



FREQUENTLY ASKED QUESTIONS

GUIDELINES ON THE MANAGEMENT OF DIGITAL MONEY BROKING PLATFORM

A. OPERATIONAL FRAMEWORK FOR DIGITAL MONEY BROKING PLATFORM

1. What does the “financial assistance” mean under paragraph 5.3 of the Guidelines?

“Financial assistance” refers to any form of credit or financing provided to clients (i.e. any advance, loan or facility provided by Labuan money broker to its clients, granting them direct or indirect access to Labuan money broker’s funds).

2. Does the leverage limit offered by Labuan money brokers as allowed under paragraph 7.6 of the *Guidelines on the Establishment of Money Broking Business in Labuan IBFC*, constitute “financial assistance”?

No. A leverage limit constitutes a trading feature rather than a form of financial assistance. It forms part of trading and risk-management framework, which determines the maximum market exposure a client may take using their own capital.

B. RISK MANAGEMENT AND DIGITAL MONEY BROKING PLATFORM CONTROLS

3. What are the key indicators for detecting suspicious, manipulative or abusive activities on a digital money broking platform?

Indicators may include abnormalities in trading patterns, unusual price or volume behaviour, or irregular client account activities. Common examples include:

(i) Abnormal Trading Activity

- Sudden spikes in order submissions within a short period;
- Rapid order placement and cancellation (spoofing or layering); or
- Order executed at prices significantly away from prevailing market prices.

(ii) Unusual Price or Volume Movements

- Unexplained surges in trading volume that are inconsistent with normal market behaviour; or
- Abrupt price fluctuations driven by a small number of accounts.

(iii) Pattern-based Behaviours Detection

- Repetitive buy-sell transactions to artificially inflate volume (wash trading);
- Multiple accounts exhibiting similar trading patterns (possible collusion); or
- Repetitive patterns designed to manipulate market perception or pricing.

(iv) Account-behaviour Anomalies

- New accounts engaging in high-frequency trading immediately after onboarding;
- Suspicious login attempts from unusual, high-risk locations or previously unassociated locations, followed by questionable trading actions; or
- Sudden changes in a client's trading style do not align with their historical profile.

C. GENERAL

4. What additional measures can Labuan money brokers adopt to further safeguard client funds and protect themselves against risks such as cybersecurity breaches, fraud or misappropriation?

As a best practice to enhance protection for both their clients and their operations, Labuan money brokers are encouraged to:

- (i) obtain insurance coverage such as cyber liability insurance to mitigate financial losses arising from cyber incidents, fraud, or misappropriation that may affect either client funds or the Labuan money broker's own assets; and
- (ii) establish prudent financial buffers or contingency reserves to absorb losses stemming from operational disruptions or security breaches.