

LABUAN FINANCIAL SERVICES AUTHORITY
(LEMBAGA PERKHIDMATAN KEWANGAN LABUAN)

Our Ref : 305/2024/ALL
Date : 6 December 2024

Labuan Banks Compliance Officers' Networking Group

Attention: All Designated Compliance Officers

Dear Sir/Madam,

Circular on Beneficial Ownership's Discrepancy Reporting for Letter of Information (LOI) Confirmation Request

The quality of Beneficial Ownership (BO) information of a legal person is critical to ensure there is sufficient transparency in line with Financial Action Task Force (FATF) international standards. FATF Recommendation 24 recommends discrepancy reporting (DR) as a useful mechanism for validating BO information and ensuring it is periodically updated and maintained. Labuan FSA's Registration of Companies Unit (ROC) has kickstarted its own DR mechanism on BO information that it collects within its corporate registry.

2. The DR approach undertaken by ROC is designed to validate the accuracy of the BO information currently held within its BO Registry Platform (PEARL). The process will leverage on ROC's current correspondence with Labuan banks on the Letter of Information (LOI) for their Labuan entity clients' opening of bank accounts. In addition, DR mechanism will also facilitate the Labuan banks' own internal customer due diligence process.

3. Pursuant to the following legal provisions and Section 28B of the Labuan Financial Services Authority Act 1996 (LFSA), to be read together with Sections 108E and 108F of the Labuan Companies Act 1990 (LCA), the Labuan banks are required to adopt and adhere to DR process as laid out in paragraph 4 of the Circular:

- (i) Guidelines on Beneficial Ownership for Labuan Legal Persons and Legal Arrangements dated 17 November 2021; and

- (ii) Guidance Note on Submission of Beneficial Ownership Information for Labuan Company and Foreign Labuan Company dated 31 March 2023.

Any failure to comply with these requirements may be subject to enforcement actions which include a compound and/or an administrative penalty under Section 36B and Section 36G of the LFSAA.

4. The outline of the new DR process for a Labuan bank's LOI correspondence to ROC shall be as follows:

- (i) When submitting the LOI's confirmation request to the ROC, the Labuan bank is required pursuant to Section 28B(1)(b) of the LFSAA to provide the BO information derived from their internal customer due diligence process using the template in the **Appendix**;
- (ii) This BO information template is to be submitted concurrently with the copy of the LOI for confirmation to the ROC;
- (iii) Necessary verification of the BO information submitted will be made by ROC; and
- (iv) Labuan bank will be subsequently informed of the outcome of ROC's verification.

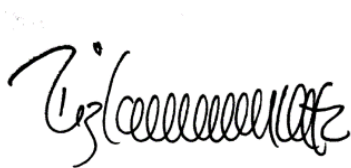
5. This DR process will take effect from **1 January 2025**. Should you have any queries or require any clarification, please do not hesitate to contact our officers as follows:

Name	Contact Number	Email Address
<i>Registration of Company</i>		
Mr. Jefri Jamri	03 – 8873 2052	jefri@labuanfsa.gov.my
Ms. Norhafizah Naasik	03 – 8873 2064	fiza@labuanfsa.gov.my
Mr. Mohamad Ibrahim Abd Hamid	03 – 8873 2062	ibrahim@labuanfsa.gov.my

Name	Contact Number	Email Address
<i>AML Policy, Risk Monitoring & Surveillance</i>		
Ms. Khoo Rou Qing	03 – 8873 2039	khoorq@labuanfsa.gov.my
Ms. Dian Melisa Firdaus	03 – 8873 2043	dian@labuanfsa.gov.my
Ms. Essah Abd Manaf	03 – 8873 2037	essah@labuanfsa.gov.my

Yours sincerely,

For and on behalf of Labuan FSA



Mohd Rizlan Mokhtar

Director

Registry & Authorisation Department