



## **PUBLIC NOTICE**

### **FINANCIAL DEALERS LICENSING (AMENDMENT) ACT NO. OF 2020**

This is a general advice to all entities and individuals licensed under the Financial Dealers Licensing Act [CAP 70], the Registered Agents and the General Public.

The Vanuatu Financial Services Commission (VFSC) wishes to inform all licensees, the Registered Agents and the General Public that the amendment to the Financial Dealers Licensing Act No. of 2020 has been passed in parliament recently and is yet to be gazetted.

This amendment is a further amendment to the Financial Dealers Licensing Act (Amendment) No. 31 of 2018. The following changes are outlined in the amendment:

1. The Amendment Act changes the licensing requirements so as to introduce four classes of licence:
  - a. Class A: debenture stocks; loan stock, bonds; certificates of deposits; proceeds of foreign exchange.
  - b. Class B: shares in share capital of a corporation; proceed of precious metals; proceeds of commodities; a right whether or not conferred by warrant, subscribe for shares or debt securities; or a right under depository receipt;
  - c. Class C: Future contracts and derivative products but not limited to futures and options; an option to acquire or dispose of any security falling within any other provision of the Act; a right under a contract for the acquisition or disposal of the relevant securities under which the delivery is to be made at a future date and at a price agreed when

the contract is made in accordance with the terms of that contract;

- d. Class D: carry on or purport to carry on the business of dealing in digital assets.

- 2. A class D principal license may only be issued to the license holders of Class A, B and C Principal's Licenses
- 3. The Amendment Act does not make changes to the fees charged and the current applicable fees remains the same as follows:
  - a. Application for a principal's licence:- VT50,000
  - b. Principal's licence fee:- VT100,000
  - c. Application for a Representative's licence:- VT50,000
  - d. Representative's licence fee:- VT100,000

#### 4. **Physical Presence**

The amendment requires that all licensees must operate from an office in Vanuatu. The office should maintain the following system:

- a. a filing system;
- b. a management and accounting system;
- c. a business continuity plan and any other requirements deemed necessary by the VFSC for the smooth running of the business.

#### 5. **License Manager**

The Amendment introduces the licensing of resident manager as an alternative to having a fully fledged physical presence in Vanuatu.

An eligible person who wish to become a resident manager shall apply to the VFSC for a license in the application form approved by the Commission.

The application fee for the resident manager is VT 50,000 and the license fee is VT 100,000.

The amendment outlines the following criteria for a grant of a license to a resident manager:

- a. Is a natural person; and
  - b. has met the fit and proper criteria as required under section 5A; and
  - c. has qualification and experiences in managerial services of a financial dealer security; and
  - d. has appropriate staffing;
  - e. has a physical office in Vanuatu; and
  - f. has resided in Vanuatu for 6 months in a year; and
  - g. any other requirements as the Commission may determine.
6. The Amendment gives the Commission the power to impose conditions on a licence.
7. The 2018 Amendment repeals Section 6 and introduces new requirements for applicants for licences. The key changes are as follows:
- e. The Commissioner may refuse to grant an application for a licence if he is satisfied that a manager or director of an applicant for a licence is not a natural person with relevant experience in dealing in securities and is incompetent to meet the obligations of a licensee under the Act;
  - f. The Commissioner may refuse to grant an application for a licence if he is satisfied that the managers or directors of the applicant do not normally reside for 6 months within each year in Vanuatu.
  - g. For existing licence holders, the Commissioner may revoke a licence where he is satisfied that the licence conditions are not met



- h. The Amendment now states that the Commissioner may refuse to grant an application for a licence if he is satisfied that an applicant has contravened the Anti-Money Laundering and Counter Terrorism Financing Act No 13 of 2014 and that contravention has resulted in the use of enforcement measure under Part 10AA of that Act. However, such a requirement had previously been applied, in effect, as a result of the Guidelines on fit and proper criteria issued under Section 19A of the Act and as detailed in the Commission's Reference Guide on Market Entry Fit and Proper Controls.

**8. Term of License**

A license issued under the Act shall remain in force until it is revoked under the Act. The license shall be renewed upon payment of the annual fees.

**9. Prohibition of Assignment or Transfer of a license**

The amendment prohibits a licensee from assigning or transferring a license issued under the Act.

**10. Forfeiture of Bond**

The amendment provides for the bond deposit to be forfeited to the Commission if a license is revoked as result of dishonest or fraudulent business practice.

**11. Transition Period**

- a) All licensees must apply within 12 months from the commencement of this Act for a Class A, Class B, Class C or Class D Principal License and the Manager's License.
- b) If a person fails to make an application under section (1), the Class A, Class B, Class C, or Class D Principal's License issued to that person expired after 12 months from the commencement of this Act.

**12. Commencement**

The Act shall commence on the date it is gazetted.

**13: Application Forms and Guideline**

The Commission will issue the application forms and further guidelines once the Act is gazetted.

Anyone requiring clarification on this matter should contact Mr. Joshua Tari on [tjoshua@vfsc.vu](mailto:tjoshua@vfsc.vu) or 22247.

DATED this 15<sup>th</sup> day of June 2021.

  
**Branan Karae**  
**Commissioner**

