



LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY

GUIDELINES ON ENTRY CRITERIA FOR OFFSHORE BANK IN LABUAN

I. What is offshore banking?

Offshore banking business means the business of providing credit facilities and receiving deposits, offshore investment banking service, Islamic banking business, building credit business, credit token business, development finance business, leasing business or such other activities as approved by the Minister of Finance. It is governed by the Offshore Banking Act 1990 (OBA).

II. Who qualifies?

Applicant should meet the following minimum criteria: -

- Must be a bank or financial institution;
- Possess sound track record;
- Accorded a good credit rating by acceptable rating agencies;
- Supervised by a competent regulatory authority; and
- Conform to generally accepted standards of international banking practices or BIS, as the case may be.

III. How to apply?

Applicant is required to submit an application in a prescribed Form L. The submission should include but not restricted to the following: -

- The nature of business of the applicant;
- The composition of Board of Directors and senior management;
- Audited financial statements for the last two years;

- A three-year business plan. The business plan should provide detailed outline of the operations and strategy of the applicant with regard to its Labuan entity; and
- Any other information which is relevant to the application.

IV. What is required?

The minimum requirements for issuance of licence are: -

- Letter of awareness from competent regulatory authority which supervises the applicant;
- Letter of guarantee or undertaking or both from the parent company to be furnished to LOFSA; and
- Annual licence fee of RM80,000 (effective 3 May 2001).

V. Operational requirements

Upon issuance of the licence, the offshore bank is required to comply with the following: -

- Statutory requirements under the OBA;
- Maintain physical presence in Labuan;
- Comply with prudential and reporting requirements issued by LOFSA;
- Carry on business in any currency other than the Malaysian currency except as permitted by the relevant authorities; and
- Any other requirement issued by LOFSA from time to time.