

QFC AUTHORITY IMPOSES A PUBLIC CENSURE AGAINST CYBER DEFENSE LLC

Doha, Qatar, 18 May 2021: The Qatar Financial Centre Authority (QFCA) announced today that on 9th May 2021 it imposed a public censure on Cyber Defense LLC (the Firm) for contravening a Relevant Requirement.

General Rule 8A ULTIMATE BENEFICIAL OWNERSHIP of the QFCA Rules commenced on 25th June 2019. Pursuant to General Rule 8A.9(B) of the QFCA Rules, since the Firm was already licensed when General Rule 8A commenced, it was obliged to submit a report on its Beneficial Owners to the Companies Registration Office (CRO) setting out the Required Information and the Nominee Particulars (if any) within 90 days of commencement and no later than 23rd September 2019.

The QFCA investigated the Firm and found that the Firm failed to submit such a report, despite a REMINDER issued on 4th September 2019. On 17th October 2019 the QFCA sent the Firm a NOTICE in which it informed the Firm that it would not initiate any action against the Firm if it submitted the completed report no later than 24th October 2019, but this report was not forthcoming. On 3rd February 2020 the QFCA sent the Firm a FINAL REMINDER requiring the Required Information on or before 6th February 2020, but this similarly was not forthcoming. Failure to comply was a contravention of General Rule 8A.9(B) of the QFCA Rules, and pursuant to General Rule 8A.14 a contravention of General Rule 8A is taken to be a contravention of a Relevant Requirement for the purposes of the Compliance and Enforcement Rules (CER).

As with all enforcement investigations QFCA considers, amongst other things, the impact of the imposition of a financial penalty. However, the QFCA considered a public censure was reasonable considering all the relevant circumstances because: (a) the Firm contravened a Relevant Requirement; (b) there was no indication that the Firm made a profit or avoided a loss as a result of the contravention, however the contravention was potentially serious because it concerned a Money Laundering / Terrorist Financing (ML / TF) vulnerability; (c) although the Firm had previously expressed its intention to deregister it had not made a formal filing for deregistration, it must nevertheless continue to comply with QFC Law, Regulations and Rules until it is deregistered; (d) there are indications the Firm is no longer operating and imposition of a financial penalty was likely to be ineffective; (e) a PUBLIC CENSURE would be an effective deterrent because it will deter other QFC Firms from being named in public for non-compliance with ML / TF matters; and (f) it will educate the QFC community about the importance of ML / TF compliance issues.

This is a serious matter, but exceptional circumstances mean a public censure is the appropriate and proportionate response. Licensed Firms have a very basic, but extremely important responsibility to report necessary Beneficial Ownership, nominee and corporate shareholder information to the CRO, and the QFCA will take enforcement action to ensure this is done.

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ABOUT THE QFC AUTHORITY

The QFC Authority is a body established in 2005 by Article 3 of the QFC Law to operate the QFC in accordance with its objectives in Article 5 of the QFC Law. It licenses and administers firms that conduct business in or from the QFC. It has a broad range of powers to license, monitor and, when necessary, discipline non-regulated firms and individuals in accordance with the QFCA Enforcement Policy 2019. Further details are available on the website www.qfc.qa

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