VANUATU FINANCIAL
SERVICES COMMISSION

Company and Trust Service Providers (CTSP) License Revocation Guideline

SUPERVISION DEPARTMENT

June 2026

Purpose

> *This document provides a structured breakdown of the statutory triggers, procedural workflow, and legal consequences associated with the cancellation of a Company and Trust Service Provider (CTSP) license in Vanuatu under Sections 37 and 38 of the Company and Trust Service Providers Act.*

PHASE 1: STATUTORY GROUNDS TRIGGERING LICENSE CANCELLATION

Before revocation proceedings may commence, the Commission must establish that one or more statutory grounds exist. These grounds fall within three principal categories:

A. CONDUCT AND FITNESS-RELATED GROUNDS

A license may be cancelled where the licensee:

- Conducts business in a manner that brings Vanuatu into disrepute as an international financial center;
- Is no longer considered a fit and proper person to act as a service provider;
- Has controllers, directors, managers, or partners who fail the fit and proper assessment;
- Has been convicted, or where any officer, shareholder, or controller has been convicted, of an offence involving fraud or dishonesty in Vanuatu or any foreign jurisdiction.

B. REGULATORY COMPLIANCE AND OPERATIONAL GROUNDS

Revocation may also occur where the licensee:

- Contravenes the provisions of the Act or its Regulations;
- Breaches any condition attached to the license;
- Provides false, inaccurate, or misleading information to the Commission;
- Fails to comply with a lawful direction issued by the Commission under Sections 27 or 28 within the prescribed timeframe;
- Refuses or fails to cooperate during inspections or investigations conducted by the Commission;
- Fails to commence licensed activities within six months after licensing;
- Ceases operations continuously for a period exceeding six months;
- Holds a group license where one member's license becomes liable for cancellation.

C. FINANCIAL AND CORPORATE GROUNDS

The Commission may cancel a license where the licensee:

- Is insolvent, bankrupt, or likely to become insolvent;
- Has had a receiver or manager appointed over its affairs;
- Has entered voluntary or compulsory winding up;
- Has been dissolved;
- No longer satisfies the minimum licensing requirements under Section 17 of the Act.

PHASE 2: LICENSE CANCELLATION PROCEDURE

The Act establishes two procedural pathways to address non-compliance and regulatory risks: the **Standard Cancellation Procedure** and the **Immediate Cancellation Procedure**.

Preliminary Assessment and Guideline Review

Before issuing any cancellation notice, the Commission evaluates all available evidence. In matters involving reputation, fitness, or operational suitability, the Commission must have regard to the applicable regulatory guidelines.

1. Notice of Intention to Cancel (Standard Procedure)

Where the standard procedure applies, the Commission must issue a written Notice of Intention to Cancel to the licensee. The notice must clearly state:

- The Commission's intention to revoke the license;
- The statutory grounds relied upon;
- The factual reasons supporting the proposed cancellation; and
- The licensee's right to respond within 14 days from the date of the notice.

LICENSEE REPRESENTATION PERIOD

The licensee is entitled to submit written representations within the 14-day response period. The submission should provide sufficient reasons and supporting evidence demonstrating why the license should not be cancelled.

FINAL DETERMINATION BY THE COMMISSION

Following the expiry of the response period, the Commission may proceed with cancellation where no response is received within 14 days, or where the Commission determines that the response does not establish good cause against cancellation. The Commission then issues its final decision.

2. Immediate Cancellation Procedure

In urgent circumstances involving public interest, financial integrity, or regulatory risk, the Commission may bypass the standard 14-day process. Under this emergency procedure:

- Cancellation takes effect immediately upon issuance of the notice;
- The notice must expressly state that immediate effect applies; and
- The Commission must provide reasons justifying the urgent action.

Public Notification Requirements

After cancellation takes effect, the Commission must publish notice of the revocation in a newspaper circulating within Vanuatu, and through any additional media or publication method considered appropriate.

PHASE 3: LEGAL CONSEQUENCES FOLLOWING CANCELLATION

Once a license is revoked, the former licensee must immediately begin winding down operations. The consequences vary according to the category of license held.

A. Consequences for CTSP or Special Trust License Holders

A cancelled CTSP or Special Trust licensee must:

- Immediately cease carrying on trust or company service provider business;
- Stop advertising or representing itself as a trust service provider;
- Resign from all trustee appointments as soon as practicable and no later than five months from the date of cancellation;
- Take all reasonably necessary steps to facilitate the appointment of replacement trustees.

B. Consequences for General or Limited Company Service Providers

A cancelled CSP licensee must:

- Immediately cease conducting company service provider business;
- Stop providing all company services as soon as practicable;
- Cease advertising or holding itself out as a licensed company service provider.

Legal Safeguards and Court Intervention Powers

COURT REMOVAL AND REPLACEMENT POWERS

Where a cancelled trustee fails to vacate a trust position, the Commission or any beneficiary with a vested interest may apply to the Court for orders to remove the former trustee or administrator, and appoint a replacement trustee or administrator.

STATUTORY SAFE HARBOUR PROTECTION

A former licensee does not commit an offence for temporarily acting without a license where such actions are strictly necessary to transition clients, transfer trust administration, wind down operations, or comply with the statutory obligations imposed under Section 38.

CONCLUSION

Sections 37 and 38 of the Company and Trust Service Providers Act establish a comprehensive regulatory enforcement framework enabling the Commission to revoke licenses where operational, financial, compliance, or integrity concerns arise. The legislation balances regulatory enforcement with procedural fairness by providing notice and an opportunity to respond under the standard process, allowing immediate intervention where public interest requires urgent action, and imposing structured wind-down obligations to protect clients, beneficiaries, and the integrity of Vanuatu's financial services sector.

Questions & Further Enquiries

Please contact the following person should you have any questions:

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Dated this 3rd day of June 2026

COMMISSION DES AFFAIRES FINANCIERES VANUATU FINANCIAL SERVICES COMMISSION

Branan Karae
Commissioner