



هيئة تنظيم
مركز قطر للمال

QATAR FINANCIAL CENTRE
REGULATORY AUTHORITY

QFC Regulatory Authority imposes QAR 200,000,000 fine on First Abu Dhabi Bank PJSC for obstruction of investigation into market manipulation

Doha, Qatar, 25 August 2019: The QFC Regulatory Authority ("QFCRA") announced today that it has imposed a financial penalty of QAR 200,000,000 (USD 54,945,055) on First Abu Dhabi Bank PJSC ("FAB") for obstruction of the QFCRA's investigation into suspected manipulation by FAB of the Qatari Riyal, Qatari Government securities and related financial instruments. The financial penalty imposed on FAB reflects the gravity and seriousness of the breaches of regulatory requirements caused by the deliberate and intentional steps taken by FAB to obstruct the QFCRA's investigation.

The QFCRA commenced an investigation in March 2018 into suspected manipulation by FAB of the Qatari Riyal, Qatari Government securities and related financial instruments. In connection with that investigation, the QFCRA required FAB to provide copies of the relevant trading records and related documentation it held to enable the QFCRA to examine the facts and properly conduct its investigation.

FAB failed to comply with the notice to produce the required documents.

As a result of FAB's failure to comply with the notice to produce and its unwillingness to engage in an open and constructive manner with the QFCRA, the QFCRA initiated proceedings on 29 July 2018 in the QFC Civil and Commercial Court (the "Court") to require compliance by FAB with the documentation request. On 18 November 2018, the Court of First Instance ordered FAB to comply, which FAB subsequently appealed to the Appellate Division of the Court. On 13 May 2019, FAB's appeal was dismissed by the Appellate Division and the order of the Court of First Instance was upheld requiring FAB to produce the required documents.

Notwithstanding the Court's orders, FAB has continued in its failure to comply with the QFCRA's statutory production requirements and the orders of the Court, and by doing so continues to obstruct the QFCRA's investigation.

Following the dismissal of its appeal, FAB issued a public statement on 19 June 2019 that it was withdrawing from the Qatar Financial Centre ("QFC") and closing its QFC branch. FAB, however, has not filed an application to withdraw from the QFC. Until the firm files an application to withdraw and the application is approved by the QFCRA, FAB's status as a QFC authorised firm will continue and FAB is required to comply with its legal and regulatory obligations in the QFC, including the two QFCRA Supervisory Notices issued to FAB on 14 March 2019 and 9 June 2019, which restrict the activities of FAB's QFC branch due to fitness and probity concerns and its failure to comply with orders issued by the Court.

The disciplinary action taken by the QFCRA is the result of FAB's failure over a prolonged period of time to engage with the QFCRA in an open and cooperative



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manner and, specifically: (i) FAB's refusal to produce the trading records and related documentation necessary for the QFCRA to conduct its investigation, (ii) FAB's refusal to provide the confirmation requested by the QFCRA that FAB will preserve and not destroy the relevant documents and records, and (iii) FAB's refusal to comply with final and binding court orders requiring FAB to produce the documentation ordered to be produced by the QFCRA and to provide the confirmation requested by the QFCRA that FAB would preserve documents.

The financial penalty has been imposed because: (i) FAB obstructed the QFCRA in the exercise of its functions in contravention of Article 57 of the Financial Services Regulations, (ii) FAB failed to observe a high standard of integrity in the conduct of its business in contravention of Section 1.2.2 (Principle 1) of the General Rules, and (iii) FAB failed to deal with the Regulatory Authority in an open and cooperative manner in contravention of Section 1.2.14 (Principle 13) of the General Rules.

The QFCRA's investigation will continue notwithstanding FAB's obstruction and lack of cooperation to date, and FAB may be subject to additional disciplinary action in the future if such action is warranted by the findings of the market manipulation investigation.

FAB has the right to appeal to the QFC Regulatory Tribunal the decision by the QFCRA to take disciplinary action related to its obstruction of the QFCRA's investigation.

The judgments of the QFC Court referred to above are available on the Court's website: <https://www.qicdrc.com.qa/the-courts/judgments>.

Previous public statements issued by the QFCRA regarding FAB are also available on its website:

http://www.qfcra.com/en-us/MediaCentre/Pages/ENF_PR2019.aspx

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About the QFC Regulatory Authority

The QFC Regulatory Authority is an independent regulatory body established in 2005 by Article 8 of the QFC Law. It regulates firms that conduct financial services in or from the QFC. It has a broad range of regulatory powers to authorise, supervise and, when necessary, discipline firms and individuals. The QFC Regulatory Authority regulates firms using principle-based legislation of international standard, modelled closely on that used in major financial centres. Further details are available on the website www.qfcra.com