

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

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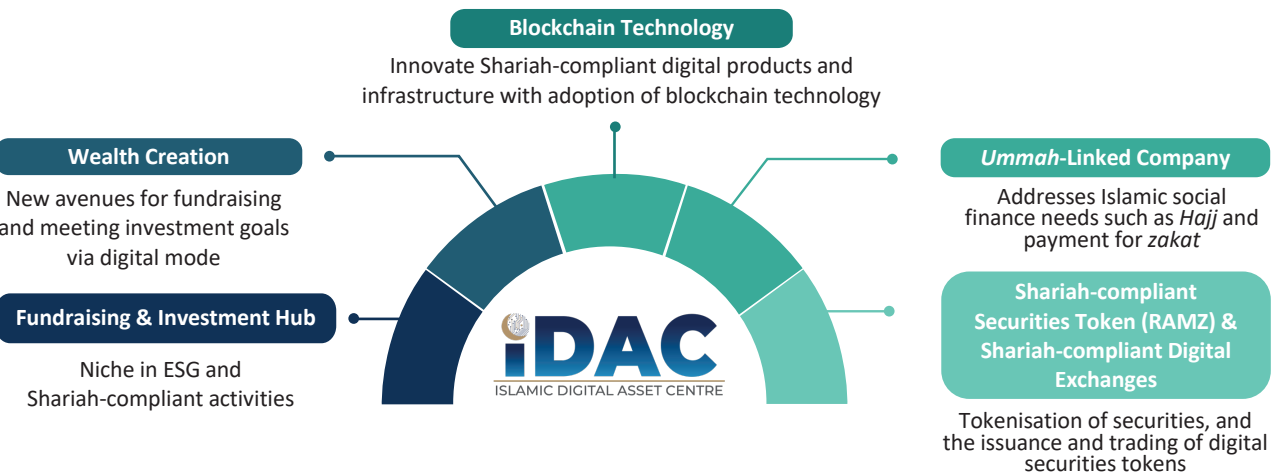
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Islamic Digital Asset Centre: An Introduction

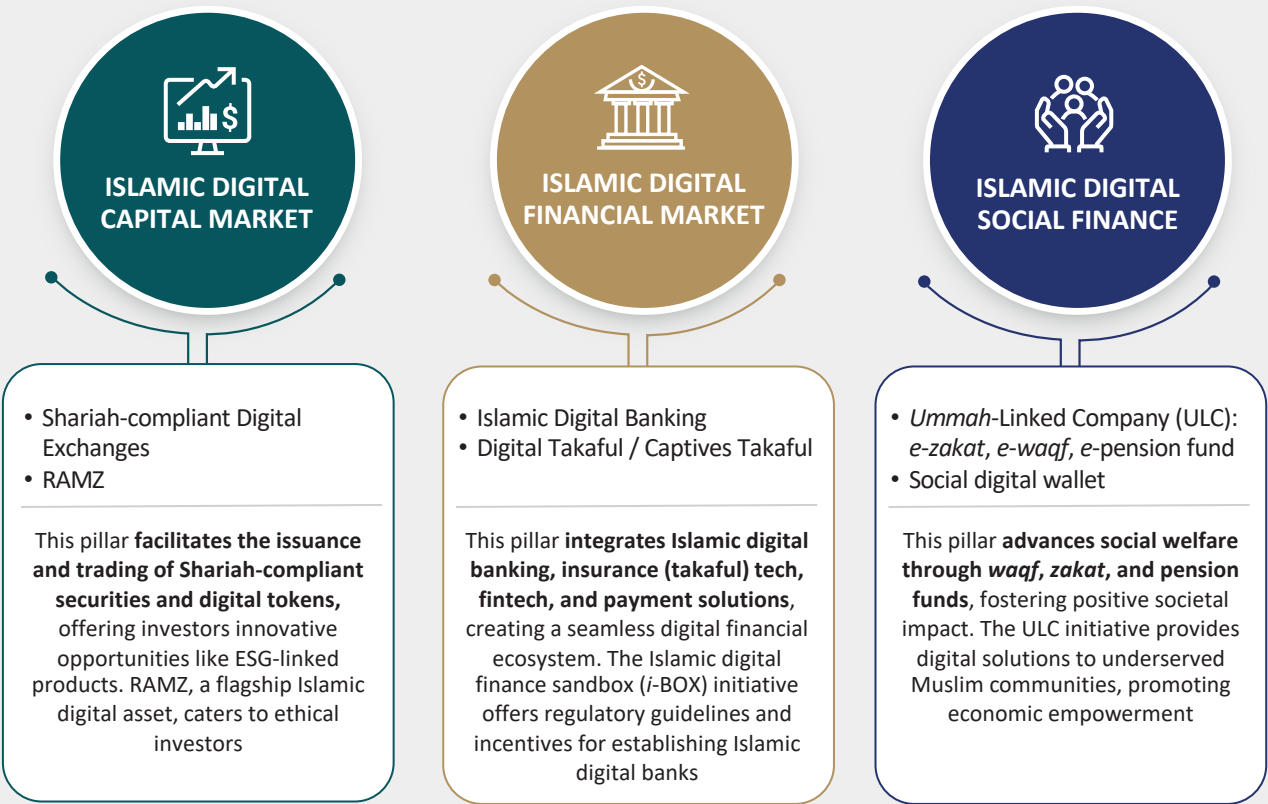
The Islamic Digital Asset Centre (IDAC), launched in 2022 under the governance of Labuan International Business and Financial Centre (Labuan IBFC), is a pioneering initiative aimed at establishing a sustainable digital market ecosystem. IDAC integrates real-world asset tokenisation within a Shariah-compliant framework, revolutionising the Islamic financial landscape by leveraging cutting-edge technology and aligning with *Maqasid* Shariah principles and Environmental, Social, and Governance (ESG) elements.



IDAC Pillars



- Uphold *Maqasid* (objectives) Shariah principles
- Powered by Shariah-compliant Blockchain Technology
- Governed by Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA)



IDAC Ecosystem

IDAC operates through a comprehensive ecosystem that seamlessly integrates products, market participants, blockchain-based digital infrastructure, and robust governance.



Products

IDAC focuses on developing innovative, Shariah-compliant digital financial products, including RAMZ, digital sukuk, and blockchain-based financial and other digital solutions



Players

The ecosystem includes a growing number of digital financial service providers, such as fintech companies, digital banks, and digital exchanges



Infrastructure

IDAC emphasises developing robust digital infrastructure, utilising blockchain as the foundation, with the Labuan Digital Exchange facilitating the issuance and trading of RAMZ



Governance

IDAC operates under a robust governance framework that ensures compliance with Shariah principles and regulatory requirements i.e. LIFSSA

IDAC: Pioneering Islamic Finance



IDAC launched in 2022

01



Shariah and ESG-Compliant Digital Asset Exchange established in 2022

02



World's First RAMZ with market value over USD1b in 2024

03



Labuan Shariah-Compliant Blockchain Hub Masterplan launched in 2024

04

World's First

Summary of IDAC Ecosystem



Products

- 1 Shariah-compliant Securities Token Offering (RAMZ)
- 2 Islamic Digital Bank Regulatory Sandbox
- 3 *Ummah-Linked Company (ULC)*
- 4 BIMP-EAGA Digital Wallet (*in the pipeline*)
- 5 Takatech (*in the pipeline*)



Players

- 1 Labuan Exchanges
- 2 Listing of Shariah Advisers
- 3 Labuan Digital Financial Service Providers
- 4 Islamic Digital Banks
- 5 ULC establishment



Infrastructure

- 1 Blockchain
- 2 Digital Exchange

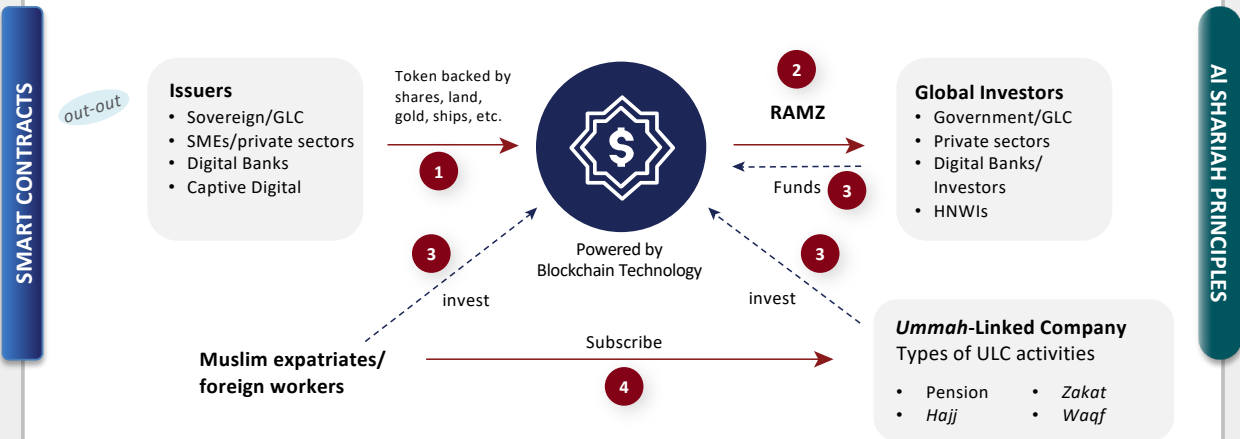


Governance

- 1 Shariah Pronouncement on Labuan Islamic Digital-Based Solutions by The Shariah Supervisory Council of Labuan FSA
- 2 Guidelines on Labuan Securities Token Offering
- 3 Guidance Note on Shariah-Compliant Securities Token (RAMZ) Offering
- 4 Masterplan of Labuan Shariah-Compliant Blockchain Hub
- 5 Guidelines on the Establishment of Labuan Islamic Digital Bank under Sandbox Regulatory Requirements (*i-BOX*)
- 6 *Ummah-Linked Company Guidance*
- 7 *Maqasid Shariah Framework (in the pipeline)*

IDAC Ecosystem Supported by Blockchain and Artificial Intelligence (AI) Technology

Digital Asset Exchange Platform



Operational Flow:

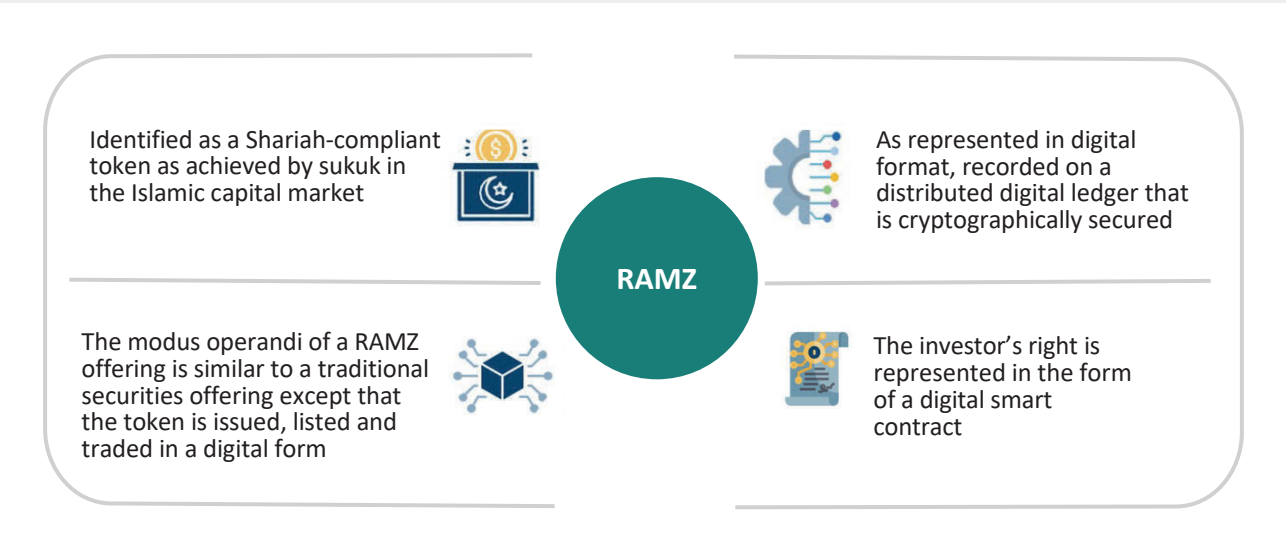
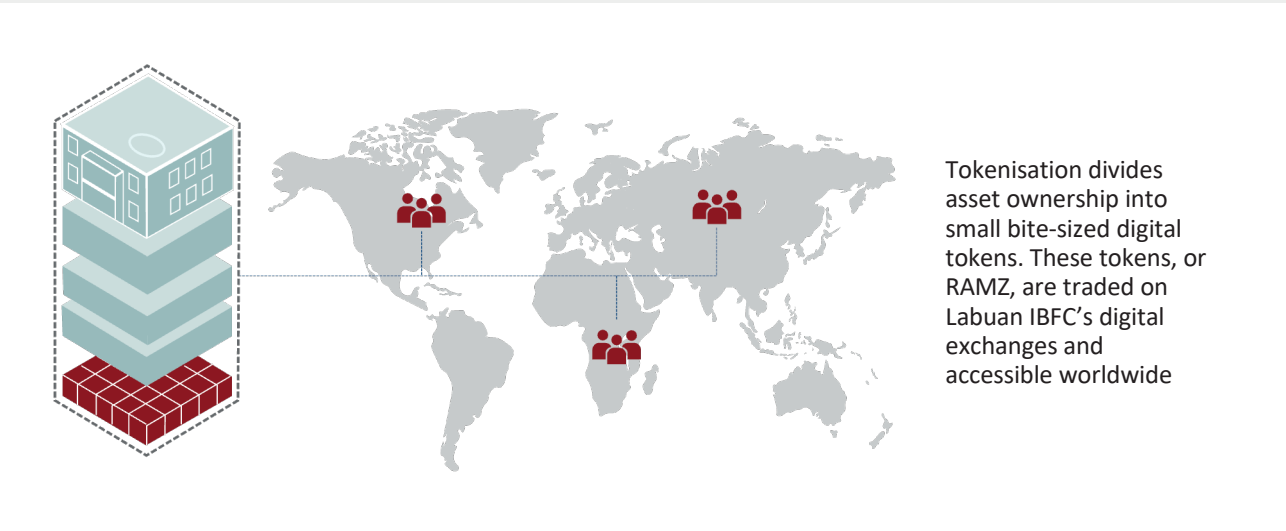
- 1 Issuers (e.g. sovereigns, SMEs, digital banks) tokenise assets through IDAC's exchange platform
- 2 RAMZ are listed and traded in digital format on Labuan IBFC's digital exchange, ensuring compliance with Labuan FSA guidelines
- 3 Investors (e.g. GLCs, HNWI's, private sectors) acquire RAMZ, providing liquidity to issuers
- 4 RAMZ can be further used for cross-border transactions or redistributed including through *waqf* and *zakat* contributions

Labuan Digital Exchange

The Labuan digital exchange provides a platform for the listing and trading of RAMZ tokens, reinforcing IDAC’s goal to develop a robust Islamic digital capital market. It enhances investor confidence by ensuring all listed assets meet stringent Shariah and ESG standards. The world's first Shariah ESG-compliant digital asset exchange was established in Labuan IBFC in 2022.

Shariah-Compliant Securities Token (RAMZ)

-  **Shariah-Compliant Digital Asset:** RAMZ is a Shariah-compliant securities token. Derived from an Arabic term meaning token, RAMZ has the characteristic of securities as defined under Part I, Section 2 of LIFSSA.
-  **Tokenisation:** The tokenisation of Shariah-compliant assets, including sukuk, enables wider investor participation through fractional ownership and low-cost fees.
-  **Blockchain-Enabled Liquidity:** Utilising blockchain technology, RAMZ ensures transparent proof of ownership and facilitates liquidity through trading on regulated exchanges.



Shariah-Compliant Blockchain Hub Masterplan

Labuan IBFC’s blockchain hub, launched in May 2024, positions as the world’s first Shariah-compliant blockchain hub. The hub applies blockchain and AI technologies to ensure Shariah compliance across financial and non-financial sectors.



Smart Contracts
Automate every transaction ensuring adherence to Shariah principles



AI Screening
Identifies and eliminates non-compliant activities, promoting ethical finance



Various Applications
Extend beyond finance to sectors like healthcare, digital identity, and social security



Immutable Records
Enhance transparency and trust by creating tamper-proof records of all financial activities

Ummah-Linked Company

Ummah-Linked Company (ULC) introduced in December 2024, is a special recognition accorded to Labuan entities that undertake Shariah-compliant permissible economic activities digitally, promoting financial inclusion and wealth distribution such as:

-  **Social Finance Initiatives:** ULCs in Labuan IBFC engage in Shariah-compliant digital economic activities, foster economic inclusion by aligning profits with social causes like *Hajj* savings, *zakat*, and *waqf*, benefiting the global Muslim community.
-  **Fundraising Mechanisms:** ULCs can raise funds through RAMZ or direct investments into socially responsible projects, promoting wealth redistribution and community empowerment.

Objectives of ULC



Contribute to the well-being of the *Ummah* (global Muslim) by embedding *Maqasid* Shariah principles



Serve the unserved and underserved markets by providing digital solutions and services to address Islamic social finance needs

Why be a ULC?



Brand Recognition
The “ULC” brand represents a commitment to Islamic principles and social responsibility



Enhance Visibility
Exposure through Labuan Financial Services Authority’s promotional efforts under the banner of IDAC



Financial Inclusion
Promote access to secure and transparent digital tools, particularly for the unserved and underserved global Muslim community

Advantages of Islamic Finance in Labuan IBFC

5 Years 0% Tax for Labuan Islamic Digital Players

with effect from Year of Assessment (YA) 2024 - 2028



Bank, Investment Bank, Islamic Bank or Islamic Investment Bank



(Re)insurance, (Re)Takaful and Intermediaries (YA 2025-2028)



Credit Token Company or Islamic Credit Token Company



Fund Manager



International Financial Exchange

Awards and Recognitions



IDAC was awarded the “The BrandLaureate e-Branding Bestbrands Award for FinTech Islamic Financial Services”



Labuan FSA received the “Best International Jurisdiction for Islamic Banking and Finance” award at the 14th Global Islamic Finance Award (GIFA)

Why Labuan IBFC?

Labuan IBFC offers a globally recognised Shariah-compliant framework under the LIFSSA. Its Shariah Supervisory Council, comprising esteemed Islamic finance scholars, ensures compliance and provides authoritative rulings. This robust infrastructure supports a diverse range of Islamic financial services, including digital banking, sukuk issuance, and Islamic fintech solutions.



The Centre has a liberal foreign exchange administration policy



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



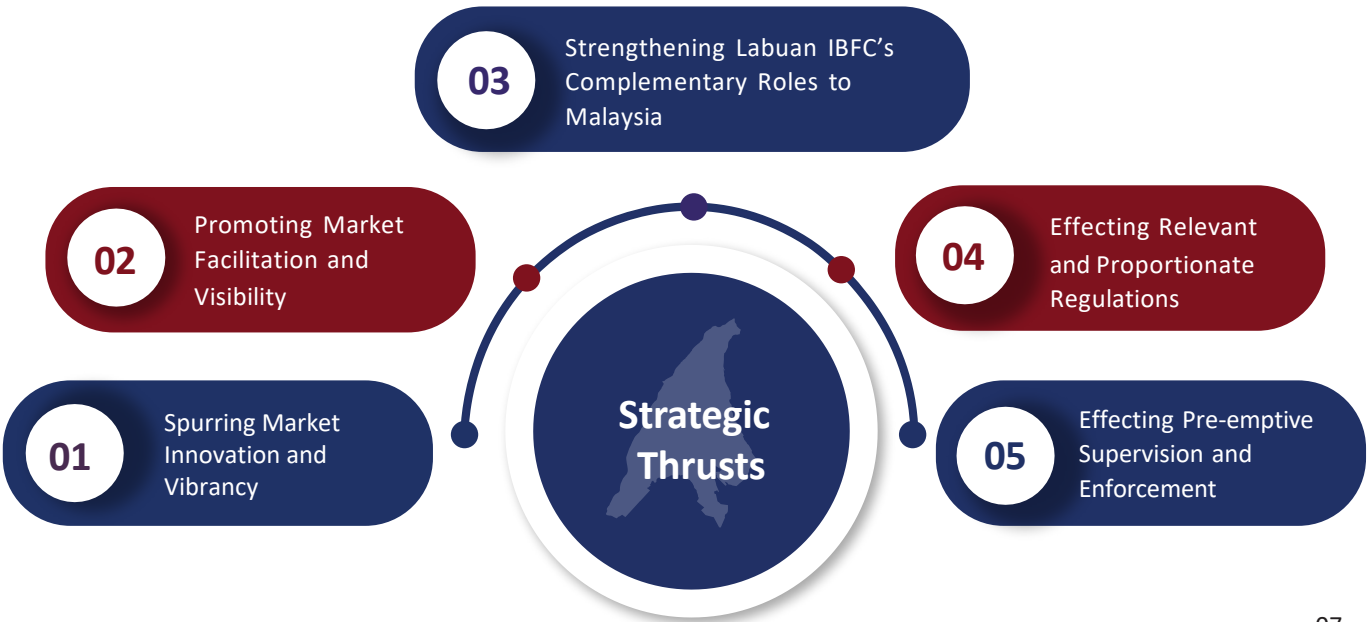
There is mutual recognition of Shariah opinions issued in other jurisdictions

Strategic Location

Labuan IBFC serves as a strategic gateway to the Asia-Pacific region, offering businesses access to one of the world's fastest-growing economic areas. Companies established or licensed within Labuan IBFC can benefit from extensive global market reach. The integration of financial technologies enhances the efficiency, transparency, and legitimacy of its offerings, positioning Labuan IBFC as a competitive hub for international business expansion.



Summary of Labuan IBFC Strategic Roadmap 2022- 2026



For more information, log on to www.labuanibfc.com

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Labuan IBFC Incorporated Sdn Bhd, the official promotion and marketing agency for Labuan International Business and Financial Centre, Malaysia.

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Date of publication: **September 2025**