

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

To: **Emirates Advocates LLP**  
2465ResCo-work04  
24, Al Sila Tower  
Abu Dhabi Global Market Square  
Al Maryah Island  
United Arab Emirates

Date: 10 May 2021

**1. DECISION**

1.1. For the reasons given in this Final Notice, the Financial Services Regulatory Authority (the “Regulator”) has decided to impose on Emirates Advocates LLP (“EAL”) a financial penalty of \$10,000 under section 232 of the *Financial Services and Markets Regulations 2015* (the “Regulations”), for the contraventions set out below.

**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 and Rules relevant to this Final Notice.

**3. SUMMARY OF REASONS FOR THE DECISION**

3.1 The Regulator has decided to take the action set out in this Notice because it considers that EAL has failed to:

(a) Complete and submit its annual AML Return for the period from 1 January 2019 to 31 December 2019 (the “2019 AML Return”) to the Regulator by 30 April 2020; and

(b) Be open and cooperative in all its dealings with the Regulator,

and in doing so, contravened the Anti-Money Laundering and Sanctions Rules and Guidance (“AML”) Rules 4.6.1 and 4.7.1(a) respectively.



#### **4. FACTS AND MATTERS RELIED ON**

##### **Background**

- 4.1. On 14 January 2019, EAL was incorporated and registered with the Abu Dhabi Global Market (“ADGM”) Registration Authority as a limited liability partnership. EAL holds a commercial license to carry on non-financial (Category B) business activities as a “*Legal Consultancy*”.
- 4.2. By virtue of carrying on the business of a law firm, EAL is classified as a Designated Non-Financial Business or Profession (“DNFBP”) as defined in Rule 3.2.1 of AML.
- 4.3. Accordingly, EAL was required under Rule 15.1.1 of AML to be registered as a DNFBP to conduct its activities in and from ADGM.
- 4.4. On 14 January 2019 EAL was registered as a DNFBP.

##### **Failure to submit the 2019 AML Return**

- 4.5. EAL, as a DNFBP, was required under AML Rule 4.6.1 to submit its 2019 AML Return to the Regulator by 30 April 2020.
- 4.6. The Regulator places considerable importance on the timely submission by DNFBPs of the 2019 AML Return. The information it contains is essential for the Regulator's assessment and monitoring of whether a DNFBP is complying with the AML Rules.
- 4.7. In the period February to April 2020, EAL was reminded on a number of occasions of its obligations to file its 2019 AML Return by 30 April 2020. In particular:
  - (a) On 23 February 2020, the Regulator published online Notice No. 02/2020, which reminded Relevant Persons (including all DNFBPs) of their obligation to file their annual AML Return by the end of April each year for the period covering 1 January to 31 December of the preceding year;
  - (b) In early April 2020, the Regulator published on the ADGM website an ‘Annual AML Return Frequently Asked Questions’ as guidance to assist ADGM registered DNFBPs to understand the requirement to submit the 2019 AML Return by 30 April 2020;
  - (c) On 9 April 2020, the Regulator sent an email to EAL in which it reminded EAL of its obligation to submit its 2019 AML Return by 30 April 2020 and, in addition, enclosed a copy of the ‘Annual AML Return Frequently Asked Questions’ document referred to in (b) above to provide further guidance to EAL on the submission of the 2019 AML Return; and
  - (d) On 20 April 2020, the Regulator sent a further email to EAL in which it again reminded EAL of its obligation to submit the AML Return by no later than 30 April 2020.
- 4.8. As at 1 May 2020, EAL had failed to submit its 2019 AML Return.
- 4.9. As of the date of this Notice, EAL has failed to respond to each of the communications from the Regulator regarding the submission of its 2019 AML Return.
- 4.10. As of the date of this Notice, EAL's 2019 AML Return remains outstanding.



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

- 4.11. AML Rule 4.7.1(a) requires that all Relevant Persons, including DNFBPs to be open and cooperative in all its dealings with the Regulator. As a DNFBP, EAL was therefore required under the AML Rules to be open and cooperative in all its dealings with the Regulator.
- 4.12. As described in paragraphs 4.7 to 4.10 above, EAL has failed to respond to each of the communications from the Regulator regarding the submission of its 2019 AML Return.
- 4.13. Given the importance of the submission of the 2019 AML Return, the Regulator considers that EAL should have taken all reasonable steps to ensure that it responded fully, accurately and promptly to each of the Regulator's communications, but failed to do so.
- 4.14. As of the date of this Notice, EAL has failed to respond to each of the communications from the Regulator regarding the submission of its 2019 AML Return. Therefore, EAL has failed to deal with the Regulator in an open and cooperative manner, and as such is in contravention of AML Rule 4.7.1(a).

### **5. CONTRAVENTIONS**

- 5.1. The Regulator considers that EAL has contravened the following Rules:
  - (a) AML Rule 4.6.1 by failing to complete and submit its 2019 AML Return by 30 April 2020; and
  - (b) AML Rule 4.7.1(a) by failing to be open and cooperative in all its dealings with the Regulator.

### **6. SANCTION**

- 6.1. In reaching its decision to impose a financial penalty on EAL, the Regulator has taken into account the factors and considerations set out in sections 6.2 to 6.4 of the Regulator's Guidance & Policies Manual ("GPM").

#### **Determination to impose a financial penalty**

- 6.2. With reference to GPM section 6.2, the Regulator considers the following factors to be of particular relevance in deciding to impose the financial penalty on EAL:
  - (a) 6.2.1(a) - the Regulator's objectives under section 1(3) of the Regulations 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) 6.2.1(b) - the deterrent effect of the financial penalty and the importance of deterring other DNFBPs from committing similar contraventions;
  - (c) 6.2.1(c) – In terms of nature, seriousness, duration and impact of the contravention:
    - (i) EAL's delay in submitting its 2019 AML Return is approximately twelve months, and continuing;



- (ii) EAL's non-submission of its 2019 AML Return has hindered the Regulator's ability to assess EAL's level of compliance with AML requirements;
  - (iii) EAL 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 submitting the 2019 AML Return.
- (d) 6.2.1(f)(ii) - EAL has failed to respond to numerous reminders from the Regulator of its obligation to submit its 2019 AML Return, and remains in contravention as at the date of this Notice.
- (e) 6.2.1(f)(iv) - The Regulator considers there is a high likelihood that the 2019 AML Return will remain outstanding if no action is taken.

#### **Determination of the level of financial penalty**

- 6.3. The Regulator applies a five-step framework to determine the appropriate level of financial penalty. The Regulator has taken into account the factors and considerations set out in section 6.4 of GPM as follows:

##### *Step 1: Disgorgement*

- 6.4. This step is not considered to be relevant, as we do not see EAL deriving any financial benefit from the contraventions.

##### *Step 2: The seriousness of the contraventions*

- 6.5. The Regulator considers EAL's conduct in failing to arrange for and ensure the submission of its 2019 AML Return to be serious because:
- (a) EAL's failure to comply with its AML reporting requirements means that the Regulator has not had access to important information concerning EAL's compliance with AML requirements for an extended period of time, which remains outstanding as of the date of this Notice;
  - (b) EAL has failed to comply with its AML reporting requirements for a considerable period of time, despite having been reminded of its obligations, and remains in contravention of AML Rules;
  - (c) EAL's conduct appears to be reckless, in that it was reminded of its obligation to submit its 2019 AML Return on a number of occasions prior to 30 April 2020 but:
    - (i) Failed to take steps to ensure that it did not contravene; and
    - (ii) Continued to contravene,  
its reporting requirements;
  - (d) EAL 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 submitting its 2019 AML Return;



- (e) EAL's failure to submit its 2019 AML Return may be indicative of poor governance or weaknesses in its procedures, management systems or internal controls; and
- (f) By failing to respond to communications concerning the submission of its 2019 AML Return EAL 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 proposed financial penalty of \$10,000 appropriately reflects the seriousness of the contraventions.

*Step 3: Mitigating and aggravating factors*

6.7. The Regulator considers that the following factor has a mitigating effect on the contraventions:

- (a) EAL does not have any previous history of non-compliance with AML Rules.

6.8. The Regulator considers that the following factors have an aggravating effect on the contraventions:

- (a) EAL was made aware of the breach of the relevant reporting requirement but failed to address the breach and remains in contravention to the date of this Notice; and
- (b) EAL has failed to respond to communications from the Regulator.

6.9. Having taken the above factors into account, the Regulator considers the mitigating and aggravating factors balance each other and does not consider it necessary to adjust the proposed financial penalty.

*Step 4: Adjustment for deterrence*

6.10. Section 6.5.9 of GPM provides that if the Regulator considers the level of the financial penalty which 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 financial penalty. Section 6.5.9 sets out the circumstances in which the Regulator may do this.

6.11. In this instance, the Regulator considers that the figure arrived at after Step 3 is sufficient for the purposes of deterring EAL and others from committing further or similar contraventions. Accordingly, the Regulator does not consider it necessary to adjust the amount of the fine arrived at after Step 3 for the purposes of deterrence.

6.12. Accordingly, the figure after Step 4 is \$10,000.

*Step 5: Adjustment for cooperation/early settlement*

6.13. Where the Regulator and the firm on which the financial penalty is to be imposed come to an agreement on the amount of the financial penalty, section 6.5.10 of GPM provides that the amount of the financial penalty which might have otherwise been payable will be reduced to reflect the stage at which the agreement is reached.

6.14. The Warning Notice issued to EAL on 6 December 2020 invited EAL to propose a settlement with the view to coming to an agreement on the action proposed. EAL did not respond to the Regulator, despite several attempts made by the Regulator (by email and telephone), to contact EAL from 6 December 2020 to 15 February 2021. As no contact was made, no agreement was reached.



Accordingly, the Regulator does not consider it necessary to adjust the amount of the penalty arrived at after Step 4.

#### **The level of the financial penalty**

6.15. Given the fact and matters set out above and all the circumstances, the Regulator has determined that it is proportionate and appropriate to impose on EAL a financial penalty of \$10,000.

### **7. PROCEDURAL MATTERS**

#### **Payment of financial penalty**

7.1. The financial penalty imposed by this Final Notice is to be paid by EAL on or before 9 June 2021.

7.2. Payment of the financial penalty can be made by electronic funds transfer into the following account:

Account Name	[REDACTED]
Account Number	[REDACTED]
IBAN Number	[REDACTED]
Account Type	[REDACTED]
Bank details	[REDACTED]
Swift Code	[REDACTED]
Reference	[REDACTED]

7.3. In the event that any part of the financial penalty remains outstanding on the date by which it must be paid, the obligation to make the payment is enforceable as a debt by the Regulator.

#### **Publicity**

7.4. As this Final Notice has now been issued, 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, a person to whom a notice is given may not publish the notice or any details concerning it unless the Regulator has published the notice or those details in accordance with section 252(3).

7.5. The Regulator proposes to only publish on its website this Final Notice (not including Annexure A).

Signed:

[REDACTED]

Philippe Richard  
Executive Director – International Affairs  
Delegate of the Financial Services Regulatory Authority