



**FINAL NOTICE ISSUED UNDER  
SECTION 50 OF THE  
COMMERCIAL LICENSING REGULATIONS 2015**

**To:** Mr. Pascal Simon, Director  
Terra Nova Holdings Ltd  
Suite 203, Floor 11,  
Al Sarab Tower, ADGM Square,  
Al Maryah Island, Abu Dhabi,  
United Arab Emirates

**Email:** [REDACTED]

**Date:** 8 September 2023

**1. DECISION**

- 1.1 This Final Notice (“Notice”) is issued under section 50 of the *Commercial Licensing Regulations 2015* (“CLR 2015”).
- 1.2 For the reasons given in this Notice, the Registrar of Abu Dhabi Global Market (“ADGM”) has decided to cancel the licence of Terra Nova Holdings Ltd with ADGM Registration No. 000002096 (“Terra Nova”) in the exercise of the Registrar’s power pursuant to section 13 of CLR 2015.

**2. EXECUTIVE SUMMARY**

- 2.1 The ADGM Registration Authority (“RA”) has decided to take the action set out in this Notice as it considers that Terra Nova has failed to meet the general conditions of its licence and that cancellation of Terra Nova’s licence is in the interests of ADGM, as demonstrated by the following facts:
- 2.1.1 Failing to maintain adequate accounting records as required under section 375 of Companies Regulations 2020 (“CR 2020”).
- 2.1.2 Failing to disclose to its registered auditor relevant audit information and audit evidence to support its financial performance including inventories, assets and revenue generated by its subsidiaries that was required by the auditor in connection with preparing the audit reports.

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2.1.3 Failing to comply with section 403 of CR 2020 by excluding the requirement of a statement as to disclosure to auditor in its director's reports for the years 2019, 2020 and 2021.

2.1.4 Lack of transparency with the RA by not providing accounting records required pursuant to section 29 of CLR 2015 including bank statements and documents that would be considered as prime source of entry, such as, purchase or sales invoices. In addition to the failure by Terra Nova to file its annual accounts and reports for the years 2019, 2020 and 2021 with the RA within the statutory deadline.

2.2 Given the facts, circumstances and the seriousness of the contraventions concerning Terra Nova, the RA considers it appropriate in the circumstances to cancel Terra Nova's ADGM licence to conduct any business activities in or from ADGM.

### 3. DEFINED TERMS AND RELEVANT REGULATIONS

3.1 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 the Regulations, 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.

3.2 Extracts of Regulations and Rules referred to in this Notice are attached in **Annexure A**. Complete copies of the Regulations and Rules are accessible on the ADGM website [www.adgm.com/legal-framework/rules-and-regulations](http://www.adgm.com/legal-framework/rules-and-regulations).

### 4. FACTS AND MATTERS SUPPORTING THE DECISION

#### *Involved Parties*

4.1 On 9 June 2019, Terra Nova was incorporated in ADGM and licensed to conduct the non-financial (Category B) business activities of a special purpose vehicle.

4.2 During the relevant period between 9 June 2019 to 14 March 2023 ("Relevant Period"), Terra Nova was the 100% shareholder of two companies, LPT<sup>1</sup> and NPT<sup>2</sup>. The two subsidiaries are involved in trading precious stones, pearls and jewellery.

<sup>1</sup> Abbreviated form of name is used throughout this Notice.

<sup>2</sup> Abbreviated form of name is used throughout this Notice

*Ultimate Beneficial Owner – Adverse Information*

- 4.3 Following Terra Nova’s incorporation at ADGM, the following adverse media reports appeared concerning its Ultimate Beneficial Owner (“UBO”):
- 4.3.1 Assets frozen due to alleged embezzlement and money laundering in two countries.
  - 4.3.2 Reportedly named as defendant on allegations of money laundering and mismanagement of a government firm.
  - 4.3.3 Ruling against the UBO due to alleged illegal abuse of office.
  - 4.3.4 Publicly named due to alleged involvement in corruption.
  - 4.3.5 Warrant of arrest issued for alleged embezzlement of public funds.
  - 4.3.6 Seizure of assets held by the UBO.

*RA’s Previous Enforcement Action Against Terra Nova - Annual Accounts Contraventions*

- 4.4 On 23 January 2023, the RA issued final notices (“Final Notices”) pursuant to section 936 of CR 2020 to Terra Nova and its director (the “Director”), imposing the following financial penalties:
- 4.4.1 USD 28,000 on Terra Nova for contraventions of section 415 of CR 2020 (*Duty to file accounts and reports with the Registrar*) as per section 426 of CR 2020 (*default in filing accounts and reports: contraventions*) in relation to its financial years ending 31 December 2019, 31 December 2020 and 31 December 2021 by failing to file the required annual accounts by the statutory timeline;
  - 4.4.2 USD 4,000 on the Director for contraventions of section 400 of CR 2020 (*Duty to prepare Directors’ report*) for the fiscal years ending 31 December 2019 and 31 December 2021; and
  - 4.4.3 USD 28,000 on the Director for contraventions of section 415 of CR 2020 (*Duty to file accounts and reports with the Registrar*) as per section 426 of CR 2020 (*default in filing accounts and reports: contraventions*) in relation to Terra Nova’s financial years ending 31 December 2019, 31 December 2020 and 31 December 2021 by failing to file the required annual accounts by the statutory timeline.

### *Annual Accounts - Ongoing Concerns*

- 4.5 The outstanding annual accounts for the years ending 2019, 2020 and 2021 that were subject to the enforcement actions described under paragraph 4.44.4 were filed<sup>3</sup> with the RA on 22 December 2022, 3 January 2023 and 31 January 2023, respectively (the “2019, 2020 and 2021 Annual Accounts”).
- 4.6 However, the audit report for each of the 2019, 2020 and 2021 Annual Accounts included the following disclaimer of opinion by the external auditor (the “Auditor”):

#### *Disclaimer Opinion*

- 4.6.1 *“We do not express an opinion on the accompanying financial statements of the Group as at [31 December 2019, 31 December 2020 and 31 December 2021]. Because of the significance of the matters described in the Basis for the Disclaimer of Opinion section of our report, we have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion on these consolidated financial statements”.*

#### *Basis for Disclaimer Opinion*

- 4.6.2 *“Based on our review of the information received from management and correspondence with the component auditors, we believe that sufficient and appropriate audit evidence was not available regarding various areas including inventory, investment in inventory, trade and other receivables, cash and bank balances, amounts due from and due to related parties, trade and other payables, and direct cost etc. Consequently, we were unable to determine whether any adjustments to these amounts were necessary”.*
- 4.7 The directors’ reports for the financial years 2019, 2020 and 2021 filed by Terra Nova on 22 December 2022, 3 January 2023 and 31 January 2023, respectively (the “2019, 2020 and 2021 Director’s Reports”) excluded the requirement under section 403 of CR 2020 for a statement as to disclosure of relevant audit information to the auditor.

### *Insufficient Audit Evidence – Concerns*

- 4.8 In March 2023, the RA Monitoring section conducted an onsite visit to the Auditor to assess the quality of their audit work carried out. During the visit, a sample of clients’ files were reviewed including the Terra Nova client file. The review of the audit working papers noted a lack of evidence supplied by Terra Nova to support its financial performance and position. Below is a summary of the key findings in relation to Terra Nova records concerning the consolidated financial statements for the year ending 31 December 2021 audited by the Auditor:

<sup>3</sup> The outstanding annual accounts were filed with the RA post the issuance of warning notices to Terra Nova and the Director by the RA.



- 4.8.1 There is no documentation on the audit file that shows consideration of an intangible asset 'investment in polished diamonds' of USD 14.4 million and the appropriateness of the accounting treatment.
- 4.8.2 Insufficient underlying accounting records or working papers to support the drastic drop in 'direct costs' (2020 figures show 'direct costs' to be USD 46 million and 2021 'direct costs' of USD 8.9 million).
- 4.8.3 Working papers and underlying audit files were not available for Terra Nova's subsidiaries (NPT and LPT) during the Relevant Period.
- 4.8.4 Insufficient audit evidence to support the existence and valuation of inventories (USD 202 million in inventories in 2021 and USD 211 million in inventories in 2020).
- 4.8.5 Insufficient audit evidence in relation to USD 8.7 million revenue in 2021 and USD 2.4 million revenue in 2020.
- 4.9 Based on the above, Terra Nova did not provide sufficient and appropriate audit evidence to its Auditor in the performance of the audit of the consolidated financial statements for the year ending 31 December 2021. Due to the lack of audit evidence, the Auditor added the 'Disclaimer Opinion' described under paragraph 4.6. Accordingly, the conclusion of the Auditor's audit is unreliable, and its audit opinion has no reasonable basis.
- 4.10 Lack of audit evidence to justify the significant amounts in assets, inventories and revenue under Terra Nova's consolidated financial statements for the year ending 31 December 2021 raises serious concerns about the source of such assets, legitimacy of the business activities and potential fraud risk involved.

#### *Lack of Accounting Records - Concerns*

- 4.11 On 9 March 2023, the RA issued a requirement notice to Terra Nova to provide/produce specified information and documents pursuant to section 29 of CLR 2015 (the "Requirement Notice"). The Requirement Notice included a requirement to produce all accounting records required to be kept by Terra Nova under section 375 of CR 2020, including but not limited to bank statements, general and subsidiary ledgers, sales invoices and purchase invoices. The specified information and documentation were required to be produced to the RA by close of business on 20 March 2023.
- 4.12 On 20 March 2023, Terra Nova responded with a letter including information and representations. However, no underlying accounting records were produced.
- 4.13 On 21 March 2023, the RA sent an email to Terra Nova requiring the production of all copies of accounting records as per the Requirement Notice. A timeline of 23 March 2023 was provided to Terra Nova to ensure compliance with the Requirement Notice.

- 4.14 On 23 March 2023, Terra Nova provided some documentations to the RA. However, upon review of the documentation produced, it appears that there were various schedules but no bank statements or accounting records that would be considered as prime source of entry, such as, purchase or sales invoices.
- 4.15 Accordingly, Terra Nova has failed to keep adequate accounting records as per section 375 of CR 2020.

## 5 CONCLUSION

- 5.1 Based on the facts and matters noted above, the Registrar has decided to exercise its own initiative powers under section 13 of CLR 2015 to **cancel the licence of Terra Nova**, based on the following grounds:

### A. Section 13(1)(a) of CLR 2015 – Failing to Satisfy the Conditions of Licence

- 5.1.1 As per section 13(1)(a) of CLR 2015, the Registrar may exercise its power to cancel the licence of a licensed person if that person is failing, or is likely to fail, to satisfy the conditions of licence applicable to him.
- 5.1.2 Rule 6 - General conditions of licence for all licence holders of the Commercial Licensing Regulations (Conditions of Licence and Branch Registration) Rules 2023 (“CLR Rules 2023”) states, among other things, that a licence holder must maintain compliance with any obligation imposed from time to time upon him or his connected persons by or under any enactment including the Regulations and Rules.
- 5.1.3 The Registrar considers that Terra Nova is no longer considered fit and proper to hold a licence to conduct business activities in or from ADGM by failing to meet Rule 6 - general conditions of licence for all licence holders of CLR Rules 2023, in specific its:
- 5.1.3.1 Failure to keep adequate accounting records as required under section 375 of CR 2020; and
- 5.1.3.2 Failure to comply with section 403 of CR 2020 by excluding the requirement of a statement as to disclosure to auditor in the 2019, 2020 and 2021 Director’s Reports.
- 5.1.4 Further, considering the persistent failures by Terra Nova to meet the general conditions under Rule 6 of CLR Rules 2023, Terra Nova is likely to continue to fail to satisfy the conditions of licence.

*B. Section 13(1)(c) of CLR 2015 – In the Interests of ADGM*

5.1.5 As per section 13(1)(c) of CLR 2015, the Registrar may exercise its power to cancel the licence of a licensed person if it is desirable to exercise the power in the interests of ADGM.

5.1.6 The Registrar considers it in the interest of ADGM to cancel the licence of Terra Nova due to the risks posed by Terra Nova, including:

5.1.6.1 Reputational risk due to the seriousness of the actions taken against the UBO, including a warrant of arrest and assets seizure orders for serious alleged offences such as mismanagement, embezzlement of public funds and money laundering.

5.1.6.2 Fraud and money laundering risk due to the type of business in which Terra Nova and its subsidiaries are involved, including trading in precious stones and diamonds, which are highly vulnerable to money laundering and the financing of terrorism. Dealing in precious stones can be both a means to generate criminal proceeds as well as a vehicle to launder them. This is combined with the significant unsupported amounts indicated under the 2019, 2021 and 2022 Annual Accounts that were filed with the RA, for example, as per the consolidated statement of financial position for the year ending 31 December 2021, around USD 201 million are held in assets by way of polished diamonds and rough diamonds.

5.1.6.3 Lack of transparency by Terra Nova with its auditor and the RA. A suspicion of money laundering and fraud is further supported by the lack of transparency in Terra Nova's financial records including inadequate accounting records being maintained in connection with the two subsidiaries. The Auditor confirmed that they were not able to obtain satisfactory information and documentation to justify the figures under Terra Nova's financial statements. Further, Terra Nova failed to provide the RA with the required accounting records in response to the Requirement Notice.

5.2 As a result of the foregoing, the Registrar has reasonable grounds to conclude that Terra Nova is no longer fit and proper to hold a licence to carry on business activities in or from ADGM and poses an unacceptable risk to ADGM. Therefore, cancellation of Terra Nova's licence is deemed necessary and in the interests of ADGM.

## 6 PROCEDURAL MATTERS

### Representations

- 6.1 On 21 June 2023, the Registrar issued Terra Nova with a Warning Notice in which it proposed to cancel Terra Nova’s commercial licence.
- 6.2 Terra Nova was provided with an opportunity to make written representations regarding the Registrar’s concerns and the actions proposed.
- 6.3 On 21 July 2023, Terra Nova made representations in response to the Warning Notice.
- 6.4 It is understood that the response to the Warning Notice consists of the following ‘key’ representations:
- a. Terra Nova has maintained adequate accounting records since its incorporation.
  - b. *“All evidence required by the auditors were shared”, “all invoices of sales & purchases were shared” and “bank statements were provided & explained”.*
  - c. The ‘Disclaimer Opinion’ included under the audited annual accounts by the Auditor was only communicated to Terra Nova on the submission deadline day. Therefore, in order to comply with ADGM regulations the ‘Disclaimer Opinion’ was not challenged by Terra Nova.
  - d. *“As of today, there has been no court judgment against the UBO of [Terra Nova]”. “The publications in the media reports are exposure to misinformation and political polarization”.*
  - e. Terra Nova does not challenge the proposed enforcement action of cancellation of licence. However, Terra Nova is requesting sufficient time to process the necessary share transfer.
- 6.5 On 3 August 2023, the Registrar issued a Decision Notice which included the following response to the representations:
- a. The conclusion that Terra Nova failed to keep adequate accounting records as per section 375 CR 2020 was based on a number of concerns and not only on Terra Nova’s auditors ‘Disclaimer Opinion’ or statements made by the auditor. The Registrar’s other concerns include:
    - (i) Terra Nova’s failure to provide the RA with their accounting records when required.
    - (ii) Terra Nova’s failure to include under the directors’ reports for the financial years 2019, 2020 and 2021 the statement as to disclosure to auditors as required under section 403 of CR 2020.
  - b. Regardless of the communications between Terra Nova and its auditor on the audit evidence, the RA’s review of Terra Nova’s client file during its auditor’s inspection determined a lack of documentary evidence, therefore, the RA’s concerns about the



unreliability of the audited annual accounts, source of Terra Nova's assets and legitimacy of the business activities remain valid.

- c. The number and seriousness of the actions taken against the UBO in other jurisdictions and the various adverse media reports concerning the UBO including, warrant of arrest, asset seizure orders, and ruling against the UBO, due to alleged offences such as mismanagement, embezzlement of public funds and money laundering, coupled with a lack of transparency by Terra Nova to support the legitimacy of its business poses a serious and unacceptable reputational risk on ADGM.
- d. The expected date of issuing the final notice pursuant to section 50 of CLR 2025 is considered sufficient time for Terra Nova to cease its operations from ADGM considering that the final notice can only be issued after the end of the period permitted for a referral to the ADGM Courts, as further described below.

6.6 Having taken into consideration the accounts the facts, matters and circumstances of the contraventions above, the Registrar has decided to cancel Terra Nova's licence effective from 11 September 2023.

#### **Opportunity to Have the Matter Referred to the ADGM Courts**

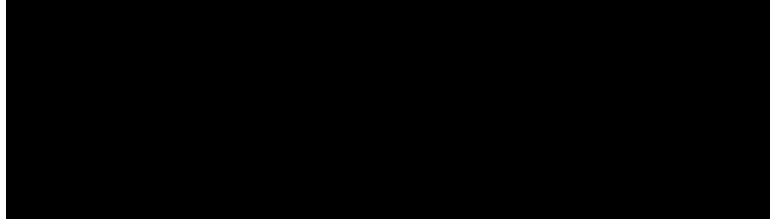
- 6.7 On 3 August 2023, the Registrar issued a Decision Notice to Terra Nova pursuant to section 20 of the CLR 2015.
- 6.8 Under section 44(4) of the CLR 2015, Terra Nova had the opportunity to refer the Decision Notice to the ADGM Courts. As of the date of this Notice, no referral has been made by Terra Nova to the ADGM Courts.
- 6.9 As a referral was not made to the ADGM Courts for a review of the Decision Notice within the time period specified in the Decision Notice, the Registrar has proceeded to issue this Notice.

#### **Confidentiality and publicity**

- 6.10 As this Notice has now been issued, pursuant to section 51 of CLR 2015, the Registrar must publish such information about the matter to which this Notice relates as it considers appropriate.



Signed:



Sami Mohammed

Commissioner of Data Protection – Office of Data Protection, Registration Authority  
Delegate of the Registrar, Registration Authority

## ANNEXURE A

### EXTRACTS OF THE REGULATIONS AND RULES REFERRED TO IN THIS NOTICE

#### EXTRACT OF THE *COMMERCIAL LICENSING REGULATIONS 2015*

#### PART 1: LICENSING OF CONTROLLED ACTIVITIES

##### 13. Variation or cancellation on initiative of Registrar

- (1) The Registrar may exercise its power under this section in relation to a licensed person if it appears to the Registrar that –
  - (a) that person is failing, or is likely to fail, to satisfy the conditions of licence applicable to him;
  - (b) that person has failed, during a period of at least 12 months, to carry on a controlled activity to which the licence relates; or
  - (c) it is desirable to exercise the power in the interests of the Abu Dhabi Global Market.
- (2) The Registrar's power under this section is the power –
  - (a) to vary the licence by –
    - (i) adding a controlled activity to those to which the licence relates;
    - (ii) removing a controlled activity from those to which the licence relates; or
    - (iii) varying the description of a controlled activity to which the licence relates; or
  - (b) to cancel the licence
- (3) If, as a result of a variation of a licence under this section, there are no longer any controlled activities for which the licensed person concerned has a licence, the Registrar must, once it is satisfied that it is no longer necessary to keep the licence in force, cancel it.
- (4) The power of the Registrar to vary a licence under this section extends to including in the licence as varied any provision that could be included if a fresh licence were being granted in response to an application under section 9.
- (5) The power of the Registrar under this section is referred to in these Regulations as its own-initiative variation power.

##### 20. Cancellation of licence: procedure

- (1) If the Registrar proposes to cancel a licensed person's licence otherwise than at the person's request, it must give the person a warning notice.
- (2) If the Registrar decides to cancel a licensed person's licence otherwise than at the person's request, it must give the person a decision notice.

#### PART 3: INFORMATION GATHERING AND INVESTIGATIONS

##### 29. Registrar's power to require information: licensed persons etc.

- (1) The Registrar may, by notice in writing given to a licensed person, require him –
  - (a) to provide specified information or information of a specified description; or
  - (b) to produce specified documents or documents of a specified description.

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- (2) The information or documents must be provided or produced –
- (a) before the end of such reasonable period as may be specified; and
  - (b) at such place as may be specified.
- (3) An officer who has written authorisation from the Registrar to do so may require a licensed person without delay –
- (a) to provide the officer with specified information or information of a specified description; or
  - (b) to produce to him specified documents or documents of a specified description.
- (4) This section applies only to information and documents reasonably required in connection with the exercise by the Registrar of functions conferred on it by or under these Regulations.
- (5) The Registrar may require any information provided under this section to be provided in such form as it may reasonably require.
- (6) The Registrar may require –
- (a) any information provided, whether in a document or otherwise, to be verified in such manner; or
  - (b) any document produced to be authenticated in such manner, as it may reasonably require.
- (7) The powers conferred by subsections (1) and (3) may also be exercised by the Registrar to impose requirements on a person who is connected with a licensed person.
- (8) "Licensed person" includes a person who was at any time a licensed person but who has ceased to be a licensed person.
- (9) "Officer" means an officer of the Registrar and includes a member of the Registrar's staff or an agent of the Registrar.
- (10) "Specified" means –
- (a) in subsections (1) and (2), specified in the notice; and
  - (b) in subsection (3), specified in the authorisation.
- (11) For the purposes of this section, a person is connected with another person ("A") if he is or has at any relevant time been –
- (a) a member of A's group;
  - (b) a controller of A;
  - (c) any other member of a partnership of which A is a member; or
  - (d) in relation to A, a person mentioned in Part 1 of the Schedule (reading references in that Part to the licensed person as references to A).

## PART 4: ENFORCEMENT

### 44. Decision to take disciplinary measures

- (1) If the Registrar decides –
- (a) to impose a fine under section 41 (whether or not of the amount proposed); or



- (b) to suspend a licence or impose a restriction under section 42 (whether or not in the manner proposed), it must without delay give the person concerned a decision notice.
- (2) In the case of a fine, the decision notice must state the amount of the fine.
- (3) In the case of a suspension or restriction, the decision notice must state the period for which the suspension or restriction is to have effect.
- (4) If a Registrar decides to –
  - (a) impose a fine on a person under section 41; or
  - (b) suspend the licence of a licensed person, or impose a restriction in relation to the carrying on of a controlled activity by a licensed person, under section 42, that person may refer the matter to the court.

#### 47. Warning notices

- (1) A warning notice must
  - (a) state the action which the Registrar proposes to take;
  - (b) be in writing;
  - (c) give reasons for the proposed action;
  - (d) state whether section 53 applies; and
  - (e) if that section applies, describe its effect and state whether any secondary material exists to which the person concerned must be allowed access under it.
- (2) A warning notice must specify a reasonable period (which may not be less than 14 days) within which the person to whom it is given may make representations to the Registrar.
- (3) The Registrar may extend the period specified in the notice.
- (4) The Registrar must then decide, within a reasonable period, whether to give the person concerned a decision notice.
- (5) In this Part, "warning notice" means a notice under sections 18(1), 18(2), 20(1) or 43(1).

#### 48. Decision notices

- (1) A decision notice must –
  - (a) be in writing;
  - (b) give the reasons of the Registrar for the decision to take the action to which the notice relates;
  - (c) state whether section 53 applies;
  - (d) if that section applies, describe its effect and state whether any secondary material exists to which the person concerned must be allowed access under it; and
  - (e) give an indication of –
    - (i) any right to have the matter referred to the court which is given by these Regulations; and
    - (ii) the procedure on such a reference.
- (2) If the decision notice was preceded by a warning notice, the action to which the decision notice relates must be action under the same provision as the action proposed in the warning notice.

- (3) The Registrar may, before it takes the action to which a decision notice ("the original notice") relates, give the person concerned a further decision notice which relates to different action in respect of the same matter.
- (4) The Registrar may give a further decision notice as a result of subsection (3) only if the person to whom the original notice was given consents.
- (5) If the person to whom a decision notice is given under subsection (3) had the right to refer the matter to which the original decision notice related to the court, he has that right as respects the decision notice under subsection (3).
- (6) In this Part, "decision notice" means a notice under sections 18(3), 20(2) or 44(1).

#### 49. Notices of Discontinuance

- (1) If the Registrar decides not to take -
  - (a) the action proposed in a warning notice given by it; or
  - (b) the action to which a decision notice given by it relates,it must give a notice of discontinuance to the person to whom the warning notice or decision notice was given.
- (2) But subsection (1) does not apply if the discontinuance of the proceedings concerned results in the granting of an application made by the person to whom the warning or decision notice was given.
- (3) A notice of discontinuance must identify the proceedings which are being discontinued.

#### 50. Final Notices

- (1) If the Registrar has given a person a decision notice and the matter was not referred to the court within 28 days of that person receiving the notice or such other period as the court may allow, the Registrar must, on taking the action to which the decision notice relates, give the person concerned and any person to whom the decision notice was copied a final notice.
- (2) If the Registrar has given a person a decision notice and the matter was referred to the court, the Registrar must, on taking action in accordance with any directions given by —
  - (a) the court, or
  - (b) the Court of Appeal on an appeal against the decision of the court,give that person and any person to whom the decision notice was copied the notice required by subsection (3).
- (3) The notice required by this subsection is —
  - (a) in a case where the Registrar is acting in accordance with a direction given by the court, or by the Court of Appeal on an appeal from a decision of the court, a further decision notice; and
  - (b) in any other case, a final notice.
- (4) A final notice must —
  - (a) give details of the action being taken;
  - (b) state the date on which the action is to be taken; and
  - (c) if it imposes a fine, state the amount of the fine and the manner in which, and the period within which, the fine is to be paid.

- (5) The period stated under subsection (4)(c) may not be less than 30 days beginning with the date on which the final notice is given.
- (6) If all or any of the amount of a fine payable under a final notice is outstanding at the end of the period stated under subsection (4)(c), the Registrar may recover the outstanding amount as a debt due to it.

#### 51. Publication

- (1) In the case of a warning notice, neither the Registrar nor a person to whom it is given or copied may publish the notice or any details concerning it.
- (2) A person to whom a decision notice is given or copied may not publish the notice or any details concerning it unless the Registrar has published the notice or those details.
- (3) A notice of discontinuance must state that, if the person to whom the notice is given consents, the Registrar may publish such information as it considers appropriate about the matter to which the discontinued proceedings related.
- (4) A copy of a notice of discontinuance must be accompanied by a statement that, if the person to whom the notice is copied consents, the Registrar may publish such information as it considers appropriate about the matter to which the discontinued proceedings related, so far as relevant to that person.
- (5) The Registrar must publish such information about the matter to which a decision notice or final notice relates as it considers appropriate.
- (6) When a supervisory notice takes effect, the Registrar must publish such information about the matter to which the notice relates as it considers appropriate.
- (7) The Registrar may not publish information under this section if, in its opinion, publication of the information would be –
  - (a) unfair to the person with respect to whom the action was taken (or was proposed to be taken);
  - (b) detrimental to the interests of participants of the Abu Dhabi Global Market; or
  - (c) detrimental to the interests of the Abu Dhabi Global Market.
- (8) Information is to be published under this section in such manner as the Registrar considers appropriate.
- (9) For the purposes of determining when a supervisory notice takes effect, a matter to which the notice relates is open to review if –
  - (a) the period during which any person may refer the matter to the court is still running;
  - (b) the matter has been referred to the court but has not been dealt with;
  - (c) the matter has been referred to the court and dealt with but the period during which an appeal may be brought against the court's decision is still running; or
  - (d) such an appeal has been brought but has not been determined.
- (10) "Notice of discontinuance" means a notice given under section 49.
- (11) "Supervisory notice" has the same meaning as in section 54.
- (12) A person, other than the Registrar, who contravenes subsections (1) or (2) shall be liable to a fine not exceeding level 3 on the standard fines scale.

...

### 53. Access to material

- (1) If the Registrar gives a person ("A") a warning notice or a decision notice, it must –
  - (a) allow him access to the material on which it relied in taking the decision which gave rise to the obligation to give the notice;
  - (b) allow him access to any secondary material which, in the Registrar's opinion, might undermine that decision.
- (2) But the Registrar does not have to allow A access to material under subsection (1) if the material is excluded material or it –
  - (a) relates to a case involving a person other than A; and
  - (b) was taken into account by the Registrar in A's case only for purposes of comparison with other cases.
- (3) The Registrar may refuse A access to particular material which it would otherwise have to allow him access to if, in its opinion, allowing him access to the material –
  - (a) would not be in the public interest; or (b) would not be fair, having regard to –
    - (i) the likely significance of the material to A in relation to the matter in respect of which he has been given a notice; and
    - (ii) the potential prejudice to the commercial interests of a person other than A which would be caused by the material's disclosure.
- (4) If the Registrar does not allow A access to material because it is excluded material consisting of a protected item, it must give A written notice of –
  - (a) the existence of the protected item; and
  - (b) the Registrar's decision not to allow him access to it.
- (5) If the Registrar refuses under subsection (3) to allow A access to material, it must give him written notice of - (a) the refusal; and (b) the reasons for it.
- (6) "Secondary material" means material, other than material falling within paragraph (a) of subsection (1) which –
  - (a) was considered by the Registrar in reaching the decision mentioned in that paragraph; or
  - (b) was obtained by the Registrar in connection with the matter to which that notice relates but which was not considered by it in reaching that decision.
- (7) "Excluded material" means material which is a protected item (as defined in section 56).
- (8) This section does not apply to a warning notice under section 18(1) or 18(2) or a decision notice under section 18(3).



**EXTRACT OF THE COMMERCIAL LICENSING REGULATIONS (CONDITIONS OF LICENCE AND BRANCH REGISTRATION) RULES 2023**

**6. General conditions of licence for all licence holders A licence holder must—**

- (a) only carry out the controlled activity or business activity to which its licence relates from the address stated on its licence and maintain the right to use such premises for that purpose,
- (b) maintain compliance with—
  - (i) any obligation imposed from time to time upon him or his connected persons by or under any enactment (including the Regulations and these Rules) or any other law applicable in the Abu Dhabi Global Market, and
  - (ii) any licence, authorisation or approval requirement imposed by any Federal Law having application in the Abu Dhabi Global Market and to which the licence holder is subject in relation to his activities in the Abu Dhabi Global Market,
- (c) at all times put in place suitable arrangements to ensure that he will comply with the obligations referred to in paragraph (1)(b),
- (d) at all times maintain at least one (1) authorised signatory who holds a residency visa issued by a competent authority in the United Arab Emirates,
- (e) comply with the Business and Company Names Rules 2021,
- (f) comply with any other conditions and requirements specified in writing by the Registrar, and
- (g) have paid any fees and dues owed to the Registrar pursuant to the Regulations or any rules made thereunder.



## EXTRACT OF THE COMPANIES REGULATIONS 2020

### 375. Duty to keep accounting records

- (1) Every company must keep adequate accounting records.
- (2) Adequate accounting records means records that are sufficient–
  - (a) to show and explain the company’s transactions,
  - (b) to disclose with reasonable accuracy, at any time, the financial position of the company at that time, and
  - (c) to enable the directors to ensure that any accounts required to be prepared comply with the requirements of these Regulations.
- (3) Accounting records must, in particular, contain records and underlying documents comprising initial and other accounting entries and associated supporting documents such as:–
  - (a) cheques;
  - (b) records of electronic fund transfers;
  - (c) invoices;
  - (d) contracts;
  - (e) the general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in journal entries;
  - (f) work sheets and spread sheets supporting cost allocations, computations, reconciliations and disclosures; and
  - (g) a record of the assets and liabilities of the company.
- (4) If the company’s business involves dealing in goods, the accounting records must contain–
  - (a) statements of stock held by the company at the end of each financial year of the company,
  - (b) all statements of stocktakings from which any statement of stock as is mentioned in subsection (4)(a) has been or is to be prepared, and
  - (c) except in the case of goods sold by way of ordinary retail trade, statements of all goods sold and purchased, showing the goods and the buyers and sellers in sufficient detail to enable all these to be identified.
- (5) A parent company that has a subsidiary undertaking in relation to which the above requirements do not apply must take reasonable steps to secure that the undertaking keeps such accounting records as to enable the directors of the parent company to ensure that any accounts required to be prepared under this Part comply with the requirements of these Regulations.

### 376. Duty to keep accounting records: contravention

- (1) If a company fails to comply with any provision of section 375 (duty to keep accounting records), a contravention of these Regulations is committed by every officer of the company who is in default.
- (2) A person does not commit the contravention referred to in subsection (1) if he shows that he acted honestly and that in the circumstances in which the company’s business was carried on the default was excusable.
- (3) A person who commits the contravention referred to in subsection (1) shall be liable to a fine of up to level 5.



#### 400. Duty to prepare directors' report

- (1) The directors of a company must prepare a directors' report for each financial year of the company.
- (2) For a financial year in which—
  - (a) the company is a parent company, and
  - (b) the directors of the company prepare group accounts, the directors' report must be a consolidated report (a "group directors' report") relating to the undertakings included in the consolidation.
- (3) A group directors' report may, where appropriate, give greater emphasis to the matters that are significant to the undertakings included in the consolidation, taken as a whole.
- (4) In the case of failure to comply with the requirement to prepare a directors' report, a contravention of these Regulations is committed by every person who—
  - (a) was a director of the company immediately before the end of the period for filing accounts and reports for the financial year in question, and
  - (b) failed to take all reasonable steps for securing compliance with that requirement.
- (5) A person who commits the contravention referred to in subsection (4) shall be liable to a level 3 fine.
- (6) This Chapter shall not apply to a company that is a restricted scope company.

#### 403. Contents of directors' report: statement as to disclosure to auditors

- (1) This section applies to a company unless—
  - (a) it is exempt for the financial year in question from the requirements of Part 15 as to audit of accounts, and
  - (b) the directors take advantage of that exemption.
- (2) The directors' report must contain a statement to the effect that, in the case of each of the persons who are directors at the time the report is approved—
  - (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
  - (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.
- (3) "Relevant audit information" means information needed by the company's auditor in connection with preparing his report.
- (4) A director is regarded as having taken all the steps that he ought to have taken as a director in order to do the things mentioned in subsection (2)(b) if he has—
  - (a) made such enquiries of his fellow directors and of the company's auditors for that purpose, and
  - (b) taken such other steps (if any) for that purpose, as are required by his duty as a director of the company to exercise reasonable care, skill and diligence.
- (5) Where a directors' report containing the statement required by this section is approved but the statement is false, every director of the company who—

- (a) knew that the statement was false, or was reckless as to whether it was false, and
  - (b) failed to take reasonable steps to prevent the report from being approved,
  - (c) commits a contravention of these Regulations.
- (6) A person who commits the contravention referred to in subsection (5) shall be liable to a fine of up to level 4.

#### 404. Approval and signing of directors' report

- (1) The directors' report must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.
- (2) If in preparing the report advantage is taken of the small companies exemption, it must contain a statement to that effect in a prominent position above the signature.
- (3) If a directors' report is approved that does not comply with the requirements of these Regulations, every director of the company who—
- (a) knew that it did not comply, or was reckless as to whether it complied, and
  - (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved, commits a contravention of these Regulations.
- (4) A person who commits the contravention referred to in subsection (3) shall be liable to a fine of up to level 4.

#### 415. Duty to file accounts and reports with the Registrar

- (1) The directors of a company must deliver to the Registrar for each financial year the accounts and reports required by—
- section 418 (filing obligations of companies subject to small companies regime),  
section 419 (filing obligations of companies entitled to small companies exemption: additional requirements),  
section 420 (filing obligations of medium-sized companies), and  
section 421 (filing obligations of companies generally).
- (2) This is subject to—  
section 422 (unlimited companies exempt from filing obligations), and  
section 423 (dormant subsidiaries exempt from filing obligations).
- (3) Subject to section 411(7), this Chapter shall not apply to a company that is a restricted scope company unless the Registrar has given notice to any restricted scope company that this Chapter applies to it and following notice such restricted scope company shall deliver to the Registrar all accounts required to be prepared by it under these Regulations.
- (4) Accounts of restricted scope companies will not be subject to public disclosure by the Registrar.

#### 416. Period allowed for filing accounts

- (1) This section specifies the period allowed for the directors of a company to comply with their obligation under section 415 (duty to file accounts and reports with the Registrar) to deliver accounts and reports for a financial year to the Registrar.

This is referred to in these Regulations as the “period for filing” those accounts and reports.

- (2) The period is—

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- i. for a private company, nine months after the end of the relevant accounting reference period, and
  - ii. for a public company, six months after the end of that period. This is subject to the following provisions of this section.
- (3) If the relevant accounting reference period is the company's first and is a period of more than twelve months, the period is—
  - (a) nine months or six months, as the case may be, from the first anniversary of the incorporation of the company, or
  - (b) three months after the end of the accounting reference period, whichever last expires.
- (4) If the relevant accounting reference period is treated as shortened by virtue of a notice given by the company under section 381 (alteration of accounting reference date), the period is—
  - (a) that applicable in accordance with the above provisions, or
  - (b) three months from the date of the notice under that section, whichever last expires.
- (5) If for any special reason the Registrar thinks fit he may, on an application made before the expiry of the period otherwise allowed, by notice in writing to a company extend that period by such further period as may be specified in the notice.
- (6) Any such extension must not have the effect of extending the period for filing to more than twelve months after the end of the relevant accounting reference period.
- (7) Whether the period allowed is that for a private company or a public company is determined by reference to the company's status immediately before the end of the relevant accounting reference period.
- (8) In this section "the relevant accounting reference period" means the accounting reference period by reference to which the financial year for the accounts in question was determined.

#### 426. Default in filing accounts and reports: contraventions

- (1) If the requirements of section 415 (duty to file accounts and reports) are not complied with in relation to a company's accounts and reports for a financial year before the end of the period for filing those accounts and reports, the company and every person who immediately before the end of that period was a director of the company, commits a contravention of these Regulations.
- (2) A person does not commit the contravention referred to in subsection (1) if he proves that he took all reasonable steps for securing that those requirements would be complied with before the end of that period, and for this purpose, it is not enough to prove that the documents in question were not in fact prepared as required by this Part.
- (3) A person who commits the contravention referred to in subsection (1) shall be liable to a fine of up to level 5.

#### 936. The Registrar's functions

- (1) The Registrar shall—
  - (a) perform the functions conferred on the Registrar by or under the ADGM Founding Law, these Regulations, the Commercial Licensing Regulations 2015 or any other law or regulation applicable in the Abu Dhabi Global Market, and
  - (b) perform such functions on behalf of the Board, in relation to the registration of companies or other matters, as the Board may from time to time direct by resolution.
- (2) Without limiting the generality of subsection 1(a) or (b), the functions of the Registrar shall include—



- (a) the preparation indicative and non-binding guidance on these Regulations and advising the Board when any such guidance is issued;
  - (b) prescribing forms to be used for any of the purposes of these Regulations, the Commercial Licensing Regulations 2015 or any other regulations administered by the Registrar;
  - (c) any tasks and powers properly delegated to it by the Board or any other authority in the Abu Dhabi Global Market; and
  - (d) where it considers it appropriate to do so, delegating such of its functions and powers as may more efficiently and effectively be performed by its officers or employees and, with the approval of the Board, to any other Abu Dhabi Global Market authority (other than the Court).
- (3) The Registrar shall assist the United Arab Emirates in complying with its obligations under any international treaty or other agreement to which the United Arab Emirates is a party through the exercise of its powers and functions.
- (4) In exercising its powers and performing its functions the Registrar shall act in an independent manner.
- (5) References in these Regulations to the functions of the Registrar are to functions within subsections (1) and (2).