

APPLICATION FOR AN INTERNATIONAL BANKING LICENSE



**AN INFORMATION PACK TO GUIDE ALL POTENTIAL APPLICANTS**

This information pack serves as a guide to potential applicants for an international banking license, and should be read in conjunction with section 6 of the International Banking Act (2006) Cap 280 (IBA). Any applicants applying for a banking license under this information guide will be licensed, supervised and regulated under the IBA. Revocation of any license will also be done under the IBA.

All applications should be forwarded to:

The Governor,  
Reserve Bank of Vanuatu,  
Private Mail Bag 9062,  
Port Vila,  
Vanuatu.

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*Reserve Bank of Vanuatu, PMB 9062, Port Vila, Vanuatu Tel: +678 23333 Fax: +678 24231*

*January 2013*

## APPLICATION FOR AN INTERNATIONAL BANKING LICENSE

This note sets out the information that an applicant for a license to operate as international bank is required to submit to the Reserve Bank in support of its application. The note should be read in conjunction with the requirements of the **International Banking Act (2006) Cap 280 (IBA)**.

Specifically, Section 20 of the Act requires that licensees must occupy a physical presence in Vanuatu. The Reserve Bank must be satisfied that:

- (a) the premises are located at a fixed address in Vanuatu; and
- (b) the licensee will carry on international banking business under its license from those premises; and
- (c) the licensee will maintain at those premises operating records including financial statements relating to the international banking business conducted under its license; and
- (d) the employee or employees of the licensee will operate full time from those premises; and
- (e) those premises adequately symbolize the physical presence of the licensee in Vanuatu.

All persons seeking approval to become directors, shareholders, managers, officers or controllers of an institution that is licensed or applying to be licensed under the International Banking Act are required, except when exempted by the Governor of the Reserve Bank of Vanuatu, to complete a questionnaire (see Annex 1 & 2). The questionnaire is to be completed by individuals or a body corporate, as appropriate, and will form part of the basis used by the Reserve Bank in assessing whether a person/body corporate is “fit & proper” and qualified under the IBA & Prudential Guideline (PG) 10.

### LOCALLY INCORPORATED BANKS

#### 1. Ownership, Board and Management

- name of proposed bank;
- a brief history of the applicant and an outline of any existing operations; and key senior management;
- proposed initial capital (authorised, paid-up, classes of shares, etc) and capital ratios;
- names of substantial shareholders (direct and ultimate) and their respective shareholdings;

- board structure, including names of directors, their qualifications, principal business associations and detailed curriculum vitae;
- outline of organisational framework, including names and descriptions of the responsibilities of senior management along with their qualifications and curriculum vitae; and
- Evidence of the capacity of substantial shareholders to provide additional capital, if necessary, during the initial years of the proposed bank's operations. Substantial shareholders (including foreign bank parents) should provide a written undertaking to provide any additional capital, if required, and that their involvement in the bank will be more than temporary.

## **2. Structure of Business**

- outline of proposed activities and scale of operations including details of any specialised services proposed and of any relevant expertise;
- outline of the potential economic benefits to be brought to Vanuatu by the proposed bank;
- details of borrowing and lending activities to be undertaken;
- details of proposed off-balance sheet activities;
- location of head office;
- other intended means of "distribution";
- estimate of total staff complement envisaged; and
- proposed date for commencement of operations.

## **3. Prudential Management**

- a written undertaking by the applicant that it will adhere to the prudential requirements of the Reserve Bank and will consult with and be guided by the Reserve Bank on prudential matters and in respect of new business initiatives. This undertaking should include a commitment to provide the Reserve Bank with any information which it may require for its prudential supervision of the bank (and its consolidated group);
- in the case of a subsidiary of a foreign bank, an acknowledgment by the applicant that the Reserve Bank may discuss the applicant's conduct and status with its parent and its parent's supervisor(s);

- a written undertaking by the applicant that it will adhere to the requirements of the Financial Transactions Reporting Act (FTRA) and Reserve Bank's Prudential Guideline 9 and acknowledge that this will form part of license condition;
- details of the management systems and procedures to be used to control and monitor risks, including:
  - credit policies, including policy on loans to shareholders, directors and associated interests and in respect of exposures to individual clients and groups of related clients;
  - policy on monitoring asset quality, loan grading and providing for doubtful debts;
  - liquidity management, including funding and maturity mismatching;
  - procedures for controlling risk, particularly market risk, in trading activities, including derivatives;
  - AML/CTF policies including CDD/KYC; and
  - control of operational risk.
- details of information and accounting systems and "back-up" facilities;
- evidence that, from the commencement of operations, information and other systems will be capable of producing all required statutory and prudential returns in an accurate and timely fashion; and
- evidence that arrangements have been established for the prospective bank's external auditors to report to the Reserve Bank as required.

#### **4. Subsidiaries**

- details of existing or proposed subsidiaries and associates; the nature and scale of their business; and their proposed business relationship with the proposed bank.

#### **5. Financial Projections**

- detailed balance sheet and earnings projections (including assumptions) for the proposed bank's first three years of operations; and
- separate projections for the proposed bank and for the bank and its subsidiaries on a consolidated basis, including key financial and prudential ratios (e.g. capital ratios, liquidity ratios, etc).

## 6. Other

- certificate of incorporation of the corporate vehicle to hold the banking authority;
- certified copies of Memorandum and Articles of Association;
  
- external auditor's certificates verifying the level of capital and capital ratios of the applicant; and
  
- foreign bank parents should also provide:
  - an outline of supervisory arrangements which it is subject to in its country of origin;
  - a statement from its home supervisor that: the foreign bank is of good financial standing and has the supervisor's consent to apply for a banking authority for a locally incorporated subsidiary in Vanuatu; it supervises the parent bank and its subsidiaries on a consolidated basis in accordance with the principles contained in the Basel Concordat; and that it is willing, in terms of the Concordat, to co-operate in the supervision of the subsidiary;
  - an undertaking to keep the Reserve Bank informed of any significant developments adversely affecting its financial soundness and/or reputation globally, and to provide promptly to the Reserve Bank copies of its published financial accounts and any significant media releases (with translations where appropriate);
  - a brief history and an outline of its operations, substantial shareholders (direct and ultimate), directors (including principal business associations);
  - balance sheet, profit and loss and off-balance sheet data for the last three years (plus any available current year data), including information on impaired loans and Basle risk based capital ratios;
  - an undertaking to co-operate in the supervision of its subsidiary, including the provision of information required by the Reserve Bank to assure itself of the prudential standing of the proposed banking subsidiary; and
  - an outline of proposed reporting lines from the banking subsidiary to the parent.

## **BRANCHES OF FOREIGN BANKS**

### **1. Ownership and Management**

- name of applicant;
- a brief history of the bank and an outline of its operations, names of substantial shareholders (direct and ultimate) and their respective shareholdings, directors (including principal business associations) and senior management (see Annex 1 & 2);
- information necessary to demonstrate the applicant's financial standing. This should include balance sheet, profit and loss and off-balance sheet data for the bank itself, and where applicable for its holding company, for the last three years (plus any available current year data) and information on impaired loans and Basle risk based capital ratios;
- outline of organizational framework, including names and descriptions of the responsibilities of senior management of the branch, along with their qualifications and curriculums vitae (see Annex 1 & 2);
- outline of reporting lines from the branch to head office and curriculum vitae for the personnel involved (see Annex 1 & 2).

### **2. Structure of Business**

- outline of proposed activities and scale of operations including details of any specialized services proposed and of any relevant expertise;
- outline of the potential economic benefits to be brought to Vanuatu by the proposed branch;
- an indication as to whether the foreign bank intends to establish (or maintain) a locally incorporated banking subsidiary (and/or any non-banking subsidiaries) in Vanuatu and the strategy under which these entities would operate, including details of any proposals to transfer assets or to share support services;
- details of borrowing and lending activities to be undertaken;
- details of proposed off-balance sheet activities;
- location of principal Vanuatu office;
- estimate of total staff complement envisaged; and
- proposed date for commencement of operations.

### 3. Prudential Management

- an undertaking that the branch will adhere to the prudential requirements of the Reserve Bank and will consult with and be guided by the Reserve Bank on prudential matters and in respect of new business initiatives. This undertaking should include a commitment to provide the Reserve Bank with any information which it may require for its prudential supervision of the branch;
- an acknowledgement that the Reserve Bank may discuss the conduct of the branch with its head office and with the bank's home supervisor(s);
- a written undertaking by the applicant that it will adhere to the requirements of the Financial Transactions Reporting Act (FTRA) and Reserve Bank's Prudential Guideline 9 and acknowledge that this will form part of license condition;
- details of the management systems and procedures the branch proposes to adopt to control and monitor risks, including:
  - credit policies (including policies in relation to exposures to individual clients and groups of related clients);
  - policy on monitoring asset quality and providing for doubtful debts;
  - liquidity management, including funding, maturity mismatching;
  - procedures for controlling risk, particularly market risk, in trading activities, including derivatives;
  - AML/CTF policies including CDD/KYC;
  - control of operational risk; and
  - arrangements for reporting to head office;
- details of information and accounting systems and "back-up" facilities to be used by the proposed branch;
- evidence that, from the commencement of operations, information and other systems will be capable of producing all required statutory and prudential returns in an accurate and timely fashion;
- evidence that arrangements have been established for the prospective bank's external auditors to report to the Reserve Bank as required.

**4. Associates**

- details of any existing or proposed non-banking subsidiaries and associates of the proposed branch in Vanuatu; the nature and scale of their business; and their proposed relationship with the branch.
- an indication of whether it is intended to transfer business from any banking or non-bank subsidiaries or associates into the proposed branch;
- an undertaking by the applicant to keep the Reserve Bank apprised of developments in non-banking subsidiaries in Vanuatu.

**5. Financial Projections**

- detailed balance sheet and earnings projections (including assumptions) for the first three years of operations, including key financial and prudential ratios (as relevant).

**6. Other**

- a copy of the certificate of incorporation of the applicant and its authorization to conduct banking business in its home country;
- an outline of the supervisory arrangements to which the foreign bank is subject to in its home country;
- a statement from the applicant's home supervisor:
  - consenting to the application to establish a branch in Vanuatu;
  - confirming that the applicant is recognized as a bank under the laws of its home country;
  - confirming that the applicant is of good financial standing; and
  - agreeing to co-operate in terms of the Basle Concordat in the supervision of the branch.
- An undertaking by the applicant to keep the Reserve Bank informed of any significant developments adversely affecting its financial soundness and/or reputation globally and to provide promptly to the Reserve Bank copies of its published financial accounts and significant media releases (with translations where appropriate).



Annex 1

**QUESTIONNAIRE FOR CONTROLLERS  
(BEING A BODY CORPORATE)**

**NOTES FOR COMPLETION**

- A. The questionnaire should be completed by each controller of the applicant independently and without assistance by the applicant. If insufficient space is available then separate sheets should be attached. This questionnaire should be completed as part of a new banking license application and/or changes in an existing approved license.
- B. Specific attention is drawn to section 6(6) of the **International Banking Act (2006) Cap 280 (IBA)** which states that any person who supplies information to the Reserve Bank of Vanuatu and which he or she knows to be false or misleading in any material particular respect shall, on conviction be liable to a fine not exceeding USD250 000.

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1. Name of the institution ("the institution") to which this questionnaire relates.	
2. Please state the name of the controller ("the controller") including the corporate name and any business name(s) used for the purposes of or in connection with any business carried on by it.	
3. The reason why the controller qualifies as such with respect to the institution (for example a 10% shareholding)	
4. Description of the controller's business.	

5. Any former name(s) under which the controller has been registered or has traded.	
6. Country and date of incorporation or formation of the controller.	
7. (a) Registered address of the Head Office of the controller, and  (b) Principal place of business in (including address).	
8. Name(s) and address(es) of the controller's principal bankers.	
9. Names and positions of all directors of the controller.	

<p>10. Names of all controllers of the controller, indicating in what sense they are controllers.</p>	
<p>11. Names of all institutions authorised under the International Banking Act other than the applicant institution, of which the controller is also a controller or a significant shareholder, indicating the sense in which it qualifies as such with respect to each.</p>	
<p>12. Does the controller hold, or has it ever held, any authority from a supervisory body to carry on any banking business in Vanuatu or elsewhere? If so, give particulars. If any such authority was revoked, give particulars.</p>	
<p>13. Has the controller ever applied for any authority from a supervisory body to carry on banking business in</p>	

<p>Vanuatu or elsewhere other than an authority already mentioned in answer to Question 12? If so, give particulars. If any such application was, for any reason, refused or withdrawn after it was made, give particulars.</p>	
<p>14. Has the controller within the last 10 years failed to satisfy a judgment debt under a court order in Vanuatu or elsewhere within a year of the making of the order? If so, give particulars.</p>	
<p>15. Has the controller made any compromise or arrangement with its creditors within the last 10 years or otherwise failed to satisfy creditors in full? If so, give particulars.</p>	
<p>16. Has a receiver or an administrative receiver of any property of the controller been appointed in Vanuatu, or has the substantial equivalent of any such person been appointed in any other jurisdiction, in the last 10 years? If so, give particulars, including whether the receiver or equivalent is still acting under the appointment.</p>	
<p>17. Has a petition been serviced in Vanuatu for an administration order in relation to the institution, or has the substantial equivalent of such a petition been served in any other jurisdiction, in the last 10 years? If so, give particulars.</p>	
<p>18. Has a notice of resolution for the voluntary liquidation of the controller been given in Vanuatu, or has the substantial equivalent of such</p>	

<p>a notice been given in any other jurisdiction, in the last 10 years? If so, give particulars.</p>	
<p>19. Has a petition been served in Vanuatu or elsewhere for the compulsory liquidation of the controller, or has the substantial equivalent of such a petition been served in any other jurisdiction, in the last 10 years? If so, give particulars.</p>	
<p>20. Is an inspector or other authorised officer of any government department or agency, professional association or other regulatory body appointed under any Vanuatu or overseas enactment investigating, or has such an investigation ever previously taken place into, the affairs of the controller? If so, give particulars.</p>	
<p>21. Has the controller ever been censured, prosecuted, warned as to future conduct, disciplined or publicly criticised by, or made the subject of a court order at the instigation of, any regulatory authority in Vanuatu or elsewhere? If so, give particulars.</p>	
<p>22. Has the controller ever been refused entry, in Vanuatu or elsewhere, to any professional body or trade association concerned with banking or financial activities or decided not to apply for entry after making an approach? If so, give particulars.</p>	
<p>23. Is the controller engaged, or does it expect to be engaged, in Vanuatu or</p>	

<p>elsewhere in any litigation which may have material effect on the resources of the controller or the institution? If so, give particulars.</p>	
<p>24. Is the controller engaged, or does it expect to be engaged, in any transaction or arrangements (excluding receipt of dividends) with the institution? If so, give particulars.</p>	
<p>25. Is any business of the controller guaranteed or otherwise underwritten or secured, or expected to be guaranteed or underwritten or secured, by the institution, for example, by the giving of security to a bank in respect of lending to the controller/group company? If so, give particulars.</p>	
<p>26. How many shares in the institution are registered in the name of the controller or an associate? Give name(s) in which registered and class of shares.</p>	
<p>27. In how many shares in the institution (not being registered in the name of the controller or an associate) is the controller or any company in the same group or any related party beneficially interested?</p>	
<p>28. Does the controller or its associates hold any shares in the institution as trustee or nominee? If so, give particulars.</p>	
<p>29. Are any of the shares in the institution mentioned in answer to Questions 26, 27 and 28 equitably or</p>	

legally charged or pledged to any part? If so, give particulars.	
30. What proportion of the voting power at any general meeting of the institution (or of another institution of which the institution is a subsidiary) is the controller and any associate entitled to exercise or control the exercise of?	
31. If the exercise of part of the voting power at any general meeting of the institution or of another institution of which it is a subsidiary is or may be controlled by one or more associates, give the proportion of the voting power so controlled in each case and the identity of each associate.	
32. Please provide audited accounts for the controller (and, where appropriate, audited group accounts for the controller's group) for the last three financial years (if available). If the most recent audited accounts are more than six months out of date, they should be accompanied by management accounts (which need not be audited) showing the current financial position and the current results of the controller. In addition, please provide copies of the constitutional documents of the controller.	
33. If this questionnaire is submitted in connection with an application for authorisation, please provide any other information, which may assist the Reserve Bank of Vanuatu in reaching a decision on the	

application.	
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**DECLARATION**

I/We declare that to the best of my knowledge and belief the above information is true and accurate.

I/We have read and understand section 6(6) of the International Banking Act (2002) Cap 280.

I/We undertake to inform the Reserve Bank of Vanuatu of any changes material to this declaration which may arise.

DATED this                      day of                      200 .

DIRECTOR: \_\_\_\_\_

DIRECTOR: \_\_\_\_\_

SPECIFY NAME OF INSTITUTION OR FIRM: \_\_\_\_\_

**NOTE**

**CONTROLLERS**

A Controller includes:

- (1) any person who is entitled to exercise control of 10% or more of the voting power over the institution or over another company of which it is a subsidiary:
- (2) any person, whether a shareholder or not, in accordance with those directions or instructions the directors of the institution, or of another company of which it is a subsidiary, are accustomed to act.

Where a controller is a body corporate the Reserve Bank will look through that body to the ultimate controller from whom the above information will be sought.



**Annex 2****PERSONAL QUESTIONNAIRE FOR DIRECTORS, SHAREHOLDERS,  
MANAGERS, OFFICERS AND CONTROLLERS<sup>1</sup>****THE INTERNATIONAL BANKING ACT CAP 280**

1.	Name of the institution in connection with which this questionnaire is being completed.	
2.	Surname  Forename(s)  Any previous name(s) by which you have been known.  Gender (Male/Female)	
3.	Are you completing this questionnaire as a Director, Shareholder, Manager, Officer or Controller? (See note on page 4)	
4.	Private address	
5.	Previous private addresses during the last ten years	

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<sup>1</sup> Except when exempted by the Governor of the Reserve Bank of Vanuatu, this form is to be completed by all persons seeking approval to become directors, shareholders, managers, officers or controllers of an institution which is licensed or applying to be licensed under the above laws.

with relevant dates)	
6. Date of Birth Place of birth (including town, state and country)	
7. Nationality, and how it was acquired (e.g. birth, naturalization, marriage)	
8. Identification number (Passport #, Tax Identification # or specify other type)	

**If insufficient space is provided, please attach a separate sheet of paper**

<p>9. Present occupation or employment and occupations and employment during the last ten years, including the name of the employer, the nature of business, the position held and relevant dates, leaving no period unaccounted for, and including for each employment;</p> <p>i. the title of your position,  ii. the dates of employment,  iii. the name and address of your employer, and  iv. the name, position and telephone number of a reference.</p>	
<p>10. Of what bodies corporate –</p> <p>(a) are you now a director or controller?</p> <p>(b) have you been a director or controller at any time during the last ten years?</p> <p>(specify the country of incorporation in each case &amp; nature of business)</p>	
<p>11. Details of shareholding interest in financial institutions<sup>2</sup> (current and last ten years)</p> <p>(a) name of company  (b) country of incorporation  (c) percentage holding</p>	

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<sup>2</sup> Shareholding interest in Banks, Trust Companies, Insurance Companies, Investment Companies, other greater than 10%.

(d) nature of business	
12. (a) Professional qualifications and year in which they were obtained. (b) Academic qualifications	
13. Have you at any time been involved with an application for regulatory approval in any other jurisdiction where that application has been refused or withdrawn?	
14. Have you at any time been charged or convicted of any offence (other than (a) an offence committed when you were under the age of 18 years unless the same was committed within the last ten years, or (b) an offence in connection with the use or ownership of a motor vehicle which was tried in a court of summary jurisdiction) by any court, whether civil or military, in any jurisdiction? If so, give full particulars of the charge and if convicted, the date of conviction, the offence and the penalty imposed.	
15. Have you ever, at any time, been the subject of an investigation in relation to a financial institution? If so, give full particulars.	

**If insufficient space is provided, please attach a separate sheet of paper**

<p>16. Have you, anywhere, been censured, disciplined or criticised by any professional body to which you belong or have belonged, or have you ever held a practising certificate subject to conditions? If so, give full particulars.</p>	
<p>17. Have you ever been required to give evidence in any trial or proceedings involving fraud, dishonesty or similar matters, other than as an expert witness? If so, give full particulars.</p>	
<p>18. Have you, or anybody corporate, partnership or unincorporated institution with which you are, or have been associated as a director, shareholder, manager, officer or controller, been the subject of an investigation, anywhere, by a governmental, professional or other regulatory body?</p> <p>If so, give full particulars.</p>	

19. Have you, anywhere, been dismissed from any office or employment or barred from entry to any profession or occupation? If so, give full particulars	
20. Have you been adjudicated bankrupt by a court in any jurisdiction? If so, give full particulars.	
21. Have you failed to satisfy any debt adjudged due and payable by you as a judgement-debtor under an order of a court in any jurisdiction? If so, give full particulars.	
22. Have you, in connection with the formation, control or management of a body corporate, partnership or unincorporated institution been adjudged by a court, in any jurisdiction, civilly or criminally liable for any fraud, misfeasance or other misconduct by you towards such a body or company or towards any members thereof? If so, give full particulars.	
23. Has any body corporate, partnership or unincorporated institution with which you were associated as a director, shareholder, manager, officer or controller, anywhere, been compulsorily wound up or made any compromise or arrangement with its' creditors or ceased trading in circumstances where its' creditors did not receive or have not yet received full settlement	

of their claims, either while you were associated with it or within one year after you ceased to be associated with it ? If so, give full particulars.	
24. Has anybody corporate, partnership or Unincorporated institution with which you were associated as a director, shareholder, manager, officer or controller, anywhere, had its authorization revoked?	
25. In carrying out your duties will you be acting on the directions or instructions of any other person? If so, give full particulars	

I CERTIFY that the above information is complete and correct to the best of my knowledge and belief and I undertake that, as long as I continue to be a director, shareholder, manager, officer or controller of an institution authorized under the above laws, I will notify the Reserve Bank of Vanuatu of any material changes affecting the completeness of the answers to questions 11-25 above within a period of twenty-one days.

Date:

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Signed:

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**NOTE**

**CONTROLLERS**

A Controller includes

- (3) any person who is entitled to exercise control of 10% or more of the voting power over the institution or over another company of which it is a subsidiary:
  
- (4) any person, whether a shareholder or not, in accordance with those directions or instructions the directors of the institution, or of another company of which it is a subsidiary, are accustomed to act.

Where a controller is a body corporate the Reserve Bank will look through that body to the ultimate controller from whom the above information will be sought.