

VANUATU FATF ACTION PLAN RECOMMENDATIONS 26 & 28: “Commence a prioritised program of risk-based market entry fit and proper checks and supervision of company and trust service providers and high-risk banks by regulators”

This document represents the outcomes of the Supervisory Working Group and Law Enforcement Working Group Joint Workshop on the Development of Risk-Based Approaches to Supervision, held on 20 February 2018 in Port Vila. The document reflects the consensus among Working Group Members to the classification of AML/CTF risks per sector. It draws upon the findings of the 2015 and 2017 National Risk Assessments as well as updated sectoral information gathered by Working Group Members. The document identifies updates to supervisory approaches, with a focus on market entry controls and on-going supervision by licensing authorities. It is also a resource for VFIU in updating its overall AML/CTF supervision program. This document is a working document and tool, particularly for the Supervisory Working Group, to provide updates on, and coordinate, supervisory actions in line with AML/CTF risks. The Sectorial Risk Classification matrix was approved and endorsed by the National AML&CTF Coordinating Committee (“NCC”) in its meeting on Wednesday 11th April 2018.

Vanuatu AML/CTF Sectoral Risk Classification – March 2018

HIGH	MEDIUM	LOW
INTERNATIONAL BANKS	CURRENCY EXCHANGE	MUTUAL FUNDS
DOMESTIC BANKS	LAWYERS	INSURANCE (DOMESTIC)
FINANCIAL DEALERS	ACCOUNTANTS	
CTSPs	NPOs	
CASINOS	COOPERATIVE ASSOCIATIONS	
INTERACTIVE GAMING/ONLINE GAMBLING	HIGH VALUE DEALERS	
MONEY TRANSFER SERVICES	REAL ESTATE	
	INSURANCE (OFFSHORE)	
	LOTTERIES	
	CREDIT UNIONS	
International companies*		
Trusts*		
Shipping*		

* These entities are not ‘reporting entities’ under the AML/CTF Act, however, they were identified in the 2017 National Risk Assessment and therefore regulatory/supervisory activities in relation to these sectors is also being tracked in this document.

Summary of supervisory approaches to sectoral risks – March 2018

Risk Level	Brief Sectoral Description	Key threats and vulnerabilities	Past supervisory activities	Updates to supervisory activity	Enforcement actions (regulatory and/or criminal cases)
International Banks	<ul style="list-style-type: none"> • 7 offshore banks. • Adequately supervised. • Ultimate ownership remains unchanged. • Scale of operations remains small, includes public clients but who are known to the owners. 	<ul style="list-style-type: none"> • Structure of governance (physical presence) • Tax evasion • Ponzi schemes and fraud • Virtual currencies • No banking business 	<ul style="list-style-type: none"> • Market entry fit and proper requirements were imposed. • AML policies were updated. • Onsite and offsite analysis was carried out. • Meetings were convened with host regulator (HKMA). • Some assistance from foreign supervisors • An information pack was disseminated for applicants. • An AML supervision manual was in use. • AML/CTF audits was conducted in 2016 and 2017 for VFIU 	<p>In light of recent legislative reforms:</p> <ul style="list-style-type: none"> • Key foreign government agencies have been informed of amendments • RBV has on 2 occasions requested and received information from foreign supervisors • Exchange of information is occurring with foreign agencies/regulators • Banks have been requested to strengthen governance • Banks have been requested to provide updated information on key persons and source of funds and have been provided within time frame • A process for on-going fit and proper checks has been established (Quick Reference Guide for Regulatory 	<p>1 license revoked (UDBPL) and directors banned from occupying director and management positions; 1 in the process of revocation; Restructuring of banks directors and management (governance and physical presence requirements).</p>

				<p>Authorities on Market Entry and Fit and Proper Controls). It is consistent with all the other supervisory agencies.</p> <ul style="list-style-type: none"> • The Information Pack for banks has been updated • An Outreach Awareness Session was conducted with bank directors and management • Greater supervisory cooperation and information sharing through SWG and MoU • A program for Onsite Reviews is underway 	
<p>Domestic Banks</p>	<ul style="list-style-type: none"> • 5 licensed banks • 4 are foreign owned • 1 has offshore clients only and has previously been subject to limited supervision due to its status (registered as an IC) 	<ul style="list-style-type: none"> • Money laundering risk is high given range of financial services provided • ATM and internet fraud • Limited supervision of 1 Bank is a vulnerability given its status; as a domestic banking license but registered as an IC and its business is predominantly offshore. Was subject to court proceedings (2 cases) and the shareholder and a 	<ul style="list-style-type: none"> • Domestic banks have been well supervised, except 1. • Good guidance material provided • An information pack was disseminated for applicants. • AML/CTF onsite inspections conducted • AML/CTF independent audit conducted in 2016 for VFIU 	<p>In light of recent legislative reforms:</p> <ul style="list-style-type: none"> • Key foreign government agencies have been informed of amendments • A process for on-going fit and proper checks has been established (Quick Reference Guide for Regulatory Authorities on Market Entry and Fit and Proper Controls) • The Information Pack 	<ul style="list-style-type: none"> • Actions have been taken to freeze a number of bank accounts (Benford case); • 1 domestic bank Removal of both the shareholder and the director in any key positions; • Internet fraud cases. And RBV

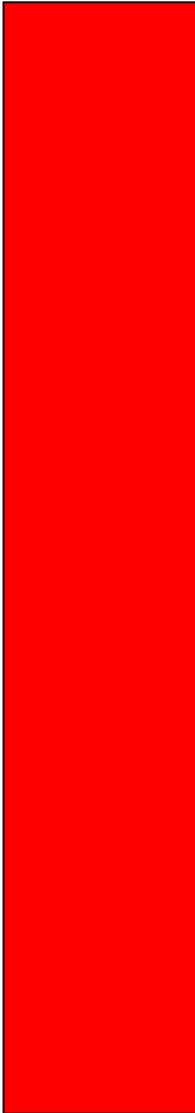
		<p>director were involved.</p>		<p>for bank license application has been updated</p> <ul style="list-style-type: none"> • An Outreach Awareness Session was conducted with bank directors and management on 17 April 2018 • Greater supervisory cooperation and information sharing through SWG and MoU • A program for Onsite Reviews is underway • In relation to the European Bank, a new shareholder has acquired 50% of shares and will eventually acquire 100%. The bank will be registered as a locally incorporated company. The name has been changed. The new fit and proper requirements were applied and due diligence on source of funds were also conducted • The Reserve Bank's Supervision Program has been updated, taking into account supervision of European 	<p>has instructed the bank concern to strengthen its internet security to a 2FA which it has done so.</p>
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				<p>bank including the transition</p> <ul style="list-style-type: none"> • Banks have been requested to strengthen security. • A 2-factor authentication (2FA) process is being implemented for internet banking 	
Financial Dealers	<ul style="list-style-type: none"> • 541 licenses granted for a principal and its representatives to deal in securities, mainly foreign exchange and money markets • Not well regulated and licensees operate offshore with no requirement for physical presence in Vanuatu • Activities are unknown • Very limited reporting • Loopholes in FDL legislation • Difficulties in revoking licenses • A range of complaints have been made 	<ul style="list-style-type: none"> • Money laundering risks • Terrorism financing risks (due to activities being offshore and lack of knowledge of activities leaves potential for TF) • Fraud • Insider trading and market manipulation <p>Key vulnerabilities:</p> <ul style="list-style-type: none"> • Inadequate supervisors and insufficient experience and capacity of supervisors • Lack of proper complaints settlement procedures • Licensees operating without proper trading licenses from foreign licensing authorities • No face to face with 'key persons' before licensing 	<ul style="list-style-type: none"> • Not well supervised • Loopholes with international parent legislation • No regulation • No guidelines • No supervision department in VFSC • VFSC understaffed with only 3 supervisors • Subject to AML/CTF registration requirements 	<ul style="list-style-type: none"> • June/November 2017 legislative amendments • Financial Licensing Rules issued by MOF • Guidelines on Application Procedures, Fit and Proper Checks issued • Code of Conduct and Market Practices issued • Complaints procedure developed • License revocations have occurred • Required bond deposits have been increased • Training of supervisory staff underway • Recruitment of 3 additional supervisory staff is underway • Further amendment to FDL Act under development to: require 	<ul style="list-style-type: none"> • 2 revocations in compliance with new Complaints Procedure • 2 Pending revocations in compliance with complaints • Exploring referral to VFIU with potential to bring case to VPF to investigate fraud

				a physical presence in Vanuatu and a resident Manager; create more provisions for revocation of licenses; and to add a provision requiring registration of prospectus	
CTSPs	<p>Total 78 licenses under CTSP Act:</p> <ul style="list-style-type: none"> • 13 CTSP licenses • 13 general CSP licenses • 8 limited CSP licenses • 40 directors licenses • 3 special trust licenses 	<ul style="list-style-type: none"> • Money laundering risks, links to international companies and trusts <p>Key vulnerabilities:</p> <ul style="list-style-type: none"> • Lack of supervisory oversight • Non-compliance with laws, regulations and guidelines (limited enforcement actions) 	<ul style="list-style-type: none"> • Very limited supervisory oversight • No proper offsite/onsite supervision • No supervision department in VFSC • No specifically trained supervisory officers in VFSC • Subject to AML/CTF registration process by VFIU • AML/CTF independent audit conducted in 2016 and 2017 for VFIU 	<ul style="list-style-type: none"> • VFSC has established a supervision department • Recruitment of supervisory officers underway (6 supervisors) • Training of supervisory officers is underway • 1 onsite inspection done in November 2017 • An offsite and onsite supervision program to be developed; greater offsite scrutiny has been undertaken resulting in enforcement action • VFIU conducting revised AML&CTF Registration • Subject to VFIU AML&CTF supervision (off and on site) program • Entities have been requested by VFIU to undergo AML/CTF independent audit 	1 revocation of license with potential for investigation and prosecution of licensee

Casinos	<ul style="list-style-type: none"> • 9 licensed casinos • 4 are active • 5 are inactive • rely heavily on cash based customers • predominantly tourists and expatriates, some ni-Vanuatu 	<p>Money laundering risks:</p> <ul style="list-style-type: none"> • cash-based <p>also detection of casino-to-casino transfer of funds on behalf of clients via bank transfers (for example, Grand Casino in Vanuatu has a sister casino in Australia)</p> <p>Key vulnerability is shortage of supervisory staff and lack of supervisory capacity in DCIR.</p>	<ul style="list-style-type: none"> • DCIR regulates the casino industry; VFIU supervises in an AML/CTF capacity. However, virtually no regulatory or supervisory controls exercised. • AML/CTF audit conducted in 2016 for VFIU 	<ul style="list-style-type: none"> • Legal requirements for market entry and on-going checks have recently been updated. • A change of licensing authority is underway. • DCIR is actively participating in the SWG. • DCIR is in process of engaging a consultant/technical assistance provider to strengthen its regulatory and supervisory roles • Exploring opportunities for joint inspection of a casino with a foreign regulator 	
Interactive Gaming	<p>3 internet gaming licenses</p>	<ul style="list-style-type: none"> • all activities are done online • key vulnerability is a lack of supervision 	<p>Currently no supervision, however, they are subject to AML/CTF registration by VFIU</p>	<ul style="list-style-type: none"> • Amendments have been made to legal requirements for market entry and on-going controls • A change of licensing authority is underway • DCIR is actively participating in the SWG • DCIR is in process of engaging a consultant/technical assistance provider to strengthen its 	

				regulatory and supervisory roles	
Money Transfer Services	<ul style="list-style-type: none"> No prudential regulatory authority; VFIU undertakes fit and proper checks at point of registration under AML/CTF Act 6 domestic (2 Western Union; 1 Telecom operator; 1 Goodies; 1 HXM; 1 Mobile Money) Telecom operator runs Easy Money via NBV and Co Money via ANZ The biggest players are Western Union and Goodies Low levels of transactional reports made to VFIU from money transfer businesses There are 2 money laundering cases involving this sector Information suggests that there are a range of informal, unregistered remitters 	<ul style="list-style-type: none"> Fraud/scams (internet fraud case involving money mules) <p>Key vulnerabilities:</p> <ul style="list-style-type: none"> Unregulated sector Poor CDD procedures 	<ul style="list-style-type: none"> Subject to AML/CTF registration process On-site reviews and training have been taking place AML/CTF independent audit conducted in 2016 for VFIU 	<ul style="list-style-type: none"> More robust AML/CTF fit and proper controls being implemented at point of registration Internal audits and risk assessments are required of entities in this sector 	2 money laundering cases were sent to police for investigation and have been referred to the Public Prosecutor with charges of money laundering. Funds were moved through entities in this sector as part of the laundering process.
International Companies*	<ul style="list-style-type: none"> Registered to carry out unrestricted business overseas 	<ul style="list-style-type: none"> Money laundering Foreign tax evasion Misuse of international 	<ul style="list-style-type: none"> Not well supervised, only registration Requirement to 	<p>Legislative amendments in 2017 require:</p> <ul style="list-style-type: none"> Bearer shares and 	

	<ul style="list-style-type: none"> • 4,753 registrations • Required to have registered agent/registered office in Vanuatu • Registered agent must be licensed under CTSP Act 	<p>companies to mask ownership of businesses and assets</p> <ul style="list-style-type: none"> • Terrorism financing risk (due to activities being offshore and lack of knowledge of activities leaves potential for TF) <p>Key vulnerabilities:</p> <ul style="list-style-type: none"> • Lack of supervisory oversight • Inadequate number of supervisors and insufficient experience and capacity of supervisors • No face to face with 'key persons' in licensing process • Previously no requirement to register share transfer or file annual returns or audited accounts 	<p>provide beneficial ownership information to VFSC (2016 legislation)</p>	<p>bearer share warrants to be converted to ordinary shares</p> <ul style="list-style-type: none"> • Requirements to register share transfers • Places enhanced obligations on registered agents to collect and maintain in Vanuatu up-to-date information, including ultimate beneficial ownership information and source of funds • Enhances powers to VFSC to request information and conduct inspections • VFSC has undertaken information sharing and sanctions • VFSC has received confirmation from registered agents that no bearer shares or share warrants have ever been issued • VFSC will be finalising a work plan to carry out onsite visits on a regular basis to ensure that registered agents are in fact keeping the updated beneficial ownership 	

				records, financial reports and documents for immediate production to regulator when requested <ul style="list-style-type: none"> • VFSC had conducted a file review at PITCO on 23rd April 2018 specifically for information on beneficial ownership and bearer shares. 	
Trusts*	<ul style="list-style-type: none"> • No comprehensive data on number and type of trusts; some information on location of settlors who are largely from Australia/NZ (41%) and Europe (22%) • Does not appear to give rise to significant ML/TF risk, however, we have decided to keep as high risk until greater oversight is achieved • Additional information on nature and scale of trusts is needed for more informed analysis 	<ul style="list-style-type: none"> • Potential for abuse of trusts for concealing businesses and assets • Lack of transparency 	<ul style="list-style-type: none"> • No registration of trusts • Limited transparency of trusts, including limited obligations on trust service providers 	<ul style="list-style-type: none"> • 2017 legislative amendments to CTSP Act to strengthen market entry and transparency controls over trust service providers, including obligations on trustees to disclose their status • Baseline survey of trusts in Vanuatu conducted in 2017 • Trusts legislation to require registration of trusts is under development by VFSC. This legislation will impose similar requirements on transparency of trusts as those imposed under the amendments to the CTSP Act. 	

				<ul style="list-style-type: none"> A diagnostic study was carried out in 2017 to gain a better understanding of trusts in Vanuatu. This study found that trust service providers licensed under the CTSP Act in fact administered the majority of trusts in Vanuatu. Other trusts were not considered to pose a significant risk. 	
Shipping*	<ul style="list-style-type: none"> Managed by private company, Maritime Services Ltd, with administration office in NY Approx. 650 vessels, predominantly supporting offshore oil industry 45% vessels are US based, 25% Japanese Very few general cargo ships Maritime Services has started to target potential business in Korea but no registrations to date 	<ul style="list-style-type: none"> Proliferation financing risks (combined with international companies and offshore insurance sector dealing in maritime insurance) 	<ul style="list-style-type: none"> No formal mechanism for implementing targeted financial sanctions No specific outreach to shipping registry 	<ul style="list-style-type: none"> New sanctions law adopted and VFIU established as Sanctions Secretariat with monitoring and supervision powers Possible prescription of VMS Ltd as a 'reporting entity' under the AML&CTF Act. Sanctions Guidance Note has been disseminated to Bayer Group of Companies 	
Currency Exchange	<ul style="list-style-type: none"> No prudential regulatory authority; 	<p>Key vulnerabilities:</p> <ul style="list-style-type: none"> Unregulated sector 	<ul style="list-style-type: none"> Subject to AML/CTF registration process 	<ul style="list-style-type: none"> More robust AML/CTF fit and proper controls 	

	<p>VFIU undertakes fit and proper checks at point of registration under AML/CTF Act</p> <ul style="list-style-type: none"> • Cash based • Largely tourists as customers • Currency exchange performed by 5 domestic banks, Western Unions, Goodies and 7 Eleven, plus small number of shop front dealers. • Limited supervision, except for banks 		<ul style="list-style-type: none"> • On-site reviews and training have been taking place • Subject to AML&CTF Registration requirement • AML&CTF Independent Audit conducted in 2016 & 2017 	<p>being implemented at point of registration</p> <ul style="list-style-type: none"> • Internal audits and risk assessments are required of entities in this sector 	
Lawyers	<ul style="list-style-type: none"> • No prudential regulatory authority; VFIU undertakes fit and proper checks at point of registration under AML/CTF Act • Less than 10 lawyers 	<ul style="list-style-type: none"> • Fraud, misappropriation • Weak regulation • Need for effective supervision 	<ul style="list-style-type: none"> • AML/CTF registration requirements • AML&CTF Independent Audit conducted in 2016 & 2017 	<ul style="list-style-type: none"> • More robust fit and proper checks being conducted at point of registration • Requirement to undertake audit/risk assessment has been issued and is underway 	<p>There has been investigation into an extortion case involving a lawyer</p>
Accountants	<ul style="list-style-type: none"> • No prudential regulatory authority; VFIU undertakes fit and proper checks at point of registration under AML/CTF Act • Approximately 10 accountants 	<ul style="list-style-type: none"> • Fraud, misappropriation • Weak regulation • Need for effective supervision 	<ul style="list-style-type: none"> • AML/CTF registration requirements • AML&CTF Independent Audit conducted in 2016 & 2017 	<ul style="list-style-type: none"> • More robust fit and proper checks being conducted at point of registration • Requirement to undertake audit/risk assessment has been issued and is underway 	

<p>NPOs</p>	<ul style="list-style-type: none"> • Substantial amount of unregistered NPOs but exact number is unknown • 273 registered charitable associations • 9 foundations • largely local charitable activities 	<ul style="list-style-type: none"> • No evidence to suggest abuse by terrorism financing • However, no supervision of sector 	<ul style="list-style-type: none"> • Subject to AML&CTF Registration process 	<p>Section 8A Charitable Association Act provides for the filing of an annual report that can be downloaded from the VFSC Website. This report outlines an association's activities, funds received and funds spent.</p> <p>The Foundation Regulations of 2011 also provides for the filing of an annual return, which must be accompanied with a copy of the audited accounts of the foundation.</p> <p>VFSC has a newly appointed Supervisor on March 1, 2018 to specifically supervise NPO's.</p>	<p>1 request for information was sent to AUSTRAC (Australia) regarding an Islamic charity. AUSTRAC provided some information and the charity is being placed on enhanced monitoring.</p>
<p>Cooperative Associations</p>	<ul style="list-style-type: none"> • 380 cooperatives • 70 financial cooperatives • Market value of turnover is more than 500 million 	<ul style="list-style-type: none"> • 2 cooperatives have assets over 300 million; there are operational and legal issues • Misappropriation and fraud <p>Key vulnerabilities:</p> <ul style="list-style-type: none"> • Poor internal controls (governance structures) • Weak guidelines and policies • Lack of regulation 	<ul style="list-style-type: none"> • Lack of supervision (inadequate market entry requirements) • Lack of supervisory resources • Subject to AML&CTF Registration requirements 	<p>In light of recent legislative reforms:</p> <ul style="list-style-type: none"> • There will be improvement in monitoring and supervision • Supervisory body is providing further instructions to certain cooperatives identified to have issues • As part of the domestic cooperation and recent signed MOU, RBV, VFIU 	<ul style="list-style-type: none"> • 1 cooperative with operational issues is in the process of being re-registered, further investigations are underway • 1 cooperative with legal issues has had managing director removed • 1 case referral (AFIC Case) to

		<ul style="list-style-type: none"> Lack of effective and well-resourced supervision (recent legislative amendments provide greater powers but there is a lack of resources to supervise) 		<p>and Police are also assisting Cooperative in one of the cases</p> <ul style="list-style-type: none"> Compliance and enforcement sections have been created and distinction is being made between financial cooperatives (medium risk) and non-financial cooperatives (low risks) A regional awareness raising program is being undertaken to alert public to possible fraud in saving and loan cooperatives, and broader public outreach through newspapers and radio is being considered to raise awareness among current and potential managers of cooperative that there will be greater oversight and to build public confidence in that oversight 	<p>VFIU and Public Prosecutor to trace stolen funds that were converted into property and other assets</p>
<p>High Value Dealers</p>	<ul style="list-style-type: none"> No prudential regulatory authority; VFIU undertakes fit and proper checks at point of registration under AML/CTF Act More than 30 vehicle 	<ul style="list-style-type: none"> High value, cash based activity susceptible to money laundering Hire purchase arrangements Fraud 	<ul style="list-style-type: none"> AML/CTF registration requirements AML&CTF Independent Audit conducted in 2016 & 2017 	<ul style="list-style-type: none"> More robust fit and proper checks being conducted at point of registration Requirement to undertake audit/risk assessment has been 	<p>Confiscation action of a yacht. Public Prosecutor has appointed an Administrator under the POCA to oversee sale of yacht.</p>

	<ul style="list-style-type: none"> dealers 3 jewellery dealers 1 yacht management business 	<p>Key vulnerabilities:</p> <ul style="list-style-type: none"> Unregulated sector Weak CDD procedures among vehicle dealers 	for VFIU	issued and is underway	
Real Estate	<ul style="list-style-type: none"> No prudential regulatory authority; VFIU undertakes fit and proper checks at point of registration under AML/CTF Act Over 20 known real estate agents VFSC registered real estate agents as business names, companies or both but trading licenses are issued by Customs & Inland Revenue Business centred around urban areas (Port Vila and Loganville) 	<ul style="list-style-type: none"> Fraud (through false pretence) Misappropriation <p>Key vulnerabilities:</p> <ul style="list-style-type: none"> Unregulated sector No proper supervision Poor land prospectus Illegal sales 	<ul style="list-style-type: none"> AML/CTF registration requirements Insufficient correspondence from real estate agents AML&CTF Independent Audit conducted in 2016 & 2017 	<ul style="list-style-type: none"> More robust fit and proper checks being conducted at point of registration Requirement to undertake audit/risk assessment has been issued and is underway Strategic analysis report by VFIU has been conducted Specific land reforms are under development 	Court proceedings are underway relating to illegal sale of land (Minister to land department officer)
Insurance (Offshore)	<ul style="list-style-type: none"> 5 international licenses 6 captive licenses adequately supervised 	<ul style="list-style-type: none"> tax evasion no insurance business being carried out 	<ul style="list-style-type: none"> Onsite and offsite supervision was taking place Market entry fit and proper entry requirements were carried out Verification of source of funds was undertaken 	<p>In light of recent legislative reforms:</p> <ul style="list-style-type: none"> Market entry and on-going supervision requirements in the Insurance Act have been recently amended and implementation actions will be rolled out. Key foreign government 	There has been the resignation of a Director of a captive licensee as a result of tax evasion (Australia)

			<ul style="list-style-type: none"> • Meetings were conducted with owners • AML&CTF Independent Audit conducted in 2016 • AML/CTF part 14 included in the Insurance Act for all licensees to comply with AML/CTF Act. • AML Guideline in Insurance Supervision Manual 	<p>agencies have been informed of amendments</p> <ul style="list-style-type: none"> • Outreach awareness took place on 17 April 2018 • A process for on-going fit and proper checks has been established (Quick Reference Guide for Regulatory Authorities on Market Entry and Fit and Proper Controls) • Awareness on AML/CTF's new amendments has been conducted to licensee directors and management on 17 April 2018. 	
Lotteries	<ul style="list-style-type: none"> • 1 lottery 	No specific ML risks identified. Supervision was a significant vulnerability.	<ul style="list-style-type: none"> • Subject to AML&CTF Registration requirement 	Updated market entry and on-going requirements will be implemented.	
Credit Unions	<ul style="list-style-type: none"> • 5 credit unions • Low level funds; generally deposits directly from payroll • Largest credit unions are police and teachers and are low risk <ul style="list-style-type: none"> • Starting to see foreign investors engaged in credit 	Expatriates using Vanuatu registered credit unions to raise funds overseas for other purposes.	<ul style="list-style-type: none"> • Subject to AML&CTF Registration requirement; • Registration by VFSC and supervised by RBV has challenges. 	<p>In light of recent legislative reforms:</p> <ul style="list-style-type: none"> • Market entry fit and proper requirements have been enhanced; • Review of the current Credit Unions Act is currently taking place which will allow for the Reserve Bank of 	

	<p>unions (2 such instances) and abuse by the expatriates have been noted</p>			<p>Vanuatu to be responsible for both the registration and supervision for credit unions.</p> <ul style="list-style-type: none"> • VFSC has stopped registrations until its market entry fit & proper requirements are strengthened. • A process for on-going fit and proper checks has been established (Quick Reference Guide for Regulatory Authorities on Market Entry and Fit and Proper Controls) • Plans to conduct outreach awareness • RBV is in the process of informing the following on legislative reforms: World Council of Credit Unions (WOCU), Association of Asian Confederation of Credit Unions, Oceania Confederation of Credit Union League (OCCUL), & International Co-operative Alliance 	
Mutual Funds	<ul style="list-style-type: none"> • 1 manager of a mutual fund operating in Vanuatu 	<ul style="list-style-type: none"> • No specific ML risks identified. Supervision was a potential 	<ul style="list-style-type: none"> • Subject to AML&CTF Registration requirement 	<p>Newly appointed Supervisor on March 1, 2018 to specifically supervise Mutual</p>	

		vulnerability.		Funds.	
Domestic Insurance	<ul style="list-style-type: none"> • 5 Insurers • Lloyds – no physical presence. Business placed with Lloyds cover holders through brokers. • 6 brokers • Adequately supervised. 	<ul style="list-style-type: none"> • No specific ML risks identified. 	<ul style="list-style-type: none"> • Market entry fit and proper requirements • On-site/Off-site inspection conducted • Verification of source of funds • AML/CTF part 14 included in the Insurance Act for all licensees to comply with AML/CTF Act. • AML Guideline in Insurance Supervision Manual 	<ul style="list-style-type: none"> • Key foreign government agencies have been informed of amendments • Insurance Act and Regulation recent (Nov 2017) amendment to reflect changes in the AML/CTF Act. • A process for on-going fit and proper checks has been established (Quick Reference Guide for Regulatory Authorities on Market Entry and Fit and Proper Controls) • Awareness on AML/CTF's new amendments has been conducted to licensee directors and management on 17 April 2018. 	