
DECISION NOTICE

To: [REDACTED]

Address: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Date: 07 February 2022

ACTION

1. For the reasons given in this Notice, and pursuant to Article 90(2)(b) of the Regulatory Law 2004, the Dubai Financial Services Authority (the **DFSA**) has decided to publish a statement to the effect that [REDACTED] has contravened legislation administered by the DFSA (the **Censure**).
2. The Censure takes the form of this Decision Notice, which will be published on the DFSA's website.

DEFINED TERMS

3. Defined terms are identified in this Notice by the capitalisation of the initial letter of a word, or of each word in a phrase, or as defined in the DFSA Rulebook, Glossary Module. Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

SUMMARY OF REASONS

4. [REDACTED] is a payment technology services provider incorporated in the UK which has offices in other parts of the world and is connected to another firm based in the Dubai International Financial Centre (**DIFC**) that provides IT support services. Also, the co-founder of [REDACTED] is a director of that other firm based in the DIFC.
5. The DFSA has found that [REDACTED] contravened legislation administered by the DFSA by disseminating misleading or deceptive information. In particular, in October 2020, [REDACTED] issued a press release to media outlets stating that it had been licensed by the DFSA when in fact it had not. Further, [REDACTED] incorrectly reported on its website that it had an office in the DIFC when in fact it did not have any such office presence (or, indeed, any presence whatsoever) in the DIFC.
6. The DFSA has found that [REDACTED] contravened Article 41B of the Regulatory Law 2004 in that [REDACTED] engaged in conduct in connection with a Financial Service that was misleading or deceptive or likely to mislead or deceive. In particular, by incorrectly claiming that it was licensed by the DFSA and had an office in the DIFC, [REDACTED] was likely to mislead or deceive others into believing that it was authorised by the DFSA to Provide Money Services in or from the DIFC when that was not correct.
7. The DFSA considers it appropriate and necessary to impose the Censure on [REDACTED] because:
 - a. the provision of misleading or deceptive information to the public adversely affects the integrity and confidence in the financial services industry in the DIFC;
 - b. the provision of misleading or deceptive information to the public also undermines the DFSA's objectives of fostering and maintaining transparency in the financial services industry in the DIFC, as well as protecting direct and indirect users of the financial services industry in the DIFC; and
 - c. the DFSA has recently seen an increase in the number of financial services technology businesses promoting their activities in or from the DIFC, without providing accurate and complete information about their authorisation status. The DFSA is concerned that firms are doing this in an attempt to appear more respectable and attract customers from the United Arab Emirates (**UAE**) and elsewhere.

8. In deciding to impose the Censure on [REDACTED] the DFSA recognises that [REDACTED] conduct resulted from the misunderstanding of an employee. Further, [REDACTED] promptly withdrew the press release when the DFSA brought it to the firm's attention and has also apologised for the error. Were it not for [REDACTED] cooperation with the DFSA and prompt action to correct the misleading information which is the subject of this Notice, the DFSA would have imposed a financial penalty on [REDACTED]
9. The DFSA also considers it necessary and appropriate to impose the Censure on [REDACTED] to deter others from committing further or similar contraventions.

FACTS AND MATTERS RELIED ON

10. [REDACTED] is a payment technology solutions provider which is headquartered in the United Kingdom. Its current address is [REDACTED].
11. [REDACTED] services include "innovative payment programmes" in respect of issuing, processing and settlement and [REDACTED] describes itself as a "provider of scalable processing for banks across the globe".
12. The "Contact Us" page of [REDACTED] website – namely, [www.\[REDACTED\].com](http://www.[REDACTED].com) – currently states that it has offices in Nepal, South Africa and Hong Kong. However, until at least 25 February 2021, the same page of the website also stated that [REDACTED] had the following address in the UAE:
- [REDACTED]
[REDACTED].
13. [REDACTED] is not, and has never been, licensed by the DFSA to provide Financial Services in or from the DIFC. Further, [REDACTED] does not, and has never had, offices in the UAE, either in the DIFC or elsewhere.

Media announcements

14. On 20 October 2020, several media outlets in the UAE published news articles (the **News Articles**) stating that [REDACTED] was regulated by the DFSA. The News Articles were prompted by a media release that [REDACTED] authorised to be published in the UAE media with the headline "*UK fintech major [REDACTED] enters the Middle East's \$200 billion digital payments market*" (the **Media Release**). The Media Release included the

following statement:

“The company has been granted a license to operate by the Dubai Financial Services Authority (DFSA). This will help the United Kingdom-based financial technology (Fintech) solutions provider to offer more advanced digital and smart payments solutions to the banks, financial services providers, retailers and those [sic] process bulk transactions on a regular basis.”

15. On the same day, [REDACTED] issued a statement on its website (the **Website Statement**) stating that it has expanded into the Middle East. However, the Website Statement was different to the Media Release as it did not refer to [REDACTED] being regulated by the DFSA or being registered in the DIFC. It stated that:

“[REDACTED] an innovative payment technology solutions provider, targets Middle East’s US\$200 billion digital payments market by setting up its regional office in Dubai recently.”

16. On becoming aware of the statements in the News Articles referred to in paragraph 14 above, the DFSA contacted the media outlets that published the News Articles on 21 October 2020. The media outlets confirmed that the references to [REDACTED] being licensed by the DFSA were included in the Media Release sent to them by a UAE public relations firm representing [REDACTED]
17. On the same day, the DFSA contacted [REDACTED] Marketing Manager about the statements in the News Articles that [REDACTED] was licensed by the DFSA. In response, the Marketing Manager explained that:
- a. [REDACTED] was in fact registered in the DIFC under the name of another firm (**Firm A**); and
 - b. a mistake had been made with the firm names and that the Media Release had been recalled by [REDACTED] from the media outlets.
18. On or about 22 October 2020, the Website Statement was edited to include the following sentence: “[REDACTED] Ltd is registered with the Dubai International Financial Centre, with the registered name (Firm A)”. However, that sentence was subsequently deleted from the Website Statement after the DFSA reached out to [REDACTED] to clarify the matter.
19. Further, one of the media outlets told the DFSA that, when it contacted [REDACTED]

concerning the claim that [REDACTED] was licensed by the DFSA, [REDACTED] justified the incorrect claim on the grounds that [REDACTED] was registered in the DIFC under the name of Firm A.

20. Similarly, on 2 November 2020, a news article was published by a UAE media outlet stating that “[REDACTED] is registered with the Dubai International Financial Centre, with the registered name (Firm A)”. That statement has also since been deleted from the website of the UAE media outlet.
21. Accordingly, any media announcements which previously stated or suggested that [REDACTED] was licensed by the DFSA or registered in the DIFC have since been corrected or removed altogether.

[REDACTED] and Firm A

22. In relation to the connection between [REDACTED] and Firm A, the DFSA has found that:
 - a. Firm A is incorporated and registered in the DIFC, but it is not and has never been licensed by the DFSA to provide Financial Services;
 - b. The office address of Firm A that appears on the DIFC Public Register is the same address that appeared on the “Contact Us” page of [REDACTED] website (see paragraph 12 above). That address has since been deleted from [REDACTED] website; and
 - c. The director of Firm A is also a co-founder of [REDACTED] and Firm A provides certain IT support services to [REDACTED]. However, apart from this connection, [REDACTED] and Firm A are separate and distinct companies.

The Investigation

23. On 22 October 2020, the DFSA commenced an investigation into suspected contraventions by [REDACTED] of Article 41B(1) of the Regulatory Law 2004 (the **Investigation**).
24. During the course of the Investigation, [REDACTED] informed the DFSA that the incorrect statements in the Website Statement and the Media Release arose as a result of a misunderstanding by an employee of [REDACTED] that:

- a. [REDACTED] and Firm A are one entity when, in fact, they are separate and distinct companies which have a business relationship; and
 - b. incorporation and registration in the DIFC, and licensing by the DFSA, are the same.
25. [REDACTED] also stated that the erroneous statements in the Media Release were identified prior to the issue of the Media Release. However, due to an oversight, the erroneous statements were not removed before the Media Release was published. [REDACTED] has advised the DFSA that it has implemented more robust systems and controls to ensure that such an error does not occur again.

CONTRAVENTIONS

26. Article 41B(1)(a) of the Regulatory Law 2004 states that a person must not, in or from the DIFC, engage in conduct in connection with a Financial Product or a Financial Service that is misleading or deceptive or likely to mislead or deceive.
27. For the purposes of Article 41B, “Financial Product” is defined in Rule 2A.1.1 of the General Module (**GEN**) of the DFSA Rulebook and “Financial Services” are specified in GEN Rule 2.2.2. Of relevance to this matter is the Financial Service of “Providing Money Services” as defined in GEN Rule 2.6.1 as this includes the type of services offered by [REDACTED]
28. The DFSA has found that [REDACTED] contravened Article 41B of the Regulatory Law 2004 in that [REDACTED] engaged in conduct in connection with a Financial Service that was misleading or deceptive or likely to mislead or deceive. In particular, [REDACTED] announcement that it was licensed by the DFSA and had an office in the DIFC was likely to mislead or deceive others into believing that it was authorised by the DFSA and licensed to Provide Money Services in or from the DIFC, when it was not and has never been so licensed.

SANCTION

29. In deciding to take the action set out in this 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**).
30. The DFSA considers the following factors to be of particular relevance in this matter:
- a. the DFSA's objectives, in particular to prevent, detect and restrain conduct that causes

or may cause damage to the reputation of the DIFC or the financial services industry in the DIFC, through appropriate means including the imposition of sanctions (Article 8(3)(d) of the Regulatory Law 2004);

- b. the deterrent effect of the action and the importance of deterring other persons from committing further or similar contraventions; and
 - c. the seriousness of the contraventions, including the impact on the reputation of the DIFC.
31. The DFSA has considered the sanctions and other options available to it and has concluded that imposing a Censure on [REDACTED] is appropriate given the circumstances of this matter.
32. In determining that it is appropriate to impose a Censure, the DFSA has taken into account the factors and considerations set out in Sections 6-3 and 6-5 to 6-7 of the RPP as follows:
- a. The DFSA considers that a Censure is sufficient to deter [REDACTED] from committing further contraventions but also necessary to deter others from committing further or similar contraventions;
 - b. Given the nature and seriousness of the contravention, which the DFSA does not consider to have been deliberate and occurred over only a short period of time, a public Censure is an appropriate sanction;
 - c. [REDACTED] did not bring the contravention to the DFSA's attention. However, during the course of the Investigation, [REDACTED] has admitted that the statements in the Website Statement and the Media Release were erroneous;
 - d. There is no evidence to suggest that [REDACTED] made a profit or avoided a loss, as a direct result of the contraventions;
 - e. There is no evidence to suggest that [REDACTED] has a poor disciplinary record or compliance history;
 - f. [REDACTED] promptly took steps to correct the erroneous information and has implemented systems and controls in order to ensure that the contraventions do not reoccur; and

- g. [REDACTED] has generally cooperated with the DFSA in its conduct of the Investigation.

PROCEDURAL MATTERS

Decision Making Committee

33. The decision to which this Notice relates was made by the Decision-Making Committee of the DFSA (**DMC**).
34. This Notice is given to [REDACTED] under Paragraph 5 of Schedule 3 to the Regulatory Law 2004.

Evidence and other material considered

35. In accordance with paragraphs 5(2) and 5(3) of Schedule 3 to the Regulatory Law 2004, the DFSA provided [REDACTED] with a copy of the relevant materials that were considered in making its decision.
36. Annex A sets out extracts from some statutory and regulatory provisions and guidance relevant to this Notice.
37. Although on 9 December 2021, in accordance with Paragraph 4(1) of Schedule 3 to the Regulatory Law, the DFSA had given [REDACTED] the opportunity to make oral and written representations to the DFSA, [REDACTED] did not make any such representations.

Referral to the Financial Markets Tribunal (FMT)

38. Under Articles 29 and 90(5) of the Regulatory Law, you have the right to refer the matter to the FMT for review. The FMT is operationally independent of the DFSA and has the power to conduct a full merits review of the matter.
39. Should you wish to have this matter reviewed by the FMT, you must exercise that right within 30 days of the date of this decision.
40. Proceedings before the FMT are commenced by submitting a Notice of Appeal (Form FMT 1) to the registrar of the FMT. The fee specified in section 4.2 of the Fees Module of the DFSA Rulebook must also be paid to the DFSA at the same time as the Notice of Appeal is filed with the registrar of the FMT.

41. The FMT Rules of Procedure, as well as the template of Form FMT 1, which includes the Registrar's contact details, can be found on the DFSA's website at <https://www.dfsa.ae/about-dfsa/our-structure/financial-markets-tribunal>.
42. Please note that under Paragraph 26 of the FMT Rules of Procedure, you must send a copy of Form FMT 1 to the DFSA on the same date it is filed with the Registrar of the FMT.

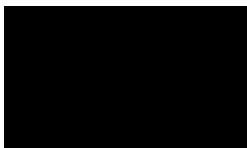
Publicity

43. Under Article 116(2) of the Regulatory Law 2004, 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 which the DFSA considers relevant to the conduct of affairs in the DIFC.
44. RPP 5-17-2 is relevant to the publication of information about the matter to which this Notice relates. It provides that the DFSA will generally publish, in such form and manner as it regards appropriate, information and statements relating to enforcement actions.
45. RPP 5-17-9 to 5-17-11 are also relevant to when information will be published about a matter that may be referred to the FMT.

DFSA contacts

46. For more information concerning this matter generally, please contact the Administrator to the DMC on +971 4 362 1681 or by email at DMC@dfs.ae.

Signed:



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On behalf of the Decision-Making Committee of the DFSA

ANNEX A – RELEVANT STATUTORY AND REGULATORY PROVISIONS

1. STATUTORY PROVISIONS

The Regulatory Law 2004

Article 8 - The Powers, Functions and Objectives of the DFSA

(3) *In performing its functions and exercising its powers, the DFSA shall pursue the following objectives:*

- (a) *to foster and maintain fairness, transparency and efficiency in the financial services industry (namely, the financial services and related activities carried on) in the DIFC;*
- (b) *to foster and maintain confidence in the financial services industry in the DIFC;*

[...]

- (e) *to protect direct and indirect users and prospective users of the financial services industry in the DIFC;*

[...]

Article 29 – References

(1) *The FMT has jurisdiction to hear and determine any reference where a provision of legislation administered by the DFSA or a provision in or made under a DIFC Law provides that a matter may be referred to the FMT for review.*

(2) *A person may commence a reference to the FMT only in circumstances where the FMT has jurisdiction to hear and determine the reference under this Article.*

(3) *A reference must be commenced:*

- (a) *within 30 days of the relevant decision of the DFSA; or*
- (b) *within such further period not exceeding 30 days as may be approved by the FMT where it is satisfied that such approval is appropriate in the circumstances.*

(4) *At the conclusion of a reference, the FMT may do one or more of the following:*

- (a) *affirm the original decision of the DFSA which is the subject of the reference;*
- (b) *vary that original decision;*
- (c) *set aside all or part of that original decision and make a decision in substitution;*
- (d) *decide what, if any, is the appropriate action for the DFSA to take and remit the matter to the Chief Executive;*

- (e) *make such order in respect of any matter or any of the parties which it considers appropriate or necessary in the interests of the DFSA's regulatory objectives or otherwise in the interests of the DIFC; or*
 - (f) *issue directions for giving effect to its decision, save that such directions may not require the DFSA to take any step which it would not otherwise have the power to take.*
- (5) *If a person refers a decision to the FMT, the DFSA must publish such information about the decision as it considers appropriate unless:*
- (a) *in the DFSA's opinion, publication of such information would be prejudicial to the interests of the DIFC; or*
 - (b) *the FMT has made an order under Article 31(5) preventing such publication.*
- (6) *Information about a decision referred to in paragraph (5):*
- (a) *must be published as soon as practicable after the referral of the decision to the FMT;*
 - (b) *may be published in such manner as the DFSA considers appropriate; and*
 - (c) *must include a statement that the person has exercised their right to refer the matter to the FMT and the decision is subject to review.*
- (7) *Nothing in paragraph (5) limits the DFSA's power under Article 116 to publish information or statements about a decision or matter in other circumstances.*
- (8) *The FMT may make an order referred to in paragraph (5)(b) prohibiting publication of information only if it is satisfied that:*
- (a) *such publication would be likely to cause serious harm to the person to whom the decision relates or to some other person; and*
 - (b) *it is proportionate to make such an order, having regard to the principle that the DFSA should exercise its powers as transparently as possible and that proceedings of the FMT should generally be in public.*

[...]

Article 41B. General prohibition against misconduct

- (1) *A person must not, in or from the DIFC, engage in conduct in connection with a Financial Product or a Financial Service that is:*
- (a) *misleading or deceptive or likely to mislead or deceive;*
 - (b) *fraudulent; or*
 - (c) *dishonest.*

[...]

Article 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.*

[...]

Part 10 - Miscellaneous

Article 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 and of the Court, censures, and any other matters which the DFSA considers relevant to the conduct of affairs in the DIFC.*

[...]

Schedule 3: Decision-Making Procedures

Paragraph 5 - Decision Notice

- (1) *If the DFSA decides to make a decision to which this Schedule applies, it must, as soon as practicable, give the Relevant Person a written notice (a "Decision Notice") specifying:*
 - (a) *the decision;*
 - (b) *the reasons for the decision, including its findings of fact;*
 - (c) *the date on which the decision is to take effect;*
 - (d) *if applicable, the date by which any relevant action must be taken by the person; and*
 - (e) *the person's right to seek review of the decision by the FMT (where applicable).*
- (2) *The Decision Notice must include a copy of the relevant materials which were considered in making the decision.*
- (3) *For the purposes of sub-paragraph (2), the DFSA:*
 - (a) *may refer to materials (instead of providing a copy) if they are already held by the Relevant Person or are publicly available; and*
 - (b) *is not required to provide material that is the subject of legal professional privilege.*

2. RELEVANT REGULATORY PROVISIONS

General Module (GEN)

2.6 Providing money services

- 2.6.1 (1) *In Rule 2.2.2, Providing Money Services means:*
- (a) *providing currency exchange;*
 - (b) *providing Money Transmission;*
 - (c) *providing or operating a Payment Account;*
 - (d) *executing Payment Transactions on a Payment Account provided or operated by another Person;*
 - (e) *issuing Payment Instruments; or*
 - (f) *issuing Stored Value.*
- (2) *In this Rule:*

- (a) *“Money Transmission” means the transmission of money or monetary value, without a Payment Account being created in the name of the payer or the payee, where funds are:*
 - (i) *received from a payer for the sole purpose of transferring a corresponding amount to a payee or to another Payment Service Provider acting on behalf of the payee; or*
 - (ii) *received on behalf of, and made available to, the payee.*
- (b) *“Payment Account” means an account held in the name of one or more Users which is used to execute Payment Transactions;*
- (c) *“Payment Instrument” means a:*
 - (i) *personalised device; or*
 - (ii) *personalised set of procedures agreed between the User and the provider, that is used by the User to initiate a Payment Order;*
- (d) *“Payment Order” means an instruction by a payer or payee to their respective Payment Service Provider requesting the execution of a Payment Transaction;*
- (e) *“Payment Service” means an activity referred to in (1)(b),(c),(d) or (e);*
- (f) *“Payment Service Provider” means a Person providing a Payment Service;*
- (g) *“Payment Transaction” means an act initiated by the payer or payee, or on behalf of the payer, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and payee;*
- (h) *“Stored Value” means any electronically (including magnetically) stored monetary value as represented by a claim on the issuer which is issued on receipt of funds or other assets for the purpose of making Payment Transactions, but does not include monetary value that can be used only to pay for goods or services referred to in Rule 2.6.4.*

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 Sourcebook (RPP) (February 2020 Edition)

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