

28 October 2020

To: All ADGM Licenced Persons

REGISTRATION AUTHORITY CIRCULAR NO. (42) OF 2020: ECONOMIC SUBSTANCE UPDATE – FILING REQUIREMENTS AND DEADLINES

This notice is intended to provide guidance to entities undertaking one or more Relevant Activities that are required to submit a Notification (and/or Economic Substance Report) in accordance with **Cabinet Decision No 57 of 2020 concerning Economic Substance Requirements (“Decision 57”)** and **Ministerial Decision No 100 of 2020 (“Ministerial Decision 100”)**.

Requirement to file on the Ministry of Finance Portal

In accordance with Article 6.7 of Ministerial Decision 100 all Notifications and Economic Substance Reports must moving forward only be submitted electronically on the Ministry of Finance Portal. Licensees and/or Exempted Licensees can commence filing on the Ministry of Finance portal once it goes live, which is scheduled for the first week of December 2020. The Ministry of Finance will continue to provide additional information concerning the Ministry of Finance portal.

Article 4.4 of Ministerial Decision 100 provides that all Notifications must be submitted within six months from the end of the Financial Year. Licensees that already submitted a Notification directly to their Regulatory Authorities are required to re-submit this Notification on the Ministry of Finance Portal once available.

Article 8.4 of Decision 57 provides that all Economic Substance Reports must be submitted within twelve months from the end of the Financial Year.

Clarifications concerning filing deadlines

Notifications due before the Ministry of Finance Portal goes live

The filing deadline for Notifications that are due before the Ministry of Finance Portal is available will be extended to 31 December 2020. For example, in respect of a Licensee with a 31 March 2020 financial year end, which under Article 4.4 of Ministerial Decision 100 would be required to file by 30 September (i.e. before the Ministry of Finance Portal goes live), this Licensee would be required to file by no later than 31 December 2020.

Licensees and/or Exempted Licensees that fail to submit their Notification along with the required supporting documents by 31 December 2020 will be issued a penalty of AED 20,000 under Article 13 of Decision 57 for failure to provide a Notification.

Notifications previously filed with Regulatory Authorities

Licenses and/or Exempted Licenses that have submitted a Notification to a Regulatory Authority before the Ministry of Finance Portal goes live (e.g. by the 30 June 2020 deadline) are required to resubmit their Notification by no later than 31 December 2020.

Licenses and/or Exempted Licenses that fail to resubmit their Notification by the aforementioned date shall be subject to a penalty of AED 20,000 under Article 13 of Decision 57 for failure to provide a Notification.

Economic Substance Reports due before the Ministry of Finance Portal goes live

The filing deadline for Economic Substance Reports for a Financial Year commencing on or after 1 January 2019 and ending on or before 31 December 2019 shall be 31 December 2020. This deadline also applies to Licenses and Exempted Licenses (where applicable) that have a short Financial Year ending on or before 31 December 2019. For example, in respect of a Licensee or Exempted Licensee (where applicable) with a short financial year commencing on 1 April 2019 and ending on 31 October 2019, which under Article 8.4 of Decision 57 would be required to file by 31 October, this Licensee or Exempted Licensee (where applicable) would be required to file the Economic Substance Report by no later than 31 December 2020 on the Ministry of Finance Portal.

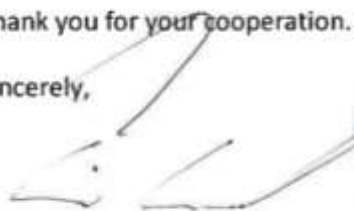
Licenses and/or Exempted Licenses (where applicable) that fail to submit their Economic Substance Report within the aforementioned period shall be subject to a penalty of AED 50,000 under Article 14 of Decision 57 for failure to provide an Economic Substance Report.

Licenses and Exempted Licenses shall ensure that the filing deadlines noted under this circular are met for both the Notification and the Economic Substance Report.

Should you have any questions in relation to the Regime and its administration in ADGM, please email: economicsubstance@adgm.com.

Thank you for your cooperation.

Sincerely,



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي 40

Registration Authority

REGISTRATION AUTHORITY
سلطة التسجيل

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