



# **Targeted Financial Sanctions - Terrorist Financing Guidance for Virtual Asset Service Providers (VASPs)**

(January 2026)

**SUPERVISION DEPARTMENT**

## 1. Scope

This Guidance applies to all **VASPs licensed by the Vanuatu Financial Services Commission (VFSC)**. VASPs are reporting entities under Vanuatu's AML/CTF Act No. 13 of 2014 and must comply with **Targeted Financial Sanctions relating to Terrorism and Terrorist Financing (TFS-TF)** under the UNFSA.

It covers prohibitions on dealing with designated persons/entities, screening requirements, freezing obligations, reporting, and authorizations in the context of **virtual assets and related services**.

## 2. Legal Basis

This Guideline is issued under Section 59 of the Virtual Asset Service Providers Act No. 3 of 2025 (the Act), and support VFSC's licensing, supervision and enforcement functions. This Guideline is aligned with United Nations Financial Sanctions Act No. 6 of 2017 (UNFSA) and VFIU Guidance Note on the UNFSA.

## 3. Purpose

To assist VASP licensees in understanding and effectively complying with their obligations under **TFS-TF**, as required by the UNFSA. This ensures that VASPs prevent misuse of virtual assets for terrorism or terrorist financing.

## 4. Key Definitions (UNFSA)

- **Designated person/entity:** Individuals, groups, or entities listed on the UN Consolidated List or domestically designated by the Prime Minister.
- **Property:** Includes **virtual assets** (cryptocurrencies, tokens, NFTs), funds, bank credits, securities, and other financial instruments.
- **Dealing:** Transferring, converting, exchanging, or using property (including virtual assets).
- **Virtual Asset Service:** Services provided by VASPs such as exchange between virtual assets and fiat, transfer of virtual assets, safekeeping/custody, and participation in ICOs.

## 5. Main Obligations

VASPs must:

- i. **Screen all customers, beneficial owners, and transactions:**
  - a. Before onboarding a client.
  - b. On an ongoing basis (daily or real-time where possible).
  - c. Before processing any virtual asset transfer.
  - d. Against the current UN Consolidated List (available on [fiu.gov.vu](https://www.fiu.gov.vu)).
- ii. **Freeze without delay** any property (including virtual assets) of a designated person/entity.
- iii. **Prohibit:**
  - a. Dealing with property owned, controlled, or held by designated persons/entities.
  - b. Making virtual assets or related services available directly or indirectly to them.
- iv. **Avoid reckless dealing** — knowledge can be inferred from objective facts.
- v. **Report to the Sanctions Secretariat (VFIU):**
  - a. Any true match or frozen property within 5 working days.
  - b. Use the prescribed reporting template - [Link](#)

## 6. Handling Matches

- **True Match:** Freeze immediately and report.
- **False Positive:** Document the decision and, if requested, apply for a Certificate of Acknowledgement of False Positive.
- **Uncertain Cases:** Escalate to the Sanctions Secretariat.

## 7. Authorizations

VASPs may apply for authorization to release funds/virtual assets for:

- Basic expenses (food, rent, medicines).
- Contractual obligations (pre-existing contracts).
- Extraordinary expenses (with UN notification where required).

Authorizations are granted by the Prime Minister on advice of the National Security Advisory Committee.

## **8. Record Keeping**

VASPs must maintain records of:

- All screening results.
- Decisions on matches.
- Reports submitted.
- Any authorizations received.

Records must be kept for **at least 7 years**.

## **9. Penalties for Non-Compliance (UNFSA)**

- **Knowledge-based offences:** Up to VT 50 million fines or 25 years imprisonment (individuals); higher for corporates.
- **Reckless offences:** Up to VT 25 million fines or 15 years imprisonment.
- **Failure to report:** Significant fines and imprisonment.

## **10. Compliance Program Requirements**

VASPs must integrate TFS-TF obligations into their AML/CTF manual with:

- Sanctions screening procedures tailored to virtual assets.
- Regular staff training.
- Internal escalation process.
- Annual review and update.

## Sources

- United Nations Financial Sanctions Act No. 6 of 2017.
- VFIU Guidance Note on the UNFSA (Targeted Financial Sanctions).

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