

**PHYSICAL PRESENCE OF FINANCIAL DEALER LICENSEES AND
EMPLOYEES IN VANUATU**



VANUATU FINANCIAL SERVICES COMMISSION

GUIDANCE NOTES

ON

PHYSICAL PRESENCE CRITERIA

SUPERVISION DEPARTMENT

PHYSICAL PRESENCE OF FINANCIAL DEALER LICENSEES AND EMPLOYEES IN VANUATU

1. This guideline is issued to provide further clarification on the requirement of the physical presence of a Financial Dealer Licensee.
2. The intention of the physical presence requires that each 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 license will have to present evidence that all these requirements exist before a license will be granted. All 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 unless the licensee is intended to use a licensed Manager to run its business in Vanuatu. It is not possible for this Guideline to address all possibilities and licensees are therefore encouraged to discuss proposals, which may include the outsourcing of aspects of their operations, with the Vanuatu Financial Services Commission prior to finalization of their applications.
3. Where a licensee 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.
4. Licensees must have dedicated premises 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.
5. The licensee's premises need to be separate and distinct. Licensees should occupy separate offices and have their equipment (e.g. computers, files and filing system). A workstation in an open plan office would not suffice. The premises should be clearly identified as being the office of the licensee.
6. 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.
7. The premises are expected to be opened or manned at all advertised times for some period on normal working days.
8. 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.
9. VFSC expects that the bigger and more complex the licensee's business the more staff would be in Vanuatu to manage the business operations and to maintain all necessary records. The precise number of staff can only be assessed against the

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intended business plan, taking into account the necessary systems and normal spread of control concepts to manage the licensee's activities.

9. There must be at least one person who is a direct employee of the licensee and who meets the requirements of the "fit and proper" criteria, as issued under the "Fit and Proper" guideline. .
10. To satisfy the requirements of the physical presence, the licensee must be able to show that a person appointed to manage the operation in Vanuatu is vested with some executive powers to manage the day-to-day operations of the dealer.

Please contact the following person should you have any questions:

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