



ABU DHABI GLOBAL MARKET  
سوق أبوظبي العالمي

# CONSULTATION PAPER NO.8 OF 2018

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19 DECEMBER 2018

**REGISTRATION AUTHORITY  
LATE FILING PENALTY GUIDE –  
ANNUAL ACCOUNTS**

## INTRODUCTION

### WHY ARE WE ISSUING THIS PAPER?

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1. The Abu Dhabi Global Market ("**ADGM**") and the Registration Authority ("**RA**") have issued this Consultation Paper to invite public comment on its proposed Late Filing Penalty Guide – Annual Accounts (the "**Late Filing Penalty Guide**").
2. The Late Filing Penalty Guide sets out the Registration Authority's policy and procedures in relation to the application of financial penalties (fines) for late filings of annual accounts under the ADGM Companies Regulations 2015 ("**Companies Regulations**").
3. The proposed draft Late Filing Penalty Guide is set out at **Annex A** to this Consultation Paper.

### WHO SHOULD READ THIS PAPER?

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4. The proposals in this Consultation Paper are intended for individuals, organisations and investors with an interest in establishing a presence in ADGM, for licensed persons doing business in ADGM, and their professional advisors.
5. This Consultation Paper is most relevant to the consideration of ADGM legal entity types that have annual account filing obligations under the Companies Regulations, such as public and private companies limited by shares, private companies limited by guarantee, and limited liability partnerships.

### HOW TO PROVIDE COMMENTS

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6. All comments should be in writing and sent to the address or email specified below. If sending your comments by email, please use the Consultation Paper number in the subject line. You may, if relevant, identify the organisation you represent in providing your comments.
7. The Registration Authority reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise at the time of making comments. Comments supported by reasoning and evidence will be given more weight by the Registration Authority.

### WHAT HAPPENS NEXT?

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8. The deadline for providing comments on this proposal is **31 January 2018**. Once we receive your comments, we will consider whether any modifications are required to the proposed Late Filing Penalty Guide.

9. The Late Filing Penalty Guide will then be finalised and published. We shall issue a notice on our website telling you when this happens.

**COMMENTS TO BE ADDRESSED TO:**

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Consultation Paper No. 8 of 2018  
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## BACKGROUND

10. As per Article 11 of Abu Dhabi Law No. 4 of 2013, the Registration Authority's responsibilities include the registration, licensing, control and supervision of licensed persons.
11. In accordance with the ADGM's objectives to provide a legal platform based on international best practice, as well as to ensure the integrity and reputation of ADGM's commercial environment, the Companies Regulations contains requirements regarding the filing of accounts and reports annually with the Registrar.
12. Annual account filings are generally required to be filed within either six (6) or nine (9) months of a company's accounting reference date, for a public or private company respectively.
13. The Companies Regulations imposes strict liability for a contravention of the duty to file accounts within the required period, with a fine of up to level 5 on the standard fines scale (i.e. up to USD 15,000).
14. Seeking to apply a proportionate approach to the imposition of fines for overdue filing of accounts, the Registration Authority proposes to implement a graduated penalty scheme, whereby the longer the filing is overdue, the higher the penalty, up to the maximum.
15. The Registration Authority has prepared a Late Filing Penalty Guide to set out its policy and procedures on the imposition of fines for overdue filings of annual accounts, the determination of the amount of the fine imposed, how fines must be paid and appeals.
16. The Registration Authority is committed to being consultative in relation to its proposed policy and procedures for taking disciplinary action under the Rules and Regulations that it administers.
17. This Consultation Paper aims to gather the views of licensed persons, interested parties, advisors and stakeholders on the Registration Authority's approach to the application of fines for overdue filings of annual accounts under the Companies Regulations.
18. All comments will be taken into account before the final version of the Late Filing Penalty Guide is published and takes effect.

## PROPOSED LATE FILING PENALTY GUIDE

19. The proposed Late Filing Penalty Guide is organized into several sections, including setting out why fines are imposed for an overdue filing of annual accounts, the determination of the amount of a fine, how a fine shall be paid and appealing a fine.

### ISSUES FOR CONSIDERATION

Q1: IS THE REGISTRATION AUTHORITY'S APPROACH TO THE APPLICATION OF FINES FOR OVERDUE FILING OF ANNUAL ACCOUNTS MADE CLEAR IN THE PROPOSED GUIDE?

Q2: IS THE PROPOSED GUIDE COMPREHENSIVE? IF NOT, WHAT AREAS NEED TO BE ADDRESSED?

Q3: DO YOU HAVE ANY CONCERNS WITH THE REGISTRATION AUTHORITY'S APPROACH TO APPLICATION OF FINES FOR OVERDUE FILING OF ANNUAL ACCOUNTS? IF SO, WHAT ARE THESE CONCERNS AND HOW SHOULD THEY BE ADDRESSED?

Q4: DO YOU HAVE ANY OTHER COMMENTS OR SUGGESTIONS?

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**ANNEX A: PROPOSED LATE FILING PENALTY GUIDE – ANNUAL ACCOUNTS**