



Republic of Vanuatu
Office of the Attorney General

Financial Intelligence Unit

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To AML&CTF Compliance Officer

Guidance Note No. 2 of 2026

TARGETED FINANCIAL SANCTIONS

I refer to the above subject.

This guidance note is issued to assist reporting entities in understanding their obligations under the *United Nations Financial Sanctions Act No. 6 of 2017* (UNFSA). Compliance with targeted financial sanctions is a critical component of Vanuatu's anti-money laundering and counter-terrorism financing framework, and will be closely examined during the upcoming mutual evaluation.

Targeted financial sanctions are international measures employed to prevent and suppress:

- Terrorism and terrorist financing
- Proliferation of weapons of mass destruction (WMD)
- Financing of proliferation activities

Key Measures Include:

Asset Freezes: Prohibiting:

- Dealing with property of designated persons or entities
- Making property available to designated persons or entities

Restricted Access: Blocking designated persons or entities from financial services, including:

- Banking services
- Insurance-related services
- Trust and company services

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Term	Meaning
Property	Funds and other assets including bank credits, cheques, money orders, and similar instruments.
Dealing	Transferring, converting, disposing of, moving, or using property.
Designated Person/Entity	Individuals, groups, undertakings, or entities designated by the UN Security Council, its Committees, or the Prime Minister under the UNFSA.

1. Legal Basis for Compliance

Vanuatu is obligated to implement targeted financial sanctions under:

- The Charter of the United Nations
- Relevant UN Security Council Resolutions
- Financial Action Task Force (FATF) Standards

The UNFSA serves as the domestic legislative framework implementing both UNSC sanctions and domestic sanctions.

2. Reporting Entity Obligations

Key Changes from Previous Legislation

Aspect	Previous Regime (CTTOCA)	Current Regime (UNFSA)
Scope	Terrorists and terrorist organisations only	Extended to include WMD proliferation-related persons/entities
Standard of Conduct	Knowledge-based	Includes prohibition on reckless dealing
Penalties	Lower thresholds	Significantly increased penalties

Mandatory Obligations

You MUST:

1. Freeze property immediately if you hold, possess, or control property of a designated person or entity
2. Report to the Sanctions Secretariat within five working days of:
 - Being notified of the designation
 - Publication of the designation in the Official Gazette
 - Coming into possession of the property
(*whichever is sooner*)

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3. Report suspicious transactions within two working days in accordance with the AML/CTF Act No. 13 of 2014

You MUST NOT:

- Deal with property of designated persons/entities
- Make property available to designated persons/entities
- Provide financial services to designated persons/entities or their affiliates

3. Compliance Program Requirements

An adequate compliance program should be risk-based and proportionate to your business operations.

Key Considerations:

Factor	Risk Indicator
Customer profile	Higher-risk customers require enhanced due diligence
Business operations	International wire transfers carry elevated risk
Geographic exposure	Transactions involving high-risk jurisdictions require additional scrutiny

Recommended Measures:

- Implement sanctions screening software appropriate to your business size and risk profile
- Maintain updated customer identification and verification procedures
- Conduct regular staff training on sanctions obligations
- Establish internal reporting protocols for matches
- Document all compliance efforts for audit purposes

4. Penalties for Non-Compliance

Non-compliance with the UNFSA constitutes serious criminal offences.

Offender Type	Possible Penalties
Natural Persons	Imprisonment up to 25 years, fine, or both
Body Corporates	Fines and other penalties

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5. Supervision and Enforcement

Responsible Authority

The Sanctions Secretariat within the Financial Intelligence Unit (FIU) is responsible for:

- Supervising compliance
- Enforcing UNFSA provisions
- Maintaining the Consolidated List of designated persons and entities

Delegation of Powers

The Secretariat may delegate supervision functions to other regulatory authorities, including the Reserve Bank of Vanuatu, for industries they regulate.

Enforcement Powers

The Sanctions Secretariat may:

- Request information or documents
- Conduct on-site inspections
- Issue formal warnings
- Issue penalty notices
- Seek enforceable undertakings
- Apply for injunctions
- Issue notices of non-compliance

6. Handling Positive Matches

Immediate Actions Upon Match

Step	Action
1	Freeze the property immediately
2	Report to Sanctions Secretariat within five working days
3	Submit suspicious transaction report within two working days

Handling False Positives

If an individual or entity claims their assets have been frozen in error:

Step	Action
1	Conduct internal investigation; verify identifying information (birth dates, etc.)
2	If unable to verify, seek assistance from Commissioner of Police
3	If still unable to verify, direct the person to apply to the Sanctions Secretariat using the form available on the VFIU website

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7. Authorisations to deal with Frozen Property

The Prime Minister may grant permission to deal with frozen property or make property/financial services available to designated persons/entities where required for:

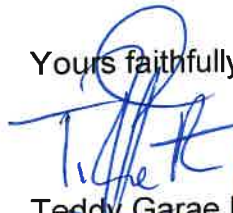
Category	Description
Basic Expense	Food, rent/mortgage, medicine, medical services, taxes, insurance premiums, public utility charges, reasonable professional fees
Contractual Obligation	Payment required under a contract or agreement made before the date of designation
Extraordinary Expense	Payment that is neither a basic expense nor contractual obligation, but which the Prime Minister considers necessary

Additional Resources

- **Consolidated List:** Available at <https://fiu.gov.vu/publications>
- **FIU Website:** <https://fiu.gov.vu/index.php>

Should you require further information please do not hesitate to contact Ms. Denzelle Tigona this office.

Yours faithfully,


Teddy Garae LULUMELE
Director



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