

# Regulatory Update

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## 1. DIFC AND DFSA LATEST DEVELOPMENTS

### 1.1. Cyber Risk Management Consultation Paper released by DFSA

On 24 February 2023, the DFSA published Consultation Paper No. 147 (“CP147”) on the topic of Technology: Cyber Risk Management and Innovation Support.

The Dubai Financial Services Authority (“DFSA”) is seeking public input on two areas where technology is relevant due to its growing usage in finance and the prevalence of associated risks. Firstly, recommendations for regulated companies' cyber risk management policies, and secondly ideas for the DFSA's encouragement of financial services innovation.

The DFSA released its Cyber Security Guidelines in 2020, which were mainly based on the G7 Basic Components of Cybersecurity for the Financial Sector. The Guidelines served as the foundation for Cybersecurity in the Centre. The DFSA has created and made public a supervisory framework that outlines its methodology and expectations for assessing how well industry participants are adhering to the Guidelines. This framework focuses on three main Cyber Security areas: governance, cyber hygiene, and resilience.

The deadline for providing comments on this Consultation Paper is 25 April 2023, comments can be submitted via this [link](#).

The Consultation Paper and amendments can be found [here](#).

### 1.2. DFSA release CP148 on the regulation of family offices

The DFSA has released [Consultation Paper No. 148](#) (“CP148”) in conjunction with the Dubai International Financial Centre (“DIFC”) Family Arrangements Regulations (“the new Regulations”), recently enacted.

The CP seeks the public's views regarding the potential elimination of Single-Family Offices (“SFO”) from the Designated Non-Financial Business and Profession (“DNFBP”) categorisation and whether family offices acting for a single family should be exempt from financial services regulation.

At present, the DFSA has more than 20 SFOs listed as DNFBPs. These family offices will no longer need to be registered as such if the proposal is accepted.

The DFSA would like to set up a procedure whereby existing family offices request to have their registration as DNFBPs revoked.

The deadline for providing comments on CP148 is 24 April 2023, comments can be submitted via this [link](#).

The CP can be found [here](#).

### 1.3. DFSA Dear SEO Letter on operating a crowdfunding platform

The Dear SEO letter published by the DFSA on 14th February 2023 has identified the areas of non-compliance existing currently in relation to the Crowdfunding Regime (“CF Regime”). These areas include:

- AML systems and controls

- financial promotions
- advertising proposals outside the platform
- staff or family investing via the platform
- client money
- record keeping
- senior management capacity, skills and capability
- client agreements
- risk disclosures
- retail clients risk acknowledgement form
- interest in the special purpose vehicle – property crowdfunding
- valuation report - property investment crowdfunding.

While the establishment and growth of the crowdfunding industry in the DIFC have mainly been successful thanks to the Crowdfunding Regime (“CF Regime”), there are still certain issues with regard to regulatory compliance on the part of businesses in the DIFC. Regulatory compliance is a concern even though the DFSA has worked with crowdfunding operators to address the numerous difficulties and problems they experience, including through one-on-one engagement and outreach sessions. As a result, the DFSA thinks it prudent to remind businesses of their legal responsibilities and to lay out certain guidelines for running a crowdfunding platform out of or within the DIFC.

The Dear SEO Letter also covers the expectations that will form part of the DFSA’s future assessments on crowdfunding platforms, which include:

- operating as an investor
  - information asymmetry
  - conflicts of interest
  - bias
  - financial resources.
- class B shares and erosion of shareholder rights
- quorums for shareholder voting – property crowdfunding
- operator participation - property crowdfunding
- valuer due diligence and records - property crowdfunding
- operator conducting other financial services.

The Dear SEO Letter can be found [here](#).

#### **1.4. Dear SEO Letter on Crypto Token Regime**

On 21 February 2023, the DFSA released a Dear SEO letter to regulated entities reminding them of several important deadlines relating to the crypto token system, which went into force on 1 November 2022.

The DFSA highlighted the transitional period from 1 November 2022 to 30 April 2023, which is applicable to all authorised persons conducting crypto business prior to 1 November 2022.

This six-month transitional period was implemented to provide firms enough time to comply with regulations and receive the necessary license modifications. Firms who fail to receive a license variation approval by 30 April 2023 shall stop all cryptocurrency-related business or risk enforcement action.

Authorised persons who wish to conduct crypto business, and were not already doing so before 1 November 2022, must first acquire a clearance to modify their license.

Those using Non-Fungible (“NFTs”) and/or Utility Tokens (“UTs”) are reminded by the DFSA that there is no transitional regulation when it comes to registering with the DFSA as a DNFBP.

The DFSA will begin requiring relevant issuers and service providers in “NFTs” and “UTs” to register as DNFBPs on 1 November 2022, or they risk being subject to enforcement action.

The Dear SEO Letter can be found [here](#).

## 1.5. DIFC consult on Venture Studio Regulations

The DIFC issued a press release on 17 February 2023 announcing the proposal to pass new Venture Studio Regulations to create the first international legislative framework for the regulation of venture creation.

The proposed regulations aim to facilitate, improve, and encourage venture creation within DIFC. To help with the development of DIFC's financial ecosystem, the DIFC announced the opening of the first worldwide Venture Studio Launchpad' in April 2022. In particular, the DIFC wants to help venture building studios expand and succeed by acting as a business facilitator and growth partner. By doing this, DIFC promotes company growth and entrepreneurship both within and outside of the financial centre.

The world's first legal framework for venture building, which creates legal certainty for the venture building model, is one of the proposed Venture Studio Rules' main advantages. It will also give clarity on how venture studios, businesspeople, and spin-off businesses interact with one another and the larger market.

It will also make the venture studio model easier to use, with specific operational measures put in place to support the incubation of new company ideas, entrepreneur sponsorship, and lower costs for scaling up new enterprises. The suggested rules would create a customised environment for venture creation, business owners, startups, and investors.

The proposed regulations, which can be found [here](#), have been posted for a 30-day public consultation period with the deadline for providing comments ending on 19 March 2023.

The announcement can be found [here](#).

## 1.6. DFSA Chief Executive appointed as Vice Chair of IOSCO

Mr Ian Johnson, the Chief Executive of the DFSA has been announced as the Vice Chair of the Africa and Middle East Regional Committee (“AMERC”) and Board member of the International Organisation of Securities Commissions (“IOSCO”). The announcement was released by the DFSA on 13 February 2023.

Committee members include 42 financial market regulators from the region to discuss matters specific to capital market development and regulation, exchange information and promote issues.

Mr Johnson has previously served as the Chairman of the Joint Forum, Basel Committee, and International Association of Insurance Supervisors.

The announcement can be found [here](#).

## 1.7. DIFC Talent Week 2023

The DIFC hosted the second edition of the DIFC Talent Week from 7 to 9 February 2023 aiming to attract talent from the region, with a focus on Emirati talent.

The event included a career fair, workshops, interactive sessions and direct networking with potential employers, including national and multinational companies, top financial institutions and FinTech companies.

Attendees were able to participate in approximately 30 workshops with major organisations including Michael Page, Dubai Future District Fund, Robert Walters, Sarwa, Middlesex University Dubai, Stanley Mac and Mark Williams, amongst others. National and multinational companies included Waystone, HSBC, Commercial Bank of Dubai, Baraka, Munich Reinsurance, DIFC Authority, Oliver Wyman and Standard Chartered Bank.

## 1.8. COP28 Summit Series

The first summit in the COP28 series was held on 28 February 2023 in the DIFC. A series of activities were held at the summit, covering topics such as:

- Delivering Net Zero
- Financing Nature and Biodiversity
- Unlocking Islamic Finance

COP28 is the 28th session of the Conference of Parties (“COP”) which is the decision-making body of the UN Framework Convention on Climate Change. With finance now firmly embedded on the COP agenda, the Global Ethical Finance Initiative and the DIFC aim to engage the global finance sector in discussion and action on environmental, social, and governance principles and the climate.

### Further information

If you have any questions or concerns regarding these DIFC and DFSA developments and requirements, please contact [Nigel Pasea](#).

## 2. ADGM AND FSRA LATEST DEVELOPMENTS

### 2.1. Registration Authority amendments to CSP framework published

On 23 February 2023, the ADGM Registration Authority (“RA”) announced the implementation of changes to the ADGM Company Service Provider (“CSP”) framework, which are intended to improve the present regulatory framework and align it with global best practices.

Following a three-week period of public consultation held by the ADGM RA in December 2022, where the proposed revisions received positive feedback and business considerations from the ADGM community, the expanded CSP regulatory framework is now legislated and published.

Several key amendments are introduced, which include:

- mandatory certification for CSP staff
- the introduction of staffing requirements
- the introduction of an annual CSP business activity fee and mandatory filing of audited accounts and CSP returns
- additional requirements on a CSP’s anti-money laundering officer and compliance officer
- required minimum regulatory capital and professional indemnity insurance.

With the addition of these new regulatory measures, the strengthened framework will further increase the CSPs adherence to their regulatory obligations and concurrently reinforce ADGM RA's oversight of such CSPs while also preserving and enhancing an environment that is favourable to business.

The amended regulations can be found [here](#).

## **2.2. ADGM and Zand Bank partner to support “SMEs”**

A Memorandum of Understanding (“MoU”) has been signed between the ADGM and Zand Bank PJSC, on 21 February 2023, with the aim of supporting UAE small and mid-size enterprises (“SMEs”) in the technology sector. With the benefit of also providing preferential banking services and educational sessions in the form of training, networking and stakeholders.

Zand Bank is the UAE's first completely digital bank licensed by the UAE Central Bank (“UAECB”). The preferential banking services on offer include efficient bank account opening for ADGM-licensed entities. The ADGM's curated proposition which is open to the ADGM community, already includes SMEsouk and several other banks in the UAE.

Through the “MoU”, Zand Bank will allocate a help desk to assist employees of the ADGM, as well as ADGM incorporated entities responding to enquiries, providing information, receiving complaints, and introducing interested employees to Zand's diverse offerings.

Further details of the “MoU” can be found [here](#).

## **2.3. Emirates Development Bank and ADGM partner to develop business initiatives**

Emirates Development Bank (“EDB”) and the ADGM have signed a “MoU”, which aims to assist in supporting companies who are looking to set up in the freezone.

“SMEs” and corporates can expect to benefit from preferential banking services such as efficient bank account open through the digital solutions available from EDB. Co-operations between EDB and the ADGM will enhance the experience received by new companies being onboarded to the ADGM.

Further details of the “MoU” can be found [here](#).

## **2.4. FSRA issue fraudulent website information alert**

On 20 February 2023 the FSRA issued an announcement expressing concerns relating to misleading and fraudulent claims by “MKT” trading as “MIT Investment and Trading (HK) Co. Limited”, “Myiteng Investment Trading (HK) Co. Ltd” or “Miyiteng Investment & Trading (HK) Co. Ltd”, collectively known as “MIT”, on its website.

The FSRA confirmed that MIT:

- does not maintain an office in the ADGM, despite claims on the website
- are not and has not previously been granted financial service permissions by the FSRA
- have never been incorporated in the ADGM

Further details of the announcement can be found [here](#).

## 2.5. Hub71 + Digital Assets launched in ADGM

The ADGMs specialist ecosystem Hub71 has announced the launch of Hub71 + Digital Assets. The announcement made on 15 February 2023 aims to solidify Abu Dhabi's place as a leading hub for "Web3" startups and digital assets. Funding of more than US\$2Bn has been allocated to assist "Web3" startups and blockchain technologies in Abu Dhabi.

Web 3.0 ("Web3"), is a vision of the future of the internet in which individuals can operate on a partly-anonymous decentralised platform. "Web3" is the third generation of the world wide web.

Further details of the announcement can be found [here](#).

### Further information

If you have any questions or concerns regarding these ADGM and FSRA developments and requirements, please contact [Karissa Stelma](#).

## 3. MIDDLE EAST REGULATORY UPDATES

### 3.1. VARA regulations issued

On 7 February 2023, the Virtual Asset Regulatory Authority ("VARA") announced the release of the Virtual Assets and Related Activities Regulations 2023.

VARA oversees the regulation and supervision of virtual assets and related activities across Dubai, including the freezones, with the exception of the DIFC.

The virtual asset framework covers seven licensed virtual asset activities:

- payments and remittances services
- custodial services
- advisory services
- broker-dealer services
- virtual asset issuance
- exchange services
- lending-borrowing services
- virtual asset management and investment services.

Compliance with the VARA Regulations and Rulebooks is required by all virtual asset service providers ("VASPs") within the scope of the regulations. The Rulebooks include:

- Rulebooks which all VASPs are required to comply with:
  - Company
  - Compliance & Risk Management
  - Technology & Information
  - Market Conduct
- Rulebooks specific to the licensed activities
- The Virtual Asset Issuance Rulebook.



Existing virtual asset service providers (“VASPs”) providing virtual asset services to the Dubai market in advance of the release of the Regulations are required to register with VARA.

The rulebooks can be found [here](#).

### **3.2. Financial Infrastructure Transformation Programme launched by CBUAE**

On 12 February 2023, the Central Bank of the UAE (“CBUAE”) announced the launch of the Financial Infrastructure Transformation Programme. In line with the vision of H.H. Sheikh Mansour bin Zayed Al Nahyan, Deputy Prime Minister and Minister of the Presidential Court, and Chairman of the CBUAE Board of Directors, the CBUAE launched its Financial Infrastructure Transformation (“FIT”) Project to speed up the digital transformation in the financial industry. The launch aims to work towards the overall goal of the CBUAE ranking among the top central banks internationally.

The program aims to support the CBUAE's mission of improving monetary and financial stability and consumer protection through sound financial infrastructure and the adoption of digital technologies, which helps to promote digital transactions and enhances the competitiveness of the UAE by enabling it to become a centre of excellence for innovation and digital transformation. The National Digital Economy Plan and the country's "We the UAE 2031" vision will both benefit from the complete integration, which is scheduled for 2026.

The announcement can be found [here](#).

### **3.3. EOCN holds a workshop on sharing of information in the public and private sector**

The UN Office of Counter-Terrorism and the UAE Executive Office for Control and Non-Proliferation (“EOCN”) held a virtual workshop on the topic of ‘Sharing of Information Between Public and Private Sector’ on 31 January and 1 February 2023.

The intention of the sessions was to discuss issues relating to the impact of information sharing between the public and private sector for combatting terrorist financing, sanction evasions and solutions for overcoming the challenges faced.

The workshop covered the following topics:

- panel discussions:
  - sharing of information in TFS implementation
  - public-private partnership to experience in UAE & Egypt
- de-risking and its impact on information sharing
- models from different countries
- showcase public private partnership in combatting sanction evasion.
- tools and technologies to enhance information sharing
- confidentiality and data protection
- role, impact and benefits of information sharing for combatting terrorist financing
- utilizing public private partnership to enhance effectiveness.

Key points from the sessions included:

- it is no longer ‘progress’ to declare support for FATF, effective implementation is required
- law enforcement, the private sector and regulators must work together efficiently

- enforcement against those involved in TF must be made by Law Enforcement and the Regulator, to act as a deterrent
- to assist the public sector could provide a legal environment that enables the sharing of information between the relevant parties
- the limited cooperation between public and private sectors in relation to information sharing is obstructing the value financial institutions could play in disrupting terrorism
- technology and transaction monitoring systems have greatly improved the potential for financial institutions to play a key part
- consider whether sharing the data is 'tipping off' it is helpful if the FIU can confirm that the tipping off is to assist in investigations and not a criminal offence.

### **3.4. EOCN holds TFS and combatting sanction evasion webinar**

On 15 and 16 February 2023, EOCN conducted seminars on Targeted Financial Sanctions ("TFS") Implementation Ownership Control and Combating Sanction Evasion. Aimed at both Financial Institutions and the DNFBP sector.

The webinars highlighted the importance of having appropriate policies and procedures to stop workers from directly or indirectly sharing account-freezing information with customers or other third parties, and the duties of an Anti-Money Laundering ("AML") Compliance Officer to notify the Supervisory Authority following the UAE AML/ Counter Financing of Terrorist ("CFT") law.

The Cabinet Decision No. 74 of 2020 relates to the execution of the UN Security Council resolutions to stop money laundering and the funding of terrorism as well as the UAE's list of terrorists. TFS responsibilities must be fulfilled by all individuals, financial institutions and DNFBPs.

### **3.5. SCA clarifies regulatory role in virtual assets sector**

The Securities and Commodities Authority ("SCA") provided clarification relating to their role in regulating, supervising and controlling the virtual assets ("VA") sector, in an article released on 1 February 2023 in accordance with Cabinet Resolution No. 111 of 2022, the SCA has been tasked with overseeing and regulating the State's virtual asset market. This is done with the intention of creating a legal framework that protects the rights and obligations of all parties involved in the market's development as well as that of the sector's associated businesses and service providers.

The Intention for issuing professional licenses to engage in VA operations is safeguarding investors' data and information. The Authority makes specific license decisions and sets up a system for carrying out corresponding activity-related responsibilities.

The Cabinet Resolution defined VA as 'a digital representation of the value that can be digitally traded or transferred, can be used for investment purposes, and does not include digital representations of paper currencies, securities, or other funds.'

All transactions involving VA that take place for investment purposes within the State, including free zones, are subject to the provisions. However, the provisions do not apply to transactions involving VA used for payment purposes, because those transactions fall under the purview of the Central Bank. They also do not apply to financial free zones.

The Cabinet Decision intends to:

- regulate the State's VA market, as well as its associated businesses and service providers

- protect VA investors' cash from unethical business practices
- support the State's initiatives to create a favourable investment, economic, and financial environment for foreign firms and institutions operating in the virtual assets sector to offer their services in the State
- make sure that financial institutions operating in the sector comply with regulations against ML/TF.

SCA will be in charge of monitoring and regulating the operations of virtual assets, their service providers, and the transactions that take place within the State, including free zones, issuing decisions governing them, licensing their service providers and their work mechanisms, such as the operator of the virtual assets platform, the virtual assets broker, and the custodian of virtual assets, and confirming their compliance with the application of the law. Additionally, the Authority is in charge of issuing the essential directives and instructions, in collaboration with the relevant authorities, to establish a mechanism for assessing and monitoring virtual asset service providers as well as the procedures and actions to be taken regarding suspicious transactions.

The resolution also gave the SCA a number of other powers, including the ability to stop:

- any natural person from engaging in any tasks or businesses involving VA without first receiving approval
- any virtual asset service providers from engaging in their activities or revoking their license.
- the process of listing or trading virtual assets
- to stop work with the technologies used by service providers any activity that is related to virtual assets.

The article can be found [here](#).

### **3.6. RAK shares plans for freezone dedicated to digital and virtual assets**

The Ras Al Khaimah ("RAK") administration has declared its plan to open RAK Digital Assets Oasis, the first free zone in the world devoted to businesses dealing in digital and virtual assets. The announcement was made on 27 February 2023 at Blockchain Life 2023.

The creation of the freezone furthers the UAE's position as a primary destination for innovation. RAK Digital Assets Oasis will be dedicated to digital and virtual asset companies, with the aim of supporting the ambitions of entrepreneurs from around the world with a progressive, supportive, and quick-to-adapt approach in an innovation-enabling environment.

The RAK Digital Assets Oasis will be a specifically designed, unrestricted free zone for unregulated operations in the virtual assets industry. It is designed to be the first free zone in the world devoted completely to digital and virtual asset service providers innovating in new and developing industries of the future, such as:

- Metaverse
- blockchain
- utility tokens
- virtual asset wallets
- non-fungible token ("NFT")
- decentralised autonomous organisations ("DAO")
- decentralised applications ("DApp").

In the second quarter of 2023, RAK Digital Assets Oasis will begin accepting applicants.

### Further information

For any questions or concerns regarding these updates, please contact [Mohsin Ismail](#).

## 4. INTERNATIONAL UPDATES

### 4.1. Updates to FATF grey list

On 24 February 2023, the Financial Action Task Force (“FATF”) announced the latest updates to the list of jurisdictions subject to increased monitoring, also known as ‘the grey list’.

Jurisdictions subject to increased monitoring:

- South Africa
- Nigeria

New jurisdictions subject to increased monitoring are South Africa and Nigeria who will improve the efficacy of its AML/CFT system, South Africa announced a high-level political commitment to collaborate with the FATF in February 2023. South Africa has made great progress on several of the Mutual Evaluation Recommendations (“MER”) suggested initiatives to enhance its system after the adoption of its MER in June 2021, notably by creating national AML/CFT policies to address higher risks and recently changing the legislative framework for terrorist financing (“TF”) and targeted financial sanctions (“TFS”), among other things.

Jurisdictions no longer under increased monitoring:

- Cambodia
- Morocco

The FATF acknowledges Cambodia’s and Morocco’s improvements to the AML/CFT systems covered by their respective individual action plans. To fulfil the pledges of its action plan on strategic weaknesses that the FATF discovered in February 2019 and 2021, respectively, each nation has rectified its technical shortcomings. Both nations will continue to cooperate with the regional body (“FSRB”) that resembles the FATF, of which they are members, to develop their AML/CFT regimes even if they are no longer subject to the FATF’s heightened monitoring procedures.

Further details of the latest updates can be found [here](#).

### 4.2. FATF publishes Mutual Evaluation and Follow-Up Reports

Several Mutual Evaluation Reports and Follow-Up Reports have been published by the Financial Action Task Force (“FATF”), highlighting the improvements made towards positive re-ratings.

The process for new jurisdictions involves a review against the FATFs 40 recommendations. For jurisdictions with existing ratings and who are in enhanced follow-up, the jurisdictions are assessed on their progress made

towards addressing compliance requirements. Re-ratings are given where sufficient progress has been evidenced towards satisfying the individual recommendations.

The FATF recently reviewed the jurisdictions below:

- Norway
  - 1st Follow-Up Report since the 2019 re-rating
  - progress has been made to address most deficiencies identified
  - 1 recommendation was amended from partially compliant to largely compliant
  - 1 recommendation was amended from partially compliant to compliant
- Hong Kong
  - 1<sup>st</sup> Follow-Up Report since the 2019 evaluation
  - progress has been made to address deficiencies identified
  - 1 recommendation was amended from partially compliant to largely compliant
- Costa Rica
  - 14<sup>th</sup> Follow Up Report since the 2015 evaluation
  - continues to make significant progress, however, has presented deficiencies
  - 1 recommendation was amended from compliant to non-compliant
- Columbia
  - 7<sup>th</sup> Follow-Up Report since the 2018 evaluation
  - Important progress has been made to address deficiencies identified
  - 2 recommendations were amended from partially compliant to largely compliant

Further details of the latest reports can be found [here](#).

### 4.3. Update to the sanctions list

The Executive Office of the Committee for Goods and Materials Subject to Import and Export Control (“CGMSIEC”) has updated the UN Security Council (“UNSC”) sanctions list. 29 individuals and 4 entities have been added during February 2023.

Firms are reminded to monitor geopolitical events and any resulting updates to the international sanctions lists so that they can assess their exposure to sanctioned individuals and entities. Sanction contraventions must be reported to the relevant authorities without delay, and regulators will expect to be notified of any sanctions matters that may result in reputational consequences for the firm.

The updated sanctions list can be found [here](#).

#### Further information

For any questions or concerns regarding these updates, please contact [Mohsin Ismail](#).

## 5. ENFORCEMENT ACTIONS

### 5.1. Exchange Houses licences revoked by CBUAE

The CBUAE has revoked the licence of two exchange houses, due to serious regulatory failings including failing to comply with regulatory obligations.

The two separate exchange houses, Dollar Exchange and Al Rasheed, both operating in the UAE were subject to an investigation by the CBUAE which resulted in the sanctions.

A summary of findings is shown below:

- Dollar Exchange
  - failed to maintain the required level of paid-up capital and bank guarantee
  - found to have engaged in serious AML misconduct
  - weak compliance framework.
- Al Rasheed
  - deliberately suppressing remittance turnover
  - failing to meet its liquidity requirements
  - providing incorrect information to the CBUAE
  - engaging in serious AML malpractice
  - transferring its licence without obtaining a letter of no objection from the CBUAE
  - weak compliance framework.

The time set for the above entities to appeal the verdict has expired.

Further details of the notice regarding Al Rasheed can be found [here](#), and the details of the notice regarding Dollar Exchange can be found [here](#).

### 5.2. Finance company fined AED1.8Mn by CBUAE

The CBUAE made an announcement on 2 February 2023 of an imposed financial sanction and operational requirements on a finance company.

The Finance Company was ordered to correct the breaches, and the Board of Directors was forced to convene and address the issues identified. The CBUAE also issued a financial fine of AED1.8Mn. The fines follow a third-party consultant's analysis and a CBUAE investigation that showed high risk and persistent AML/CFT breaches by the financing firm as well as operational shortcomings on the part of the Board of Directors. According to the findings from the investigation, the business repeatedly participated in high-risk breaches and had a poor compliance culture.

The announcement can be found [here](#).

### 5.3. DFSA fines against Dalma Capital and SEO confirmed

In support of the DFSA, the Financial Markets Tribunal ("FMT") has issued its Decision to uphold the DFSA's plans for enforcement action against Dalma Capital Management Ltd and its Senior Executive Officer ("SEO"), Mr Zachary Cefaratti.

The FMTs decision was published on 7 February 2023, following the DFSAs on 9 March 2022. Both parties were found to have misled the DFSA and failed to conduct Dalma's business activities with due skill, care, and diligence.

Over a period of two months in 2016, Dalma arranged for and permitted trades to be placed on behalf of one of its funds by an unqualified and inexperienced individual. The individual was not employed by or contracted to Dalma. The DFSA also found that Dalma provided false, misleading and deceptive information.

The has largely upheld this action in a majority decision. Each party was subject a fine of USD\$162,500 which was lower than the DFSA's original fine recommendations of USD\$170,000 for Dalma and USD\$300,000 for Mr. Cefaratti. In addition, Mr. Cefaratti will have a two-year ban on serving as Dalma's SEO.

The original DFSA Decision can be found [here](#). The FMT Decision can be found [here](#).

#### **5.4. ADGM issues fines against CSP Amicorp**

On 6 February 2023, an ADGM licensed company service provider (“CSP”), Amicorp Advisory Limited, was charged with a penalty of USD\$18,000 for submitting false, misleading, or deceptive information during an investigation by the ADGM.

Following this the Registration Authority published amendments to the Company Service Provider Regulatory Framework, which aims to increase the CSPs' adherence to their regulatory obligations and concurrently reinforce ADGM RA's oversight of such CSPs while also preserving and enhancing an environment that is favourable to business.

The Decision Notice can be found [here](#).

#### **5.5. FCA shuts down bitcoin ATMs**

The Financial Conduct Authority (“FCA”), in cooperation with the West Yorkshire Police Force has been conducting inspections of suspected illegal crypto cash machines in the UK.

The machines work by allowing users to buy and sell crypto assets, including bitcoin, by depositing cash into or removing cash from the machines. The FCA has warned the operators of these machines and the public that the cash machines are unregulated and illegal in the UK.

There are concerns that such machines may be used by ‘money mules’ to move money illegally.

Officers from the Police Force issued warnings to the operators to immediately cease using the machines, money-laundering regulation breaches will also be subject to investigation.

The full article can be found [here](#).

#### **Further information**

For any questions or concerns regarding these updates, please contact [Mohsin Ismail](#).

## ABOUT WAYSTONE COMPLIANCE SOLUTIONS

Waystone Compliance Solutions offers a new and unique approach to compliance services at a corporate level.

As a truly global partner, we have the capabilities to help you manage regulatory risk right across your organisation.

We can provide key services from initial registration and licensing to compliance programme integration. Our compliance solutions span business strategies, market activities, operational and technology infrastructure, not to mention sales and marketing procedures. And we can do so anywhere in the world.

Our aim at Waystone is simple: to enable our clients to navigate the complex regulatory environment with confidence.

At Waystone, we have brought together the experience, the expertise, and the global reach to give you the certainty you need to address the ever-changing regulatory world. And by doing so, provide you with a secure route on the road to success.

<https://compliance.waystone.com/>

### Consultancy Services & Support

- Compliance Advisory
  - The Virtual Compliance Clinic
  - Assurance Reviews
  - Compliance Remediation
  - Data Protection
  - Financial Crime Prevention
  - Corporate Governance
  - Risk Management
  - Prudential Rules & Regulatory Reporting
- Authorisation
- Outsourcing (Compliance Officer, MLRO, Finance Officer and Data Protection Officer)
- Documentation
- Training

If you wish to discuss how Waystone can assist you with any of the issues raised in this regulatory update, please contact us using the details below:

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This regulatory update provides information about the consultative documents and publications issued by various regulators which are still current, proposed changes to the Rules and Guidance set out in Handbooks, actual changes to Rules and Guidance that have occurred in the months leading up to the update and other matters of relevance to regulated firms. This regulatory update is intended to provide general summarised guidance only, and no action should be taken in reliance on it without specific reference to the regulators' document referred to therein.