

LICENSING CRITERIA



# **VANUATU FINANCIAL SERVICES COMMISSION**

**LICENSING CRITERIA**

**OF**

**FINANICAL DEALERS**

**SUPERVISION DEPARTMENT**

LICENSING CRITERIA

The following criteria and information shall be required when assessing an application under the financial dealers licensing Act.

<b>DIGITAL ASSET CHECKLIST</b>				
<b>Shall apply for licence under the Financial Dealers Licensing Act</b>				
<b>1. Applicant</b>				
	Name of Entity			
<b>2. Capital structure</b>				
	Share capital			
	No par value			
	Type of shares			
	Classes of shares			
<b>3. Registered office</b>				
	Address			
	Phone/ fax			
	Email/ website			
<b>4. Directors (per director)</b>				
	Name			
	Citizenship			
	Identification number			
	Document type			
	Fiscal identification number			
	Address			
	Phone			
	Email			
<b>5. Secretary</b>				
	Name			
	Address			
	Contact details			
<b>6. Auditor</b>				
	Name			
	Address			
	Contact details			

LICENSING CRITERIA

<b>7. Officers</b>					
	CEO/ CFO/ General Manager/ Company Sec/ Partner/ Trustee/ Compliance officer/ MLR Officer/ Alternate MLRO				
	Name				
	Address				
	Contact details				
<b>8. Shareholders</b>					
	(per shareholder)				
	Name				
	Address				
	% of shareholding				
	Citizenship				
<b>9. UBO</b>					
	Name				
	Address				
	Citizenship				
<b>10. Documents</b>					
	<u>10.1 Individual</u>				
	Certified copy of National Identity Card / Valid Passport				
	10.1.2 Bank Reference from a recognized banking institution which has known the person for at least the last two years				
	10.1.3 Class of shares to be held by the person including the number of shares and respective amount				
	<u>10.2 Company</u>				
	10.2.1 Certified copy of Certificate of Incorporation/Registration and/or Licence				
	10.2.2 Certificate of Current Standing				
	10.2.3 Corporate Profile, Latest Annual Return and Audited Financial Statements				
	10.2.4 Class of shares to be held by the company including the number of shares and respective amount				
	<u>10.3 Trust</u>				
	10.3.1 Certified copy of Trust Deed				
	10.3.2 An indication of assets value held by the trust				
	10.3.3 Profile of the settlor/contributor, trustee and beneficiaries of the trust				
	10.3.4 For a discretionary trust: Confirmation that the FSC will be provided with the appropriate CDD documents on beneficiaries, as and when distributions are made				
	<u>10.4 Limited Partnership</u>				
	10.4.1 Certified copy of Certificate of Registration, and Good Standing of the Limited Partnership				
	10.4.2 Profile and latest audited financial statements of the Limited Partnership				
	<u>10.5 Société</u>				
	10.5.1 Certified copy of 'Statuts de Société', and Accounting Records				
	10.5.2 Details of the principals				

LICENSING CRITERIA


<b>DIGITAL ASSET CHECKLIST</b>					
<b>A</b>	<b>Relevant Forms / Documents</b>				
<b>1</b>	Formal Licence application				
<b>B</b>	<b>Activity</b>				
<b>Submission of Processing fees and annual fees</b>					
<b>3</b>	Duly filled in authority form and written and signed consent of each promoter, officer or controller				
<b>4</b>	Details of any other licence(s) /registration(s) which the Applicant holds and name of the licence(s) and issuing authority and any restriction imposed				
<b>Statutory files lodged with registrar of companies</b>					
<b>6</b>	Detailed Business Plan including but not limited to the following:				
	(i) Introduction and Background;				
	(ii) Business objective, strategy and proposed activity;				
	(iii) Organisation Chart;				
	(iv) Target market(s) and client(s) profile;				
	(v) Mode(s) of financing;				
	(vi) Three year Financial Forecasts (Balance Sheet, Profit and Loss Account, and Cash Flow Statement); and				
	(vii) Any other relevant information.				
<b>C</b>	<b>Fitness and Propriety of Shareholder(s)/Beneficial Owner(s)</b>				
<b>7</b>	<u>Individual (certified true copies)</u>				
	CV				
	Personal Questionnaire Form				
	Valid Passport				
	Proof of address				
	Certificate of character				
	Bank reference letter				
	<u>Corporate (certified true copy)</u>				
	Certificate of incorporation				

LICENSING CRITERIA

	Certificate of current standing			
	Licence/ registration/ Authorisation of promoter			
	List of controlling shareholders and directors			
	Latest audited FS			
	Corporate profile if audited FS not available			
	Structure chart (to UBO)			
<b>8</b>	Evidence of source of funds			
<b>9</b>	Staffing plan			
<b>10</b>	Directors and officers (Certified true copy)			
	CV			
	Personal Questionnaire Form			
	Valid Passport			
	Proof of address			
	Certificate of character			
	Bank reference letter			
<b>11</b>	Representative			
	CV			
	Personal Questionnaire Form			
	Valid Passport			
	Proof of address			
	Certificate of character			
	Bank reference letter			
<b>E</b>	Prudential requirements and safeguards			
	<b>Minimum stated Capital or 6 months Cap Ex</b>			
	<b>Operational and risk management procedures</b>			
<b>14</b>	Details of the arrangements to be put in place with respect to the day-to-day administration and management			
<b>15</b>	Details of:			
	(i) assessment conducted and risks identified in relation to money laundering or terrorist financing regarding the provision of custody services for digital assets and related products/services which the Applicant proposes to provide;			
	(ii) measures and controls in place to manage and mitigate those risks;			
	(iii) CDD systems and procedures; and			
	(iv) detection of suspicious/fraudulent transactions.			
<b>16</b>	Manual of internal control and compliance procedures, covering:			
	(i) Background screening of staff;			
	(ii) Automated and manual functions;			

LICENSING CRITERIA

	(iii) Outsourcing functions;			
	(iv) Security including cyber security;			
	(v) Disaster recovery and redundancy (Staff, Equipment and Software) strategy;			
	(vi) Seed creation and key Generation process with safeguards;			
	(vii) Storage of Seeds, Keys and Back-up systems;			
	(viii) Access to keys, seeds and related information;			
	(ix) Designation of signatories and methods to mitigate risk of collusion or other acts of bad faith;			
	(x) Transactions approval/rejection.			
	(xi) Requirements for Cold Storage;			
	(xii) Safeguards for transactions;			
	(xiii) Systems and procedures testing schedule;			
	(xiv) Incident reporting protocol;			
	(xv) Disclosure to clients;			
	(xvi) Arrangements for auditing of procedures and policies;			
	(xvii) Compliance with Data Protection Regime; and			
	(xviii) Complaints handling.			
<b>17</b>	Latest Annual Return and Audited Financial Statements, as available.			
<b>18</b>	If Applicant's Secretary is a firm or corporation, necessary approval from the Registrar of Companies to be submitted.			
<b>19</b>	Duly executed copy of material contract(s)/agreement(s) to be entered between the Applicant and other party/functionary.			
<b>In case of incorporation outside Jurisdiction require supporting documents</b>				
<b>21</b>	Details of measures to be put in place with regards to infrastructure, security and safety of digital assets.			
<b>22</b>	Details of arrangements to ensure confidentiality, security and reliability of client(s) information.			
<b>F</b>	Others			
<b>23</b>	Copy of any promotional material(s) to be used in connection with the proposed business of the Applicant.			
<b>Details of registered office to perform operational functions and copy of lease agreement</b>				

LICENSING CRITERIA

<b>SECURITY TOKEN OFFERINGS</b>		
<b>A</b>	<b>Relevant Forms / Documents</b>	
<b>1</b>	Duly dated and signed Registration Form.	
<b>B</b>	<b>Activity</b>	
<b>Submission of processing fees</b>		
<b>3</b>	Duly filled in authority form and written and signed consent of each promoter, officer or controller	
<b>4</b>	Details of any other licence(s) /registration(s) which the Applicant holds and name of the licence(s) and issuing authority and any restriction imposed	
<b>Statutory filings with Registrar of Companies</b>		
<b>6</b>	Prospectus is required provide full, true and plain disclosure of all material facts concerning the securities to be offered and the person offering the securities, without omitting anything that would be required to allow investors to make an informed assessment of— (a) the assets and liabilities, financial position, profits and losses and prospects of the issuer of the securities; and (b) the rights and liabilities attaching to the securities. (c) the Prospectus will be valid for 6 months	
<b>7</b>	Filing with the Commission and make public comparative quarterly financial statements as soon as possible, but not later than 45 days after the end of each quarter. Filing with the Commission and make public an annual report which includes audited comparative financial statements as soon as possible, but not later than 90 days of its balance sheet date In the case of a company with a subsidiary, the financial statements shall be consolidated.	
<b>Approval is required by VFSC in respect to offerings to any investors outside institutional or sophisticated</b>		
<b>9</b>	Fitness and Probity The management and development team  Certified copies of: CV Personal Questionnaire Form Valid Passport Proof of address Certificate of character Bank reference letter	
<b>10</b>	Due diligence on the Rights and obligations of the assets backing the Securities Tokens  Collective Investment Schemes authorised as Expert Funds or Professional Collective Investment Schemes (“PCIS”) can also issue Security Tokens	
<b>A</b>	<b>Relevant Forms / Documents</b>	

LICENSING CRITERIA

<b>Formal application to act as a Mutual Fund or Unit Trust (Collective investment Scheme (CIS))</b>	
	Duly filled in authority form and written and signed consent of each promoter, officer or control
	VFSC Fees
	Single Fund - Processing fees USD 1000 and annual fees USD 1,000
	CIS(more than 1 fund) - USD 1,000 which includes the first fund and USD 300 for each additional fund. Annual fees are USD 3,000 which includes the first fund and USD 600 for each additional fund
	If structured as a Company
	1. Copy of the constitution, duly dated and signed, accompanied by legal certificate; and
	2. Certified copies of statutory documents lodged with the Companies and Business Registration Department (“CBRD”) with respect to the incorporation of the company.
	In case the Applicant is an existing entity
	1. Certified true copy of Board/Shareholder resolution approving application for authorisation to operate as a CIS;
	2. Register of directors and members;
	3. Latest audited financial statements;
	4. Duly signed management accounts up to date of resolution for authorisation to operate as a CIS; and
	5. Original Certificate of current standing.
	If the CIS forms part of a Master-Feeder Fund Structure
	1. Full CDD on the Master and/or Feeder Fund, including the offer document (The offer document of the Feeder Fund should disclose to investors that their investment will be routed through a Master Fund, providing details on the said Master Fund); and
	2. An indication of the % corpus of the Feeder Fund that will be invested in the Master Fund.
	Umbrella Fund Structure / multi-class share structure
	1. An indication of the number of sub-funds/share-classes to be set up initially.
	2. Details on the first sub-fund(s)/share-class to be created (including a copy of the relevant supplement).
	3. Confirmation that no sub-fund/share-class will be created unless the prior approval of the Commission is secured.
	Activity
	Draft Offer document or Outline Memorandum or Private Placement Memorandum (“PPM”) or Prospectus of the CIS providing details including but not limited to the following:
	1. General information regarding the CIS namely its objectives, size of the fund and minimum subscription;
	2. Investment objective/investment policy/investment restrictions ;



LICENSING CRITERIA

	3. Investment Process (if known at this stage);	
	4. Target sector(s) of investment and investment instrument	
	5. Country/Region of investment;	
	6. Exit Strategies for investors	
	7. Details of risks involved in the scheme (if known at this stage);	
	8. An indication of the profile and location of Investors;	
	9. Capital structure, classes of shares, rights and obligations attached to each class of shares and indication of the holder(s) of each class of shares;	
	10. Compliance requirements of other regulatory bodies (if any);	
	11. Details and track record on the Functionaries (e.g. Investment Manager, Investment Advisor, Custodian, Administrator, Prime Broker, Registrar/Secretary);	
	12. Duties and obligations of each functionary;	
	13. Details on the core investment management team;	
	14. Responsibility for Net Asset Value (“NAV”) calculation/reporting and basis of calculation as well as frequency of NAV calculation;	
	15. Any Corporate Governance Issues related to independence between the Board of the CIS and the Board/Investment team of the Investment Manager/Investment Advisor;	
	16. An indication as to who will be responsible to carry out the CDD and Anti-Money Laundering (“AML”) check on investors in the CIS; and	
	17. Confirmation as to where the CDD and AML check documents will be kept.	
	Target sector and country of investments.	
	Profile and location of investors.	
	Minimum Funding of at least 5 per cent of the total amount to be raised from investors so as to begin operating the scheme, or such higher amount as may be disclosed in its prospectus	
	An indication of the offer size.	
	An indication as to who will be responsible for the calculation and signing-off of the Net Assets Value of the CIS and the frequency of such calculation.	
	Fitness and Propriety of BO, directors and officers	
<b>Individual</b>	1. Detailed CV which should include the following information:	
	Degree / qualification awarded, year of award, awarding institution and country;	
	In respect of present and previous employment, time bracket for each position held, roles and responsibilities in that position; brief resume of employers;	
	Please specify whether the proposed Director / Officer and/or his/her present/past employers are regulated entities and submit the name and country of the regulators;	
	Any other information relevant to the application.	
	2. PQ Form	
	3. Valid passport copy or NID; and	
	4. Proof of address	
<b>Corporate Body</b>	1. Certificate of Incorporation/Certificate of Good Standing	
	2. List of controlling shareholders and directors;	
	3. Latest audited financial statements;	
	4. Confirmation from the Management Company to the effect that it holds on records CDD documents on the controlling shareholders / members of the corporate body and that these will be made available to the Commission upon request.	

LICENSING CRITERIA

<b>CIS Manager</b>	Document to be submitted:	
	1. The CIS Manager should seek formal approval of the Commission to act as same to the CIS.	
	2. Draft or an outline of the main clauses of the Investment Management Agreement detailing the services to be provided by the CIS Manager.	
	Minimum stated capital	
	The CIS Manager shall maintain a minimum stated unimpaired capital of at least Mauritian rupees 1 million or an equivalent amount	
<b>CIS Administrator</b>	Documents to be submitted:	
	1. CIS Manager or CIS to seek formal approval of the Commission for the CIS Administrator to act as same to the CIS.	
	2. To submit a draft copy of the administration agreement.	
	Minimum stated capital	
	The CIS administrator shall at all times have a minimum stated unimpaired capital of USD\$ 500,000 or an equivalent amount.	

<b>DIGITAL ASSETS</b>					
<b>Shall apply for a dealer licence under law</b>					
<b>A</b>	<b>Relevant Forms / Documents</b>				
<b>Formal application for a licence</b>					
<b>B</b>	<b>Activity</b>				
<b>Submission of prescribed processing fees</b>					
<b>3</b>	Duly filled in authority form and written and signed consent of each promoter, officer or controller				
<b>4</b>	Details of any other licence(s) /registration(s) which the Applicant holds and name of the licence(s) and issuing authority and any restriction imposed				
<b>5</b>	Statutory filings lodged with the Registrar of Companies for the Incorporation/Registration of the Applicant in Mauritius				
<b>6</b>	Detailed Business Plan including but not limited to the following:				
	(i) Introduction and Background;				
	(ii) Business objective, strategy and proposed activity;				
	(iii) Organisation Chart;				
	(iv) Target market(s) and client(s) profile;				
	(v) Mode(s) of financing;				
	(vi) Three year Financial Forecasts (Balance Sheet, Profit and Loss Account, and Cash Flow Statement); and				
	(vii) Any other relevant information.				
<b>C</b>	<b>Fitness and Propriety of Shareholder(s)/Beneficial Owner(s)</b>				
<b>7</b>	Individual (certified true copies)				

LICENSING CRITERIA

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	Proof of address				
	Certificate of character				
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<b>E</b>	<b>Prudential requirements and safeguards</b>				
	<b>12. Minimum stated capital , hard currency and 6 months cap ex</b>				
<b>13</b>	The licensee shall include:				
<b>i)</b>	The types of Security Tokens that will be traded on the trading platform (TP);				
<b>ii)</b>	The client on boarding process including customer due diligence checks, admission criteria and other procedures to trade on the TP;				
<b>iii)</b>	The listing process and the minimum listing requirements;				
<b>iv)</b>	The order execution rules				
<b>v)</b>	The arrangements put in place for the safekeeping of the Security Tokens and fiat currency				

LICENSING CRITERIA

vi)	Details regarding whether access to trading information is equitable for all investors				
vii)	Post trade reporting and publication				
viii)	Compliance with prudential and other requirements designed to support the operations of the TP and reduce the risk of noncompletion of transactions				
ix)	Procedures in cases of trading disruptions				
x)	The arrangements made by the licensee for the monitoring, surveillance and supervision of the TP to ensure fairness, efficiency, transparency and investor protection as well as compliance with the SA				
xi)	Governance, internal controls and risk management procedures put in place				
	Cybersecurity measures put in place				
	AML/CTF systems in place				
	Arrangements to ensure compliance with applicable laws and regulations of the jurisdiction in which the Security Tokens will be offered for trading, where appropriate				
<b>14</b>	Professional Indemnity Insurance				
<b>Adequate office premises and IT infrastructure to perform functions from Vanuatu</b>					
ii)	be managed by a board composed of a minimum of 2 directors, of which at least				
<b>30 % independent directors and one resident director</b>					
<b>16</b>	IT Audit				
	The licensee shall be required to appoint an external and independent third party to undertake an audit of its IT systems and processes at least once every year				
	The licensee shall be required to develop and apply proper safeguards to ensure that its systems and networks are fully protected, consequently limiting or containing the impact of a possible cybersecurity breach.				
<b>The Licensee is required to appoint a Chief Technology Officer CTO and identify this responsible person to the FSC</b>					
<b>17</b>	Annual Report				
	A person licensed as a dealer shall file with the Commission, within 90 days of its balance sheet date, an annual report which shall include—				
	(a) a report on the corporate governance policy of the licensee and any other information required by the Commission				
	(b) audited financial statements prepared in accordance with IFRS and such other standards issued under the Financial Reporting Act and such other requirements as may be specified in the FSC Rules;				
	(c) consolidated financial statements, where the person is a holding company or a subsidiary.				

Please contact the following person should you have any questions:

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LICENSING CRITERIA

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