



FINANCIAL MARKETS ASSOCIATION

VANUATU

FDL holders! We're moving boldly forward. You can help.

Dear Licensees,

If you receive this letter, you are among 60 firms ([as per VFSC count on June 13](#)) that currently hold an active Vanuatu Financial Dealer License (FDL). Congratulations!

This means you have successfully completed your application by meeting all the requirements introduced in 2021 when the Financial Dealers Licensing Act was last updated. To recap, you have...

- At least one full-time manager vested with some executive powers to manage the day-to-day operations of your company in Vanuatu;
- At least one director with financial experience that holds a Vanuatu Residency Visa, or who is a Vanuatu citizen;
- At least one director with 5+ years of experience in the industry who acts as the representative of your company;
- An office in Vanuatu along with software systems maintained in Vanuatu;
- Compliance with Vanuatu legislative requirements for foreign investors;
- Opened a local bank account;
- Registered as an employer with the Vanuatu National Provident Fund;
- A 5 million Vatu bond deposit with the Vanuatu Financial Service Commission (VFSC);
- Submitted your latest Audited Accounts to the VFSC;
- Professional insurance covering at least 50 million Vatu in aggregate;
- A set of policies approved by the VFSC regarding (but not limited to) risk management, AML-CFT controls, complaint handling, and deposits and withdrawals;
- Effective risk-based systems and controls;

- An operational website whose URL has been disclosed to the VFSC and whose content has been approved by the VFSC;
- Registered as a Reporting Entity with the Vanuatu Financial Intelligence Unit (VFIU) and shared all necessary information on each key person in your organisation;
- Met all VFSC requirements in general and those specific to your Class A and/or Class B and/or Class C license.

That was quite the list! We are aware that meeting all these requirements required a substantial amount of work, but we promise the rewards will be commensurate. Now that Vanuatu has raised its monitoring and regulatory systems on par with global standards, the world will recognize that its licensees are serious businesses which uphold only the highest professional and ethical standards.

Let's grow this industry together

Rest assured that the VFSC is enthusiastic about the FDL programme – it is precisely for this reason that it has strengthened its rules – and our government looks forward to seeing each of you contribute to Vanuatu's development. We invite you to reread our 2021 [Notes on the new VFSC guidelines](#), where we explain in detail the rationale for the new direction taken by our country's authorities regarding the financial industry.

As a trade organisation representing licensees like you, the FMA aims to foster a mutually beneficial, even symbiotic relationship between you and your regulator. This is key for our industry to be sustainable in the long term.

Needless to say, our newly onshore industry is in its infancy. It consists of 6 registered agents in the FDL programme, 60 licensees, their 60 offices, and the 85 Ni Vanuatu they currently employ. It can only grow from there. To give you an idea of where we want to go, take a look at Cyprus: an established, vibrant fintech hub in a small island nation. That is our model jurisdiction.

Our government is prepared to help us get there by supporting the growth of our industry and enacting more supportive legislation and

processes. Already, the VFSC let us know that the minimum requirements regarding economic substance and physical presence will be gradually enhanced over the coming years, relative to the size of your overall business and the level of activity that you are booking in your Vanuatu entity.

Membership is voluntary... for now

If you're not a member of the FMA yet, you sure are missing out! It is in your interest to [visit our website](#) to learn more about us and [become a member](#). Later this year, we are planning the introduction of new services for members including training activities and a conference that will showcase speakers from various brokers, the VFSC and the Reserve Bank.

At this stage the FMA is accepting voluntary applications, but our vision for the future, once our range of services is more developed, is to make FMA membership a mandatory requirement for maintaining a FDL in Vanuatu. This will allow us to link arms with the VFSC to ensure that our licensees are all reputable firms who contribute to the sustainability of our industry, the growth of our economy, and the prosperity of our community.

In the coming months, you will receive new quarterly report forms and a few other requirements to be announced shortly. The VFSC has also started to make visits on site to review and assess your presence locally.

The FMA, in collaboration with the VFSC, will keep on exploring recommendations to enhance our regulatory framework with the objective of maximizing Vanuatu's attractiveness for the more serious players in our business, while keeping bad apples at bay.

Builders wanted

Holding a Vanuatu FDL is a privilege, and it comes with responsibilities. Because our industry in Vanuatu is still in its infancy, we still have the opportunity to shape it in the best interests of everyone.

Do you have ideas or suggestions to help us move forward? We want to hear your insights! We're also looking for referrals for skilled advisors who could help us prepare the following:

- **A legislation review** (recommendation, drafting of amendments);
- **A quarterly & annual return review** (design of a supervision programme based on a quarterly return form);
- **A 5-year strategic plan** to grow the industry as well as emphasise its positive impact for Vanuatu at a national level.

Looking forward to hearing from you!

Kind regards,

Martin St-Hilaire, President, FMA