



# **Guidance Note on the Acceptance of Virtual Assets as Collateral by Financial Dealer Licensees**

(March 2026)

SUPERVISION DEPARTMENT

## **Legal Authority**

This Guidance Note is issued by the Vanuatu Financial Services Commission (VFSC) pursuant to its supervisory and regulatory powers under section 59 of the Virtual Asset Service Providers Act No. 3 of 2025. The Commission may issue guidance to clarify regulatory expectations relating to risk management, client asset protection, AML/CFT compliance, and prudential supervision.

### **1. Purpose of this Guidance**

This Guidance Note clarifies the regulatory expectations of the VFSC in circumstances where Financial Dealer Licensees accept virtual assets, including cryptocurrencies and stablecoins, as collateral for client trading positions or other financial obligations.

While FDLs may not be trading virtual assets directly, the acceptance and holding of such assets as collateral introduces custody, operational, and financial crime risks that fall within the supervisory remit of the Commission.

### **2. Regulatory Position of the VFSC**

The VFSC considers that the acceptance, holding, or administration of virtual assets as collateral constitutes custody of virtual assets, regardless of whether the licensee actively trades those assets.

Accordingly, Financial Dealer Licensees that receive or hold virtual assets as collateral must obtain VFSC approval for virtual asset custody arrangements.

This requirement applies whether:

- assets are held directly by the licensee.
- assets are held through a third-party custodian;
- assets are maintained in wallet infrastructure managed by a service provider.

### **3. Key Risk Considerations**

#### **3.1 Safeguarding Risk**

Virtual assets may be lost, stolen, or irreversibly transferred if custody arrangements are not properly secured.

#### **3.2 Operational Risk**

Management of private keys and wallet infrastructure introduces operational and technological risk.

#### **3.3 Client Asset Protection**

Client collateral must be segregated and safeguarded from the licensee's proprietary assets.

#### **3.4 AML/CFT Risk**

Virtual assets may expose financial institutions to money laundering, sanctions evasion, and illicit financial flows.

### **4. Third-Party Custody Arrangements**

Where an FDL relies on a third-party custodian for the safekeeping of virtual assets, the licensee must ensure the custodian is appropriately regulated and maintains adequate cybersecurity, wallet security, and asset segregation controls.

The FDL remains fully responsible to the VFSC for safeguarding client assets, even where custody services are outsourced.

### **5. VFSC Approval Requirements**

FDLs intending to accept virtual assets as collateral must submit:

1. Types of virtual assets accepted as collateral.
2. Description of custody model.
3. Custodian regulatory status.
4. Wallet and key management procedures.
5. Client asset segregation policies.

6. AML/CFT controls.

7. Collateral liquidation procedures.

## **6. Transitional Arrangements**

FDLs currently accepting virtual assets as collateral must notify the VFSC within the timeframe determined by the Commission following issuance of this guidance.

## **7. Supervisory Oversight**

The VFSC may conduct inspections, request information, and impose supervisory conditions relating to virtual asset custody arrangements.

## **8. Key areas that the VFSC will consider**

<u>Supervisory Area</u>	<u>Key Question</u>	<u>Compliance Status</u>
Custody Structure	Does the FDL hold private keys or rely on a regulated custodian?	
Client Asset Segregation	Are client assets segregated from proprietary assets?	
Custodian Regulation	Is the third-party custodian regulated in its home jurisdiction?	
Wallet Security	Are multi-signature or institutional custody solutions used?	

AML/CFT Controls	Are blockchain analytics or transaction monitoring tools used?
Collateral Management	Are liquidation procedures documented for client defaults?
Reporting	Can the FDL provide transparent reporting of client collateral balances?

## 9. Conclusion


The VFSC supports responsible financial innovation while ensuring that client assets are appropriately safeguarded and financial crime risks are mitigated.

FDLs accepting virtual assets as collateral must therefore obtain VFSC approval for custody arrangements regardless of whether custody is performed internally or by a third-party provider.

Please contact the following person should you have any questions:

Mr. Joshua Tari  
Manager, Supervision Department  
Email: [tjoshua@vfsc.vu](mailto:tjoshua@vfsc.vu)  
Phone: (678) 22247  
Fax: (678) 22242

Dated this 18<sup>th</sup> day of March 2026

  
\_\_\_\_\_  
Branan Karae  
Commissioner

