
DECISION NOTICE

To: Ark Capital Management (Dubai) Limited (**ARK**)

Address: Office 707, Innovation One Building, DIFC, Dubai, UAE

Date: 2 February 2026

1. ACTION

- 1.1 For the reasons given in this Notice, and pursuant to Article 90(2) of the Regulatory Law 2004 (the **Regulatory Law**), the DFSA has decided to impose on ARK a fine of USD 504,000 (the **Fine**).
- 1.2 ARK agreed to settle this matter. The DFSA has therefore decided to reduce the Fine by a settlement discount of 30%. Were it not for the settlement discount the DFSA would have imposed a fine of USD 720,000 on ARK.
- 1.3 This Notice is addressed to ARK alone. Nothing in this Notice constitutes a determination that any person other than ARK breached any legal or regulatory rule. 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.

2. DEFINED TERMS

- 2.1 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 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.

3. SUMMARY OF REASONS

3.1 The DFSA is taking this action as it considers that, between 4 October 2021 and 9 July 2024 (the **Relevant Period**), ARK failed to:

3.1.1 notify the DFSA regarding transactions executed for Clients which it had reasonable grounds to suspect may have constituted Market Abuse, contrary to General Module of the DFSA Rulebook (**GEN**) Rule 11.10.12A;

3.1.2 establish and maintain systems and controls that ensured, as far as reasonably practical, that it did not facilitate others to engage in conduct that may constitute market abuse, contrary to GEN Rule 5.3.20(a); and

3.1.3 notify the DFSA of proposed changes to its Controllers, as a result of an agreement between ARK's majority shareholder and a third party, contrary to GEN Rule 11.8.11(2).

3.2 In addition, the conduct giving rise to the contraventions set out in paragraph 3.1 above also demonstrates that ARK:

3.2.1 failed to ensure that its affairs were managed effectively and responsibly by its senior management, and have adequate systems and controls in place to ensure, as far as reasonably practical, it complied with legislation applicable in the DIFC, contrary to Principle for Authorised Firms 3 (GEN Rule 4.2.3 - Management, systems and controls); and

3.2.2 failed to deal with regulators in an open and cooperative manner and keep the DFSA promptly informed of significant events or anything else relating to the Authorised Firm of which the DFSA would reasonably expect to be notified, contrary to Principle for Authorised Firms 10 (GEN Rule 4.2.10 - Relations with regulators).

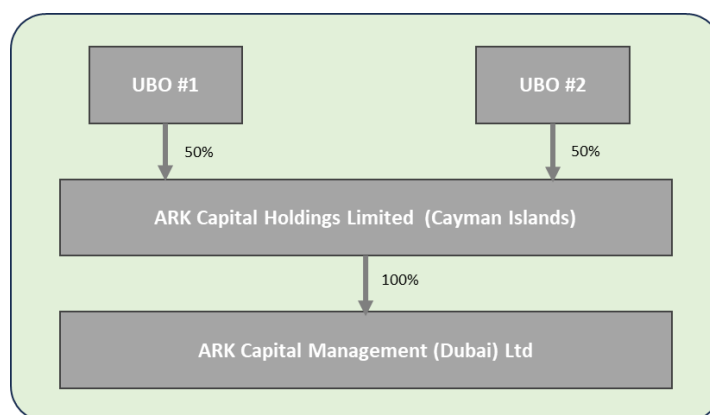
3.3 Given the nature and seriousness of ARK's contraventions the DFSA considers it appropriate in the circumstances to impose the Fine on ARK.

4. FACTS AND MATTERS RELIED ON

Background

- 4.1 ARK was incorporated in the DIFC on 23 September 2013 and authorised by the DFSA on 7 November 2013 to carry out Financial Services including Arranging Deals in Investments and Dealing in Investments as Agent. As at 31 August 2021, ARK was wholly owned by the Cayman Islands entity ARK Capital Holdings Limited which had two ultimate beneficial owners (**UBOs**).

Table 1 – ARK Shareholding



Sale of ARK Shares

- 4.2 On 4 October 2021, ARK Capital Holdings Limited entered into an agreement (the **Agreement**) to sell 90% of the shares of ARK to a UK based company (the **Investor**). The sale of shares was split into two tranches, an initial tranche whereby 9.5% of the shares in ARK would be sold for USD 500,000 and a second tranche whereby the remaining 80.5% of ARK's shares would be sold for USD 2,565,000.
- 4.3 Under the terms of the Agreement, once the sale of the initial tranche of shares had been completed, the Investor nominated a director who was appointed to ARK's board to oversee ARK's finances and deployment of resources. In addition, the Investor appointed another individual to act as their representative in ARK's senior management and investment risk committee meetings. The Investor's representative had been heavily involved in negotiating the terms of the Agreement and, although not responsible for the committees' approvals or decision making, was an active participant in these committees.

- 4.4 The terms of the Agreement included conditions which needed to be met prior to an agreed longstop date before the sale of the second tranche of shares could be completed. These included, but were not limited to, the Investor obtaining consent from the DFSA to become a Controller of ARK.
- 4.5 The terms of the sale had previously been agreed in a memorandum of understanding signed by the parties on 16 December 2020.
- 4.6 As per GEN Rule 11.8.4 a person must not become a Controller of an Authorised Firm without obtaining prior written approval from the DFSA. Under GEN Rule 11.8.2, a person is considered a Controller of an Authorised Firm when they:
- 4.6.1 hold 10% or more of the shares in either the Authorised Firm or its Holding Company;
 - 4.6.2 are entitled to exercise, or controls the exercise of, 10% or more of the voting rights in either the Authorised Firm or a Holding Company of that firm; or
 - 4.6.3 are able to exercise significant influence over the management of the Authorised Firm as a result of holding shares or being able to exercise voting rights in the Authorised Firm or a Holding Company of that firm or having a current exercisable right to acquire such shares or voting rights.¹
- 4.7 Pursuant to the above Rules, when the Investor entered into the Agreement on 4 October 2021, it held 9.5% of the shares in ARK and had an agreement to acquire an additional 80.5% of such shares (totalling 90%) once certain conditions had been met, including DFSA approval being obtained for the Investor to become a Controller of ARK. This amounted to proposed changes to its Controllers, therefore under GEN Rule 11.8.11(2) ARK was required to notify the DFSA of those proposed changes to its Controllers as soon as possible after the Agreement was signed.

¹ Guidance set out in respect of this Rule in the GEN Rulebook states that “...a Person may be able to exert significant management influence where such Person does not hold shares or voting rights but has current exercisable rights to acquire shares or voting rights, such as under Options.”

- 4.8 On 13 December 2021, ARK submitted a change in control notification to the DFSA detailing that ARK Capital Holdings Limited had reduced its ownership of ARK from 100% to 90.5%, with 9.5% of ARK's shares being acquired by the Investor. The notification was to notify the DFSA that a Controller had decreased their holding. It was not to notify the DFSA of the Investor proposing to become a Controller, nor was there reference to or notification of the Agreement for the Investor to acquire 90% of ARK.
- 4.9 An early draft of the memorandum of sale which set out a structure for the acquisition of 90% of ARK shares in two tranches, consistent with that contained in the Agreement, noted in reference to the initial tranche of 9.5% of ARK shares, that there would be "... *an initial investment of \$500,000 for an equity share of Ark of 9.5%. This being an investment of less than 10% no disclosure is required to the DFSA.*" The DFSA considers this statement to be incorrect, as it failed to take into account the wider terms of the structure which as set out in paragraph 4.7 would require ARK to notify the DFSA of proposed changes to its Controllers.

Market Abuse Systems and Controls

- 4.10 In May 2022 ARK began the process of implementing a trade surveillance system to monitor for potential Market Abuse. The system was implemented in phases and became fully operational in September 2022.
- 4.11 Alerts generated by the system would be reviewed by a member of ARK's compliance function to assess whether the trading presented a reasonable suspicion of Market Abuse requiring a Suspicious Transaction and Order Report (**STOR**) to be submitted. The rationale for the decision to submit a STOR or not would be recorded on the trade surveillance system and (in the latter part of the Relevant Period) in a report summarising the assessment and decision.
- 4.12 Prior to May 2022 ARK did not have an automated system to identify trading for further investigation, relying instead on manual processes. However the DFSA notes that the number of clients placing trade orders, and the value and volume of those trades, were significantly less prior to the implementation of the automated system.

- 4.13 The DFSA notes that in 2021 ARK had only three clients that placed trade orders. These three clients executed 652 trades in 2021 with a total value of just over USD 1 million, significantly less than the 264,390 trades executed in 2023 by 94 clients with a total value of over USD 273 million.

Market Abuse Alerts & Suspicious Transaction Order Reports (STORs)

- 4.14 During the Relevant Period, ARK's trade surveillance system generated 66 alerts for trading which had characteristics of Market Abuse typologies including but not limited to insider dealing, pump and dump strategies and wash trading. Notably 53 of the 66 alerts generated by ARK's trade surveillance system during the relevant period related to trading undertaken by three clients:

4.14.1 A propriety trading and multi asset liquidity provider incorporated in a UAE freezone, onboarded as a client of ARK in September 2021 (**Client A**);

4.14.2 A UAE entity, involved in food and beverage importation and distribution, onboarded as a client of ARK in September 2021 (**Client B**); and

4.14.3 A Mauritian trading technology provider with the same UBOs as Client A. (**Client C**).

- 4.15 Of the 66 alerts, 56 were reviewed during the Relevant Period by a member of ARK's compliance function, to assess whether the trading presented a reasonable suspicion of Market Abuse requiring a STOR to be submitted (see paragraphs 4.17 to 4.19.2 below regarding the other 10). Accordingly, as a result of the assessment of these alerts, during the Relevant Period ARK submitted eight STORs, of which half related to Client A, Client B or Client C.

- 4.16 The DFSA considers that, based on the rationales recorded and other information available at the time, an additional four alerts reviewed by ARK's compliance function during the Relevant Period should have resulted in a STOR being submitted, as detailed below:

4.16.1 In June 2023, an alert was generated for trading undertaken by Client A. In the two working days leading up to an announcement of a takeover bid for a manufacturing company, Client A took a significant long position in

the company's shares, selling the position after the news was released. As a result of this trade, Client A made a profit of over EUR 492,000 with a profit margin of 9%. Based on its assessment, ARK's compliance function concluded that no STOR was required to be submitted: *"While we haven't been able to verify whether there were any rumors (sic) or market speculation regarding a potential takeover, volumes and call options market activity do indicate that there is some speculation in the market. Looking at client volume participation, it's considered immaterial to total volumes."* This assessment, which acknowledged the lack of public information regarding the takeover, was insufficient to discount the reasonable suspicion that Client A may have been trading on inside information. Therefore, the DFSA considers that ARK should have submitted a STOR in relation to this trading.

4.16.2 In October 2023, an alert was generated for Client B who had taken a significant short position against a European payment provider two days prior to the shares in the company falling by more than 50% as a result of a negative earnings report. As a result of this trade, Client B realised a profit of more than EURO 1 million with a profit margin of 51.5%. ARK's compliance function determined that this alert did not require the submission of a STOR. In doing so, the compliance function appears to have placed significant reliance on an article on the same day that Client B took their short position, reporting outages effecting major retailers. The DFSA considers that although the information in this article was relevant, it was not sufficiently material in the context of the overall assessment of the alert to render the trade not reasonably suspicious, and therefore, ARK should have submitted a STOR.

4.16.3 In April 2024, 1.5 hours after Client A bought USD 500,000 worth of shares in a financial services firm, a report was published of a potential takeover of the company causing the company's share price to rise. The next day Client A sold these shares at a profit of more than USD 23,000 with a profit margin of 4.6%. ARK's compliance function's assessment of this alert concluded that *"While there have been no rumors (sic) circulating the*

market before the publishing of the Reuters report, it appears that the Client has followed market behavior (sic)." The DFSA considers that this assessment failed to address the timing of Client A's trading just ahead of the announcement which was suspicious. Therefore the DFSA considers that ARK should have submitted a STOR.

- 4.16.4 In June 2024, two to three days before it was announced that an education provider had accepted a takeover bid, Client C purchased more than USD 2.3 million worth of shares which it sold on the same day, after the announcement, realising a profit of more than USD 27,000. Due to its size, this trade generated an alert on ARK's trade surveillance system. ARK's compliance function closed the alert noting that "*The client [Client C] traded significant volumes, but the trades appear to be well-timed with the market news rather than an attempt at market manipulation. Given the acquisition news and the resulting price movements, the profit of \$27,296.77 seems to be a result of strategic trading rather than any illicit activity.*" The DFSA agrees that it was unlikely that this trading was an attempt to manipulate the market. However, the rationale correctly highlights, but fails to address, that the "*trades appear to be well-timed with the market news*". In the absence of any other reasonable rationale, the timing of the trades in relation to the announcement, indicated a reasonable suspicion of insider dealing. The DFSA therefore considers that ARK should have submitted a STOR in relation to this trading.

Backlog Review

- 4.17 In January 2025, ARK initiated a review of a backlog of alerts that had built up, to include recording clear rationales for each alert. This review included at least 10 alerts generated during the Relevant Period which had either not been fully reviewed or were subject to an inadequate review.
- 4.18 The assessment of three of the 10 alerts concluded that there was reasonable or strong possibility that alerted trades represented Market Abuse and therefore they were escalated internally in May 2025 to determine whether a STOR should be

submitted. However as of August 2025, the decision on whether to submit a STOR had not been made.

- 4.19 In addition, although following this backlog review they were regarded by ARK as not suspicious, the DFSA considers that three further alerts (based on ARK's assessment) should have resulted in STORs being submitted, as described in below in paragraph 4.19.1 and 4.19.2:

4.19.1 In May 2023, Client A purchased USD 2.8 million worth of shares in a payment provider. Three hours after the purchase there was an announcement from the payment provider that resulted in its share price increasing by 13%. Ten minutes after the announcement, Client A sold its position, realising a profit of USD 460,000 with a 16% profit margin. This trading resulted in two alerts being generated, firstly an alert due to the size of the trade and secondly a "pump and dump" alert. The analysis of the alert by ARK's compliance function erroneously reviewed it as a wash trade, concluding that the trades did not have the characteristics of a wash trade strategy. The actual reason for the alerts being generated was not taken into consideration. Given the information in ARK compliance function's report, it is unlikely that Client A's trading represented a "pump and dump" trading strategy (due to the size of the trades compared to the overall market). However, the timing and size of the trades when compared to the announcement by the company remained suspicious. Therefore, the DFSA considers that ARK should have submitted a STOR in relation to this trading.

4.19.2 In June 2024, two of ARK's clients purchased USD 72,600 and USD 40,082 worth of shares in a large technology company a few days before announcements that had a material impact on the company's share price. These trades triggered alerts in ARK's trade surveillance system. Both alerts were closed by ARK's compliance function on the basis that neither client had fully closed their positions after the announcements, holding a proportion of these positions for several months afterwards. The DFSA considers ARK compliance function's assessment of these alerts to be inadequate as they failed to address the timing of the purchase of shares

in relation to the announcements, instead placing undue reliance on the fact the clients partially maintained their positions for a significant period after the announcements. Based on the information in the assessment the DFSA considers that ARK should have submitted STORs for these trades.

5. CONTRAVENTIONS

- 5.1 Having regard to the facts and matters set out above, the DFSA considers that, during the Relevant Period, ARK contravened DFSA administered legislation as set out below.

Market Abuse Systems and Controls

- 5.2 Under GEN Rule 5.3.20, ARK was required to establish and maintain systems and controls that ensured, as far as reasonably practical, that it and its Employees did not engage in conduct, or facilitate others to engage in conduct, which may have constituted market abuse, whether in the DIFC or elsewhere.
- 5.3 Additionally, under GEN 11.10.12A, ARK was required to notify the DFSA immediately if it receives an order from a client, or arranges or executes a transaction with a client, which it has reasonable grounds to suspect may constitute Market Abuse.
- 5.4 As per paragraphs 4.10 to 4.13, from May 2022 ARK put in place systems and controls to identify and assess trades that had characteristics consistent with Market Abuse. However as set out in paragraphs 4.14 to 4.16.4, due to ARK's inadequate or deficient consideration of alerts generated by its system, these systems and controls failed to identify at least four instances where there were reasonable suspicions of Market Abuse that should have resulted in STOR submissions.
- 5.5 In addition, as per paragraphs 4.17 to 4.19.2, due either to poor record keeping or lapses in control, at least 10 of the 66 alerts generated during the Relevant Period were not subject to adequate review at the time they were generated or not reviewed at all.

- 5.6 The DFSA considers that ARK's systems and controls to identify and assess trades that may constitute Market Abuse were ineffective leading to at least 10 instances of trading which should have resulted in the submission of a STOR being overlooked, and either not being reported at all or not being reported in a timely manner.

DFSA Notification of Agreement to Sell Shares

- 5.7 Under GEN Rule 11.8.11(2) ARK was required to notify the DFSA in writing of any proposed change of its Controllers as soon as possible after becoming aware of that event.
- 5.8 As set out in paragraphs 4.2 to 4.8, on 4 October 2021, ARK Capital Holdings Limited entered into the Agreement to sell 90% of ARK's shares to the Investor, in two tranches and subject to stipulated conditions being met.
- 5.9 ARK and its Senior Management were aware of the Agreement, because they were involved in the negotiations and discussions with the Investor and their representatives about the share sale. Wording in an early draft of the memorandum of sale, referenced at paragraph 4.9, demonstrated the decision by ARK to limit the sale of the initial tranche of shares to 9.5% was done with the intention of avoiding triggering a requirement to disclose to the DFSA the sale of shares, on the basis of an incorrect interpretation of the Rules around notifying the DFSA of a change or proposed change to its Controllers.
- 5.10 Even though the share transfer was not completed and the Investor ultimately sold the initial tranche of shares back to Ark Capital Holdings Limited in a subsequent transaction, the DFSA considers that, by virtue of the terms of the executed agreement between the Investor and ARK Capital Holdings Limited, there was a proposed change in ARK's Controllers. ARK was therefore required to notify the DFSA of the proposed change that the Agreement contained as soon as possible after becoming aware, which the DFSA regards as being even before the Agreement was executed. Not at that point or at any point afterwards did ARK so inform the DFSA.

Breach of Principles for Authorised Firms

5.11 As an Authorised Firm, under GEN 4.1 ARK was required to act in accordance with the Principles for Authorised Firms. The conduct described in the facts and matters section above demonstrates that ARK failed to:

5.11.1 ensure that its affairs were managed effectively and responsibly by its senior management, and have adequate systems and controls in place to ensure, as far as reasonably practical, it complied with legislation applicable in the DIFC. Accordingly ARK breached Principle 3 of the DFSA's Principles for Authorised Firms (Management, systems and controls) in GEN Rule 4.2.3; and

5.11.2 deal with regulators in an open and cooperative manner and keep the DFSA promptly informed of significant events or anything else relating to the Authorised Firm of which the DFSA would reasonably expect to be notified. Accordingly ARK breached Principle 10 of the DFSA's Principles for Authorised Firms (Relations with regulators) in GEN Rule 4.2.10.

6. SANCTION

6.1 In deciding whether 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**).

6.2 The DFSA considers the following factors to be of particular relevance in this matter:

6.2.1 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));

6.2.2 the nature and seriousness of the contraventions, as set out in paragraph 6.7 as Step 2 below; and

6.2.3 the deterrent effect of the action and the importance of deterring ARK and others from committing further or similar contraventions.

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

Determination of the Fine

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

Step 1 – Disgorgement

- 6.5 As per paragraph 6-5-1 of RPP, the DFSA will seek to deprive a firm of the economic benefits derived directly or indirectly from a contravention (which may include the profit made or loss avoided) where it is practicable to quantify this.
- 6.6 There was no evidence to suggest that ARK made a profit or avoided a loss, as a direct result of the contraventions. Accordingly, this step was not considered relevant.

Step 2 – The seriousness of the contraventions

- 6.7 The DFSA considers ARK's contraventions to be particularly serious because:
- 6.7.1 by failing to establish and maintain adequate systems and controls, ARK failed to identify and properly assess and report in a timely manner at least 14 of instances of suspicious trading which, based on the information available, should have resulted in the submission of a STOR;
 - 6.7.2 the weaknesses in ARK's systems and controls resulted in an unacceptable risk that ARK may have facilitated Market Abuse, thereby damaging the confidence in the financial services industry in the DIFC and the reputation of the DIFC;
 - 6.7.3 ARK's senior management deliberately attempted (but ultimately failed) to avoid triggering the notification requirements of the DFSA's Rules concerning changes to its Controllers, by limiting the first tranche of the sale to under 10% of ARK's shares;

- 6.7.4 The failure to notify the DFSA of proposed changes to ARK's Controllers created an unacceptable risk that the Investor may have been able to exercise significant influence over the management of ARK, and therefore become a Controller without the DFSA's knowledge or prior approval; and
- 6.7.5 they occurred over a significant period of more than two and a half years.
- 6.8 Taking the above factors into account, the DFSA considers that a financial penalty of USD 720,000 appropriately reflects the seriousness of the contravention. This figure is equivalent to 10% of USD 7,200,000 representing ARK's relevant revenue during the Relevant Period.

Step 3 – Mitigating and aggravating factors

- 6.9 Pursuant to RPP 6-5-7, the DFSA does not consider there are any aggravating or mitigating factors to be taken account of.
- 6.10 Accordingly, the figure after Step 3 is USD 720,000.

Step 4 – Adjustment for deterrence

- 6.11 Pursuant to RPP 6-5-9, if the DFSA considers that the level of the financial penalty which it has arrived at after Step 3 is insufficient to deter the firm who committed the contravention, or others, from committing further or similar contraventions, then the DFSA may increase it. RPP 6-5-9 sets out the circumstances where the DFSA may do this.
- 6.12 The DFSA considers that the figure after Step 3 is sufficient for the purposes of deterring ARK and others from committing further or similar contraventions. Accordingly, the DFSA does not consider it appropriate to adjust the amount of the fine arrived at after Step 3 for the purposes of deterrence.
- 6.13 Accordingly, the figure after Step 4 is USD 720,000.

Step 5 - Settlement discount

- 6.14 Where the DFSA and the firm on whom the financial penalty is to be imposed agree on the amount and other terms, RPP 6-5-10 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which agreement is reached.
- 6.15 The DFSA and ARK have reached agreement on the relevant facts and matters relied on and the amount of fine to be imposed. Having regard to its usual practice and in recognition of the benefit of this agreement to the DFSA, the DFSA has applied a 30% discount to the level of fine which the DFSA would have otherwise imposed.
- 6.16 Accordingly, the figure after Step 5 is USD 504,000.

The Level of the Fine

- 6.17 Given the factors and considerations set out in paragraphs 6.4-6.16 above, the DFSA has determined that it is proportionate and appropriate to impose on ARK the Fine of USD 504,000.

7. PROCEDURAL MATTERS

DFSA Decision Maker

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

Manner and time for payment

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

Evidence and other material considered

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

Referral to the Financial Markets Tribunal (FMT)

- 7.7 Pursuant to Article 90(5) of the Regulatory Law, ARK has the right to refer this 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 Notice, ARK has agreed that it will not refer this matter to the FMT.

Publicity

- 7.8 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.
- 7.9 In accordance with Article 116(2), the DFSA will publicise the action taken in this Notice and the reasons for that action. This may include publishing this Notice itself, in whole or in part.
- 7.10 ARK will be notified of the date on which the DFSA intends to publish information about this decision.

DFSA contacts

7.11 For more information concerning this matter generally, please contact the Administrator to the DFSA Decision Maker on +971 4362 1500, or by email at DMC@dfsa.ae.

Signed:



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Director, Audit & Infrastructure Supervision

As a Settlement Decision Maker for and on behalf of the DFSA

ANNEX A – RELEVANT LEGISLATION & REGULATORY PROVISIONS

RELEVANT LEGISLATION

DIFC Law No. 1 of 2004 – The Regulatory Law

Article 8(3) of the Regulatory Law 2004 sets out the DFSA's objectives.

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;
- (c) to foster and maintain the financial stability of the financial services industry in the DIFC, including the reduction of systemic risk;
- (d) 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;
- (e) to protect direct and indirect users and prospective users of the financial services industry in the DIFC;

(...)

90. Sanctions and directions

(1) Where the DFSA considers that a person has contravened a provision of any legislation administered by the DFSA, other than in relation to Article 32, the DFSA may exercise one or more of the powers in Article 90(2) in respect of that person.

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

116. Publication by the DFSA

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

RELEVANT DFSA RULEBOOK PROVISIONS

General Module (GEN)

4.2 The Principles for Authorised Firms

Principle 3 - Management, systems and controls

4.2.3 An Authorised Firm must ensure that its affairs are managed effectively and responsibly by its senior management. An Authorised Firm must have adequate systems and controls to ensure, as far as is reasonably practical, that it complies with legislation applicable in the DIFC.

Principle 10 - Relations with regulators

4.2.10 An Authorised Firm must deal with Regulators in an open and co-operative manner and keep the DFSA promptly informed of significant events or anything else relating to the Authorised Firm of which the DFSA would reasonably expect to be notified.

5.3 Systems and controls

Conduct

5.3.20 An Authorised Person must establish and maintain systems and controls that ensure, as far as reasonably practical, that the Authorised Person and its Employees do not engage in conduct, or facilitate others to engage in conduct, which may constitute:

- (a) market abuse, whether in the DIFC or elsewhere; or
- (b) a financial crime under any applicable U.A.E. laws.

11.8 Changes relating to control

Obligations of Authorised Firms relating to its Controllers

11.8.11 (1) An Authorised Firm must have adequate systems and controls to monitor:

- (a) any change or proposed change of its Controllers; and
 - (b) any significant changes in the conduct or circumstances of existing Controllers which might reasonably be considered to impact on the fitness and propriety of the Authorised Firm or its ability to conduct business soundly and prudently.
- (2) An Authorised Firm must, subject to (3), notify the DFSA in writing of any event specified in (1) as soon as possible after becoming aware of that event.
- (3) An Authorised Firm need not comply with the requirement in (2) if it is satisfied on reasonable grounds that a proposed or existing Controller has either already obtained the prior approval of the DFSA or notified the event to the DFSA as applicable.

Suspected Market Abuse

11.10.12A (1) An Authorised Firm must notify the DFSA immediately if it:

- (a) receives an order from a Client, or arranges or executes a transaction with or for a Client; and
 - (b) has reasonable grounds to suspect that the order or transaction may constitute Market Abuse.
- (2) The notification under (1) must specify:
- (a) sufficient details of the order or transaction; and
 - (b) the reasons for the Authorised Firm suspecting that the order or transaction may constitute Market Abuse.
- (3) An Authorised Firm must not inform the Client, or any other Person involved in the order or transaction, of a notification under this Rule.

ANNEX B – DEFINITIONS

ARK	Ark Capital Management (Dubai) Limited
Agreement	An agreement dated 4 October 2021 between ARK Capital Holdings Limited and the Investor to sell 90% of the shares of ARK
Fine	A fine of USD 504,000 imposed on ARK by the DFSA
Regulatory Law	the Regulatory Law 2004
DIFC	the Dubai International Financial Centre
DFSA	the Dubai Financial Services Authority
Relevant Period	4 October 2021 and 9 July 2024
GEN	General Module of the DFSA Rulebook
Market Abuse	Conduct which contravenes a provision contained in chapter 1 of Part 6 of the Markets Law 2012
Authorised Firm	Has the same meaning provided in GLO, namely, a Person, other than an Authorised Market Institution, who holds a Licence
Investor	A UK based company which entered into an agreement to acquire 90% of ARK's shares
Client A	A propriety trading and multi asset liquidity provider incorporated in a UAE freezone, onboarded as a client of ARK in September 2021
Client B	A UAE entity, involved in food and beverage importation and distribution, onboarded as a client of ARK in September 2021
Client C	A Mauritian trading technology provider with the same UBOs as Client A
RPP	DFSA's Regulatory Policy and Process Sourcebook
FMT	Financial Markets Tribunal
Financial Services	Has the same meaning provided in GLO and GEN Rule 2.2.1, namely, an activity constitutes a Financial Service under the Regulatory Law and these Rules where: (a) it is an activity specified in Rule 2.2.2; and (b) such activity is carried on by way of business in the manner described in section 2.3
Controller	Has the same meaning provided in GLO namely, in relation to an Authorised Firm, a Person who, either alone or with any Associate fulfils the criteria specified in GEN Rule 11.8.2
Holding Company	Has the meaning given in Schedule 1 to the Companies Law and, without limiting the generality of that definition, is taken to include, in relation to a relevant Body Corporate (the Subsidiary), the Subsidiary's ultimate Holding Company and any Holding Company between the Subsidiary and the Subsidiary's ultimate Holding Company
UBO	Ultimate Beneficial Owner
STOR	Suspicious Transaction and Order Report, a notification to the DFSA of suspected Market Abuse pursuant to GEN Rule 11.10.12A
USD	US Dollar
EURO	Euro