

LICENSED MANAGERS OF FINANCIAL DEALER IN SECURITIES



VANUATU FINANCIAL SERVICES COMMISSION

GUIDANCE NOTES

ON

LICENSED RESIDENT MANAGERS

SUPERVISION DEPARTMENT

LICENSED MANAGERS OF FINANCIAL DEALER IN SECURITIES

1. This guideline is issued to provide further clarification to section 4AB of the Financial Dealers Amendment Act No. 9 of 2021, on the requirement of the licensed resident manager of the Financial Dealer in Securities.
2. Section 4AC of the Financial Dealers Licensing Act CAP 70, requires that the applicant must be a natural person.
3. The intention of the licensed resident manager is to act and manage the business on behalf of a financial dealer in securities who for some valid reasons could not establish or meet a physical presence requires under the act. As license resident manager, (the licensee) must have its own separate, stand-alone (as opposed to shared) premises, records, management staff and key equipment, and the software system that is fully control in Vanuatu. A person applying for the grant of a Managers license will have to present evidence that all these requirements exist before a license will be granted. All managers license applications will be dealt with on a case – by – case basis and it is the responsibility of the directors, managers and key persons to ensure that all these requirements are prearranged and are in order before a license is issued.
4. The person applying for the resident manager's license must complete the application form approved by the Commission and complete a personal questionnaire form attached with the application form and provide supporting evidence to convince the VFSC that they have the knowledge and skills to manage a licensed security dealer on behalf of its owners. The VFSC would require copies of their CVs and qualifications and at least two references to support their application.
5. If a body corporate is applying for the resident manager's license, the director/partner/manager and staff who would be directly involved in the management of the licensed security dealers must be clearly stated and supported by their CVs and copies of their qualifications.
6. Where a licensed resident manager proposes to outsource aspects of its activities, it should provide the VFSC with full details of the proposal. Outsourcing should be undertaken using a written legally binding agreement which should specify, for example, the nature of the service, performance benchmarks, confidentiality of data/information, exit and, in the extreme termination provisions.
7. Licensed resident managers must have dedicated premises, staff and systems and without such it will be difficult to show that there is an appropriate control environment. The VFSC has no objection to shared reception, conference facilities or security services, however the key components of the business operations and decision making must be kept separate from other related entities.
8. The licensed resident manager's premises need to be separate and distinct. Licensed resident manager and staff should occupy separate offices and have their equipment (e.g. computers, files and filing system). A workstation in an open plan

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office would not suffice. The premises should be clearly identified as being the office of the licensed resident manager

9. The premises must have direct public access. This may be by a corridor or other public area within a building. Access through an open plan office would not suffice.
10. The premises are expected to be opened or manned at all advertised times for some period on normal working days.
11. Notwithstanding paragraph 6, the VFSC will expect to have continuous access to management and information to enable it to conduct on-site inspections of the licensee.
12. Licensed resident managers can manage more than one licensed financial dealer, however VFSC expects that the bigger and more complex the manager's business the more staff would be required to manage the business operations and to maintain all necessary records. The precise number of staff can only be assessed against the intended business plan, taking into account the necessary systems and normal spread of control concepts to manage the licensee's activities.
13. There must be at least one person who is a direct employee of the licensed resident Manager and who meets the requirements of the "fit and proper" criteria, as issued under the "Fit and Proper" guideline.
14. To satisfy the requirements of the physical presence, the licensed resident manager must be able to show that he/she is vested with some executive powers to manage the day-to-day operations of the licensed financial dealer.

Please contact the following person should you have any questions:

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