
**MONETARY PENALTY NOTICE ISSUED PURSUANT TO SECTION 18 (2) UNDER PART 4
OF THE BENEFICIAL OWNERSHIP AND CONTROL REGULATIONS 2022**

To: KV FOUNDATION

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Email: [REDACTED] and [REDACTED]

Date: 14 January 2025

1. DECISION

- 1.1 This Monetary Penalty Notice ("**Notice**") is issued pursuant to Section 18(2) under Part 4 of the Beneficial Ownership and Control Regulations 2022 ("**BOCR 2022**").
- 1.2 The Registrar of Abu Dhabi Global Market ("**ADGM**") has decided that KV Foundation with ADGM Registration No.000008013 ("**KV Foundation**" or the "**Foundation**") has contravened Section 2 under Part 1 of BOCR 2022 for the reasons set out below.
- 1.3 This Notice is issued to KV Foundation only. Other persons may be referred to in this Notice due to their factual connection to the matter under the Notice. This Notice does not construct a determination by the Registrar or ADGM that any other person other than KV Foundation has committed a contravention of enactments or subordinate legislation of ADGM, nor is it a reflection upon any other person or entity.

2. DEFINED TERMS AND RELEVANT REGULATIONS

- 2.1 Defined terms are identified in the 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, or in the body of this 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.
- 2.2 Extracts of Regulations and Rules referred to in this Notice are attached in Annexure A. Complete copies of the Regulations and Rules are accessible on the ADGM website www.adgm.com/legal-framework/rules-and-regulations.

3. EXECUTIVE SUMMARY

- 3.1 On 12 October 2022, KV Foundation was registered as a foundation in ADGM. The Council Members of KV Foundation are Mr. Nathan Paul Taylor (**"Mr. Taylor"**) and Mr. Daniel Philip Toft (**"Mr. Toft"**).
- 3.2 In August 2023, the Monitoring Team of the Registration Authority (**"RA Monitoring Team"**) initiated an assessment of KV Foundation, an ADGM licensed person, to evaluate its compliance with ADGM commercial legislation.
- 3.3 During the assessment, the RA Monitoring Team identified risk factors relating to the Foundation's Record of Beneficial Owners and its keeping of records. KV Foundation failed to provide a record of beneficial owners when requested by the RA Monitoring Team which included the required particulars as specified under the legislation.

4. FAILURE TO COMPLY WITH SECTION 2 UNDER PART 1 BOCR 2022

- 4.1 Below is the relevant extract of Section 2 under Part 1 of BOCR 2022:

2. Record of beneficial owners

*(1) Each ADGM Person must keep a record of the required particulars of its beneficial owners in a record referred to in these Regulations as the **"record of beneficial owners"**.*

(2) Each ADGM Person must ensure that a record of beneficial owners is established within 1 month of its establishment.

(3) Section 363 of the Companies Regulations shall apply in respect of the record of beneficial owners and the manner in which it is kept and made available for inspection.

*(4) The **"required particulars"** means,*

(a) in respect of a beneficial owner who is a natural person:

- (i) full name, including any former names;*
- (ii) residential address and, if different, an address for service of notices;*
- (iii) date and place of birth;*
- (iv) nationality;*
- (v) occupation;*
- (vi) information identifying the person from their passport;*
- (vii) the date on which that person became a beneficial owner of the ADGM Person;*
- (viii) the date on which the person ceased to be a beneficial owner of the ADGM Person; and*
- (ix) the grounds on which that person is considered to be a beneficial owner; and*
- ...*

- 4.2 As a foundation incorporated under Foundations Regulations 2017, KV Foundation is an "ADGM Person" as defined pursuant to Section 26(1)(d) under Part 5 of BOCR 2022.

- 4.3 On 4 August 2023, the RA Monitoring Team sent an email to KV Foundation attaching a Firm Assessment Letter giving notice that it was undertaking an assessment of the Foundation's compliance with ADGM commercial legislation and the UAE's Economic Substance Regulations. The Firm Assessment Letter required KV Foundation to provide information and documents, including but not limited to its "*Record of Beneficial Owners*" and "*Accounting records and annual accounts*".
- 4.4 On 30 August 2023, Mr. Taylor sent an email to the RA Monitoring Team stating, "*please find attached a letter in response to yours dated 4 August, together with relevant supporting documents as noted within our letter.*" The response from Mr. Taylor was for and on behalf of KV Foundation, the following documents were attached:
- (i) KV Foundation letter dated 29 August 2023;
 - (ii) Completed Required Information Checklist;
 - (iii) KV Foundation By-Laws (June 2022);
 - (iv) Notification of Appointment of Company Service Provider; and
 - (v) Statement of Purpose dated 4 July 2022.
- 4.5 Mr. Taylor's response did not contain a Record of Beneficial Owners as requested.
- 4.6 During a meeting between the RA Monitoring Team and KV Foundation, which took place on 12 December 2023, the RA Monitoring Team explained that in relation to beneficial owners under the regulations, a record of the required particulars in respect of all the beneficial owners must be kept. However, as part of its response to the assessment, KV Foundation provided a copy of its by-laws. This was acknowledged by Mr. Taylor.
- 4.7 On 24 January 2024, Mr. Taylor sent an email to the RA Monitoring Team attaching a "Register of Beneficial Owners" which stated "*...I have attached the Register of Beneficial Owners for the KV Foundation.*"
- 4.8 The 'Register of Beneficial Owners' document provided by Mr. Taylor did not contain all the required particulars in respect of a beneficial owner who is a natural person. The Registrar considers that the document provided fails to meet at least six of the required particulars for a compliant record of beneficial owners.
- 4.9 The Registrar considers that the following particulars were not present in the Register of Beneficial Owners provided by KV Foundation:
- *residential address*
 - *date and place of birth*
 - *nationality*
 - *occupation*
 - *information identifying the person from their passport; and*
 - *the grounds on which that person is considered to be a beneficial owner.*

- 4.10 On 14 February 2024, the RA Monitoring Team sent an email to Mr. Taylor clearly setting out the detailed requirements under BOCR 2022 in relation to a record of beneficial owners. No response was received to this email from Mr. Taylor or other persons on behalf of the KV Foundation.

5. MONETARY PENALTY

- 5.1 Section 16(1) under Part 4 of BOCR 2022 states the following:

(1) An ADGM Person who fails to comply with these Regulations or any rules made under these Regulations commits a contravention and shall be liable to a fine as prescribed under section 18.

- 5.2 Pursuant to Section 18(4) under Part 4 of BOCR 2022, the amount of any fine determined by the Registrar must not exceed level 7 (i.e. up to USD 25,000) on the standard fine scale (as specified under the Commercial Licensing Regulations 2015 (Fines) Rules 2020).
- 5.3 Given the facts set out in paragraph 4 above, the Registrar has determined that KV Foundation has failed to keep a Register of Beneficial Owners with the required particulars of its beneficial owners, in contravention of Section 2 under Part 1 of BOCR 2022.
- 5.4 Accordingly, the Registrar has decided to impose the following financial penalty on KV Foundation:

- **USD 3,000** for contravening Section 2 under Part 1 of BOCR 2022.

6. PROCEDURAL MATTERS

REPRESENTATIONS

- 6.1 On 19 November 2024, the Registrar issued KV Foundation with a Proposed Monetary Penalty Notice in which it proposed to impose on KV Foundation a financial penalty in the amount of USD 5,000 (the “PMPN”).
- 6.2 KV Foundation was provided with an opportunity to make written representations regarding the Registrar’s concerns and the actions proposed.
- 6.3 On 5 December 2024, KV Foundation through its Council Member, Mr. Toft, provided representations and the requested Record of Beneficial Owners in response to the PMPN.
- 6.4 It is understood that the response to the PMPN consists of the following ‘key representations’:

[REDACTED]

[REDACTED] KVF would ask the RA to take the following into account and either remove or reduce the financial penalties;

- its previous good record - the fact that the Council Members misunderstood the initial request from the RA.
- there was no dishonesty or deliberate noncompliance.
- KVF always had the necessary information, it was simply not produced in the correct form – it has now been produced.
- Its Licensed CSP has re-modelled its system to avoid the same issue re-occurring.

6.5 In response to the representations, the Registrar is of the view that:

- (i) There was no deliberate non-compliance of the Regulations.
- (ii) The contravention is mitigated as the Record of Beneficial Owners is now provided albeit delayed.
- (iii) It accepts KV Foundation has a previous good record.
- (iv) It accepts that KV Foundation's Licensed CSP has remodelled its internal systems to avoid the same contravention reoccurring.
- (v) The contravention is less serious considering the representations provided.

6.6 Having taken into the accounts the facts, matters, and circumstances of the contravention above, the Registrar has decided to reduce the financial penalty imposed on KV Foundation from the proposed fine of USD 5,000 to **USD 3,000**.

7. Opportunity to have the matter referred to the ADGM Courts

7.1 Pursuant to Section 18(9) under Part 4 of BOCR 2022, KV Foundation may refer this matter to Court. Section 18 (9) states as follows:

A person, who receives a monetary penalty notice under this section, may refer the matter to the Court for review of–

- (a) the grounds for issuance of the monetary penalty notice;*
- (b) the amount of the fine specified in the notice.*

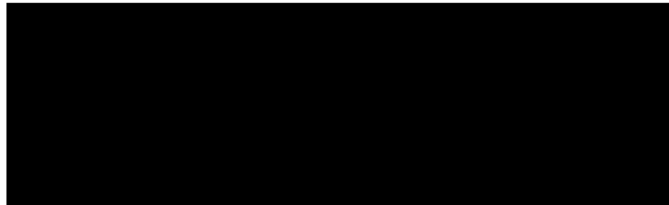
7.2 In the event that a referral is not made to the ADGM Courts for a review of this Notice within 28 days, then this Notice will be considered as final and conclusive decision by the Registrar and the fine must be paid by KV Foundation on or before the date stated on the invoice attached with this Notice.

7.3 Payment of the financial penalty can be made by electronic funds transfer. The account details are listed in the invoice attached with this Notice.

8. Publication

- 8.1 As this Notice is ultimately issued in relation to this matter, the Registrar may at his discretion publish details of the matter to which this Notice relates in accordance with Section 18(13) under Part 4 of BOCR 2022.

Signed:



Tim Land
Delegate of the Registrar, Registration Authority
14 January 2025

ANNEXURE A

Beneficial Ownership and Control Regulations 2022

PART 1 INFORMATION DUTIES OF ADGM PERSONS

2. Record of beneficial owners

- (1) Each ADGM Person must keep a record of the required particulars of its beneficial owners in a record referred to in these Regulations as the “**record of beneficial owners**”.
- (2) Each ADGM Person must ensure that a record of beneficial owners is established within 1 month of its establishment.
- (3) Section 363 of the Companies Regulations shall apply in respect of the record of beneficial owners and the manner in which it is kept and made available for inspection.
- (4) The “**required particulars**” means,
 - (a) in respect of a beneficial owner who is a natural person:
 - (i) full name, including any former names;
 - (ii) residential address and, if different, an address for service of notices;
 - (iii) date and place of birth;
 - (iv) nationality;
 - (v) occupation;
 - (vi) information identifying the person from their passport;
 - (vii) the date on which that person became a beneficial owner of the ADGM Person;
 - (viii) the date on which the person ceased to be a beneficial owner of the ADGM Person; and
 - (ix) the grounds on which that person is considered to be a beneficial owner; and
 - ...

PART 4

OFFENCES, FINES AND ENFORCEMENT

16. Offences

- (1) An ADGM Person who fails to comply with these Regulations or any rules made under these Regulations commits a contravention and shall be liable to a fine as prescribed under section 18.
- (2) It is a defence for an ADGM Person, charged with failing to comply with a duty imposed on them under these Regulations or any rules made under these Regulations, to prove that the ADGM Person took all reasonable steps to attempt to comply with the duty.

18. Fines

- (1) The Board may make rules in respect of the procedures relating to the imposition and recovery of fines under this Part.
- (2) Where the Registrar considers that a person has contravened—
 - (a) these Regulations; or
 - (b) any rules made under these Regulations,the Registrar, by written notice (a “monetary penalty notice”) to the person, may impose a fine in respect of the contravention.
- (3) A monetary penalty notice is a written notice requiring the person to pay to the Registrar a fine of an amount determined by the Registrar as the Registrar may consider appropriate.
- (4) The amount determined by the Registrar must not exceed a level 7 fine (as specified under the Commercial Licensing Regulations 2015 (Fines) Rules 2020).
- (5) The fine must be paid to the Registrar within the period specified in the monetary penalty notice.
- (6) The monetary penalty notice must contain such information as may be prescribed.

(7) The monetary penalty notice must specify a reasonable period (which may not be less than 14 days) within which the person to whom it is given may make representations to the Registrar.

(8) The Registrar may extend the period specified in the monetary penalty notice.

(9) A person, who receives a monetary penalty notice under this section, may refer the matter to the Court for review of–

(a) the grounds for issuance of the monetary penalty notice;

(b) the amount of the fine specified in the notice.

(10) Court Procedure Rules may make provision for any reference to the Court under subsection (9).

(11) If, within the period specified in the monetary penalty notice–

(a) the person pays the fine specified in the notice to the Registrar–

(i) subject to subsection (ii) below, no proceeding or actions pursuant to this Part may be commenced, whether in the Court or otherwise, by the Registrar against the ADGM Person in respect of the relevant contravention; and

(ii) without prejudice to subsection (i) above, neither the imposition nor payment of a fine shall restrict the Registrar from taking any action against a person or refrain from doing any act or thing in relation to any continuing contravention; or

(b) if all or any portion of the fine has not been paid at the end of the period stated in a monetary penalty notice, the obligation of the person to pay the fine is enforceable as a debt payable to the Registrar. The Registrar may apply to the Court for the recovery of the debt.

(12) In this section “prescribed” means prescribed by rules made by the Board pursuant to these Regulations.

(13) Where a fine is imposed on a person under this section, the Registrar may publish, in such manner and for such period as the Registrar may determine, his name and the amount of the fine, and the publication may contain such information in respect of any person named therein, and such ancillary, incidental and supplementary information, as the Registrar may determine.

PART 5 MISCELLANEOUS

26. Meaning of “ADGM Person” and associated terms (1) In these Regulations, an “ADGM Person” means : ...

(d) a foundation established under the Foundations Regulations or the DLT Foundations Regulations; or