

Advisory Services Rulebook

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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 Advisory Services Rulebook is issued pursuant to, and forms part of, the Virtual Assets and Related Activities Regulations 2023 [the **Regulations**] issued by VARA and applies to all VASPs Licensed by VARA to carry out Advisory Services in the Emirate.

This Advisory Services 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 Advisory Services must also comply with the following Rulebooks applicable to all VASPs:

1. Company Rulebook;
2. Compliance and Risk Management Rulebook;
3. Technology and Information Rulebook;
4. Market Conduct Rulebook; and
5. All Rulebooks specific to the VA Activities that a VASP is Licensed by VARA to carry out.

Where a VASP is Licensed by VARA to carry out other VA Activities in the Emirate in addition to Advisory Services, it must comply with all Rulebooks which apply to those other VA Activities. Unless otherwise stated, the Rules in VA Activity specific Rulebooks apply cumulatively for each VA Activity a VASP carries out.

Capitalised terms in this Advisory Services Rulebook have the meanings ascribed to them in the Regulations or as otherwise provided in Schedule 1.

Part I – Policies, Procedures and Public Disclosures

A. Policies and procedures

1. In addition to all other requirements in the Regulations and Rulebooks, VASPs providing Advisory Services shall establish, implement and enforce appropriate written internal policies and procedures relating to the following—
 - a. how they ensure the independent basis of their advice;
 - b. how they ensure all Staff providing advice are sufficiently competent in accordance with Rule II.B.1 of this Advisory Services Rulebook; and
 - c. such other policies and procedures as VARA may require from time to time.

B. Public disclosures

1. VASPs providing Advisory Services shall publish on their website in a prominent place or make available by other publicly accessible means—
 - a. a detailed description of any actual or potential conflicts of interest arising out of their activities, and how these are managed;
 - b. their policies and procedures relating to data privacy, whistleblowing and handling of client complaints;
 - c. a statement of whether the VASP refers or introduces clients to other Entities including, but not limited to, other VASPs, and if so, a description of the terms of such arrangements, and the monetary or non-monetary benefits received by the VASP, including by way of reciprocity for any service or business; and
 - d. a statement of whether the VASP has accounts, funds or Virtual Assets maintained by a third party and if so, provide the identity of that third party.
2. Other disclosable matters. To the extent permissible under applicable laws, VASPs providing Advisory Services shall publish on their website or by other publicly accessible means—
 - a. details of any past convictions or prosecutions of any member[s] of their Senior Management or Board, whether before the courts of the UAE or the courts of another jurisdiction; and

- b. any such other information relating to their business or activities as VARA may reasonably require.
3. The disclosure requirements set out in this Rule I.B of this Advisory Services Rulebook are in addition to all disclosures required under the Market Conduct Rulebook and to all notifications to VARA required under the Compliance and Risk Management Rulebook.

Part II – Advisory Services Rules

A. Client suitability

1. VASPs providing Advisory Services shall establish procedures to ensure that their clients understand the risks associated with investing in Virtual Assets and are financially able to satisfy any obligation which may arise from them acting upon advice provided by the VASP.
2. VASPs providing Advisory Services shall provide all advice regarding Virtual Assets in good faith and which is suitable for, and in the best interest of, each client. In order to ensure all advice complies with this Rule II.A.2 of this Advisory Services Rulebook, VASPs shall consider the following factors at a minimum in respect of each client—
 - a. knowledge and experience in investing in Virtual Assets;
 - b. investment objectives including, but not limited to, risk tolerance, time horizon and venues through which they can acquire Virtual Assets; and
 - c. financial circumstances including, but not limited to, their ability to bear sudden and significant losses or the proportion of their net worth which is invested in Virtual Assets.
3. VASPs providing Advisory Services shall collect all necessary information from clients for the purpose of assessing relevant factors in accordance with Rule II.A.2 of this Advisory Services Rulebook and take all reasonable steps to ensure such information is accurate and up-to-date. All such information shall be maintained for at least eight [8] years.
4. VASPs providing Advisory Services shall, in all advice provided to clients, specify how the advice is appropriate for a client by reference to the factors assessed by the VASP in accordance with Rule II.A.2 of this Advisory Services Rulebook.
5. VASPs providing Advisory Services must eliminate any conscious bias, and take all reasonable steps to eliminate any non-conscious bias, in order to prevent discrimination between clients on any grounds which is not in the best interests of a client receiving advice.

B. Staff competency

1. In addition to all requirements in the Company Rulebook, VASPs providing Advisory Services shall ensure all of its Staff providing Advisory Services are knowledgeable, competent and

suitably trained. In assessing competency of such Staff, VASPs shall consider the following factors at a minimum—

- a. academic, professional and industry qualifications;
- b. experience in the Virtual Assets sector, including but not limited to hands-on working experience acquired through their employment by Entities carrying out activities similar to VA Activities outside of the Emirate;
- c. experience in conducting regulated investment-related activities similar to the provision of Advisory Services, whether or not related to Virtual Assets;
- d. whether they have a good understanding of the VARA regulatory framework, including but not limited to the Regulations, Rules and Directives governing the provision of Advisory Services; and
- e. industry standards as may be applicable to the Virtual Assets sector from time to time.

C. Verification of information

1. VASPs providing Advisory Services shall only provide advice which does not contain statements, promises, forecasts or other types of information which they know or suspect to be misleading, false or deceptive or which they should have reasonably known to be misleading, false or deceptive at the time of making such statement, promise or forecast.
2. Prior to making any statement, promise or forecast, VASPs providing Advisory Services shall verify factual information against appropriate and reliable source materials and shall use all reasonable endeavours to verify the continued accuracy of such information.

D. Methodology

1. VASPs shall, in the course of providing Advisory Services, assess a broad range of Virtual Assets available to the client which must be sufficiently diverse such that the client's investment objectives are met.

Schedule 1 – Definitions

Term	Definition
“Advisory Services”	has the meaning ascribed to it in Schedule 1 of the Regulations.
“Advisory Services Rulebook”	means this Advisory Services Rulebook issued by VARA pursuant to the Regulations, as may be amended from time to time.
“Board”	has the meaning ascribed to it in the Company Rulebook.
“Company Rulebook”	means the Company Rulebook issued by VARA pursuant to the Regulations, as may be amended from time to time.
“Compliance and Risk Management Rulebook”	means the Compliance and Risk Management Rulebook issued by VARA pursuant to the Regulations, as may be amended from time to time.
“Directive”	has the meaning ascribed to it in the Regulations.
“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.
“Licence”	has the meaning ascribed to it in the Regulations.
“Licensed”	means having a valid Licence.
“Market Conduct Rulebook”	means the Market Conduct Rulebook issued by VARA pursuant to the Regulations, as may be amended from time to time.
“Regulations”	means the Virtual Assets and Related Activities Regulations 2023, as may be amended from time to time.
“Rule”	has the meaning ascribed to it in the Regulations.
“Rulebook”	has the meaning ascribed to it in the Regulations.
“Senior Management”	has the meaning ascribed to it in the Company Rulebook.
“Staff”	has the meaning ascribed to it in the Company Rulebook.

Term	Definition
“Technology and Information Rulebook”	means the Technology and Information Rulebook issued by VARA pursuant to the Regulations, as may be amended from time to time.
“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.
“VARA”	means the Dubai Virtual Assets Regulatory Authority.
“VASP”	means an Entity authorised 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.