



ABU DHABI GLOBAL MARKET  
سوق أبوظبي العالمي

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

## Late Renewal Penalty Guide – Commercial Licenses

<month> year

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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 commercial licence renewal under the ADGM Commercial Licensing 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 nature and severity of a contravention by a licensed person.
- 1.5 The Registration Authority's supervisory function is carried out by the Monitoring & Enforcement Division.

### ***Operating Hours***

- 1.6 The Registration Authority's Monitoring & Enforcement Division 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 ADGM licensed persons.
- 2.2 This Guide sets out information on the policies and procedures of the Registration Authority in relation to the application of financial penalties (fines), against persons that continue to carry on business activities in or from the ADGM after their commercial licence has expired and before they apply for a new licence (herein collectively referred to as ‘late commercial licence renewal’).
- 2.3 The information in this Guide is general and non-binding. The Registration Authority’s imposition of fines for late commercial licence renewal and the determination of the amount of any fine may vary from this Guide depending on the particular facts and circumstances of an individual matter.
- 2.4 This Guide should be read in conjunction with ADGM’s commercial legislation, in particular, the Commercial Licensing Regulations (‘CL Regulations’), which is available from [www.adgm.com](http://www.adgm.com).
- 2.5 The Guide sets out the Registration Authority’s policy and procedure with respect to:
- a. imposing fines for late commercial licence renewal;
  - b. determining the amount of the fine imposed;
  - c. how fines are imposed and paid; and
  - d. appeals of fines imposed for late commercial licence renewal.

## **3. Purpose**

- 3.1 The purpose of this Guide is to assist licensed persons avoid fines for late renewal of their commercial licence, by raising awareness of the obligation to ensure that a valid commercial licence is in place at all times, and to encourage licensed persons to put processes in place to ensure compliance with this obligation.
- 3.2 However, this Guide also clarifies how the fine amount for a late commercial licence renewal is determined and levied, how fines shall be paid and information on making appeals.

## **4. The general prohibition**

- 4.1 Section 1 of the CL Regulations sets out that no person may carry on a controlled activity in or from the ADGM, or purport to do so, unless he is a licensed person, or an exempt person.
- 4.2 This is referred to as the general prohibition.
- 4.3 A licensed person is a person who has a valid licence to carry on one or more controlled activities.

## 5. Contravention of the general prohibition

5.1 Section 3 of the CL Regulations sets out that a person who contravenes the general prohibition commits a contravention of the CL Regulations and shall be liable to a fine not exceeding level 6 on the standard fines scale.

## 6. Maintaining a valid commercial licence at all times

6.1 Sub-section 10(3) of the CL Regulations sets out that a licensed person wishing to continue to carry on, in or from the ADGM, the controlled activities for which it has a licence must, prior to the expiry of such licence, apply for and obtain a new licence in respect of such activities.

6.2 The Registration Authority ordinarily issues commercial licenses for a 12 month period and hence the licence must be applied for annually, prior to its expiry, to continue conducting commercial activities in or from the ADGM.

6.3 To continue carrying on commercial activities in or from the ADGM after the expiry of a commercial licence, without applying for and obtaining a new licence prior to the expiry, is therefore, a contravention of the general prohibition.

6.4 The Registration Authority considers that maintaining a valid commercial licence at all times is an essential requirement for all licensed persons, in order to ensure the orderly function of the ADGM as well as for the protection and confidence of all of its participants and their clients, customers, employees and stakeholders.

6.5 The Registration Authority will impose financial penalties on licensed persons for failure to renew the commercial licence by the expiry date, and will do so generally as per the approach set out in this Guide.

## 7. How much is the fine?

7.1 Section 3 of the CL Regulations prescribes that **a contravention of the general prohibition shall attract a fine not exceeding level 6** on the standard fines scale.

7.2 The CL Regulations 2015 (Fines) Rules 2015 sets out the standard fines scale. As per the scale, **the amount of a level 6 fine is USD 20,000.**

7.3 Where possible and appropriate the Registration Authority seeks to apply a proportionate approach to the imposition of fines. Under this approach, the amount of the fine imposed will depend on how long past expiry a new licence application (renewal) is, at the time when it is received by the Registration Authority, up to the maximum penalty.

7.4 Following this approach, the fine for late renewal of a commercial licence shall be calculated at a rate of USD 55 per calendar day for each day that a licensed person is overdue in renewing the licence from the date of expiry, up to the maximum of USD 20,000.

7.5 However, no fine will be payable if a licensed person renews their licence within 1 month of the licence expiring.

7.6 If the licence is not renewed within one month of it expiring, a fine shall apply and it will be calculated at the daily rate (USD 55) from the day after the licence expires. Note: the accumulation of the fine does not start from one month after expiry. This shown in Table 1, below.

*Table 1 – Determination of financial penalty for late commercial licence renewal (examples)*

Fine Level	Not more than 1 month overdue	1 month overdue*	2 months overdue	3 months overdue
Level 6	Nil	\$1,650	\$3,300	\$4,950

\*Based on 30 day month (i.e. 30 days \* \$55 per day).

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

*Table 2 – Calculation of penalty for late commercial licence renewal*

Overview
<p>The general prohibition under the CL Regulations sets out that no person may carry on a controlled activity in or from the Abu Dhabi Global Market unless licensed or exempt.</p> <p>A person who commits a contravention of this section is liable up to a Level 6 fine.</p>
<p><b>ABC Limited’s commercial licence expires on 31 December 2018</b></p> <p><i>Example 1 – Licence is renewed 15 January 2019 (i.e. 15 calendar days overdue)</i></p> <p>If ABC Limited renews its commercial licence on 15 January 2019, then it is within 1 month of the licence expiring and therefore no fine will apply.</p> <p><i>Example 2 – Licence is renewed on 9 March 2019 (i.e. 37 calendar days overdue)</i></p> <p>If ABC Limited renews its commercial licence on 9 March 2019, then it is 37 calendar days overdue, and therefore it would attract a fine of \$2,035 (i.e. 37 days * \$55 per day) (out of a maximum penalty of \$20,000).</p>

## 8. How to avoid a fine?

8.1 A fine for late commercial licence renewal can be avoided by putting procedures in place to ensure that a new licence is applied for and obtained prior to the existing licence expiring.

8.2 In respect of the commercial licence, the Registration Authority’s online portal will send multiple reminder emails to the licensed person’s registered users leading up to the expiry of the licence.

## **9. How to renew the commercial licence?**

9.1 The easiest way to renew the commercial licence is via the Registration Authority's online portal, available at [www.registration.adgm.com](http://www.registration.adgm.com)

9.2 For more information on how to renew the commercial licence via the online portal, please refer to the Registration Authority's Commercial Licence Renewal Guide available on [www.adgm.com](http://www.adgm.com)

## **10. Can an extension of time be requested?**

10.1 Given the essential nature of maintaining a valid commercial licence at all times, the Registration Authority's objectives regarding the protection and confidence of participants and users of the ADGM, as well as the approach to the determination of fines as set out in this Guide, the Registration Authority is unable to consider requests for an extension of time for commercial licence renewal.

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

11.1 When a licensed person applies for a new licence after the expiry of the previous licence, a late fine shall be automatically imposed.

11.2 The fine 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 CL Regulations, based on the facts of a particular matter, as well as other factors, such as a company's compliance history.

11.3 Where the commercial licence is renewed electronically via the Registration Authority's online portal, the portal will issue a penalty notice.

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

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

12.1 A fine issued via the online portal can be paid online 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 licensed person can appeal against a fine for a late commercial licence renewal, but the appeal will only be successful if the licensed person demonstrates that the circumstances are exceptional or that the fine was imposed incorrectly.
- 14.2 Exceptional circumstances include unforeseen and catastrophic events that render a licensed person temporarily unable to apply for and obtain a new commercial licence, prior to expiry of the current licence.
- 14.3 Exceptional circumstances do not include:
- a. unfamiliarity with the obligations under the CL Regulations;
  - b. the directors / authorised signatories are out of the country; or
  - c. the licensed person is having financial difficulties.
- 14.4 A person should take appropriate measures to ensure that it renews its commercial licence prior to expiry of the existing licence.

## 15. How to make an appeal?

- 15.1 If, after considering the guidance above, a licensed person decides that it wants to appeal a fine for late renewal, it must do so in writing and address the letter to the Monitoring & Enforcement Department.
- 15.2 The letter must be signed by an authorized signatory or director / partner of the licensed person, stamped and 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 licensed person 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 renewal of the commercial licence under the ADGM Commercial Licensing 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 commercial licence renewal fines. 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.

For more information, please contact the Registration Authority by:

Telephone: +971 2 333 8888

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Published: <month> year