



Company Management Business in Labuan IOFC

I. Definition

Company management business covers the business of providing management services, administration services, treasury processing services and Islamic financing advisory and processing services. The permissible activities of the company management firms are described as follows: -

- Treasury processing activities comprising basically back and middle office processing functions which include processing and confirming deals, preparing accounting records and reports, maintaining registers and files and custodial services;
- Islamic advisory services and processing functions which include launching, administering, and backroom processing of collective investment schemes; consultancy, advisory and support services; and developing Islamic trusts.

II. Entry Criteria

An applications can be considered for a licence to conduct company management business in Labuan if it meets the following criteria:-

- A trust company registered under the Labuan Trust Companies Act 1990;
- A firm engaging in company management activities licensed by the regulatory authority in the country of origin, if applicable;
- Ability to demonstrate successful undertakings of similar activities in other financial centres;
- No adverse report from any reliable sources and proven performance record with consistent returns on equity, returns on assets;
- An offshore company incorporated under the Offshore Companies Act 1990 to be run by personnel with the necessary expertise and skills.

III. Licensing Requirements

Management companies must be set up under the Offshore Companies Act 1990 (Amended 1997). Among the requirements for a licence are:-

- The applicant company must produce a guarantee and provide a security deposit of RM50,000 with LOFSA to undertake any liability arising from its operations in Labuan;
- The Director or Chief Executive Officer of the applicant company must be fit and proper person. Prior approval of LOFSA must be obtained for the appointment. A signed declaration on secrecy is required;
- It must have favourable business plan in promoting Labuan as an IOFC;
- Applicant company who is providing Islamic company management services must engage the services of a Syariah Advisory Panel comprising of reputable Syariah law experts;
- A firm may not be allowed to undertake Islamic company management business unless LOFSA is satisfied that the applicant company has the necessary expertise and experience in handling such business;
- The applicant company must have a minimum authorized capital of RM500,000 and paid up of RM100,000 (unimpaired by losses) or its equivalent in any foreign currency;
- The company must inform LOFSA of any changes in the shareholding structure of capital and/or any erosion of paid-up capital; and
- An annual licence fee of RM5,000.

IV. Operations

- The applicant company must maintain a registered office in Labuan. All dealings must be done through this registered office in Labuan;
- The applicant company could only transact business in foreign currency and not deal in ringgit except for the purpose of defraying administrative and statutory expenses;

- The applicant company shall provide company management services to offshore companies and non-residents only;
- The applicant company shall appoint an approved auditor;
- The applicant company must notify LOFSA of any amendment or alteration to any of its constituent document; and
- The applicant company must be active in its performance to be judged from the number of deals, projects etc. arranged in each year.

Labuan Offshore Financial Services Authority