



**LABUAN IBFC:
ASIA'S ISLAMIC DIGITAL
ASSET CENTRE**

Labuan IBFC: Asia's Islamic Digital Asset Centre

The Islamic Digital Asset Centre (IDAC) is an initiative to establish a marketplace that allows and enables players to raise funds and invest funds digitally. The instruments that will be used in this marketplace are securities token offerings (STOs) – asset-backed tokens which allow illiquid assets to be liquid through digitalisation via a blockchain platform.

These STOs, or as known in Arabic, RAMZ, are Shariah-compliant. RAMZ are represented in digital format and recorded on a distributed digital ledger that is cryptographically secured.

Similar to Sukuk in Islamic capital markets, in the digital space, RAMZ will provide an alternative way of raising funds via tokenisation of assets. These assets can be any Shariah-compliant assets, including Sukuk.

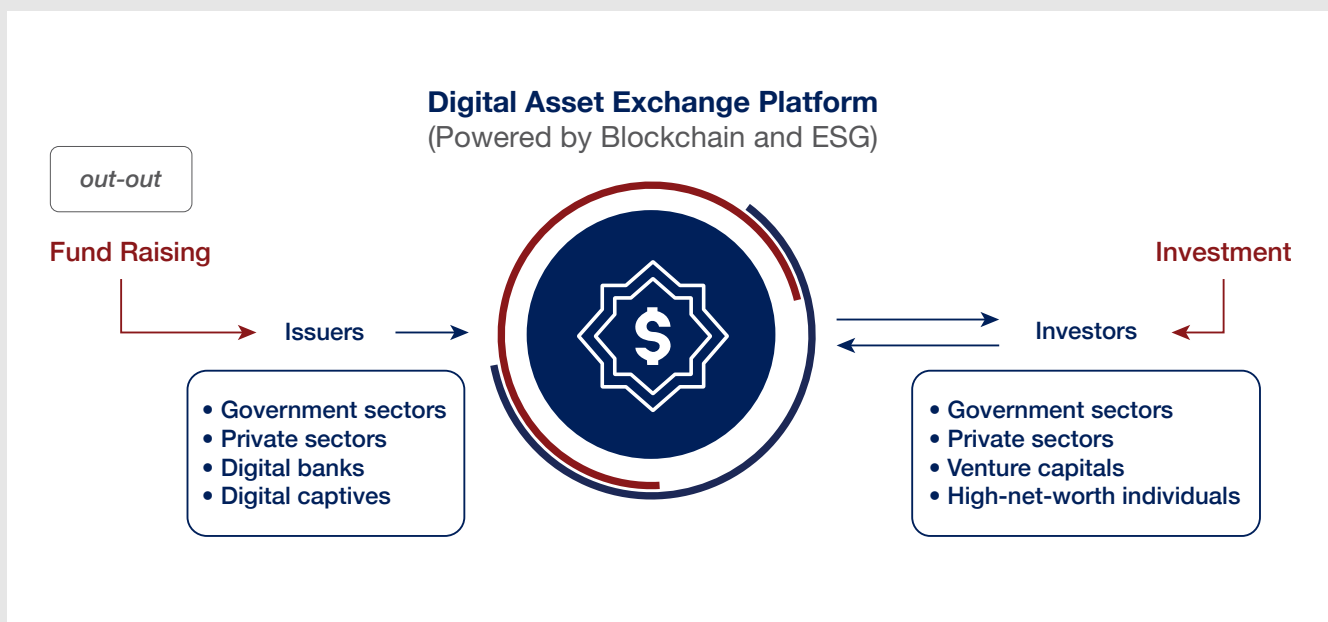


Diagram 1: Islamic Digital Asset Centre (IDAC)

IDAC provides a new avenue for fundraising and meeting investments goals for both issuers and investors. Issuers have an opportunity for listing on any of the international exchanges including Labuan approved exchanges.

A wide investor base is available from Islamic and conventional financial institutions, pension funds and fund management companies, including untapped retail high-net-worth investors amongst the global Muslim ummah.

Why Labuan IBFC?

Well-developed Islamic finance infrastructure

The Centre possesses an integrated and internationally recognised Shariah framework that confers certainty and integrity in Islamic financial transactions. This framework is an omnibus Islamic legislation – the Labuan Islamic Financial Services and Securities Act 2010 (LIFFSA).

The Centre also has its own Shariah Supervisory Council, comprising renowned international and Malaysian Islamic finance scholars to ensure Shariah-compliant businesses, products, and services.

This framework, coupled with Malaysia’s Islamic finance infrastructure, provides a conducive environment for Shariah-compliant financial transactions. There is a significant pool of talent in structuring new innovative Islamic financial instruments.

There is also access to the Shariah Advisers listing, a list that acts as informational and reference points to accommodate both existing Labuan entities and any person that are seeking Shariah advisory services for their Islamic businesses. The Centre also allows for digital windows in Islamic finance set-ups.

Supportive Islamic finance ecosystem



Tax neutral treatment on Islamic financial structures. Full income tax exemption for five years, starting from the year of assessment 2024



The Centre has a liberal foreign exchange administration policy



Stamp duty exemption is accorded on securities documentation that qualify as Labuan business activities



There is mutual recognition of Shariah opinions issued in other jurisdictions

Strategic location



Labuan IBFC provides a gateway to Asia Pacific and its promising growth prospects and economic opportunities, making it well positioned to tap into one of the fastest growing regions in the world. This presents the perfect opportunity for businesses seeking to connect with Asia’s economies and beyond.

Business incorporated or licensed in Labuan IBFC can benefit from broad access to global markets. The application of financial technologies will enhance the efficiency, transparency, and legitimacy of its product offerings.

Awards

IDAC was awarded the “**The BrandLaureate BestBrands e-Branding Award 2022 for Fintech Islamic Financial Services**” award.



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