

LABUAN FINANCIAL SERVICES AUTHORITY
(LEMBAGA PERKHIDMATAN KEWANGAN LABUAN)

Reference No. : 244/2020/ALL

Date : 10 September 2020

Association of Labuan Trust Companies
Labuan International Insurance Association
Association of Labuan Banks
Labuan Investment Banks Group
Labuan Fintech Association

Dear Sir/Madam,

Clarification on Board Meeting Requirement

- **Directive on Management and Control Requirements for Labuan Entities that Undertake Pure Equity Holding Activities**

We refer to the Directive on Management and Control Requirements for Labuan Entities that Undertake Pure Equity Holding Activities ("Directive") which was issued on 10 August 2020.

2. Premised on the requirement of Paragraph 4.1(a) of the Directive in respect of compliance with Paragraph 5.5 of the Inland Revenue Board of Malaysia's Public Ruling No. 5/2011 (Residence Status of Companies and Bodies of Person) dated 16 May 2011 or latest ruling of the same, Labuan FSA wishes to clarify that the Board meeting requirement for any Labuan entity that undertakes pure equity holding activities (hereinafter referred to as "pure equity holding entity") must be held out of Labuan for at least once a year. The effective date of the Directive is from year of assessment (YA) 2021 onwards.

3. As Malaysia has extended its recovery movement control order (RMCO) until 31 December 2020 due to COVID-19 situation, any cross-border traveling would be restricted. In this regard, please be informed that the abovementioned Board meeting requirement may also be conducted virtually subject to the hosting of such meeting be arranged by the resident secretary of the pure equity holding entity in Labuan.

4. In this regard, we would appreciate it if you could inform and distribute the above information to members of your respective associations or any relevant parties, where necessary. Should there be any further queries needed, please contact any of the following officers:

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For and on behalf of
Labuan Financial Services Authority


Jaffree Ismail
Director
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