



## Press Release

At a symposium organised by the Vanuatu Financial Services Commission (VFSC) on Thursday 22 June 2023, in conjunction with all key stakeholders and policy makers, launched "Program for the Symposium -Virtual Assets, Navigating the legal framework", the Vanuatu government announced that it is supportive of the VFSC initiative. The licencing framework has been developed with key industry input and global expertise in AMLCTF, securities and prudential regulatory frameworks in this space.

The VFSC for the last 3 years has dedicated resources to developing a robust regulatory licencing regime to ensure Vanuatu is a stable and regulated financial centre for digital assets in the Pacific.

The Attorney General stated that a new "Virtual Asset Act" was in drafting stage. The VFSC has created a new licence category "Class D" licence for the supervision of digital asset business activities. Under the class D licence (A licensee must hold class A, B and C as a prerequisite) a licensee can carry on digital asset related business as defined in the licence requirements. <https://www.vfsc.vu/70-prevention-of-fraud-investments-act/>

The digital asset business and the FinTech ecosystem can no longer be ignored globally as market capitalisation approaches the trillions globally and we are seeing an unprecedented increase in competition in the financial sector, producing cheaper and more efficient services which has spurred interest in digital assets.

Many jurisdictions are struggling to find a balance between innovation and regulation which must be addressed as technological change effects all lives in an unprecedented way. The broader aim for Vanuatu is to spur economic activity to the Island which already has a robust financial dealer's sector. Recent difficulties in the cryptocurrency market may make some sceptical about the prospects for digital assets. However, while caution is always advisable with emerging technology robust regulatory requirements are still possible if we can harness the opportunities of technology whilst mitigating the risks they pose.

Under VFSC supervision, firms offering excessively speculative or even fraudulent assets are very unlikely to be licenced or permitted to carry on business from Vanuatu. Furthermore, with the creation of the class D licence, the VFSC has clarified that the Vanuatu environment is not based on cryptocurrency, but digital assets. Cryptocurrency has not yet lived up to its ambitious aims as a widely accepted, "trust less" means of exchange. However, the technology that underpins it, distributed ledgers, has applications to many more types of digital asset, many less speculative than cryptocurrency. The island jurisdiction has ensured the licence regime is compliant with international best practices and global standard setters like the FATF, IOSCO and FSB requirements.

The expectation is that as such technologies as blockchain will become more widespread and digital assets mainstream. Vanuatu intends to be at the forefront regulatory and legal compliance for Digital Assets in the Pacific region.

Branan Karāe  
Commissioner