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## DECISION NOTICE

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**To:** EY Law LLP

**DFSA Ref:** F005689

**Address:** Level 6, ICD Brookfield Place  
DIFC, PO Box 9267  
Dubai, UAE

**Date:** 10 January 2023

### ACTION

1. For the reasons given in this Decision Notice, and pursuant to Article 90(2)(a) of the Regulatory Law 2004 (the **Regulatory Law**), the Dubai Financial Services Authority (the **DFSA**) has decided to impose on EY Law LLP (**EY Law**) a fine of USD8,400 (the **Fine**).
2. EY Law agreed to settle this matter. The DFSA has therefore decided to reduce the Fine by a settlement discount of 30%. Were it not for the settlement discount, the DFSA would have imposed a fine of USD12,000 on EY Law.
3. This Decision Notice is addressed to EY Law alone. Nothing in this Decision Notice constitutes a determination that any person other than EY Law breached any legal or regulatory rule and the findings expressed in this Decision Notice are without prejudice to the position of any third party, or of the DFSA in relation to any third party.

### DEFINITIONS

4. Defined terms are identified in this Decision Notice by the capitalisation of the initial letter of a word or of each word in a phrase, and are defined either in Annex A to this Decision Notice or in the DFSA Rulebook, Glossary Module (**GLO**). Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

## SUMMARY OF REASONS

5. The DFSA has decided to take this action as it considers that EY Law has failed to submit its 2021 and 2022 AML Returns by the specified deadlines, despite several follow up reminders by the DFSA, in contravention of Rule 14.5.1 of the Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module (**AML**) – Annual AML Return.
6. Given the repeated nature of EY Law's contraventions, the DFSA considers it appropriate in the circumstances to impose the Fine on EY Law.

## FACTS AND MATTERS RELIED UPON

### Background

7. On 13 October 2019, EY Law was incorporated in the DIFC.
8. On 5 February 2020, EY Law was registered with the DFSA as a DNFBP to undertake the profession of law, notary, and other independent legal business in or from the DIFC.
9. As a DNFBP, EY Law was required to complete an AML Return form and submit it to the DFSA by 30 September of each year. The annual AML Return should have covered the period from 1 August of the previous year to 31 July of the reporting year.
10. Accordingly, on 30 September 2020 (i.e. by the set deadline), EY Law submitted its 2020 AML Return to the DFSA.

### 2021 AML Return

11. On 22 August 2021, the DFSA sent an email to EY Law stating that the deadline to complete and submit the AML Return, covering the period from 1 August 2020 to 31 July 2021 (the **2021 AML Return**), was extended from 30 September 2021 to 28 October 2021.
12. On 9 September 2021, the DFSA sent another email to EY Law stating, among other things, that the "*DFSA Annual AML Return [is] due on 28 October 2021*". In the same email, the DFSA reminded EY Law of its obligations under the AML Module of its Rulebook, on specific AML notification requirements to the DFSA, and that the DFSA would take appropriate action against EY Law if there was a breach of the requirements.

13. On 26 October 2021, the DFSA sent an email to EY Law reiterating that, with regards to *“the annual AML Return 2021 submission timeline ... the submission date for this Relevant Period is by the end of October 2021 (28 October 2021)”*, adding that EY Law had not started completing its 2021 AML Return.
14. On 28 October 2021, the DFSA sent a final email reminder to EY Law re-iterating the same message included in its 26 October 2021 email.
15. On 8 November 2021 (i.e. 11 days after the set deadline of 28 October 2021), EY Law submitted its 2021 AML Return to the DFSA.
16. On 9 November 2021, the DFSA issued a letter to EY Law, titled *“Regulatory concerns requiring immediate attention”* (the **Regulatory Concerns Letter**). In its letter, the DFSA stated that it had *“serious regulatory concerns”* regarding EY Law, including EY Law’s failure to complete and file its 2021 AML Return within the set deadline. The letter also warned EY Law that failure to take the necessary action to address these concerns may result in *“publication of the action taken and the reasons for that action, including the relevant decision notice itself, in whole or in part”*.

## **2022 AML Return**

17. On 8 August 2022, the DFSA sent an email reminding EY Law that the deadline to complete and submit the AML Return, covering the period from 1 August 2021 to 31 July 2022 (the **2022 AML Return**), was 30 September 2022.
18. On 7 October 2022, the DFSA sent another email to EY Law re-iterating that EY Law is required to complete the AML Return and submit it to the DFSA by the end of September each year. The email added that *“EY Law LLP (F005689) did not submit the 2022 Annual AML Return in accordance with the required timeline. EY Law LLP (F005689) is therefore considered in breach of AML 14.5.1”*.
19. On 31 October 2022 (i.e. 31 days after the 30 September 2022 deadline), EY Law submitted its 2022 AML Return to the DFSA.

## **CONTRAVENTIONS**

### **AML Rule 14.5.1**

20. Rule 14.5.1 of the AML states that *“[a] Relevant Person must complete the AML Return form in AFN [the Applications, Forms and Notices module of the Sourcebook] and submit*

*it to the DFSA by the end of September each year. The annual AML Return must cover the period from 1 August of the previous year to 31 July of the reporting year."*

21. AML Rule 1.1.2(c) defines "*Relevant Person*" as including, among others, a DNFBP.
22. Therefore, as a DNFBP, EY Law was required to submit the 2021 and 2022 AML Returns to the DFSA within the set deadlines. However, despite several reminders and the Regulatory Concerns Letter sent by the DFSA (as set out at paragraphs 11 to 19), EY Law had failed to do so. Accordingly, EY Law contravened AML Rule 14.5.1.

## **ACTION**

23. In deciding to take the action set out in this Decision Notice, the DFSA has taken into account the factors and considerations set out in sections 6-2 and 6-3 of the DFSA's Regulatory Policy and Process Sourcebook (**RPP**).
24. The DFSA considers the following factors to be of particular relevance in this matter:
  - a. the DFSA's zero tolerance approach to AML-related breaches and contraventions in the DIFC, and the approach to anti-money laundering breaches more generally in the UAE;
  - b. the deterrent effect of the action on EY Law and others from committing similar contraventions; and
  - c. the disciplinary record and compliance history of EY Law.
25. The guidance section under chapter 15 of AML states that the DFSA may impose fines for breaches of the AML Rules and Rule 7.1.3 of the Fees Module (FER) states that nothing in that section covering fees for late returns or reports limits the right of the DFSA to take any other action.
26. In this regard, the DFSA notes that it has separately imposed on EY Law a fee of USD1,000 for its late submission of the 2022 AML Return. However, the DFSA considers that the late submission fee would not adequately address the DFSA's concerns regarding EY Law's repeated misconduct or deter such misconduct in the future. Therefore, to properly address the DFSA's concerns, the DFSA has decided to impose a fine.

27. On this basis, the DFSA has considered the sanctions and other options available to it given the circumstances of this matter and concluded that a fine is the most appropriate action to take against EY Law.

### **Determination of the Fine**

28. In determining the appropriate level of financial penalty to impose in this matter, the DFSA has taken into account the factors and considerations set out in sections 6-4 and 6-5 of the RPP as follows.

#### ***Step 1 – Disgorgement***

29. There is no evidence to suggest that EY Law received any economic benefit as a result of its contraventions. Accordingly, this step was not considered to be relevant.

#### ***Step 2 – The seriousness of the contraventions***

30. The DFSA found EY Law's contraventions to be significant because:
- a. EY Law failed to submit its annual AML Returns within the specified deadline for two consecutive years. Accordingly, EY Law's contraventions were repeated; and
  - b. EY Law was repeatedly reminded, by way of DFSA supervisory correspondence, of the deadlines to submit the 2021 and 2022 AML Returns, but did not heed those reminders. It was also informed, in the Regulatory Concerns Letter, of its failure to submit its 2021 AML Return within the original set deadline.
31. Taking the above factors into account, the DFSA considers that a financial penalty of USD12,000 appropriately reflects the seriousness of the contraventions.
32. Accordingly, the figure after Step 2 is USD12,000.

#### ***Step 3 – Mitigating and aggravating factors***

33. In considering the appropriate level of financial penalty, the DFSA had regard to the mitigating and aggravating factors set out in RPP 6-5-8.
34. However, the DFSA does not consider it appropriate to adjust the amount of the fine arrived at after Step 2 for the factors set out in RPP 6-5-8, as it does not consider any of these factors to be relevant for the purposes of this Decision Notice.
35. Accordingly, the figure after Step 3 is USD12,000.

#### ***Step 4 – Adjustment for deterrence***

36. Pursuant to RPP 6-5-9, if the DFSA considers that the level of the financial penalty which it has arrived at after Step 3 is insufficient to deter the firm that committed the contravention, or others, from committing further or similar contraventions, then the DFSA may increase it.
37. The DFSA considers that the figure after Step 3 is sufficient for the purpose of deterring EY Law and others from committing further or similar contraventions. Accordingly, the DFSA does not consider it appropriate to adjust the amount of the fine arrived at after Step 3 for the purposes of deterrence.
38. Accordingly, the figure after Step 4 is USD12,000.

#### ***Step 5 – Settlement discount***

39. Where the DFSA and the firm on whom the financial penalty is to be imposed agree on the amount and other terms, RPP 6-5-10 provides that the amount of the financial penalty that might otherwise have been payable will be reduced to reflect the fact that an agreement is reached.
40. The DFSA and EY Law have reached agreement on the relevant facts and matters relied upon and the amount of fine that would be imposed. Therefore, the DFSA has applied a 30% discount to the level of fine which the DFSA would have otherwise imposed.
41. Accordingly, the figure after Step 5 is USD8,400.

#### **The level of the fine imposed**

42. Given the factors and considerations set out above and the circumstances of this matter, the DFSA has determined that it is proportionate and appropriate in the circumstances to impose on EY Law a financial penalty of USD8,400.

### **PROCEDURAL MATTERS**

#### **Settlement Decision Maker**

43. The decision which gave rise to the obligation to give this Decision Notice was made by a Settlement Decision Maker on behalf of the DFSA.
44. This Decision Notice is given to EY Law under paragraph 3(2) of Schedule 3 of the Regulatory Law.

**Evidence and other material considered**

45. Annex B sets out extracts from some statutory and regulatory provisions and guidance relevant to this Decision Notice.
46. The DFSA made available a copy of the relevant materials that were considered in making the decision which gave rise to the obligation to give this Decision Notice.

**Manner and time for payment of the Fine**

47. The Fine must be paid no later than 28 days from the date on which this Decision Notice is given to EY Law.
48. If all or any part of the Fine remains outstanding on the date by which it must be paid, the DFSA may recover the outstanding amount as a debt owed by EY Law and due to the DFSA.

**Right of review of the decision by the Financial Markets Tribunal (FMT)**

49. Pursuant to Article 90(5) of the Regulatory Law, EY Law has the right to refer this matter to the FMT for review. However, in deciding to settle this matter and in agreeing to the action set out in this Decision Notice, EY Law has agreed that it will not refer this matter to the FMT.

**Publicity**

50. Under Article 116(2) of the Regulatory Law, the DFSA may publish, in such form and manner as it regards appropriate, information and statements relating to decisions of the DFSA and of the Court, censures, and any other matters that the DFSA considers relevant to the conduct of affairs in the DIFC.
51. In accordance with Article 116(2) of the Regulatory Law, the DFSA intends to publicise the action taken in this Decision Notice and the reasons for that action. This may include publishing this Decision Notice itself, in whole or in part.
52. The DFSA will notify EY Law of the date on which the DFSA intends to publish information about this Decision Notice.

**DFSA contacts**

53. For more information concerning this matter generally, please contact the Administrator to the Decision Making Committee on +971 4 362 1500 or by email at [DMC@dfsa.ae](mailto:DMC@dfsa.ae).

Signed:

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**Ken Coghill**

As a Settlement Decision Maker on behalf of the DFSA



## ANNEX A – DEFINITIONS

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Term	Definition
2021 AML Return	AML Return, covering the period from 1 August 2020 to 31 July 2021.
2022 AML Return	AML Return, covering the period from 1 August 2021 to 31 July 2022.
AFN	Applications, Forms and Notices module of the DFSA Sourcebook.
AML	Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module of the DFSA Sourcebook.
DIFC	Dubai International Financial Centre.
DFSA	Dubai Financial Services Authority.
EY Law	EY Law LLP, a firm registered with the DFSA on 5 February 2020 as a DNFBP to carry on in or from the DIFC the business or profession of a law firm, notary firm, and other independent legal business.
FER	Fees Module of the DFSA Rulebook.
Fine	The fine imposed on EY Law by the DFSA, as set out in this Decision Notice.
FMT	Financial Markets Tribunal.
GLO	Glossary Module of the DFSA Rulebook.
Regulatory Law	Regulatory Law 2004.
RPP	Regulatory Policy and Process Sourcebook.

## ANNEX B – RELEVANT STATUTORY AND REGULATORY PROVISIONS

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### **1. RELEVANT LEGISLATION**

#### **Regulatory Law, DIFC Law No. 1 of 2004**

##### **90. Sanctions and directions**

- (1) Where the DFSA considers that a person has contravened a provision of any legislation administered by the DFSA, other than in relation to Article 32, the DFSA may exercise one or more of the powers in Article 90(2) in respect of that person.*
- (2) For the purposes of Article 90(1) the DFSA may:*
  - (a) fine the person such amount as it considers appropriate in respect of the contravention;*
  - (b) censure the person in respect of the contravention;*
  - (c) make a direction requiring the person to effect restitution or compensate any other person in respect of the contravention within such period and on such terms as the DFSA may direct;*
  - (d) make a direction requiring the person to account for, in such form and on such terms as the DFSA may direct, such amounts as the DFSA determines to be profits or unjust enrichment arising from the contravention;*
  - (e) make a direction requiring the person to cease and desist from such activity constituting or connected to the contravention as the DFSA may stipulate;*
  - (f) make a direction requiring the person to do an act or thing to remedy the contravention or matters arising from the contravention; or*
  - (g) make a direction prohibiting the person from holding office in or being an employee of any Authorised Person, DNFBP, Reporting Entity or Domestic Fund.*
- (...)*
- (5) If the DFSA decides to exercise its power under this Article in relation to a person, the person may refer the matter to the FMT for review.*

## **116. Publication by the DFSA**

(...)

- (2) *The DFSA may publish in such form and manner as it regards appropriate information and statements relating to decisions of the DFSA, the FMT and the Court, sanctions, and any other matters which the DFSA considers relevant to the conduct of affairs in the DIFC.*

### **SCHEDULE 3 DECISION-MAKING PROCEDURES**

#### **3. Decisions to which procedures do not apply**

- (1) *The procedures in this Schedule (other than sub-paragraph (2) of this paragraph) do not apply to a decision by the DFSA:*
- (a) to withdraw a direction, requirement, restriction or prohibition;*
  - (b) to withdraw a condition or restriction imposed in relation to a Licence, Licence Endorsement, registration, authorisation or approval; or*
  - (c) in relation to a person, if the person has requested, or consented in writing to, the making of the decision.*
- (2) *In the cases referred to in sub-paragraph (1), the DFSA must notify the person in writing of the decision and the date on which it is to take effect.*

## **2. RELEVANT DFSA RULEBOOK PROVISIONS**

### **Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module (AML)**

#### **1.1 Application**

1.1.2 *For the purposes of these Rules, a Relevant Person means:*

- (a) an Authorised Firm other than a Credit Rating Agency;*
- (b) an Authorised Market Institution;*
- (c) a DNFBP; or*
- (d) a Registered Auditor.*

#### **14.5 Annual AML return**

14.5.1 A Relevant Person must complete the AML Return form in AFN and submit it to the DFSA by the end of September each year. The annual AML Return must cover the period from 1 August of the previous year to 31 July of the reporting year.

## **15 DNFBP REGISTRATION AND SUPERVISION**

### **Guidance**

1. A DNFBP should ensure that it complies with and has regard to relevant provisions of the Regulatory Law. The Regulatory Law gives the DFSA a power to supervise DNFBPs' compliance with relevant AML laws in the State. The Regulatory Law requires a DNFBP to be registered by the DFSA to conduct its activities in the DIFC. Rule 15.1.2 sets out the criteria a DNFBP must meet to be registered. The Regulatory Law also gives the DFSA a number of other important powers in relation to DNFBPs, including powers of enforcement. This includes a power to obtain information and to conduct investigations into possible breaches of the Regulatory Law. The DFSA may impose fines for breaches of the Regulatory Law or the Rules. It may also suspend or withdraw the registration of a DNFBP in various circumstances.

### **Fees Module (FER)**

## **7 LATE RETURNS**

7.1.3 Nothing in this section limits the right of the DFSA to take any other action.

## **3. OTHER RELEVANT REGULATORY PROVISIONS**

The DFSA's policy in relation to its approach to enforcement is set out in Chapter 5 of the DFSA's Regulatory Policy and Process Rulebook (RPP) (April 2022 Edition)

Chapter 6 of RPP sets out the DFSA's approach to imposing a penalty, which includes a financial penalty, and the matters the DFSA will take into account when determining a penalty.