



The decision in this Notice was referred to the Financial Markets Tribunal (FMT) for its consideration (ref. FMT 18005). The FMT dismissed the referral, and affirmed the original decision. Further detail can be found in the FMT section of the DFSA website, which can be accessed via this link.

The published version of this Notice has been edited to remove certain confidential, sensitive or personal information.

DECISION NOTICE

To: Royal Shield Limited (“RSL”)
DFSA Ref: F001201
Address: Royal Shield Limited
Office 515, Level 5, Liberty House, DIFC
PO Box 482045, Dubai, UAE
Date: 30 September 2018

ACTION

1. For the reasons given in this notice (this “**Notice**”) and pursuant to Article 51(1)(b) of the Regulatory Law 2004, the Dubai Financial Services Authority (the “**DFSA**”) hereby withdraws RSL’s Licence to conduct Financial Services in or from the Dubai International Financial Centre.
2. This action comes into immediate effect.

DEFINITIONS

3. This Notice identifies defined terms by an abbreviation, acronym, or the capitalisation of the initial letter of a word or of each word in a phrase, and these are defined either in this 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.
4. References in this Notice to “the Law” are to the Regulatory Law 2004.
5. Laws referred to in this Notice can be found at the DFSA’s website at: <http://www.dfsa.ae/en/Laws-and-Rules/Legal-Resources#Legislation>

REASONS FOR THE ACTION

6. Pursuant to Articles 51(1)(b) of the Law, the DFSA may withdraw the Licence of an Authorised Person where the person is no longer fit and proper to hold a Licence.
7. Consistent with the Principles for Authorised Firms described in GEN Chapter 4 and the licensing requirements in GEN section 7.2, the DFSA requires that RSL, as an Authorised Firm, at all times:

- (a) remains fit and proper to carry on a Financial Service in the DIFC;
 - (b) maintains adequate resources (including financial resources and human resources) to conduct and manage its affairs; and
 - (c) maintains adequate systems and controls to ensure that it complies with all legislation that applies in the DIFC.
8. In particular, RSL is required to comply with the following Rules:
- (a) GEN Rule 4.2.4 (Authorised Firm Principle 4), which requires RSL to maintain and be able to demonstrate the existence of adequate resources (including financial resources and adequate human resources) to conduct and manage its affairs;
 - (b) GEN Rule 4.2.3 (Authorised Firm Principle 3), which requires RSL to have adequate systems and controls to ensure it complies with legislation applicable in the DIFC;
 - (c) PIB Rule 3.2.2, which, by reference to PIB Rule 3.5.2, which requires RSL to maintain Capital Resources at all times on the following basis:
 - i. Capital Resources equal to its Expenditure Based Capital Minimum (**EBCM**) of USD97,500; and
 - ii. capital and liquid assets in addition to its Capital Requirement which are adequate in relation to the nature, size and complexity of its business, to ensure that there is no significant risk that liabilities cannot be met as they fall due;
 - (d) PIB Rule 3.5.3(1), which requires RSL to maintain an amount which exceeds its Expenditure Based Capital Minimum in the form of liquid assets.
9. The DFSA has decided to take the action set out in this Notice as it has serious concerns as to:
- (a) RSL's ability to maintain adequate resources (including financial resources and adequate human resources) to conduct and manage its affairs;
 - (b) RSL's ability to maintain adequate Capital Resources;
 - (c) RSL's ability to maintain an amount which exceeds its EBCM in the form of liquid assets; and
 - (d) RSL's solvency status, both on a cash-flow and balance sheet basis.
10. The DFSA's serious supervisory concerns are based on the following:
- (a) RSL's 2017 audited financial statements and the report of the Board of Directors which state that the total shareholder's equity as at 31 December 2017 amounted to a deficit of US\$365,110 (and noting these financial statements appear to indicate balance sheet insolvency);
 - (b) The qualified opinion of the auditor in the Independent Auditor's Report in pages 2 to 4 of the 2017 audited Financial Statements dated 30 April 2018 which state that the claims receivable amount of US\$349,903 is subject to confirmation and a recovery action and if not recovered it will affect the financial status of RSL;

Evidence and other material considered

15. In accordance with paragraphs 5(2) of Schedule 3 to the Regulatory Law, the DFSA is required to provide a copy of the relevant materials that were considered in making the decision which gave rise to the obligation to give this Notice. Pursuant to paragraph 5(3) of Schedule 3 to the Regulatory Law, the DFSA may refer to materials instead of providing a copy if they are already held by the relevant person or are publicly available. Accordingly, a copy of such relevant materials that were considered in deciding to take this action accompanies this Notice.

Representations

16. Pursuant to paragraph 6 of Schedule 3 of the Regulatory Law, RSL has the right to make representations to the DFSA in person and in writing concerning the decision the DFSA has taken.
17. If RSL wishes to provide written representations, the deadline for doing so is 14 days from the date this Notice is given to RSL.
18. If RSL wishes to provide representations in person, it should inform the DFSA of its intention to do so within 7 days from the date this Notice is given to RSL.
19. If RSL wishes to provide written representations, or inform the DFSA of its intention to make representations in person, it should contact:

[REDACTED]
Supervision Department
DFSA
Level 13, West Wing, The Gate, DIFC
Dubai, UAE
PO Box 75850
Email: [REDACTED]

20. Under paragraph 6(2) of Schedule 3 of the Regulatory Law, if the DFSA does not receive any representations or notification of RSL's intention to make representations in person within the periods specified in this Notice, the decision to take the action set out in this Notice will stand (subject to any right to refer the matter to the Financial Markets Tribunal (the "FMT") as set out below).
21. If, having considered any representations, the DFSA decides to withdraw the decision made in this Notice, it will notify RSL in writing as soon as practicable to do so that the decision has been withdrawn.

Referral to the FMT

22. If, following consideration of any representations, or if none are received within the period specified in paragraph 17 above, the DFSA decides to confirm the decision set out in this Notice, it will notify RSL as soon as practicable in writing that the decision is to stand.
23. At that time, under Articles 29 and 51(3) of the Regulatory Law, RSL will have the right to refer the matter to the FMT for review.
24. The FMT is operationally independent of the DFSA and it has the power to conduct a full merits review of the DFSA's decision. After review of the DFSA's decision, the FMT has

the power to make a new decision using the powers available to the DFSA. This could involve:

- a. confirming the decision set out in this Notice;
 - b. substituting the DFSA decision with a new decision;
 - c. or referring the matter back to the DFSA with a direction for the DFSA to make a new decision.
25. Should RSL wish to have this matter reviewed by the FMT, it must exercise that right within 30 days from the date when RSL is notified that the decision is to stand. Any reference made after this date would have to be approved by the FMT where it is satisfied that such approval is appropriate in the circumstances, pursuant to Article 29(3)(b) of the Regulatory Law.
26. Proceedings before the FMT are commenced by submitting a Notice of Appeal ("Form FMT 1") to the Registrar of the FMT.
27. The Rules of Procedure of the FMT, as well as a template Form FMT 1 and the Registrar's contact details can be found on the DFSA's website at:
- <https://www.dfsa.ae/About-Us/Our-Structure/Financial-Market-Tribunal>
28. Please note, under paragraph 26 of the FMT Rules of Procedure, RSL is required to send a copy of Form FMT 1 to the DFSA on the same date it is filed with the Registrar of the FMT.

Publicity

29. Under Article 62(1) of the Law, the DFSA is required to publish and maintain a register of current and past grants, withdrawals and suspensions of Licences and authorisations of all Authorised Persons. The DFSA will therefore update its public register to ensure it accurately reflects the action taken in this Notice and the status of RSL's Licence.
30. Further, 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 which the DFSA considers relevant to the conduct of affairs in the DIFC.
31. Therefore, the DFSA may publish in due course the action taken in this Notice and the reasons for that action. This may include publishing the Notice itself, in whole or in part.
32. RPP 5-17-8 to 5-17-10 are relevant to the publication of information about the matter to which this Notice relates. As stated in these paragraphs, the DFSA will generally make public any decision made by the DMC and will do so in a timely manner.
33. In the event that you refer this matter to the FMT and as set out in RPP 5-17-8, the DFSA expects to publish information about the hearing or commencement of proceedings before the FMT or Court unless otherwise ordered by the FMT or Court.

DFSA contacts

34. For more information concerning this matter generally, please contact [REDACTED] by email at [REDACTED] or by telephone at +971 4 362 1 [REDACTED].

Signed:

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Bryan Stirewalt
Managing Director, Supervision
On behalf of the Dubai Financial Services Authority