OPPORTUNITIES IN THE FINANCIAL SECTOR

Banking

Bank
Finance company

Capital Market Services

Capital Market Services Licence (CMSL)
Capital Market Services Representative's Licence (CMSRL)
Licensing/ Recognition of Collective Investment Scheme (CIS)
Registration of Securities

Takaful and Insurance

Insurance Company or Takaful Operator
General Insurance or General Takaful Agent
Life Insurance or Family Takaful Agent

Specialised Market

Money-Changing
Remittance
Pawnbroker
Moneylending

Payment System Operators

Payment System Operators

FinTech

FinTech Regulatory Sandbox

***Note:** BDCB reserves the right to change the criteria set out in this document at any time without prior notice. In the event that any changes are made, the revised criteria shall be posted on the BDCB website immediately. Please check the latest information posted on the BDCB website to be informed of any changes.

A. APPLICATION FOR BANKING OR FINANCE COMPANY LICENCE

The Banking Order, 2006 and Islamic Banking Order, 2008 requires any companies to apply for a licence to conduct any banking activities, while the Finance Companies Act, Chapter 89 requires any companies to apply for a licence to conduct any financing business. Any company or individual carrying out any banking business or financing business without a valid licence is considered as breaching the law and may be subject to penalties.

Licensing requirements:

- ✓ High reputation in the financial community;
- ✓ Directors, controllers and senior managers of the bank/finance company must be fit and proper;
- ✓ Must have minimum paid up capital as follows:

Banks with a Head Office in Brunei Darussalam	Minimum BND100 million (conventional and Islamic)
Banks with a Head Office outside Brunei Darussalam	Minimum BND1,000 million (conventional) and BND500 million (Islamic)
Finance companies (Head Office)	Minimum BND25 million
Foreign bank branches (Conventional and Islamic)	Minimum of BND30 million of net head office funds in Brunei Darussalam For more information, please refer to Notice on Forms of Assets Approved by the Authority.

- ✓ Islamic banks need to establish a Syariah Advisory Body, comprising at least three Islamic religious scholars where two are citizens of Brunei Darussalam.

Relevant fees:

Banks	License Fees (Annual)
Headquarters or principal branch of a licensed bank	BND50,000
Branch of a licensed local bank and sub-branch of a licensed foreign bank	BND10,000
Automated Teller Machine (Off premises of a licensed bank)	BND3,000 each
Finance Companies	
Head Office	BND30,000
Branch	BND5,000

Fee	Local Bank	Foreign Bank
Credit Bureau Joining Fee Annual Fee	 BND10,000 BND30,000	 BND10,000 BND30,000
Real Time Gross Settlement (RTGS)	BND10,000	BND10,000

Joining Fee Annual Fee	BND10,000	BND10,000
Automated Clearing House (ACH) Joining Fee Annual Fee	 BND10,000 BND10,000	 BND10,000 BND10,000
Central Securities Depository (CSD) Joining Fee Annual Fee	 BND10,000 BND4,000	 BND10,000 BND4,000

Necessary documents:

Interested applicants are required to submit the following documentations:

1. Completed application form;
2. Original letter from the home country Supervisory Authority (as applicable) approving the establishment of a branch or subsidiary in Brunei Darussalam;
3. Certified copy of Memorandum of Association and Articles of Association;
4. Undertaking from the bank to inform of any material adverse developments including breach of legal and prudential requirements;
5. Annual Audited Financial Statements of the bank for the last three years, and additionally a Statement of Financial Position, Statement of Profit and Loss and Other Comprehensive Income dated not more than three months prior to the date of the application;
6. Annual Reports of the bank's holding company or shareholders with controlling interest for the latest financial year;
7. Proposed structure of operations in Brunei Darussalam;
8. Business Plan (including type of business, staff support, pro-forma financial data and financial projections for first five years of operation); and
9. For Islamic banks, approval from Syariah Financial Supervisory Board for any Islamic financial products and services to ensure they are not contrary to Hukum Syara'.

All completed applications, including necessary documentations, with the application fees should be submitted to:

Managing Director
Brunei Darussalam Central Bank
Level 14, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910
Brunei Darussalam

Attention to: Deputy Managing Director (Regulatory and Supervision)

For any general licensing enquiries on the banking sector and finance companies, please contact bankingpolicy@bdcb.gov.bn.

B. APPLICATION FOR CAPITAL MARKET SERVICES LICENCE (CMSL) AND CAPITAL MARKET SERVICES REPRESENTATIVE'S LICENCE (CMSRL)

The Securities Market Order, 2013 (SMO) requires any company or individual to apply for a Capital Markets Services Licence (CMSL) or Capital Markets Services Representative's Licence (CMSRL) to conduct a regulated activity in Brunei Darussalam. Any company or individual carrying out regulated activities without a valid CMSL or CMSRL is considered as breaching the law and may be subject to penalties.

Regulated activities:

- Dealing and arranging deals in investments.
- Managing investments including Collective Investment Scheme (CIS) management and establishing, operating or winding up a CIS.
- Giving or offering investment advice as an investment adviser or a financial planner.
- Using computer-based systems for giving investment instructions.
- Safekeeping and administration of assets including custodial services.

General requirements:

CMSL

Form 1: Application for Capital Markets Services Licence

Fit and Proper Criteria

- Honesty, integrity and reputation;
- Competence and capability;
- Financial soundness; and
- Requirements relating to competencies of representatives.

Organisational Requirements

- An organisational structure with clear lines of responsibility and authority;
- Necessary information technology systems and infrastructure;
- Adequate internal control systems;
- Risk management policies and processes;
- Policies and processes on conflict management and the monitoring of unethical conduct and market abuse; and
- Policies and procedures to ensure compliance with any written laws and regulations.

CMSRL

Form 2 Application for Capital Markets Service Representative's Licence

General Requirements

- 21 years old and above.
- Fit and proper.

All relevant information must be provided by the applicant to his/her principal.

Qualification and Experience Requirements

- Educational, professional background, working experience and previous track records will be considered in assessing the competency.

Licensing Examination

- Must pass the licensing examination set by the Brunei Darussalam Central Bank (BDCB).

For more information, please refer to:

1. Guideline on Application for CMSL and CMSRL
2. Guideline on Application to Carry on Islamic Investment Business
3. Notice on Licensing Examination
4. Guidelines on Fit and Proper Criteria for FIs Frontline Staff

Financial requirements:

Regulated Activity	Minimum Base Capital (for local corporations)	Net Head Office Funds (for foreign branches)	Aggregate Margins
Dealing and arranging deals in investments	BND2,000,000	BND2,000,000	
Managing investments including collective investment scheme (CIS) management and establishing, operating or winding up a CIS	BND300,000	BND300,000	10% of aggregate margins required
	Whichever is higher		
Giving or offering investment advice as an investment adviser	BND250,000	BND250,000	
Giving or offering investment advice as a financial planner	BND100,000	BND100,000	
Using computer-based systems for giving investment instructions	Determined by BDCB		
Safekeeping and administration of assets including custodial services	Determined by BDCB		

Relevant fees:

CMSL	CMSRL
Each regulated activity - Application fee of BND500 - Annual fee of BND2,000	Each regulated activity - Application fee of BND100 - Annual fee of BND100
Additional regulated activity - Application fee of BND300 - Annual fee of BND2,000	
Notification of Changes to CMSL/ CMSRL Holder	
Notification of changes in particulars of the following: - CMSL holder ceases to conduct business - CMSRL holder ceases to act as a representative of the principal - Changes in details required under the Section 171, SMO Administrative fee of BND50	

All completed applications and the necessary documentations with the application fees should be submitted to:

Managing Director
Brunei Darussalam Central Bank
Level 14, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910
Brunei Darussalam

ATTN: Supervision 2

For any general enquiries regarding Brunei Darussalam's capital market, please email capmarket@bdcb.gov.bn.

C. APPLICATION FOR LICENSING/ RECOGNITION OF COLLECTIVE INVESTMENT SCHEME (CIS)

The Securities Market Order, 2013 (SMO) requires any company or individual to apply for the licensing or recognition of a Collective Investment Scheme (CIS). Any company or individual that fails to apply for such licence is considered as a breaching the law and may be subject to penalties.

> CIS means any investment arrangements with respect to assets, including money which enables any person taking part in the arrangements to participate in or receive profits or income from the investment.

For locally-domiciled CIS...

Apply for Licensing

For foreign CIS...

Apply for Recognition

For more information, please refer to:

1. Guideline on Licensing and Recognition Applications for Collective Investment Schemes.
2. Guidelines on the Islamic Product Approval Process under Section 14, Syariah Financial Supervisory Board Order, 2006.

Necessary documents:

- Form 5 Application / Recognition for CIS
- Prospectus
- Other supporting documents according to the Guideline No. CMU/G-2/2017/2
- Application fee – umbrella fund, BND500; each sub fund BND100

All completed applications and the necessary documentations with the application fees should be submitted to:

Managing Director
Brunei Darussalam Central Bank
Level 14, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910

ATTN: Supervision 2

For any general enquiries regarding Brunei Darussalam's capital market, please email capmarket@bdcb.gov.bn.

D. REGISTRATION OF SECURITIES

The Securities Market Order, 2013 (SMO) requires any company or individual to register and submit the prospectus(es) for public offering of securities. All private offering of securities must be notified to Brunei Darussalam Central Bank (BDCB). Any company or individual that fail to register and submit the prospectus(es) is considered as breaching the law and may be subject to penalties.

Only holders of Capital Markets Services Licences (CMSL) or exempted persons may offer securities in Brunei Darussalam. Please refer to the Leaflet on Application for CMSL.

Types of securities that could be offered:

- Shares
- Options
- Rights and Interests in Investments
- Units in Collective Investment Schemes
- Investment - linked Insurance contracts
- Government and public securities
- Debentures
- Futures
- Certificates representing Securities
- Contracts for differences
- Instruments creating entitlements to shares or securities

Steps to be undertaken for securities offerings:

For private offerings

For any offers to sell securities to less than 50 investors during a 12-month period:

- Notice in writing to BDCB.
- To refer to Notification on Private Offerings and Exempt Securities and Transaction

For public offerings

For any offers to sell securities to more than 50 investors:

- Registration Statement
- Prospectus
- Other Supporting Documents

For more information, please refer to:

1. Registration of Investment-Linked Insurance Contracts
2. Public Offering Registration Requirement for Investment-linked Insurance Contracts
3. Notice on Offering of Debentures
4. Notice on Offering of Structured Products
5. Notice on Offering of Debentures to Retail Investors
6. Guidelines on the Islamic Product Approval Process under Section 14, Syariah Financial Supervisory Board Order 2006
   (Please refer to the BDCB website for the relevant Registration Statement)

All completed applications and the necessary documentations with the application fees should be submitted to:

Managing Director
Brunei Darussalam Central Bank
Level 14, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910

ATTN: Supervision 2

For any general enquiries on capital markets, please email capmarket@bdcb.gov.bn.

E. APPLICATION TO BE AN INSURANCE OR TAKAFUL OPERATOR

The Insurance Order, 2006 or Takaful Order, 2008 requires any company to apply for a licence to be an operator to offer insurance or takaful. Any company carrying out activities as an insurance company or takaful operator is considered as breaching the law and may be subject to penalties.

- Insurance companies and takaful operators may apply for a licence to carry out general business or life business. There is no licence for composite businesses.
- Conventional insurers cannot offer takaful products and likewise for takaful operators.

Licensing requirements:

Pre-registration

- Must be a company registered under the Companies Act (Chapter 39) or a foreign insurer or takaful operator establishing a subsidiary or foreign branch in Brunei Darussalam;
- Must be able to meet the capital requirements:

Minimum paid-up capital for locally incorporated companies	BND8 million
Minimum surplus of assets over liabilities for foreign branches	BND8 million

- Directors, controllers and management of the company must be fit and proper to hold such positions;
- Has a minimum surplus of assets over liabilities of 20%; and
- Made a minimum statutory deposit of BND1 million with BDCB.

Post-registration

- Becomes a member of Brunei Insurance and Takaful Association (BITA);
- Takaful operators must establish a Syariah advisory body;
- The licensee must pay annual fees to BDCB, as of 1st day of each year.

Relevant fees:

	Licence fees (annual)
Main Office	BND10,000
For each branch office	BND3,000
For each counter	BND1,000

Processes involved:

1. Preliminary meeting with BDCB.
2. Submission of completed application form with supporting documents. Application form can be downloaded from BDCB's website.
3. Assessment of application by BDCB.
4. Approval of registration and commencement of operations –
   Successful applicants are issued an approval letter by BDCB containing the conditions of registration and BDCB will issue the license upon payment of fees.

Required documents:

Interested applicants are required to submit at a minimum the following items:

1. Completed application form;
2. Original letter from the home country Supervisory Authority (as applicable) approving the establishment of a branch or subsidiary in Brunei Darussalam;
3. Certified copy of Memorandum of Association and Articles of Association;
4. Annual Audited Financial Statements of the company for the last 5 years;
5. Proposed structure of Brunei operations;
6. Business Plan for the first 5 years of operation (including type of business, staff support, proforma financial data and financial projections for first 5 years);
7. For takaful operators:
   - Names of the Syariah advisory board members;
   - Approval from Syariah Financial Supervisory Board for any Islamic financial products and services to ensure they are not contrary to Hukum Syara'; and
8. If applicant is successful, payment of BND20,000 for the registration fee.

All completed applications and the necessary documentations with the application fees should be submitted to:

Deputy Managing Director (Regulatory and Supervision)
Brunei Darussalam Central Bank
Level 7, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910

F. APPLICATION TO BE GENERAL INSURANCE OR GENERAL TAKAFUL AGENT

The Insurance Order, 2006 or Takaful Order, 2008 requires any companies or individuals to register with BDCB to act as an agent to represent conventional insurers and takaful operators. Individuals or companies carrying out agency business without a valid registration is considered as breaching the law and may be subject to penalties.

An agent can be an individual or company that offers insurance/ takaful on behalf of licensed insurers and takaful operators in Brunei Darussalam.

- An agent cannot represent an insurer or takaful operator not licensed by BDCB.
- 1 agent can represent a maximum of 3 insurance companies or takaful operators.
- If an agent wishes to represent conventional insurers and takaful operators, the agent must apply for registration under Insurance Order, 2006 and Takaful Order, 2008.

Licensing requirements:

Individual

- Must be registered as a sole proprietor with Registrar of Companies and Business Names, Ministry of Finance and Economy
- The applicant is the only one allowed to sign off on policies.
- Before applying to BDCB, the applicant must be:
  - ✓ at least 21 years of age;
  - ✓ a citizen or permanent resident of Brunei Darussalam;
  - ✓ fit and proper;
  - ✓ qualified and hold a qualification approved by BDCB; and
  - ✓ registered with BITA.

Corporate

- Must be a company registered with Registrar of Companies and Business Names, Ministry of Finance and Economy.
- The owner of the company must be a citizen or permanent resident of Brunei Darussalam.
- Corporate nominees must be appointed to carry out the agency business and sign off on policies.
- Before applying to BDCB, the corporate nominee must be:
  - ✓ at least 21 years of age;
  - ✓ a citizen or permanent resident of Brunei Darussalam or foreign spouse or foreigner holding senior management position;
  - ✓ fit and proper;
  - ✓ qualified and hold a qualification approved by BDCB;
  - ✓ engaged fulltime with the corporate agent; and
  - ✓ registered with BITA.

Required documents:

Individual

1. Copy of identity card;
2. BITA clearance letter;
3. Copy of qualifications;
4. Employees' copy of identity card (if any); and
5. Fit and Proper Checklist.

Corporate

1. Copy of draft Memorandum and Articles of Association (M&A);
2. Copy of Form X;
3. Copy of Notice of Situation of Registered Office;
4. Copy certificate of Shareholder's Authorised Capital;
5. Copy of identity card for shareholder(s), director(s), principal officer and corporate nominee(s) and employee (s);
6. BITA clearance letter;
7. Copy of qualifications; and
8. BDCB Fit and Proper Checklist for shareholder(s), director(s), principal officer and corporate nominee(s).

Relevant fees:

	Individual			Corporate		
	IO, 2006	TO, 2006	Both	IO, 2006	TO, 2006	Both
Registration fee (BND)	300	300	600	2,000	2,000	4,000
Annual fee (BND)	200	200	400	1,000	1,000	2,000

The Brunei Institute of Leadership & Islamic Finance (BILIF) holds classes for interested applicants wishing to sit for the Qualifying Examination for Insurance and Takaful Agent (QEFITA).

Interested Applicants can contact BILIF at +6732461221 /2461223 or inquiry@bilif.com.bn.

All completed applications and the necessary documentations with the application fees should be submitted to:

Executive Director, Supervision 2
Regulatory and Supervision Department
Brunei Darussalam Central Bank
Level 7, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910

G. APPLICATION TO BE A LIFE INSURANCE OR FAMILY TAKAFUL AGENT

The Insurance Order, 2006 or Takaful Order, 2008 requires any companies or individuals to register with BDCB to act as an agent to represent conventional insurers and takaful operators. Individuals or companies carrying out agency business without a valid registration is considered as breaching the law and may be subject to penalties.

An agent can be an individual or company that offers insurance/*takaful* on behalf of licensed insurers or takaful operators in Brunei Darussalam.

- An agent cannot represent an insurer or takaful operator not licensed by BDCB.
- If an agent wishes to represent conventional insurer or takaful operator, the agent must apply for registration under Insurance Order, 2006 or Takaful Order, 2008.
- An agent can only represent 1 life insurance company or 1 family takaful operator.
- An agent may also represent a maximum of 3 general insurance companies and takaful operators.

Licensing requirements:

Individual	Corporate
• The applicant is the only one allowed to sign off on policies. • Before applying to BDCB, the applicant must be: ✓ at least 21 years of age; ✓ a citizen or permanent resident of Brunei Darussalam; ✓ a foreign spouse of citizen or permanent resident of Brunei Darussalam with valid permit document; ✓ fit and proper; ✓ qualified and hold a qualification approved by BDCB; and ✓ registered with BITA.	• Must be a company registered with Registrar of Companies and Business Names, Ministry of Finance and Economy. • The owner of the company must be a citizen or permanent resident of Brunei Darussalam. • Corporate nominees must be appointed to carry out the agency business and sign off on policies. • Before applying to BDCB, the corporate nominee must be: at least 21 years of age; ✓ a citizen or permanent resident of Brunei Darussalam or foreign spouse or foreigner holding senior management position; ✓ fit and proper; ✓ qualified and hold a qualification approved by BDCB; ✓ engaged fulltime with the corporate agent; and ✓ registered with BITA.

Required documents:

Individual	Corporate
1. Copy of identity card; 2. BITA clearance letter; 3. Copy of qualifications;	1. Copy of draft Memorandum and Articles of Association; 2. Copy of Form X; 3. Copy of Notice of Situation of Registered

4. Employees' copy of identity card (if any); and 5. BDCB Fit and Proper Checklist.	Office; 4. Copy certificate of Shareholder's Authorised Capital; 5. Copy of identity card for shareholder(s), director(s), principal officer and corporate nominee(s) and employee (s); 6. BITA clearance letter; 7. Copy of qualifications; and 8. BDCB Fit and Proper Checklist for shareholder(s), director(s), principal officer and corporate nominee(s).

Relevant fees:

	Individual		Corporate	
	IO, 2006	TO, 2006	IO, 2006	TO, 2006
Registration fee (BND)	300	300	2,000	2,000
Annual fee (BND)	200	200	1,000	1,000

Note: IO, 2006 refers to Insurance Order, 2006, and TO, 2006 refers to Takaful Order, 2006.

The Brunei Institute of Leadership & Islamic Finance (BILIF) holds classes for interested applicants wishing to sit for the Qualifying Examination for Insurance and Takaful Agent (QEFITA).

Interested Applicants can contact BILIF at +6732461221 /2461223 or inquiry@bilif.com.bn.

All completed applications and the necessary documentations with the application fees should be submitted to:

Executive Director, Supervision 2
Regulatory and Supervision Department
Brunei Darussalam Central Bank
Level 7, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910

H. APPLICATION FOR MONEY-CHANGING LICENCE

The Money Changing and Remittance Businesses Act, Chapter 174 requires any companies or individuals to apply for a licence to conduct money-changing or remittance business. Companies or individuals carrying out money-changing or remittance businesses without a valid licence is considered as breaching the law and may be subjected to penalties.

Application process:

Applications to be a money-changing licensee will be opened by the Brunei Darussalam Central Bank (BDCB) periodically and advertised in local newspapers, and BDCB's website and social media accounts. Interested applicants can apply for the licence once the applications are opened.

For hotels wishing to obtain a money-changing licence, a written application must be submitted to BDCB. Money-changing licence for hotels are limited to the buying of foreign currencies and serving hotel guests only.

Applicants must submit a completed application form provided by BDCB along with an application fee (as specified by BDCB).

Licensing Criteria:

In considering any application for a licence, BDCB may require to be satisfied as to: -

a) the good character of the applicant or, if the applicant is a company, the general character of the management of the company;
b) the financial condition of the applicant; and
c) whether public interest will be served by the granting of the licence.

Relevant fee and security:

Type of Business	Annual licence Fee	Security (Banker's Guarantee)
Money Changing	BND2,000.00	-
Money-Changing (Hotel)	BND500.00	-

Completed application form along with necessary documentations and application fee is to be submitted to:

Supervision 3
Regulatory and Supervision Department
Brunei Darussalam Central Bank
Level 7, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910

For further enquiries, please contact 2381370 or email infomcr@bdcb.gov.bn.

I. APPLICATION FOR REMITTANCE LICENCE

The following sets out the Authority's expectations when considering an application for a remittance licence under section 7 of the Money-Changing and Remittance Business Act ("MRCBA"). Applicants are expected to adhere to the following:

Licensing Criteria:

General Criteria

An applicant must be incorporated as a company in Brunei Darussalam and must fulfill the governance and ownership requirements set out below:

Governance and Ownership Requirements:

Applicants must be incorporated in Brunei Darussalam and have at least two directors.

- If there are only two directors, one of the executive directors must be a citizen of Brunei Darussalam and the other director must be ordinarily resident in Brunei Darussalam.
- If there are more than two directors, one of the executive directors must be a citizen of Brunei Darussalam and at least two of the other directors must be ordinarily resident in Brunei Darussalam.

Where a company is locally owned, more than 50% of the equity shareholdings must be beneficially owned and effectively controlled by citizens of Brunei Darussalam and a majority of the board of directors of the company must be citizens of Brunei Darussalam.

At the point of application, the applicant is only expected to indicate its business name and details relating to its proposed incorporation in Brunei Darussalam.

An applicant must provide a clear value proposition, incorporating the innovative use of technology in the provision of a remittance service. Prior to submission of an application, the applicant is expected to demonstrate that its business operations and business model will bring added value and innovation to the remittance landscape whilst safeguarding the financial integrity and stability of Brunei Darussalam's financial system, and that the public's interest and needs will be served.

An applicant must have a permanent place of business or registered office where the applicant's books and records can be securely held. At the point of application, the applicant is only expected to indicate the proposed place of business where it has assessed its suitability and include it in its business plan and its financial projections.

Fit and Proper

An applicant must ensure that its key responsible persons[1], shareholders and employees, are fit and proper.

In assessing whether a person is fit and proper, several criteria will be considered, as specified in the MCRBA, in addition to the following:

a) Honesty, integrity and reputation;
b) Competence and capability; and

[1] Key responsible persons referred to in this document includes directors, Chief Executive Officers and other senior management. Applicants may reach out to BDCB for further details.

c) Financial soundness.

In determining honesty, integrity and reputation of a person, the Authority may have regard to all relevant matters including, but not limited to, criminal offences that may have arisen either in Brunei Darussalam or elsewhere. An applicant and its Group must not have any adverse reputation.

In determining competence and capability, the Authority may have regard to the key responsible persons' educational qualifications, professional certifications and experience in operating a remittance business or related areas in the financial services industry. Where an individual manages a sizeable team, the key responsible person must have the relevant experience, competencies and influence, to allow them to exercise effective oversight and control over the business activities and staff.

In determining financial soundness, key responsible persons must be able to demonstrate that they are able to manage their own debts or financial affairs prudently such that there are no loan/finance defaults or court judgements related to debt or credit facilities in their name or associated parties.

Minimum Financial Requirements

An applicant must be able to demonstrate that it has adequate business capital to operate its day-to-day operations and development of the business in Brunei Darussalam. The applicant must ensure that it maintains sufficient capital buffer, bearing in mind the scale and scope of its operations and the potential for profit and losses. The amount of capital to be provided will be determined by the Authority on case to case basis depending on the scale and nature of its operations.

An applicant must provide the required security prior to commencing business, in the form of a bank guarantee in the prescribed format amounting to BND55,000 or as may be specified by the Authority.

Organisational Requirements

An applicant must have in place plans to institute and maintain internal control mechanisms and arrangements, that are commensurate with the nature, scale and complexity of its business, which provide for:

a) an effective system of checks and balances to ensure compliance with internal policies, procedures and processes, the MCRBA and relevant regulations or notices issued by the Authority; and address the likelihood of mismanagement and fraud. This, amongst others, include compliance arrangements and independent audit arrangements;

b) an effective management of risks that enable the identification and control of risks in its operations;

c) an effective contingency arrangement and business continuity plan in the event of unexpected events that materially affect operations.

The minimum requirements for compliance arrangements are set out below. Regardless of the setup of the compliance arrangements, the ultimate responsibility and accountability for ensuring compliance with applicable laws, notices etc. rest with the applicant's key responsible persons, and compliance officer.

Minimum Compliance Arrangements:

The applicant must ensure that it has adequate compliance arrangements commensurate with the scale, nature and complexity of its operations. This may take the form of:

- An independent compliance function - The applicant is required to put in place an independent compliance function in Brunei Darussalam with staff who are suitably qualified. Compliance staff may perform other non-conflicting and complementary roles such as that of an in-house legal counsel. Applicants may refer to Guidelines on Minimum Requirements for Money-Changing and Remittance Business Compliance Officer (Guideline No.SM/G-2/2020/2).

- Compliance support from holding company or overseas related entity - The applicant may obtain compliance support from an independent and dedicated compliance team at its holding company, or at an overseas related entity, provided that it is able to demonstrate that there is adequate oversight by the applicant's compliance officer or key responsible persons.

The applicant must also develop appropriate compliance management arrangements, including at least, the appointment of a suitably qualified compliance officer at the management level. This individual is expected to have sufficient expertise and authority to oversee the compliance function of the applicant, although he may be assisted by other staff in day-to-day operations.

If this officer has yet to be employed at the point of application, he/she must, at the minimum, have been identified at the point of application and must be employed and appointed prior to the applicant commencing business.

The applicant must be aware that regardless of the arrangement chosen, the key responsible persons and compliance officer of the applicant are ultimately responsible for all compliance and regulatory matters and must maintain adequate oversight over the arrangements.

Independent audit arrangements are expected to regularly assess the adequacy and effectiveness of its procedures, controls, and its compliance with regulatory requirements. The audit may be conducted by the applicant's internal audit team, an independent internal audit team from the applicant's head office, or outsourced to a third-party service provider.

Additional Criteria in Respect of Online Financial Services

Where an applicant intends to provide online financial services, the applicant is required to perform vulnerability assessment and penetration test of its proposed online financial services, remediate all high-risk findings identified, and conduct independent validation on the effectiveness of the remediation actions. This does not need to be completed prior to application but must be completed prior to the grant of licence.

Submission of Application:

Applicants who have assessed that they are able to meet the licensing criteria are required to submit a completed application including a business proposal which contains the following:

a) Ownership/shareholding structure;
b) Business model and plan;
c) AML/CFT policies and procedures;
d) Compliance arrangement;

e) Risk Management, including Technology Risk Management as set out below under Information Required for Licence Applications below; and
f) Audit Arrangement.

The business model and plan should be clear and describe how the proposed remittance service is innovative and have no comparable offerings in Brunei Darussalam, with clear potential to:

a) Improve accessibility, efficiency, security and quality in the provision of remittance services;
b) Enhance the efficiency and effectiveness of risk management including Anti Money Laundering/Combating Financing of Terrorism (AML/CFT) and technology risk; and
c) Lead to a better deal for consumers directly or indirectly in terms of convenience, speed and costs.

Information Required for Licence Applications:

The applicant must ensure that it fully meets the admission criteria and has ensured that the application is complete, free of errors and inconsistencies, and accompanied by the requisite supporting documents stated in the application form.

The business plan must illustrate compliance with the MCRBA and relevant subsidiary legislation, and include the information below:

- Jurisdictions serviced (where applicable);
- Profile of target clientele;
- Professional experience and expertise of the proposed management team;
- Proposed products and services;
- Detailed funds flow plan and channels, including transaction and/or process flow diagrams. If there is more than one product or service, or more than one type of transaction and/or process flow, one diagram must be provided for each flow. The diagrams should:
    - Describe the beginning to end of a typical transaction, starting from the sources of funds that the applicant will accept (e.g. bank transfers, cash, cards) until where the obligation to the customer is fully discharged;
    - Illustrate both the interactions between the customer and the applicant and the flow of funds;
    - Have timelines indicated, including service level agreements with third parties, and payment and settlement cycles, where applicable;
    - Highlight where it uses innovative technology or a different manner of delivering products or services from that commonly seen in the market;

- Include all third parties involved (e.g. other payment service providers, banking partners, intermediaries, other agents) and show their roles in the process.

- Implementation plans, including the anticipated timeline for launch, as well as systems, processes, and third parties that will perform a key role in its operations;

- Third parties - Where the applicant intends to engage any third parties, it must provide details on such third parties, including the name, jurisdictions that it operates in (where applicable), and licensing/registration status;

- Technology Risk Management - The applicant must set out its framework for assessing and managing technology risks, and implement measures to protect customer data, transactions and systems that are commensurate with the level of risk and complexity of the financial services offered and the technologies supporting such services. The applicant should refer to the Standard Technology Risk Management Guidelines (Guideline No. TRS/G-1/2019/1) for guidance on IT risk management principles and best practices; and

- Adequate internal control systems

- Compliance and audit - The applicant must provide the following information and documents that are in line with the nature of the proposed business model:
    - Policies and procedures that demonstrate compliance with relevant laws, notices and guidelines issued by the Authority including AML/CFT.
    - Enterprise-wide money-laundering/terrorism financing risk assessment.
        - Governance, escalation and reporting arrangements. This must include details of the involvement of the key responsible persons in the oversight and resolution of AML/CFT and any other issues that may arise in the course of the licensee's business.
    - Implementation plans of compliance management arrangements, including systems that will be used.
    - Name and Curriculum Vitae ("CV") of the compliance officer, including details of any formal compliance accreditation. If there is/will be a separate AML/CFT compliance officer, name and CV of the AML/CFT compliance officer, including details of any formal AML/CFT accreditation.
    - Staffing arrangements for the compliance function, if it is not already provided as part of the organisational chart. This must include details on all outsourced compliance functions, including where the outsourced provider and team is located, relationship between the applicant and the outsourced provider (e.g. vendor, parent company), licensing/registration status of the outsourced provider, and oversight arrangements.
    - Internal and external audit arrangements.

Applicants are required to pay a non-refundable fee of BND200.00 (Brunei Dollars Two Hundred only) regardless of the outcome of the application. Successful applicants will be required to pay an annual fee as prescribed in the MCRBA.

Without prejudice to the criteria set out above, the Authority may consider each application on its own merits and may consider other factors, where appropriate, on a case-to-case basis; and may, from time to time, impose any other conditions on the applicant.

J. APPLICATION FOR PAWNBROKING LICENCE

The Pawnbrokers Order, 2002 requires any companies or individuals to apply for a licence to conduct the business of a pawnbroker. Companies or individuals carrying out the business of a pawnbroker without a valid licence is considered as breaching the law and may be subjected to penalties.

Application process:

Persons wishing to obtain a pawnbroker licence must submit a written application to BDCB. Applicants are to submit a completed application form provided by BDCB along with an application fee.

General requirements:

a) The proposed business must be conducted in accordance to Hukum Syara'.
b) Any persons may apply whether or not professing the Islamic religion.
c) Must be able to provide minimum paid-up capital of BND50,000.

Relevant fees and security:

Application Fee	Annual License Fee	Security (Banker's Guarantee)
BND100	BND5,000	BND100,000

Completed application form along with necessary documentations and application fee is to be submitted to:

Supervision 3
Regulatory and Supervision Department
Brunei Darussalam Central Bank
Level 7, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910

For further enquiries, please contact 2381370 or email infomcr@bdcb.gov.bn

K. APPLICATION FOR MONEYLENDING LICENCE

Moneylenders Act, Cap.62 requires any persons to apply for a licence to conduct the business of a moneylender. Company or individuals carrying out moneylending activities without a valid licence is considered as breaching the law and may subjected to penalties.

Application process:

Persons wishing to obtain a moneylender licence must submit a written application to BDCB.

General requirements:

a) Must be able to provide minimum paid-up capital of such amount as determined by BDCB.
b) Must have a permanent place of business or a registered office in Brunei Darussalam.

Relevant fees and security:

Annual Licence Fee	Security (Banker's Guarantee)
BND500	Amount to be determined by Authority

Without prejudice to the criteria set out the above, BDCB may consider each application on its own merits and may consider other factors, where appropriate, on a case-to-case basis. BDCB may also impose any other conditions on the applicant from time to time as deemed necessary.

All completed applications and the necessary documentations should be submitted to:

Managing Director
Brunei Darussalam Central Bank
Level 14, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910
Brunei Darussalam

Attention to: Deputy Managing Director (Regulatory & Supervision)

For any general licensing enquiries on moneylending activities, please contact 2380975 or email bankingpolicy@bdcb.gov.bn

L. APPLICATION TO OPERATE PAYMENT SYSTEMS

The Notice No. PSO/N-1/2020/1 on Requirements for Payment Systems issued under Section 54(1) of the Brunei Darussalam Central Bank Order, 2010 requires any company to seek approval from BDCB to operate payment systems in Brunei Darussalam to offer payment services or products. Companies operating a payment system that is not approved by BDCB will be in breach of the law and may be subjected to penalties.

Examples of payment services or products include:

- Account issuing services
- E-money issuing services
- Merchant acquiring services

Application process:

1. Preliminary meeting with BDCB.
2. Submission of completed application form with supporting documents. Assessment of application by BDCB.
3. Approval of registration and commencement of operations – Successful applicants are issued an approval letter by BDCB containing the conditions of registration.

Criteria for Approval:

- The applicant must be a company incorporated or registered under the Companies Act, Chapter 39;
- The applicant must satisfy BDCB that its directors, chief executive officer, shareholders, employees as well as the applicant itself are fit and proper;
- The applicant must satisfy BDCB of its track record and financial standing, where applicable;
- The applicant must have a permanent place of business or registered office located in Brunei Darussalam; and
- The applicant must have a base capital of BND100,000.

General Requirements:

- An Operator must keep, or cause to be kept, at its permanent place of business or registered office, books of the transactions in relation to any service it provides.

- An Operator must appoint at least one person to be present at its permanent place of business or registered office to address any queries or complaints from its customers.

- In addition to the financial requirements an Operator must maintain a sufficient capital buffer in excess of the base capital, subject to the scale and scope of its operations and the potential for profit and losses.

- An Operator must maintain with BDCB security, in the form of a bankers guarantee, at an amount not less than BND50,000 prior to the commencement of its business. This security may be enforced by BDCB for the purposes of payment of any sums outstanding and claimed by the customers of the Operator.

- An Operator must have the following in place –

  - plans which ensure regulatory compliance that are commensurate with the nature, scale and complexity of its business;

- plans for the conduct of an annual audit of its accounts and transactions, including its compliance with the relevant requirements in Notice No. PSO/N-1/2020/1 and other relevant laws, to be carried out at its own expense.

For more information, please refer to: Notice No. PSO/N-1/2020/1.

All completed applications and the necessary documentation should be submitted to:

Supervision 3
Brunei Darussalam Central Bank
Level 14, Ministry of Finance and Economy Building
Commonwealth Drive
Bandar Seri Begawan BB3910

M. APPLICATION INTO THE FINTECH REGULATORY SANDBOX

Brunei Darussalam introduced the FinTech Regulatory Sandbox (Sandbox) on 27 February 2017 to aid the development of FinTech companies in Brunei Darussalam.

The Sandbox allows the testing of innovative products and services through the usage of a framework that enables qualified companies or businesses to experiment with innovative solutions in a relaxed regulatory environment, for a limited period of time, and **within specific** boundaries.

Application process into the Sandbox:

Sandbox application process		
Prerequisite	Application and evaluation phase	Testing phase
• Interested applicant to perform due diligence; • FinTech solution and business model ready to be deployed; and • Understand legal and regulatory requirements.	• Submit completed application to fintech@bdcb.gov.bn; • BDCB will work together with applicant on any refinements that might need to be made to the application.	• Written approval to enable applicant to begin testing; • Periodic monitoring on the progress of the testing; • Pre-exit preparation; and • Exit Sandbox.

For more information, please refer to Guidelines No. FTU/G-1/2017-1 FinTech Regulatory Sandbox Guidelines.

For further enquiries, please contact fintech@bdcb.gov.bn.