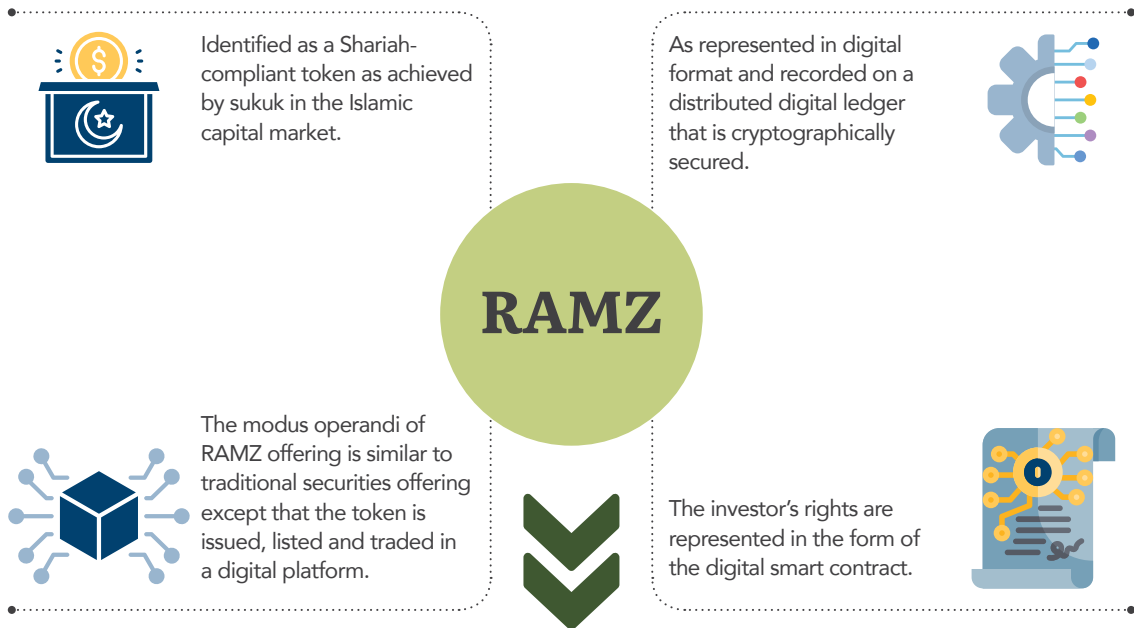


RAMZ – Next Phase of Islamic Capital Market Instrument

Taking cognisance from the rapid technology innovation, Labuan IBFC has rolled out the Islamic Digital Asset Centre (IDAC) in 2022. This was aimed at creating a new business opportunity for Labuan IBFC players through the adoption of digital solutions in their international Islamic financial offerings. IDAC offers a suitable platform for Shariah-compliant digital solutions to further complement the Centre's robust regulatory ecosystem that facilitates and confers greater diversity regarding Shariah-based solutions.

One of IDAC initiatives is the introduction of an Islamic digital asset termed as RAMZ, derived from an Arabic term which means token. RAMZ has the characteristic of securities as defined under Part I, Section 2 of Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA) and complies with Shariah principles.

Differentiation Factors of RAMZ from Traditional Securities



Part 1, Section 2 of Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA)

Comply with Shariah principles

RAMZ Tokenisation

Under IDAC, RAMZ is poised to be the new asset class for investment in the global Islamic financial market. Unlike traditional assets, RAMZ:

1 Enables mass participation of investment via its fractional ownership and low-cost fees of investment;

2 Enables existing assets such as sukuk to be tokenised as RAMZ, allowing retail participation in the sukuk market; and

3 Enables full proof of ownership for investors on the underlying assets whilst the Labuan exchanges provide the corresponding liquidity via trading in the latter. As the exchanges are under Labuan FSA's regulatory purview, investors are assured of RAMZ's credibility and authenticity.

A RAMZ tokenisation is subject to the following requirements:

- i. The core business activities of the RAMZ issuer must be Shariah-compliant;
- ii. The underlying assets backed by the RAMZ must be valuable and permissible from Shariah point of view and in existence at the time of tokenisation. The assets must also be identifiable with regard to their essences, quantities and values. Additionally, the assets must be owned and in possession of the RAMZ issuer; and
- iii. Other Shariah principles and operational requirements are set by the appointed Shariah Adviser to the Labuan digital exchanges from time to time.

Details of RAMZ offering can be referred to in the Guidance Note on the Shariah-compliant Securities Token (RAMZ) issued by Labuan FSA in December 2023.

As of December 2023, there have been a few listings of RAMZ via Labuan digital exchanges with the cumulated amount of USD50 million. The following are the details of some of the RAMZ listed on Labuan digital exchanges:

- I. One of the Labuan digital exchanges has listed the world's first institutional tokenised sukuk backed by a sovereign-linked instrument namely, International Islamic Liquidity Management Corporation (IILM),

opening up access to a short term A-1 rated sukuk for global institutions and their clients. This tokenisation exercise is the world's first digitisation of an institutionally issued sukuk and is expected to revolutionise the Islamic investment landscape by providing investors access to Shariah-compliant high-quality liquid assets.

- II. An Australian company has listed its RAMZ on a Labuan digital exchange in October 2023, marking the first RAMZ listed in Labuan IBFC. The company produced electric vehicle (EV) battery, which has won the Guinness World Record in November 2015 for the Greatest Distance travelled by an Electric Bus (non-solar) on a single electric charge – 1,018 KMs. Apart from being the world first RAMZ listed, this listing has marked the world's First Solid-state Battery EV company to commercialise its EV. The listing also supported Labuan IBFC's agenda towards sustainability financing.

IDAC 2.0

Starting 2024, IDAC 2.0 will be focusing on connecting the global Muslim communities closely via digital investment and trade. RAMZ will be extended to sovereign nations to raise funds either through tokenisation of their national assets or sovereign sukuk issued by respective jurisdictions. In addition, Ummah linked companies (ULCs) established in Labuan IBFC may be issuing and investing in RAMZ in their daily operations. These ULCs can utilise RAMZ as a channel to support their Islamic social finance activities to the global Muslim communities such as savings for hajj and pension or payments of zakat and wakaf (endowment).

In support of the IDAC initiatives, the Malaysian Government in its 2024 budget, has granted a five-year zero tax for activities that are related to IDAC such as digital banks and exchanges, RAMZ and ULCs. These initiatives will augment the Islamic finance activities in Labuan IBFC, particularly the digital activities.