



ABU DHABI GLOBAL MARKET  
سوق أبوظبي العالمي

**REGISTRATION AUTHORITY**  
**سلطة التسجيل**

## Late Filing Penalty Guide – Annual Accounts

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## **1. Introduction**

- 1.1 Abu Dhabi Global Market (ADGM) is a broad based international financial center, established pursuant to Abu Dhabi Law No. 4 of 2013 in the Emirate of Abu Dhabi. With its own civil and commercial laws based on English common law, ADGM offers the local, regional and international business community a world-class legal system and regulatory regime.
- 1.2 This guidance (Guide) is issued under section 28 of the Commercial Licensing Regulations 2015. The Guide has been prepared by the Registration Authority to assist ADGM registered entities in relation to the application of financial penalties for late filings of annual accounts under the ADGM Companies Regulations 2015.

### ***Registration Authority***

- 1.3 The Registration Authority is one of ADGM's three independent authorities, together with the Financial Services Regulatory Authority and the ADGM Courts. The Registration Authority is responsible for the registration and licensing of businesses operating in or from Al Maryah Island, Abu Dhabi.
- 1.4 The Registration Authority is also responsible for issuing guidance, monitoring compliance and, where necessary, enforcing the requirements under ADGM's commercial legislation, including issuing financial penalties, directions and suspension or withdrawal of licence, depending on the severity of a contravention by a licensed person.
- 1.5 The Registration Authority's supervisory function is carried out by the Monitoring & Enforcement Department.

### ***Operating Hours***

- 1.6 The Registration Authority's Monitoring & Enforcement Department operates from Sunday to Thursday, 9:00am to 3:00pm and may be contacted during these working hours, as follows:

By telephone: +971 2 333 8888;

By email: [monitoring@adgm.com](mailto:monitoring@adgm.com)

In person: 3rd floor, ADGM Building, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

## 2. Application

- 2.1 This Guide applies to all private and public companies as well as limited liability partnerships registered in the ADGM. For ease of reference, the term ‘companies’ is used hereafter in this Guide to refer collectively to public companies, private companies and limited liability partnerships.
- 2.2 This Guide does not apply to Restricted Scope Companies, Foundations, branches of foreign companies, branches of limited liability partnerships, limited partnerships or general partnerships, as these entity types are not ordinarily required to file annual accounts with the Registrar.
- 2.3 This Guide sets out information on the policies and procedures of the Registration Authority in relation to the application of financial penalties (fines) for late filings of annual accounts under the ADGM Companies Regulations 2015 (Companies Regulations).
- 2.4 The information in this Guide is general and non-binding. The Registration Authority’s imposition of fines for late filings of annual accounts and the determination of the amount of a fine may vary from this Guide depending on the particular facts and circumstances of an individual matter.
- 2.5 This Guide should be read in conjunction with ADGM’s commercial legislation, in particular, the Companies Regulations, which is available from [www.adgm.com](http://www.adgm.com).
- 2.6 The Guide sets out the Registration Authority’s policy and procedure with respect to:
- a. imposing fines for late filings of annual accounts under the Companies Regulations;
  - b. determining the amount of the fine imposed;
  - c. how fines are imposed and paid; and
  - d. appeals of fines imposed for late filings.

## 3. Purpose

- 3.1 The purpose of this Guide is to assist ADGM companies avoid fines for late filings of annual accounts under the Companies Regulations, by raising awareness of the obligation to file accounts and to encourage companies to put processes in place to ensure compliance with the requirements.
- 3.2 However, this Guide also clarifies how the fine amount for late filings of annual accounts is determined and levied on companies, how fines shall be paid and on making appeals.

## 4. What are late filing penalties?

- 4.1 Late filing penalties are fines that are automatically imposed under the strict liability approach set out in the Companies Regulations for failure to deliver filings to the Registrar within the prescribed timeframe.

## 5. Why are fines imposed for late filings?

- 5.1 The purpose of late filing penalties is to encourage timely delivery of filings to the Registrar.
- 5.2 Maintaining the register of companies (“the register”) is one of the Registration Authority’s statutory functions. It is a core objective for the Registration Authority to ensure the accuracy, timeliness and quality of information on the register.
- 5.3 In order for the register to contain accurate and timely information, companies are required by the Companies Regulations to file notifications of changes in certain particulars, as well as annual returns and annual accounts within prescribed timeframes.
- 5.4 Annual account filings are generally due within either six (6) or nine (9) months of a company’s accounting reference date, for a public or private company respectively.
- 5.5 For guidance on other notification types, please refer to the Registration Authority’s Event Driven Filings (EDF) Guide, available at [www.adgm.com](http://www.adgm.com).

## 6. How much is the fine for late annual accounts?

- 6.1 The Companies Regulations prescribes the maximum fine (by reference to a level) for a contravention of each type of filing requirement that carries a late filing penalty.
- 6.2 Section 426 of the Companies Regulations prescribes that **a contravention of the duty to file accounts before the end of the required period shall attract a fine of up to level 5** on the standard fines scale.
- 6.3 The Commercial Licensing Regulations 2015 (Fines) Rules 2015 sets out the standard fines scale. According to the scale, **the amount of a level 5 fine is USD 15,000**.
- 6.4 Where possible and appropriate the Registration Authority seeks to apply a proportionate approach to the imposition of late filing penalties on licensed persons. Under this approach, the amount of the fine imposed will depend on how late the filing is at the time when it is received by the Registration Authority, up to the maximum penalty.
- 6.5 In line with this approach, the determination of the amount of a fine for a late filing of annual accounts is set out in Table 1, below.

*Table 1 – Determination of late filing penalties for annual accounts*

Fine Level	Not more than 1 month overdue	1 to 3 months	3 to 6 months	More than 6 months overdue
Level 5	\$1,500	\$3,750	\$7,500	\$15,000

6.6 Table 2, below, sets out two examples to illustrate the calculation of late filing penalties.

*Table 2 – Calculation of penalty for late annual account filing examples*

<b>Examples - Submission of Annual Accounts</b>
<p>Part 14 of the Companies Regulations generally requires a private company to deliver accounts to the Registrar annually, within 9 months after the end of its accounting reference date.</p> <p>A person who commits a contravention of this section is liable up to a Level 5 fine.</p>
<p><b>ABC Limited’s accounting reference date (financial year end) is 31 December.</b></p> <p>Therefore ABC Limited must deliver to the Registrar its annual accounts by no later than 30 September the following year (i.e. within 9 months from 31 December).</p> <p><i>Example 1</i></p> <p><b>ABC Limited files its accounts on 1 October the following year.</b></p> <p>Therefore, the accounts are late, but not by more than 1 month and so a fine of \$1,500 (out of the maximum penalty of \$15,000) would be imposed.</p> <p><i>Example 2</i></p> <p><b>ABC Limited files its accounts on 1 December the following year.</b></p> <p>Therefore, the accounts are between 1 and 3 months late, and so a fine of \$3,750 would be imposed.</p>

## 7. How to avoid a fine?

- 7.1 Late filing penalties can be avoided by putting procedures in place to ensure that when a filing obligation is triggered, a filing is prepared and submitted to the Registrar within the prescribed period for filing.
- 7.2 For annual accounts, the Registration Authority’s online portal will send multiple reminder emails to the company’s registered users leading up to the deadline for submitting the accounts.

## 8. How to deliver annual accounts to the Registration Authority?

- 8.1 The easiest way to deliver a filing to the Registration Authority is via the online portal, available at [www.registration.adgm.com](http://www.registration.adgm.com)
- 8.2 There is no fee for filing annual accounts.

## 9. Can an extension of time be requested?

- 9.1 Companies should take appropriate measures to ensure that where a filing obligation is triggered, this fact is identified by the company and the filing is prepared and submitted within the prescribed period.
- 9.2 However, if, before the filing deadline, there is an exceptional reason, such as an unforeseen event, for why a filing might be submitted late, a company may make a request to the Registration Authority to extend the period allowed for filing.
- 9.3 An extension request should include all relevant information including an explanation of why the company cannot comply with the prescribed period for filing and the length of the extension being requested. Depending on the reasons and circumstances, the Registration Authority may require documentary evidence supporting the claims to be provided.
- 9.4 Requests for extensions should be made in writing as a letter, stamped and signed by an authorised signatory or a director of the company, and emailed to the Monitoring & Enforcement Department at: [monitoring@adgm.com](mailto:monitoring@adgm.com)
- 9.5 If the Registration Authority is satisfied that the information given is sufficient to warrant an extension of time, a confirmation will be provided including the new deadline for filing.
- 9.6 If the request for an extension is not granted and a company fails to submit the filing on time, the company will be liable to the relevant late filing penalty. Time taken by the Registration Authority to consider an extension request that is not granted shall not be a valid reason for failing to meet the original deadline for filing.

## 10. What if a filing is returned?

- 10.1 The Registration Authority will return filings that do not meet the requirements of the Companies Regulations for correction. For example, if the accounts are not signed by a director, or accompanied by a directors report (if applicable).
- 10.2 If, when the filing is resubmitted, it is late (according to the original effective date) a late filing penalty will be imposed.
- 10.3 Therefore, companies should submit their accounts at the earliest opportunity after the accounting reference date and in advance of the prescribed deadline. It is also a company's responsibility to ensure that a filing is completed correctly.

## 11. What happens when a fine is imposed?

- 11.1 When a company delivers its accounts late to the Registration Authority, a late filing penalty is automatically imposed.
- 11.2 The penalty imposed will generally be determined as per Table 1 of this Guide. However, the Registration Authority retains sole discretion to determine the amount of any penalty imposed up

to the maximum penalty under the Companies Regulations, based on the facts of a particular matter, as well as other factors, such as a company's compliance history.

11.3 Where a filing is submitted electronically via the Registration Authority's online portal, the portal will issue an electronic penalty notice.

11.4 Where a filing is submitted in hard copy, the Registration Authority will issue a penalty notice to the company's registered office address.

## **12. How do you pay the fine?**

12.1 Penalties issued on filings made via the online portal can be paid online at the portal via credit card, or separately by bank transfer. The Registration Authority's bank account details are available at [www.adgm.com](http://www.adgm.com)

12.2 Penalty notices issued in hard copy will contain details on how to pay.

## **13. What if the fine goes unpaid?**

13.1 If all or any of the amount of a fine is outstanding at the end of the deadline for payment specified in the penalty notice, the Registration Authority may recover the outstanding amount as a debt due to it.

13.2 The Registration Authority may apply to the ADGM Courts for recovery of the debt.

## **14. Can the fine be appealed?**

14.1 A company can appeal against a late filing penalty, but the appeal will only be successful if the company demonstrates that the circumstances are exceptional or that the fine was imposed incorrectly.

14.2 The Registration Authority has very limited discretion not to collect a fine. Exceptional circumstances include unforeseen and catastrophic events that render a company unable to submit a filing.

14.3 Exceptional circumstances does not include:

- a. the company is dormant;
- b. unfamiliarity with the filing obligations under the Companies Regulations;
- c. the company's accountant didn't complete the accounts in time;
- d. the directors / authorised signatories are out of the country; or
- e. the company is having financial difficulties.

14.4 A company should take appropriate measures to ensure that its accounts are ordinarily prepared (and audited, if required) and submitted to the Registration Authority within the prescribed period.

## **15. How to make an appeal?**

- 15.1 If, after considering the guidance above, a company decides that it wants to appeal a late filing penalty, it must do so in writing and address the letter to the Monitoring & Enforcement Department.
- 15.2 The letter must be stamped and signed by a director or authorized signatory of the company and can be submitted by email to [monitoring@adgm.com](mailto:monitoring@adgm.com). It should contain all the details of the exceptional circumstances and reasons why the Registration Authority should consider the appeal.
- 15.3 Appeals are considered by the Registration Authority's Registry Decisions Committee.

## **16. What happens if the appeal is rejected?**

- 16.1 If an appeal is rejected by the Registration Authority the company will be notified of the decision in writing with an updated deadline within which to pay the fine (if necessary).

## Disclaimer

This Guide provides answers to many frequently asked questions and provides information on penalties for late filings under the ADGM Companies Regulations 2015. This is only a non-binding indicative guide and should be read together with the relevant legislation, in particular, ADGM Companies Regulations 2015, ADGM Commercial Licensing Regulations 2015 and any other relevant regulations and enabling rules, which may change over time without notice. The Guide only refers to the procedures that need to be completed in relation to the imposition of late filing penalties for annual accounts. It does not cover other requirements as set out in the relevant legislation. Further advice from a specialist professional may be required. The Registration Authority makes no representations as to accuracy, completeness, correctness or suitability of any information and will not be liable for any error or omission. Information in this Guide is not to be deemed, considered or relied upon as legal advice and should not be treated as a substitute for a specific advice concerning any individual situation. Any action taken upon the information provided in this Guide is strictly at your own risk and ADGM Registration Authority will not be liable for any losses and damages in connection with the use of or reliance on information provided in this Guide.

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