

**FINAL NOTICE ISSUED UNDER SECTION 251 OF
THE FINANCIAL SERVICES AND MARKETS REGULATIONS 2015**

To: **Emirates Advocates LLP**
Cubicle C01,
15, Al Sarab Tower
Abu Dhabi Global Market Square
Al Maryah Island
Abu Dhabi
United Arab Emirates

Date: 13 September 2023

1. ACTION

- 1.1. For the reasons given in this Final Notice, the Financial Services Regulatory Authority (the “Regulator”) hereby imposes on Emirates Advocates LLP (“EA”) a financial penalty of US\$26,000 under section 232 of the *Financial Services and Markets Regulations 2015* (the “Regulations”).
- 1.2. On 14 July 2023, the Regulator gave EA a Decision Notice which notified it that, for the reasons given below and pursuant to section 232 of the Regulations, the Regulator had decided to impose a financial penalty on EA. EA has not referred the matter to the Appeals Panel within 30 days of the date on which the Decision Notice was given to it. Accordingly, the Regulator has imposed the financial penalty on EA.

2. DEFINED TERMS

- 2.1. Defined terms are identified in the Notice in parentheses, using the capitalisation of the initial letter of a word or of each word in a phrase, and are either defined in a Rulebook, Glossary, or in the body of this Notice at the first instance the term is used. Unless the context otherwise requires, where capitalisation of the initial word is not used, an expression has its natural meaning.
- 2.2. Annexure A sets out the regulations, rules and guidance relevant to this Notice.

3. SUMMARY OF REASONS FOR THE ACTION

- 3.1 The Regulator has taken the action set out in this Notice because EA failed to:
 - a) maintain effective Anti-Money Laundering policies, procedures, systems and controls by failing to complete its registration for the ‘goAML’ Anti-Money Laundering reporting system;
 - b) ensure that its policies, procedures, systems and controls are in compliance with Federal AML Legislation;
 - c) ensure that its policies, procedures, systems and controls are enabled for suspicious Persons and Transactions to be detected and reported; and
 - d) be open and cooperative in its dealings with the Regulator,



and in doing so, EA contravened Rules 4.1.1(1), 4.1.1(2)(a) and (b), and 4.7.1(a) of the Regulator's Anti-Money Laundering and Sanctions Rules and Guidance ("AML").

4. FACTS AND MATTERS RELIED ON

Background

- 4.1. On 14 January 2019, EA was registered with the Abu Dhabi Global Market ("ADGM") Registration Authority ("RA") as a limited liability partnership. EA holds a commercial license to carry on non-financial (Category B) business activities as a "Legal Consultancy".
- 4.2. EA is registered with the ADGM RA as a Designated Non-Financial Business or Profession ("DNFBP") as defined in AML Rule 3.2.1. On 14 January 2019, EA was registered as a DNFBP.

Relevant Facts

- 4.3. The Federal Decree-law No. (20) of 2018 on *Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organisations* dated 23 September 2018 (the "Federal Decree-law No. (20) of 2018") created an obligation on all Relevant Persons to report suspicious activities directly through its electronic system or by any means approved by the Financial Intelligence Unit ("FIU") of the United Arab Emirates.
- 4.4. On 23 June 2019, the FIU announced the launch of the goAML reporting platform, and reporting entities were encouraged to complete their registration before 27 June 2019. All suspicious transactions and activity reports are to be submitted to the FIU using the goAML system.

Failure to register for goAML

- 4.5. The Regulator places considerable importance on DNFBPs completing their registration for the goAML system. Completion includes the pre-registration and finalisation of the registration for the goAML system.
- 4.6. In the period from May 2019 to June 2021, EA was reminded on a number of occasions to register for the goAML system. In particular:
 - a) On 19 May 2019, the Regulator published Notice No. 15 of 2019 addressed to Senior Executive Officers, Money Laundering Reporting Officers ("MLROs") and Principal Representatives of Relevant Persons informing them of the mandatory requirement to register for the goAML system, the process and requirements for doing so and that the deadline to register for goAML was 20 June 2019;
 - b) On 26 June 2019, the Regulator published Notice No. 17 of 2019 announcing that the goAML platform would go-live on 27 June 2019, and the existing system for submitting Suspicious Transaction Reports ("STR") would end on 26 June 2019;
 - c) On 18 July 2019, the Regulator sent an e-mail to EA informing EA that it had failed to meet the deadline stipulated in the Regulator's Notice No. 15 of 2019. EA was requested to cooperate and register on the goAML system no later than 23 July 2019 as there were no other acceptable means of submitting its STRs and Suspicious Activity Reports ("SARs");
 - d) On 9 April 2020, the Regulator sent a first reminder by e-mail, informing EA that registration for the goAML system was mandatory, enclosing a copy of the Regulator's Notice No. 15 of 2019, together with instructions to assist the MLRO in completing its goAML registration by



the deadline of 31 May 2020. EA was informed that failure to do so constituted a breach of Federal AML Legislation and ADGM's AML Rules;

- e) On 21 July 2020, the Regulator sent a second reminder by e-mail to EA that it was mandatory to complete its registration for the goAML system, enclosing its e-mail of 9 April 2020, together with instructions on how to register, reminding EA that it had yet to complete its goAML registration, and requesting it to do so by 30 July 2020. EA was informed that failure to complete the registration may lead to a referral to the Regulator's Enforcement Division;
- f) On 31 August 2020, the Regulator sent a third reminder by e-mail to EA giving it an extension until 14 September 2020 to complete its registration;
- g) On 13 September 2020, the Regulator sent a reminder by e-mail to EA to complete its registration by 14 September 2020;
- h) On 16 September 2020, the Regulator published Notice No. 9 of 2020 noting the requirement for all Relevant Persons to be connected to the goAML online system in order to submit STRs and SARs. The MLRO, or the deputy MLRO in the absence of the MLRO, was responsible for submission of the STRs and SARs.
- i) On 29 April 2021, the Regulator published Notice No. 10 of 2021 providing guidance to DNFBPs as to the requirement to register on the goAML system by following the procedures manual and to maintain their registration in an active status, and that all DNFBPs "*shall register themselves immediately so as to confirm their readiness for filing of STRs*";
- j) On 15 June 2021, the Regulator published Notice No. 15 of 2021 notifying DNFBPs of the outcome of the Regulator's AML thematic review. The Regulator noted in its review that Relevant Persons must establish and maintain robust policies, procedures, and systems and controls to monitor and detect suspicious activities or transactions as prescribed by Federal AML Legislation. The Regulator also stated that Relevant Persons were required to register on the goAML portal as there was no longer any other acceptable means of referring STRs to the FIU. DNFBPs were cautioned that failure to comply with this requirement on a timely basis would constitute a breach of Federal AML Legislation as well as the AML Rules; and
- k) On 17 June 2021, the Regulator published Notice No. 17 of 2021, an 'AML/CFT Joint Supervisory Guidance on the common themes observed during inspections of FIs and DNFBPs', and noted as an example of unsatisfactory practices that some regulated entities have not registered for goAML.

4.7. As of the date of this Notice, EA is still not registered on the goAML system.

4.8. EA's failure to complete its registration for goAML means that from 27 June 2019 to date, EA:

- a) has not been connected to the FIU, and has not been able to report external SARs to the FIU, as required under AML Rule 14.3.1, in the form and manner in which the FIU requires such reports to be submitted;
- b) has not had any effective systems or means to make the necessary reports to the FIU since the discontinuation of the pre-goAML system on 26 June 2019; and
- c) does not have any systems and controls to enable suspicious Persons and Transactions to be detected and reported.



Failure to maintain effective Anti-Money Laundering policies, procedures, systems and controls by failing to complete the registration for goAML

- 4.9. AML Rule 4.1.1(1) requires Relevant Persons to establish and maintain effective Anti-Money Laundering policies, procedures, systems and controls to prevent opportunities for money laundering in relation to the Relevant Person and its activities. AML 4.1.1(2) requires that a Relevant Person's Anti-Money Laundering policies, procedures, systems and controls must, among other things, ensure compliance with Federal AML Legislation and enable suspicious Persons and Transactions to be detected and reported.
- 4.10. As described in paragraph 4.6 above, EA has failed to complete its registration for goAML despite having been reminded to register on numerous occasions, as well as having been given ample time to do so. EA remains in non-compliance with this requirement.
- 4.11. EA's failure to complete its registration for the goAML system has resulted in EA not being connected to the FIU, and not being able to report external SARs to the FIU, as required under AML Rule 14.3.1, in the form and manner which the FIU requires such reports to be submitted.
- 4.12. As a result, EA did not have any effective systems or means to make the necessary reports to the FIU after the discontinuation of the pre-goAML system on 26 June 2019.
- 4.13. Accordingly, EA has failed to establish and maintain effective Anti-Money Laundering policies, procedures, systems and controls, in contravention of AML Rule 4.1.1(1) as it could not report STRs and SARs as required by the FIU.

Failure to ensure policies, procedures and systems and controls are in compliance with Federal AML Legislation

- 4.14. AML Rule 4.1.1(2)(a) states that a Relevant Person's Anti-Money Laundering policies, procedures, systems and controls must ensure compliance with Federal AML Legislation.
- 4.15. The Federal Decree-law No. (20) of 2018 made it mandatory for all Relevant Persons, including DNFBPs, to report suspicious activities directly through any means approved by the FIU.
- 4.16. As set out above, from 27 June 2019 to date, EA has been unable to report suspicious activities as required by Federal AML Legislation.
- 4.17. Accordingly, EA has contravened, and remains in contravention of, AML Rule 4.1.1(2)(a) for failing to have policies, procedures, systems and controls that ensured compliance with Federal AML Legislation.

Failure to ensure policies, procedures and systems and controls are enabled for suspicious Persons and Transactions to be detected and reported

- 4.18. AML Rule 4.1.1(2)(b) states that a Relevant Person's AML policies, procedures, systems and controls must enable suspicious Persons and Transactions to be detected and reported.
- 4.19. As set out above, from 27 June 2019, EA did not have the required systems and controls to enable it to report suspicious Persons and Transactions to the FIU. EA therefore contravened AML Rule 4.1.1(2)(b).



Failure to be open and cooperative in all its dealings with the Regulator

- 4.20. AML Rule 4.7.1(a) requires that all Relevant Persons, including DNFBPs, be open and cooperative in all their dealings with the Regulator. As a DNFBP, EA was therefore required under the AML Rules to be open and cooperative in all its dealings with the Regulator.
- 4.21. As described in paragraph 4.6 above, the Regulator notified EA on a number of occasions from May 2019 and to June 2021 of the requirement to register for the goAML system. In particular, on 18 July 2019, 9 April 2020, 21 July 2020, 31 August 2020 and 13 September 2020, the Regulator specifically informed EA that it was required to register for the goAML system. The Regulator also published six notices in the period from May 2019 to June 2021 regarding the requirement to register for the goAML system. Despite these general notices, and specific notifications to EA, it failed to respond to the Regulator's communications and did not complete its registration for goAML.
- 4.22. Given the importance of registering for goAML, the Regulator considers that EA should have taken all reasonable steps to respond fully and promptly to each of the Regulator's communications and reminders to complete its registration for goAML. However, EA failed to do so and failed to complete its registration for goAML. EA was specifically on notice of the Regulator's requirements to register for goAML yet, despite being aware, EA failed to engage with the Regulator or respond by taking the required action.
- 4.23. The Regulator therefore considers that by failing to respond or take the required action, EA failed to deal with the Regulator in an open and cooperative manner, in contravention of AML Rule 4.7.1(a).

5. CONTRAVENTIONS

- 5.1. The Regulator found that EA contravened the following AML Rules:
- a) 4.1.1(1) by failing to establish and maintain effective Anti-Money Laundering policies, procedures, systems and controls by failing to complete the goAML registration;
 - b) 4.1.1(2)(a) by failing to have policies, procedures, systems and controls to ensure compliance with Federal AML Legislation;
 - c) 4.1.1(2)(b) by failing to have policies, procedures, systems and controls that enabled suspicious Persons and Transactions to be detected and reported; and
 - d) 4.7.1(a) for failing to be open and cooperative in all its dealings with the Regulator.

6. SANCTION

- 6.1. In deciding to impose a financial penalty on EA, the Regulator has taken into account the factors and considerations set out in sections 8.2 to 8.4 of the Regulator's Guidance & Policies Manual ("GPM").

Decision to impose a financial penalty

- 6.2. With reference to section 8.2 of GPM, the Regulator considers the following factors to be of particular relevance in deciding to impose the financial penalty on EA:
- a) 8.2.1(a) - the Regulator's objectives under section 1(3) of the Regulations, including to:



- i. prevent, detect and restrain conduct that causes or may cause damage to the reputation of ADGM through appropriate means including the imposition of sanctions; and
 - ii. promote public understanding of the regulation of ADGM;
- b) 8.2.1(b) - the deterrent effect of the financial penalty and the importance of deterring other DNFBPs from committing similar contraventions;
- c) 8.2.1(c) – in terms of nature, seriousness, duration and impact of the contravention:
- i. EA's delay in completing its registration for goAML of approximately four (4) years and three (3) months, and continuing;
 - ii. EA is not connected to the FIU's goAML system and is not able to report suspicious transactions and activities to the FIU in the manner and form the FIU requires;
 - iii. EA has demonstrated disregard of the requirements of the FIU and of Federal AML Legislation;
 - iv. EA has not had any means of reporting suspicious transactions and activities to the FIU for a prolonged period of time, i.e. since 27 June 2019 to date;
 - v. EA has not had any systems and controls to enable suspicious Persons and Transactions to be detected and reported since 27 June 2019;
 - vi. failure to register for the goAML system is indicative of poor governance within EA;
 - vii. EA is a registered DNFBP and a professional firm engaged in the provision of legal services. It should therefore be aware of its obligations and the importance of the requirement to register for goAML and the consequences of its failure to do so.
- d) 8.2.1(f)(iv) - the Regulator considers there is a high likelihood that EA will continue to be in breach of its obligations to register for goAML if no action is taken.
- e) 8.2.1(k) - EA has failed to respond to numerous publications and reminders from the Regulator of its obligation to complete its registration for goAML and remains in contravention as at the date of this Notice.
- f) 8.2.1(i) – the Regulator has previously taken disciplinary action against EA for non-compliance with AML Rules.

Determination of the level of financial penalty

- 6.3. With reference to section 8.4 of GPM, the Regulator has taken into account the factors and considerations set out in the five-step framework in section 8.5 of GPM in determining the level of financial penalty it has decided to impose:

Step 1: Disgorgement

- 6.4. This step is not considered to be relevant, as the Regulator did not find that EA derived any financial benefit from the contraventions.



Step 2: The seriousness of the contraventions

- 6.5. The Regulator considers EA's conduct in failing to complete its registration for goAML to be serious because:
- a) EA is not connected to the FIU's goAML system and is not able to report suspicious transactions and activities to the FIU in the manner and form the FIU requires, and this failure has endured for an extended period of time and continues to date;
 - b) EA has failed to comply with Federal AML Legislation for a considerable period of time, despite having been reminded of its obligations, and remains in contravention of AML Rules;
 - c) EA failure to ensure that it did not contravene AML requirements and its continued contravention of those requirements may be indicative of poor governance or weaknesses in its procedures, management systems or internal controls;
 - d) EA is a registered DNFBP and a professional firm engaged in the provision of legal services. It should therefore be aware of its obligations and the importance of completing its registration for goAML; and
 - e) EA's failure to respond to the numerous reminders to register for goAML issued between 19 May 2019 and 17 June 2021 or take action on these reminders indicates that it has not been open and cooperative in all its dealings with the Regulator.
- 6.6. Taking the above factors into account, the Regulator considers that a financial penalty of US\$15,000 appropriately reflects the seriousness of the contraventions.

Step 3: Mitigating and aggravating factors

- 6.7. The Regulator does not consider there to be any mitigating factors in respect of EA's contraventions.
- 6.8. The Regulator considers that the following factors have an aggravating effect on the contraventions:
- a) EA was made aware of the requirement to register for goAML in May 2019 but has failed to address the breach and remains in contravention as at the date of this Notice;
 - b) EA has failed to respond to numerous communications from the Regulator; and
 - c) EA has previous history of non-compliance with AML Rules.
- 6.9. Taking the above factors into account, the Regulator considers it appropriate to increase the figure after Step 2 by US\$11,000 given the aggravating features set out above.
- 6.10. Accordingly, the figure after Step 3 is US\$26,000.

Step 4: Adjustment for deterrence

- 6.11. Section 8.5.9 of GPM provides that if the Regulator considers the level of the financial penalty that it has arrived at after Step 3 is insufficient to deter the firm that committed the contravention, or others, from committing further or similar contraventions, then the Regulator may increase the

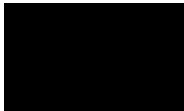


- 7.4. In the event that the financial penalty or any part of it remains outstanding on the date by which it must be paid, then the Regulator may recover the amount of the outstanding financial penalty as a debt owed by EA and due to the Regulator.

Publicity

- 7.5. As this Final Notice has now been given to EA, pursuant to section 252(3) of the Regulations the Regulator may publish the details about the matter at its discretion. Pursuant to section 252(4) of the Regulations, EA is not permitted to publish the notice or any details concerning it unless the Regulator has published the notice or those details in accordance with section 252(3).
- 7.6. The Regulator will publish on its website:
- a. This Final Notice (not including Annexure A); and
 - b. Subject to section 252(5) of the Regulations, a press release in a form and manner the Regulator considers appropriate.

Signed:



Brian Yeoh
Director – Fintech
Delegate of the Financial Services Regulatory Authority