



Regulatory Update

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Table of Contents

Contents

1. DIFC AND DFSA LATEST DEVELOPMENTS	3
1.1 Dubai FinTech Summit Concludes.....	3
1.2 DIFC as Hub for Wealth and Asset Management Firms	3
1.3 DIFC Consultation Paper on Prescribed Company Regulations	3
1.4 DIFC Consultation Paper on Civil and Commercial Laws	4
1.5 Amendments to Financial Markets Tribunal’s Rules of Procedure.....	4
1.6 DFSA 2023 Annual Report	5
1.7 DFSA Issues Rulebook Amendments.....	5
1.8 DFSA Consultation Paper No. 159	6
1.9 DFSA Issues Dear FO Letter	7
1.10 DIFC Publishes Banking and Capital Markets Report	7
1.11 DFSA Issues Dear SEO Letter	7
2. ADGM AND FSRA LATEST DEVELOPMENTS	8
2.1 ADGM Issues RA Alert	8
2.2 ADGM Record Surge in Growth.....	8
2.3 ADGM Issues Discussion Paper No.1 of 2024	8
2.4 ADGM Issues Dear SEO Letter	9
2.5 ADGM Hosts UAE-France Investors Meetup	9
3. MIDDLE EAST REGULATORY UPDATES	10
3.1 Abu Dhabi Securities Exchange Receives Awards	10
3.2 SCA Introduces a Service to Licence General Assembly Organizers	10
3.3 Ministry of Finance Wins Awards	10
3.4 Ministry of Economy Participates in Global Talent Summit.....	11
3.5 Ministry of Economy at Investopia Europe	11
3.6 UAE Terrorist List Update	11
4. INTERNATIONAL UPDATES.....	11
4.1 FATF Updates Consolidated Ratings.....	12
4.2 UN Updates Sanctions List.....	12
5. ENFORCEMENT ACTIONS.....	13
5.1 DFSA and FSRA Fine Sarwa Digital Wealth Limited	13
5.2 ADGM Commissioner Issues Penalty Notice	13
5.3 ADGM Cancels Licence.....	14
5.4 ADGM Issues Monetary Penalty Notice and Final Notice	14
ABOUT WAYSTONE COMPLIANCE SOLUTIONS	16

1. DIFC AND DFSA LATEST DEVELOPMENTS

1.1 Dubai FinTech Summit Concludes

On 8 May, the Dubai International Financial Centre ('DIFC') announced the conclusion of the 2nd edition of the Dubai FinTech Summit. It was a gathering of more than 8,000 decision makers from 118 countries across the world. This included over 300 leaders who participated in 125 discussions with over 300 exhibitors. In attendance, there were also 20 government dignitaries including Central Bank governors, Deputy Governors and Mayors. A major achievement was the signing of over 50 Memorandum of Understandings ('MoUs') with global financial leaders.

You can read the DIFC article in full [here](#).

1.2 DIFC as Hub for Wealth and Asset Management Firms

On 14 May, the DIFC announced that it has fortified its position as the preferred global hub for wealth and asset management firms. The total number of wealth and asset management firms surpassed 370 in the first quarter of 2024. The DIFC's performance has made it a competitive choice for wealth and asset management companies and hedge funds, with over 72,00 individuals in Dubai with more than USD 1M of investable wealth. This is triple the number of any other city in the region.

As part of its 20 Days of Finance programme, the DIFC is hosting the first Hedge Fund Managers ('HFM') Middle East Summit. This summit will bring together over 200 global leaders including over 120 hedge fund representatives. This will be the largest gathering of hedge funds in the Middle East region.

You can read the DIFC article in full [here](#).

1.3 DIFC Consultation Paper on Prescribed Company Regulations

On 9 May, the DIFC announced its proposal to enact amendments to the Prescribed Company Regulations. The proposed regulations seek to expand and simplify the Prescribed Company ('PC') regime.

Under the current regime, establishing a PC is limited to Qualifying Applicants or where the PC is carrying out a Qualifying Purpose. Qualifying Applicants and Qualifying Purpose as defined under the Prescribed Company Regulations 2023. Under the proposed regulations, it will be possible to establish a PC in the following circumstances:

- controlled by one or more:
 - o Gulf Cooperation Council ('GCC') citizens or entities controlled by GCC citizens
 - o an Authorised Firm
 - o a DIFC Registered persons, other than a PC or non-profit incorporated organisation
- established or continued for the primary purpose of holding legal title to, or controlling, one or more GCC registrable Assets
- established or continued for a Qualifying Purpose (in line with the current regime).

The proposed amendments also provide that a PC must only be used for its Qualifying Purpose or as a holding company vehicle. It cannot employ any employees. This ensures that PCs are not used as operational entities.

You can read the DIFC article in full [here](#). You can read Consultation Paper No.2 of 2024 [here](#). Comments were welcome until 1 June.

1.4 DIFC Consultation Paper on Civil and Commercial Laws

On 2 May, the DIFC announced the publication of Consultation Paper No.1 of 2024 entitled “Proposed amendments to the Law on the Application of Civil and Commercial Laws in the DIFC”. The proposed legislation seeks to clarify the source and content of DIFC law and provide guidance on the interpretation of DIFC Statutes.

Previously, the judgement in *Industrial Group Limited v Abdelazim EL Sheikh EL Fadil Hamid* [2022] DIFC CA 005/006 (‘Industrial Group’), raised two issues:

- the Source of Law Issue
 - DIFC law is essentially statutory
 - judges and arbitrators cannot find that a common law, equitable doctrine, cause of action, defence or remedy exists in DIFC law, unless there is a DIFC statute to that effect.
- the Interpretation Issue
 - there is uncertainty as to whether common law can be used as an interpretative aid in respect of DIFC statutes that are of a non-common law origin e.g. the DIFC Contract Law and DIFC Arbitration Law.

The proposed legislation addresses the Source of Law Issue by inserting a new Article 8A into DIFC Law No.3 of 2004 (‘Application Law’) titled “Content of DIFC law”. Under this, the content of DIFC law is to be determined at the first instance by the applicable DIFC statute. Where a doctrine, cause of action, defence, remedy or equity exists under the common law of England and Wales but has not been expressly incorporated into DIFC law, the DIFC Court may find it exists in DIFC Law and apply it, where appropriate.

The proposed legislation addresses the Interpretation Issue by incorporating an Article 8B into the Application Law. Following this, the interpretation of a DIFC statute may be guided by the principles developed in established common law jurisdictions, such as England and Wales, Australia, Singapore etc. This approach applies irrespective of whether the DIFC statute is based on an international model law or other non-common law source.

You can read the consultation paper [here](#). Comments were welcome until 1 June. You can read the Industrial Group case [here](#).

1.5 Amendments to Financial Markets Tribunal’s Rules of Procedure

On 6 May, the Dubai Financial Services Authority (‘DFSA’) announced that the Financial Markets Tribunal (‘FMT’) had issued revised Rules of Procedure which came into force on 2 May 2024.

The FMT Rules have been revised to include the following:

- the form and content of pleadings
- disclosure by the DFSA of documents which might reasonably be expected to assist an applicant’s case
- the procedure if an applicant seeks to prevent publication of a decision
- the suspension of a referred decision
- hearings taking place in the absence of a party
- the striking out of the whole or part of proceedings if an applicant fails to comply with the FMT’s directions.

You can read the DFSA article in full [here](#). You can read the FMT Rules of Procedure [here](#).

1.6 DFSA 2023 Annual Report

On 10 May, the DFSA issued its annual report for 2023 which demonstrated a year of outstanding growth.

A summary of the report highlights are as follows:

- the total number of licensed firms has increased to 791 firms
- there was a 50% year-on-year increase in applications across all business models
- there were more than 40 domestic fund registration applications
- USD 11.72 Bn was recorded in total value of new Environmental, Social and Governance ('ESG') bonds and Sukuk listings, bringing the total outstanding ESG securities to USD 27 Bn.

You can read the DFSA article in full [here](#). You can read the 2023 annual report [here](#).

1.7 DFSA Issues Rulebook Amendments

On 13 May, the DFSA announced numerous changes to the DFSA Rulebooks following consultation papers 152 "Banking Credit and Market Counterparty Risks", 153 "Updates to the Regulation on Crypto Tokens" and 154 "Proposed Changes to the DFSA Audit Regime".

The following key amendments came into force on 3 June 2024:

- General Module Rule-Making Instrument (No. 347) 2024 ('GEN')
 - o to update rules on operating a Representative Office where the business relates to crypto tokens or investments relating to crypto tokens
 - o to update prohibition on the use of some tokens in select circumstances
 - o to extend the prohibition of the use of algorithmic tokens
 - o to update the recognition criteria of a crypto token in cases of fiat-crypto tokens.
- Conduct of Business Module Rule-Making Instrument (No. 377) 2024 ('COB')
 - o to update the record-keeping requirements for general COB compliance in addition to records relating to client investment, client crypto tokens and collateral held in accordance with COB 6
 - o to enhance policy and procedure requirements for firms working with client crypto tokens
 - o to update compensation requirements due to losses from incorrect or unauthorised transfer of crypto tokens
 - o to enhance reporting requirements for firms who hold the permission to 'provide custody of crypto tokens'
 - o to update client disclosure requirements for crypto firms
 - o to update reconciliation rules to include specific rules for firms with crypto-related permissions.
- Collective Investment Rules Rule-Making Instrument (No.348) 2024 ('CIR')
 - o to update the restrictions on an extended funds investing in crypto tokens
 - o to update the eligible custodian requirements for fund managers for a fund that invests in crypto tokens
 - o to update the rules on access to foreign funds and the availability of a prospectus.
- Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module Rule-Making Instrument (No. 349) 2024 ('AML')
 - o to update the rulebook sections applicable to Designated Non-Financial Businesses and Professions ('DNFBP')
 - o to include special AML requirements for crypto token transfers
 - o to add AML requirements for Non-Fungible Tokens ('NFT') and utility token transfers

- Fees Module Rule-Making Instrument (NO. 380) 2024 ('FER')
 - o to reduce the application fee for recognised crypto tokens to USD 5,000
- Authorised Market Institutions Module Rule-Making Instrument (NO. 381) 2024 ('AMI')
 - o to update the rules on lending and stalking
- Auditor Module Rule-Making Instrument (NO. 384) 2024 ('AUD')
 - o to remove the manual application form for registration as a registered auditor to be assessable via the DFSA portal
 - o to update the requirements to have adequate systems, procedures and controls to comply with international standards on quality management
 - o to include the requirement to appoint an individual to take on the responsibilities of a 'Senior Officer' and the criteria for the Senior Officer position
 - o to update the continuing obligations for registered auditors, including the principles for registered auditors and audit principals
 - o to update ongoing obligations, including Continuing Professional Development ('CPD')
 - o to update reporting obligations to the DFSA
 - o to include an annual transparency report.
- Glossary Module Rule Making Instrument (No. 383) 2024 ('GLO')
 - o to remove the definition for 'Practice Note'
 - o to update the definition of 'Principle'
 - o to update multiple auditors' standards to International Standards on Related Services ('ISRS') 4400R for select reports
 - o to update various appendices relating to reporting requirements.

The following amendments will come into force on 1 January 2025, key updates include:

- Prudential Investment, Insurance, Intermediation and Banking Module Rule-Making Instrument (No. 384) 2024 ('PIB')
 - o to update the glossary for PIB
 - o to update the CET1 adjustments for calculating capital resources
 - o to calculate credit risk
 - o to update the application of counter-party credit risk and its calculations.
- Islamic Finance Rules Rule-Making Instrument (No. 385) 2024 ('IFR')
 - o To update prudential requirements.

You can read the DFSA article in full [here](#).

1.8 DFSA Consultation Paper No. 159

On 3 May, the DFSA issued Consultation Paper No.159 "Interest Rate Risk in the Banking Book and Risk Appetite Statement". This paper seeks to update the existing regulatory framework applicable to banks and other financial institutions in regard to the treatment of interest rate risk in the Non-Trading Book, also known as the interest rate risk in the banking book ('IRRBB'). It also proposes to introduce a requirement for producing a risk appetite statement. This is in line with the DFSA's commitment to implement Basel III.

The proposals for producing a risk appetite statement and IRRBB implementation include the following:

- treatment of IRRBB
- scope of application

- risk appetite and IRRBB management requirements
- IRRBB measurement
- outlier test and supervisory actions.

You can read the consultation paper [here](#) and submit your comments [here](#). Comments are welcome until 1 August.

1.9 DFSA Issues Dear FO Letter

On 22 May, the DFSA issued a Dear Finance Officer Letter “Updated Regulatory Returns”. The letter notifies Finance Officers of the accessibility of forms on the Electronic Prudential Reporting System (‘EPRS’) and the Prudential Returns Module (‘PRU’) will be updated for the Q3 2024 returns. The updates will be made available in EPRS during September 2024 and concern amendments to Form B320 “Arrears and Non-Performing Exposures” and Form B460 “Money Services”.

1.10 DIFC Publishes Banking and Capital Markets Report

On 27 May, the DIFC, in partnership with LSEG Data & Analytics, published a “Regional Outlook for Banking and Capital Markets” Report. The report focuses on how regional Initial Public Offering (‘IPO’) growth is expected to occur in three phases:

- the continued privatisation of state-related entities,
- followed by listings by family-owned companies
- FinTech and tech-enables start-ups.

Highlights from the report are as follows:

- 51 IPOs in 2022, which raised USD 22 Bn from both the public sector and family businesses
- six out of the ten government entities planned have gone public
- Parkin and Dubai Taxi Co. IPOs, raised USD 71 Bn and USD 315M, respectively
- family-owned companies’ trend towards listings, such as Lulu’s forthcoming IPO
- the increased IPO activity has resulted in a positive impact on the DIFC’s ecosystem, with MENA fees for MENA deals alone exceeding USD 1.2Bn.

You can read the DIFC article [here](#). You can read the full Banking and Capital Markets Report [here](#).

1.11 DFSA Issues Dear SEO Letter

On 29 May, the DFSA issued a Dear SEO Letter to inform all relevant entities of the DFSA’s upcoming Whistleblowing Thematic Review. The DFSA’s whistleblowing regime (‘the Regime’) came into force on 7 April 2022. In line with its regulatory objectives, the DFSA will review the Regime in order to:

- assess its overall effectiveness and the level of compliance of regulated entities
- identify good practices and areas for improvement
- identify outliers and instances of material non-compliance for further action.

The review will be conducted in two phases. For the first phase, the DFSA has requested regulated entities to respond to a survey on their whistleblowing arrangements which can be found on the DFSA ePortal. The deadline for submitting responses is 12 June 2024. For the second phase, the DFSA will conduct a sample and request additional information and/or conduct on site visits. Following this, the DFSA will publish their key findings.

You can find the Dear SEO Letter [here](#).

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 ADGM Issues RA Alert

On 17 May, the Registration Authority ('RA') of the Abu Dhabi Global Market ('ADGM') informed the public of a licence cancellation for Venom Foundation. The ADGM advise that Venom Foundation, a registered foundation with the ADGM, ('Venom Foundation ADGM') is no longer conducting any activities after having voluntarily cancelled its commercial licence in February 2024. In addition to Venom Foundation ADGM, its associated ADGM companies, Venom Blockchain Holding Limited and Venom Blockchain Holding 2 Limited have also appointed an auditor and are winding down.

The RA seeks to alert the public that Venom Foundation ADGM and its associated ADGM companies are not associated with the activities mentioned in recent social media announcements concerning the launch of Venom Blockchain. The references in the recent social media to Venom Foundation are not to Venom Foundation ADGM.

You can ADGM notice in full [here](#).

2.2 ADGM Record Surge in Growth

On 20 May, the ADGM announced it has continued its performance as the fastest-growing financial centre in the region.

The ADGM's notable achievements include:

- an increase of 211% in Assets Under Management ('AUM') in Q1 2024 in comparison to Q12023
- 107 asset and fund managers operating in the ADGM, with 137 funds being managed
- growth of 30% to reach 1950 operational entities, including 291 financial service entities
- a significant increase in the workforce at the end of the first quarter of 2024.

You can read the ADGM article in full [here](#).

2.3 ADGM Issues Discussion Paper No.1 of 2024

On 20 May, the Financial Services Regulatory Authority ('FSRA') and ADGM RA jointly published Discussion Paper No. 1 of 2024 "Enhancing the Sustainable Finance Regulatory Framework for ADGM". The paper seeks comment on the proposed guidance outlining the FSRA's expectations for ESG-labelled investment vehicles. It also seeks comment on the integration of climate-related risks in their risk management frameworks and governance processes and transition planning for ADGM-licensed entities.

The proposed guidance provides regulatory expectations for ESG-labelled products around:

- “greenwashing” and the provision of clear, fair and not misleading disclosures
- appropriate use of fund names in line with ESG strategies being undertaken
- clarity on ESG investment strategies being pursued
- use of ESG taxonomies and third-party attestation
- use of ESG indices
- disclosure expectations for ESG-labelled products.

You can read the consultation paper [here](#). Comments are welcome until 19 July.

2.4 ADGM Issues Dear SEO Letter

On 1 May, the FSRA published an SEO Letter “Thematic Review on Client Money (‘the Review’) – Overall Observations”.

The scope of the Review was to assess the effectiveness of the firms’ Client Money controls environment to ensure compliance with the ADGM’s Rules and Regulations, in particular, COB Chapter 14. The Review was conducted through a risk-based approach and followed an onsite review of selected Authorised Persons (‘AP’).

A summary of the key findings are as follows:

- some APs hold the permission to Hold/Control Client Money but do not actively provide any related services. APs should review their licence status and withdraw the permission, where applicable, to reduce the necessity for Client Money reporting
- in certain exceptional instances some firms had comingled client money and firm money. Where firms intend to utilise any exemptions, they must ensure it is for exceptional purposes only and fully disclosed to clients
- some firms could not show that appropriate detailed statements are being sent to customers in accordance with COB Rule 14.10.1.
- some firms did not maintain a Client Accounts master list as required by COB Rule 14.6.2.
- some accounts used for Client Money purposes were not correctly labelled in line with Cob Rule 14.7.3.
- many APs did not conduct appropriate due diligence (both initially and on an ongoing basis) on third-party agents as required by COB Rule 14.7.

2.5 ADGM Hosts UAE-France Investors Meetup

On 23 May, the ADGM announced the success of its second edition of the UAE-France Investors Meetup. This event was led by His Excellency Bruno Le Maire, the French Minister of Economy, Finance, and Industrial and Digital Sovereignty. The gathering was designed to forge stronger economic and financial ties and foster continued partnerships between the two nations. In addition, the French delegation included many high-level representatives from first-tier French asset management firms.

You can read the ADGM article in full [here](#).

Further information

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

3. MIDDLE EAST REGULATORY UPDATES

3.1 Abu Dhabi Securities Exchange Receives Awards

On 1 May, the Abu Dhabi Securities Exchange ('ADX') announced that it received two prestigious industry awards at the Annual Conference of the Arab Federation of Capital Markets 2024, hosted by the Qatar Stock Exchange. The ADX has been recognised as the "Best Arab Stock Exchange and "Best Arab Stock Exchange integrated with Environmental and Social Governance Standards". The awards validate the trust and confidence that the regional and international community has placed in the ADX.

In 2023, the ADX demonstrated significant growth with a 37% increase in investor trading and a 35% increase in foreign ownership in ADX-listed companies. The ADX also welcomed 50,000 new investors, a 65% increase from the previous year. The ADX has also witnessed an increase in the number of green debt instruments listings on the Exchange. This included the listing of the first ever dirham-dominated Green Sukuk issued by First Abu Dhabi Bank, valued at AED 1.3 Bn.

You can read the ADX Article in full [here](#).

3.2 SCA Introduces a Service to Licence General Assembly Organizers

On 17 May, the Securities and Commodities Authority ('SCA') announced its decision to issue an amendment to the provisions of the Public Joint Stock Companies Governance Guide by adding an article entitled "the Organizer of General Assemblies". This decision aims to grant companies and entities providing general assembly organisation services, appointed by public joint stock companies, the licence needed to engage in these activities to enhance the governance of assemblies and ensure investors exercise their rights during meetings. This decision permits public joint stock companies to appoint an "organizer of general assemblies" to organise their general assembly meetings.

You can read the SCA article in full [here](#).

3.3 Ministry of Finance Wins Awards

On 20 May, the UAE Ministry of Finance ('MoF') announced that its Digital Procurement Platform achieved three honours at the Excellence in Procurement Awards MENA 2024. The Digital Procurement System won in "Best Use of Digital Technology" and "Best Procurement Transformation Programme" and was highly commended in the "Best Public Procurement Project of the Year".

The Procurement Awards MENA 2024 is organised by the Chartered Institute of Procurement and Supply ('CIPS'). CIPS is the largest non-profit professional organisation specialised in procurement and supply.

You can read the MoF article in full [here](#).

3.4 Ministry of Economy Participates in Global Talent Summit

On 13 May, the UAE Ministry of Economy ('MoE') announced its participation in the Global Talent Summit 2024 held at the Hong Kong Convention and Exhibition Centre in Wan Chai. The Ministry presented a white paper entitled "Unlocking Success: Strategies for Successful Talent Acquisition and Retention in the UAE", showcasing the country's expertise in creating a competitive environment for attracting and retaining talent.

The summit promotes regional exchanges and facilitates cooperation in talent attraction. There were approximately 3,400 participants and an additional 50,000 participants were reached through the live broadcast.

You can read the MoE article in full [here](#).

3.5 Ministry of Economy at Investopia Europe

On 13 May, MoE announced that it had held several high-level meetings with ministers and top European Union ('EU') officials at Investopia Europe to discuss prospects for enhancing economic cooperation. During the meetings, the MoE emphasised the mature and strategic nature of UAE-EU relations in all fields. There was also a discussion of the expansion of existing partnership in key economic sectors, particularly in the new economy, manufacturing, energy, technology, tourism and infrastructure industries.

You can read the MoE article in full [here](#).

3.6 UAE Terrorist List Update

On 7 May, the Executive Office of the Committee for Goods and Materials Subject to Import and Export Control ("CGMSIEC") updated the local UAE terrorist list through Cabinet Resolution No 48 of 2024. The Supreme Council for Nationality Security prepares designations, and the listings are approved by the Cabinet of the UAE.

The following individual was delisted as an entry: "Abdo Abdullah Dael Ahmed".

Firms are reminded to monitor geopolitical events and any resulting updates to the international sanctions lists to 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.

Further information

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

4. INTERNATIONAL UPDATES

4.1 FATF Updates Consolidated Ratings

On 7 May, the Financial Action Task Force ('FATF') published an updated consolidated ratings table. The table summarises jurisdictions' progress against the 40 FATF Recommendations. The recommendations assess the jurisdiction's maturity against Anti-Money Laundering, Counter Terrorist Financing and Proliferation Financing measures.

In May, FATF released the follow-up reports for mutual evaluations for the following countries:

- Tanzania was found to be compliant in 7, largely compliant in 12, partially compliant in 17 and non-compliant in 4 ratings
- Georgia was found to be compliant in 7, largely compliant in 22, partially compliant in 10 and non-compliant in 1 ratings
- Slovenia was found to be compliant in 11 and largely compliant in 29 ratings
- Cyprus was found to be compliant in 16 and largely compliant in 21 ratings
- Lithuania was found to be compliant in 9, largely compliant in 27 and partially compliant in 4 ratings
- Croatia was found to be compliant in 5, largely compliant in 23 and partially compliant in 12 ratings
- Poland was found to be compliant in 2, largely compliant in 22 and partially compliant in 16 ratings
- San Marino was found to be compliant in 18, largely compliant in 18 and partially compliant in 4 ratings
- Uganda was found to be compliant in 16, largely compliant in 9, partially compliant in 10 and non-compliant in 5 ratings
- Zambia was found to be compliant in 12, largely compliant in 18 and partially compliant in 8 ratings.
- Mozambique was found to be compliant in 5, largely compliant in 8, partially compliant in 24 and non-compliant in 3 ratings
- Holy See was found to be compliant in 5, largely compliant in 30, partially compliant in 4 and NA for 1 rating
- Bulgaria was found to be compliant in 5, largely compliant in 22 and partially compliant in 13 ratings.

You can read the consolidated ratings table in full [here](#). You can find the respective countries' tables [here](#).

4.2 UN Updates Sanctions List

The United Nations Security Committee ('UNSC') updated an entry on its sanction list in light of the global political landscape. As a member of the UN, the UAE is committed to implementing the UNSC resolutions, and all firms must report on their involvement with sanctioned entities.

On 21 May, the Security Council Al-Shabaab Sanctions Committee added three entities to its sanctions list. The following individuals have been added:

- Abdikadir Mohamed Abdikadir
- Mohamed Mohamud Mire
- Mohamed Omar Mohamed.

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

Further information

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

5. ENFORCEMENT ACTIONS

5.1 DFSA and FSRA Fine Sarwa Digital Wealth Limited

On 15 May, the FSRA published a Decision Notice against Sarwa Digital Wealth (Capital) Limited ('Sarwa ADGM'). On 16 May, the DFSA published a Decision Notice against Sarwa Digital Wealth Limited ('Sarwa DIFC').

The DFSA and FSRA took action against Sarwa DIFC and Sarwa ADGM respectively for making an Offer of Securities to the Public without an Approved Prospectus, in breach of the Markets Law. The first email offering the sale of Sarwa Digital Wealth (BVI) Limited shares (parent company of Sarwa DIFC and Sarwa ADGM) was sent to almost 100,000 users and USD 2M in commitments was received into an escrow account from over 150 potential investors.

The DFSA also found that Sarwa DIFC withheld financial information, that would have been included in an Approved Prospectus, and provided positive metrics that gave potential investors a misleading impression about the financial performance and position of Sarwa DIFC and Sarwa ADGM. Moreover, the FSRA has also imposed a requirement on Sarwa ADGM to undertake an independent review of its governance arrangements.

The DFSA imposed a financial penalty of USD 191,100 (AED 701,815) on Sarwa DIFC and the FSRA imposed a financial penalty of USD 122,500 (AED 449,881) on Sarwa ADGM. Both were heavily reduced following mitigation and settlement discounts.

You can read the DIFC Decision Notice [here](#). You can read the ADGM Decision Notice [here](#).

5.2 ADGM Commissioner Issues Penalty Notice

On 21 May, the Commissioner of Data Protection (the 'Commissioner') of the ADGM has served Okadoc Technologies Limited with a Penalty Notice for failure to comply with Sections 13 (3) 10(1) to (5), 22(1) and (2) and 29 of the ADGM Data Protection Regulations ('DPR') 2021. A monetary penalty of USD 20,000 has also been imposed.

On 16 November 2022, an individual employed by Okadoc (the 'Data Subject') submitted a Data Subject Access Request ('DSAR'), requesting from Okadoc and its subsidiaries all personal data held about her since her employment began. Despite Okadoc's confirmation that they would respond to this request, they did not respond within the two months deadline following the submission of the DSAR, nor informed her of an extension of the deadline, thereby contravening Sections 10(1)-(5).

Furthermore, during the course of the investigation, there was a lack of cooperation by Okadoc (contravening Section 29 of the DPR 2021). Okadoc did not provide sufficient information when requested by the Office of Data Protection ('ODP'). The Commissioner had to serve Okadoc with an Information Notice to compel the provision of information.

Moreover, it is confirmed that at the time of the filing of the DSAR, Okadoc did not have in place an internal Data Protection Policy (contravening Section 22). The policy which was eventually submitted on 4 August 2023 to the ODP was not tailored, did not provide for any procedure for handling DSARs and mostly copied the DPR 2021 directly. The ODP noted that Okadoc was established in the ADGM in 2020 and had sufficient time to draft and/or improve its internal Data Protection Policy in line with the DPR 2021.

You can read the Decision Notice [here](#).

5.3 ADGM Cancels Licence

On 23 April, the Registrar of ADGM issued a Final Notice under Section 50 of the Commercial Licensing Regulations 2015 ('CLR 2015'), deciding to cancel the licence of H Reserve Management LTD with ADGM registration number 000008245.

H Reserve Management LTD carried out the business activities of software development over the period from around October 2022 to around June 2023, without obtaining the appropriate commercial licence from the ADGM. The Registrar further considers that H Reserve Management LTD poses significant risk to ADGM due to its connection with other high-risk entities, concerns and alerts raised by other authorities, various adverse media and complaints received by the RA.

Following this, the Registrar considers it appropriate to cancel H Reserve Management Ltd's licence to conduct any business activities in or from the ADGM.

You can read the Decision Notice published on 27 May [here](#).

5.4 ADGM Issues Monetary Penalty Notice and Final Notice

On 23 February, the ADGM RA issued a Monetary Penalty Notice to Blijerina Bardic ('Bardic') for contravening Section 18 of the Beneficial Ownership and Control Regulations 2018 ('BOCR 2018'). Bardic has been fined USD 10,500.

Bardic provided false information to the RA stating that she was the sole shareholder of AveNew Ventures Limited when she was only holding 33.33% of the shares and the majority shares were held by Bardic as a nominee. Bardic concealed the identity of the beneficial owner from the RA during AveNew Ventures Limited's incorporation.

On 15 April, the registrar of ADGM issued a Final Notice under CLR 2015, deciding to impose on Bardic a financial penalty of USD 7,000 for contravening Section 39 of CLR 2015 in relation to AveNew Ventures Limited.

Bardic failed to provide complete documents and communications to the RA in response to a requirement notice issued by the RA to Bardic on 19 September 2022. The documents and communications were required by the RA as part of its investigation to look into potential contraventions by Bardic of the BOCR 2018.

Given the nature of the contraventions and the extended timeline granted by the RA investigators to Bardic to comply with the requirement notice, the RA considers it appropriate to impose a financial penalty.

You can read the 23 February Monetary Penalty Notice [here](#). You can read the 15 April Final Notice [here](#). Both notices were published on 23 May.

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, and 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
 - o The Virtual Compliance Clinic
 - o Assurance Reviews
 - o Compliance Remediation
 - o Data Protection
 - o Financial Crime Prevention
 - o Corporate Governance
 - o Risk Management
 - o 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:

Email: compliancesolutions@waystone.com

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

Tel: Dubai +971 4 323 0800 | Abu Dhabi +971 2 440 2146

or write to us at:

Waystone Compliance Solutions

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United Arab Emirates

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.