

GUIDELINES FOR THE ESTABLISHMENT OF LABUAN TRUST COMPANIES

1.0 Introduction

- 1.1 Labuan trust companies play a pivotal role in Labuan International Business and Financial Centre (Labuan IBFC) in providing a wide spectrum of services, ranging from corporate secretarial, administrative functions as well as acting as trustees and custodians. They serve as the primary interface between Labuan entities and Labuan Financial Services Authority (Labuan FSA), with responsibility for facilitating the establishment and ensuring the proper administration and management of entities. In fulfilling these gatekeeping functions, trust companies are expected to uphold the highest standards of professionalism, integrity and market conduct.
- 1.2 The Guidelines outlines the application procedures, operational and regulatory requirements for undertaking trust company business in Labuan IBFC.

2.0 Applicability

- 2.1 The Guidelines is applicable to any person licensed by Labuan FSA, including new applications, to carry on trust company business in Labuan IBFC pursuant to Section 60 of Labuan Financial Services and Securities Act 2010 (LFSSA).

3.0 Legal Provision

- 3.1 The Guidelines is issued pursuant to Section 4A of the Labuan Financial Services Authority Act 1996 (LFSAA) to clarify the provisions of Part V of LFSSA.
- 3.2 Any person who fails to comply with the Guidelines may be imposed with administrative penalty under Section 36G of the LFSAA and/or other enforcement actions provided under the LFSSA.
- 3.3 The Guidelines should be read together with the requirements of the relevant Guidelines and Circulars including those listed under **Appendix I**.

4.0 Effective Date

- 4.1 The Guidelines shall come into effect immediately and will remain effective and applicable unless amended or revoked. The Guidelines would supersede the *Guidelines for the Establishment of Labuan Trust Companies* dated 18 December 2015.
- 4.2 All approvals granted by Labuan FSA relating to a Labuan trust company before the effective date of this Guidelines shall remain valid unless revoked and are subjected to the new requirements of this Guidelines upon its effective date.

5.0 Eligibility

- 5.1 The applicant for licence to carry on trust company business in Labuan IBFC shall have the following:
- (i) possess expertise and have good track records in managing and/or undertaking trust company business or its related activities, including sufficient years of experiences¹;
 - (ii) adequate financial resources to meet and maintain the minimum paid-up capital requirement, taking into account the nature, scale, complexity and diversity of the business and the risks to which the applicant is likely to be exposed; and
 - (iii) a credible and viable business plan that sets out the approach to implement the proposed business objectives or operations. Its management and operational structure should be adequate for the intended business plan. Where the applicant is part of a group, Labuan FSA may assess the fit and properness² of group structure and related corporation, to ensure that Labuan FSA can effectively oversee the applicant if a licence is granted.

6.0 Trust Company Business

- 6.1 The Labuan trust company business means:
- (i) establishing or using a share transfer office or share registration office;

¹ Labuan FSA would expect the applicant to have at least three years of experiences in trust company business or its related activities. Notwithstanding this, all applicants would be assessed holistically based on their own merits of the application.

² Including due diligence.

- (ii) administering, managing or otherwise dealing with property as an agent, legal personal representative or trustee, whether by servant or agent or otherwise;
- (iii) maintaining an agent for the purpose of soliciting or procuring business, whether or not the agent is continuously resident in Labuan;
- (iv) maintaining an office, agency or branch, whether or not that office, agency or branch is also used for any purpose by another entity;
- (v) the provision of:
 - (a) management and accounting services to; or
 - (b) directors, secretaries and registered offices for,

Labuan companies incorporated or registered under the Labuan Companies Act 1990 (LCA) and foreign Labuan companies registered under LCA;
- (vi) incorporating or registering companies under LCA and generally acting as a lodging agent for any document required to be lodged by a company or person under LCA; and
- (vii) providing other services as may be permitted under relevant Labuan laws or as approved by Labuan FSA from time to time, to or on behalf of any person.

7.0 Appointment of Trust Officer

- 7.1 A Labuan trust company is required to appoint at least two (2) Trust Officers (TOs)³ approved by Labuan FSA, one of whom must be based in Labuan.
- 7.2 The TO must be an officer⁴ of a Labuan trust company who falls into any one of the following categories as specified under regulation 10(2)(d) of the Labuan Financial Services and Securities Regulations 2010 (LFSSA Regulations 2010):
- (i) an advocate and solicitor or a person who possesses a degree in law;
 - (ii) a member of the Malaysian Institute of Accountants established under the Accountants Act 1967 or of any other association of accountants recognised by Labuan FSA;

³ An officer of a Labuan trust company approved and designated as a trust officer by the Labuan FSA as defined in Section 2 of LFSSA.

⁴ Includes a director, secretary or employee of the corporation including the principal officer.

- (iii) an associate or fellow of any association of bankers, insurers or company secretaries, or a similar body recognised by Labuan FSA;
- (iv) a person who has served for an uninterrupted period of not less than ten years in public service or a statutory body, or a person holding a position of trust equivalent thereto; or
- (v) a person recognised by Labuan FSA as being comparable to any of the persons mentioned above.

7.3 In accordance with paragraph 7.2(v), a person who meets the criteria set out in **Appendix II** may be recognised by Labuan FSA, subject to a due diligence assessment conducted by Labuan FSA and provided that no adverse findings are identified.

7.4 Notwithstanding the above, the appointment of a TO shall comply with the requirements specified in the *Guidelines for Labuan Trust Officers and Procedures for the Examination and Interview Session for Labuan Trust Officer*.

8.0 Operational Requirements

8.1 Maintain a minimum paid-up capital or working funds of at least RM150,000 or its equivalent in any foreign currency at all times. Labuan FSA may exercise its discretion to require additional capital to commensurate with the business operations of trust company business.

8.2 A Labuan trust company shall:

- (i) obtain a professional indemnity insurance policy with a coverage of not less than RM1 million or its equivalent in any foreign currency as may be determined by Labuan FSA and remain indemnified throughout its operations; or
- (ii) deposit with Labuan FSA security to the value of RM100,000 or its equivalent in any foreign currency or such other amount or denomination as may be determined by the Authority.

8.3 The directors, secretaries or authorised agents are persons who fall into any one of the categories specified under regulation 10(2)(d) of the LFSSA Regulations 2010.

8.4 Ensure that the persons in control, directors and officers meet the fit and proper person requirements as specified in the *Guidelines on Fit and Proper Person Requirements* issued by Labuan FSA at all times.

- 8.5 Maintain an operational office in Labuan. The operational office should be used for business purposes only and must be appropriately furnished with office equipment.
- 8.6 Ensure compliance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and the *Guidelines on Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Labuan Key Reporting Institutions (AML/CFT/CPF and TFS for Labuan KRIs)* including any AML/CFT policy documents applicable to Labuan trust companies.
- 8.7 Maintain adequate and proper records and books of accounts in Labuan that will sufficiently explain its transaction and financial position as required by the *Directive on Accounts and Record-keeping Requirement for Labuan Entities* issued by Labuan FSA. Its name and company number must be clearly indicated on its letterhead, stationery and other documents.
- 8.8 Have proper arrangements in place to account for and keep all assets and other valuables that it has received in its capacity as trustee duly separated from its own assets and liabilities.
- 8.9 Appoint a Labuan approved auditor⁵ to carry out an annual audit of its accounts in respect of the business operations in accordance with LFSSA and Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA), where applicable.
- 8.10 Obtain prior approval from Labuan FSA on the following matters:
- (i) change of ten per centum (10%) or more of the shareholding⁶;
 - (ii) appointment of its Directors, Trust Officer and Principal Officer;
 - (iii) establishment of any office or subsidiary; or
 - (iv) change of name.
- 8.11 Notify Labuan FSA within seven (7) working days pertaining to the following matters:
- (i) change of trust officers through the specified form;

⁵ Refer to the list of approved auditors by Labuan FSA.

⁶ For branch set-ups, only notification to Labuan FSA is required for the change of shareholding structure and appointment of its board of directors.

- (ii) resignation, removal and termination of Directors, Trust Officer or Principal Officer;
- (iii) change of place of business or office in Labuan through the specified form;
- (iv) change to its constituent documents;
- (v) change of business plan; or
- (vi) change of its financial year end⁷.

8.12 A Labuan trust company undertaking Shariah compliant activities shall ensure compliance with Shariah principles in accordance with the *Directive on Islamic Financial Business in Labuan IBFC* at all times.

8.13 Comply with applicable laws, rules and regulations relevant to the trust company business, including relevant guidelines issued by Labuan FSA, regulatory requirements of the jurisdictions where the Labuan trust company is authorised to operate in as well as the Malaysian Foreign Exchange Administration rules, where applicable, at all times. In this regard, the Labuan trust company is expected to obtain the necessary approvals from the authorities in the markets it intends to operate in including promotional activities prior to commencing its business in those respective markets and shall provide a copy of the said approval to Labuan FSA, where relevant.

9.0 Reporting Requirement

- 9.1 Labuan trust companies are required to submit to Labuan FSA the following:
- (i) audited financial statements via Supervisory Intelligent System (SIS) within six (6) months after the closure of each financial year; and
 - (ii) statistics and information as Labuan FSA may require from time to time.

10.0 Annual Fee

10.1 The annual fee payable is as specified under the *Labuan Financial Services and Securities (Amendment) Regulations 2022*, or such amended or revised regulations as may be prescribed or advised by Labuan FSA from time to time.

10.2 The subsequent payment of annual licence fee is payable by 15 January of each year.

⁷ Notification shall be made via Supervisory Intelligence System.

11.0 Application Requirements

- 11.1 Submit a duly completed application form with the relevant supporting documents as stipulated in the *Form LTC – Application for Licence to Carry on Labuan Trust Company Business*, downloadable at www.labuanfsa.gov.my under the category of “licence application form”.
- 11.2 The application must be accompanied by the applicable processing fee as prescribed under the *Labuan Financial Services Authority (Processing and Approval Fees) (Labuan Financial Institutions) (Amendment) Order 2022* or such amended or revised regulation as may be prescribed or advised by Labuan FSA from time to time.
- 11.3 Additionally, applicants must submit a soft copy in Portable Document Format (PDF) of the completed application form and supporting documents together with the official receipt issued by Labuan FSA on the payment of processing fee.
- 11.4 Labuan FSA may require from the applicant such other information or documents for the purpose of determining the merits of the application.

12.0 Submission of Application and Enquiries

- 12.1 The application and notification shall be addressed to:

Director General
Labuan Financial Services Authority
17th Floor, Main Office Tower
Financial Park Complex, Jalan Merdeka
87000 Federal Territory of Labuan, Malaysia.
(Attention to: Head of Authorisation and Licensing Unit)

- 12.2 Any enquiries or clarification may be directed at the following contact details:

Telephone no. : 03-8873 2000
E-mail : (i) bpu@labuanfsa.gov.my (Guidelines)
(ii) bplicensing@labuanfsa.gov.my (Application)
(iii) licensing@labuanfsa.gov.my (Notification & general enquiry including fees)
(iv) sed@labuanfsa.gov.my (SIS)

Labuan Financial Services Authority

12 June 2026

18 December 2015

1 September 2011

List of Relevant Guidelines, Circulars and Directives

The following are the list of Guidelines/Circulars/Directives that are applicable to Labuan trust companies:

1. Guidelines on Fit and Proper Person Requirements
2. Guidelines on Client Money for Labuan Trust Companies
3. Guidelines on Digital Governance Framework
4. Guiding Principles on Business Continuity Management
5. Circular on Re-assessment of the Appointment of Principal Officer for Labuan Trust Company
6. Guidelines for Labuan Trust Officers
7. Procedure for the Examination and Interview Session for Labuan Trust Officers
8. Governance and Market Conduct Framework for Labuan Trust Companies
9. Circular on Professional Indemnity Insurance Policy for Labuan Trust Company
10. Circular on Submission of Regulatory Applications and Reports via Supervisory Intelligence System (SIS) Platform
11. Circular on Issuance of Checklist for Employment Pass / Work Permit for Licensed Entity
12. Circular on Payment of Fees and Other Chargeable Activities in United States Dollar (USD) Denomination
13. Circular on Submission of Compliance Report and Anti-Money Laundering Counter Financing of Terrorism (AML/CFT) Independent Audit Report to Labuan FSA
14. Directive on Financial Reporting Standards for Labuan Financial Institutions
15. Circular on Financial Reporting Standards for Labuan Financial Institutions
16. Circular on Reminder on Accuracy and Timely Submission of Statistical Returns
17. Guidelines on Compliance Function for Labuan Financial Institutions
18. Directive on Accounts and Record-Keeping Requirement for Labuan Entities

Disclaimer: The above lists are not exhaustive. In the event of any amendments to the existing guidelines, the stipulations outlined in the new/updated guidelines will prevail.

**Recognised Persons Pursuant to Regulation 10(2)(d)(v) of the Labuan
Financial Services and Securities Regulations 2010**

Category	Type of Qualifications	Minimum Years of Experience
Category 1	Former senior public officer ⁸ in the relevant Ministries which may include the Ministry of Finance, Ministry of Education, Attorney General's Chambers, National Audit Department, Accountant General's Department, Ministry of International Trade, Judiciary, and Central Bank, subject to Labuan FSA's discretion.	Has a minimum of five (5) years of working experience.
Category 2	A Bachelor's degree, Master's degree, or Doctor of Philosophy (PhD) in any field.	<p>(i) <u>Master's degree or Doctor of Philosophy (PhD)</u>: Minimum three (3) years of working experience in corporate secretarial and trust services, business, finance, accounting, law, economics, estate planning, financial planning, risk management (including insurance), or other related fields</p> <p>(ii) <u>Bachelor's degree</u>: Minimum five (5) years of working experience in corporate secretarial and trust services, business, finance, accounting, law, economics, estate planning, financial planning, risk management (including insurance), or other related fields</p>

⁸ Refer to definition of "public officer" specified in the Interpretation Acts 1948 and 1967.

Category	Type of Qualifications	Minimum Years of Experience
Category 3	(i) Professional certification in relevant areas including but not limited to business, finance, accounting, law, economics, estate planning, financial planning, risk management (including insurance); or (ii) Diploma in relevant areas including but not limited to business, finance, accounting, law, economics, estate planning, financial planning, risk management (including insurance).	(i) <u>Professional Certification</u> : Minimum three (3) years of working experience in finance, legal, corporate secretarial and trust services. (ii) <u>Diploma</u> : Minimum of seven (7) years of experience in corporate secretarial and trust services.
Category 4	Other than the above	Have a minimum of an uninterrupted period of not less than 10 years of hands-on experience in the functions of finance, legal or corporate secretarial and trust services within the Labuan IBFC and holds a senior executive or supervisory position in a Labuan trust company.

Disclaimer: Labuan FSA reserves the right to amend the criteria set out herein from time to time at its discretion.