



In June 2022, Mr Coles referred the DFSA's original Decision Notice to the Financial Markets Tribunal. In January 2023, following a settlement with the DFSA, Mr Coles withdrew that reference and certain amendments were made to the original Decision Notice, making this amended Decision Notice final.

AMENDED DECISION NOTICE

To: Mr Stuart Coles

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Date: 1 February 2023

ACTION

1. For the reasons given in this Notice, the Dubai Financial Services Authority (the **DFSA**) has decided:
 - a. to impose on Mr Stuart Coles (**Mr Coles**) a financial penalty of USD 44,800 (the **Fine**), pursuant to Article 90(2)(a) of DIFC Law No.1 of 2004 as amended (the **Regulatory Law**);
 - b. to impose a restriction on Mr Coles, pursuant to Article 59(1) of the Regulatory Law, restricting him from performing any function in connection with the provision of Financial Services in or from the DIFC (the **Restriction**); and
 - c. to prohibit Mr Coles, pursuant to Article 90(2)(g) of the Regulatory Law, preventing him from holding office in, or being an employee of, any Authorised Person, DNFBP, Reporting Entity or Domestic Fund (the **Prohibition**).

The Prohibition and Restriction operate with continuing effect from the date of the original Decision Notice.

2. This Notice is addressed to Mr Coles alone. Other persons may be referred to in this Notice by reason of their factual connection to the subject matter of the Notice and which reference is material for the purpose of issuing this Notice. For the avoidance of doubt, nothing in this Notice constitutes a determination that any person other than Mr Coles, Coworth Investments Ltd (**Coworth Investments**), Coworth Fintech Ltd (**Coworth Fintech**) and Novus Fintech Ltd (**Novus Fintech**) (collectively the "**Coworth Firms**") breached any legal or regulatory rule, and the findings expressed in this Notice are

without prejudice to the position of any third party, or of the DFSA in relation to any third party.

DEFINITIONS

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 and are defined in Annex B or 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. The DFSA is taking the action set out in this Notice because Mr Coles:
 - a. was knowingly concerned in contraventions of Article 69 of the Regulatory Law by the Coworth Firms and their failure to comply, without a reasonable excuse, with requirements made pursuant to Article 80(1) of the Regulatory Law;
 - b. failed to comply with requirements made pursuant to Article 80 of the Regulatory Law without a reasonable excuse, in breach of Article 69 of the Regulatory Law; and
 - c. engaged in conduct intended to obstruct the DFSA in the exercise of its powers, without having a reasonable excuse for doing so, contrary to Article 83 of the Regulatory Law.
5. Mr Coles was a shareholder and director of the Coworth Firms at all material times during the Relevant Period.
6. On 27 April 2021, the DFSA commenced an investigation under Article 78 of the Regulatory Law because it suspected that Coworth Fintech, Novus Fintech and others may have engaged in Financial Services activities in or from the Dubai International Financial Centre (**DIFC**) without being authorised to do so, in breach of Article 41 of the Regulatory Law (the **Investigation**). On 16 May 2021, the Investigation was expanded in scope to include Coworth Investments.
7. On 24 May 2021, representatives of the DFSA attended the Coworth Firms' offices in Liberty House, DIFC for the purposes of inspecting and copying information or documents stored in any form on the premises (**the Inspection Visit**) and requiring the Coworth Firms and Mr Coles to provide specified information and documents which the DFSA considered relevant to the Investigation, pursuant to Article 80(1)(a), (b), (c), (d) and (e) of the Regulatory Law, (**the Article 80 Notices**).
8. At the Inspection Visit, Mr Coles was informed of the Investigation and of the Article 80 Notices which required the Coworth Firms and him to allow the DFSA to inspect and copy information stored on the premises.

9. Mr Coles did not allow the DFSA to inspect and copy any information stored on relevant devices located at the premises (the **Devices**) meaning that only some of the documents and information required were provided. None of the reasons given for this failure to comply with the Article 80 Notices amounted to a reasonable excuse for non-compliance with the Article 80 Notices.
10. The reasons given, for refusing to comply, included that the Devices were owned by a UK-registered entity, Coworth Investments, which is a UK registered entity that Mr Coles claimed did not undertake any activities in or from the DIFC, that the scope of the Article 80 Notices were too broad, and that he did not believe the Article 80 Notices had been lawfully served. However, none of the reasons given amounted to a reasonable excuse for non-compliance with the Article 80 Notices.
11. Accordingly, the Coworth Firms and Mr Coles contravened Article 69 of the Regulatory Law in that, without a reasonable excuse, they failed to comply with the requirements imposed on them under Article 80 of the Regulatory Law. Pursuant to Article 86 of the Regulatory Law, Mr Coles was knowingly concerned in events that caused the Coworth Firms to breach Article 69 of the Regulatory Law. He also breached Article 69 by failing to comply with the requirements pursuant to the Article 80 Notice issued to him.
12. Furthermore, Mr Coles contravened Article 83 of the Regulatory Law in that, without a reasonable excuse he did not cooperate with the DFSA and, at least following the Inspection Visit, deliberately refused to provide the required information pursuant to the Article 80 Notices. In doing so, Mr Coles prevented the DFSA from obtaining information and documents that were sought for the purposes of and potentially relevant to the Investigation. Such action was intended to obstruct the DFSA in the exercise of its powers under Article 80 of the Regulatory Law.
13. In the circumstances, the DFSA considers it appropriate to take the action set out in this Notice.

FACTS AND MATTERS RELIED UPON

Background

14. At all material times Coworth Fintech was a non-regulated DIFC company that was incorporated and registered on 5 January 2021. Coworth Fintech purported to provide Fintech and IT consultancy related services. Related to Coworth Fintech were four other entities:
 - a. Coworth Investments;
 - b. Novus Fintech;
 - c. Coworth Kingdom Investments LLC (**Coworth Kingdom**); and

- d. Coworth Investments (RAK) Ltd (**Coworth RAK**).
15. At material times Novus Fintech was also a non-regulated DIFC company and it was incorporated and registered on 24 January 2021. It was a subsidiary company of Novus Capital Ltd, a UK domiciled company. Novus Fintech, which at all material times traded as 'Novus Money', purported to provide Fintech consultancy services for various financial institution clients, including computer, IT and internet consultancy. It ostensibly focuses on building digital front-end portals providing multi-channel delivery across web and mobile for the services provided by the client companies.
 16. At material times both Coworth Fintech and Novus Fintech had registered offices at 'Unit 905, Level 9, Liberty House, DIFC, PO Box 507250, UAE' (**Coworth's DIFC Office**). Novus Fintech also had an address in the DIFC's Fintech Hive at 'Unit GA-00-SZ-L1-RT-208, Level 1, Gate Avenue – South Zone, DIFC' address (the **Novus Fintech Address**).
 17. At material times, according to its website, Coworth Investments was a business that dealt with the following products and services:
 - a. Investment Management;
 - b. Funds Management;
 - c. Cryptocurrency assets; and
 - d. Fintech related products.
 18. At all material times during the Relevant Period, the Coworth Firms were all 100% owned by Coworth RAK, an entity incorporated in the RAK International Corporate Centre.
 19. At material times during the Relevant Period, Mr Coles was an owner of Coworth RAK and a shareholder and director of the Coworth Firms.
 20. In four letters dated 25 May 2021 on behalf of the Coworth Firms and Coworth RAK, Mr Coles claimed that none of the entities operated from any address in the DIFC. Rather, among other things, he stated that:
 - a. Coworth Investment's trading address and registered office were in the UK;
 - b. Coworth Fintech's registered office was at 'Unit 905, Level 9, Liberty House, DIFC, PO Box 507250, UAE' but, as at 25 May 2021, it had not started trading and, as a "Fintech business", it would be paperless;
 - c. Coworth RAK's registered office is "Flexi Desks, Al Hamra Industrial Zone, Free Zone, Ras Al Khaimah"; and

- d. Novus Fintech is a fintech registered company in the DIFC, which *“just started trading this month”*.

The Investigation

- 21. On 8 April 2021, the DFSA received information concerning adverse media reports in relation to both Coworth Fintech and Novus Fintech, which raised concerns about whether the firms may have been engaging in unlicensed Financial Services in or from the DIFC.
- 22. Further, material contained in a Novus Fintech marketing brochure and websites connected to both Coworth Fintech and Novus Fintech, raised questions about the nature of the actual services both entities provide, including concerns about whether they are providing unlicensed Financial Services in or from the DIFC.

Concerns about Novus Fintech

- 23. Novus Fintech’s website referred to the following services:
 - a. E-banking accounts - including Novus accounts for personal and corporate clients, described as *“Novus Money multi-currency account online to provide you with the best in class ebanking services”*;
 - b. Money transfers – *“SEPA and SWIFT transfers to provide fast and secure payments for businesses and private individuals”*; and
 - c. Money Cards – what appears to be a Novus branded stored value card described as *“Novus Money Card for essential daily transactions wherever you are. Enjoy transparent tariffs and convenient limits, designed to give you more freedom with your money.”*
- 24. The website further described that:
 - a. Novus’ aim is to *“allow people and businesses around the world to exchange money at the lowest possible rates, without any hidden fees, and with the fastest speed”*; and
 - b. Novus partners with a *“wide range of correspondent banks in Europe, Asia and Latin America, which enables clients to load their accounts in local currencies and to send funds out in entirely different currencies at the real market rate.”*
- 25. Further, a Novus Fintech marketing brochure:
 - a. states that Novus’ online platform can be used to open and maintain current accounts in multiple currencies, facilitate domestic and international transfers and review transactions;

- b. states that their customers' *"money will be stored securely on correspondent accounts with EU central banks. All deposits are protected by EU central banks"*; and
- c. includes an 'account charge sheet' which lists the fees that Novus appears to charge for account opening and maintenance services, and their money transfer/payments services.

Concerns about Coworth Fintech and Coworth Investments

26. A website under the banner of 'Coworth Investments' stated:

"Our goal is to maximize investor return and minimize any potential loss by applying our investment principles in a disciplined and pragmatic process"

27. The website further stated that 'Coworth' was *"Established 10 years ago globally"* and the address given on the website was 'Office 905 – Liberty House, DIFC, PO Box 507250, UAE'. It also stated it was *"Regulated within the DIFC to provide innovative industry-driven accelerator programmes [sic] that address the region's financial sector needs"* and provided a UAE telephone number and the email address 'info@coworthinvestments.com' as the relevant methods to contact the firm.
28. Some of the other services referred to on the website included 'Investment Management' and 'Fund Management'.
29. The Coworth Investment website also referred to Fintech services which are *"regulated within the DIFC"*.
30. At the time of the Inspection Visit, the only location and contact details listed on the website were in the DIFC and the website was registered in the name of a company headquartered in the UAE. The DFSA could not identify any other website for Coworth Investments or Coworth Fintech. Further, despite purportedly having a registered office and trading address in the UK, there is no evidence that 'Coworth' was authorised to provide financial services in the UK.
31. The DFSA was, therefore, concerned that Coworth Fintech and Coworth Investments were carrying on Financial Services in or from the DIFC, including those of Coworth Investments and its alleged Investment Management and Fund Management activities.
32. The DFSA was also concerned that Novus Fintech may be engaging in the Financial Services of Providing Money Services (GEN Rule 2.6) or Arranging or Advising on Money Services (GEN Rule 2.32) in or from the DIFC.
33. Accordingly, the DFSA suspected that Coworth Investments, Coworth Fintech, Novus Fintech and Mr Coles through his involvement in those entities, may have contravened Article 41(1) of the Regulatory Law – The Financial Services Prohibition.

34. On around 11 April 2021, the DFSA received an application for Coworth Investments to be Licensed and authorised as a Category 4 Authorised Firm. As part of its Regulatory Business Plan, Coworth Investment's proposed business activities included:
 - a. providing financial advisory and arrangement services for corporate clients; and
 - b. advising on Investments or Credit to clients in relation to financial structures and financing sources "*through buy or sell side mandates to corporates*".
35. The proposed SEO, Chairman and Director of the applicant firm was Mr Coles.
36. Although Coworth Investments appeared to be taking steps to obtain a DFSA Licence, the services described on Coworth's website raised concerns that Coworth had already been providing some form of unlicensed Financial Services in or from the DIFC.
37. On 27 April 2021, the DFSA commenced the Investigation under Article 78 of the Regulatory Law to determine whether Coworth Fintech, Novus Fintech and / or Mr Coles may have contravened the Regulatory Law.
38. On 16 May 2021, the scope of the Investigation was expanded to include Coworth Investments as a subject of the Investigation.

The Article 80 Notice(s)

39. Under Article 80 of the Regulatory Law, the DFSA has certain powers to obtain information and documents that are or may be relevant to an investigation under Article 78 of the Regulatory Law. These include the power to:
 - a. enter business premises during normal business hours for the purpose of inspecting and copying information or documents stored in any form on such premises;
 - b. require a person to give, or procure the giving of, specified information in such form as it may reasonably require;
 - c. require a person to produce, or procure the production of, specified documents;
 - d. require a person to attend before an officer, employee or agent of the DFSA at a specified time and place to answer questions in private; or
 - e. require a person to give the DFSA any assistance in relation to the investigation which the person is able to give.
40. Under Article 80(4) of the Regulatory Law, a requirement made under Article 80(1)(b), (c), (d) and (e) of the Regulatory Law shall be stated in writing. The power to enter premises under Article 80(1)(a) of the Regulatory Law is not required to be given in writing. This enables the DFSA to attend a business premises unannounced and require

entry during normal business hours for the purpose of inspecting and copying information or documents stored in any form on such premises.

41. On 24 May 2021, the DFSA gave notices under Article 80 of the Regulatory Law to the Coworth Firms and Mr Coles that the DFSA was exercising certain powers under Articles 80(1)(a), (b), (c) and (e) of the Regulatory Law. The Article 80 Notices were addressed to different persons. Each Article 80 Notice notified the relevant person of the following:
 - a. at 09:30 on 24 May 2021, certain named officers of the DFSA, and named employees of a forensic services firm appointed by the DFSA, will enter the premises to inspect and copy information or documents stored in any form on your premises, including but not limited to the information specified in the Notice (under Article 80(1)(a));
 - b. they were required to give, or procure the giving of, the information and/or produce or procure the production of, documents specified in the Article 80 Notice forthwith (under Article 80(1)(b) and (c)); and
 - c. they were required to give any assistance they were able to give to the DFSA in relation to its investigation (under Article 80(1)(e)).
42. The Article 80 Notices issued to the Coworth Firms were identical in all material aspects and among other things, required the Coworth Firms to provide the following information and documents to the DFSA:
 - "2. *An inventory list of all Devices issued by [the relevant firm] to the individuals listed in paragraph 3 below.*
 3. *Forensic physical images, in .E01 format, of Devices issued to the following [seven named] individuals*

[...]; and

h. Any other relevant [...] employee, as directed by DFSA staff."
43. Accordingly, the DFSA required forensic physical images of all devices issued to staff of the three firms.
44. The Article 80 Notices to the three firms also required copies of:
 - a. the email stores for the seven named individuals and the email addresses 'info@coworthinvestments.com' and info@novus.money; and
 - b. certain specified information and documents relating to the firms' business, contracts/agreements, banking records, client and customer files and company records.

45. Mr Coles' Article 80 Notice required that he allow the DFSA to inspect and take physical forensic images of all Devices used by him in connection with his work for or with the Coworth Firms.
46. All the Article 80 Notices stated that the copies of emails and complete forensic images of the Devices obtained pursuant to the Article 80 Notices may contain material of a personal nature, and/or material which is not relevant, or possibly relevant, to the Investigation. The Article 80 Notices also stated that, except to the extent that it was necessary to determine whether or not the material was or may be relevant, the DFSA undertook that it would not examine or otherwise deal with any material obtained of a personal nature or that is not relevant or possibly relevant.
47. Each Article 80 Notice informed the person of their right to legal representation under Article 78(2) of the Regulatory Law and that they were entitled to have their legal representative present during the Inspection Visit.
48. The Article 80 Notices also stated that failure to comply with the Notice, without reasonable excuse, is a contravention under the Regulatory Law and set out the powers the DFSA may exercise in respect of a person that has contravened a provision of any legislation administered by the DFSA.

The Inspection Visit

49. On 24 May 2021, DFSA officers and employees of the DFSA's appointed forensic services firm attended the two premises in the DIFC for the purposes of the Article 80 Notices, namely:
 - a. the Novus Fintech Address at 'Level 1, Gate Avenue - South Zone, DIFC, Dubai, UAE'; and
 - b. Coworth's DIFC Office, the registered office address for Novus Fintech and Coworth Fintech and specified on the Coworth Investments website at Unit 905, Level 9, Liberty House, DIFC, PO Box 507250, UAE.
50. The Novus Fintech Address was a co-sharing office space located in the DIFC's Fintech Hive. The DFSA asked to meet with Mr Coles from Novus Fintech but was told that no Novus Fintech employees had arrived. Therefore, all the DFSA appointed officers and employees of the DFSA's appointed forensic services firm attended Coworth's DIFC Office. The door to the office bore a distinctive blue and white Coworth horse-head style logo, which was the same as that used on the Coworth Investments' website.
51. The DFSA asked to speak to Mr Coles but was advised that he could not attend. Accordingly, the Article 80 Notices addressed to the Coworth Firms were given to the Director of Operations, who was informed that they may wish to notify Mr Coles of the DFSA's Inspection Visit and to arrange for a solicitor to attend while the information in the Article 80 Notices was being collected. They were also informed that the DFSA was

prepared to wait one hour for the solicitor to arrive before beginning the forensic physical imaging and other data collection pursuant to the Article 80 Notices. The DFSA also spoke to Mr Coles and he agreed that the DFSA could give the Article 80 Notices to the Director of Operations to email to him. Subsequently, the DFSA requested the Director of Operations email the Article 80 Notices to Mr Coles, and he confirmed he would. In the meantime, the DFSA requested a list of the Devices issued to employees of the Coworth Firms as required under the Article 80 Notices. The Director of Operations subsequently provided the requested list (the **Device List**). The Device List outlined that:

- a. Coworth Fintech had four Devices issued to four employees, including a Personal Computer issued to Mr Coles; and
 - b. Novus Fintech had two Devices, also including a Personal Computer issued to Mr Coles.
52. Approximately three hours later, the solicitor arrived and confirmed they had received copies of the Article 80 Notices from Mr Coles. Mr Coles, as director and shareholder of the Coworth Firms, was one of the people the solicitor was instructed by and dealt with throughout the day of the Inspection Visit. This included reporting to Mr Coles up to the end of the day of the Inspection Visit on how matters had concluded, including the refusal on behalf of the Coworth Firms to provide the information and documents required by the DFSA.
53. The solicitor informed the DFSA that his clients intended to cooperate and not obstruct the DFSA but wanted to understand the requirements of the Article 80 Notices further before agreeing to the DFSA's requirements.
54. The DFSA's officers explained the purpose of the Inspection Visit and the information and documents that were required under the Article 80 Notices, including the forensic physical images of the Devices, and relevant emails.
55. However, after seeking instructions, the solicitor refused to allow the DFSA to obtain the required information, documents, forensic images of the Devices, or emails belonging to Coworth Fintech and Coworth Investments. The only information the DFSA was allowed to obtain was the Device List and copies of all the relevant Novus Fintech emails required under the Article 80 Notice given to Novus Fintech.
56. When asked what his clients' reasons were for not complying fully with the Article 80 Notices, the solicitor asserted that:
- a. the scope of the Article 80 Notices was too broad;
 - b. the Devices were not owned by Novus Fintech or Coworth Fintech and were instead owned by Coworth Investments, which the solicitor stated was a UK entity;

- c. Coworth Investments did not carry on any activities from Coworth's DIFC Office and the Coworth Firms, therefore, considered the Article 80 Notice to be invalid; and
 - d. the Coworth Firms did not recognise the validity of the Article 80 Notices because they did not give advance notice of a future event and, therefore, were not properly 'served'. Rather, they were just handed over on the day of the Inspection Visit.
57. The DFSA informed the solicitor that it did not consider the reasons given for not complying to be a reasonable excuse. The DFSA explained that, pursuant to Article 80(1) of the Regulatory Law, the DFSA is able to obtain any information that is or may be relevant to its investigation, and, therefore, the breadth of the Article 80 Notices is not a valid reason for not complying. Also, during the course of the afternoon, the DFSA officers repeatedly explained that ownership of the Devices by another entity was not a valid reason to prevent the DFSA from obtaining the required information, documents or physical forensic images of the Devices. The fact that they were in Coworth's DIFC Office and might contain information relevant to the Investigation was all that was required for the DFSA to have jurisdiction to obtain physical forensic images of the Devices.
58. Further, the DFSA explained that there was no requirement in the Regulatory Law to give advance notice of the exercise of the power under Article 80(1)(a) to enter a business premises during normal business hours for the purpose of inspecting and copying information or documents stored in any form on such premises. Advance notice would defeat the purpose of the power and enable persons to remove any Devices or delete or encrypt any information they wanted to conceal from the DFSA.
59. The DFSA also explained that failure to provide the information required by the Article 80 Notices without a reasonable excuse could amount to a contravention of the Regulatory Law, including obstruction of the DFSA. The solicitor asserted there was a "*divergence of opinion*" and maintained his clients' refusal to provide access to the Devices or the information and documents required.
60. The solicitor sought instructions and offered to allow the DFSA to come back the following day to collect the information, as his client wanted to first engage with third parties in the UK. The DFSA officers explained that was not acceptable because the DFSA had not been given a reasonable excuse as to why it could not obtain the required information on the day of the Inspection Visit and it could not be satisfied that the Devices would not be removed overnight or information deleted from them. Notwithstanding that the DFSA required the information on the day of the Inspection Visit, in an effort to try and accommodate this request, the DFSA offered to take encrypted forensic images of the Devices which it could only access with a password retained by the firms. Alternatively, the DFSA said it would be satisfied if the Devices could be physically sealed in evidence bags and secured in a locked cabinet so they could not be interfered with.

61. The solicitor indicated that the solution offered may be feasible subject to his clients' instructions. However, after taking instruction from another individual involved with the Coworth Firms in regard to the options offered by the DFSA to preserve the data, the solicitor confirmed that the DFSA's proposed solution had been refused.
62. The DFSA officers also requested that the Coworth Firms provide reasonable assistance pursuant to Article 80(1)(e) of the Regulatory Law and allow the DFSA to inspect the contents of the Devices in order to determine whether they contained any information relevant to the Investigation. The solicitor, on behalf of his clients, refused to provide such assistance.
63. The DFSA officers informed the solicitor and the Director of Operations that no reasonable excuse had been given for the refusal to provide all of the information required by the Article 80 Notices and the Coworth Firms were, therefore, in breach of the Regulatory Law. The DFSA officers further informed, that the refusal to provide the required information, documents, outstanding emails and forensic images of the Devices demonstrated that they intended to obstruct the DFSA in the exercise of its powers.
64. The DFSA officers left the premises without the majority of the information required under the Article 80 Notices, in particular the forensic images of the relevant Devices.

Ongoing Non-Compliance and change to Coworth Investments' website

65. On 27 May 2021, the DFSA wrote to Mr Coles and the Coworth Firms detailing the events that had occurred during the Inspection Visit on 24 May 2021 and setting out the DFSA's view that the failure to comply with the requirements under the Article 80 Notices on the day of the Inspection Visit was deliberate and intended to obstruct the DFSA in the exercise of its powers under Article 80 of the Regulatory Law (the **DFSA Letters**). No reasonable excuse had been given for that failure to comply. Therefore, the DFSA considered that each one of the Coworth Firms had contravened Article 69 (Compliance with an order or requirement of the DFSA) and Article 83 (Obstruction of the DFSA) of the Regulatory Law.
66. The DFSA Letters further stated that the DFSA considered the Coworth Firms to be in ongoing non-compliance with the Article 80 Notices and the DFSA required immediate access for the purposes of obtaining physical forensic images of the Devices and the remaining email stores that had not been provided. The DFSA Letters also required that the Coworth Firms specify a date and time when the DFSA could enter Coworth's DIFC Office to obtain forensic images of the Devices and the outstanding emails.
67. The DFSA also allowed the firms a period of one week until Thursday, 3 June 2021 to provide the other specified information and documents required by the Article 80 Notices.
68. On 27 May 2021, Mr Coles emailed Enforcement stating, among other things, that the DFSA's concerns were unfounded.

69. On 30 May 2021, the DFSA emailed Mr Coles' reiterating, its concerns about Coworth's continued non-compliance with the Article 80 Notices (the **30 May Email**). The DFSA also noted that, it remained very concerned that Mr Coles' had not addressed the requirements in the DFSA Letters, and repeated its request that Mr Coles specify a date and time on which the DFSA can enter Coworth's DIFC Office to inspect and take forensic images of the Devices, and obtain the outstanding emails, as required pursuant to the Article 80 Notices.
70. On around 8 June 2021, the content on Coworth Investment's website was modified. In particular, the following changes, among others, had been made:
- a. a UK contact number and UK address at, *Automotive House, Grays Place, Slough, SL2 5AF, United Kingdom*, had been added to the website (the **UK Contact Details**). Prior to this addition, the only contact information for Coworth Investments was the contact details for Coworth's DIFC Office;
 - b. the references to Coworth Investments providing Fund Management and Investment Management services had been removed; and
 - c. information relating to '*ECM & Private Equity*' services, described as the "*preparation, negotiation and execution of raising capital for businesses from private equity funds, equity capital markets*" was added to the website.
71. The changes to the website, in particular the addition of the UK Contact Details, had been made *after* the Inspection Visit. The DFSA considers it reasonable to infer that the changes had been made to support the assertions at the Inspection Visit that Coworth Investments did not operate from Coworth DIFC's Offices, and that the Devices required pursuant to the Article 80 Notices were owned by Coworth Investments in the UK.
72. On 14 June 2021, the DFSA emailed Mr Coles stating that he was yet to provide a response to the 30 May Email, and putting him on notice that, until the DFSA was allowed to enter Coworth DIFC's Office to obtain the outstanding information pursuant to the Article 80 Notices, the Coworth Firms remained in breach of Article 69 and 83 of the Regulatory Law.
73. On 16 June 2021, Mr Coles emailed the DFSA stating, among other things, that the DFSA had failed to respond to the serious matters raised in his previous correspondence and stating that there had been no inappropriate interaction with the Devices.
74. On 20 June 2021, the DFSA emailed Mr Coles, confirming that the DFSA has addressed all matters raised previously by Mr Coles. The DFSA once again raised its concern regarding the Coworth Firms' continuing non-compliance with the Article 80 Notices. The DFSA again requested that Mr Coles confirm a date and time when the DFSA can enter Coworth's DIFC Offices to inspect and take forensic images of Devices as required, and to obtain the outstanding information.

75. On 24 June 2021, Mr Coles emailed Enforcement stating, among other things, that:
- a. Coworth Investments' registered office and trading address was in the UK, and reiterated that Coworth Investments did not trade from Coworth's DIFC Office;
 - b. Novus Fintech currently had no Devices; and
 - c. Coworth Fintech was yet to start trading and had no Devices.
76. In response, on 28 June 2021, Enforcement emailed Mr Coles stating:
- a. the assertion that Coworth Investments did not trade from Coworth's DIFC Office was not a reasonable excuse for the failure to comply with the requirements under the Article 80 Notices;
 - b. the assertion that Novus Fintech and Coworth Fintech did not have any Devices was not a reason for the failure to comply with the Article 80 Notices;
 - c. it was evident at the Inspection Visit that Coworth appeared to be undertaking business activities from Coworth's DIFC Office, and the DFSA suspected that those activities may include unauthorised Financial Services;
 - d. Article 80(6) of the Regulatory Law provides that the DFSA may exercise its powers in respect of any person within the DIFC, which includes Coworth Investments that appeared to be operating from Coworth's DIFC Office;
 - e. it did not matter that the Devices in Coworth's DIFC Office were owned by a UK registered entity. The DFSA's powers pursuant to the Article 80 Notice are broad enough to enable the DFSA to enter Coworth's DIFC Office to inspect and copy information and documents stored in any form on the premises, which includes any Devices located on the premises; and
 - f. until the Coworth Firms comply with the requirements pursuant to the Article 80 Notices, the DFSA considered the breach of Article 69 and Article 83 of the Regulatory Law to be ongoing.

CONTRAVENTIONS

Article 69 - Compliance with an order or requirement of the DFSA

77. The DFSA considers that Mr Coles contravened Article 69 of the Regulatory Law in that, without a reasonable excuse, he failed to comply with a requirement imposed on him by the DFSA pursuant to Article 80 of the Regulatory Law.
78. On 24 May 2021, the DFSA exercised its power under:

- a. Article 80(1)(a) of the Regulatory Law to enter Coworth's DIFC Office during normal business hours for the purpose of inspecting and copying information or documents stored in any form on such premises, which included the collection of forensic physical images of all Devices used by Mr Coles in connection with his work for or with the Coworth Firms;
 - b. Article 80(1)(b) and (c) of the Regulatory Law to require Mr Coles give, or procure the giving of, the information and/or produce or procure the production of, the documents specified in Schedule 1 to his Article 80 Notice, namely forensic physical images of all Devices used by him in connection with his work for or with the Coworth Firms; and
 - c. Article 80(1)(e) of the Regulatory Law to require Mr Coles to give the reasonable assistance he is able to give in relation to the Investigation.
79. At and following the Inspection Visit, Enforcement were not allowed to inspect and take physical forensic images of Mr Coles' Devices as required pursuant to his Article 80 Notice, including the Personal Computer at the premises which was listed on the Device List as having been issued to Mr Coles by Coworth Fintech and Novus Fintech. Mr Coles was a shareholder and director of the Coworth Firms at all material times during the Relevant Period. Furthermore, Mr Coles provided instructions to the attending solicitor during the day of the Inspection Visit and was in contact with the attending solicitor throughout the day of the inspection.
80. The DFSA reasonably considered that such Devices may contain information that could be relevant to the Investigation into the Firms' activities in or from the DIFC. Therefore, the DFSA considered that the Devices contained 'stored' information, which were on premises in the DIFC and within the scope of the DFSA's information gathering powers in Article 80 of the Regulatory Law.
81. Article 69 of the Regulatory Law states:
- "Where the DFSA makes an order, issues a direction or prohibition, or makes any requirement in relation to a person pursuant to a provision of this Law or Rules or legislation administered by the DFSA, such person must, unless he has a reasonable excuse, comply with such order, direction, prohibition or requirement."*
82. At the Inspection Visit, the solicitor argued that the refusal to allow the DFSA to take forensic images of the Devices was justified on the basis that the DFSA's Article 80 Notices had not been validly served, and that insufficient advance notice had been given. The solicitor further stated that the Article 80 Notices were too broad, and also argued that, because the Devices were owned by Coworth Investments in the UK, which purportedly did not carry on activities in or from the DIFC, the DFSA did not have jurisdiction.

83. For the reasons outlined in paragraphs 57 to 58, none of those were a reasonable excuse for its refusal to comply.
84. As outlined in paragraphs 65 to 76, following the Inspection Visit, the DFSA gave Mr Coles and the Coworth Firms numerous opportunities to comply and allow the DFSA to inspect and take physical forensic images of the Devices in Coworth DIFC's Offices, which includes any Devices at the premises that were used by Mr Coles in connection with his work for or with the Coworth Firms. However, throughout the Relevant Period Mr Coles continually refused to comply without providing a reasonable excuse for his failure to do so.
85. Mr Coles was in contact with and had the opportunity to question and instruct a solicitor during and following the Inspection Visit. Therefore, he should have been made aware of the extent of the obligations under the DFSA's regime. In any event, even if he did not avail himself of this opportunity or did not fully understand his obligations or the DFSA's procedures regarding the Inspection Visit on 24 May 2021 that would not explain, or in any way justify, his continued failure to allow the DFSA to inspect and take physical forensic images of his Devices. As a result, the DFSA considers that he contravened Article 69 of the Regulatory Law.

Article 83 – Obstruction of the DFSA

86. Article 83 of the Regulatory Law states:

“A person shall not without reasonable excuse engage in conduct, including without limitation the:

- (a) destruction of documents;*
- (b) failure to give or produce information or documents specified by the DFSA;*
- (c) failure to attend before the DFSA at a specified time and place to answer questions;*
- (d) giving of information that is false or misleading; and*
- (e) failure to give any assistance in relation to an investigation which the person is able to give;*

that is intended to obstruct the DFSA in the exercise of any powers under Chapters 1 and 2 of Part 5 or under any Law administered by the DFSA.”

87. In refusing to provide the outstanding information required pursuant to the Article 80 Notices, Mr Coles prevented the DFSA from obtaining information and documents that were sought for the purposes of and potentially relevant to the Investigation. While he may have indicated that he intended to cooperate with the DFSA, the reality is that he

refused to cooperate. His actions were deliberate and intentional, and he did not have a reasonable excuse for his refusal to comply.

88. Article 80 is in Chapter 2 of Part 5 of the Regulatory Law. Therefore, Mr Coles' conduct, which was intended to obstruct the DFSA in the exercise of its Article 80 power, constitutes a contravention of Article 83. That obstructive conduct included refusing, on behalf of the Coworth Firms:
- a. to provide the DFSA with access to the Devices for the purposes of inspecting and copying information stored on them;
 - b. to provide the DFSA with the relevant email stores required under the Article 80 Notices (apart from those relating to Novus Fintech); and
 - c. to provide the DFSA with other information and documents required under the Article 80 Notices.
89. The DFSA considers that Mr Coles, on his own behalf and that of the Coworth Firms, deliberately and intentionally refused to provide the information required pursuant to the Article 80 Notices.
90. The DFSA has given Mr Coles numerous opportunities to provide the information required. Further, the DFSA has repeatedly explained why the reasons he has given for not providing the information do not constitute a reasonable excuse for the Coworth Firms' failure to comply with the requirements pursuant to the Article 80 Notices.
91. There is, therefore, no reasonable excuse for Mr Coles' obstruction of the DFSA in the exercise of its powers to gather information that may be relevant to the Investigation. As a result, the DFSA considers that Mr Coles contravened Article 83 of the Regulatory Law.

Knowingly concerned in the Coworth Firms' contraventions

92. For the reasons set out above, the Coworth Firms contravened Article 69 of the Regulatory Law by failing to comply, without a reasonable excuse, with requirements imposed on them pursuant to Article 80 of the Regulatory Law.
93. On 24 May 2021, the DFSA exercised its power under:
- a. Article 80(1)(a) of the Regulatory Law to enter Coworth's DIFC Office during normal business hours for the purpose of inspecting and copying information or documents stored in any form on such premises;
 - b. Article 80(1)(b) and (c) of the Regulatory Law to require the Coworth Firms to give specified information and produce or procure specified documents relevant to the Investigation; and

- c. Article 80(1)(e) of the Regulatory Law to require the Coworth Firms give reasonable assistance it was able to give in relation to the Investigation.
94. During the Relevant Period, the only information provided to the DFSA was a list of the Devices that had been issued to Novus Fintech and Coworth Fintech employees, and Novus Fintech's email stores on its cloud server. No other information and documents were provided including, in particular, the relevant email stores belonging to Coworth Fintech and Coworth Investments, and the physical forensic images of the Devices. Further, the Coworth Firms did not provide any reasonable assistance for the DFSA to inspect the contents of the Devices to determine whether they contained information which may be relevant to the Investigation. These failures were not rectified by the Coworth Firms during a period of correspondence with Mr Coles following the Inspection Visit in which the DFSA made repeated requests.
95. The Coworth Firms refused to provide all of the information and documents required by the DFSA, including forensic images of the Devices, because it did not believe the DFSA's Article 80 Notices had been validly served, and that insufficient advance notice had been given. Also, Coworth's solicitor further argued that the Article 80 Notices were too broad and that, because the Devices were owned by Coworth Investments, which was based in the UK and purportedly did not carry on activities in or from the DIFC, the DFSA did not have jurisdiction.
96. For the reasons outlined at paragraphs 57 to 59, none of the reasons advanced on behalf of the Coworth Firms were a reasonable excuse for their refusal to comply. Accordingly, the DFSA considers that the Coworth Firms breached Article 69 of the Regulatory Law.

Knowingly Involved

97. Article 86(1) of the Regulatory Law provides that if a person is knowingly concerned in a contravention of the Law or Rules or other legislation administered by the DFSA committed by another, the aforementioned person commits a contravention and is liable to be proceeded against and dealt with accordingly.
98. Article 86(7) of the Regulatory Law provides that a person is 'knowingly concerned' in a contravention if, and only if, the person:
- a. has aided, abetted, counselled or procured the contravention;
 - b. has induced, whether by threats or promises or otherwise, the contravention;
 - c. has in any way, by act or omission, directly or indirectly, been knowingly involved in or been party to the contravention; or
 - d. has conspired with another or others to effect the contravention.

99. The DFSA considers that Mr Coles was knowingly involved in the relevant events that gave rise to the Coworth Firms' contravention of Article 69 of the Regulatory Law, in that:
- a. he was a shareholder and director of the Coworth Firms at all material times during the Relevant Period, and, therefore, ultimately responsible for the Coworth Firms' obligation to comply with the Article 80 Notices;
 - b. at the Inspection Visit, he was made aware of the Investigation and the requirements pursuant to the Article 80 Notices;
 - c. he made, or was informed of and ultimately responsible for the decisions regarding the Coworth Firms' responses to the Article 80 Notices, including, in particular, the decisions:
 - i. not to allow the DFSA to inspect and take forensic physical images of the Devices;
 - ii. not to allow the DFSA to obtain copies of the email stores belonging to Coworth Investments and/or Coworth Fintech; and
 - iii. to allow the DFSA to only take Novus' email stores; and
 - d. on behalf of the Coworth Firms, he continued to refuse to provide the outstanding information required pursuant to the Article 80 Notices and in doing so sustained the refusals made through the solicitor on the day of the inspection.
100. Accordingly, pursuant to Article 86(7) of the Regulatory Law, Mr Coles was knowingly concerned in the Coworth Firms' contraventions and, under Article 86(1) of the Regulatory Law, is liable to be proceeded against and dealt with accordingly.

ACTION

101. In deciding to take the action 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**).
102. 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));
 - b. the deterrent effect of the action and the importance of deterring Mr Coles and others from committing further or similar contraventions;

- c. the nature and seriousness of the contraventions, including in particular that:
 - i. Mr Coles' conduct was deliberate and intentional;
 - ii. Mr Coles was aware that the DFSA was conducting the Investigation, yet he did not allow the DFSA access to relevant information the DFSA reasonably required for the purposes of that investigation;
 - iii. Mr Coles' conduct stalled the Investigation by preventing the DFSA from obtaining all of the information and documents it should have obtained during the Inspection Visit; and
 - iv. throughout the Relevant Period Mr Coles' continued to refuse to provide the relevant information required pursuant to the Article 80 Notices; and
- d. the impact of this type of conduct on the DFSA's ability to effectively investigate suspected misconduct. The DFSA relies on, and is entitled to rely on, the lawful exercise of its powers to investigate suspected contraventions but Mr Coles' failure to allow it to do so in this case has obstructed the Investigation.

103. The DFSA has considered the sanctions and other options available to it and has concluded that a fine is an appropriate action given the circumstances of this matter.

Determination of the Fine

104. 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 6-6 of the RPP as follows.

Step 1 – Disgorgement

105. This step is not considered to be relevant as the DFSA has not identified that Mr Coles made any profit or avoided a loss as a result of the contraventions. This step was, therefore, not considered to be relevant. Accordingly, the figure after step 1 is USD 0.

Step 2 – The seriousness of the contraventions

106. The DFSA considers Mr Coles contraventions to be serious for the following reasons:

- a. Mr Coles' contraventions were deliberate and intentional (RPP 6-6-2(c)). Mr Coles was a shareholder and a director of the Coworth Firms at all material times during the Relevant Period. He was centrally involved in the Coworth Firms' misconduct and was ultimately responsible for ensuring that the firms fully complied with the requirements pursuant to the Article 80 Notices. He intended to obstruct the DFSA investigation by refusing to provide the information and documents in response to Article 80 Notices, without providing a reasonable excuse;

- b. Mr Coles failed to comply having had a reasonable opportunity to receive legal advice – both throughout the Inspection Visit and in the weeks that followed;
- c. Mr Coles conduct, including the deliberate obstruction of the DFSA's investigation and use of its Article 80 powers, has deprived the DFSA of information relevant to the Investigation which the DFSA was entitled to obtain. The DFSA's ability to undertake its investigation effectively, and meet its core objectives and functions has been significantly hindered;
- d. Mr Coles' misconduct was not a 'spur of the moment' mistake or short-lived error of judgment. For a significant period after the Inspection Visit, Mr Coles was repeatedly informed about the DFSA's concerns and the consequences for refusing to comply. He was given multiple opportunities to comply but still refused to do so; and
- e. while the DFSA acknowledges that the Coworth Firms provided a limited amount of information required by the Article 80 Notices, the majority of the information, including the access to Devices, remains outstanding.
- f. the DFSA has repeatedly said that taking appropriate action for conduct that obstructs DFSA investigations is an enforcement priority for the DFSA. The DFSA, therefore expects recipients of Article 80 Notices to be aware that the DFSA has no tolerance for non-compliance with the requirements of Article 80 Notices, and obstruction of the DFSA's investigations, and so will impose heavy penalties for such misconduct.

107. Taking the above factors into account, the DFSA considers that a financial penalty of USD 80,000 appropriately reflects the seriousness of the contravention.

Step 3 – Mitigating and aggravating factors

108. In considering the appropriate level of the financial penalty, the DFSA has had regard to the circumstances of this matter and the factors set out in RPP 6-6-8. The DFSA considers that certain cooperation provided by Mr Coles exceeds expected standards and accordingly it is appropriate to reduce the figure in Step 2 by 20%.

109. Accordingly, the figure after Step 3 is USD 64,000.

Step 4 – Adjustment for deterrence

110. Pursuant to RPP 6-6-9, if the DFSA considers that the level of the financial penalty which it has arrived at after Step 3 is insufficient to deter the individual who committed the contravention, or others, from committing further or similar contraventions, then the DFSA may increase it. RPP 6-6-9 sets out the circumstances where the DFSA may do this.

111. The DFSA considers, in light of Mr Coles' financial circumstances and the fact that the seriousness of Mr Coles' conduct has already been taken into account at Step 1, that the figure after Step 3 of USD 64,000 represents a sufficient deterrent to Mr Coles and others, and so has not increased the penalty at Step 4.

112. Accordingly, the figure after Step 4 is USD 64,000.

Step 5 – Settlement discount

113. Where the DFSA and the person on whom the financial penalty is to be imposed agree on the amount and other terms, RPP 6-6-10 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which agreement is reached. An agreement has been reached. Accordingly, the DFSA has applied a settlement discount of 30% to the figure in Step 4.

114. Therefore, the figure after Step 5 is USD 44,800.

The level of the Fine imposed

115. Given the factors and considerations set out in paragraphs 104 to 114 and the circumstances of this matter, the DFSA has determined that it is proportionate and appropriate to impose on Mr Coles a fine of USD 44,800.

The Restriction

116. The DFSA has decided that it is appropriate and proportionate in the circumstances to restrict Mr Coles from performing any function in connection with the provision of Financial Services in or from the DIFC.

117. The DFSA's policy in relation to its exercise of the restriction power under Article 59(1) of the Regulatory Law is set out in section 4-10 of RPP.

118. In determining whether to exercise its power under Article 59(1) of the Regulatory Law, the DFSA may have regard to all relevant matters including, but not limited to, the criteria for assessing the fitness and propriety of Authorised Individuals as set out in GEN Chapter 7 and section 2-3 of RPP.

119. In deciding to impose the Restriction, the DFSA has considered the:

- a. issues giving rise to concerns about Mr Coles' fitness and propriety and, in particular, whether those concerns are such as to affect all possible functions in connection with the provision of Financial Services in or from the DIFC which a person may perform;
- b. materiality of the issues giving rise to concerns as to Mr Coles' fitness and propriety, namely:

- i. the seriousness of the contraventions;
 - ii. the intentional and deliberate obstruction of the DFSA's investigation and use of its Article 80 powers;
 - iii. his lack of respect for the DFSA's ability to exercise its Article 80 powers;
 - iv. his lasting failure to comply with the DFSA's requirements even after an extended period of time to consider the circumstances and formulate an ongoing course of action;
 - v. his failure to accept his obligations under the law; and
- c. the level of risk which Mr Coles may pose in the future, to regulated entities, customers and the integrity of the DIFC.
120. Given the seriousness of his misconduct, the DFSA considers the Restriction necessary and appropriate in the circumstances to:
- a. prevent Mr Coles from performing any functions in connection with the provision of Financial Services in the DIFC; and
 - b. protect the integrity of the DIFC and its participants.
121. The DFSA has also taken into consideration the effect that such action will have in deterring others from engaging in similar misconduct and the DFSA's objectives in Article 8(3) of the Regulatory Law to:
- a. foster and maintain confidence in the financial services industry in the DIFC (Article 8(3)(b)); and
 - b. 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)).
122. Accordingly, the DFSA considers it appropriate to impose the Restriction because:
- a. it believes on reasonable grounds that Mr Coles is not a fit and proper person to perform any functions in connection with the provision of Financial Services in or from the DIFC; and
 - b. it is necessary and proportionate to do so in support of the DFSA's objectives.

The Prohibition

123. The DFSA also decided to prohibit Mr Coles from holding office in or being an employee of any Authorised Person, DNFBP, Reporting Entity or Domestic Fund in the DIFC.

Article 90(2)(g) of the Regulatory Law provides that the DFSA may impose such a prohibition when a person has contravened legislation administered by the DFSA.

124. When considering the imposition of the Prohibition, the DFSA has taken into consideration the other powers it has available to penalise Mr Coles for his misconduct, as well as the other powers to protect the integrity of the DIFC. Noting the Restriction on Mr Coles and the potential overlap with the Prohibition, the DFSA considers that there is a risk that Mr Coles may circumvent the restriction. The DFSA considers that such further protection is required to address the serious risk Mr Coles presents to the Financial Services industry in the DIFC.
125. Accordingly, given the seriousness of Mr Coles' misconduct, particularly his extended obstruction of the Investigation and disregard of the DFSA's requirements, the DFSA considers it necessary and appropriate in the circumstances to impose the Prohibition on Mr Coles to protect the integrity of the DIFC, in the event that Mr Coles should seek to hold office in or be an employee of any Authorised Person DNFBP, Reporting Entity or Domestic Fund in the DIFC in the future.

PROCEDURAL MATTERS

Decision Maker

126. The decision to which this Notice relates was made by Ian Johnston as Chief Executive of the DFSA.
127. This Notice is given to Mr Coles under Paragraph 3(2) of Schedule 3 to the Regulatory Law.

Manner and time for payment

128. The Fine must be paid by Mr Coles to the DFSA in the form and manner agreed with the DFSA.
129. If any or all of the Fine is outstanding after the due date, the DFSA may seek to recover the outstanding amount as a debt owed by Mr Coles and due to the DFSA.

Evidence and other material considered

130. Annex A sets out extracts from some statutory and regulatory provisions and guidance relevant to this Notice.
131. The DFSA provided Mr Coles with a copy, or access to a copy, of the relevant materials that were considered in making the decision in this Notice.

Review of decision by Financial Markets Tribunal (FMT)

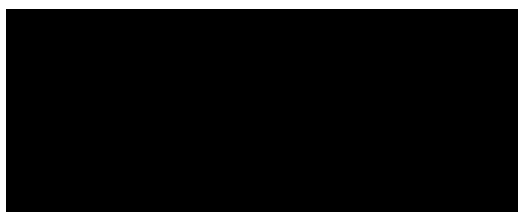
132. Under Articles 59(6) and 90(5) of the Regulatory Law, Mr Coles has the right to refer the matter to the FMT for review. However, in deciding to settle this matter and in agreeing not to contest the action set out in this Decision Notice, Mr Coles has agreed that he will not refer this matter to the FMT.

Publicity

133. Under Article 116(2) of the Regulatory Law, the DFSA may publish, in such form and manner as it considers 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.
134. RPP 5-17-2 is relevant to the publication of information about the matter to which this Notice relates. As stated in this paragraph, the DFSA generally publishes, in such form and manner as it regards appropriate, information and statements relating to enforcement actions, including censures and any other matters which the DFSA considers relevant to the conduct.
135. RPP 5-17-9 and 5-17-11 are also relevant to when information will be published about a matter that may be referred to the FMT.

DFSA contacts

136. For more information concerning this matter generally, please contact the Administrator to the DMC on +971 4 362 1500 or by email
at DMC@dfsa.ae.



Signed: 01/02/2023

Ian Johnston

Chief Executive of the DFSA

ANNEX A – RELEVANT STATUTORY AND REGULATORY PROVISIONS

DIFC Law No.1 of 2004 - the Regulatory Law 2004

59. Restricting persons from performing functions in the DIFC

- (1) If the DFSA believes on reasonable grounds that a person is not a fit and proper person to perform any functions in connection with the provision of Financial Services in or from the DIFC, it may restrict the person from performing all or any such functions.
- (2) A restriction under this Article may relate to a function whether or not it is a Licensed Function.
- (3) The DFSA may vary or withdraw a restriction imposed under this Article.
- (4) A person who performs a function in breach of a restriction under this Article commits a contravention.
- (5) The procedures in Schedule 3 apply to a decision of the DFSA under Article 59(1).
- (6) If the DFSA decides to exercise its power under Article 59(1), the person may refer the matter to the FMT for review.

69. Compliance with an order or requirement of the DFSA

Where the DFSA makes an order, issues a direction or prohibition, or makes any requirement in relation to a person pursuant to a provision of this Law or Rules or legislation administered by the DFSA, such person must, unless he has a reasonable excuse, comply with such order, direction, prohibition or requirement.

80. Powers to Obtain Information and Documents for Investigation

- (7) Where the DFSA considers that a person is or may be able to give information or produce a document which is or may be relevant to an investigation, it may:
 - (a) enter the business premises of such person during normal business hours for the purpose of inspecting and copying information or documents stored in any form on such premises;
 - (b) require such person to give, or procure the giving of, specified information in such form as it may reasonably require;
 - (c) require such person to produce, or procure the production of, specified documents;
 - (d) require such person (the interviewee) to attend before an officer, employee or agent of the DFSA (the interviewer) at a specified time and place to answer questions in private (compulsory interview); or

- (e) require such person to give it any assistance in relation to the investigation which the person is able to give.
- (8) Where the DFSA exercises its power under Article 80(1)(a) to enter business premises, it may:
- (a) require any appropriate person to make available any relevant information stored at those premises for inspection or copying;
 - (b) require any appropriate person to convert any relevant information into a form capable of being copied; and
 - (c) use the facilities of the occupier of the premises, free of charge, to make copies.
- (9) Where the DFSA exercises its power under Article 80(1)(d) to conduct a compulsory interview, it may give a direction:
- (a) concerning who may be present;
 - (b) preventing any person present during any part of the compulsory interview from disclosing to any other person any information provided to the interviewee or questions asked by the interviewer during the compulsory interview;
 - (c) concerning the conduct of any person present, including as to the manner in which they will participate in the interview;
 - (d) requiring the interviewee to swear an oath or give an affirmation that the answers of the interviewee will be true; and
 - (e) requiring the interviewee to answer any questions relevant to the investigation.
- (10) A requirement made under Article 80(1) (b), (c), (d), and (e) shall be stated in writing.
- (11) The DFSA may require the relevant person to give such information or produce such documents by the end of a reasonable period and at a place specified in the notice.
- (12) The DFSA may exercise its powers under Article 80(1) in respect of any person within, or outside of, the DIFC provided that, if the person is outside the DIFC and is not a Regulated Person, the DFSA shall either:
- (a) use any arrangements it has with a regulatory authority in the jurisdiction in which the person is resident or domiciled, or the premises are located, to assist it to exercise the power; or
 - (b) apply to the Court for an order compelling the person to provide the information, produce or procure the production of the documents, or answer questions, or permitting the DFSA to enter the premises of that person.

- (13) In Article 80(6), a Regulated Person means an Authorised Person, DNFBP, Fund, Auditor, Reporting Entity or any director, officer, employee or agent of such person.

83. Obstruction of the DFSA

A person shall not without reasonable excuse engage in conduct, including without limitation the:

- (a) destruction of documents;
- (b) failure to give or produce information or documents specified by the DFSA;
- (c) failure to attend before the DFSA at a specified time and place to answer questions;
- (d) giving of information that is false or misleading; and
- (e) failure to give any assistance in relation to an investigation which the person is able to give;

that is intended to obstruct the DFSA in the exercise of any powers under Chapters 1 and 2 of Part 5 or under any Law administered by the DFSA.

86. Involvement in contraventions

- (1) If a person is knowingly concerned in a contravention of the Law or Rules or other legislation administered by the DFSA committed by another person, the aforementioned person as well as the other person commits a contravention and is liable to be proceeded against and dealt with accordingly.
- (2) If an officer of a body corporate is knowingly concerned in a contravention of the Law or Rules or other legislation administered by the DFSA committed by a body corporate, the officer as well as the body corporate commits a contravention and is liable to be proceeded against and dealt with accordingly.

[...]

(3)

- (6) For the purposes of Article 86, "officer" means a director, member of a committee of management, chief executive, manager, secretary or other similar officer of the body corporate or association, or a person purporting to act in such capacity, and an individual who is a controller of the body.
- (7) For the purposes of Article 86, a person is 'knowingly concerned' in a contravention if, and only if, the person
 - (a) has aided, abetted, counselled or procured the contravention;

- (b) has induced, whether by threats or promises or otherwise, the contravention;
 - (c) has in any way, by act or omission, directly or indirectly, been knowingly involved in or been party to, the contravention; or
 - (d) has conspired with another or others to effect the contravention.
- (8) In Article 86, 'person' does not include the DFSA or President.

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;
- [...]
- (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 and of the Court, censures, and any other matters which the DFSA considers relevant to the conduct of affairs in the DIFC.

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 financial penalty, and the matters the DFSA will take into account when determining a penalty.

ANNEX B – DEFINITIONS

Term	Definition
Article 80 Notices	The relevant Notices dated 24 May 2021 issued to Coworth Fintech, Coworth Investments and Novus Fintech, pursuant to Article 80(1)(a)(b)(c) & (e) of the Regulatory Law.
Coworth Firms	The relevant Coworth group of entities which including Coworth Fintech Ltd, Coworth Investments Ltd, and Novus Fintech Ltd.
Coworth's DIFC Office	Coworth's offices located at Unit 905, Level 9, Liberty House DIFC, Dubai, United Arab Emirates.
Coworth Fintech	Coworth Fintech Ltd.
Coworth Investments	Coworth Investments Ltd.
Coworth Kingdom	Coworth Kingdom Investments LLC.
Coworth RAK	Coworth Investments (RAK) Ltd.
Devices	The devices issued by Coworth entities to its employees including but not limited to laptop computers, desktop computers, tablet computers, personal digital assistants, smartphones and mobile telephones.
Device List	The list of Devices provided by the Director of Operations at the Inspection Visit.
DFSA	Dubai Financial Services Authority.
DFSA's Letters	The DFSA's letters dated 27 May 2021 sent to Coworth Fintech, Coworth Investments and Novus Fintech.
DMC	Decision Making Committee on behalf of the DFSA.
DIFC	Dubai International Financial Centre.
Fine	The financial penalty imposed on Coworth, pursuant to Article 90(2)(a) of Regulatory Law.
FMT	Financial Markets Tribunal.
Inspection Visit	The DFSA's inspection of the Coworth's DIFC Office on 24 May 2021.
Investigation	The DFSA's investigation into the Coworth entities commenced pursuant to Article 78 of the Regulatory Law.
Novus Fintech	Novus Fintech Ltd.
Novus Fintech Address	Novus Fintech's address in the DIFC's Fintech Hive at 'Unit GA-00-SZ-L1-RT-208, Level 1, Gate Avenue – South Zone, DIFC.
Regulatory Law	DIFC Law No.1 of 2004 as amended.
Relevant Period	The period during which Mr Stuart Coles was a director of each of the Coworth Firms. ¹

¹ <https://find-and-update.company-information.service.gov.uk/company/11736250/officers>
<https://www.difc.ae/public-register/coworth-fintech-ltd/>
<https://www.difc.ae/public-register/novus-fintech-ltd/>

RPP	The DFSA Regulatory Policy and Process Sourcebook.
UK Contact Details	The UK contact number and UK address at, <i>Automotive House, Grays Place, Slough, SL2 5AF, United Kingdom</i> , as listed on Coworth Investment's website at www.coworthinvestments.com