



**VANUATU FINANCIAL**  
**= SERVICES COMMISSION =**

# **FINANCIAL DEALERS LICENSE REVOCATION GUIDELINE**

**SUPERVISION DEPARTMENT**

June 2026

## FOREWORD

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This Guideline has been developed by the Vanuatu Financial Services Commission (VFSC) to provide a clear and consistent guideline for the identification, assessment, and enforcement of license revocation matters under the **Financial Dealers Licensing Act [CAP. 70]** ("the Act").

The Guideline outlines:

- The statutory grounds that may trigger revocation proceedings;
- The procedural requirements applicable to revocation actions;
- The rights of license holders to respond to proposed enforcement actions; and
- The administrative steps undertaken by the Commissioner before and after a revocation decision.

This Guideline is intended as an operational and supervisory reference only and must be read in conjunction with the Act and any applicable legislation, regulations, rules, directives, or guidance issued by the Commission.

In the event of any inconsistency between this Guideline and the Act, the provisions of the Act shall prevail.

## PART I – STATUTORY GROUNDS FOR REVOCATION

### 1. PURPOSE

The Commissioner may initiate license revocation proceedings where a licensed financial dealer no longer satisfies the requirements of the Act or where circumstances arise that indicate the license holder presents regulatory, prudential, operational, reputational, or financial risk.

Revocation proceedings may be commenced under either:

- Section 6 and Section 6A of the Act; or
- Section 7A of the Act.

### A. GROUNDS FOR REVOCATION UNDER SECTION 6

The Commissioner may consider revocation where any of the following circumstances exist:

1. **Information and Disclosure Failures:** The licensee fails or refuses to provide information, records, documents, or explanations required by the Commissioner under the Act.
2. **Capital Source Concerns:** The Commissioner is not satisfied regarding the legitimacy, adequacy, transparency, or source of funds used to satisfy the licensee's capital requirements.

3. **AML/CFT Compliance Failures:** The licensee has contravened the provisions of the *Anti-Money Laundering and Counter-Terrorism Financing Act No. 13 of 2014* and has become subject to enforcement measures under Part 10AA of that Act.
4. **Fit and Proper Deficiencies:** A key person of the licensee ceases to satisfy the fit and proper requirements prescribed under Section 5A of the Act.
5. **Managerial and Governance Breaches:** The licensee fails to maintain the management structure required by the Act, including where:
  - A manager or director is not a natural person;
  - A manager or director lacks the requisite experience in securities dealings and is considered unsuitable or incompetent;
  - Residency requirements applicable to managers or directors are not met; or
  - Alternative management arrangements required by the Act are not maintained.
6. **Operational Infrastructure Deficiencies:** The licensee fails to maintain an operational office equipped with adequate systems, including a filing and recordkeeping system, a management and accounting system, and a business continuity system.
7. **Criminal Convictions:** The licensee, its officers, employees, associates, shareholders, controllers, or other relevant persons are convicted of fraud, dishonesty, offences under the Act, breaches of Ministerial Rules, or comparable offences in foreign jurisdictions.
8. **Reputational and Discreditable Conduct:** The licensee conducts its affairs in a manner that brings Vanuatu into disrepute as an international financial center or reflects adversely upon the integrity and reputation of the financial services sector.
9. **Insolvency, Winding-Up, or Inactivity:** The licensee is insolvent or likely to become insolvent; enters liquidation, winding-up, administration, or dissolution; fails to commence business operations within six (6) months of license issuance; or ceases conducting licensed activities for a continuous period of six (6) months.
10. **Failure to Cooperate with Regulatory Oversight:** The licensee refuses, obstructs, delays, or otherwise fails to cooperate with inspections, investigations, examinations, or lawful requests issued by the Commissioner.

## **B. GROUNDS FOR REVOCATION UNDER SECTION 7A**

The Commissioner may also initiate revocation proceedings where notification obligations under the Act are not met.

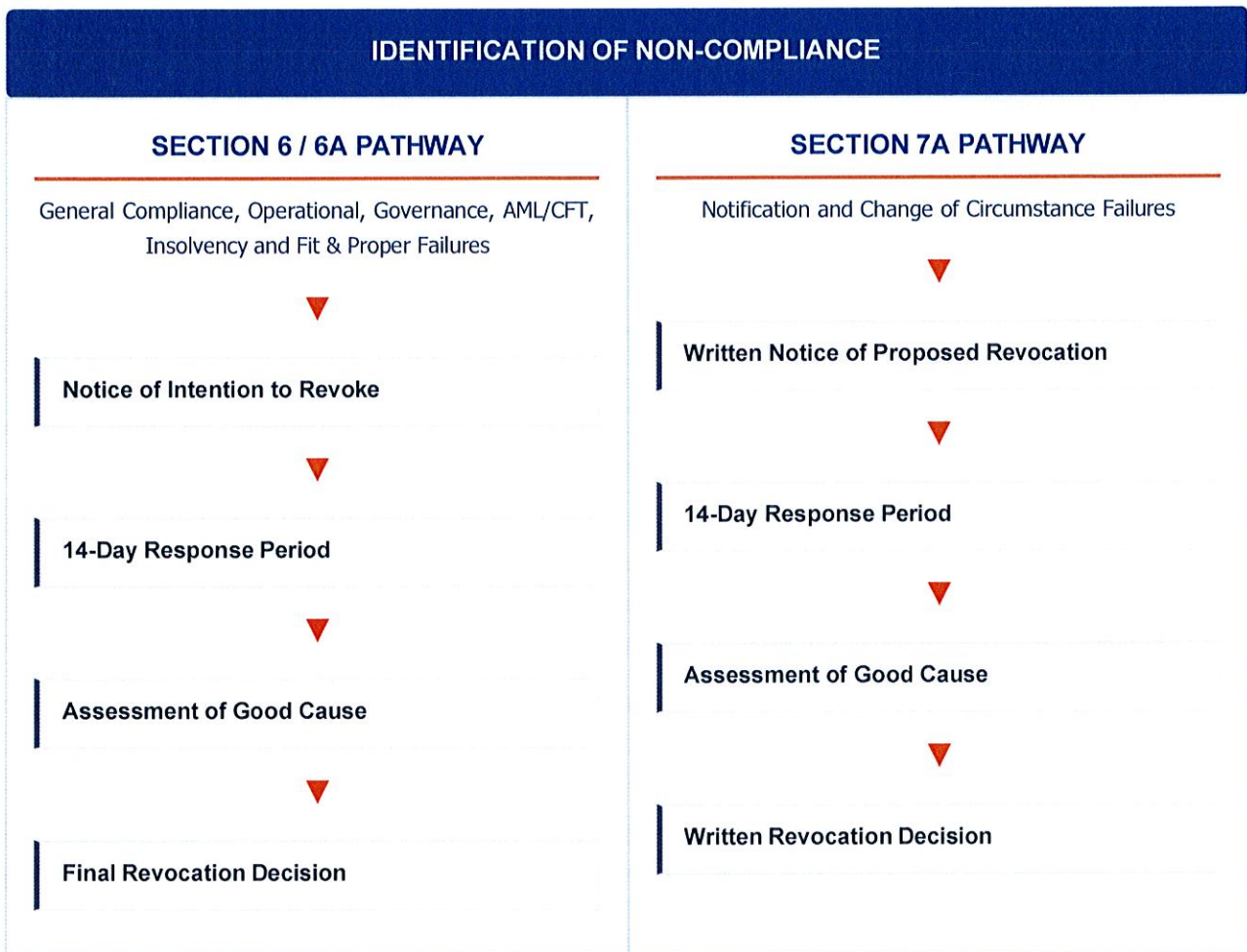
1. **Failure to Notify Material Changes:** The licensee fails to provide written notification within fourteen (14) days of a change to a key person, a material change affecting the fit and proper status of a key person, or a change in the source of capital funding.

2. **Unsatisfactory Notification Outcomes:** Where notification has been provided, but the Commissioner determines that the new key person is not fit and proper, or the revised source of capital funding is unacceptable or insufficient.

## PART II – REVOCATION PROCEDURES

### 2. REVOCATION FRAMEWORK

The Act establishes two separate revocation pathways depending upon the nature of the non-compliance identified.



## PART III – SECTION 6 AND SECTION 6A REVOCATION PROCESS

### SCOPE

This procedure applies to revocation actions arising from fit and proper deficiencies, governance failures, operational deficiencies, AML/CFT breaches, criminal conduct, reputational concerns, insolvency, and other grounds specified under Section 6.

## STEP 1 – NOTICE OF INTENTION TO REVOKE

Where the Commissioner believes that a statutory ground for revocation exists, a written Notice of Intention to Revoke shall be issued to the licensee. The notice shall:

- Identify the statutory provisions relied upon;
- Specify the relevant facts and circumstances;
- Inform the licensee of its right to respond; and
- State the applicable response period.

## STEP 2 – FOURTEEN (14) DAY RESPONSE PERIOD

Pursuant to Section 6A, the licensee shall have fourteen (14) days from the date of the notice to provide written representations showing why the license should not be revoked. The submission may include explanations, supporting documentation, evidence of remediation, and any other material considered relevant.

### IMMEDIATE REVOCATION NOTICE

Under Section 6A(3), where the Commissioner determines that the circumstances warrant immediate regulatory intervention, the revocation may take effect on the date specified in the notice. In such circumstances, the notice shall clearly state that the revocation takes immediate effect and the reasons supporting the decision.

## STEP 3 – ASSESSMENT OF REPRESENTATIONS

The Commissioner shall review all representations and supporting evidence submitted by the licensee. In determining whether good cause has been established, the Commissioner may consider:

- The seriousness of the breach;
- The extent of remedial action undertaken;
- The impact on clients, counterparties, and the financial sector;
- The licensee's compliance history; and
- Any other relevant regulatory considerations.

## STEP 4 – REVOCATION AND PUBLICATION

Where the Commissioner determines that revocation is warranted, the license shall be revoked in accordance with the Act. Notice of the revocation may be published in a newspaper circulating within Vanuatu and through any other medium considered appropriate by the Commissioner.

**Consequential Enforcement Action:** Where a license is revoked due to dishonest or fraudulent business conduct, the security bond of VT 5,000,000 deposited under the Act may be forfeited to the Commission pursuant to Section 16A.

## **PART IV – SECTION 7A REVOCATION PROCESS**

### **SCOPE**

This procedure applies exclusively to breaches relating to mandatory notification obligations under the Act.

### **STEP 1 – WRITTEN NOTICE OF PROPOSED REVOCATION**

The Commissioner shall issue a written notice specifying the proposed revocation action, the statutory basis for the proposal, and the reasons supporting the proposal.

### **STEP 2 – FOURTEEN (14) DAY OPPORTUNITY TO RESPOND**

The licensee shall have fourteen (14) days from receipt of the notice to provide written submissions demonstrating why revocation should not occur.

### **STEP 3 – ASSESSMENT OF SUBMISSIONS**

The Commissioner shall evaluate all representations received. Revocation may proceed where no response is received within the prescribed period, or the Commissioner determines that the response does not establish sufficient cause to avoid revocation.

### **STEP 4 – WRITTEN REVOCATION DECISION**

Where revocation is confirmed, the Commissioner shall issue a formal written decision advising the licensee of the revocation decision, the effective date of revocation, and any consequential regulatory requirements arising from the revocation.

## **ADMINISTRATIVE FRAMEWORK**

### **RECORDKEEPING**

All records relating to revocation proceedings shall be maintained by the Supervision Department in accordance with the Commission's records management policies and applicable legislative requirements.

#### **ENQUIRIES**

For further information regarding this Guideline, please contact:

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Dated this 3rd day of June 2026



**Branan Karae**

Commissioner

Vanuatu Financial Services Commission

