

DECISION NOTICE ISSUED UNDER
RULE 42 OF THE
COMPANIES REGULATIONS (AUDITORS) RULES 2023

To: Mr. Farad Kersi Lakdawala



Email:



Date: 31 May 2023

1. DECISION

- 1.1 This Decision Notice (“Notice”) is issued under Rule 42 of Part 11 of the Companies Regulations (Auditors) Rules 2023 (the “Auditors Rules 2023”).
- 1.2 For the reasons given in this Notice, the Registrar of Abu Dhabi Global Market (“ADGM”) has decided to impose a financial penalty of **USD 4,000** on Farad Kersi Lakdawala (“**Lakdawala**”), the Registered Audit Principal at Moore Stephens with ADGM Registration No. 000005025 (“Moore Stephens”) for a contravention of Rule 13 of the Auditors Rules 2023 (acting as an auditor of a Financial Institution (“FI”) without FI Audit Permit).
- 1.3 This Notice is issued to Lakdawala 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 RA or ADGM that any other person other than Lakdawala has committed a contravention of ADGM’s enactments or subordinate legislation, nor it is a reflection upon any other person or entity.

2. EXECUTIVE SUMMARY

- 2.1 On 27 April 2022, Lakdawala signed the Independent Auditor’s Report as the Audit Principal for an ADGM FI without holding the required additional Financial Institution Audit Permit (“FI Audit Permit”) from ADGM in contravention of Rule 13 of the Auditors Rules 2023. Prior to this, the RA had communicated to Lakdawala emphasising the limitation of Moore Stephens’ ADGM commercial licence and the requirement to apply for an additional Permit if Moore Stephens wishes to conduct audit on ADGM FIs.
- 2.2 Given the nature of the contravention, the Registrar considers it appropriate in the circumstances to impose a financial penalty on Lakdawala.

REGISTRATION AUTHORITY
سلطة التسجيل

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. SUMMARY OF EVIDENCE SUPPORTING THE DECISION

Moore Stephens and Lakdawala – Registration

- 4.1 On 5 February 2021, Moore Stephens was registered as a Branch of a Foreign Company in ADGM for the Non-Financial (Category B) - 6918 Auditing business activities.
- 4.2 On 5 February 2021, Lakdawala was appointed as the authorised signatory and director at Moore Stephens.
- 4.3 On 25 August 2021, the Companies Regulations (Auditors) Rules 2021 were adopted and the ADGM’s new auditors’ framework (the “Auditors’ Framework”) was enacted. The Auditors Framework came into force on 1 December 2021 and provided a transition period, for existing recognised auditors, which stipulated that they must re-register within 12 months from 1 December 2021 or on the firm’s registration renewal date, whichever is the earlier.
- 4.4 On 21 February 2022, Moore Stephens as part of the re-registration application process submitted the following:
- 4.4.1 ADGM application form to become a Registered Auditor (“Registered Auditor Form 2022”) signed by Lakdawala on 25 January 2022 as the undersigned Audit Compliance Principal. The Registered Auditor Form 2022 included the following:
- a. The following is stated under “Important information” section:
Permits for Public Audits and Financial Institutions – Please note that the audit of ADGM registered public interest entities (“PIEs”) and financial institutions (“FIs”) requires Additional Permits. In addition to the Registered Auditor application, Auditor Applicants wishing to accept audit engagements of PIEs and FIs must apply for the relevant permits.
- b. Under section “Number of ADGM audit clients”, “[REDACTED]¹” was listed by Moore Stephens under “others”.

¹ [REDACTED] was incorporated in ADGM on [REDACTED] for Financial - Category A business activities (6611 Providing Money Services).

- c. Under section 7: “Additional Permits” the following was stated:

“In accordance with Companies Regulations (Auditors) Rules 2021, to be appointed or act as an auditor of PIEs or FIs, Additional Permits(s) must be held by both the Registered Auditor and every Registered Audit Principal.

The application to obtain additional permits from the RA to audit PIEs and FIs can be made at the same time as this application.

Please contact the RA to obtain the application form”

- 4.4.2 ADGM application form to become Registered Audit Principal (“Registered Audit Principal Form 2022”) signed by Lakdawala on 27 January 2022 as the undersigned Audit Principal Applicant and Audit Compliance Principal. The Registered Audit Principal Form 2022 included the following:

- a. The following is stated:

Permits for Public Audits and Financial Institutions

Please note that the audit of ADGM registered public interest entities (“PIEs”) and financial institutions (“FIs”) requires Additional Permits. In addition to registration as an auditor, firms wishing to accept audit engagements of PIEs and FIs must apply for the relevant permits. Registered Auditors must not accept any engagement involving such audits without first obtaining the relevant Additional Permit from the RA for both the Registered Auditor and Audit Principal.

- b. Under section 4 which requires applicants to list “Applicant’s proposed ADGM audit activities”, the following was stated by Moore Stephens:

“Industry experience comprises:

*Manufacturing,
Contracting,
Financial services,
Construction,
Real estate and hospitality,
Shipping”*

- c. Under section 5, “Additional Permits”, the following was included:

“In accordance with the Companies Regulations (Auditors) Rules 2021, to be appointed or to act as an auditor of PIEs or FIs, the relevant permit(s) must be held by both the Registered Auditor and Registered Audit Principal.

The application to obtain additional permits from the RA to audit PIEs and FIs can be made at the same time as this application.

Please obtain the appropriate form from the RA’s Monitoring Team by emailing at monitoring@adgm.com.”

- 4.5 On 23 February 2022, Moore Stephens was re-registered under the new Auditors’ Framework. An approval email was sent by the RA stating among other things “Please note Moore are only registered to carry out audits of entities other than public listed entities and Financial

Institutions (FI). If you wish to audit public interest entities and/or Financial Institutions, Moore must apply for Additional Permits”.

- 4.6 On 24 February 2022, Lakdawala responded to the email indicated under point 4.5 stating among other things “We have noted the specific points raised by you in the email”.
- 4.7 On 18 April 2022, the revised Companies Regulations (Auditors) Rules 2022 (the “Auditors Rules 2022”) was adopted as a revision of Auditors Rules 2021. On 9 February 2023, the Auditors Rules 2023 was adopted as the latest revision. Rule 13 remained the same under all versions 2021, 2022 and 2023 of the Auditors Rules.
- 4.8 To date, Moore Stephens has not applied for an FI Audit Permit to enable the firm to conduct audits of financial institutions.

Contravention of Rule 13 of the Auditors Rules 2023

- 4.9 Rule 13 of the Auditors Rules 2023 requires an ADGM Registered Auditor to obtain an FI Audit Permit to accept and/or conduct audit engagements of FIs.
- 4.10 On 9 May 2022, ██████████ filed its annual accounts for the financial year ending 31 December 2021 (the “Annual Accounts”).
- 4.11 ██████████ was incorporated on ██████████ in ADGM with a ‘Category A – Financial’ business activity of Providing Money Services.
- 4.12 On 16 January 2023 as part of a routine review by RA Staff (“RA Staff”), it became apparent that the Annual Accounts:
- were audited by Moore Stephens and the Independent Auditor’s Report was signed on 27 April 2022 by Lakdawala as “Principal”;
 - included the Independent Auditor’s Report prepared by Moore Stephens with its ADGM address “34 Floor, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi”;
 - comprised of a statement of financial position as of 31 December 2021, statement of comprehensive income, statement of changes in shareholder’s funds, statement of cash flows and notes to the financial statements; and
 - included a Directors’ Report which stated, “Messrs Moore Stephens, the auditors of the Company, have indicated their willingness to continue in office”.
- 4.13 On 18 January 2023, the RA, as part of its routine audit supervision activities, requested details from Moore Stephens of every ADGM entity that they were engaged by to perform external audit work throughout the period between 1 January 2022 and 31 December 2022 (the “Audit Client List”).
- 4.14 On 26 January 2023, Moore Stephens provided the required Audit Client List to the RA, the list of audit clients provided included ██████████ and “Money services/Regulated by the ADGM Financial Services Regulatory Authority” was indicated under the “sector” section of the Audit Client List provided. Lakdawala sent the Audit Client List to RA Staff.

- 4.15 Following Moore Stephen's re-registration under the Auditors' Framework, Lakdawala, as its Registered Audit Principal, carried out an audit for an FI without obtaining the required FI Audit Permit pursuant to Rule 13 of the Auditors Rules 2023. This constitutes a contravention of Rule 13 of the Auditors Rules 2023.
- 4.16 The audit of the FI was carried out despite the following disclaimers/communication:
- Registered Auditor Form 2022 disclaimers described under paragraph 4.4.1. The disclaimers clearly stated that audit of FIs requires Additional Permits.
 - Registered Audit Principal Form 2022 described under paragraph 4.4.2. The disclaimers clearly stated that Registered Auditors must not accept any engagement involving FI audits without first obtaining the relevant Additional Permit from the RA for both the Registered Auditor and Audit Principal.
 - The email described under paragraphs 4.5 clearly indicated to Lakdawala the limitation of Moore Stephens' registration and the requirement to apply for Additional Permits if Moore Stephens wishes to carry out audits of FIs to which Lakdawala responded with confirmation and noted the RA's points.
- 4.17 By carrying out an audit of an FI without obtaining the required ADGM FI Audit Permit beyond the scope of Moore Stephen's commercial licence and his own registration with ADGM RA, Lakdawala committed serious contravention of the Auditors Rules 2023.

5. CONTRAVENTIONS

- 5.1 Based on the facts and matters noted above, the Registrar considers that Lakdawala contravened Rule 13 of the Auditors Rules 2023, which attracts a fine not exceeding level 8 on the standard fine scale (i.e. up to USD 50,000).

6. SANCTIONS

Financial Penalties

- 6.1 In reaching its decision to impose a financial penalty, the Registrar has considered the below factors and considerations to be of relevance:
- To promote compliance with the Regulations and achieve the Registrar's objectives by:
 - penalising persons who have committed contraventions;
 - deterring persons that have committed or may commit similar contraventions; and
 - depriving persons of any benefit that they may have gained as a result of their contraventions.
- 6.2 The Registrar has decided to impose a financial penalty, given the seriousness of the contravention and the circumstances.

Determination of the level of financial penalty

- 6.3 The Registrar has considered the factors and considerations for determining the appropriate level of the financial penalty that it decided to impose, which are set out as follows.

The seriousness of the contraventions

- 6.4 Exceeding the scope of an ADGM audit permit is a serious contravention. The Registrar expects all Registered Audit Principals to behave with integrity and fairness in all their dealings and maintain high standards of professional practice.
- 6.5 Registered Audit Principals are expected to exercise due skill, care and diligence in accepting and carrying out any audit work. Registered Audit Principals should ensure that they fully comply with all applicable or relevant laws and regulations.
- 6.6 Registered Audit Principals are also expected to only undertake work that they are permitted and qualified to perform.

Deliberate or reckless

- 6.7 At the re-registration stage, Moore Stephens under the re-registration form, which was signed by Lakdawala, disclosed that [REDACTED] is their client. Subsequent to the re-registration, the RA sent a clear communication to Lakdawala stating that if Moore Stephens wishes to audit Financial Institutions, it must apply for Additional Permits. Despite this communication, audit work was carried for the FI and on 27 April 2022, Lakdawala signed the Independent Auditor's Report.
- 6.8 Given that Lakdawala disclosed to the RA that Moore Stephens was engaged by [REDACTED] for an audit in response to the RA's enquiry letter in January 2023, it can be reasonably concluded that the act was at the least, careless.

Whether the person is an individual

- 6.9 Lakdawala is an individual. Therefore, this factor was considered in reducing the financial penalty.

Effect on third parties

- 6.10 This impacts any person(s) who relied on [REDACTED] Annual Accounts if the audit and corresponding audit report of [REDACTED] was not carried out in accordance with applicable standards and regulations.

Deterrence

- 6.11 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 other licensed and/or registered persons from committing similar contraventions.
- 6.12 The penalty imposed must deter other Registered Audit Principals from performing or attempting to carry out audits without obtaining the appropriate Additional Permit from the RA to avoid the additional associated fees.

Financial gain or loss avoided

- 6.13 Persons who relied on [REDACTED] Annual Accounts may suffer financial loss if the audit, and corresponding audit report of [REDACTED] is not carried out in accordance with applicable standards and regulations or carried out with persons with no proper permits.
- 6.14 Additionally, Moore Stephens avoided paying the associated fees with obtaining an FI Audit Permit from the RA.

Disciplinary record and compliance history

- 6.15 At the time of the contravention and to the knowledge of the Registrar, Lakdawala has no disciplinary record nor is the Registrar aware of any other concerns in relation to Lakdawala.

Maximum Penalty

- 6.16 As per Rule 33(3) of the Auditors Rules 2023, the maximum penalty for contravention of Rule 13 is level 8 which is up to USD 50,000.
- 6.17 The Registrar considers the financial penalty amount of USD 4,000 would be wholly appropriate in order to reflect the seriousness of the contravention.

7. LAKDAWALA REPRESENTATIONS

- 7.1 On 27 March 2023, the Registrar issued Lakdawala with a Warning Notice pursuant to Rule 41 of the Auditors Rules 2023 in which it stated that it proposed to impose a financial penalty.
- 7.2 Lakdawala was provided with an opportunity to make written representations in response to the Warning Notice and the action proposed.
- 7.3 On 13 April 2023, the Registrar received representations from Lakdawala.
- 7.4 It is understood that Lakdawala's response to the Warning Notice consists of the following 'key' representations (along with the Registrar's response to each):

- a) The provision of auditing services to an FI without holding the necessary FI permit was not deliberate but rather an inadvertent oversight in understanding the definition of an FI.
- (i) The Registrar is of the view that, as an ADGM registered audit principal, Lakdawala, ought to have known that ██████ fell within the definition of an FI. Failure to do so indicates a lack of diligence and care and fell short of the professional standards expected of ADGM registered audit principals, by the Registrar.
- b) Lakdawala has no previous non-compliance or regulatory actions history.
- (i) Lakdawala’s disciplinary record and compliance history was taken into consideration by the Registrar (under paragraph 6.15 of the Lakdawala Warning Notice) in proposing the imposition of the financial penalties and the proposed amount.
- c) It was Lakdawala’s understanding that ██████ business activities of ‘providing money services’ did not fall under the definition of an FI.
- (i) See the Registrar’s response at paragraph (a)(i), above.
- (ii) Additionally, the Registrar notes that ██████ audited financial statements include notes stating that, “*The Company is regulated by Financial Services Regulatory Authority (FSRA) and holds a Category 3C license issued by FSRA*”. Further, the client list submitted by Moore Stephens to the RA on 26 January 2023 included the following note in connection to ██████: “*Money services/Regulated by the ADGM Financial Services Regulatory Authority*”. Accordingly, it appears that Lakdawala was aware that ██████ business activities fall within the definition of an FI.
- d) ██████ is no longer a statutory client.
- (i) The Registrar notes that ██████ is no longer a statutory client, which reduces the seriousness of the contravention, as it is not an ongoing contravention. This has been taken into consideration by the Registrar in deciding the amount of the financial penalty.
- e) Paragraph 6.7 of the Warning Notice implied that Lakdawala had deliberately accepted the FI audit despite the communications from the RA. Instead, it was an unintentional oversight.
- (i) Paragraph 6.7 of the Lakdawala Warning Notice stated a chronological set of events.
- (ii) Further, see the Registrar’s responses at paragraphs (a)(i) and (c)(ii), above.

- f) Moore Stephens' audit procedures are carried out in accordance with international standards and highest quality standards.
- (i) In the Registrar's view, Lakdawala did not act diligently, and due care was not exercised in accordance with professional standards by providing audit services to [REDACTED] without the required FI audit permit.
- (ii) Further, in the Registrar's view, Lakdawala has also failed to meet 'Due skill, care and diligence' principle applicable to any ADGM Registered Auditor and Registered Audit Principal pursuant to Rule 17 of Part 6 of the Auditors Rules 2023.
- g) There was never an intent to avoid paying the associated fees with obtaining the FI audit permit.
- (i) In the Registrar's view, whether avoiding payment of the permit fees associated with obtaining an FI Audit Permit was intentional or unintentional, it does not change the fact, indicated under paragraph 6.14 of Lakdawala Warning Notice, that such fees were avoided and not paid.
- (ii) Further, by signing the [REDACTED] audit report without holding the required FI audit permit, Lakdawala (unintentionally or otherwise) falsely held himself out as eligible to conduct FI audits.
- (iii) The Registrar notes the importance of the FI permit as it enables the Registrar to assess and decide if an FI audit permit applicant:
- is fit and proper to act as registered auditors for FIs;
 - has adequate systems, procedures and controls as appropriate for FIs;
 - is compliant with relevant international standards appropriate for auditors of FIs; and
 - has clear and comprehensive policies and procedures relating to compliance with all applicable legal requirements such as Anti-Money Laundering and Sanctions Rules and Guidance (AML) and other relevant regulations and rules, when providing audit services, in each case at a level appropriate for auditors of FIs.

7.5 Having taken into account the facts, matters and circumstances of the contravention, the Registrar has decided to impose on Lakdawala financial penalties in the amount of USD 4,000.

8. PROCEDURAL MATTERS

Opportunity to have the matter referred to the ADGM Courts

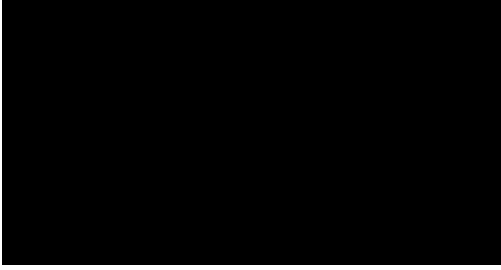
8.1 Under Rule 43 of the Auditors Rules 2023, the decision contained in this Notice may be referred by Lakdawala to the ADGM Courts within one month of Lakdawala's receipt of the Decision Notice.

- 8.2 In the event that a referral is not made to the ADGM Courts for a review of this Notice within one month, then this Notice will be considered a final and conclusive decision by the Registrar and must be paid by Lakdawala on or before 30 June 2023.
- 8.3 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.
- 8.4 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

- 8.5 As this Notice has now been issued, pursuant to Rule 46(2) of the Auditors Rules 2023, the Registrar must publish the details about the matter to which the Notice relates as it considers appropriate.

Signed:



Tim Land

Executive Director - Monitoring & Enforcement, Registration Authority
Delegate of the Registrar, Registration Authority

ANNEXURE A

EXTRACTS OF THE REGULATIONS AND RULES REFERRED TO IN THIS NOTICE

EXTRACT OF THE COMPANIES REGULATIONS (AUDITORS) RULES 2023

13. FI Audit Permits

- (1) No Registered Auditor may be appointed or act as an auditor of a Financial Institution, and no Registered Audit Principal may be appointed or act as an Audit Principal of a Financial Institution unless the Registered Auditor or Registered Audit Principal holds a FI Audit Permit.
- (2) An application for an FI Audit Permit may only be made to the Registrar by a:
 - (a) Registered Auditor or by an Auditor Applicant at the same time as it applies for registration as a Registered Auditor; or
 - (b) Registered Audit Principal or by an Audit Principal Applicant at the same time he or she applies for registration as a Registered Audit Principal.

14. Additional Permit Application Process

- (1) A Permit Applicant must:
 - (a) complete an application in the form provided by the Registrar from time to time in accordance with the requirements of these Rules and submit to the Registrar that application and such other information in writing as may be required by to the Registrar; and
 - (b) pay such fee or fees in connection with the application as set out in Schedule 3 to these Rules.
- (2) The Registrar may, in the course of the application:
 - (a) require the Permit Applicant to answer any enquiries the Registrar considers necessary, and may make such other enquiries in connection with the application, including enquiries independent of the Permit Applicant, as the Registrar considers desirable;
 - (b) require the Permit Applicant to provide additional information;
 - (c) take into account any information the Registrar considers relevant;
 - (d) require the Permit Applicant to provide information on how the Permit Applicant intends to ensure compliance with these Rules or the Companies Regulations or any other applicable law or regulation relevant to the provision of any Audit Service in the Abu Dhabi Global Market; and
 - (e) require any information provided by or on behalf of the Permit Applicant to be verified in any way that the Registrar specifies.

32. Registration, Licensing and Supervision

- (1) The Registrar is responsible for:
 - (a) the public oversight of Registered Auditors and Registered Audit Principals under these Rules;
 - (b) assessing, and making decisions with respect to, any application under these Rules;
 - (c) determining how the continuing obligations for Registered Auditors and Registered Audit Principals are to be applied in practice (including provision for securing compliance with those standards);
 - (d) determining whether Registered Auditors and Registered Audit Principals have complied with their ongoing obligations under these Rules;
 - (e) registration and licensing of Registered Auditors and Registered Audit Principals, including any Additional Permits held;
 - (f) keeping the Register and making them available for inspection;
 - (g) monitoring (including by means of inspections) Registered Auditors and Registered Audit Principals;
 - (h) investigating any apparent breaches of these Rules or terms of any Additional Permit; and
 - (i) imposing and enforcing sanctions.
- (2) The Registrar will publish an annual report on the monitoring activities it undertakes of Registered Auditors and Registered Audit Principals.

33. Sanctions

- (1) If the Registrar considers that a Registered Auditor or Registered Audit Principal (a "Relevant Entity") has contravened a relevant requirement, it may take any or all of the following courses of action in relation to the Relevant Entity—
 - (a) issue a private or public censure in relation to such contravention; or
 - (b) impose a financial penalty; or
 - (c) issue a prohibition order; or
 - (d) enter into an enforceable undertaking; or
 - (e) suspend or withdraw the Relevant Entity's registration or Additional Permit or Permits in accordance with Rule 34(1)(a).
- (2) Censure statements
 - (a) A censure statement must describe in such detail as the Registrar may determine the nature of the contravention and may include such guidance as to any remedial action that the Relevant Entity should consider taking to avoid any repetition of such contravention or any other contravention taking place, as the Registrar may see fit to specify.
 - (b) A public censure statement must be published in such manner as the Registrar determines and a copy of the censure statement must be sent by the Registrar to the Relevant Entity.
- (3) Financial penalties
Any financial penalty imposed by the Registrar may be in such amount and may be payable on such terms, as it considers appropriate, provided that the financial

penalty not exceed the amount specified for level 8 on the standard fines scale.

- (4) Prohibition orders
- (a) The Registrar may issue an order prohibiting or restricting a Relevant Entity from providing or otherwise being involved in the provision of, in the Abu Dhabi Global Market, any Audit Service of such type as may be specified in the order and subject to such conditions as may be specified in the order.
- (b) The Registrar may, if it considers it appropriate or desirable, publish details of any such order in such manner as it determines.
- (5) Enforceable undertakings
- (a) If the Registrar considers that this would be an appropriate way in which to address any contravention of a relevant requirement or any other concern that it may have with respect to a Registered Auditor or Registered Audit Principal, it may accept a written undertaking from a Relevant Entity on such terms as may be agreed.
- (b) The Registrar may, if it considers it appropriate or desirable, publish details of any such order in such manner as it determines.
- (c) If the Registrar considers that any person who has given such an undertaking has breached any of its terms, the Registrar may take such further action as it considers appropriate, including without limitation, imposing another sanction and taking any other action available to him under these Rules and applying to the ADGM Courts for an order or other relief to enforce or provide a remedy in respect of any breach.
- (6) In this Rule a "relevant requirement" means a requirement with which a Registered Auditor or Registered Audit Principal must comply under—
- (a) these Rules or the Companies Regulations; and
- (b) any Additional Permit.

34. Right of the Registrar to Suspend or Withdraw Registration or Additional Permits

- (1) The Registrar may withdraw or suspend the registration or any Additional Permits of a Registered Auditor or Registered Audit Principal on:
- (a) its own initiative; or
- (b) at the request of the Registered Auditor or Registered Audit Principal.
- (2) Where the Registrar decides to suspend the registration or any Additional Permit of a Registered Auditor or Registered Audit Principal, it may direct that such suspension:
- (a) be for a specific period of time (which may be extended for such further periods and from time to time as the Registrar may consider desirable); or
- (b) continue until such time as such conditions as the Registrar may consider appropriate have been met to his satisfaction.

38. Suspension or Withdrawal of Registration or Additional Permits of a Registered Auditor at the Request of the Registered Auditor

- (1) A request for suspension or withdrawal of registration or one or both Additional Permits by a Registered Auditor must be made in writing to the Registrar in the form specified by the Registrar from time to time in accordance with the requirements of these Rules.
- (2) Acceptance of such request remains at the discretion of the Registrar and before granting a request for suspension or withdrawal the Registrar must first be satisfied that:
 - (a) the Registered Auditor has made appropriate arrangements with respect to its existing audit clients; and
 - (b) any other matter which the Registrar reasonably expects to be resolved before such suspension or withdrawal takes effect has been resolved.
- (3) Once a Registered Auditor has made a request for its registration, or one or both of its Additional Permits, to be suspended or withdrawn, it must not:
 - (a) In the case of the suspension or withdrawal of the Registered Auditor's registration,
 - (ii) accept any appointment or re-appointment as a Registered Auditor;
 - (iii) provide any Audit Service;
 - (iv) issue any audit reports; or
 - (b) in the case of the suspension or withdrawal of an Additional Permit, carry out work for which such Additional Permit is required,

in each case without obtaining the prior written consent of the Registrar.

40. The Registrar's Procedures

- (1) The Registrar will exercise its powers and discharge its responsibilities as set out in these Rules in each case accordance with established principles of natural justice, ensuring that its actions are fair and transparent.
- (2) Without prejudice to the generality of Rule 34(1), the Registrar must comply with the following principles in relation to the issuance of Warning Notices and Decision Notices under this Rule:
 - (a) a decision to issue a Warning Notice or a Decision Notice must be taken only by:
 - i. a person not directly involved in establishing the evidence on which the decision is based; or
 - ii. 2 or more persons who include a majority of persons not directly involved in establishing that evidence.
 - (b) the procedural formalities and protections afforded to a Recipient must be commensurate with the gravity or seriousness of the proposed action.
- (3) The ADGM Courts may take into account any failure of the Registrar in complying with these requirements in considering a matter referred to them.

42. Decision Notices

- (1) If the Registrar decides to take an action referred to in a Warning Notice, it must provide a Decision Notice (a "Decision Notice") to the relevant Auditor Applicant, Auditor Principal Applicant, Permit Applicant, or direct subject of the sanction, as appropriate (the "Decision Notice Recipient").
- (2) 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; and
- (c) give an indication of any right to refer the matter to the ADGM Courts which is given by these Rules.

43. Right to refer matters to the ADGM Courts

- (1) A Decision Notice Recipient may refer the matter to the ADGM Courts within one month of receipt of the Decision Notice, which will review the matter in accordance with their own procedures.
- (2) A Decision Notice that has been referred to the ADGM Courts continues in effect until the matter has been resolved by the ADGM Courts, unless the ADGM Courts determine otherwise.

44. Access to Material

- (1) If the Registrar gives a person ("A") a Warning Notice notifying a recipient that it intends to, on its own-initiative, withdraw or suspend any registration or Additional Permit under Rule 34(1)(a), it must –
 - (a) allow the person access to the material on which it relied in taking the decision which gave rise to the obligation to give the notice;
 - (b) allow the person access to any other material which was considered or obtained by the Registrar in connection with determining and reaching its decision which, in the Registrar's opinion, might undermine that decision.
- (2) The Registrar may refuse A access to particular material which it would otherwise have to allow A access to if, in its opinion, allowing A access to the material -
 - (a) would not be in the public interest;
 - (b) would breach confidentiality requirements; or
 - (c) would not be fair, having regard to -
 - (i) the likely significance of the material to A in relation to the matter giving rise to the Warning 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.
- (3) If the Registrar refuses under Rule 44(2) to allow access to material, it must give A written notice of -
 - (a) the refusal; and
 - (b) the reasons for it.
- (4) The Registrar may refuse A access to particular material on the basis that it consists of a protected item, in which case, 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.

46. Publication

- (1) A Warning Notice, the existence of a Warning Notice and the contents of a Warning Notice must not be published or disclosed by the Registrar, the Recipient or any other person.

- (2) The Registrar may publish, in such manner as it considers appropriate, a Decision Notice, part of a Decision Notice, or such information about the matter to which a Decision Notice relates as it considers appropriate, taking into account the fairness of such publication and the effect on the Decision Notice Recipient, the interests of participants in the Abu Dhabi Global Market or the interests of the Abu Dhabi Global Market as a whole.
- (3) Except with the prior written consent of the Registrar, no other person may publish or disclose a Decision Notice, part of a Decision Notice or information about the matter to which a Decision Notice relates, except and to the extent that the Registrar has already so published.
- (4) A person, other than the Registrar, who contravenes Rules 46(1) or 46(3) is liable to a fine not exceeding level 3 on the standard fines scale.