FINAL NOTICE ISSUED UNDER
SECTION 50 OF THE
COMMERCIAL LICENSING REGULATIONS 2015

To: Sanctuary Corporate Services FZ LLC
3520 ResCo-work04, 35,
Al Maqam Tower, ADGM Square,
Al Maryah Island, Abu Dhabi,
United Arab Emirates

Attention: Mr Khalid Sameh Adel Abul-Huda, Director

Email: [redacted]

Date: 7 July 2023

1. DECISION

1.1 This Final Notice ("Notice") is issued under section 50 of the *Commercial Licensing Regulations 2015* ("CLR 2015").

1.2 For the reasons given in this Notice, the Registrar of Abu Dhabi Global Market ("ADGM") has decided to impose on Sanctuary Corporate Services FZ LLC ("Sanctuary"), ADGM Registration No. 000003084, a financial penalty of **USD 15,000** for a contravention of Condition 2 - Policies, Procedures and Controls of Schedule 1 of the Commercial Licensing Regulations (*Conditions of Licence and Branch Registration*) Rules 2022 (the "Rules").

2. EXECUTIVE SUMMARY

2.1 The ADGM Registration Authority ("RA") has decided to take the action set out in this Notice as it considers that Sanctuary failed to put in place proper policies, controls and procedures including record keeping and monitoring of its employees' compliance with such policies, controls and procedures in contravention of Condition 2 - Policies, Procedures and Controls of Schedule 1 of the Rules.

2.2 Subsequently, Sanctuary submitted incomplete information/documents in response to the requirement notice issued by the RA pursuant to Part 3 of CLR 2015 (the "February Requirement") to Sanctuary to produce specified information and documents in relation to its client THL.

2.3 Given the nature of the contravention, the RA considers it appropriate in the circumstances to impose a financial penalty on Sanctuary.

3. DEFINED TERMS AND RELEVANT REGULATIONS

3.1 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.

3.2 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.

4. FACTS AND MATTERS SUPPORTING THE DECISION

Involved Parties

4.1 On 12 November 2019, Sanctuary was registered in ADGM as a branch of a foreign company to conduct the business activity of 7021 - Corporate Services. On 22 November 2021, Sanctuary completed its *7025 - Company Service Provider* ("CSP") registration at ADGM.

4.2 On 7 April 2020, THL was incorporated and licensed in ADGM as a private company limited by shares with the business activity of 'special purpose vehicle'. Sanctuary provided company services to THL.

4.3 During the material time, Sanctuary employed an account manager (the "Account Manager"), who joined Sanctuary on 22 December 2019 with her last working day at Sanctuary being 8 July 2021.

4.4 The former Managing Partner at Sanctuary (the "Managing Partner") during the material time was dealing directly with THL and handled the communication with THL. The Managing Partner left Sanctuary in October 2021 as per information provided by the current client relationship manager for Sanctuary (the "Client Relationship Manager"). The Managing Partner was also the Account Manager's line manager during her employment at Sanctuary.

The THL Filings – Key Events

4.5 On 24 November 2020, the Account Manager uploaded the following documents to the ADGM Registration Authority ("RA") portal - Catalyst ("Catalyst") as part of notifying the Registrar of the cessation of the individual AAK ("AAK") as one of THL's authorised signatories:

4.5.1 Resolution of the Board of Directors of THL dated 14 October 2020, uploaded at 13:37:22 (the "October Resolution"); and

4.5.2 Letter of Resignation of AAK dated 15 October 2020, uploaded at 13:37:22 (the "October Resignation").

4.6 Further on 24 November 2020, at 4:35 pm, the Account Manager submitted an application (the "Original Application") to Catalyst for the "Appointment and Cessation of Directors for a Local Company" notifying the Registrar of a change in THL's directors with AAK resigning and a new director SKS ("SKS") being appointed.

4.7 The October Resolution noted that the effective date of this change of directors was 15 October 2020, i.e., 40 days prior to the submission of the Original Application. Therefore, an automated level 1 penalty (USD 150) was issued to THL for failing to give notice to the Registrar of the change of directors within 14 days as required by section 157 of Companies Regulations 2020 ("CR 2020").

4.8 On 24 November 2020 at 4:35 pm, an automatic email was generated and sent from ra@adgm.com to the Account Manager advising *"that a fine for the late lodgement of Appointment and Cessation of Directors for a Local Company has been issued." and "Please action the "Penalty Charges" task that is waiting in Pay status...".*

4.9 On 24 November 2020 at 4:45, approximately 10 minutes after the email described in the previous paragraph was sent, the Account Manager sent the following email to monitoring@adgm.com:

"The date of this transaction was added as 14th of Octoboer.

But the client has finalized this now thus there was a mismatch between the date on the resolution and the filing?

Will you be able to return the application so that we can amend the dates to the actual date that is November 19/11/2020.

Looking forward to receiving your feedback.

kindRegards,"[1]

4.10 Later in the afternoon of 24 November 2020, the Account Manager also sent an email to an Officer at the RA ("RA Officer") requesting return of the Original Application. The Account Manager sent a similar email to the same RA Officer on 25 November 2020.

4.11 On 26 November 2020 at 09:24 am, the Account Manager sent an email to monitoring@adgm.com asking, *"If we submit the application with the resolution dated with the actual date 19/11 will you be able to remove the fines imposed?".*

4.12 On 26 November 2020 at approximately 10:51 am, the RA Officer returned the Original Application to the Account Manager.

4.13 On 28 November 2020 at 09:09 am, the Account Manager asked the RA Officer for the return of *"Appointment and Cessation of Authorised Signatory(ies)"*. However, this filing was not

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returned. As a result, copies of the October Resolution and the October Resignation remained available to view on Catalyst.

4.14 Shortly thereafter on 28 November 2020, the Account Manager uploaded the following documents to Catalyst in connection with a resubmission of the notice of change of directors, removing AAK:

4.14.1 Resolution of the Board of Directors of THL dated 19 November 2020, uploaded at 09:21:23 am (the "November Resolution"); and

4.14.2 Letter of Resignation of AAK dated 19 November 2020, uploaded at 09:21:23 am (the "November Resignation").

4.15 On 28 November 2020 at 09:21 am, the Account Manager revised the form associated with this change of directors.

4.16 On 28 November 2020 at 09:27 am, the Account Manager again requested waiver of the fine imposed on 24 November 2020 to mailto:AccountsReceivables@adgm.com. The email stated *"Will you be Abel to waive the penalty imposed on the charge of directors as the change effective date was 19th of November (less than 2 weeks from now)"*.

4.17 On 29 November 2020 at 2:57 pm, the Account Manager uploaded the November Resolution into Catalyst in support of the appointment of SKS. The effective date of SKS's appointment was indicated as 19 November 2020 and not 15 October 2020.

Comparisons of the October Resolution, the November Resolution, the October Resignation and the November Resignation

4.18 The October Resolution and the November Resolution are identical in all respects except for the following:

4.18.1 The date of the October Resolution is "*14.10.2020*" while the date of the November Resolution is "*19.11.2020*".

4.18.2 The effective date of the October Resolution is "*15th of October 2020*" while the effective date of the November Resolution is "*19th Nov 2020*".

4.18.3 The font type and font size of "*19.11.2020*" and of the effective date of "*19th Nov 2020*" on the November Resolution is materially different from its surrounding text whereas the font type and font size of "*14.10.2020*" and "*15th of October 2020*" on the October Resolution appear identical to its surrounding text.

4.18.4 The October Resolution appears to be a scanned copy. However, it appears that the dates "19.11.2020" and "*19th Nov 2020*" under November Resolution were added electronically.

4.19 Comparing the October Resignation to the November Resignation, these documents are identical in all respects except that:

4.19.1 The date on the October Resignation is *"15.10.2020"* while the date on the November Resignation is *"19.11.2020"*.

4.19.2 The text of *"19.11.2020"* is materially different from its surrounding text whereas the font type and font size of *"14.10.2020"* on the October Resignation appears similar to its surrounding text (except for being surrounded by shading).

4.19.3 The comments tab of the November Resignation when viewed via Adobe Acrobat Pro, indicate that the following texts have been added by the Account Manager:

a. The text "office of directors of the company" under the October Resignation has been replaced with the text "as a director & Authorized signatory of the company" under the November Resignation.

b. The date "15.10.2020" under the October Resignation has been replaced with the date "19.11.2020" under the November Resignation.

4.19.4 The October Resignation appears to be a scanned copy. However, the amended texts of *"19.11.2020"* and "office of directors of the company" appear to have been added electronically.

4.20 In the November Resolution and November Resignation, the new dates appear to have been superimposed onto the documents.

4.21 Further, the font type of *"19.11.2020"* on the November Resignation appears very similar to the font type of *"19.11.2020"* on the November Resolution.

RA Investigation

4.22 On 12 January 2022, pursuant to section 31 of CLR 2015, an investigation was commenced to look into the conduct of Sanctuary and the Account Manager (the "Investigation").

4.23 On 10 February 2022, Sanctuary received notice of Appointment of Investigators.

4.24 On 18 February 2022, the Account Manager received the notice of Appointment of Investigators.

Findings of the Investigation

4.25 The following chronology of relevant events were established during the Investigation leading up to the submission of the November Resolution and the November Resignation:

4.25.1 On 12 October 2020 at 4:05 pm, SKS sent an email to the Managing Partner advising that *"We would like to transfer the shares held by* [AKK] *in* [THL] *in my name"*.

4.25.2 On 13 October 2020, based on emails between SKS and the Managing Partner:
- SKS and the Managing Partner had a virtual call via MS Teams to discuss the share transfer matter; and
- SKS shared a copy of his passport, ID and bank statement with the Managing Partner.

4.25.3 On 14 October 2020 at 12:46 pm, the Managing Partner sent an email to the Account Manager informing her about removing AAK and adding SKS, attaching documents of SKS and requested her "*help in getting the documents in order so once you prepare that I can get them to sign*". On the same day, a further exchange of emails exist between the Managing Partner and the Account Manager to clarify the type of change, i.e. authorised signatory or director, and fees involved with the change of individuals.

4.25.4 On 14 October 2020 at 01:13 pm, the Managing Partner sent an email to SKS stating "*I have shared the documents with my compliance team, as soon as I get the approval, I will share the documents for you to sign and execute the share transfer*".

4.25.5 On 20 October 2020 at 9:33 am, SKS sent an email to the Managing Partner requesting updates on the share transfer.

4.25.6 On 20 October 2020 at 3:10 pm, the Managing Partner replied stating "*We are ready to transfer the shares*" and "*I will need the attached documents to be signed by you*". The email attached the following pdf documents:

a. Unsigned version of October Resolution dated 14 October 2020 with one page document of Instrument of Transfer of Shares dated 15 October 2020 ("Instrument of Transfer");
b. Unsigned version of October Resignation dated 15 October 2020; and
c. Unsigned Consent to act as a Director of the Company document ("Director Consent") dated 15 October 2020.

4.25.7 It is noted that even though the documents listed under 4.25.6 were shared on 20 October 2020, they were all backdated by 5-6 days.

4.25.8 The Account Manager during her compulsory interview conducted on 17 March 2022 pursuant to section 33(1) of CLR 2015 (the "Account Manager Interview") confirmed that she prepared the documents listed under 4.25.6.

4.25.9 On 22 October 2020 at 3:41 PM, based on emails between SKS and the Managing Partner, SKS returned the following signed documents to the Managing Partner:

a. Signed version of October Resolution dated 14 October 2020;
b. Signed version of Instrument of Transfer dated 15 October 2020;
c. Signed version of October Resignation dated 15 October 2020; and
d. Signed version of Director Consent dated 15 October 2020.

4.25.10 It is noted that all dates remained the same in the signed documents as shared by the Managing Partner on 20 October 2020.

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4.25.11 On 19 November 2020 at 12:23 pm, the Managing Partner sent the signed documents listed under 4.25.9 to the Account Manager stating "*Please find the attached documents for your reference*" and "*I believe you already have* [SKS's] *documents*?".

4.25.12 On 22 November 2020 at 11:11 am, the Account Manager confirmed receipt and stated "*Will proceed with submitting the application today*" and "*Timeline for review by ADGM: 5 working days*". This email was shared by Sanctuary in response to the February Requirement.

4.25.13 On 24 November 2020, as described under paragraph 4.5, the October Resolution and October Resignation were submitted by the Account Manager to the RA at 13:37:22. Subsequently a fine email was sent to the Account Manager on the same day at 16:35:22 as described under paragraph 4.8.

4.25.14 During the Account Manager Interview, the Account Manager confirmed that she did not inform anyone from Sanctuary or THL about the fine since the communication between herself and ADGM was still ongoing.

4.25.15 From 1:58 pm on 24 November 2020 to 12:24 pm on 9 January 2021, internal chain of emails exists within Sanctuary about additional documents required from THL including but not limited to confirmation of nominee arrangement ADGM forms, source of income, bank statement and SKS's ID.

4.25.16 As described under paragraphs 4.14 to 4.16, following the RA's return of the Original Application, the Account Manager submitted the November Resolution and November Resignation on 28 November 2020.

Contravention of Condition 2 - Policies, Procedures and Controls of the Rules

4.26 Below is the timeline of relevant events leading up to the contravention of Condition 2 - Policies, Procedures and Controls of the Rules:

4.26.1 On 19 November 2019, Sanctuary was licensed for the business activities of *7021 - Corporate Services*.

4.26.2 On 17 March 2021, ADGM's Company Service Provider framework ("CSP Framework") was adopted including the *Conditions of Licence and Branch Registration* under the Rules.

4.26.3 On 12 July 2021, Sanctuary submitted a CSP application checklist to the RA as part of the process to complete the licence variation application to conduct activity *7025 – Company Service Provider* and remove the activity of *7021 - Corporate Services*. As part of this CSP checklist, Sanctuary confirmed that it has a Record Keeping Policy in place and Internal Controls Policy and Procedures in place that covers the monitoring and management of compliance with policies, procedures and controls.

4.26.4 From 12 July 2021 to 22 November 2021, Sanctuary submitted the associated documents and policies in support of its CSP application checklist including the Sanctuary policies and procedures.

4.26.5 On 22 November 2021, Sanctuary completed its CSP registration and obtained its CSP licence (activity 7025).

4.26.6 15 February 2022, the RA issued a requirement notice pursuant to Part 3 of CLR 2015 (the "February Requirement") to Sanctuary to produce specified information and documents in relation to its client THL.

4.26.7 From 15 February 2022 to 20 May 2022, multiple communications described below under point 4.29 took place between the RA and Sanctuary in order to obtain full documentations and correspondence requested under the February Requirement.

4.26.8 On 20 May 2022, Sanctuary advised the RA about the limitation in their response due to limited access to data since the Managing Partner and the Account Manager have not uploaded any data of THL onto their internal centralised system. Further details are under 4.29.10 below.

4.27 During the course of the Investigation, it was apparent that Sanctuary was unable to fully comply with the February Requirement imposed by the Investigators to produce documents and information pursuant to Requirements issued under Part 3 of CLR 2015.

4.28 As required under Condition 2 - Policies, Procedures and Controls of the Rules, Sanctuary had not put in place proper policies, controls and procedures including record keeping and monitoring and management of compliance with, and the internal communication of such policies, controls and procedures.

4.29 The following is the relevant chronology of events in relation to the February Requirement imposed by the Registrar and Sanctuary's failure to provide full information and documents due to the lack of proper system, controls and procedures:

4.29.1 On 15 February 2022, the February Requirement was issued to Sanctuary to produce specified information and documents.

4.29.2 On 1 March 2022 and 7 March 2022, Sanctuary delivered certain documents, emails and information purportedly in full answer to the February Requirement (the "Sanctuary March Response"). However:

ii. The Sanctuary March Response did not include a copy of the November Resignation.

iii. From the correspondence and materials provided in the Sanctuary March Response, it was not readily possible to confirm when the October Resolution, October Resignation and November Resolution were created by Sanctuary or members of THL or when these and other relevant documents were exchanged between Sanctuary and its client THL.

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iv. The Sanctuary March Response did not include all the correspondence between Sanctuary (its officers, directors and current or former employees) and the RA. Notably absent was email correspondence from November and December of 2020 between Sanctuary/ the Account Manager (using the gmail account email address rather than the company provided Sanctuary email address).

4.29.3 The absence of certain material documents and key emails from the Sanctuary Response warranted further inquiries by the Investigators.

4.29.4 On 4 March 2022, the Investigators had a voluntary interview with SKS. SKS stated that he received relevant documents about his appointment and acquisition of THL shares from Sanctuary into his THL email account. He readily agreed to provide the Investigators with these documents and emails from his THL email account.

4.29.5 On 5 March 2022, SKS provided certain documents and emails including signed and unsigned copies of the October Resolution and the October Resignation as well as corresponding emails about the share transfer from October 2020.

4.29.6 On 22 April 2022, a compulsory interview took place pursuant to section 33(1) of CLR 2015 of the Client Relationship Manager ("Client Relationship Manager Interview") to obtain information and clarifications on Sanctuary March Response. The Client Relationship Manager stated the following during his interview:

4.29.6.1 He did not receive any formal trainings at Sanctuary. He was only provided with Sanctuary policies including HR policy, compliance policy and client onboarding, to read.

4.29.6.2 The lack of system and proper record keeping at Sanctuary presented challenges in responding to the February Requirement. He further stated that he *"was not in the position to find where these documents were saved. Or even if it was saved"*. Client documents, even if saved, were not in the proper format with the proper naming convention.

4.29.6.3 In responding to the February Requirement, Sanctuary had to reach out to 11 departments to get the required information and extract historical communication.

4.29.6.4 No proper record was maintained of THL directors contact details as of February 2022 when the RA issued the February Requirement. Sanctuary had to go back to their IT department to extract emails of their previous employees (the Account Manager and the Managing Partner) in order to extract THL director's contact details.

4.29.6.5 Sanctuary had to rely on the RA's portal for retrieving some documents required under the February Requirement including the October Resolution, Notice of Appointment or Cessation dated 29 November 2020 and Notice of Appointment or Cessation of Directors dated 13

December 2020 of the Client Relationship Manager Interview documents. The Client Relationship Manager stated that these documents were not available under the internal filling system within Sanctuary.

4.29.6.6 The Client Relationship Manager was not aware of the use of the gmail email account and had never come across this email address. Further, he confirmed that he is aware that the use of free service provider emails is not allowed within Sanctuary and employees are required to use company provided emails.

4.29.6.7 The Client Relationship Manager confirmed that the Sanctuary March Response was incomplete and missing documents and information due to lack of proper record keeping at Sanctuary. In particular, the following documents presented to the Client Relationship Manager during the Client Relationship Manager Interview (the "Client Relationship Manager Interview Documents") that were received by the RA from other sources were not provided by Sanctuary as of the date of the Client Relationship Manager Interview:

A. Chain of emails between the Account Manager using the gmail account email address with the RA from 24 to 26 November 2020.
B. Attachments referred to under 14 October 2020 emails.
C. Chain of emails between SKS and the Managing Partner from 12 October 2020 to 22 October 2020.
D. Signed version of the Instrument of Transfer and page 4 – Director Consent dated 15 October 2020.
E. November Resignation signed by AAK.

4.29.7 During the Client Relationship Manager Interview, a requirement was imposed by the Investigators to the Client Relationship Manager to carry out another review of the February Requirement and provide the RA with all specified documents the documents under the February Requirement including the listed documents/correspondence under point 4.29.6.7 that were missing from the March Sanctuary Response.

4.29.8 An email from the RA followed on 27 April 2022 requesting an update on the documents required during the Client Relationship Manager Interview. Sanctuary requested extension of timeline till 20 May 2022.

4.29.9 On 20 May 2022, Sanctuary provided a response to the RA. However, limited additional documents were submitted mainly relating to the Account Manager's employment at Sanctuary and voluntary strike-off correspondence. Below is a summary of the key missing documents that Sanctuary failed to provide the RA with and were obtained by the RA via other sources.

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No.	The Client Relationship Manager Interview Documents	Reference Under February Requirement	Submission Status
1	Chain of emails between the Account Manager using the gmail account email address with the RA from 24 to 26 November 2020	Request no.2 in relation to records of communication between Sanctuary and the RA	Not submitted
2	Attachments referred to under 14 October 2020 emails	Request no.3 in relation to records of communication between amongst Sanctuary's officers, directors and current or former employees	Not submitted
3	Chain of emails between SKS and the Managing Partner from 12 October 2020 to 22 October 2020	Request no.1 in relation to records of communication between Sanctuary and THL	Not submitted
4	Signed version of the Instrument of Transfer of shares dated 15 Oct 2020 and page 4 - Consent to act as a Director of the Company dated 15 October 2020	Request no.1 in relation to records of communication between Sanctuary and THL	Not submitted
5	Signed November Resignation.	Request no.1 in relation to records of communication between Sanctuary and THL.	Not submitted

4.29.10 As per the letter submitted by Sanctuary on 20 May 2022 ("May Response Letter"), Sanctuary stated that:

- In February 2020, the head office advised that all Sanctuary's client data should be stored "centrally via CRM" to allow management to have visibility of all Sanctuary's clients. However, the Managing Partner and the Account Manager have not uploaded any data of THL on the CRM despite Sanctuary's instruction and training. the Managing Partner and the Account Manager "*had ample opportunity*" "*to transfer such data onto the CRM*".
- The Client Relationship Manager was not aware that THL was a client of Sanctuary. The letter stated "*As* [THL] *was not added on the Zoho CRM,* [the Client Relationship Manager] *(who now leads ADGM applications on behalf of Sanctuary ADGM) was not aware of them as a client of Sanctuary ADGM*".
- Sanctuary IT are unaware of the creation of gmail account email address and they believe that it was created by the Managing Partner or the Account Manager or both. Further, they were able to gain access to the

email address, however, no content was identified. Therefore, Sanctuary does not have any visibility of any communication with the clients or the RA using the gmail account.

- The February Requirement prompted Sanctuary to carry out a review of all client files. The final report of the review on the systems and controls and the file review will be made available to the RA if required.

5 CONTRAVENTIONS

5.1 Based on the facts and matters noted above, the Registrar considers that Sanctuary failed to meet Condition 2 - Policies, Procedures and Controls of the Rules by not having proper procedures and controls in place at the time of responding to February Requirement by:

5.1.1 Failing to keep proper record of their client THL including correspondence with THL, correspondence with the RA in relation to THL, documents filed in support of filings with the RA and record of THL directors' contact details. Subsequently, Sanctuary failed to provide full information and documents in compliance with the February Requirement. Further, Sanctuary failed to submit the missing documents listed under 4.29.9 when provided with a second opportunity to fully comply with the February Requirement.

5.1.2 Failing to monitor compliance of their employees with Sanctuary policies, controls and procedures:

a. Sanctuary only noted that the Managing Partner and the Account Manager failed to transfer THL onto CRM system when they received the RA's February Requirement.

b. Sanctuary failed to detect the use of gmail account email address by their employees when communicating with the RA as confirmed in their May Response Letter and by the Client Relationship Manager.

5.2 The relevant extract of Condition 2 - Policies, Procedures and Controls of the Rules is set out in **Annexure A** to this Notice.

5.3 As per section 41(1) of Part 4 of the CLR 2015, Sanctuary would be liable to a fine not exceeding level 5 which is up to USD15,000.

6 SANCTIONS

Financial Penalties

6.1 In deciding to impose financial penalties, the Registrar has considered the factors and considerations in the Registrar's Decision Procedures, Disqualification and Enforcement Manual (the "Manual").

Determination to impose a financial penalty

6.2 With reference to paragraph 4.7 of the Manual, the Registrar considers the following factors to be of relevance in deciding to impose financial penalties against Sanctuary:

a. To promote compliance with the Regulations and achieve the Registrar's objectives by:

i. Penalising persons who have committed contraventions;

ii. Deterring persons that have committed or may commit similar contraventions; and

iii. Depriving persons of any benefit that they may have gained as a result of their contraventions.

6.3 The Registrar has decided to impose financial penalties, given the seriousness of the contravention and the circumstances.

Determination of the level of financial penalty

6.4 With reference to paragraph 4.8 of the Manual, the Registrar has considered the factors and considerations for determining the appropriate level of the financial penalty that it has decided to impose, which are set out as follows.

The seriousness of the contraventions

6.5 Licensed CSPs are expected to be able to monitor and detect any non-compliance with its policies and procedures by their employees and any alternations/amendments made to authentic documents without the approval of clients. Submission of false information to the RA is considered a serious contravention.

6.6 A failure in Sanctuary's procedures and controls resulted in delivering false information to the Registrar. The Registrar expects all licensed CSPs like Sanctuary to take all steps to ensure that their employees submit complete and accurate information to the RA when submitting any filings on behalf of clients.

6.7 Further, Sanctuary's improper record keeping arrangements and failure to monitor compliance of employees of policies/procedures/systems resulted in the submission of incomplete information/documents in response to the RA's February Requirement.

Deliberate or reckless

6.8 The contraventions by Sanctuary appear to be reckless and contrary to its responsibilities as a CSP by failing to monitor the compliance of its employees and by failing to ensuring proper record keeping arrangements within the firm.

6.9 Further, Sanctuary was reckless in failing to detect that its employees wrongfully altered documents and were able to submit such falsified documents to the Registrar.

Whether the person is an individual

6.10 Sanctuary is not an individual. Therefore, this factor was not considered.

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Effect on third parties

6.11 The client, THL, suffered delays in processing their THL Filings and its voluntary strike-off application.

Deterrence

6.12 Deterrence is one of the main purposes of taking enforcement action. That is, deterring persons who have committed contraventions from committing further contraventions, and deterring others from committing similar contraventions.

6.13 The penalty imposed must deter Sanctuary and other ADGM licensed persons from submitting false information to the RA.

6.14 Sanctuary's system and controls contraventions are serious, and any sanction must send a strong and meaningful message of the importance of maintaining effective systems and controls (including record keeping), to other ADGM licensed CSPs and their employees.

Financial gain or loss avoided

6.15 This factor was not considered.

Subsequent conduct

6.16 Sanctuary co-operated with the Investigation. There were some delays and incomplete documents provided in response the February Requirement. However, this appears to be due to the lack of proper record keeping procedures, systems and controls at Sanctuary, rather than a lack of cooperation.

Disciplinary record and compliance history

6.17 At the time of the contravention and to the knowledge of the Investigators, Sanctuary has no disciplinary record nor is the Registrar aware of any other concerns in relation to Sanctuary.

Maximum Penalty

6.18 As per section 41(1) of CLR 2015, the maximum penalty for contravention of a relevant requirement imposed by the Rules is level 5 which is up to USD 15,000.

6.19 The Registrar considers the maximum penalty of USD 15,000 would be wholly appropriate in order to reflect the seriousness of the contravention and the amount of controls/procedures failures that became evident during the Investigation.

7 PROCEDURAL MATTERS

Representations

7.1 On 2 May 2023, the Registrar issued Sanctuary with a Warning Notice in which it proposed to impose on Sanctuary financial penalties in the amount of USD 15,000 (the "Warning Notice").

7.2 Sanctuary was provided with an opportunity to make written representations regarding the Registrar's concerns and the actions proposed.

7.3 On 22 May 2023, Sanctuary through its Director, Mr Khalid Sameh Adel Abul-Huda, made representations in response to the Warning Notice.

7.4 It is understood that the response to the Warning Notice consists of the following 'key' representations:

(a) Sanctuary is not seeking to dispute the facts set out in the Warning Notice.

(b) The RA should exercise its discretion to not publish the Notice.

(c) The RA should consider the quantum of the financial penalties due to the following factors:

(i) *"Sanctuary is under new ownership and management since the events set out in the Notices, whereby the new owners and management had established additional measures to reduce systemic risk to the ADGM."*

(ii) *"The RA conducted a CSP Assessment of the firm between September 2022 and March 2023 and reached a conclusion of "moderate improvements needed."*

(iii) the events *"were primarily the acts of ex-employees acting beyond the scope of their respective authorities"*. *"In our view, the Warning Notices incorrectly assert that proper policies and procedures were not put in place (paragraph 4.28) of the CLR Notice. We rely on the May Response Letter and the content therein as set out in paragraph 4.29.10 of the CLR Notice in that Sanctuary had established CRM which complied with implementation of the requirement of proper policies and procedures. There were former employees of Sanctuary who willfully failed to comply with the internal directive of transferring all client data to CRM and who created a g-mail account, contrary to policy".*

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

(a) Under section 51 of CLR 2015, neither the Registrar nor Sanctuary may publish the decision notice (i.e., this Notice) nor any details concerning it. If a Final Notice is issued, it will be at the Registrar's discretion to determine whether any details of the notice should be published, and it is not a matter to be determined in connection with the contraventions addressed in this Notice.

(b) The relevant period of the contraventions is stipulated under the Warning Notice and the financial penalties relate to that specified period. The appointment of Sanctuary's new ownership and management (including any *"additional measures to reduce systemic risk to the ADGM")* did not fall within the relevant period of the contraventions included under the issued Warning Notice.

(c) The CSP Assessment carried out by the Monitoring section is a high-level review and "*may not identify all aspects required for compliance*" which is indicated under the 'Principle Findings Record' attached by Sanctuary as part of their representations. Further, the period of the review is not within the relevant period of the contraventions included under the issued Warning Notice.

(d) Lack of proper policies, controls and procedure at Sanctuary during the relevant period resulted in committing the contravention under the Warning Notice issued pursuant to section 43 of CLR 2015. Further, Sanctuary failed to monitor compliance of its employees with internal policies and procedures which is a requirement under Condition 2 of the Rules. Merely establishing CRM or putting a policy in place to prohibit the use personal email accounts is ineffective if the CSP did not monitor its employees' compliance with such policies and procedures. Sanctuary failed to detect such non-compliances by its employees including the non-compliance of falsification of the dates of resolution.

7.6 Having taken into the accounts the facts, matters and circumstances of the contraventions above, the Registrar has decided to impose on Sanctuary financial penalties in the amount of USD 15,000.

Opportunity to have the matter referred to the ADGM Courts

7.7 On 8 June 2023, the Registrar issued a Decision Notice to Sanctuary pursuant to section 48 of the CLR 2015.

7.8 Under section 48 of the CLR 2015, Sanctuary had the opportunity to refer the Decision Notice to the ADGM Courts.

7.9 On 21 June 2023, Sanctuary confirmed that they do not intend to exercise the right to refer the Decision Notice to the ADGM Courts. Sanctuary re-confirmed this on 6 July 2023 and further consented to have the final notice and related invoice in respect of the penalties issued prior to the expiry of the period available for referrals to the ADGM Courts.

Payment of the financial penalty

7.10 The financial penalty imposed by this Notice is to be paid by Sanctuary on or before the date stated in the invoice attached with this Notice.

7.11 In the event that any part of the financial penalty remains outstanding on the date by which it must be paid, the obligation to make the payment is enforceable as a debt by the Registrar.

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

Confidentiality and publicity

7.13 As this Notice has now been issued, pursuant to section 51(5) of CLR 2015, the Registrar must publish such information about the matter to which this Notice relates as it considers appropriate.

[redacted]

Lisa Somers
Director – Business Operations, Registration Authority
Delegate of the Registrar, Registration Authority

ANNEXURE A

EXTRACTS OF THE REGULATIONS AND RULES REFERRED TO IN THIS NOTICE

EXTRACT OF THE *COMMERCIAL LICENSING REGULATIONS 2015*

PART 3: INFORMATION GATHERING AND INVESTIGATIONS

30. Appointment of persons to carry out general investigations

(1) If it appears to the Registrar that there is good reason for doing so, it may appoint one or more competent persons to conduct an investigation on its behalf into –

(a) the nature, conduct or state of the business of a licensed person;

(b) a particular aspect of that business; or

(c) the ownership or control of a licensed person.

(2) If a person appointed under subsection (1) thinks it necessary for the purposes of his investigation, he may also investigate the business of a person who is or has at any relevant time been –

(a) a member of the group of which the person under investigation ("A") is part; or

(b) a partnership of which A is a member.

(3) If a person appointed under subsection (1) decides to investigate the business of any person under subsection (2) he must give that person written notice of his decision.

(4) The power conferred by this section may be exercised in relation to a former licensed person but only in relation to –

(a) business carried on at any time when he was a licensed person; or

(b) the ownership or control of a former licensed person at any time when he was a licensed person.

(5) "Business" includes any part of a business even if it does not consist of carrying on controlled activities.

31. Appointment of persons to carry out investigations in particular cases

(1) Subsection (2) applies if it appears to the Registrar that there are circumstances suggesting that a person may have committed a contravention of any enactment or subordinate legislation where such contravention is punishable by a fine.

(2) The Registrar may appoint one or more competent persons to conduct an investigation on its behalf.

32. Investigations: general

(1) This section applies if the Registrar appoints one or more competent persons ("investigators") under sections 30 or 31 to conduct an investigation on its behalf.

(2) The Registrar must give written notice of the appointment of an investigator to the person who is the subject of the investigation ("the person under investigation").

(3) Subsections (2) and (9) do not apply if the investigator is appointed as a result of section 31 and the Registrar believes that the notice required by subsections (2) or (9) would be likely to result in the investigation being frustrated.

(4) A notice under subsection (2) must –

(a) specify the provisions under which, and as a result of which, the investigator was appointed; and

(b) state the reason for his appointment.

(5) Nothing prevents the Registrar from appointing a person who is a member of its staff as an investigator.

(6) An investigator must make a report of his investigation to the Registrar.

(7) The Registrar may, by a direction to an investigator, control –

(a) the scope of the investigation;

(b) the period during which the investigation is to be conducted;

(c) the conduct of the investigation; and

(d) the reporting of the investigation.

(8) A direction may, in particular –

(a) confine the investigation to particular matters;

(b) extend the investigation to additional matters;

(c) require the investigator to discontinue the investigation or to take only such steps as are specified in the direction;

(d) require the investigator to make such interim reports as are so specified.

(9) If there is a change in the scope or conduct of the investigation and, in the opinion of the Registrar, the person subject to investigation is likely to be significantly prejudiced by not being made aware of it, that person must be given written notice of the change.

33. Powers of persons appointed under section 30

(1) An investigator may require the person who is the subject of the investigation ("the person under investigation") or any person connected with the person under investigation –

(a) to attend before the investigator at a specified time and place and answer questions; or

(b) otherwise to provide such information as the investigator may require.

(2) An investigator may also require any person to produce at a specified time and place any specified documents or documents of a specified description.

(3) A requirement under subsections (1) or (2) may be imposed only so far as the investigator concerned reasonably considers the question, provision of information or production of the document to be relevant to the purposes of the investigation.

(4) For the purposes of this section, a person is connected with the person under investigation ("A") if he is or has at any relevant time been –

(a) a member of A's group;

(b) a controller of A;

(c) a partnership of which A is a member; or

(d) in relation to A, a person mentioned in Part 1 or Part 2 of the Schedule.

(5) "Investigator" means a person conducting an investigation under section 30.

(6) "Specified" means specified in a notice in writing.

34. Additional power of persons appointed as a result of section 31

(1) An investigator has the powers conferred by section 33.

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(2) An investigator may also require a person who is neither the subject of the investigation ("the person under investigation") nor a person connected with the person under investigation –

(a) to attend before the investigator at a specified time and place and answer questions; or

(b) otherwise to provide such information as the investigator may require for the purposes of the investigation.

(3) A requirement may only be imposed under subsection (2) if the investigator is satisfied that the requirement is necessary or expedient for the purposes of the investigation.

(4) "Investigator" means a person appointed as a result of section 31.

(5) Subsections (6) to (8) apply if an investigator considers that any person ("A") is or may be able to give information which is or may be relevant to the investigation.

(6) The investigator may require A –

(a) to attend before him at a specified time and place and answer questions; or

(b) otherwise to provide such information as he may require for the purposes of the investigation.

(7) The investigator may also require A to produce at a specified time and place any specified documents or documents of a specified description which appear to the investigator to relate to any matter relevant to the investigation.

(8) The investigator may also otherwise require A to give him all assistance in connection with the investigation which A is reasonably able to give.

(9) "Specified" means specified in a notice in writing.

35. Admissibility of statements made to investigators

(1) A statement made to an investigator by a person in compliance with an information requirement is admissible in evidence in any proceedings, so long as it also complies with any requirements governing the admissibility of evidence in the circumstances in question.

(2) "Investigator" means a person appointed under sections 30 or 31.

(3) "Information requirement" means a requirement imposed by an investigator under sections 33, 34 or 36.

36. Information and documents: supplemental provisions

(1) If the Registrar or an investigator has power under this Part to require a person to produce a document but it appears that the document is in the possession of a third person, that power may be exercised in relation to the third person.

(2) If a document is produced in response to a requirement imposed under this Part, the person to whom it is produced may –

(a) take copies or extracts from the document; or

(b) require the person producing the document, or any relevant person, to provide an explanation of the document.

(3) A document so produced may be retained for so long as the person to whom it is produced considers that it is necessary to retain it (rather than copies of it) for the purposes for which the document was requested.

(4) If the person to whom a document is so produced has reasonable grounds for believing –

(a) that the document may have to be produced for the purposes of any legal proceedings; and

(b) that it might otherwise be unavailable for those purposes, it may be retained until the proceedings are concluded.

(5) If a person who is required under this Part to produce a document fails to do so, the Registrar or an investigator may require him to state, to the best of his knowledge and belief, where the document is.

(6) A lawyer may be required under this Part to furnish the name and address of his client.

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(7) No person may be required under this Part to disclose information or produce a document in respect of which he owes an obligation of confidence by virtue of carrying on the business of banking unless –

(a) he is the person under investigation or a member of that person's group;

(b) the person to whom the obligation of confidence is owed is the person under investigation or a member of that person's group;

(c) the person to whom the obligation of confidence is owed consents to the disclosure or production; or

(d) the imposing on him of a requirement with respect to such information or document has been specifically authorised by the Registrar.

(8) If a person claims a lien on a document, its production under this Part does not affect the lien.

(9) "Relevant person", in relation to a person who is required to produce a document, means a person who –

(a) has been or is or is proposed to be a director or controller of that person;

(b) has been or is an auditor of that person;

(c) has been or is an actuary, accountant or lawyer appointed or instructed by that person; or

(d) has been or is an employee of that person.

(10) "Investigator" means a person appointed under sections 30 or 31.

...

PART 4: ENFORCEMENT

40. Meaning of "relevant requirement"

In this Part, "relevant requirement" means a requirement imposed by rules made under these Regulations.

41. Fines

(1) If the Registrar considers that a licensed person has contravened a relevant requirement imposed on the person, it may impose on him a fine, in respect of the contravention, of such amount as it considers appropriate, provided such fine shall not exceed level 5 on the standard fines scale.

(2) If the Registrar considers that a person has committed a contravention of an enactment or subordinate legislation, it may impose on him a fine of an amount not exceeding the maximum specified for such contravention in the relevant enactment or subordinate legislation.

(3) A fine under this section is payable to the Registrar.

43. Proposal to take disciplinary measures

(1) If the Registrar proposes –

(a) to impose a fine on a person (under section 41); or

(b) to suspend the licence of a licensed person or impose a restriction in relation to the carrying on of a controlled activity by a licensed person (under section 42), it must give that person a warning notice.

(2) A warning notice about a proposal to impose a fine must state the amount of the fine.

(3) A warning notice about a proposal to suspend a licence or impose a restriction must state the period for which the suspension or restriction is to have effect.

44. Decision to take disciplinary measures

(1) If the Registrar decides –

(a) to impose a fine under section 41 (whether or not of the amount proposed); or

(b) to suspend a licence or impose a restriction under section 42 (whether or not in the manner proposed), it must without delay give the person concerned a decision notice.

(2) In the case of a fine, the decision notice must state the amount of the fine.

(3) In the case of a suspension or restriction, the decision notice must state the period for which the suspension or restriction is to have effect.

(4) If a Registrar decides to –

(a) impose a fine on a person under section 41; or

(b) suspend the licence of a licensed person, or impose a restriction in relation to the carrying on of a controlled activity by a licensed person, under section 42,

that person may refer the matter to the court.

47. Warning notices

(1) A warning notice must

(a) state the action which the Registrar proposes to take;

(b) be in writing;

(c) give reasons for the proposed action;

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(d) state whether section 53 applies; and

(e) if that section applies, describe its effect and state whether any secondary material exists to which the person concerned must be allowed access under it.

(2) A warning 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.

(3) The Registrar may extend the period specified in the notice.

(4) The Registrar must then decide, within a reasonable period, whether to give the person concerned a decision notice.

(5) In this Part, "warning notice" means a notice under sections 18(1), 18(2), 20(1) or 43(1).

48. Decision notices

(1) A decision notice must –

(a) be in writing;

(b) give the reasons of the Registrar for the decision to take the action to which the notice relates;

(c) state whether section 53 applies;

(d) if that section applies, describe its effect and state whether any secondary material exists to which the person concerned must be allowed access under it; and

(e) give an indication of –

(i) any right to have the matter referred to the court which is given by these Regulations; and
(ii) the procedure on such a reference.

(2) If the decision notice was preceded by a warning notice, the action to which the decision notice relates must be action under the same provision as the action proposed in the warning notice.

(3) The Registrar may, before it takes the action to which a decision notice ("the original notice") relates, give the person concerned a further decision notice which relates to different action in respect of the same matter.

(4) The Registrar may give a further decision notice as a result of subsection (3) only if the person to whom the original notice was given consents.

(5) If the person to whom a decision notice is given under subsection (3) had the right to refer the matter to which the original decision notice related to the court, he has that right as respects the decision notice under subsection (3).

(6) In this Part, "decision notice" means a notice under sections 18(3), 20(2) or 44(1).

49. Notices of Discontinuance

(1) If the Registrar decides not to take -

(a) the action proposed in a warning notice given by it; or

(b) the action to which a decision notice given by it relates,

it must give a notice of discontinuance to the person to whom the warning notice or decision notice was given.

(2) But subsection (1) does not apply if the discontinuance of the proceedings concerned results in the granting of an application made by the person to whom the warning or decision notice was given.

(3) A notice of discontinuance must identify the proceedings which are being discontinued.

51. Publication

(1) In the case of a warning notice, neither the Registrar nor a person to whom it is given or copied may publish the notice or any details concerning it.

(2) A person to whom a decision notice is given or copied may not publish the notice or any details concerning it unless the Registrar has published the notice or those details.

(3) A notice of discontinuance must state that, if the person to whom the notice is given consents, the Registrar may publish such information as it considers appropriate about the matter to which the discontinued proceedings related.

(4) A copy of a notice of discontinuance must be accompanied by a statement that, if the person to whom the notice is copied consents, the Registrar may publish such information as it considers appropriate about the matter to which the discontinued proceedings related, so far as relevant to that person.

(5) The Registrar must publish such information about the matter to which a decision notice or final notice relates as it considers appropriate.

(6) When a supervisory notice takes effect, the Registrar must publish such information about the matter to which the notice relates as it considers appropriate.

(7) The Registrar may not publish information under this section if, in its opinion, publication of the information would be –

(a) unfair to the person with respect to whom the action was taken (or was proposed to be taken);

(b) detrimental to the interests of participants of the Abu Dhabi Global Market; or

(c) detrimental to the interests of the Abu Dhabi Global Market.

(8) Information is to be published under this section in such manner as the Registrar considers appropriate.

(9) For the purposes of determining when a supervisory notice takes effect, a matter to which the notice relates is open to review if –

(a) the period during which any person may refer the matter to the court is still running;

(b) the matter has been referred to the court but has not been dealt with;

(c) the matter has been referred to the court and dealt with but the period during which an appeal may be brought against the court's decision is still running; or

(d) such an appeal has been brought but has not been determined.

(10) "Notice of discontinuance" means a notice given under section 49.

(11) "Supervisory notice" has the same meaning as in section 54.

(12) A person, other than the Registrar, who contravenes subsections (1) or (2) shall be liable to a fine not exceeding level 3 on the standard fines scale.

...

53. Access to material

(1) If the Registrar gives a person ("A") a warning notice or a decision notice, it must –

(a) allow him access to the material on which it relied in taking the decision which gave rise to the obligation to give the notice;

(b) allow him access to any secondary material which, in the Registrar's opinion, might undermine that decision.

(2) But the Registrar does not have to allow A access to material under subsection (1) if the material is excluded material or it –

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(a) relates to a case involving a person other than A; and

(b) was taken into account by the Registrar in A's case only for purposes of comparison with other cases.

(3) The Registrar may refuse A access to particular material which it would otherwise have to allow him access to if, in its opinion, allowing him access to the material –

(a) would not be in the public interest; or (b) would not be fair, having regard to –

(i) the likely significance of the material to A in relation to the matter in respect of which he has been given a notice; and

(ii) the potential prejudice to the commercial interests of a person other than A which would be caused by the material's disclosure.

(4) If the Registrar does not allow A access to material because it is excluded material consisting of a protected item, it must give A written notice of –

(a) the existence of the protected item; and

(b) the Registrar's decision not to allow him access to it.

(5) If the Registrar refuses under subsection (3) to allow A access to material, it must give him written notice of - (a) the refusal; and (b) the reasons for it.

(6) "Secondary material" means material, other than material falling within paragraph (a) of subsection (1) which –

(a) was considered by the Registrar in reaching the decision mentioned in that paragraph; or

(b) was obtained by the Registrar in connection with the matter to which that notice relates but which was not considered by it in reaching that decision.

(7) "Excluded material" means material which is a protected item (as defined in section 56).

(8) This section does not apply to a warning notice under section 18(1) or 18(2) or a decision notice under section 18(3).

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EXTRACT OF THE COMMERCIAL LICENSING REGULATIONS 2015 (CONDITIONS OF LICENCE AND BRANCH REGISTRATION) RULES 2021

SCHEDULE 1
Conditions of Licence - Company service providers

Condition 2 – Policies, Procedures and Controls

1. The applicant must establish and maintain compliance arrangements including policies, controls, processes and procedures that ensure and evidence, as far as reasonably practicable, compliance with all regulations, rules, guidance and instructions applicable to it.

2. The applicant must have in place training to communicate those policies, controls and procedures, and any changes to them, to the applicant's employees.

3. The policies, controls and procedures must include–

(1) risk management,

(2) anti-money laundering, including customer due diligence,

(3) the handling and segregation of client funds and assets,

(4) record keeping, and

(5) the monitoring and management of compliance with, and the internal communication of,

such policies, controls and procedures.

4. An applicant must, or upon the grant of a licence will, distinguish between the fees payable:

(a) to the Registrar; and

(b) to the applicant for its services,

in all forms of communication, including the issuing of invoices, relating to any services offered or conducted by the applicant.

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EXTRACT OF THE COMPANIES REGULATIONS 2020

157. Duty to notify Registrar of changes

(1) A company must, within the period of 14 days from–

(a) a person becoming or ceasing to be a director, or

(b) the occurrence of any change in the particulars contained in its register of directors or its register of directors' residential addresses,

give notice to the Registrar of the change and of the date on which it occurred.

(2) Notice of a person having become a director of the company must–

(a) contain a statement of the particulars of the new director that are required to be included in the company's register of directors and its register of directors' residential addresses, and

(b) be accompanied by a consent, by that person, to act in that capacity.

(3) Where–

(a) a company gives notice of a change of a director's service address as stated in the company's register of directors, and

(b) the notice is not accompanied by notice of any resulting change in the particulars contained in the company's register of directors' residential addresses, the notice must be accompanied by a statement that no such change is required.

(4) If default is made in complying with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(5) A person who commits the contravention referred to in subsection (4) is liable to a level 1 fine.

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