



**LABUAN INTERNATIONAL FINANCIAL EXCHANGE INC** (LL02032)  
(Incorporated in Labuan, Malaysia)

**AFX CIRCULAR**

Date: 7 December 2020	No: LFX/LS/03/2020
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**LISTING SPONSORS**

Dear Sir/Madam,

**AMENDMENTS TO THE RULES OF LABUAN INTERNATIONAL FINANCIAL EXCHANGE INC. (“AFX RULES”) TO ENHANCE THE ROLE OF LISTING SPONSORS WHEN ON-BOARDING POTENTIAL APPLICANT ISSUERS IN LINE WITH THE GUIDELINES ON ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM - CAPITAL MARKET AND OTHER BUSINESS SECTORS (“AML/CFT GUIDELINES”)**

**1. INTRODUCTION**

Pursuant to Rule 4 of Chapter 8 of the AFX Rules, we wish to inform that the AFX Rules have been amended to enhance the role of Listing Sponsors when on-boarding potential applicant issuers for listing in line with the AML/CFT Guidelines.

**2. DETAILS OF THE AFX RULE AMENDMENTS**

2.1 Under the AFX Rules, a Listing Sponsor is responsible for the process of customer on-boarding and conducting suitability assessments on potential issuers. Given its critical role in onboarding potential issuers for listing on AFX, AFX has amended the AFX Rules in the manner as set out in paragraph 2.2 below (“**AFX Rule Amendments**”) to further strengthen the role of the Listing Sponsor and enhance the overall listing process. This is in line with the overall objectives and requirements of the AML/CFT Guidelines i.e. ensuring reporting institutions conduct their businesses in conformity with high ethical standards to ensure the integrity and soundness of the Labuan International Business and Financial Centre and the Malaysian financial system as a whole.

2.2 The AFX Rule Amendments are as follows:

- (a) Enhancing the listing application procedure by -
  - (i) requiring submission of the due diligence documents and records of the applicant issuer including those obtained during the customer due diligence process pursuant to the AML/CFT Guidelines, as part of the supporting documents in relation to an application for listing<sup>1</sup>; and

<sup>1</sup> New Rule 11(e)(x) of Chapter 4 of the AFX Rules.



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- (ii) codifying the practice of submitting a checklist showing compliance with the relevant provisions of the LFX Rules in such form as may be specified by LFX<sup>2</sup>. For reference, the checklist in the form of a Schedule of Compliance is attached to this Circular as **Appendix 1**.
- (b) Enhancing the role of a Listing Sponsor particularly in relation to an application for listing on behalf of an applicant issuer as follows<sup>3</sup>:
  - (i) formalising the requirement for a Listing Sponsor to conduct the necessary due diligence exercise on an applicant issuer including the customer due diligence as prescribed in the AML/CFT Guidelines, and requiring the Listing Sponsor to be satisfied that -
    - (aa) the due diligence is appropriate and adequate for the applicant issuer and the application for listing; and
    - (bb) all material issues arising from the due diligence exercise are dealt with or otherwise do not affect the appropriateness and suitability of the applicant issuer for listing.
  - (c) Requiring a Listing Sponsor to immediately notify LFX when it becomes aware of any material matters or issues which may adversely affect the listing status of the issuer or its financial instruments including any breaches of the LFX Rules or relevant laws and regulations<sup>4</sup>.

The full text of the affected LFX Rules (with the above amendments duly tracked) is attached to this Circular as **Appendix 2**.

2.3 Through the LFX Rule Amendments, we seek to achieve the following:

- (a) enhancing the on-boarding process of potential applicant issuers for listing;
- (b) strengthening the obligations of a Listing Sponsor in line with the AML/CFT Guidelines; and
- (c) providing clarity on existing practices by codifying them into the LFX Rules.

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<sup>2</sup> New Rule 11(e)(xi) of Chapter 4 of the LFX Rules.

<sup>3</sup> New Rule 21A of Chapter 4 of the LFX Rules.

<sup>4</sup> New Rule 24(c) of Chapter 4 of the LFX Rules.



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**3. EFFECTIVE DATE**

The LFX Rule Amendments take effect from 8 December 2020.

**4. CONTACT PERSONS**

In the event of any queries in relation to the above matter, kindly contact the following persons:

Name	Contact
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This Circular, Appendix 1 and Appendix 2 are also available at [https://www.bursamalaysia.com/regulation/lfx/directives\\_circulars](https://www.bursamalaysia.com/regulation/lfx/directives_circulars).

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