



TO ALL LABUAN ENTITIES

Chairman

Association of Labuan Trust Companies

Association of Labuan Banks

Labuan International Insurance Association

Labuan Investment Banks Group

Dear Sir/Madam,

DIRECTIVE ON ACCOUNTS AND RECORD-KEEPING REQUIREMENT FOR LABUAN ENTITIES

1.0 Preamble

- 1.1 The Directive on Accounts and Record-Keeping Requirement for Labuan Entities is issued under Section 4B of the Labuan Financial Services Authority Act 1996 (LFSAA).
- 1.2 This directive is formulated to reinforce the statutory requirements that must be complied with by Labuan entities in regard to accounting and other records keeping pursuant to the following provisions:-
 - 1.2.1 Section 110(1) of the Labuan Companies Act 1990;
 - 1.2.2 Section 30(4) of the Labuan Trusts Act 1996;
 - 1.2.3 Section 59(1) of the Labuan Foundations Act 2010;
 - 1.2.4 Section 70(1) of the Labuan Limited Partnerships and Limited Liability Partnerships 2010;

1.2.5 Section 175(1) of the Labuan Financial Services and Securities Act 2010; and

1.2.6 Section 137(1) of the Labuan Islamic Financial Services and Securities Act 2010.

1.3 Labuan entities stated herein the directive means persons subject to the accounts and records keeping requirements under the provisions stated in paragraph 1.2 including the entities specified in the Schedule to the Labuan Business Activity Tax Act 1990.

2.0 Definition

2.1 For the purposes of this directive, the terms “accounting and other records” or “accounts or records”, whenever appearing in the provisions stated in paragraph 1.2 above, shall make reference to the following description of records:

Accounting records means documentation and books necessary in the preparation of financial statements or records that will sufficiently explain the transaction and financial position of the Labuan entity or arrangement.

Accounting records include records, either physical or stored on electronic media or in any form of assets and liabilities, monetary transactions, ledgers, journals, and any underlying documents explaining the transactions, including but not limited to cheques, negotiable instruments, payment orders, invoices, receipts, letters of offer, contracts and agreements, of which in combination shall adequately reflect a full and true record that sufficiently explains all transactions and other acts engaged in by the Labuan entity, which are necessary in the preparation of financial statements.

3.0 Retention period

All Labuan entities shall maintain any such record referred to in paragraph 1.2 or any provisions stated therein for a period of not less than six years from the date of an account transaction has been completed in line with Section 17 of Anti-Money Laundering and Anti-Terrorism Financing Act 2001.

4.0 Applicability

This directive is applicable to all Labuan entities (including branches and subsidiaries) carrying on any activity as permitted under the laws specified in the Schedule in the LFSAA.

5.0 Effective Date

The directive shall have effect from 6 June 2012.

6.0 Non-Compliance

Any Labuan entity that fails to observe strict compliance with this directive shall be in breach of the provisions stated in paragraph 1.2. Accordingly, non-compliance with the directive is an offence and the Labuan entity shall be liable, on conviction, to a penalty as provided under Section 4B (2) of the LFSAA.

Should you have any query on the above, please do not hesitate to contact Abdul Salam Chandran at salam@labuanfsa.gov.my or telephone 6087-591208.

**DIRECTOR GENERAL
LABUAN FINANCIAL SERVICES AUTHORITY**