

Labuan Financial Services Authority

REGULATORY PLAN 2025

1.0 Overview of Regulatory Policies Planned for 2025

1.1 The Regulatory Plan 2025 (RP) outlines Labuan FSA's primary focus areas for prudential regulation and Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) policies. It serves as a strategic overview of regulatory enhancements encompassing the issuance of policy documents for 2025.

1.2 The publication of the RP is intended to assist the industry in strategising for regulatory compliance and operational readiness. It enables the industry to plan and implement changes to accommodate upcoming regulations.

1.3 The total regulatory policies planned for 2025 are as follows:

Policy Document	Total Issuance
Guidelines	4
Clarification to Guidelines	2
Circular	2

1.4 The RP may be adjusted in response to emerging developments or shifts in priorities throughout the year.

2.0 Details of the Regulatory Development Planned for 2025

2.1 The following table summarises the key regulatory initiatives of Labuan FSA for 2025:

No.	Initiative	Applicable Entities	Target Completion in 2025
Focus I: Upscaling Capital Framework			
1.	Islamic Banking Capital Adequacy Framework (iBCAF) [Guidelines] <i>Extending conventional banking capital adequacy requirements to Islamic banking business and incorporating Islamic requirements.</i>	<ul style="list-style-type: none"> Labuan Islamic Banks and Islamic Investment Banks Labuan Banks and Investment Banks undertaking Labuan Islamic Banking Business 	Quarter 4

No.	Initiative	Applicable Entities	Target Completion in 2025
2.	<p>Banking Capital Adequacy Framework (BCAF) [Guidelines] <i>Embedding Basel III requirements into BCAF i.e. capital buffers, credit risk and operational risk.</i></p>	Labuan Banks and Investment Banks	Quarter 4
3.	<p>Capital Adequacy Requirements for Labuan Captive Insurance and Takaful Business [Clarification to Guidelines] <i>Enhancing solvency treatment for new captive structures to better reflect their underwritten risks.</i></p>	Labuan Captive Insurance Business and Captive Takaful Business	Quarter 4
Focus II: Solidifying Governance Oversight			
4.	<p>Compliance Function for Labuan Financial Institutions [Guidelines] <i>Strengthening compliance expectations across key financial sectors to ensure regulatory adherence and oversight.</i></p>	<ul style="list-style-type: none"> • Labuan Banks and Investment Banks • Labuan Islamic Banks and Islamic Investment Banks • Labuan Insurers and Reinsurers • Labuan Takaful and Retakaful Operators • Labuan Insurance-related Companies and Takaful-related Companies • Labuan Fund Managers including Islamic Fund Managers • Labuan Fund Administrators including 	Quarter 3

No.	Initiative	Applicable Entities	Target Completion in 2025
		Islamic Fund Administrators <ul style="list-style-type: none"> • Labuan Trust Companies • Labuan Money Broking Business • Labuan Securities Licensees • Labuan Credit Token Business • Labuan Exchanges • Labuan Payment Systems 	
5.	Internal Audit Requirements for Labuan Banks [Clarification to Guidelines] <i>Clarifying the internal audit frequency and exit meeting requirements for banking business.</i>	<ul style="list-style-type: none"> • Labuan Banks and Investment Banks • Labuan Islamic Banks and Islamic Investment Banks 	Quarter 3
Focus III: Strengthening Digital Regulations			
6.	Risk Management for Digital Broking Platform Operators [Guidelines] <i>Promoting robust risk management framework for digital platform operators & intermediaries to protect against cyber threats and vulnerabilities while fostering innovation.</i>	<ul style="list-style-type: none"> • Labuan Money Broking Business 	Quarter 4

No.	Initiative	Applicable Entities	Target Completion in 2025
Focus V: Upscaling AML/CFT Requirements			
7.	<p>Discrepancy Reporting Mechanism on Beneficial Ownership Information [Circular]</p> <p><i>Establishment of discrepancy reporting mechanism for trust company and insurance sectors to validate the beneficial ownership information within the Registrar of Company (ROC).</i></p>	<ul style="list-style-type: none"> • Labuan Trust Companies • Labuan Insurance Managers 	Quarter 3
8.	<p>Key Risk Red Flag Indicators Arising from National Risk Assessment 2024 [Circular]</p> <p><i>Issuance of key risk red flags on ML/TF threats and vulnerabilities affecting Labuan IBFC, focusing on Labuan entities.</i></p>	<ul style="list-style-type: none"> • All Labuan entities i.e. Labuan companies, Labuan partnerships and Labuan foundations. 	Quarter 3



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