UMS Career Day 2018:
DISCOVERING A CAREER IN LABUAN IBFC

8 December, 2018
Presentation Outline

- About Labuan FSA
- Introduction to Labuan IBFC
- Labuan IBFC- Opportunity for UMS Students
- Preparation for Employment
- Key Takeaways
About Labuan FSA
Labuan FSA - One-Stop Regulatory Authority

- To promote and develop Labuan as an international centre for business and financial services
- To act as the central regulatory, supervisory and enforcement authority of the Labuan IBFC
- To develop national objectives, policies and priorities for the orderly development and administration of the Labuan IBFC
Group Corporate Structure

100% Labuan FSA Incorporated Sdn Bhd (Established 1 September 1990)

100% Labuan IBFC Inc. Sdn Bhd (Established 14 May 2008)
(Marketing arm)

100% Pristine Era Sdn Bhd (Established 7 September 1995)
(Labuan International School)
Labuan FSA - Governance Structure

Advisory Groups
- International Advisory Panel
- Shariah Supervisory Council
- Financial Stability Committee

Members of Authority

Minister of Finance

Director-General

Audit & Risk Management Committee
Labuan FSA’s Shared Values

Labuan FSA’s 5 shared values:

- Integrity, Commitment and Professionalism
- Open and Honest Communication
- Teamwork
- Business and Stakeholder Oriented
- Continuous Learning

Define culture

Define how we operate internally & externally

Define how we do business
Introduction to Labuan IBFC
IBFCs Around The World
Labuan - As An IBFC

Labuan IOFC
Established in Oct 1990

Complement efforts to make Malaysia a regional financial centre

Develop economy of Labuan and surrounding regions

Rebranded in Jan 2008
# Labuan IBFC - Distinctive Vis-à-Vis the Domestic Market

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Labuan IBFC</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Separate</td>
<td>Domestic Law</td>
</tr>
<tr>
<td><strong>Clientele</strong></td>
<td>Mainly Non-Residents</td>
<td>Mainly Residents</td>
</tr>
<tr>
<td><strong>Currency Denomination</strong></td>
<td>Predominantly Non-Ringgit</td>
<td>Ringgit</td>
</tr>
<tr>
<td><strong>Business Scope</strong></td>
<td>Wholesale</td>
<td>Retail</td>
</tr>
<tr>
<td><strong>Exchange Control</strong></td>
<td>No exchange control</td>
<td>BNM’s Foreign Exchange Administration</td>
</tr>
<tr>
<td><strong>Regulatory Authority</strong></td>
<td>Labuan FSA</td>
<td>Domestic Authorities – BNM, SC, SSM</td>
</tr>
</tbody>
</table>
Labuan IBFC Legislative Framework - Continuously Updated to Ensure Relevancy

LABUAN FINANCIAL SERVICES AUTHORITY

New Acts introduced in 2010
- Labuan Financial Services And Securities Act 2010
- Labuan Islamic Financial Services And Securities Act 2010
- Labuan Foundations Act 2010
- Labuan Limited Partnerships & Limited Liability Partnerships Act 2010

Existing Acts enhanced in 2010
- Labuan Financial Services Authority Act 1996
- Labuan Trusts Act 1996
- Labuan Companies Act 1990

INLAND REVENUE BOARD
1. Labuan Business Activity Tax Act 1990
2. Exemption Order of Income Tax Act 1967
3. Exemption order of Stamp Act 1949

GENERAL APPLICATION ACTS OF MALAYSIA
1. Anti-Money Laundering and Anti Terrorism Financing and Proceeds of Unlawful Activities Act 2001
2. Mutual Assistance in Criminal Matters Act 2002
Labuan IBFC - Tax Framework

FLEXIBILITY

- 0%
- 3%
- MYR 20,000

Investment Holding

Trading Income

- Election for Income Tax Act 1967
- Irrevocable Election
Labuan IBFC - International Setting Bodies Assessment

Continuous improvements noted on Labuan FSA’s standards and practices

Malaysia, including Labuan IBFC reported as well developed with strong legal & regulatory framework, exhibited & implemented Financial Action Task Force’s standards against ML/FT. Accepted as a member of FATF in Feb 2016

Labuan IBFC was recognized as a low risk jurisdiction in money laundering assessment in 2007

**Phase I**
Assessed in 2011 as having legal provisions pertaining to availability and access to tax information

**Phase II**
Rated Largely Compliant in 2014 on availability & access of information including mechanism for exchange of info for tax purposes had been largely in place

A full signatory to the IOSCO Multilateral Memorandum of Understanding concerning consultation and cooperation and the exchange of info since 2012

Based on revision of Guidelines on Labuan Leasing Business, FHTP decided that Labuan leasing regime as “Amended”. The Labuan Financial Services is reported as “In the process of being amended”. 
International Affiliations

- **Group of International Insurance Centre Supervisors (GIICS)**: Supervision of international insurance business.
- **Group of International Finance Centre Supervisors (GIFCS)**: Supervision of banking related in cross border activities.
- **International Organisation of Securities Commissions (IOSCO)**: Cooperative forum for securities regulatory agencies.
- **Financial Action Task Force (FATF)**: Standard-setting body to ensure effective implementation of legal, regulatory measures to combat ML/CFT & related threats.
- **International Islamic Financial Market (IIFM)**: Standard-setting body to establish, develop, self regulate and promote of Islamic capital and money market.
- **Asia/Pacific Group on Money Laundering (APG)**: Collaborative platform for technical assistance and training to improve compliance with AML/CFT standards.
- **International Association of Insurance Supervisors (IAIS)**: Forum of insurance regulators to promote financial stability and international standard setting body.
- **Islamic Financial Standards Board (IFSB)**: Standard setting body to ensure sound and stable Islamic financial systems.
- **Islamic Financial Services Board (IFSB)**: Standard setting body to ensure sound and stable Islamic financial systems.
- **International Organisation of Securities Commissions (IOSCO)**: Cooperative forum for securities regulatory agencies.
- **Financial Action Task Force (FATF)**: Standard-setting body to ensure effective implementation of legal, regulatory measures to combat ML/CFT & related threats.
Labuan IBFC - International Cooperation

- International group participation
- Exchange of Information
- Cross-border Investigative Assistance & Examination
- Enforcement
- AMLA/CFT
- Research & Development
- Training & Staff Development
## Two Main Labuan IBFC Business Activities

<table>
<thead>
<tr>
<th>Labuan Trading Activity</th>
<th>Labuan Non-Trading Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Banking, insurance, trading, management, shipping operations, licensing or any other activity which is not a Labuan non-trading activity.</td>
<td>• Holding of investments in securities, stock, shares, loans, deposits or any other properties by a Labuan entity on its own behalf.</td>
</tr>
</tbody>
</table>
Financial Products and Services

**Companies**
- Investment holding
- Trading

**Banking**
- Wholesale banking
- Investment banking
- Loans/deposit
- Financial guarantees
- Trade finance

**Insurance**
- Life/general
- Broking
- Captives
- Re-insurance
- Manager

**Leasing**
- Aviation
- Shipping
- Heavy machinery

**Trust Cos.**
- Company incorporation
- Company administration
- Corporate secretarial
- Trustee services

**Wealth Management**
- Trust
- Foundations
- Private Trust Companies

**Commodity Trading**
- Oil and gas – Petroleum & Petroleum related business
At a Glance – Business Setup in Labuan IBFC

1. **Pre-Incorporation**
   - Appoint a Labuan Trust Company (LTC) to act as resident secretary/agent
   - Conduct due diligence on prospective client

2. **Application for Licence**
   - Conducts due diligence on applicants
   - Compliance with Acts, G/L, core principles
   - Vetting on individual or corporate director or shareholders – WC, KYC260, UN Sanction list

3. **Reservation of Name**
   - Fee MYR50
   - Choose name but Registrar has discretion to reject, if its undesirable
   - 24 hours approval and reserved for 3 months

4. **Due Diligence of HRJ**
   - LTC needs to conduct “enhance due diligence”
   - Interview director or S/H by Labuan FSA
   - Submit business plan with application

5. **Incorp. of Company**
   - Documents-M&A
   - Statutory declaration
   - Consent of proposed directors
   - Particulars of directors, S/H and secretaries etc.

6. **Payment of Fees**
   - Depending on paid-up capital
   - MYR2,600 for Labuan companies
   - MYR5,300 for registration of foreign company
   - Licence fee, where applicable

7. **Licence Certificate**
   - Recommendation by CRIMCO
   - Approval by DG
   - Issuance of conditional approval letter
   - Issuance of licence cert.
Labuan Trust Companies play an important role in facilitating investors to incorporate or register their establishments in Labuan IBFC.
Business Structures

Labuan Trading company

Foreign Company

Dividend distribution tax exempt in Labuan

Labuan Company

Withholding tax exemptions

Sales

Goods

Non-Resident customers

Foreign Company
Business Structures

Labuan Holding company

- Foreign Company
  - Dividend distribution tax exempt in Labuan
  - Withholding tax exemptions

- Labuan Holding Company
  - Income is tax exempt in Labuan
  - Withholding tax Treaty rates

- Foreign Company
  - Debt/Equity
Labuan Investment Bank

- The business provides consultancy and advisory services to corporate on investment matters;
- Undertakes forex transaction, interest swaps, dealing in derivatives/financial instruments
- Labuan Islamic investment banking business
Labuan Leasing

Business of letting or sub-letting property for hire for the purpose of use of such property by the hirer regardless whether the letting is with or without an option to purchase the property

Owner/Head Lessor
ABC Ltd.
(Non-Resident of Malaysia)

Lessor
Labuan Company

Lessees
XYZ Sdn Bhd
(Resident of Malaysia)

Lease rental exempted from Malaysian withholding tax

Profits of Labuan company taxed at 3% of audited net profits or MYR20,000

Lease rental not subject to Malaysian withholding tax
Two types of Mutual funds:
- Private funds – specific limit on number of investors
- Public funds – offer for subscription to any member of public

Interest/dividend is exempted and not subject to Malaysian withholding tax

Interest repayment not subject to Malaysian withholding tax
Labuan Foundation

A Labuan foundation may include any purpose or object which is not unlawful, immoral and such purpose or object may be charitable or non-charitable.
GIFT Programme: Initiatives Undertaken to Enhance Trading Activities in Labuan IBFC

Labuan IBFC structure
Labuan International Commodity Trading Company (LITC)

Aim at positioning Malaysia as the trading hub for petroleum and related products in Asia Pacific

Incentives

- Initial 5 years – 3% tax on audited net profits
- Qualifying criteria thereafter - 3% tax rate if LITC has achieved the qualifying criteria in its operations
  - Min annual turnover US$100m
  - Min annual spending to Malaysian entities of MYR3m (~US$1m)
  - Min 3 professional traders employed throughout its operations
- 50% tax exemption on gross income for foreign professionals traders employed
- Registered office in Labuan, operational office anywhere in Malaysia
- Can deal with residents in trading of petroleum, petroleum related products and LNG
- Zero tax for first 3 years operation in LNG trading
Labuan IBFC - Home to International Financial Brands

**BANKING**
- JPMorganChase
- BNP PARIBAS
- DBS
- Mizuho
- ICBC
- Citi
- Rabobank
- OCBC Bank

**RE(INSURANCE)**
- RGA
- Lloyd's
- AIG
- Allianz
- SCOR
- CHUBB
- XL Catlin
- Kuwait Re

**CAPTIVES**
- bgc
- Challenge Group
- Zenith Insurance
- Enargas Insurance (L) Limited
- Genting Group

**LEASING**
- Maersk Drilling
- GE Capital
- Rolls Royce
- BOC Aviation
- AirAsia
- Malindo Air
- CALC
- Malaysia Airlines

**INTERNATIONAL TRADING**
- Vitol
- S&D SuCden
- Petronas LNG

**TRUST COMPANY**
- TMF Group
- Portcullis
- tricor
- Alpadis
Labuan IBFC – Opportunity for UMS Students
Labuan IBFC Employment As At 31 December 2017

**Total Employment Created:** 5,583

**Employee Profiling**
- 61% Male, 39% Female
- 3,425 Male, 2,158 Female

**Employee Origin**
- 70% Malaysian, 30% Foreign

**Gross Monthly Income (MYR)**
- **Male**
  - Below 3,000: 25%
  - 3,001–5,000: 11%
  - 5,001–7,000: 11%
  - 7,001–10,000: 14%
  - Above 10,000: 39%
- **Female**
  - Below 3,000: 28%
  - 3,001–5,000: 14%
  - 5,001–7,000: 13%
  - 7,001–10,000: 18%
  - Above 10,000: 27%

**Note:** Based on Labuan IBFC Employment Survey conducted in 2017
Opportunity in Labuan IBFC and Labuan Island

- **Management Trainee**
  - Various field of studies
  - On job training

- **Internship**
  - Various field of studies to expose students with work environments

- **Employment**
  - Actuarial Science
  - Human Resource Mgt
  - Information Technology
  - Mass Communication
  - Public Relations

- Various fields of study:
  - Accounting
  - Economics
  - Islamic Finance
  - Business Management
  - Banking
  - Actuarial Science
  - Human Resource Mgt
  - Information Technology
  - Mass Communication
  - Public Relations

Banks, Insurance & insurance related companies, Trust Companies, Accounting & Auditing firms, Legal firms, O&G industry, Trading companies, Office management etc.
Preparation for Employment: CV

- Personal Information
- Qualifications
- Extra Curricular Activities
- Practical Training Information
- Work Experience (if any)
- Expected Salary
- Notice required
- Referees
- Contact info – phone, email, address
Preparation for Employment Interview

• Be prepared
  – Dress code
  – Info about company
  – Info on the post applied

• Anticipate the Qs

• Aptitude test / Assessment

Interview methods:
Key Takeaways

• Study for future and knowledge NOT for exam
• Be prepared - global development/changes
• Resourceful and Positive
• Creative and Innovative
• Cultivate Integrity
Disclaimer

The content of this presentation, provides general information on products and services available at Labuan IBFC and should not be used as a basis for making business decisions nor should it be treated as a substitute for specific professional advice.

While all information herein has been prepared in good faith, no representation or warranty, expressed or implied, is made and no responsibility or liability will be accepted by Labuan Financial Services Authority (“Labuan FSA”) as to the accuracy or completeness of information contained herein, which is subject to change from time to time without prior notice.

Further, this presentation does not include any statement or opinion with regards to the laws governing Labuan IBFC, Labuan FSA or Malaysia and as such, specific legal advice should always be sought from qualified lawyers and/or professional advisers.

Labuan FSA own the copyright of this presentation, and content of this presentation can be viewed for an individual’s own reference only. Any reproduction, printing and forwarding in whole or in part of the content of this presentation without the express prior written consent of Labuan FSA is strictly prohibited.

Labuan FSA will not be liable for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising from loss of data or profits arising out of, or in connection with, the use of this presentation.
THANK YOU

DISCLAIMER
This presentation should not be regarded as offering a complete explanation of the Labuan IBFC and is subject to changes. Labuan FSA does not accept any responsibility for loss occasional to any person acting or refraining from action as a result of any material in this presentation.