

**FINAL NOTICE GIVEN UNDER SECTION 251 OF
THE FINANCIAL SERVICES AND MARKETS REGULATIONS 2015**

To: AC Holding Limited
190 Elgin Avenue
George Town
Grand Cayman
KY1 9008
Cayman Islands

Date: 3 April 2025

1. ACTION

1.1. For the reasons given in this Final Notice (“**Final Notice**”), the Financial Services Regulatory Authority (the “**Regulator**”) has decided to impose on AC Holding Limited (“**Hayvn Cayman**”) a financial penalty of USD 3,600,000 under section 232 of the Financial Services and Markets Regulations 2015 (the “**FSMR**” or the “**Regulations**”) (the “**Action**”).

1.2. This Final Notice is addressed to Hayvn Cayman.

1.3. On 28 February 2025, the Regulator gave Hayvn Cayman a Decision Notice, pursuant to section 248 of the Regulations. The Decision Notice notified AC Holding that the Regulator had decided to impose a financial penalty on Hayvn Cayman and the reasons for that decision. Pursuant to section 227(4) of the Regulations, Hayvn Cayman had the right to refer that decision to the Appeals Panel. Hayvn Cayman has not referred the decision to the Appeals Panel within 30 days of the date on which the Decision Notice was given to it. Accordingly, the Regulator has taken the Action set out in this Final Notice.

2. DEFINED TERMS

2.1. Defined terms are identified in the Final Notice in parentheses, using the capitalisation of the initial letter of a word or of each word in a phrase, and are either defined in the Regulations, a Rulebook, Glossary, or in the body of this Final Notice at the first instance the term is used. Unless the context otherwise requires, where capitalisation of the initial word is not used, an expression has its natural meaning.

3. SUMMARY OF REASONS FOR THE ACTION

3.1. Hayvn Cayman is an entity incorporated and licensed in the Cayman Islands. The Regulator has decided to take the Action set out in this Final Notice because it has found that, over the period from around 1 October 2018 to around 31 May 2024 (the “**Relevant Period**”), Hayvn Cayman was Knowingly Concerned in contraventions of the Regulations by:

- a. AC Holding Limited, an unregulated third party, being a Special Purpose Vehicle (“**SPV**”) limited by shares registered in ADGM (“**AC Holding**”); and
- b. AC Limited (Hayvn) (“**Hayvn ADGM**”), one of Hayvn Cayman’s subsidiaries, licensed and authorised by the Regulator to carry on Regulated Activities in ADGM.

3.2 In respect of AC Holding, the Regulator considers that it:

- a. carried on Regulated Activities in ADGM by way of business, specifically Providing Money Services and Arranging Deals in Investments, when AC Holding was not an Authorised Person or Exempt Person and therefore not permitted to carry on those Regulated Activities. In doing so, AC Holding contravened section 16 of the Regulations; and
- b. held itself out in a manner which indicated (or which was reasonably likely to be understood as indicating) that it was an Authorised Person, when AC Holding was not an Authorised Person or Exempt Person. In doing so, AC Holding contravened section 20 of the Regulations.

3.2. In respect of Hayvn ADGM, the Regulator considers that it acted outside the scope of its Financial Services Permission (“**FSP**”) in contravention of section 17 of the Regulations.

3.3. Hayvn Cayman took advantage of the activities provided by AC Holding and Hayvn ADGM and processed a significant volume and value of Hayvn Cayman and Hayvn Group client transactions through ADGM, in circumstances where its own banking lines were insufficient to facilitate all client transactions in an efficient manner.

3.4. By reason of its knowing involvement in the activities of AC Holding and of Hayvn ADGM, Hayvn Cayman was Knowingly Concerned in contraventions committed by AC Holding and Hayvn ADGM. By virtue of section 220 of the Regulations, Hayvn Cayman also contravened sections 16, 17 and 20 of the Regulations and is liable to be proceeded against accordingly.

4. FACTS AND MATTERS RELIED ON

Background

4.1. Hayvn Cayman is the parent entity of a group of entities (the “**Hayvn Group**”) which traded as “HAYVN” and conducted business in a number of jurisdictions involving the operation of a platform for the trading and conversion of Virtual Assets, the offering of a payment solution to merchants to accept payment in the form of Virtual Assets and the provision of custody in relation to Virtual Assets.

4.2. Of relevance to this matter is:

- a. a third-party company, AC Holding, that was registered with the ADGM Registration Authority in or around August 2018 as an SPV limited by shares. AC Holding shares its name with the Hayvn Group’s parent company, Hayvn Cayman.

- b. Mr. Christopher Flinos (“**Mr. Flinos**”) was the founder and ultimate beneficial owner of Hayvn Cayman (and hence the Hayvn Group) and 100% owner of AC Holding since 20 April 2020. Until mid-December 2023, Mr. Flinos was:
 - i. the Chief Executive Officer (“**CEO**”) of Hayvn Cayman; and
 - ii. the Senior Executive Officer (“**SEO**”) of Hayvn ADGM and consequently an Approved Person in ADGM.
- 4.3. AC Holding was initially 50% owned by Mr. Flinos and 50% owned by another individual. In January 2019, its ownership was transferred to Hayvn Cayman. On 20 April 2020, Mr. Flinos became the sole Director and 100% Shareholder of AC Holding and since 20 April 2020, AC Holding has not formed part of the Hayvn Group. Mr. Flinos remains a Director and the 100% owner of AC Holding.
- 4.4. At no time was AC Holding licensed or authorised by the Regulator to conduct any Regulated Activity in ADGM. That was known to Mr. Flinos. AC Holding held a commercial licence from the ADGM Registration Authority to carry on non-financial business activities as an SPV only. Therefore, AC Holding was not licensed to carry on any active business activities in ADGM.
- 4.5. Hayvn ADGM was one of Hayvn Cayman’s subsidiaries. On 8 December 2021, Hayvn ADGM registered in ADGM as a private company limited by shares and on 23 December 2021, the Regulator granted Hayvn ADGM an FSP authorising it to undertake the Regulated Activities of “*Arranging Deals in Investments*” and “*Providing Custody*”. However, the following restrictions were applied to Hayvn ADGM’s FSP:
 - a. Hayvn ADGM was not permitted to deal with Retail Clients;
 - b. Hayvn ADGM was restricted to allowing only the use of Bitcoin (“BTC”) and Ethereum (“ETH”) on its platform (as Accepted Virtual Assets); and
 - c. Hayvn ADGM was restricted to USD 1 million in total assets (fiat currency and Accepted Virtual Assets) and a maximum of 100 clients across trading and custody activities.

The Regulator’s Investigation

- 4.6. From mid-2022 and during 2023, the Regulator’s Supervision Division developed concerns in relation to the number of employees of Hayvn ADGM and the number of clients the firm was servicing. The Regulator issued requirements on Hayvn ADGM to provide information and documents in January, March and August 2023, and initiated a risk assessment of Hayvn ADGM in June 2023.
- 4.7. In September 2023, the Regulator commenced an investigation into the nature, conduct and state of business of Hayvn ADGM and suspected contraventions by Hayvn ADGM (the “**Investigation**”). The Investigation followed the development of concerns by the Regulator in relation to:
 - a. the completeness and accuracy of information provided by Hayvn ADGM in response to

- both formal requirements to provide information and voluntary requests for information;
- b. the extent to which the operations of other Hayvn Group entities may have been marketed to prospective clients with reference to the licensed status of Hayvn ADGM in ADGM;
 - c. the banking lines being used by Hayvn ADGM;
 - d. whether AC Holding was involved in any of the business activities of Hayvn ADGM and the Hayvn Group; and
 - e. whether Hayvn ADGM and or Mr. Flinos had provided false and misleading information to the Regulator regarding the number of clients and staff contracted with Hayvn ADGM, and its relationship with AC Holding.
- 4.8. In or around October 2023, following notification of the Regulator's investigation, the Board of Directors of Hayvn Cayman, (excluding Mr. Flinos) established an Audit and Risk Committee to enquire into activities of AC Holding and Mr. Flinos in ADGM and their involvement in the operations of Hayvn Cayman, Hayvn ADGM and other Hayvn Group entities. This included an enquiry into the nature of Hayvn Cayman, Hayvn ADGM and Hayvn Group dealings with AC Holding.
- 4.9. In early October 2023, the bank accounts of AC Holding were closed.
- 4.10. In early December 2023, the Regulator extended the scope of the Investigation to include suspected contraventions by Hayvn Cayman of section 16 of the Regulations in connection with Hayvn Cayman's awareness of its, and the Hayvn Group's, reliance on AC Holding to provide it with client and operational bank accounts for fiat-to-fiat transactions and for the conversion of Virtual Assets to fiat currency and vice versa.
- 4.11. The Regulator's analysis of the information provided by Hayvn ADGM revealed concerns that Hayvn ADGM had been acting outside the scope of its FSP in suspected contravention of section 17 of the Regulations. Following that, and in response to a request from the Regulator, on 11 December 2023, Hayvn ADGM provided an undertaking to the Regulator to cease all business activities in ADGM, or elsewhere from other parts of the Hayvn Group that related to the Hayvn ADGM's activities in ADGM.
- 4.12. On 11 December 2024, Mr. Flinos was suspended as the CEO of Hayvn Cayman and SEO of Hayvn ADGM. Mr. Flinos subsequently resigned from all operational activities of the Hayvn Group on 13 December 2023.
- 4.13. Over the period from around January 2024 to March 2024, at the instruction of the Regulator, Hayvn ADGM and Hayvn Cayman undertook an internal review of Hayvn Group's operations and the use of AC Holding's bank accounts in those operations.
- 4.14. Over the period from May 2024 to early November 2024, Hayvn ADGM engaged two Skilled Persons, in accordance with requirements imposed by the Regulator pursuant to section 203 of the Regulations.

AC Holding's unauthorised activities

- 4.15. Section 16 of the Regulations imposes a 'General Prohibition' that no person may carry on a Regulated Activity by way of business in ADGM, or purport to do so, unless he is an Authorised Person (with an FSP from the Regulator) or an Exempt Person. AC Holding has never been an Authorised or Exempt Person and Hayvn Cayman was aware of that fact.
- 4.16. Schedule 1 of the Regulations sets out those activities that constitute 'Regulated Activities' for the purposes of the General Prohibition. Of relevance to this matter are the Regulated Activities of:
- a. 'Providing Money Services' (as defined in paragraph 52 of Schedule 1 of the Regulations), which includes providing 'Payment Services' (as defined in section 258 of the Regulations); and
 - b. 'Arranging Deals in Investments' (as defined in paragraph 16 of Schedule 1 of the Regulations).
- 4.17. The following paragraphs set out Hayvn Cayman's involvement in AC Holding's activities that constitute Regulated Activities that were carried on in ADGM in breach of the General Prohibition.

Providing Money Services

- 4.18. The Regulator considers that, over the period between October 2018 and October 2023, Hayvn Cayman and other parts of the Hayvn Group at the instruction and direction of Mr. Flinos used several bank accounts held and maintained by AC Holding for its own operations and to process Hayvn Cayman and Hayvn Group client transactions and payments.
- 4.19. In particular, the Regulator found that AC Holding executed Payment Transactions for and on behalf of Hayvn Cayman and Hayvn ADGM by using several bank accounts held and maintained by AC Holding to process transactions of Hayvn Cayman and Hayvn ADGM. This involved the placing, transferring or withdrawing of money to or from a Payment Account held in the name of one or more Payers or Payees. In doing so, AC Holding provided Payment Services to Hayvn Cayman and other parts of the Hayvn Group.
- 4.20. Given that AC Holding provided Payment Services to Hayvn Cayman, and it did so in ADGM by way of business, AC Holding carried on a Regulated Activity when it was not an Authorised or Exempt Person. In doing so, AC Holding contravened the General Prohibition in section 16 of the Regulations. Hayvn Cayman was Knowingly Concerned in AC Holding's conduct and therefore also contravened section 16 of the Regulations, by virtue of section 220 of the Regulations.
- 4.21. The Hayvn Group, headed by Hayvn Cayman and including Hayvn ADGM, availed of the processing of the following Payment Transactions through the accounts of AC Holding:
- a. approximately 3,023 transactions covering 241 clients of the Hayvn Group;

- b. approximately USD 507 million of deposits by its clients into AC Holding's related bank accounts; and
 - c. approximately USD 558 million of payments made to Hayvn Group Clients.
- 4.22. The Regulator also considers that the use by Hayvn Cayman and the Hayvn Group of AC Holding's bank accounts over the period October 2018 to October 2023 was integral to the continued operation of the Hayvn Group, particularly in relation to transactions that required settlement of fiat amounts in USD and United Arab Emirate Dirham (AED) currency. This was because Hayvn Cayman and the Hayvn Group did not have access to banking facilities to provide settlement of transactions in AED outside of its use of AC Holding's bank accounts, and its banking facilities to provide settlement of transactions in USD were not as efficient as its use of AC Holding's bank accounts to service Hayvn Group clients
- 4.23. The Regulator's Investigation found that, under arrangements directed by Mr. Flinos in his role as CEO of Hayvn Cayman, Hayvn Cayman's client coverage team received instructions from clients for the type and amount of Virtual Assets to trade. Team members would raise a request through the trade operations team who together with Mr. Flinos, in his role as CEO of Hayvn Cayman would then direct which bank accounts would be used to either, receive the converted Virtual Asset amounts or to settle the required fiat currency amounts. The transactions described in paragraph 4.21 above, were directed by Mr. Flinos to be settled through AC Holding's accounts.
- 4.24. Payment instructions directed through AC Holding bank accounts were prepared on a daily basis by an employee of Hayvn Cayman, who would then confirm with Mr. Flinos' team via Hayvn Group's internal communications platform, that he had loaded a batch of daily payments through the banking electronic portal. Mr. Flinos as the only authorised signatory of the relevant AC Holding bank accounts, would then review and authorise the payments to be settled by way of a payment through AC Holding's bank accounts.
- 4.25. Further, given that AC Holding shared its name with Hayvn Cayman, clients of Hayvn Cayman were unaware that their deposit of a Virtual Asset and/or the settlement of the fiat currency amount were being transacted through the accounts of AC Holding, an unregulated entity.
- 4.26. In addition, Hayvn Cayman's finance team had to monitor and review the balances of all Hayvn Group's bank accounts which included AC Holding's bank accounts, as they had to monitor the liquidity position of the Hayvn Group.
- 4.27. Importantly, under arrangements directed by Mr. Flinos in his role as CEO of Hayvn Cayman, the bank balances associated with AC Holding were also consolidated into Hayvn Cayman's financials and the consolidated management accounts of the Group.
- 4.28. Hayvn Cayman was a 100% Shareholder of AC Holding from 7 January 2019 to 20 April 2020, during which time the Regulator identified transactions being routed through the accounts of AC Holding for clients of Hayvn Cayman. From 20 April 2020, AC Holding ceased to be part of the Hayvn Group. Notwithstanding its ceasing to be part of the Hayvn Group, AC Holding continued to provide Payment Services to Hayvn Cayman, with Hayvn Cayman knowingly

directing Client Money and Client Assets through AC Holding's bank accounts, and a wallet account controlled by AC Holding.

- 4.29. Hayvn Cayman was aware of the reliance on AC Holding's bank accounts in its and the Group's operations, and was aware that AC Holding was neither an Authorised nor Exempt Person. Accordingly, given its involvement in AC Holding's activities, which contravened the General Prohibition in section 16 of the Regulations, and its awareness of AC Holding's unregulated status, Hayvn Cayman was Knowingly Concerned in AC Holding's contraventions pursuant to section 220 of the Regulations.

Arranging Deals in Investments

- 4.30. The Regulator considers that, over the period between December 2021 and March 2023, AC Holding was used by Hayvn Cayman and the Hayvn Group to buy and sell Virtual Assets for the conversion of Virtual Assets to fiat currency and vice versa. In doing so, AC Holding arranged deals in investments.
- 4.31. Under the Regulations a person who, by way of business, makes arrangements for another person to buy or sell a Virtual Asset, carries on the Regulated Activity of Arranging Deals in Investments. As noted above, AC Holding has never been an Authorised or Exempt Person and was, therefore, not permitted to carry on Regulated Activities. Hayvn Cayman was aware of that fact.
- 4.32. The Hayvn Group, headed by Hayvn Cayman, processed approximately USD 322 million of Virtual Asset deposits by Hayvn Group clients into an AC Holding's wallet account, which was converted and deposited into an AC Holding bank account.
- 4.33. The use of AC Holding's bank accounts by Hayvn Cayman and the Hayvn Group, while not approved by Hayvn Cayman's Board of Directors, was directed by Mr. Flinos (its CEO and consequently a member of Hayvn Cayman's Board of Directors) and facilitated by certain employees of the Hayvn Group on Mr. Flinos' instructions. While the bank balances associated with AC Holding bank accounts were consolidated into Hayvn Cayman's financials and the management accounts of the Group, the practical use of AC Holding's bank accounts by Hayvn Cayman appeared to have been undertaken in such a way by Mr. Flinos so as to conceal the use of those accounts in processing client transactions from all but a small number of Hayvn Cayman and Hayvn Group employees.
- 4.34. In respect of the conversion of Virtual Assets to fiat currency and vice versa, the same or similar process to that described in paragraphs 4.22 and 4.24 to above occurred. Hayvn Cayman initiated and relied upon this process involving AC Holding. Further Clients of Hayvn Cayman would have been unaware of the entity that was actually used (i.e. AC Holding) in the conversion and/or settlement of client transactions given AC Holding had the same name as Hayvn Cayman, as described in paragraph 4.25 above.
- 4.35. Given its activities in processing Virtual Asset transactions, and the fact it was neither an Authorised nor Exempt Person, AC Holding carried on the Regulated Activity of Arranging Deals in Investments in breach of the General Prohibition in section 16 of the Regulations.

- 4.36. Hayvn Cayman was knowingly involved in the processing of Virtual Asset transactions by AC Holding and aware of the fact that AC Holding was neither an Authorised nor Exempt Person. Given its involvement and knowledge, Hayvn Cayman was Knowingly Concerned in AC Holding's conduct and therefore contravened section 16 of the Regulations by virtue of section 220 of the Regulations.

Dissemination of false or misleading AC Holding information and documents

- 4.37. The Regulator considers that Hayvn Cayman engaged in the creation and dissemination of false and misleading information. In particular:
- a. Mr. Flinos together with employees of Hayvn Cayman were involved in the creation and publication of a website under the name of AC Holding that was published to give the impression that AC Holding was an operating entity and that its activities did not involve the processing of transactions involving Virtual Assets. This was done to allow AC Holding to open and maintain its bank accounts at two separate banks, and for the benefit of Hayvn Cayman, Hayvn Group's introducing brokers and Hayvn Group clients in an attempt to obfuscate the fact that its transactions to and from the bank accounts of AC Holding involved, or were related to, Virtual Assets;
 - b. Further, AC Holding created false and misleading documents that were then submitted by Mr. Flinos to a bank to open a bank account for AC Holding in November 2022. This included providing:
 - i. incorrect information on the account opening form that used the financial figures of Hayvn Cayman and indicated that AC Holding was regulated in ADGM; and
 - ii. a business plan that had been used as the basis for the AC Holding website (described above) that made no mention of Virtual Assets;
 - c. AC Holding created false and misleading documents, on AC Holding letterhead that were then provided to Hayvn Cayman and Hayvn Group clients and introducing brokers for them to use as supporting documents to provide to their respective banking partners to explain transactions involving payments to or from AC Holding's bank accounts. These false documents included purported "*Client Redemption Payment Invoices*" and "*Client Deposit Confirmations*". The documents misrepresented the nature and purpose of the underlying transactions they described, as they would purport to show that the transactions concerned a purchase or sale of listed securities or other products and services, rather than what the transactions truly related to, being the conversion of Virtual Assets to fiat currency or vice versa;
 - d. Mr. Flinos and employees of Hayvn Cayman created false and misleading documents on AC Holding's letterhead for the purpose of deliberately concealing Virtual Asset transactions carried out on behalf of clients of the Hayvn Group from the banking partners of the Hayvn Group and AC Holding. The Regulator found that more than 200 false and misleading documents were prepared and circulated. Those documents were false and misleading as they described the underlying transactions as for services other than

Virtual Asset related activity. This was done for the purposes of AC Holding concealing from its banking partners the fact that its banking activity was related to the processing of Virtual Asset transactions for Hayvn Cayman and the Hayvn Group. These false documents included:

- i. *'Asset Management Agreement'* documents, that stated they were for the personal investments of particular Hayvn Cayman and Hayvn ADGM clients;
- ii. *'Investment Report'* documents that provided a list of purported security transactions undertaken by AC Holding on behalf of certain Hayvn Group clients together with that Client's current portfolio value;
- iii. *'Client Redemption Payment Invoice'* documents detailing the purchase by clients of investments, including for example bonds, equities and forex transactions; and
- iv. *'Client Deposit Confirmation'* documents describing the sale by a client of investments, including the sale of equities, bonds or other general investments.

In each case the documents purported to be entered into by AC Holding, purposely omitted any mention of the underlying Virtual Asset transactions, and, as relevant, a client signature was added by or at the instruction of Mr. Flinos, who signed the documents.

4.38. As detailed in paragraph 4.22 above, it was imperative that Hayvn Cayman and the Hayvn Group kept the bank accounts of AC Holding open and operational to service their clients. Therefore, the methods described in paragraphs 4.37.a, b and d were employed by Mr. Flinos who personally instructed certain Hayvn Cayman employees to achieve this result and ensure the accounts remained operational.

4.39. Further, the Regulator found evidence that the environment within the Hayvn Group was such that Mr. Flinos was able to direct the use of AC Holding's bank accounts for the processing of Hayvn Cayman and Hayvn Group client transactions without this being fully understood by relevant control functions within Hayvn Cayman, and with either no, or limited oversight and challenge in relation to this activity.

Hayvn Cayman's involvement in Hayvn ADGM's activities

4.40. Over the period from around June 2022 to around September 2023, Hayvn ADGM established customer relationships with eight (8) Clients by executing client agreements, under which Hayvn ADGM would provide a range of services related to Virtual Assets, which included trading, conversion of Virtual Assets and custody services.

4.41. Even though Mr. Flinos had signed the client agreements between the eight clients and Hayvn ADGM, Hayvn ADGM only formally recorded one (1) of those client relationships as a client prior to 14 December 2023. Further, in response to both formal and informal requests for information by the Regulator in January, June, and August 2023, Mr. Flinos individually, and

Hayvn ADGM as a legal entity, repeatedly and emphatically informed the Regulator that Hayvn ADGM only had one (1) client relationship, and that this client had never traded in its Hayvn ADGM account or otherwise on the Hayvn Group trading platform.

- 4.42. The existence of those client relationships was only identified by Hayvn ADGM and disclosed to the Regulator between 14 December 2023 and 7 February 2024. They were recorded internally within Hayvn Group as being Clients of Hayvn Cayman despite client agreements having been executed between Hayvn ADGM and the relevant Clients.
- 4.43. Of the eight (8) Clients referenced above, six (6) Clients used their accounts for trading in Virtual Assets with 2,998 Virtual Asset transactions being recorded on Hayvn Group's internal system used to record Virtual Asset transactions. Those transactions, which related to the conversion of Virtual Assets to fiat currency and vice versa, amounted to USD Tether 42.32 million and USD Circle 1.33 million stablecoins (as applicable). This was in breach of the condition imposed on Hayvn ADGM's FSP which restricted it to providing services only in respect of BTC and ETH as Accepted Virtual Assets.
- 4.44. The services provided to those six (6) Clients included fiat payments of over approximately USD 43.41 million of which 97% related to one Client, ("**Client 2**") (not being the one formally recorded client) which only had a client agreement with Hayvn ADGM. Client 2 entered into a client agreement with Hayvn ADGM (only) which was signed by Mr. Flinos. The fact that Client 2 was a client of Hayvn ADGM was not disclosed by Hayvn ADGM to the Regulator during the period August 2022 and 11 December 2023 despite having had several opportunities to do so, including in compliance with a formal information requirement pursuant to the Regulations.
- 4.45. This activity caused Hayvn ADGM to breach the condition imposed on its FSP under which Hayvn ADGM could only hold total assets of up to USD 1 million (fiat currency and Accepted Virtual Assets).
- 4.46. Hayvn Cayman was centrally involved in Hayvn ADGM's activities as all transactions were booked by the client coverage team of Hayvn Cayman and the settlement of Client Monies, including the settlement amount of USD 43.41 million, was directed by the Hayvn Cayman Client Coverage Department. Given Hayvn Cayman's involvement in Hayvn ADGM's conduct, which contravened section 17 of the Regulations, Hayvn Cayman was Knowingly Concerned in Hayvn ADGM's contraventions. Accordingly, Hayvn Cayman also contravened section 17 of the Regulations by virtue of section 220 of the Regulations.

5. CONTRAVENTIONS

The General Prohibition

- 5.1. Section 16 of the Regulations provides, in part, that:

"(1) No person may carry on a Regulated Activity by way of business in the Abu Dhabi Global Market, or purport to do so, unless he is—

(a) an Authorised Person; or

(b) *an Exempt Person.*

(2) *The prohibition is referred to in these Regulations as the General Prohibition.”*

5.2. Schedule 1, paragraph 3 of the Regulations provides that a person carries on an activity by way of business if the person:

- a. engages in the activity in a manner which in itself constitutes the carrying on of a business;
- b. holds himself out as willing and able to engage in that activity; or
- c. regularly solicits other persons to engage with him in transactions constituting that activity.

Authorised Persons acting without a Financial Services Permission

5.3. Section 17 of the Regulations provides that:

“An Authorised Person must not carry on a Regulated Activity in the Abu Dhabi Global Market, or purport to do so, otherwise than in accordance with a Financial Services Permission.”

False claims to be authorised or exempt

5.4. Section 20 of the Regulations provides that:

“A person who is neither an Authorised Person nor, in relation to the Regulated Activity in question, an Exempt Person must not—

- (a) *describe himself (in whatever terms) as an Authorised Person;*
- (b) *describe himself (in whatever terms) as an Exempt Person in relation to the Regulated Activity; or*
- (c) *behave, or otherwise hold himself out, in a manner which indicates (or which is reasonably likely to be understood as indicating) that he is—*
 - (i) *an Authorised Person; or*
 - (ii) *an Exempt Person in relation to the Regulated Activity.”*

Providing Money Services

5.5. Section 19 of the Regulations provides that:

“An activity is a Regulated Activity if it is specified as a Regulated Activity in Schedule 1.”

5.6. Schedule 1, paragraph 52 of the Regulations states that:

“Providing currency exchange, Money Remittance or Payment Services is a specified kind of activity.”

5.7. Section 258 of the Regulations defines Payment Services as meaning:

- “(a) services enabling cash to be placed in, or withdrawn from, a Payment Account and all of the operations required for operating a Payment Account;*
- (b) the execution of Payment Transactions, including transfers of Money to or from a Payment Account by the user’s Payment Service Provider, or by another Payment Service Provider, through:*
 - (i). direct debits, including one-off direct debits;*
 - (ii). Payment Transactions through a Payment Instrument;*
 - (iii). credit transfers between bank accounts, including standing orders;*
- (c) issuing Payment Instruments;*
- (d) Selling or issuing Stored Value;*
- (e) receiving money or monetary value for transmission by means of a Payment Instrument to a location within or outside Abu Dhabi Global Market.”*

Arranging Deals in Investments

5.8. Schedule 1, paragraph 16 of the Regulations states that Arranging Deals in Investments involves:

“Making arrangements with a view to another person (whether as principal or agent) Buying or Selling a Specified Investment, Virtual Asset or Spot Commodity or subscribing for or underwriting a Specified Investment is a specified kind of activity.

Making arrangements with a view to another person who participates in the arrangements Buying or Selling a Specified Investment, Virtual Asset or Spot Commodity or subscribing for or underwriting a Specified Investment (whether as principal or agent) is also a specified kind of activity.”

Knowingly Concerned

5.9. Section 220 of the Regulations provides that, if a person is Knowingly Concerned in a contravention of the Regulations committed by another person, the aforementioned person as well as the other person commits the contravention and is liable to be proceeded against and dealt with accordingly.

5.10. As defined in section 258(1) of the Regulations, a person is ‘Knowingly Concerned’ in a contravention if a person has:

- a. aided, abetted, counselled or procured the contravention;
- b. induced, whether by threats or promises or otherwise, the contravention;
- c. in any way, by act or omission, directly or indirectly been knowingly involved in or been party to, the contravention; or
- d. conspired with another or others to effect the contravention.

5.11. For the reasons set out above, Hayvn Cayman aided or abetted, or was directly or indirectly knowingly involved in, or a party to the contraventions by AC Holding and Hayvn ADGM. The relevant knowledge was in the possession of employees and/or members of the senior management of Hayvn Cayman whose knowledge is to be attributed for this purpose to Hayvn Cayman.

5.12. In particular, the Regulator considers that Hayvn Cayman has contravened the following provisions:

- a. Section 16 of the Regulations (the General Prohibition) in that Hayvn Cayman was Knowingly Concerned in AC Holding's activities which constitute a Regulated Activity, specifically:
 - i. Providing Money Services, by executing the receipt of fiat currency and payment of fiat currency to settle transactions relating to the conversion of fiat currency to Virtual Assets and vice versa involved in Hayvn Cayman and Hayvn ADGM client transactions; and
 - ii. Arranging Deals in Investments, by making arrangements for clients of Hayvn Cayman and Hayvn ADGM to buy or sell Virtual Assets;

in that such activities were carried on by way of business in ADGM by AC Holding without it being an Authorised Person or an Exempt Person;

- b. Section 20 of the Regulations (False Claims to be Authorised or Exempt) in that Hayvn Cayman was Knowingly Concerned in AC Holding holding itself out in a manner which indicated (or which was reasonably likely to be understood as indicating) that it was an Authorised Person or an Exempt Person when that was not the case; and
- c. Section 17 of the Regulations (Authorised Persons acting without an FSP) in that Hayvn Cayman was Knowingly Concerned in Hayvn ADGM carrying on a Regulated Activity in ADGM, namely Arranging Deals in Investments by making arrangements for clients of Hayvn ADGM to buy or sell non-accepted Virtual Assets, that was outside the scope of Hayvn ADGM's FSP.

5.13. In being so Knowingly Concerned in the contraventions by AC Holding and Hayvn ADGM, by reason of section 220 of the Regulations, Hayvn Cayman also committed a contravention and is liable accordingly.

6. OPPORTUNITY FOR REPRESENTATIONS AND APPEAL

- 6.1. On 15 January 2025, the Regulator gave Hayvn Cayman a Warning Notice, pursuant to sections 246 and 247 of the Regulations. The Warning Notice set out the Regulator's findings and proposed action, and Hayvn Cayman was given the opportunity to make representations to the Regulator. Hayvn Cayman did not make any representations.
- 6.2. On 28 February 2025, the Regulator gave Hayvn Cayman a Decision Notice pursuant to section 248 of the Regulations. The Decision Notice set out the Regulator's decision and action. Hayvn Cayman was given the opportunity to refer the matter to the Appeals Panel.
- 6.3. As Hayvn Cayman did not refer the matter to the Appeals Panel for a review of the Decision Notice within the specified period, the Regulator has proceeded to take the Action, and give Hayvn Cayman this Final Notice pursuant to section 251(1) of the Regulations.

7. ACTION

- 7.1. In deciding to take the Action set out in this Final Notice, the Regulator has taken into account the factors and considerations set out the Regulator's Guidance & Policies Manual ("GPM").

Decision to impose a financial penalty

- 7.2. With reference to section 8.2 of GPM, the Regulator considers the following factors to be of particular relevance in deciding to impose the financial penalty on Hayvn Cayman:
 - a. 8.2.1(a): - the Regulator's objectives under section 1(3) of the Regulations. including to:
 - i. foster and maintain confidence in ADGM;
 - ii. promote and enhance the integrity of the ADGM Financial System;
 - iii. prevent, detect and restrain conduct that causes or may cause damage to the reputation of ADGM through appropriate means including the imposition of sanctions;
 - iv. secure an appropriate degree of protection for direct and indirect users, and prospective users of ADGM; and
 - v. promote public understanding of the regulation of ADGM.
 - b. 8.2.1(b): - the deterrent effect of the penalty and the importance of deterring other persons from committing similar contraventions.
 - c. 8.2.1(c): - the nature, seriousness, duration and impact of the contravention, in particular that:
 - i. Hayvn Cayman's conduct was deliberate, or in the alternative reckless, in that it knew that AC Holding was not permitted to carry on Regulated Activities in ADGM;

and

- ii. Hayvn Cayman's conduct occurred frequently over an extended period of time;
- d. 8.2.1(e): - Hayvn Cayman gained benefit from the contravention as it received revenue from the client transactions that it undertook in part through AC Holding bank accounts. Hayvn Cayman may not have been in a position to undertake those transactions were it not for its use of AC Holding's bank accounts.
- e. 8.2.1(f): - In terms of Hayvn Cayman's conduct after the contravention, it has cooperated with the Regulator from around mid-December 2023. However, prior to that, Hayvn Cayman was aware of enquiries made by the Regulator to its subsidiary, Hayvn ADGM, in relation to the bank accounts used by the Hayvn Group. Hayvn Cayman did not make full and accurate disclosure of its use of AC Holding bank accounts in relation to its business activities.

Determination of the level of financial penalty

- 7.3. The Regulator applies a five-step framework to determine the appropriate level of financial penalty. The Regulator has taken into account the factors and considerations set out in the five-step framework in sections 8.4 and 8.5 of GPM as follows:

Step 1: Disgorgement

- 7.4. The Regulator considers that Hayvn Cayman has gained a benefit from its contraventions, in that it received revenue from client transactions that it executed, in part, by using AC Holding's bank accounts. However, it has not been possible to quantify the exact amount of that benefit which is attributable to transactions which involved payments through AC Holding for the benefit of Hayvn Cayman. Accordingly, the Regulator does not consider it appropriate in this case to include the full amount of Hayvn Cayman revenue over the Relevant Period, which it has calculated as USD 12.47 million as improperly derived economic benefit. Instead, the Regulator has taken into account the amount of revenue earned by Hayvn Cayman during the Relevant Period at Step 2 in its consideration of the nature and seriousness of the contraventions at Step 2 of this process.

Step 2: The seriousness of the contraventions

- 7.5. The Regulator considers Hayvn Cayman's conduct to be serious because:
- a. Hayvn Cayman used AC Holding's bank accounts in ADGM to process Client transactions over a significant period of time. That activity involved a significant number and value of transactions. Hayvn Cayman did not have in place formal agreements or other arrangements to safeguard Client Money and Assets involved in those transactions, some of which related to clients of Hayvn ADGM. Therefore, Hayvn Cayman exposed its clients and some of Hayvn ADGM's clients to significant risk.
 - b. Hayvn Cayman's conduct exposed ADGM to significant risk of financial crime and money laundering. Hayvn Cayman and Hayvn Group entities (excluding Hayvn ADGM) were

not subject to the same anti-money laundering requirements and controls that apply to Authorised Persons in ADGM. Hayvn Cayman executed client transactions of both its clients and clients of Hayvn ADGM through the bank accounts of AC Holding, which was not regulated as a 'Relevant Person' for the purposes of the Regulator's AML Rules. Therefore, its activities in relation to clients had not been subject to anti-money laundering customer risk assessments, customer due diligence or transaction monitoring to the standard required in ADGM. Therefore, Hayvn Cayman exposed ADGM to an increased and unacceptable risk of money laundering and financial crime.

7.6. Taking the above factors into account, the Regulator considers that a financial penalty of USD 3,000,000 appropriately reflects the seriousness of the contraventions.

7.7. Accordingly, the figure after Step 2 is USD 3,000,000.

Step 3: Mitigating and aggravating factors

7.8. The Regulator considers that the cooperation of Hayvn Cayman and the Audit and Risk Committee over the period from around mid-December 2023 to the conclusion of this matter has a mitigating effect on the contraventions.

7.9. The Regulator considers the following factors have an aggravating effect on the contraventions:

- a. Prior to mid-December 2023, Hayvn Cayman was aware of enquiries made by the Regulator of its subsidiary Hayvn ADGM in relation to the bank accounts used by Hayvn Cayman and the Hayvn Group. Hayvn Cayman did not make full and accurate disclosure of its use of AC Holding's bank accounts in relation to its business activities. In addition, Hayvn Cayman used an AC Holding bank account that was opened in November 2022 to facilitate over USD 400 million of operational and client transactions associated with the Hayvn Group. This was after initial enquiries were made by the Regulator into the overall operation of the Hayvn Group through ADGM in August 2022. Hayvn Cayman did not make full and accurate disclosure of its use of AC Holding's bank accounts in relation to its business activities.
- b. Without the use of AC Holding's bank accounts in the operations of Hayvn Cayman and the Hayvn Group, including Hayvn ADGM, its business would have been severely impacted and the contraventions identified in this Final Notice could have been mitigated much earlier.
- c. The Hayvn Cayman Board of Directors decided to withhold the outstanding 50% balance of the fees owed to each of the two Skilled Persons who were appointed by Hayvn ADGM pursuant to section 203 of the Regulations.

7.10. Having taken the above factors into account the Regulator considers that the aggravating factors outweigh the mitigating factors in this matter. Therefore, a 20% (USD 600,000) increase in the financial penalty amount determined at Step 2 is required.

7.11. Accordingly, the figure after Step 3 is USD 3,600,000.

Step 4: Adjustment for deterrence

- 7.12. Paragraph 8.5.9 of GPM provides that, if the Regulator considers the level of the financial penalty which it has arrived at after Step 3 is insufficient to deter the firm that committed the contravention, or others, from committing further or similar contraventions, then the Regulator may increase the financial penalty. Paragraph 8.5.9 of the GPM sets out the circumstances in which the Regulator may do this.
- 7.13. In this instance, the Regulator considers that the figure arrived at after Step 3 is sufficient for the purposes of deterring Hayvn Cayman and others from committing further or similar contraventions. Accordingly, the Regulator does not consider it necessary to adjust the amount of the fine arrived at after Step 3 for the purposes of deterrence.
- 7.14. Accordingly, the figure after Step 4 is USD 3,600,000.

Step 5: Adjustment for cooperation

- 7.15. Where the Regulator and the firm on which the financial penalty is to be imposed come to an agreement on the amount of the financial penalty, paragraph 8.5.10 of GPM provides that the amount of the financial penalty which might have otherwise been payable will be reduced to reflect the stage at which the agreement is reached.
- 7.16. The Regulator and Hayvn Cayman have not reached agreement on the relevant facts and matters relied on, alleged contraventions, or the amount of fine to be imposed. Therefore, no discount for cooperation or early settlement has been applied.
- 7.17. Accordingly, the figure after Step 5 is USD 3,600,000.

The level of the financial penalty

- 7.18. Given the facts and matters set out above and all the circumstances, the Regulator has determined that it is proportionate and appropriate to impose on Hayvn Cayman a financial penalty of USD 3,600,000.

8. PROCEDURAL MATTERS

Payment of financial penalty

- 8.1. The financial penalty imposed by this Final Notice is to be paid by Hayvn Cayman on or before 5 May 2025.

8.2. Payment of the financial penalty is to be made by electronic funds transfer according to the instructions set out in the table below:

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

8.3. Pursuant section 251(5) of the Regulations, in the event that any part of the financial penalty remains outstanding on the date by which it must be paid, then the Regulator may recover the outstanding amount of the financial penalty as a debt owed by Hayvn Cayman.

Publicity

8.4. This Final Notice has now been given to Hayvn Cayman, pursuant to section 251(1) of the Regulations. Pursuant to section 252(3) of the Regulations the Regulator may publish the details about the matter at its discretion.

8.5. Pursuant to section 252(4) of the Regulations, Hayvn Cayman is not permitted to publish the Final Notice, any of the previous Notices, or any details concerning this matter unless the Regulator has published the Final Notice or those details in accordance with section 252(3).

8.6. The Regulator will publish on its website:

- a. this Final Notice; and
- b. subject to section 252(5) of the Regulations, a press release in a form and manner the Regulator considers appropriate.

Signed:

[REDACTED]

Mr. Emmanuel Givanakis
 Chief Executive Officer
 ADGM Financial Services Regulatory Authority