

QFC Authority imposes a USD 48,000 fine on Encryptics Data Security LLC, and USD 48,000 and USD 9,000 fines on officer and employee

Doha, Qatar, 30 April 2020: The QFC Authority (“QFCA”) announced today that on 11th September 2019 it imposed a financial penalty of USD 48,000 on Encryptics Data Security LLC (“the Firm”); USD 48,000 on the Senior Executive Function and Director of the Firm; and USD9,000 on the Administration Manager of the Firm.

The Firm is licensed in the QFC to perform certain non-regulated activities, and as such is required to comply with its legal obligations under QFC regulations and rules. A QFCA investigation found that the Firm had contravened thirteen Relevant Requirements imposed by the QFCA under Part 5 of the QFCA Rules, namely the Firm: (a) failed to have a registered office in the QFC; (b) failed to conduct business activity from the registered office; (c) failed to have a registered office in the Qatar Financial Centre (QFC) therefore failed to affix its name outside its place of business; (d)-(e) failed to lodge details of a change in two directors with the Companies Registration Office (CRO); (f) failed to have a secretary; (g) failed to lodge details of a change in secretary with CRO; (h) failed to comply with Principles of General Conduct; (i) failed to maintain appropriate records; (j) failed to keep accounting records; (k) failed to deliver Audited Financial Statements with CRO; and (l) failed to pay the 2019 Annual Licence Fee.

The Senior Executive Function (SEF), Director and former General Manager of the Firm is required to comply with legal obligations under the QFC law, regulations and rules, and comply with written notices issued by the QFC. The QFCA investigation also found that the SEF had contravened eleven Relevant Requirements under Part 5 of the QFCA Rules, namely the SEF: (a) was an officer of the Firm which failed to display its name outside its place of business; (b) failed to comply with Principles of General Conduct; (c) failed to maintain appropriate records; (d) failed to keep accounting records; (e)-(f) failed to file Audited Financial Statements on two occasions with CRO; (g) failed to pay the 2019 Annual Licence Fee; (h) failed to comply with a written notice to attend before the QFCA to answer questions; (i) Failed to comply with a written notice to produce documents to the QFCA; (j) Failed to comply with a written notice to provide information to the QFCA; and (k) provided misleading information to the QFCA. Note that (h)-(k) herein each constitutes an obstruction of the QFCA under Part 5 of the QFCA Rules.

The Administration Manager of the Firm is required to comply with legal obligations under the QFC law, regulations and rules, and comply with written notices issued by the QFC. A QFCA investigation additionally found that the Administration Manager had contravened two Relevant Requirements under Part 5 of the QFCA Rules, namely the Administration Manager: (a) failed to comply with a written notice to attend before the QFCA to answer questions, and (i) failed to comply with a written notice to produce documents to the QFCA. These contraventions both constitute an obstruction of the QFCA under Part 5 of the QFCA Rules.

However, the Firm, SEF and Administration Manager failed to cooperate with the investigation by the QFCA and were obstructive; they took no responsibility for the contraventions; did not submit



any written representations in their defence; no settlement was reached following the issue of a Notice of Proposed Action under the QFCA Rules, failed to comply with written notices issued by the QFCA; and failed to lodge an appeal within 60 days of being notified.

Payment of the financial penalties by 31st December 2019 were not forthcoming, and will be recovered by the QFCA as a debt on application to the QFC Civil and Commercial Court.

(Ends)

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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

