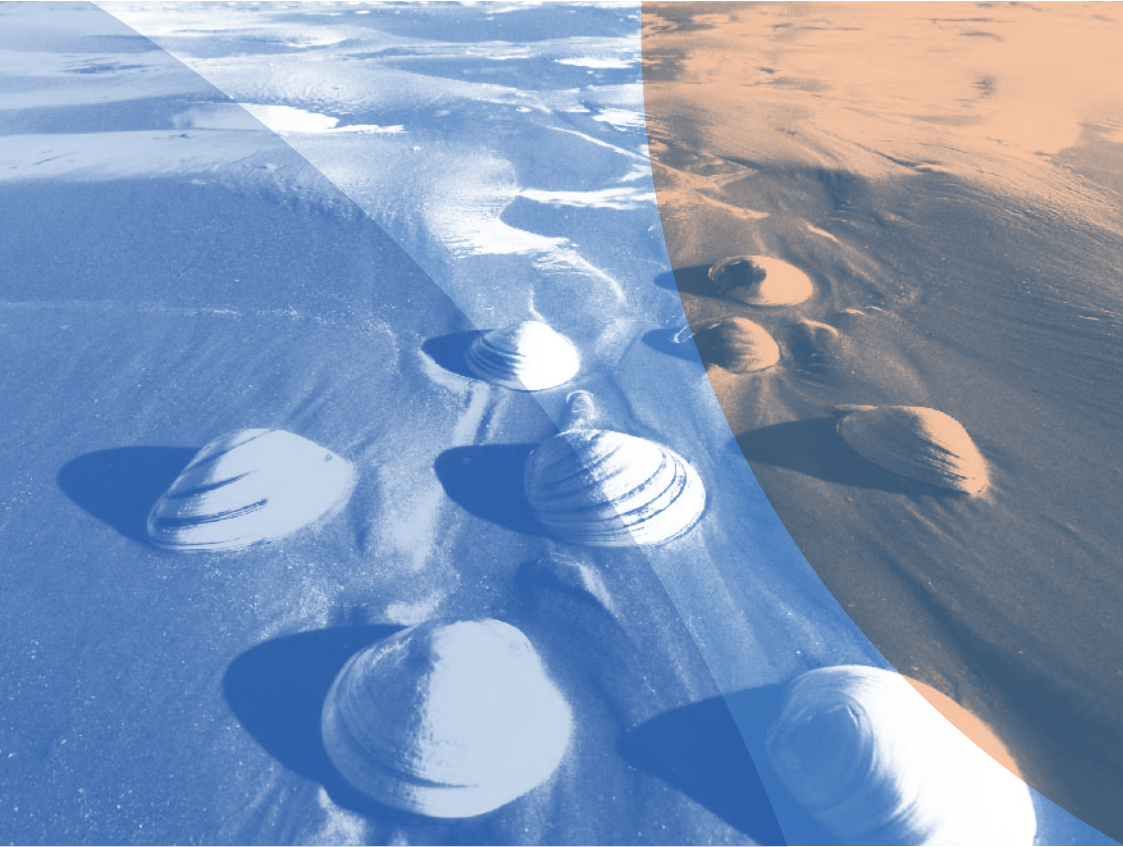




# BUSINESS PROCESS



# Want to carry out global investment activities in a profitable manner?

At LFX, we provide the investing community with a common set of best practices that will assist them in conducting their business.

## THE LFX ADVANTAGE

Labuan International Financial Exchange is a full-fledged, international exchange with listing and trading facilities for a wide range of financial instruments and securities in multi-currencies. These can be based on either conventional or Islamic (Shariah) principles.

LFX is investor-friendly, market-driven and transparent - an ideal funding mechanism for international companies seeking to raise capital effectively and efficiently. As a one-stop financial exchange, LFX offers the full spectrum of services from submission of application, approval, listing, trading, settlement and as depository for the instruments listed. Subject to conditions being met, licensing and listing applications are approved within 7-10 and 3-5 market days respectively.

Not only that. Our liberal rules allow you to submit your application electronically via the @LFX System, available on the LFX [website www.lfx.com.my](http://www.lfx.com.my). And being a web-based Exchange, you can trade without interruption from anywhere in the world, while your clients or investors can have access to timely information regarding their investments.

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## GETTING THE ELEMENTS RIGHT

### Licensing

- You must be licensed by LFX as a market intermediary or as listing sponsor of the Exchange prior to commencing your business operations.
- A license may be granted to any person, individual or corporation who is experienced in the trading of financial instruments and considered suitable and appropriate by LFX.
- The minimum period of business operations for equity IPO should not be less than two (2) years. However, operations with less than the required number may be considered with justification.
- Documents required include certified copy of the corporation's constitution or individual's curriculum vitae and details of the applicant's experience in the business of investment and trading of financial instruments.
- The Licensing Committee is the approving authority, following LFX's rules and regulations.

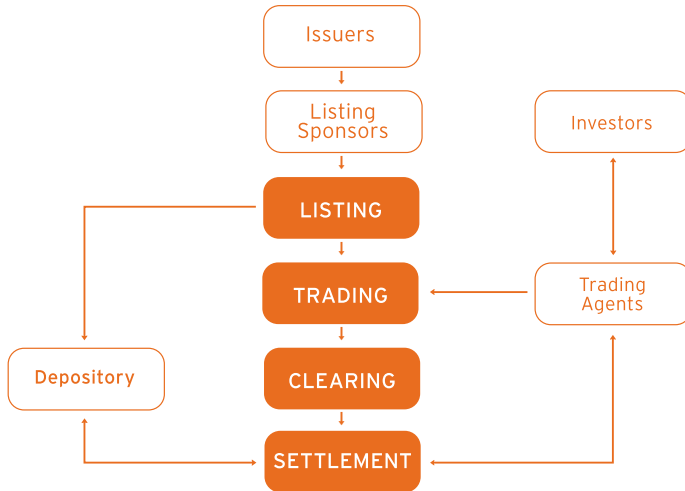
### Listing

- Appoint a licensed listing sponsor who will act as your adviser, sponsor and underwriter.
- Application for a listing can be initiated via the @LFX System but all original copies of relevant documents must be sent to the LFX office for verification, processing and record keeping.
- The Listing Committee is the approving authority, following LFX's rules and regulations.
- Various quantitative and qualitative criteria must be met before an application is approved.
- For instruments based on Shariah principles, an endorsement from a Shariah council is required.

### Trading

- You must deal directly with a licensed trading agent on any transaction pertaining to investment and trading activities.

The following diagram depicts the core operations of LFX as an exchange and its interactions of participants.



- Only licensed trading agents are allowed to post their indication of interest to buy or sell on the @LFX Electronic Bulletin Board.
- Through direct negotiations, interested trading agents will determine the selling price of a financial instrument.
- Both parties will then submit to LFX for clearing and settlement.

### Clearing

- LFX provides confirmation to the parties involved and notifies the trading agents on the status of the trades.
- LFX monitors and performs the trade comparison and confirmation for settlement.

### Settlement

- Citibank and Deutsche Bank have been appointed by LFX to undertake the securities and cash settlement function. Alternatively, issuers can also deposit their securities with their existing custodian banks that have links with global clearing and settlement houses.
- Securities settlement is on a 'book entry' basis where there will be no physical movement of scrip and trades are subject to a T+3 rolling settlement cycle.

### Depository

- All securities are to be deposited with Citibank and Deutsche Bank or banks that have links with global clearing and settlement houses.
- Movement of scrip will be done on a 'book entry' basis.

### How is a fee charged?

Citibank or Deutsche Bank will bill LFX. LFX will then send invoice to Listing Sponsor.

### Remarks

All fees remitted to LFX via TT or SWIFT telex.

**Note:** The above fees are charged by Service Provider(s) to LFX. LFX will then charge the Listing Sponsors and Trading Agents.

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