

## Frequently Asked Questions (FAQs)

### Part I: Type of Forms

Question 1      Which form should I fill in?

Answer           All companies must fill in Introduction form. Depending on category of reporting either as an End-investor or Domestic custodian.  
(Refer to Question 2 and 3 below)

Question 2      Who is an **End-investor**?

Answer           Your company is an end-investor if your company meets the following criteria:

- a) Banks (Can also be a custodian)
- b) Importer or Exporter (resident entities whose principal activity is the production of market)
- c) Security dealers, insurance or reinsurance companies
- d) Pension funds/mutual funds companies
- e) Investment corporations, security brokers, loan brokers, insurance brokers

As an End-investor, you are required to report the following:

<b>End-investor category</b>	<b>Form to be completed</b>
(a) If you have any dealing/exposure with Non-resident that reflected your company's own assets and liabilities.	Assets – D1a, D1b, P1a, FD, OT Liabilities - D1a, D1b, P1a, FD, OT
(b) If you hold any securities issued by Non-resident or you have issued any securities, and you entrust the management of accounts to:  (i) Domestic custodian  (ii) Foreign custodian: - For holding of securities issued by Non-resident - For issuance of securities	Data not required  Assets – D1a, D1b, P1a Liabilities - D1a, D1b, P1a

Question 3      Who is a **custodian**?

Answer           Your company is a custodian if your company is incorporated in Labuan and manages:

- (i) Resident client's holding of foreign equity and debt securities portfolio; and/or
- (ii) Non-resident client's holding of equity and debt securities portfolio issued by resident in Labuan and Malaysia

As a custodian you are required to report the following:

<b>Domestic custodian</b>	<b>Hold securities issued by non-residents</b>	<b>Hold securities issued by residents (in Malaysia or abroad)</b>
(a) Act for resident clients	Form Assets - Plb	Data not required
(b) Act for other domestic custodian	Form Assets - Plb	Data not required
(c) Act for non-resident clients	Data not required	Form Liabilities - Plb
(d) Entrust your client's portfolio to other domestic custodian	Data not required	Data not required
(e) Entrust your client's portfolio to other non-resident custodian	Form Assets - Plb	Data not required

Question 4 What if my company has ceased operation/ being liquidated/ dormant?

**Answer Please inform LOFSA accordingly**

## **Part 2: Questions relating to Detailed Reporting**

Question 1 How do you define direct investment?

Answer Direct investment depends on the relationship between the reporting entities (REs) and the non-resident counter-party. If a resident holds a lasting interest of **10% or more** of the ordinary shares, voting power or the equivalent, of a non-resident entity abroad or vice versa, it is categorized as direct investment. (Refer Part II 2.6 of the Reporting Guidelines for more details)

Question 2 Which value should be reported, market value or book value?

Answer Please report based on market value; in case market value cannot be determined, use book value instead.

Question 3 How do you calculate the transactions for asset and liability items?

Answer Asset:  
Opening position + Debit - Credit +/- Adjustment = Closing position.

Liability:  
Opening position - Debit + Credit +/- Adjustment = Closing position

We follow the double entry accounting system

Question 4 How to report Financial Derivatives (FD) items in the EAL Survey?

Answer Please report the **net worth** of FD at market prices, **excluding** the notional amount of the derivatives. FD exclude "Spot deals" and fixed price forward contract that is not traded in an organized market.