

FINANCIAL LICENSING RULES

ORDER NO OF 2017

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FINANCIAL DEALERS LICENSING RULES

Rules 1 of 1977

Rules No. of 2017

In exercise of the powers conferred on me by section 8 of the Financial Dealers Licensing Act [CAP 70] as amended, I, Honourable Gaetan Pikione, Minister of Finance, and Economic Management make the following Rules.

Interpretation

In these Rules, unless the contrary intention appears:

Act means the Financial Dealers Licensing Act [CAP 70] as amended;

Compliance Officer means a registered agent locally or internationally;

IP address of Business means Internet Protocol address of the devices in the business premises of the applicant;

Commissioner means the Commissioner as defined under the Act;

1. Other Information For Principal License

An application for a principal's licence made under section 4(3) (d) of the Act shall be submitted to the Commissioner in the form prescribed in Schedule 1.

- (1) Applicant for the Principal's license shall provide the following information:
- (a) Where the applicant is a corporation, a certified copy of the certificate of registration and license of corporation in the home and/or foreign jurisdiction;
 - (b) Where the applicant is a natural person, Certified Copies of Academic Transcripts, CV and two (2) independent references on related experience in fund management securities and investment;
 - (c) A statement of the director outlining the financial standing affairs, current assets, contingent liabilities and insurance including professional indemnity showing cover of the appointed representative and other officers of the applicant;
 - (d) If the applicant has been operating for more than twelve (12) months prior to the date of the application for the license, the applicant must provide a financial statement showing the latest profit and loss report and balance sheet of the applicant which have been audited by an independent auditor and certified by a Public Notary or with the Commissioner agreement, it's equivalent;
 - (e) A statement clearly detailing the activity to be carried out under the license and the manner or medium in which the applicant proposes to conduct the business (including the details of the product which the applicant will hold itself out as being able to provide;
 - (f) Details of the applicant's internal organization, internal controls and corporate governance, including details on keeping the current books and records detailing receipt of investment, how it is held and dealt with, and outline of mechanisms used for the withdrawal and/ or maturity of investment;
 - (g) A certified independent risk assessment report highlighting Anti Money Laundering and Counter Terrorist Financing compliance;

- (h) Disclosure of internet related business or e-commerce business and clearly showing the information of the licensee;
- (i) A resolution of directors appointing the Representative of the Principal Licensee; and
- (j) A declaration by the applicant and the directors that it is not aware of any matter that might reasonably cause the Commissioner to doubt that it and its Representative have the competence, integrity or financial resources to be able to undertake business in accordance with the Act.

2. Other Information For Representative License

An application for a representative's licence made under section 4(1) (b) of the Act shall be submitted to the Commissioner in the form prescribed in Schedule 2.

- (1) Applicant for a representative's license shall include the following supporting documents:
 - (a) Certified Copies of Academic Transcripts, Curriculum Vitae showing related experience in fund management, securities and investment;
 - (b) Certified copies of two (2) independent references showing at least three (3) years of professional experience confirming Curriculum Vitae under (a) above;
 - (c) Details of email and telephone contact information of referees above to confirm professional qualifications and fulfilment of relevant experience mentioned in (c) above;
 - (d) A document confirming proof of residence of the applicant; and
 - (e) A declaration by the applicant that he/ or she is a fit and proper person and is not aware of any matter that might reasonably cause the Commissioner to doubt that he/ or she and the Principal have the competence, integrity or financial resources to be able to undertake business in accordance with the Act.

3. Application For Extension of License Period

- (1) All application for extension of license period shall be submitted to the Commissioner one (1) month before the anniversary date of the issuance of the license in the form prescribed in Schedule 3.
- (2) All licensee must also submit a report outlining the activities carried on under the license period which must include:
 - (a) A detailed report of the number of investors who invested funds and the amounts invested;
 - (b) A detailed report on the product invested in and the jurisdiction in which the investment was made;
 - (c) A detailed report on the withdrawal of funds by investors and reasons for withdrawal;
 - (d) A comprehensive report on complaints received by investors and response to these complaints;
 - (e) A financial report showing the total turnover made by the applicant during the license period; and
- (3) A financial statement must be prepared by an independent auditor and submitted 3 months after the anniversary date in accordance with the International Accounting Standard or other standard in agreement with the Commissioner;

- (4) All application for extension of license period having previously paid a bond of VT200,000 must upon application pay a remainder of VT4,800,000 to offset the remainder of the balance of VT5,000,000 being the bond deposit; and
- (5) A licensee who contravenes rule 3 is guilty of an offence punishable on conviction by a fine not exceeding VT 1,000,000 and/or have the license revoked.

4. Filing of Quarterly Reports

- (1) A Principal Licensee shall submit to the Commissioner a quarterly report outlining updated details which must include:
- (a) Number of investors and amount of funds invested;
 - (b) Number of products offered to investors detailing the number of each product offered;
 - (c) Details on what jurisdiction the product was offered;
 - (d) Details of vetting process of investors and criteria used;
 - (e) Number of refusals and reasons for refusal;
 - (f) Updated information on registered agent and office details;
 - (g) Updated information on shareholders and beneficial owners; and
 - (h) Report on any complaints received from investors.

5. Financial Dealers License

- (1) A licensee is prohibited to sell or transfer a Financial Dealers License.
- (2) A licensee who contravenes this rule is guilty of an offence punishable on conviction by a fine not exceeding VT 1, 000, 000.

6. Commencement

This Order commences on 28 June 2017.

Made at Port Vila this 30th day of June, 2017



Honourable Gaetan Pikioune
Minister of Finance and Economic Management

SCHEDULE 1

(Rule 1)

Application for Principal's Licence

1. Application is hereby made for the issue of a Principal's Licence under the Dealers in Securities (Licensing) Act, Cap. 70 and the following information is given in support thereof –
 - (a) Full name of applicant : _____
 - (b) Business nature of security: _____
 - (c) Business address of applicant: _____

 - (d) Occupation of applicant: _____
 - (e) Date of birth: _____
 - (f) Place of birth: _____
 - (g) Country of residence: _____
 - (h) *Passport ID and National ID card of applicant (please attached)
 - (i) *Curriculum Vitae (attached with supporting apostille documents)
 - (j) *Email: _____
 - (k) *Skype: _____
 - (l) *Website: _____
 - (m) *IP address of business place: _____
 - (n) * Business telephone number: _____
 - (o) * Business fax number : _____
2. Name in which licence is to be issued (if different from 1(a) above) –

3. Does the applicant hold, or has the applicant held, a licence to deal in securities in any jurisdiction outside Vanuatu –

If so, supply details _____
4. Has the applicant been a member of any stock exchange –

If so, supply details _____
5. Has the applicant been either –

- (a) refused a licence to deal in securities whether as principal or representative in any jurisdiction outside Vanuatu; or
- (b) refused membership of any stock exchange
If so, supply details _____
6. Has the applicant in Vanuatu or elsewhere –
- (a) been convicted of any offence, other than a traffic offence.
If so, supply details _____
- (b) had judgment been given against him in any civil proceedings, in which fraud was alleged.
If so, supply details _____
- (c) been declared bankrupt, or compounded with or made an assignment for the benefit of his creditors.
If so, supply details _____
- (d) been refused a fidelity or security bond.
If so, supply details _____
- (e) subject to an investigation by a law enforcement agency, regulatory authority or professional association or currently a defendant in civil litigation.
If so, supply details _____
- (f) subject to a court order concerning financial obligations that have not been met.
If so, supply details _____
- (g) found by any regulatory authority or professional association to have been engaged in any activity that has led to disciplinary action.
If so, supply details _____
- (h) develop and implement a written anti-money laundering compliance program approved by a member of senior management.
If so, supply details _____

I declare that all information given in this application and any supporting documents enclosed herewith is true and correct.

Dated this ____ day of _____, 20____.

Signed

NOTE: Attention is drawn to section 16 of the Financial Dealers Licensing Act, [CAP 70] which provides as follows –

- “16. Any person who, in furnishing any information for any of the purposes of this Act or rules or orders made thereunder, makes any statement which, to his knowledge, is false in a material particular, shall be guilty of an offence and liable on conviction to a fine not exceeding VT 100,000 or to imprisonment for a term not exceeding 6 months, or to both such fine and imprisonment.”

* Compulsory detail to complete.

SCHEDULE 2

(Rule 2)

Application for Representative's Licence

1. Application is hereby made for the issue of a Representative's Licence under the Financial Dealers Licensing Act, [CAP 70] and the following information is given in support thereof –
 - (a) Name of applicant: _____
 - (b) Business nature of security: _____
 - (c) Address of applicant: _____
 - (d) Occupation of applicant: _____
 - (e) Date of birth: _____
 - (f) Place of birth: _____
 - (f) Country of residence: _____
 - (g) *Passport ID and National ID card (attachment)
 - (h) Curriculum Vitae (attached with supporting apostille documents)
 - (i) *Email: _____
 - (j) *Skype: _____
 - (k) *Website : _____
 - (l) *IP address of business place: _____
 - (m) *Business Telephone: _____
 - (n) *Business Fax: _____
2.
 - (a) Name and address of applicant's employer or principal –

 - (b) Period of employment or association with principal –

3. Does the applicant hold, or has the applicant held a licence to deal in securities in any jurisdiction outside Vanuatu –

If so, supply details _____
4. Has the applicant been a member of any stock exchange –

If so, supply details _____

5. Has the applicant been either –

- (a) refused a licence to deal in securities whether as principal or representative in any jurisdiction outside Vanuatu; or
- (b) refused membership of any stock exchange.

If so, supply details _____

6. Has the applicant in Vanuatu or elsewhere –

- (a) been convicted of any offence, other than a traffic offence.

If so, supply details _____

- (b) had judgment been given against him in any civil proceedings, in which fraud was alleged.

If so, supply details _____

- (c) been declared bankrupt, or compounded with or made an assignment for the benefit of his creditors.

If so, supply details _____

- (d) been refused a fidelity or security bond.

If so, supply details _____

- (e) subject to an investigation by a law enforcement agency, regulatory authority or professional association or currently a defendant in civil litigation.

If so, supply details _____

- (f) subject to a court order concerning financial obligations that have not been met.

If so, supply details _____

- (g) found by any regulatory authority or professional association to have been engaged in any activity that has led to disciplinary action.

If so, supply details _____

I declare that all information given in this application and any supporting documents enclosed herewith is true and correct.

Dated this ____ day of _____, 20____.

Signed

NOTE. Attention is drawn to section 16 of the Financial Dealers Licensing Act, Cap. 70, which provides as follows –

- “16. Any person who, in furnishing any information for any of the purposes of this Act or rules or orders made thereunder, makes any statement which, to his knowledge, is false in a material particular, shall be guilty of an offence and liable on conviction to a fine not exceeding VT

100,000 or to imprisonment for a term not exceeding 6 months, or to both such fine and imprisonment."

CERTIFICATE OF PRINCIPAL

On the basis of due and diligent enquiry made of the background of the applicant named herein who is in my direct employment or acting for or on behalf of me, and other information available, I believe him to be of good character and reputation and to have the competence and experience to perform the function of a representative as set forth in the Act.

Dated this ____ day of _____, 20____.

Signed

[Principal's licence No. _____]

* Compulsory complete the detail.

SCHEDULE 3

(Rule 3)

Application for Extension of License Period

2. Application for renewal is hereby made for the issue of a Principal or Representative's Licence under the Financial Dealers Licensing Act, [CAP 70] and the following information is given in support thereof –

- (a) Name of applicant: _____
- (b) Type of License: _____
- (c) Business nature of Security: _____
- (b) Business address of applicant: _____

- (c) Occupation of applicant: _____
- (d) Date of birth: _____
- (e) Place of birth: _____
- (f) Country of residence: _____
- (g) *Passport ID and National ID card of applicant (please attached)
- (h) Curriculum Vitae (attached with supporting apostille documents)
- (i) *Email: _____
- (j) *Skype: _____
- (k) *Website: _____
- (l) *IP address of business place: _____
- (m) * Business telephone number: _____
- (n) * Business fax number : _____

3. Name in which licence is to be issued (if different from 1(a) above) –

3. Does the applicant hold, or has the applicant held, a licence to deal in securities in any jurisdiction outside Vanuatu –

If so, supply details _____

4. Has the applicant been a member of any stock exchange –

If so, supply details _____

6. Has the applicant been either –

(a) refused a licence to deal in securities whether as principal or representative in any jurisdiction outside Vanuatu; or

(b) refused membership of any stock exchange

If so, supply details _____

6. Has the applicant in Vanuatu or elsewhere –

(a) been convicted of any offence, other than a traffic offence.

If so, supply details _____

(b) had judgment been given against him in any civil proceedings, in which fraud was alleged.

If so, supply details _____

(c) been declared bankrupt, or compounded with or made an assignment for the benefit of his creditors.

If so, supply details _____

(d) been refused a fidelity or security bond.

If so, supply details _____

(e) subject to an investigation by a law enforcement agency, regulatory authority or professional association or currently a defendant in civil litigation.

If so, supply details _____

(f) subject to a court order concerning financial obligations that have not been met.

If so, supply details _____

(g) found by any regulatory authority or professional association to have been engaged in any activity that has led to disciplinary action.

If so, supply details _____

(h) develop and implement a written anti-money laundering compliance program approved by a member of senior management.

If so, supply details _____

I declare that all information given in this application and any supporting documents enclosed herewith is true and correct.

Dated this ____ day of _____, 20____.

Signed

NOTE: Attention is drawn to section 16 of the Financial Dealers Licensing Act, [CAP 70] which provides as follows –

- “16. Any person who, in furnishing any information for any of the purposes of this Act or rules or orders made thereunder, makes any statement which, to his knowledge, is false in a material particular, shall be guilty of an offence and liable on conviction to a fine not exceeding VT 100,000 or to imprisonment for a term not exceeding 6 months, or to both such fine and imprisonment.”

* Compulsory detail to complete.