



Market Conduct Rulebook

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Contents

INTRODUCTION	3
I. PART I – MARKETING, ADVERTISING AND PROMOTIONS	4
A. Marketing Regulations	4
II. PART II – CLIENT AGREEMENTS	5
A. Requirement for written agreements	5
B. Content of Client Agreements	5
III. PART III – COMPLAINTS HANDLING	8
A. Complaints handling requirements	8
B. Complaints handling procedures	9
IV. PART IV – INVESTOR CLASSIFICATIONS	10
A. Investor classifications	10
V. PART V – PUBLIC DISCLOSURES	13
A. Licence details and authorised VA Activities	13
B. Risk disclosure statement	13
VI. PART VI – MARKET TRANSPARENCY	14
A. Insider Lists	14
B. Board and Staff positions	14
VII. PART VII – TRADING OWN ACCOUNT	17
A. General prohibition	17
B. Group Entities	17
VIII. PART VIII – VA STANDARDS	18
A. Requirement to have VA Standards	18
B. Implementation and control	19
SCHEDULE 1 – DEFINITIONS	20

Introduction

The Dubai Virtual Assets Regulatory Authority ("**VARA**") was established and authorised by *Law No. (4) of 2022 Regulating Virtual Assets in the Emirate of Dubai* ("**Dubai VA Law**") to regulate Virtual Asset Service Providers ("**VASPs**").

This Market Conduct Rulebook is issued pursuant to, and forms part of, the Virtual Assets and Related Activities Regulations 2023, as may be amended from time to time ("**Regulations**"), issued by VARA, and applies to all VASPs Licensed by VARA to carry out any VA Activity in the Emirate.

This Market Conduct Rulebook applies in addition to all other requirements in the Regulations as may be in force from time to time. As such, VASPs Licensed by VARA to carry out any VA Activity must also comply with the following Rulebooks applicable to all VASPs—

- Company Rulebook;
- Compliance and Risk Management Rulebook;
- Technology and Information Rulebook; and
- All Rulebooks specific to the VA Activities that the VASP is Licensed by VARA to carry out.

Capitalised terms in this Market Conduct Rulebook have the meanings ascribed to them in the Regulations or as otherwise defined herein or provided in Schedule 1.

Unless otherwise stated, all requirements in this Market Conduct Rulebook are Rules and have binding effect.

Part I – Marketing, Advertising and Promotions

A. Marketing Regulations

1. VASPs must comply with the Marketing Regulations, at all times.

Part II – Client Agreements

A. Requirement for written agreements

1. VASPs shall enter into written agreements with each client which specify the VASP's duties and responsibilities when providing services including all VA Activities ("**Client Agreements**").
2. VASPs must comply with Client Agreements at all times.
3. VASPs must ensure that, in addition to all applicable laws, including but not limited to consumer protection laws, all Client Agreements comply with the general requirement for the VASP to act honestly, fairly and in the best interests of its clients and the integrity of the market.
4. Client Agreements must at all times be fair, clear, transparent, accurate and not misleading. Client Agreements must be sufficiently clear to the client, having regard to the nature of the services and the intended market for such services.
5. VASPs must obtain valid acceptance from all clients entering into Client Agreements, which must be given in a form which is compliant with all applicable laws and prior to the VASP providing any VA Activities to the client.
6. VASPs must send a copy of the Client Agreement to each client after it has been entered into.
7. VASPs must notify clients of any change to Client Agreements at least thirty (30) calendar days prior to any change taking effect.
8. If VASPs have the right in any Client Agreement to be able to unilaterally change a service, or any part of a service, or VA Activity, this must be made explicit in the Client Agreement.
9. VASPs must maintain a record of all versions of Client Agreements and be able to identify all changes made between versions.

B. Content of Client Agreements

1. Client Agreements shall include, but not be limited to—
 - a. the identities of the client and the VASP, including the legal name and registered address of the VASP;
 - b. a description of the VASP's Group;
 - c. a description of the services to be provided;
 - d. the methods that the VASP and client will use to communicate regarding the services;

- e. all fees charged by the VASP for the services;
 - f. the law applicable to the Client Agreement;
 - g. identification of third-party service providers, or any Entities within the VASP's Group, utilised by the VASP and necessary for the services provided under the Client Agreement, which may be provided in the form of a description of the services they perform;
 - h. clearly identify if and when any Virtual Assets are no longer under the control of the VASP during the provision of any VA Activity, and describe the Entity(ies) liable for Virtual Assets at all times, including but not limited to where such Entity(ies) are located;
 - i. a clear statement that neither Client VAs nor Client Money benefit from any form of deposit protection;
 - j. a clear statement that all client assets, including but not limited to Client Money and Client VAs, remain owned by the client; and
 - k. clearly identify if and when any assets, including but not limited to money or Virtual Assets, will not be owned by the client at any time.
2. When forming Client Agreements, VASPs must also consider and include to the extent applicable to the services being provided, provisions covering the following—
- a. specification of what Virtual Assets are, or will be, supported;
 - b. a description of how the VASP will respond to newly created Virtual Assets (e.g. from an 'airdrop'), or in the event a previously supported Virtual Asset is no longer supported (e.g. as a result of a 'fork', or other change that would affect the VASP's ability to support the Virtual Asset), which shall include, but not be limited to obligations for the VASP to—
 - i. assess the impact of such change as soon as possible upon becoming aware of the nature and impact of such change; and
 - ii. communicate clearly with all affected clients throughout the process; and
 - c. address risk of loss which may result from a failure of the services provided by the VASP, including any Custody Services (if provided), and outline all measures in place to mitigate risk of loss where appropriate.

3. VASPs may provide the information required under Rule II.B.2 of this Market Conduct Rulebook by directing clients to where such information is contained in any published policies or procedures, provided that—
- a. such policies or procedures comply with Rule II.A.4 of this Market Conduct Rulebook; and
 - b. all links or other references to such policies or procedures are maintained and accurate at all times.

Part III – Complaints Handling

A. Complaints handling requirements

1. Complaints handling. VASPs shall investigate all complaints promptly and resolve complaints as soon as practicable within a reasonable period of time, in accordance with the following requirements—
 - a. VASPs shall acknowledge all complaints within one (1) week of a complaint being made; and
 - b. VASPs shall resolve all complaints within four (4) weeks of the complaint being made, except in extraordinary circumstances, in which case VASPs must—
 - i. provide the client an update on the status of the complaint, and explain the extraordinary circumstances delaying its resolution, within four (4) weeks of the complaint being made; and
 - ii. resolve the complaint no later than eight (8) weeks from when the complaint was made.
2. VASPs shall make available to their clients an easy-to-use template form for filing complaints and provide accessible means, along with clear instructions, on where such complaints can be submitted, however shall not limit customers to only submitting complaints through one channel or in one form in order to be recognised as a complaint.
3. Where the provision of services relating to VA Activities involve any third-party Entities, VASPs shall establish procedures to facilitate the handling of such complaints between their clients and such third-party Entities. VASPs shall remain responsible for the resolution of such complaints.
4. VASPs shall not impose any fees or charges for the submission or handling of any complaints.
5. VASPs shall keep a record of—
 - a. all complaints received from their clients;
 - b. all measures they have taken in response to complaints; and
 - c. the resolution of all complaints.

B. Complaints handling procedures

1. VASPs shall establish and maintain effective procedures for the prompt, fair and consistent handling of complaints received from their clients in accordance with Rule III.A of this Market Conduct Rulebook. Such procedures shall be disclosed on their website in a clear and easy-to-understand manner.
2. Such procedures must establish when a VASP will consider a complaint to have been made and the mediums and channels through which it will monitor and recognise complaints.
3. When establishing and maintaining such procedures, VASPs must take reasonable steps to ensure that in handling complaints they identify and remedy any recurring or systemic problems, including but not limited to—
 - a. analysing the causes of complaints so as to identify common root causes of complaints;
 - b. considering whether such root causes may also affect other processes, services (including but not limited to VA Activities) or products, including those not directly complained of; and
 - c. correcting such root causes.

Part IV – Investor Classifications

A. Investor classifications

1. General provision. VASPs shall only carry out a VA Activity, or attempt to carry out a VA Activity, in relation to the classifications of investors permitted by VARA, subject at all times to all restrictions imposed by VARA in any of the following—
 - a. Regulations, Rules or Directives as amended from time to time;
 - b. the VASP's Licence and applicable licensing conditions; and
 - c. further conditions imposed by VARA from time to time.
2. Retail Investor. A Retail Investor means an Entity that is not an Institutional Investor or a Qualified Investor.
3. Qualified Investor. A Qualified Investor means—
 - a. an individual that has relevant knowledge in respect of Virtual Assets, or complex structured products, for the nature of the VA Activities to be provided to the individual (the manner of demonstration of which, shall be defined by the VASP prior to offering any products or services and shall be demonstrated to VARA on request) and such individual—
 - i. maintains net assets (comprising fiat currency, financial instruments, Virtual Assets and/or equity in tangible real estate assets, or any combination thereof) of at least AED 3,500,000 in equivalent value, supported by documentary proof of funds (e.g. account statements) that illustrate the relevant assets have remained, and will remain, liquid for a reasonable period of time and which shall be checked periodically, provided that—
 1. the following assets shall be excluded from the calculation from an individual's net assets—
 - i. the value of property that is the individual's primary residence, including any equity held by the individual net of any obligation against that residence;
 - ii. any rights of the individual under a qualifying contract of insurance; and

- iii. any benefits (in the form of pensions or otherwise), which are payable on the termination of the individual's service, or on death or retirement, and to which the individual or the individual's dependents are, or may be, entitled; and
- 2. for the calculation of net assets, only 50% of the market value of Virtual Assets belonging to the individual may be included; or
- ii. has an annual income of AED 700,000 or more; or
- b. a legal entity validly incorporated in the jurisdiction in which it is located—
 - i. maintaining net assets (comprising fiat currency, financial instruments, Virtual Assets and/or equity in tangible real estate assets, or any combination thereof) of at least AED 3,500,000 in equivalent value supported by documentary proof of funds (e.g. account statements) that illustrate the relevant assets have remained, and will remain, liquid for a reasonable period of time and which shall be checked periodically, provided that, for the calculation of net assets, only 50% of the market value of Virtual Assets belonging to the legal entity may be included; and
 - ii. whose directors have relevant knowledge in respect of Virtual Assets for the nature of the VA Activities to be provided to the legal entity, the manner of demonstration of which shall be defined by the VASP prior to offering any products or services and shall be demonstrated to VARA on request.
- 4. Institutional Investor. An Institutional Investor means—
 - a. any Entity regulated by a competent financial services regulator in the jurisdiction in which it is located (including but not limited to the CBUAE, the UAE Securities and Commodities Authority, the Dubai Financial Services Authority and the Financial Services Regulatory Authority of the Abu Dhabi Global Market);
 - b. any VASP;
 - c. any government with relevant knowledge in respect of Virtual Assets for the nature of the VA Activities to be provided, the manner of demonstration of which shall be defined

by the VASP prior to offering any products or services and shall be demonstrated to VARA on request;

- d. any institution which performs the functions of a central bank; or
- e. any multilateral agency with relevant knowledge in respect of Virtual Assets for the nature of the VA Activities to be provided, the manner of demonstration of which shall be defined by the VASP prior to offering any products or services and shall be demonstrated to VARA on request.

Part V – Public Disclosures

VASPs shall ensure the information listed in this Part V of the Market Conduct Rulebook is provided in an easily accessible location on their website in a machine-readable format and is kept accurate and up-to-date at all times.

A. Licence details and authorised VA Activities

1. VASPs shall publish the Licence number issued to them by VARA.
2. VASPs shall publish all VA Activities they are Licensed by VARA to carry out in the Emirate (including any restrictions stated by VARA as a condition of their Licence) and the validity period of such Licences.
3. VASPs shall publish the names of all Responsible Individuals.

B. Risk disclosure statement

1. VASPs shall publish a detailed description of all material risks associated with Virtual Assets, including but not limited to a specific statement that Virtual Assets—
 - a. may lose their value in part or in full and are subject to extreme volatility at times;
 - b. may not always be transferable and some transfers may be irreversible;
 - c. may not be liquid;
 - d. some transactions are not private and may be recorded on public DLTs; and
 - e. may be subject to fraud, manipulation, theft, including through hacks and other targeted schemes and may not benefit from legal protections.

Part VI – Market Transparency

A. Insider Lists

1. VASPs must maintain complete and up-to-date lists of all Entities, including their Board, Staff, Group, advisors, accountants or other third-party agents and service providers, and those of their Group, that have or may have access to Inside Information in the course of the VASP's business or carrying out their respective roles for the VASP ("**Insider List**"). VASPs shall update Insider Lists accordingly while such information remains Inside Information.
2. VASPs shall retain the Insider List for a period of at least eight (8) years after it is drawn up or updated and shall provide VARA with any Insider List upon request.
3. The Insider List shall include at least—
 - a. the identity of any Entity having access to Inside Information;
 - b. the reason for including that Entity in the Insider List;
 - c. the date and time at which that Entity obtained access to Inside Information; and
 - d. the date on which the Insider List was drawn up.
4. VASPs shall update all Insider Lists promptly, including the date of the update, where—
 - a. there is a change in the reason for including an Entity already on the Insider List;
 - b. there is a new Entity who has access to Inside Information and needs, therefore, to be added to the Insider List; and
 - c. an Entity ceases to have access to Inside Information.Each update shall specify the date and time when the change triggering the update occurred.
5. VASPs shall take all reasonable steps to ensure that any Entity on the Insider List acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to Insider Dealing and unlawful disclosure of Inside Information.

B. Board and Staff positions

1. In addition to applicable requirements in the Company Rulebook, VASPs shall, for the purposes of promoting fair and transparent markets, preventing conflicts of interest and ensuring compliance with all relevant Regulations, Rules and Directives, implement policies to govern and

- monitor the transactions and positions of their Board members and Staff. Such policies shall, as a minimum, specify—
- a. any Virtual Assets which Board members and Staff cannot transact or have a position, or any other economic interests, in;
 - b. any legal entities of which Board members and Staff cannot have any shareholding or hold a directorship; and
 - c. the forms in which Board members and Staff shall—
 - i. obtain prior approvals under Rule VI.B.2 of this Market Conduct Rulebook; and
 - ii. provide notifications under Rule VI.B.3 of this Market Conduct Rulebook.
2. All Board members and Staff shall obtain written approval from the VASP prior to taking any of the following actions which is reasonably likely to cause actual or potential conflicts of interest—
- a. opening, modifying or closing any Virtual Asset positions held directly or indirectly on their own account;
 - b. increasing or decreasing their shareholding (held directly or indirectly on their own account) in a legal entity other than the VASP;
 - c. taking up a directorship in a legal entity other than the VASP; or
 - d. all additional actions stated by the VASP in the policy established under Rule VI.B.1 of this Market Conduct Rulebook.
3. VASPs shall, at least every six (6) months, require Board members and Staff to notify them of—
- a. in relation to all Virtual Asset positions held directly or indirectly on their own account—
 - i. a description and the identifier of each Virtual Asset and/or related investments;
 - ii. the size of positions for each Virtual Asset and/or related investments;
 - iii. the nature of the transaction(s); and
 - iv. transaction history relevant to positions held.
 - b. in relation to their shareholding, held directly or indirectly on their own account, or director roles in any legal entities other than the VASP—
 - i. the full name and place of organisation of the legal entity;
 - ii. the purpose of such shareholding and directorship;

- iii. the shareholding percentage (if applicable); and
 - iv. full details of any remuneration for such director roles.
4. If a VASP has any information or reason to believe any Board member or Staff is likely to cause, or has caused, an actual or potential conflict of interest, it must take all necessary actions to ensure such conflict of interest is removed, including but not limited to—
- a. procuring the relevant Board member or Staff to divest the relevant Virtual Asset positions or shareholding;
 - b. resign from the board of the other legal entity; or
 - c. any other action required to remove the conflict of interest, either with respect to the other Entity or the VASP.
5. VASPs shall notify all Board members and Staff of their obligations under Rule VI.B of this Market Conduct Rulebook in writing prior to the start of their employment by the VASP.

Part VII – Trading Own Account

A. General prohibition

1. VASPs are prohibited from actively investing their own, or their Group's, portfolio of Virtual Assets or any other assets.
2. The general prohibition in Rule VII.A.1 of this Market Conduct Rulebook above does not prevent VASPs from entering into transactions in Virtual Assets or any other assets for the purpose of prudent management of Net Liquid Assets required to be held by the VASP, or prudent management of the VASP's treasury and/or balance sheet, provided that, VASPs must maintain full records of all transactions, and such records must be held for a minimum period of eight (8) years.
3. VARA shall have sole and absolute discretion in determining whether any transactions in Virtual Assets, or any other assets, made by a VASP constitute actively investing with their own portfolio of Virtual Assets or any other assets. In making such determination VARA will take into account the following—
 - a. frequency of transactions;
 - b. the Virtual Assets or other assets involved in the transactions;
 - c. volume of transactions;
 - d. nature of transactions including duration; and
 - e. nature of any profits generated by such transactions and significance in relation to the financial condition of the VASP.

B. Group Entities

1. All Entities in the Emirate, including those which are in the same Group as a VASP, must comply with Regulation IV.A.7 (if applicable).
2. Irrespective of the applicability of Rule VII.B.1 of this Market Conduct Rulebook, VASPs must comply with the reporting requirements set out in the Compliance and Risk Management Rulebook in respect of all Entities in their Group that actively invests their own, or the Group's, portfolio of Virtual Assets or any other assets.

Part VIII – VA Standards

A. Requirement to have VA Standards

1. VASPs shall establish standards for the Virtual Assets it provides VA Activities in relation to ("**VA Standards**").
2. VASPs shall take all reasonable steps including, but not limited to, conducting relevant due diligence to ensure all Virtual Assets meet its VA Standards prior to, and at all times during, the VASP providing any VA Activities in relation to such Virtual Assets.
3. VASPs shall disclose their VA Standards on their website.
4. VA Standards shall, to the extent relevant to the VA Activity, include but not be limited to the following considerations in respect of all Virtual Assets—
 - a. its market capitalisation, fully diluted value and liquidity, and whether such metrics have trended downwards over time;
 - b. its design, features and use cases, whether or not intended by the Issuer or relevant developers;
 - c. whether there are features which may materially affect a VASP's compliance with applicable laws, Regulations, Rules or Directives, including but not limited to those relating to AML/CFT, sanctions, securities, intellectual property;
 - d. regulatory treatment by VARA and other appropriate authorities (including those outside of the Emirate), in particular whether the issuance of the Virtual Asset has received any regulatory approvals;
 - e. whether a Virtual Asset is prohibited by VARA or any other appropriate authorities (both inside or outside the UAE) in jurisdictions in which the VASP will provide VA Activities, or equivalent activities, in relation to such Virtual Asset;
 - f. the security and immutability of the underlying DLT protocol;
 - g. its future development (e.g. 'roadmap') as communicated by the Issuer and/or relevant developers;
 - h. whether it may be susceptible to price manipulation for any reason and relevant mitigations that will be implemented by the VASP;

- i. whether potential or actual conflicts of interest may arise should a VASP provide any VA Activities in relation to the Virtual Asset and relevant mitigations;
- j. the background of its Issuer including, but not limited to, relevant experience in the Virtual Asset sector and whether it has been subject to any investigations or claims in relation to fraud or deceit;
- k. if the Virtual Asset represents rights to any other assets, the enforceability of such rights;
- l. sufficient assets are available to satisfy any obligation with respect to any VA Activities;
- m. VASPs shall ensure that Virtual Asset terms and conditions reflect, to the extent possible, the operation of any existing underlying physical market and avoid adverse impacts to such market (if applicable); and
- n. VASPs should review Virtual Asset terms and conditions on a periodic basis for appropriate correlation with any physical market to ensure such terms and conditions conform to standards and practices in that physical market (if applicable).

B. Implementation and control

- 1. VASPs shall regularly, and on an ongoing basis, assess relevant information to ensure that a Virtual Asset that it provides VA Activities in relation to continues to meet its VA Standards.
- 2. VASPs must maintain all records relevant to such assessments for eight (8) years and provide such records for VARA's inspection upon request.
- 3. VASPs shall set conditions under which VA Activities in relation to a Virtual Asset may be suspended, including where a Virtual Asset no longer meets its VA Standards. VASPs shall have and implement all necessary operational procedures and controls in the event such conditions are met.
- 4. VASPs shall notify VARA as soon as possible after becoming aware that a Virtual Asset no longer meets its VA Standards and shall take such steps as VARA may direct to minimise any adverse impact on clients arising as a result.
- 5. VARA shall have the right to require the suspension of a VA Activity in respect of any Virtual Asset upon reasonable grounds it deems appropriate.

Schedule 1 – Definitions

Term	Definition
"AML/CFT"	has the meaning ascribed to it in the Regulations.
"Board"	has the meaning ascribed to it in the Company Rulebook.
"CBUAE"	means the Central Bank of the United Arab Emirates.
"Client Agreements"	has the meaning ascribed to it in Rule II.A.1 of this Market Conduct Rulebook.
"Client Money"	has the meaning ascribed to it in the Compliance and Risk Management Rulebook.
"Client VAs"	has the meaning ascribed to it in the Compliance and Risk Management Rulebook.
"Company Rulebook"	means the Company Rulebook issued by VARA pursuant to the Regulations, as may be amended from time to time.
"Custody Services"	has the meaning ascribed to it in Schedule 1 of the Regulations.
"Directive"	has the meaning ascribed to it in the Regulations.
"Distributed Ledger Technology" or "DLT"	has the meaning ascribed to the term 'Distributed Ledger Technology' in the Dubai VA Law.
"Dubai VA Law"	means <i>Law No. (4) of 2022 Regulating Virtual Assets in the Emirate of Dubai</i> , as may be amended from time to time.
"Emirate"	means all zones across the Emirate of Dubai, including Special Development Zones and Free Zones but excluding the Dubai International Financial Centre.
"Entity"	means any legal entity or individual.
"Group"	has the meaning ascribed to it in the Company Rulebook.
"Inside Information"	has the meaning ascribed to it in the Regulations.
"Insider Dealing"	has the meaning ascribed to it in the Regulations.
"Insider List"	has the meaning ascribed to it in Rule VI.A.1 of this Market Conduct Rulebook.

Term	Definition
"Institutional Investor"	has the meaning ascribed to it in Rule IV.A.4 of this Market Conduct Rulebook.
"Issuer"	has the meaning ascribed to it in the Regulations.
"Licence"	has the meaning ascribed to it in the Regulations.
"Licensed"	means having a valid Licence.
"Market Conduct Rulebook"	means this Market Conduct Rulebook issued by VARA pursuant to the Regulations, as may be amended from time to time.
"Marketing Regulations"	means the <i>Regulations on the Marketing of Virtual Assets and Related Activities 2024</i> , issued by VARA and as may be amended or superseded from time to time.
"Net Liquid Assets"	has the meaning ascribed to it in the Company Rulebook.
"Qualified Investor"	has the meaning ascribed to it in Rule IV.A.3 of this Market Conduct Rulebook.
"Regulations"	means the Virtual Assets and Related Activities Regulations 2023, as may be amended from time to time.
"Responsible Individuals"	has the meaning ascribed to it in the Company Rulebook.
"Retail Investor"	has the meaning ascribed to it in Rule IV.A.2 of this Market Conduct Rulebook.
"Rule"	has the meaning ascribed to it in the Regulations.
"Rulebook"	has the meaning ascribed to it in the Regulations.
"Staff"	has the meaning ascribed to it in the Company Rulebook.
"UAE"	means the United Arab Emirates.
"VA Activity"	means the activities listed in Schedule 1 of the Regulations, as may be amended from time to time.
"VA Standards"	has the meaning ascribed to it in Rule VIII.A.1 of this Market Conduct Rulebook.
"VARA"	means the Dubai Virtual Assets Regulatory Authority.

Term	Definition
"VASP"	means an Entity Licensed by VARA to conduct VA Activity(ies) in the Emirate.
"Virtual Asset" or "VA"	has the meaning ascribed to it in the Dubai VA Law.