

17 December 2024

Wealthface Limited  
Office 2434, Level 24  
Al Sila Tower  
Abu Dhabi Global Market Square  
Al Maryah Island  
Abu Dhabi  
United Arab Emirates

Attention: [REDACTED]

Sent by e-mail: [REDACTED]

Dear Sirs

## **CONFIRMATION OF DECISION IN RELATION TO PENALTY IMPOSED FOR CONTRAVENTIONS OF THE COMMON REPORTING STANDARD REGULATIONS 2017**

1. The Financial Services Regulatory Authority (“FSRA”) of the Abu Dhabi Global Market (“ADGM”) hereby confirms its decision to impose a penalty on Wealthface Limited (“Wealthface”) pursuant to subsection 9(1) of the *Common Reporting Standard Regulations 2017* (the “Regulations”). This notice is issued pursuant to Article 7(5) of Cabinet Resolution No. 93 of 2021 (“Cabinet Resolution”), which applies pursuant to the Regulations, following due consideration of an appeal submitted by Wealthface on 20 and 30 September 2024 respectively in response to a notice from the FSRA dated 13 September 2024.

### **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 considers that Wealthface has failed to submit its risk assessment as requested by the FSRA in connection with its administration of the Regulations (“Risk Assessment”) by the due date of 31 July 2023, in contravention of subsection 6(1) of the Regulations, and accordingly, subsection 9(1)(b) of the Regulations applies.
4. The FSRA has decided to impose a penalty of AED 10,000 on Wealthface pursuant to subsection 9(1) of the Regulations.

### **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 the 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 Reporting Financial Institutions (“RFIs”).
7. Appropriate legislation to support the 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 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 (“MOF”), setting out the requirements for implementation of the CRS across all jurisdictions within the UAE.
9. On 14 January 2020, Wealthface was registered as a private company limited by shares.
10. On 24 April 2023, the FSRA published Notice No. 10 of 2023 informing Senior Executive Officers (“SEOs”), Money Laundering Reporting Officers (“MLROs”) and ADGM Licensed Persons (“LPs”) of the MOF’s new Automatic Exchange of Information (“AEOI”) portal for submission of Annual Returns, with training scheduled on 28 April 2023 and 4 May 2023.
11. On 25 May 2023, the FSRA published Notice No. 16 of 2023, inviting all RFIs to attend a mandatory training session on the AEOI portal. The training was to provide a comprehensive review of the new portal and guide RFIs on completing and submitting Annual Returns, including a Nil Return (as that term is defined in Cabinet Resolution).
12. On 8 June 2023, the FSRA published Notice No. 18 of 2023 addressed to SEOs, MLROs and LPs to notify them that the new AEOI portal was operational and open for registration in advance of submission of Annual Returns, including Nil Returns, with instructions on how to do so.
13. On 25 June 2023, the MOF published on its website a ‘*FATCA/CRS Risk Assessment Questionnaire – User Guide*’ specifying that RFIs were required to complete a Risk Assessment by the stipulated deadline, with instructions on how to do so.
14. On 26 June 2023, the FSRA published and sent by email ‘*FCCP FSRA Notice No. 21 of 2023 – FATCA and CRS System Live*’ informing SEOs, MLROs and LPs that the functionality for submission of Annual Returns and Risk Assessments was enabled on the AEOI portal, and that all RFIs were required to fulfil their obligations by the deadline of 31 July 2023.
15. On 26 June 2023, Wealthface registered as an RFI on the AEOI portal.
16. On 5 July 2023, the FSRA published Notice No. 22 of 2023 informing RFIs that the MOF would be conducting training and web-based sessions from 10 July 2023 until 31 July 2023 with respect to the submission of Annual Returns and Risk Assessments.
17. On 26 July 2023, Wealthface submitted a Nil Return via the AEOI portal for the calendar year 2022.

18. On 28 July 2023, the MOF extended the deadline for submission of Annual Returns for the 2022 calendar year to 15 August 2023. On the same day, the FSRA sent an email to Wealthface informing it of the extended deadline for submission of Annual Returns and noting that the deadline for submission of the Risk Assessment remained 31 July 2023, and that the system would not accept late submissions.
19. On 6 September 2023, the FSRA sent an email to Wealthface and its agent requiring Wealthface's urgent attention to Wealthface's failure to submit the Risk Assessment for the 2022 reporting period by the deadline specified. The FSRA requested that Wealthface provide an explanation for this failure by 12 September 2023.
20. On 15 September 2023, the FSRA sent a further email to Wealthface emphasising the urgency of its email of 6 September 2023.
21. On 15 September 2023, the FSRA was informed that the outsourced Compliance Officer of Wealthface had resigned on 1 September 2023. However, the FSRA's communications to Wealthface dated 6 September 2023 and 15 September 2023 were each sent to the SEO of Wealthface and the FSRA did not receive a response from Wealthface in relation to the substantive issue, being the non-submission of the Risk Assessment for the 2022 reporting period.

#### **FAILURE TO SUBMIT RISK ASSESSMENT BY THE DUE DATE**

22. Subsection 6(1) of the Regulations requires RFIs to collect and report all information in accordance with the Regulations and the Cabinet Resolution. Article 4(7) of the Cabinet Resolution requires RFIs to provide any other information, documentation and records as may be reasonably requested by the FSRA and the MOF within the time prescribed by them.
23. As mentioned in paragraphs 14 and 18 above, the FSRA communicated to Wealthface that it was required to file a Risk Assessment pursuant to the direction of the MOF and that the deadline for filing such Risk Assessment was 31 July 2023.
24. Wealthface failed to submit the Risk Assessment by the deadline stipulated. Accordingly, Wealthface has contravened subsection 6(1) of the Regulations and Article 4(7) of the Cabinet Resolution.

#### **PENALTY**

25. The FSRA considers that Wealthface contravened subsection 6(1) of the Regulations and Article 4(7) of the Cabinet Resolution, and accordingly subsection 9(1)(b) of the Regulations applies.
26. The penalty for such a contravention is set out in Article 5(6)(a) of the Cabinet Resolution.
27. The total penalty imposed by the FSRA on Wealthface is AED 10,000.
28. The breakdown of the penalty imposed by the FSRA on Wealthface pursuant to the Regulations is as follows:

<b>Reference</b>	<b>Contravention</b>	<b>Penalty (AED)</b>
Article 5(6)(a) of the Cabinet Resolution	An RFI that fails to comply with any other provision(s) of the Cabinet Resolution	10,000

## CONSIDERATION OF APPEAL

29. On 13 September 2024, the FSRA issued Wealthface with a notice in which it imposed on Wealthface a penalty of AED 10,000 (“September Notice”).
30. Under subsection 9(2) of the Regulations and Article 7(1) of the Cabinet Resolution, Wealthface had the opportunity to appeal against the FSRA’s decision set out in the September Notice.
31. On 20 September 2024, Wealthface submitted its appeal to the FSRA.
32. In its appeal, Wealthface asked the FSRA to take certain matters into consideration, as follows:
  - a. All necessary documents for the 2023 reporting period, including the Risk Assessment, were submitted before the deadline of 31 July 2023. Wealthface submitted that its Internal Risk Assessment Process (“IRAP”) and all related documents were submitted on time and provided screenshots to demonstrate their adherence to the deadline. Wealthface stated that it had a call with the FSRA earlier in the year who confirmed that their submissions were in order and compliant.
  - b. The penalty was unjustified because Wealthface had ensured that compliance standards and all regulatory deadlines were met.
33. On 30 September 2024, the FSRA responded to the email from Wealthface dated 20 September 2024. In doing so, the FSRA:
  - a. acknowledged receipt of Wealthface’s appeal and noted the deadline for any further representations; and
  - b. informed Wealthface that the CRS Risk Assessment submission, which was the subject of the September Notice, was a different process from the IRAP process referred to in Wealthface’s email.
34. On the same day, Wealthface responded to the FSRA stating that the issue was due to “*an oversight or misalignment between the Internal Risk Assessment Process (“IRAP”) and the CRS risk assessment...*”, and that Wealthface had adhered to all submission requirements. In addition, Wealthface stated that it did not onboard any new clients in 2023 and that it was not operational during that period.
35. The FSRA has considered the grounds and documents in support of Wealthface’s appeal.
36. In relation to Wealthface’s representations in paragraph 32 above, the FSRA notes that Wealthface is referring to its compliance with its regulatory filing obligations as an Authorised Person under the *Financial Services and Markets Regulations 2015* (FSMR). This is not relevant to the current matter, which concerns Wealthface’s non-compliance with its obligations as a RFI under the Regulations including the requirement to submit its Risk Assessment by the deadline specified by the FSRA and the MOF.
37. In relation to Wealthface’s representations in paragraph 34 above, the FSRA further notes that these submissions also concern Wealthface’s compliance with regulatory filing obligations as an Authorised Person under FSMR. This is not relevant to the current matter. Wealthface was required to submit the Risk Assessment, regardless of whether it had onboarded any new clients during 2023.

38. Given the facts and matters set out above, and having given due consideration to Wealthface's appeal, the FSRA has decided to confirm its decision in this matter to impose a penalty of AED 10,000 on Wealthface.

## PROCEDURAL MATTERS

### Manner and time for payment of penalty

39. Pursuant to Article 6(4) of the Cabinet Resolution, the penalty imposed pursuant to this notice is to be paid by Wealthface within fifteen (15) business days from the date of this notice, i.e. on or before **2 January 2025**.
40. 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]

41. 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

42. The FSRA will generally publish, in a manner we consider appropriate and proportionate, information and statements relating to enforcement action. Accordingly, the FSRA will publish relevant information about the decision in this notice, including the notice itself, as the FSRA considers appropriate. The publication of enforcement outcomes is consistent with the FSRA's commitment to open and transparent processes and our objectives.

Yours sincerely,



Executive Director – Enforcement  
Abu Dhabi Global Market Financial Services Regulatory Authority