



LABUAN SHARIAH-COMPLIANT BLOCKCHAIN HUB

“WORLD’S FIRST SHARIAH-COMPLIANT BLOCKCHAIN HUB”





**Shariah-
Compliant
Blockchain**

Islamic Digital Asset Centre (IDAC)

**RAMZ &
Digital
Exchange**



***Ummah*
Linked
Company**

**i-BOX &
Tax
Incentives**


IDAC

A unique business proposition that enables global community to transact digitally via Shariah-compliant way.



-  To attract more digital assets and fintech players to Labuan, and to carve out a niche in the digital Islamic finance space.
-  To complete digital ecosystem, bringing together technology driven solutions in terms of fundraising and promoting economic development in other sectors within Islamic finance. This would potentially making Labuan the digital gateway with Islamic finance capabilities for all types of global investors and players.
-  Under IDAC, the availability of virtual listing using blockchain technology and smart contract have enabled global investors who are looking for new asset classes including ESG and Shariah-compliant investment products, to look to Labuan IBFC for fundraising via securities token offering.

BLOCKCHAIN GLOBAL TREND

What is Blockchain

- Blockchain is a distributed database or ledger that is shared among the nodes of a computer network.
- As a database, a blockchain stores information electronically in digital format.
- Blockchain innovation guarantees the **fidelity and security of a record of data** and generates trust without the need for a trusted third party.

Advantages

- Enables more open, inclusive, and secure business networks, shared operating models, more efficient processes, reduced costs, and new products and services in banking and finance as well as in other sectors.
- Improves traceability, authenticity, and transparency of products, services and processes throughout an entirely verified supply chain.
- Enables digital securities to be issued within shorter periods of time, at lower unit costs, with greater levels of customisation.

Market Valuation

- Business value generated by blockchain technology

>USD3.0T by 2030

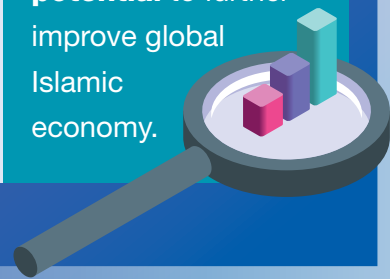
- By 2030, *halal* global market

>USD5.0T

- Islamic financial assets

USD4.9T by 2025

The adoption of blockchain by Islamic capital and financial market has **huge potential** to further improve global Islamic economy.



THE MASTERPLAN

LABUAN SHARIAH-COMPLIANT BLOCKCHAIN HUB

Objectives

To **create economic benefits** to global Muslim community while developing blockchain talent via:

- Embedding digital Shariah-compliant consensus and protocols.
- Encompassing inclusion, transparency, and value-based intermediation, which are also in line with the objectives of Shariah.
- Amalgamating Islamic pillars with fintech solutions through the implementation of digital Shariah governance.
- Serving as a platform for development of decentralised applications (dApps) of innovative Shariah-compliant products.



A Premier and Shariah-compliant Blockchain Hub

- The Masterplan is in line with Malaysia's National Blockchain Roadmap 2021 - 2025 to steer Malaysia to embrace Blockchain 2.0, i.e. beyond the cryptocurrency, and angle at solutions to business issues ranging from fraud management to supply-chain monitoring to identity verification.
- Labuan is envisaged to be the launch pad hub of blockchain including Shariah-compliant blockchain offering **smart contracts and innovative dApps technology** catering for the underserved and unserved global market.
- Labuan also has the potential to be **World's Leading Islamic Blockchain Hub** for finance, takaful, business, education, healthcare and other sectors.
- The adoption of blockchain technology serves a greater contribution to Islamic economy especially in addressing the huge gap and unserved market of the 1.9 billion Muslim community, as the demand for Shariah-compliant investment products are estimated at USD3.8 trillion globally.

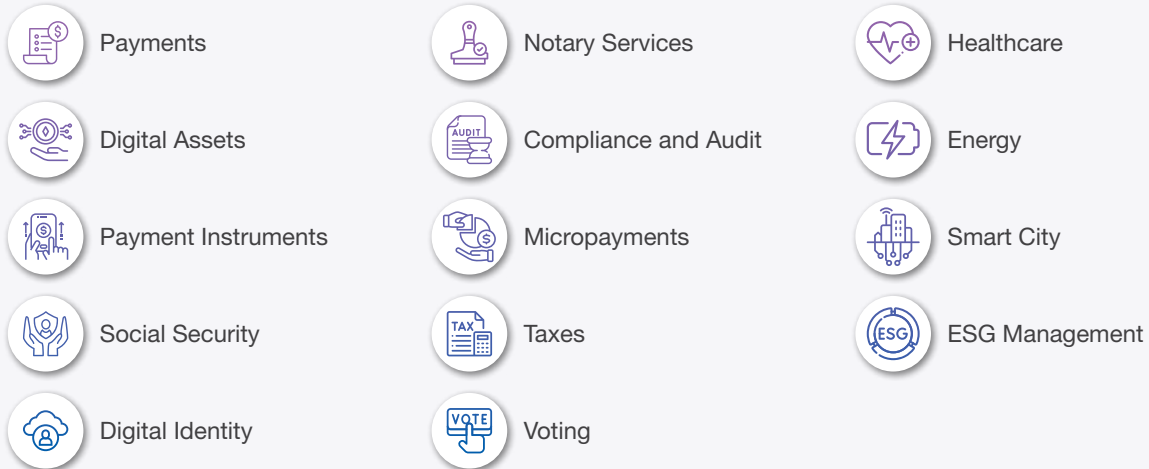
Distinct Features of a Shariah-compliant Blockchain

- Creates a financial system that promotes social justice, economic stability, and ethical behavior in accordance with the principles of Shariah law.
- Activities such as interest-based transaction (*riba*), uncertainty or speculation (*gharan*), and prohibited (*haram*) activities (alcohol, tobacco and gambling etc.) can be screened to ensure compliance with Shariah principles.
- Artificial Intelligent (AI) technology helps to monitor end-to-end transactions are Shariah-compliant.
- Smart contracts that run on a blockchain are capable to automate contractual process for Islamic institutions, including enforcing Shariah parameters in the terms of the contract.





THE MASTERPLAN

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

Application








Potential Promoters

-  Blockchain/Fintech Companies
-  Digital Exchanges
-  Digital Banks
-  Digital Trust Companies

Prospective Clients

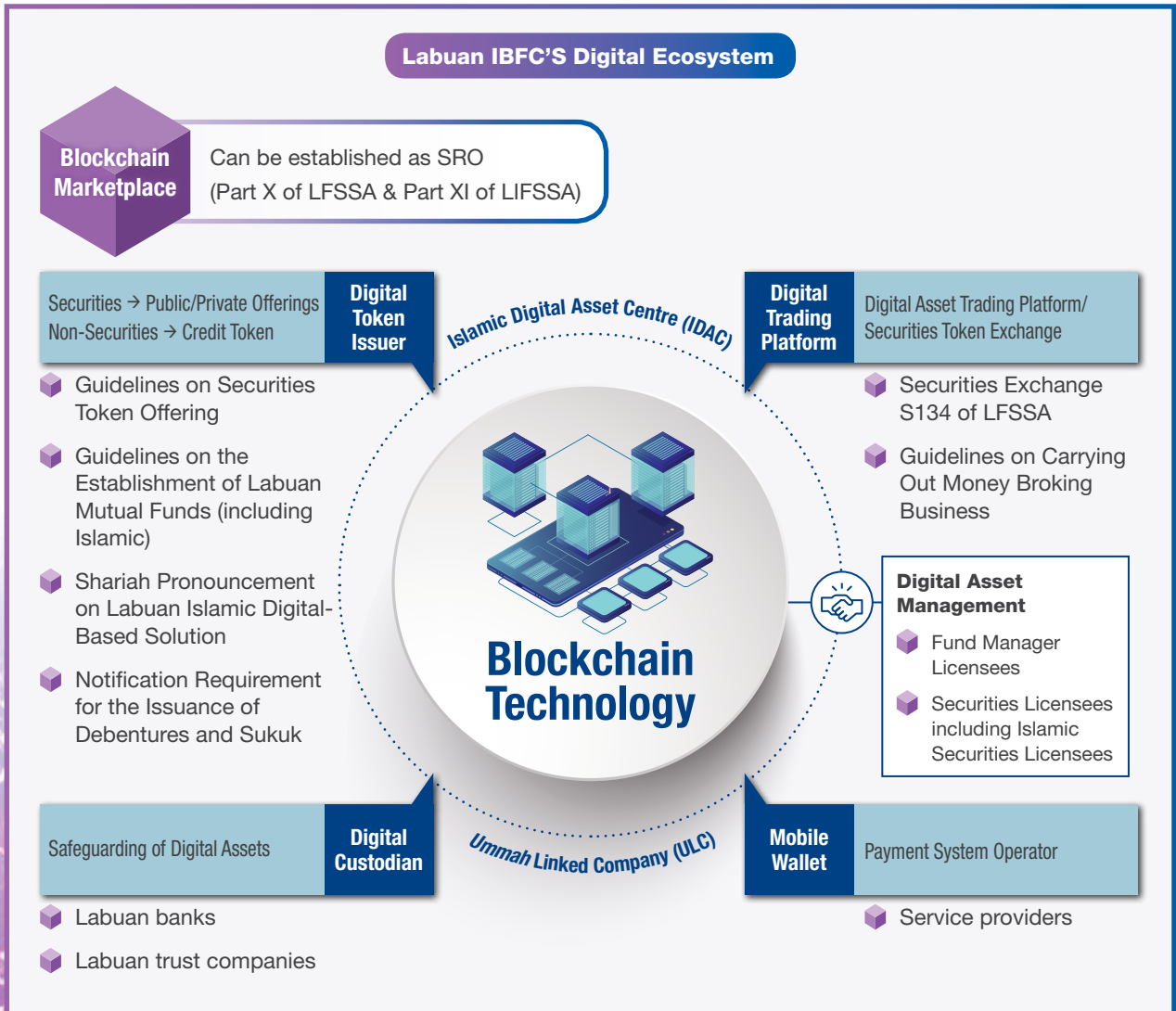
-  Fintech industry i.e. bank/insurance/exchanges etc.
-  Non-financial sectors i.e. digital solutions and innovative companies
-  Government and corporates
-  Global individuals especially the Muslim *ummah*

Benefits to Labuan IBFC

-  **Increase international visibility** as a hub for blockchain innovation
-  **Attract a global audience**
-  **Foster collaboration** with other Islamic countries
-  **Increase job opportunities**
-  Revolutionise **educational sector** by providing blockchain academy, blockchain conventions, etc.

THE MASTERPLAN

LABUAN IBFC DIGITAL REGULATORY REGIME



Also governed by the following laws and regulations:

- Labuan Financial Services and Securities Act 2010 (LFSSA)
- Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA)
- Guiding Principles on Business Continuity Management
- Guidelines on Digital Governance Framework
- Guidelines on Technology Management
- Circular on Innovative Financial Service
- Guidelines on AMLCFT – Capital Market and Other Business Sectors
- Directive on Accounts and Record-Keeping Requirement for Labuan Entities

THE MASTERPLAN

LABUAN IBFC DIGITAL REGULATORY REGIME

Supported by Blockchain Technology



Revitalise Labuan Banking & Capital Markets via Digital Solutions

- ✓ Issuance of Guidelines on the Securities Token Offering
- Revision of Digital Banking Framework
- Issuance of framework for non-securities offering
- Guidance on the operations of Labuan Exchanges
- Facilitate the trading and listing of carbon credit
- Introduction of Self-Regulatory Organizations (SRO) and its roles and responsibilities



Enhance Digital Environment

- ✓ Guidelines on Technology Management
- ✓ Guidelines on Digital Governance Framework
- ✓ Guidelines on Travel Rule for Labuan Digital Financial Services
- ✓ Guidelines on Market Conduct for Labuan Digital Financial Intermediaries
- Revision of Guidelines for Money Broking Business
- Digital Payment System Operator & Digital Custodianship Framework
- Facilitate SMEs & Tech Start-Ups through setting up Venture Capital plans utilising Labuan structures

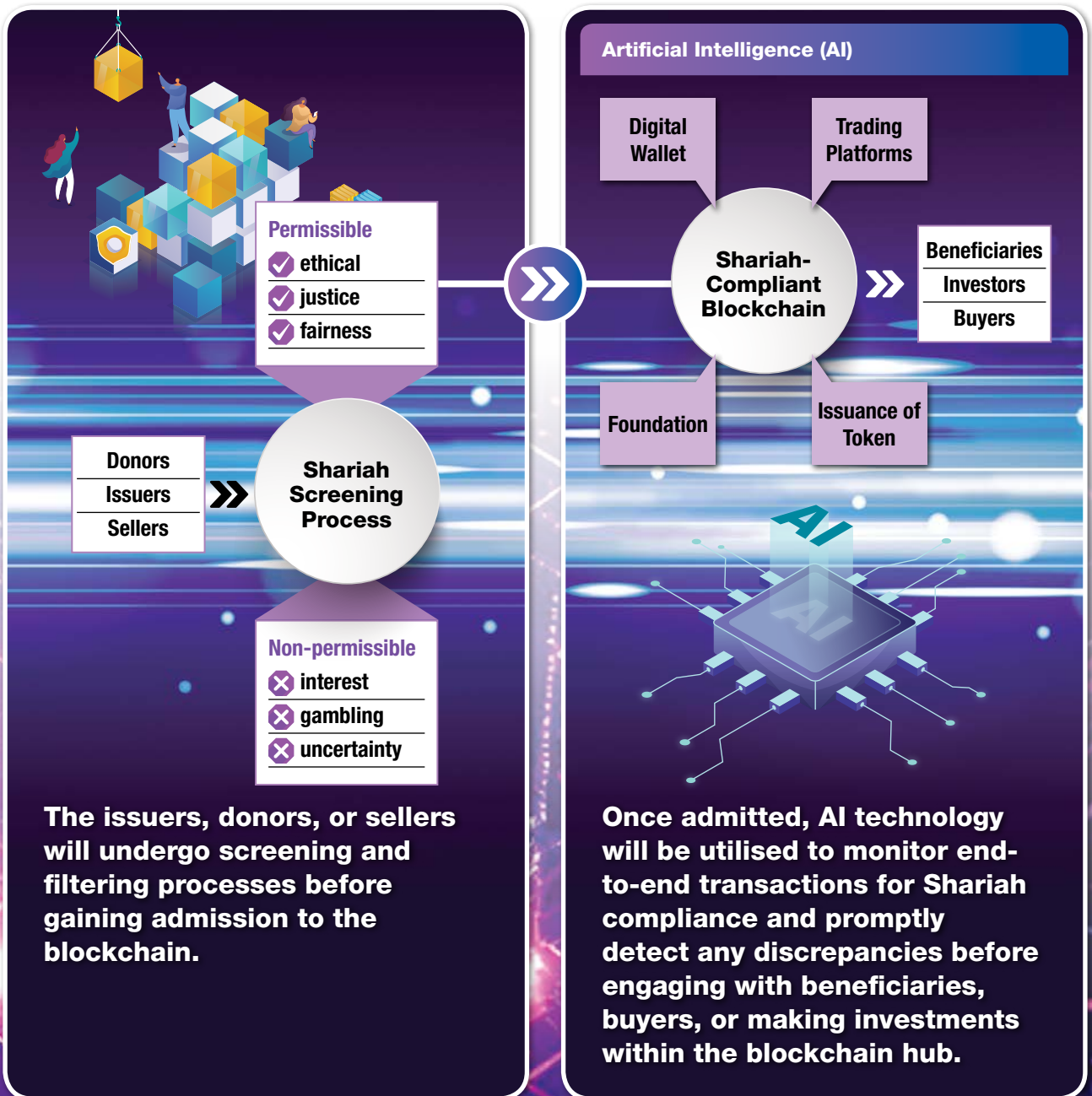


Promote International Islamic Finance

- ✓ Development of Islamic Digital Asset Centre (IDAC)
- ✓ RAMZ & Islamic digital exchange
- ✓ Labuan Shariah-Compliant Blockchain Hub
 - *Ummah* Linked Company (ULC)

SHARIAH-COMPLIANT BLOCKCHAIN PROCESS

The AI technology has the potential to automate the Shariah screening process by enhancing the efficiency, accuracy, and transparency. This would ensure consistent and real-time compliance with Shariah principles while providing a secure and immutable record of transactions.



FUNDRAISING THROUGH ISSUANCE OF RAMZ

ISLAMIC DIGITAL EXCHANGE

out-out

Fundraising

Issuers

-  Sovereign/GLC
-  Private Sectors
-  Digital Banks
-  Digital Captive



Islamic Digital Exchange Platform



Powered by
BLOCKCHAIN & ESG



Investors

-  Government/GLC
-  Private Sectors
-  Digital Banks/Investors
-  HNWIs



Investment



AI SHARIAH PRINCIPLES



SMART CONTRACT

TAX INCENTIVES BY GOVERNMENT

**5 years 0% tax exemption for
Islamic digital players with effect
from YA 2024**



**Labuan Bank,
Labuan
Investment
Bank, Labuan
Islamic Bank or
Labuan Islamic
Investment Bank**



**Labuan Credit
Token Company
or Labuan Islamic
Credit Token
Company**



**Labuan Fund
Manager**



**Labuan
International
Financial
Exchange**



www.labuanfsa.gov.my