

FUND MANAGEMENT LICENSE

Labuan Financial Business > Financial Service

Fact Sheet

Introduction

A fund management company or fund manager is a person who, for valuable consideration provides management services alone or with investment advice or administrative services in respect of securities for the purposes of investment, including dealing in securities, or such other activity as may be specified by Labuan FSA.

Who is eligible to apply?

- ✓ An individual who holds a relevant degree or professional qualification to carry on fund management activities. Labuan FSA may also consider an applicant with at least minimum qualification of diploma holder and 3 years' relevant experiences in capital market or direct experiences in fund management activities,
- ✓ An approved fund manager or any provider of such services from a country or jurisdiction who is a member of the International Organization of Securities Commission (IOSCO) or
- ✓ A person who does not fulfil item 1 and item 2 may also be considered, provided that the fund management activities are run and managed by suitably qualified and experienced individuals.

What are the requirements to operate?

- ✓ The Labuan fund manager must maintain a paid-up capital unimpaired by losses of at least RM 300,000 equivalent in any foreign currency throughout its operations. Where the Labuan fund manager has Asset Under Management (AUM) of more than RM150 million, it must maintain additional capital equivalent to 0.2% of the AUM in excess of RM 150 million.
- ✓ Maintain a professional indemnity insurance policy with coverage of no less than RM 1 million or its equivalent in any foreign currency throughout its operations.
- ✓ Maintain a registered office in Labuan and ensure that the business must be carried on in, from or through Labuan.
- ✓ Appoint an approved auditor to carry out an annual audit of its accounts in respect of the business operations pursuant to Section 174 of LFSSA and Section 135 of LIFSSA.
- ✓ Appointment of qualified person to its internal Shariah advisory board for Islamic Securities Licensee is required to ensure that its management and operation are in compliance with Shariah principles. In this regard, the Directive on Islamic financial business in Labuan IBFC shall also be observed.
- ✓ Obtain prior approval from Labuan FSA for any appointment of director(s) and shareholder(s).
- ✓ Submission of Audited Account to LFSA within 6 months after financial year has ended.

MINIMUM ENTRY REQUIREMENTS

- ✓ A licensed fund management company from a recognized jurisdiction, or
- ✓ A Labuan company set-up by individual fund managers who are licensed by relevant home supervisory authority.



PERMITTED ACTIVITIES

A Labuan fund manager does,

- ✓ Administrative services
- ✓ Dealings in securities
- ✓ Management services
- ✓ Investment advices
- ✓ Others approved by Labuan FSA



ANNUAL FEES

The annual fee payable is USD1,500 upon the grant of license. The subsequent payment of annual fee is payable on or before 15 January of each year.

- ✓ Amount – USD 1,500

How is the taxation?

- ✓ A Labuan Company involved in fund management business is deemed a Labuan Trading Company under Section 2 of the Labuan Business Activity Tax Act, hence the company has to pay a 3% of audited net profit as its tax with fulfilled substance requirements.
- ✓ Failure to comply with the substance requirement for a basis period for a year of assessment shall be charged to tax at the rate of twenty-four per cent (24%) upon its chargeable profits for that year of assessment.

Substance requirement under LBATA

Pursuant to Section 2B(1) of LBATA, the Labuan entities shall, for the purpose of the Labuan business activity have,

- ✓ an adequate number of full-time employees in Labuan, and
- ✓ an adequate amount of annual operating expenditure in Labuan, as prescribed by the Minister by regulations made under this Act.

To benefit under LBATA, a Labuan Fund Manager will need to comply with the substance requirements of minimum number of two (2) full time employees in Labuan and an annual operating expenditure in Labuan of RM 100,000.



ADVANTAGES & KEY BENEFITS

- ✓ ZERO withholding tax on payments of dividend and interest to non-residents.
- ✓ No stamp duty on all instruments relating to offshore business activities including share transfer.
- ✓ No import duty/ sales tax.
- ✓ No foreign exchange controls.
- ✓ No capital gain tax, inheritance tax.
- ✓ Double Tax Agreements between Malaysia and over 70 countries.
- ✓ 100% exemption for director's fees received by non-citizen directors of Labuan companies.

HOW TO APPLY?

BBS Trust Int'l Limited can assist you for the application of Fund Management License to Labuan FSA.

Contact us now for a non-obligational consultation!

Email: info@bbstrust.com or Call: +603-4815 6718