

Labuan Financial Services Authority

REGULATORY PLAN 2026

1.0 Overview of Regulatory Policies Planned for 2026

- 1.1 The Regulatory Plan 2026 (RP) outlines Labuan FSA's primary focus areas for prudential regulation and Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) policies. It serves as a strategic overview of regulatory enhancements encompassing the issuance of policy documents for 2026.
- 1.2 The publication of the RP aims to support the industry in formulating strategic approaches for regulatory compliance and operational preparedness. It provides the foundation for stakeholders to plan, prioritise and implement the necessary adjustments in anticipation of upcoming regulatory requirements.
- 1.3 The total regulatory policies planned for 2026 are as follows:

Type of Document	Total Issuance
Guidelines	4
Guidance Note	1
Circular	1
Exposure Draft	2
Survey	1
Reporting Framework	1

- 1.4 The RP may be adjusted throughout the year to reflect emerging developments, evolving regulatory priorities and shifts in the broader operating landscape.

2.0 Details of the Regulatory Development Planned for 2026

2.1 The following table summarises the key regulatory initiatives of Labuan FSA for 2026:

No.	Initiative	Applicable Entities	Target Completion in 2026
Focus I: Upscaling Capital Framework			
1.	<p>Takaful Capital Adequacy Framework (TCAF) [Guidelines] <i>Implementing capital adequacy requirements for Takaful business segments, enhanced with Islamic financial principles to ensure alignment with Shariah-compliant operating models.</i></p>	<ul style="list-style-type: none"> Labuan (Re)Takaful Operators Labuan (Re)Insurers Carrying on Labuan (Re)Takaful Business 	Quarter 3
2.	<p>Insurance Capital Adequacy Framework (ICAF) [Guidelines] <i>Enhancing the robustness of capital consideration by refining the computation methodologies for surrender value and persistency risk.</i></p>	<ul style="list-style-type: none"> Labuan Life (Re)Insurers 	Quarter 3
3.	<p>Banking and Islamic Banking Capital Adequacy Framework [Reporting Framework] <i>Establishing comprehensive reporting templates and guidance to support the implementation of the Guidelines on Banking and Islamic Banking Capital Adequacy Framework issued in 2025.</i></p>	<ul style="list-style-type: none"> Labuan Banks and Investment Banks Labuan Islamic Banks and Islamic Investment Banks 	Quarter 4
4.	<p>Internal Capital Adequacy Assessment Process (ICAAP) for Labuan Banks [Exposure Draft]</p>	<ul style="list-style-type: none"> Labuan Banks and Investment Banks 	Quarter 3

No.	Initiative	Applicable Entities	Target Completion in 2026
	<i>Strengthening capital planning and risk management practices in Labuan banks through forward-looking assessment of capital adequacy that reflects their risk profiles and strategic priorities.</i>	<ul style="list-style-type: none"> • Labuan Islamic Banks and Islamic Investment Banks 	
Focus II: Strengthening Sustainability Practices			
5.	Climate Risk Management for Labuan Banks and Labuan (Re)Insurers [Exposure Draft] <i>Embedding climate-related financial risks into governance and risk management to reinforce the resilience of the banking and insurance sectors.</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 	Quarter 4
Focus III: Upholding Strong Governance			
6.	Outsourcing Risk Management for Labuan Trust Companies [Guidelines] <i>Elevating governance and risk management for outsourcing arrangements to ensure accountability and regulatory compliance.</i>	<ul style="list-style-type: none"> • Labuan Trust Companies 	Quarter 4
7.	Liquidity Management of Labuan Trust Companies [Survey] <i>Assessing liquidity management practices among Labuan trust companies to guide future policy direction.</i>	<ul style="list-style-type: none"> • Labuan Trust Companies 	Quarter 2

No.	Initiative	Applicable Entities	Target Completion in 2026
Focus IV: Upscaling AML/CFT Requirements			
8.	<p>Anti-Money Laundering, Countering Financing Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Labuan Key Reporting Institutions [Guidelines]</p> <p><i>Enhance the AML/CFT framework for Labuan Key Reporting Institutions to align with higher-risk sectors identified in the National Risk Assessment and the Reporting Institutions' scope under AMLA¹.</i></p>	Labuan Reporting Institutions ²	Quarter 4
9.	<p>Anti-Money Laundering and Counter Financing of Terrorism for Labuan Specified Entities [Guidance Note]</p> <p><i>Mitigate risks via best practice by facilitating compliance of Labuan specified entities with AML/CFT requirements commensurate with their lower ML/TF risk exposure.</i></p>	Labuan Specified Entities ³	Quarter 4
10.	<p>Discrepancy Reporting Mechanism on Beneficial Ownership Information [Circular]</p> <p><i>Strengthen beneficial ownership transparency within Labuan IBFC by</i></p>	Labuan Banks	Quarter 4

¹ Anti-Money Laundering, Anti-Terrorism Financing, and Proceeds of Unlawful Activities Act 2001 (AMLA)

² Reporting Institutions as per AMLA

³ The scope of entities will be determined upon finalisation of the document.

No.	Initiative	Applicable Entities	Target Completion in 2026
	<i>improving the accuracy, verification and accessibility of beneficial ownership information through an enhanced discrepancy reporting framework.</i>		



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