

28 September 2023

Tech Holding Limited
2462ResCowork01
24th floor, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
Abu Dhabi
United Arab Emirates

Attention:

[REDACTED]

[REDACTED]

Sent by e-mail:

[REDACTED]

Dear Sirs

PENALTY IMPOSED FOR CONTRAVENTIONS OF THE COMMON REPORTING STANDARD REGULATIONS 2017

1. This notice is issued by the Financial Services Regulatory Authority ("FSRA") of the Abu Dhabi Global Market ("ADGM") to Tech Holding Limited ("THL") pursuant to subsection 9(1) of the *Common Reporting Standard Regulations 2017* (the "Regulations").

Defined Terms

2. Terms defined in the notice are defined at the first instance the term is used in parentheses. Other capitalised terms are defined in the Regulations and shall bear the same meaning in this notice, unless the context otherwise requires.

SUMMARY

3. The FSRA has decided to impose a penalty of AED 10,000 on THL.
4. This is because the FSRA considers that THL classified itself as a Reporting Financial Institution ("RFI") for the purposes of the Regulations and failed to submit the required annual information return in respect of the 2021 calendar year by the due date of 15 August 2022. This constitutes a

FINANCIAL SERVICES REGULATORY AUTHORITY
سلطة تنظيم الخدمات المالية

ADGM Authorities Building, ADGM Square, Al Maryah Island, PO Box 111999, Abu Dhabi, UAE
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contravention of subsection 3(1) of the Regulations in force at the time of the contravention (“2022 Regulations”)¹, and accordingly, subsection 9(1)(b) of the current Regulations applies.

BACKGROUND

5. The Organisation for Economic Co-operation and Development (“OECD”) developed the Common Reporting Standard (“CRS”), which came into force in October 2014. The CRS was established in the United Arab Emirates (“UAE”) with effect from 1 January 2017 pursuant to ratification of various conventions and declarations by the UAE, and publication of Federal Law No. 54 of 2018.
6. The CRS sets out the required information to be exchanged, the types of entities required to report, the different types of financial accounts and account holders in scope and the common due diligence procedures to be followed by RFIs.
7. Appropriate legislation to support implementation of the CRS in the UAE has been issued at both a federal level in the UAE and in the ADGM. This includes the enactment of the Regulations by the Board of Directors of ADGM in 2017. The Regulations apply Cabinet Resolution No. 93 of 2021 (the “Cabinet Resolution”) in the ADGM pursuant to subsection 2(1) of the Regulations, and the CRS and any explanatory material and commentary published by the OECD in relation to the CRS pursuant to subsection 3(1) of the Regulations.
8. On 27 January 2017, the ADGM published the ‘*Notification of collection of information under the Common Reporting Standards*’ prepared by the UAE’s Ministry of Finance, setting out the requirement for implementation of the CRS across all jurisdictions within the UAE.
9. On 8 November 2021, THL was registered as a non-financial company to carry on the business activity of a Special Purpose Vehicle.
10. On 17 May 2022, the Ministry of Finance announced the go-live of the Automatic Exchange of Information (“AEOI”) reporting portal for submission of returns relating to CRS, and the Foreign Account Tax Compliance Act as implemented in the UAE (“FATCA”).
11. The Ministry of Finance extended the deadline for submissions of returns for the 2021 calendar year to 15 August 2022.
12. By 15 August 2022, THL had not registered on the AEOI portal and had failed to submit either the CRS information return described at Schedule 1, Part 1, paragraph F of the 2022 Regulations (“Annual Return”) or alternately the return required by Schedule 1, Part 1, paragraph G of the 2022 Regulations (“Nil Return”) for the calendar year 2021.
13. On 8 March 2023, the FSRA sent a ‘UAE FATCA and CRS Entity Self-Certification Form’ (“Entity Self-Certification Form”) to THL’s Corporate Service Provider (the “Agent”) for completion by 9 March 2023.
14. On 9 March 2023, the FSRA sent an email to the Agent reminding them of the FSRA’s request of 8 March 2023, requesting the information to be provided by 9 March 2023. That email was

¹ See: [https://en.adgm.thomsonreuters.com/sites/default/files/net_file_store/CRS_Regulations_2017_\(Consolidated_January_2022\)_v4.pdf](https://en.adgm.thomsonreuters.com/sites/default/files/net_file_store/CRS_Regulations_2017_(Consolidated_January_2022)_v4.pdf)

acknowledged by the Agent and the Agent confirmed that they had received confirmation from THL and the information would be provided shortly.

15. On 9 March 2023, THL submitted its completed Entity Self-Certification Form to the FSRA. In its Self-Certification Form, THL self-classified as an 'Investment Entity' and thus an RFI for the purposes of the CRS.

FAILURE TO SUBMIT AN ANNUAL RETURN OR NIL RETURN

16. Subsection 3(1) of the 2022 Regulations required each RFI to collect and report to the Ministry of Finance all information required by the 2022 Regulations. Such information had to be reported via the reporting system stipulated (i.e. via the AEOI portal) and by the dates specified (i.e. 30 June of the year following the calendar year to which the information relates). As per paragraph 11, this deadline was extended in to 15 August 2022 for submissions for the 2021 calendar year.
17. Having self-classified as an Investment Entity and thus an RFI, THL was required under subsection 3(1) of the 2022 Regulations to submit either an Annual Return or a Nil Return (as applicable) for the purposes of the CRS.
18. Given the nature of THL's business and business model, the FSRA considers that THL did not maintain any Reportable Accounts for the 2021 calendar year. Therefore, THL should have submitted a Nil Return. However, to date, THL has failed to submit either an Annual Return or a Nil Return for the 2021 calendar year. Accordingly, THL has contravened subsection 3(1) of the 2022 Regulations and subsection 9(1)(b) of the Regulations applies.

PENALTY

19. The FSRA considers that THL contravened subsection 3(1) of the 2022 Regulations. The penalty for such a contravention of the 2022 Regulations was set out in paragraph 1.4 of Schedule 2 of the 2022 Regulations.
20. The penalty imposed by the FSRA on THL is AED 10,000.

PROCEDURAL MATTERS

Appeal in relation to the penalty imposed

21. Under Article 7(1) of the Cabinet Resolution which applies pursuant to the current Regulations, THL has until **5:00pm on 27 October 2023** to make an appeal **in writing** to the FSRA, signed by an authorised representative of THL setting out the grounds of appeal in relation to the penalty imposed.
22. In accordance with Article 7(2) of the Cabinet Resolution, THL may appeal against any penalty on one of the following grounds:
 - a. that it did not commit the violation attributed to it;
 - b. the administrative penalty imposed is not proportionate to the violation; or
 - c. the administrative penalty imposed exceeds the limit determined for the administrative violation attributed to it in accordance with the provisions of the Cabinet Resolution.

23. Any appeal made should be addressed to:

Mr Adrian Bock
Director – Enforcement
Financial Services Regulatory Authority
Abu Dhabi Global Market Square
Al Maryah Island
Abu Dhabi
United Arab Emirates

Email: [REDACTED]

24. If an appeal within time is made to the FSRA, the FSRA will consider the appeal and provide written notice of its decision to THL within sixty (60) business days of the acknowledgement of the appeal.

Manner and time for payment of penalty

25. In the event that an appeal is not made to the FSRA, then the AED 10,000 penalty imposed pursuant to this notice is to be paid by THL within thirty (30) days after the date of this notice, i.e. on or before **10 November 2023**.

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

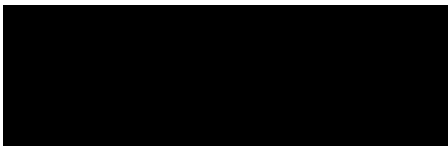
Account Name	[REDACTED]
Account Number	[REDACTED]
IBAN Number	[REDACTED]
Account Type	[REDACTED]
Bank Name	[REDACTED]
Swift Code	[REDACTED]
Reference	[REDACTED]

27. If the penalty or any part of it remains outstanding on the date by which it must be paid, the obligation to make the payment is enforceable as a debt by the FSRA.

Publicity

28. The FSRA will generally publish, in a manner we consider appropriate and proportionate, information and statements relating to enforcement action. The publication of enforcement outcomes is consistent with the FSRA's commitment to open and transparent processes and our objectives.

Yours sincerely,



Mr. Adrian Bock
Director - Enforcement
Abu Dhabi Global Market Financial Services Regulatory Authority