Working Group 	All Labuan Financial Institutions	Quarter 2
Focus II: Upscaling Capital Framework			
2.	<p>Islamic Banking Capital Adequacy Framework (iBCAF) [Exposure Draft]</p> <p>Extend conventional banking capital adequacy requirements to Islamic banks and Islamic investment banks</p>	Labuan Islamic banks and Islamic investment banks	Quarter 4
Focus III: Strengthening Digital Regulations			
3.	<p>Acceptable Digital Currencies for Trading [Guidelines]</p> <p>Develop a framework on digital currencies</p>	<ul style="list-style-type: none"> Labuan money brokers Labuan credit token business Labuan payment systems Labuan exchanges 	Quarter 4

No.	Initiative	Applicable Entities	Target Completion in 2024
Focus IV: Enhancing Market Conduct Requirements			
4.	Contract Certainty for Reinsurance Broking [Guidelines] <i>Extend contract certainty principles for general reinsurance arrangements to insurance and takaful brokers</i>	Labuan insurance and takaful brokers	Quarter 2
5.	Compliance Function for Labuan Licensed Entities [Exposure Draft] <i>Review the existing policy scope and enhance key control functions within the identified sectors e.g. money brokers, securities licensees etc.</i>	<ul style="list-style-type: none"> • Labuan banks and investment banks • Labuan Islamic banks and Islamic investment banks • Labuan (re)insurers • Labuan (re)takaful operators • Labuan fund managers • Labuan Islamic fund managers • Labuan trust companies • Labuan money brokers • Labuan securities licensees 	Quarter 4
Focus V: Upscaling AML/CFT Requirements			
6.	Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions	Labuan Key Reporting Institutions ¹	Quarter 2

¹ Labuan banks and investment banks, Labuan Islamic banks and Islamic investment banks, Labuan (re)insurers, Labuan (re)takaful operators, Labuan captive insurance business including Labuan captive takaful business, Labuan insurance-related companies including Labuan takaful-related companies, Labuan trust companies, Labuan managed trust companies, Labuan private trust companies, Labuan money brokers, Labuan fund managers and fund administrators, Labuan securities licensees including Islamic securities licensees, Labuan exchanges, Labuan credit token business, Labuan leasing companies, Labuan international trading companies and Labuan factoring business.

No.	Initiative	Applicable Entities	Target Completion in 2024
	<p>for Labuan Key Reporting Institutions [Guidelines]</p> <p><i>Streamline the requirements on countering proliferation financing, customer due diligence, suspicious transaction reporting, sanctions screening, definitions, etc. in line with the latest FATF standards</i></p>		
7.	<p>Beneficial Ownership for Labuan Legal Persons and Legal Arrangements [Guidelines]</p> <p><i>Clarify the requirements which include definitions of beneficial ownership and nominee, to be in line with the latest FATF standards</i></p>	All Labuan entities i.e. Labuan companies, partnerships, foundations and trusts	Quarter 2
8.	<p>Red Flag Indicators of Money Laundering and Terrorist Financing for Digital Assets [Guidance]</p> <p><i>Provide indicators to identify suspicious activity related to virtual assets and to improve submission of suspicious activity report</i></p>	<ul style="list-style-type: none"> • Labuan banks and investment banks • Labuan Islamic banks and Islamic investment banks • Labuan money-broking business and Islamic money-broking business • Labuan exchanges • Labuan payment systems • Labuan trust companies 	Quarter 2