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مركز قطر للمال

QATAR FINANCIAL CENTRE  
REGULATORY AUTHORITY

## **QFC Regulatory Authority files legal action in New York to enforce judgment against First Abu Dhabi Bank**

**Doha, Qatar, 24 November 2020**

The Qatar Financial Centre Regulatory Authority (QFCRA) announced today that it has commenced legal proceedings in New York to compel First Abu Dhabi Bank (FAB) to pay a court ordered judgment debt in the amount of QAR 200,000,000 (USD 55 million).

The action has been filed in New York to recover the amount due to the QFCRA from assets held by FAB in New York. FAB has failed to make payment against this final judgment rendered by the Civil and Commercial Court (QFC Court) in the Qatar Financial Centre (QFC) thereby requiring the QFCRA to take steps to enforce the court's judgment under well-recognised measures for international enforcement of money judgments. The action arises from FAB's obstruction of an investigation conducted by the QFCRA and the lack of integrity demonstrated by FAB in its conduct as a firm conducting business in the QFC.

In March 2018, the QFCRA formally appointed investigators to conduct an investigation into suspected market misconduct by FAB of the Qatari Riyal, Qatari Government securities and related financial instruments. FAB applied for, and was granted authorisation, to operate through a branch in the QFC and, as a condition of that authorisation, FAB is required to comply with all QFC rules and regulations, including its obligation to cooperate with investigations by the QFCRA into alleged misconduct. As part of its investigation, the QFCRA required FAB to provide copies of the relevant trading records (and related documents). FAB failed to produce the required information and failed to provide confirmation that it would preserve and not destroy the relevant documents.

As a result of FAB's failure to provide the relevant records, the QFCRA initiated proceedings in the QFC Court to require FAB to comply with the QFCRA's request. Over FAB's opposition, the QFC Court ordered FAB to provide the requested documents. FAB appealed that decision but the appeal was dismissed on 13 May 2019, and the court order requiring FAB to produce the relevant documents became final. FAB still refused to comply, thereby violating the court order and obstructing the QFCRA's investigation. FAB also refused to provide the confirmation to preserve and not destroy the documents it was ordered to produce. On 17 September 2019, FAB was held in contempt of court.

Following the dismissal of its appeal, FAB stated that it was withdrawing from the QFC and closing its QFC branch. This unilateral statement of its withdrawal was an attempt to avoid accountability for its actions and to continue its obstruction of the QFCRA's investigation. FAB, however, failed to take the legal steps necessary

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to affect a withdrawal from the QFC and, as such, its status remains unchanged and it remains subject to compliance with the QFC's rules and regulations.

The ability to investigate alleged wrongdoing by authorised firms in the QFC is essential to maintaining the financial integrity of the QFC and to ensure that all users of the QFC have confidence in the integrity of the firms that have chosen to be authorised in the QFC. FAB's deliberate obstruction and refusal to comply with its legal and regulatory requirements presented a significant threat to the QFC, as a financial centre.

As a result of FAB's obstruction of the QFCRA's investigation, the QFCRA imposed a financial penalty of QAR 200,000,000 on FAB on 21 August 2019. The financial penalty reflected the gravity and seriousness of the breaches of regulatory requirements by FAB, which deliberately obstructed the QFCRA's investigation and had a harmful impact on the QFC.

Following application by the QFCRA and in accordance with the QFC's regulations, the QFC Court ruled that the assessment of QAR 200,000,000 was to be converted into an ordinary judgment debt payable to, and recoverable by, the QFCRA. FAB has failed to make the required debt payment despite its legal obligation to do so. The QFCRA's action demonstrates that the QFCRA will not hesitate to take all measures necessary to protect the integrity and reputation of the QFC as a leading financial and business centre and to remedy all harms to the QFC caused by unethical conduct.

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: <https://www.qfcra.com/enforcement-press-news>

Filings of the Supreme Court of the State of New York are available on its website: <https://iapps.courts.state.ny.us/webcivil/FCASSearch>

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**QFC Regulatory Authority Media Contact:**

Head of Corporate Communications  
QFC Regulatory Authority  
T: +974 4495 6828  
E: [Corporatecomms@QFCRA.COM](mailto:Corporatecomms@QFCRA.COM)



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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](http://www.qfcra.com)