



Exchange 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 Exchange Services 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 Exchange Services in the Emirate.

This Exchange 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 Exchange 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.

For the avoidance of doubt, where a VASP is Licensed by VARA to carry out other VA Activities in the Emirate in addition to Exchange 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 Exchange Services Rulebook have the meanings ascribed to them in the Regulations or as otherwise defined herein or provided in Schedule 1.

Part I – Additional Board Requirements

A. Board constitution

1. The Board of a VASP providing Exchange Services shall consist of executive directors and non-executive directors, with a minimum of one (1) director qualifying as an independent director as set out below.
2. The Board of a VASP providing Exchange Services shall convene at least on a quarterly basis.
3. VASPs providing Exchange Services shall mandate the length of each term and number of terms each Board member may serve on the Board.
4. A Board member is not regarded as an independent director of a VASP if—
 - a. they or any of their first degree relatives are working or have worked as a member of the Senior Management, or held a role in the VASP's Group equivalent to Senior Management within the preceding two (2) years preceding the date of their nomination to the Board;
 - b. they or any of their first degree relatives have a direct or indirect interest in the contracts and projects concluded with the Group during the preceding two (2) years, provided that the aggregate value of such contracts and projects do not exceed the lower of (i) ten percent (10%) of the Paid-Up Capital of the VASP or (ii) the amount of AED 5,000,000 or its equivalent in other foreign currency, unless such contracts and projects relate to the ordinary course of business of the VASP and do not contain any preferential conditions;
 - c. they are working or have worked for the Group during the preceding two (2) years preceding the date of their appointment to the Board;
 - d. they work for, or are a partner of, a company that performs consultancy services for the VASP or any members of its Group, or has performed such services during the preceding two (2) years;
 - e. they have any personal service contracts with the VASP or any members of its Group, or have had such contract during the preceding two (2) years, excluding any contract under which they are appointed as a non-executive director;
 - f. they are directly or indirectly linked to any Entity that receives substantial funding from the VASP's Group;
 - g. they or any of their first degree relatives are a partner or an employee of the auditor of the VASP, or if, during the preceding two (2) years preceding the date of their Board membership, were a partner or an employee of the auditor of the VASP;
 - h. the ownership held by them and their first degree relatives reaches ten percent (10%) or more of the share capital of the VASP;
 - i. they have served more than seven (7) years as a Board member of the VASP; or
 - j. they are the representative of an investor in the VASP holding ten percent (10%) or more of the share capital of the VASP.

B. Board committees

1. The Board of a VASP providing Exchange Services shall establish remuneration, nomination and audit committees, and may establish additional committees to perform certain delegated functions on behalf of the Board. The Board may delegate specific authority, but not its responsibilities, to its committees, provided that it continuously monitors and oversees the work conducted by all committees.
2. Each committee created by the Board of a VASP providing Exchange Services shall—
 - a. have a charter or other instrument that sets out its membership, mandate, scope, working procedures and means of accountability to the Board; and
 - b. report to the Board on findings and recommendations relating to the work entrusted by the Board to it regularly.
3. The Board and its committees shall keep minutes to record details of the matters discussed, recommendations made, decisions taken, resolutions passed and any dissenting opinions at a Board meeting for a period of, notwithstanding any requirements in any law or regulations, not less than eight (8) years.

C. Board remuneration reporting requirements

1. On an annual basis, VASPs providing Exchange Services shall submit to VARA the following information—
 - a. details of all compensation and/or remuneration of all members of the Board and its committees, including but not limited to salaries, allowances, expenses, bonuses, benefits, or other incentive programmes (whether or not denominated in Virtual Assets). Such details shall include the type, nature and conditions of all such compensation and/or remuneration; and
 - b. reasons for all such compensation and/or remuneration.
2. All information submitted by VASPs in compliance with Rule I.C.1 of this Exchange Services Rulebook shall be kept confidential by VARA, except to the extent that disclosure is required to comply with any applicable laws or regulations.

Part II – Policies, Procedures and Public Disclosures

A. Policies and procedures

1. In addition to all other requirements in the Regulations and Rulebooks, VASPs providing Exchange Services shall establish, implement and enforce appropriate written internal policies and procedures relating to the following—
 - a. the prohibition, detection, prevention and/or deterrence of Market Offences and any other abusive practices within their business or using their services, including but not limited to relevant internal rules, compliance programmes, sanctioning policies and powers;
 - b. the ability of clients to have access to and withdraw their Virtual Assets including, but not limited to, during periods of high uncertainty and/or extreme volatility;
 - c. settlement, delivery and clearing;
 - d. establishing and amending the method of determining the price of Virtual Assets, including the use of market data to ensure the integrity and reliability of the determined price; and
 - e. such other policies and procedures as VARA may require from time to time.
2. VASPs providing Exchange Services shall assess and, in any case, at least yearly review the effectiveness of their policies and procedures and take appropriate measures to address any deficiencies.

B. Public disclosures

1. VASPs providing Exchange 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 summary containing the following information pertaining to each Virtual Asset offered for exchange by the VASP—
 - i. name and symbol;
 - ii. date of issuance;
 - iii. market capitalisation and fully diluted value;
 - iv. circulating supply, including as a percentage of maximum total supply (if applicable);
 - v. whether the Virtual Asset has been subject to an independent smart contract audit and the date of the most recent audit; and
 - vi. largest reduction in price from high to low stated as both an absolute amount and a percentage change, including when it occurred;
 - d. details of how Virtual Assets traded over their trading venues are deposited and protected and how clients' ownership in respect of those Virtual Assets are thereby respected; and

- e. a description of how the VASP determines the prices of the Virtual Assets it quotes to clients.
2. Other disclosable matters. To the extent permissible under applicable laws, VASPs providing Exchange 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 II.B of the Exchange 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 III – Exchange Services Rules

A. Trading venue participants and code of conduct

1. VASPs providing Exchange Services shall publish and enforce a code of conduct or other rules for all participants on their trading venue.
2. The code of conduct required under Rule III.A.1 of this Exchange Services Rulebook should provide VASPs the rights and/or power to implement disciplinary actions against participants on their trading venue where they breach any Regulations, Rules or Directives.
3. VASPs providing Exchange Services shall ensure that the code of conduct provides them the necessary rights and/or powers to issue, impose, require or collect, the following—
 - a. warnings;
 - b. reprimands;
 - c. training;
 - d. qualification minimums;
 - e. remediation plans;
 - f. compliance audits;
 - g. restitution;
 - h. contractually agreed penalties;
 - i. conditions on trading;
 - j. trading prohibitions;
 - k. suspensions and restrictions to trading;
 - l. expulsions;
 - m. cancellation of a client's orders and any outstanding instructions from that client;
 - n. report any breaches to VARA; and
 - o. criminal referrals.
4. VARA shall have authority to pursue such additional remedies or disciplinary measures against participants of the trading venue of a VASP providing Exchange Services as it determines and may, in its sole and absolute discretion, delegate to a VASP providing Exchange Services the ability to enforce such additional remedies or disciplinary measures upon its written consent.
5. In addition to the above, VARA may require the suspension of trading of any Virtual Asset with effect from such time as it may determine, if there are reasonable grounds to suspect non-compliance with this Part III of the Exchange Services Rulebook. If VARA has required the suspension of trading of any Virtual Asset, it may impose such conditions on the procedure for lifting the suspension as it considers appropriate.
6. VASPs providing Exchange Services shall ensure that—
 - a. their code of conduct or other rules with respect to the conduct of their clients and trading venue participants are fairly disclosed to all relevant Entities; and
 - b. clients provide valid acceptance to such rules in the Client Agreement in accordance with applicable laws.

B. Market surveillance and notifications to VARA

1. VASPs providing Exchange Services shall share information for surveillance and disciplinary purposes with VARA, including establishing arrangements that allow the VASP to share information on large exposures in correlated markets.
2. If a VASP suspects potential abuse affecting the market, the following information shall be provided to VARA, as applicable—
 - a. details of a participant's positions, in particular details of any large positions held, including on-exchange, related 'over-the-counter' derivatives and physical market positions;
 - b. Virtual Asset inventory levels;
 - c. delivery mode and forms of service;
 - d. action taken to implement position management powers;
 - e. changes to position limits;
 - f. additional Margin calls; and
 - g. other action taken by the VASP.
3. VASPs providing Exchange Services shall ensure that their fee structures are transparent, fair and non-discriminatory and that they do not create incentives to place, modify or cancel orders or to execute transactions in a way that disrupts the fair and orderly functioning of any market involving Virtual Assets.

C. Trading systems continuity

1. In addition to all requirements in the Technology and Information Rulebook, VASPs providing Exchange Services shall have in place effective systems, procedures and arrangements to ensure that their trading systems—
 - a. are resilient;
 - b. have sufficient capacity to ensure orderly trading under conditions of high uncertainty and/or extreme volatility;
 - c. are able to reject orders that exceed pre-determined volume and price thresholds or are clearly erroneous;
 - d. are fully tested to ensure that conditions under Rules III.C.1.a-c of this Exchange Services Rulebook are met; and
 - e. are subject to effective business continuity arrangements including, but not limited to, back-up and/or disaster recovery systems, facilities and sites, to ensure continuity of their services and reporting ability if there is any failure of the trading system.

D. Settlement

1. VASPs providing Exchange Services shall complete the final settlement of a Virtual Asset transaction within twenty-four (24) hours of the transaction being executed on their trading venues, subject to any factors outside the VASP's control, including but not limited to any limitations or malfunctioning of any DLT not controlled by the VASP or its Group.

Part IV – Margin Trading Rules

A. Compliance with Margin Trading rules

1. VASPs may only provide Margin Trading services if explicitly authorised to do so by VARA and such authorisation is expressly stipulated in their Licence.
2. VASPs that are authorised to provide Margin Trading services, must comply with this Part IV of the Exchange Services Rulebook at all times when providing Margin Trading services.
3. VASPs must ensure that they have sufficient assets to provide Margin Trading services in order that they can fully satisfy client obligations, at all times.

B. VARA approval and powers

1. VARA may approve an application for the provision of Margin Trading services, provided that the VASP can demonstrate, to VARA's satisfaction, compliance with the following requirements—
 - a. the VASP has submitted for VARA's approval details of the terms and conditions upon which it proposes to offer Margin Trading services to clients, including a copy of the template Margin Trading Agreement to be used by the VASP, together with information relating to the VASP's financial condition and compliance with all Capital and Prudential Requirements applicable to the VASP;
 - b. the VASP has established, and is able to demonstrate to VARA upon request, appropriate policies and procedures as well as systems and controls with regards to Margin Trading services, which shall include but not be limited to—
 - i. the Margin which may be called, the applicable Margin rates and the method of calculating the Margin;
 - ii. the acceptable methods of Margin payment and forms of collateral;
 - iii. the circumstances under which a client or counterparty may be required to provide Margin and additional Margin, and the consequences of a failure to meet a Margin call, including the actions which the VASP may be entitled to take; and
 - iv. applicable escalation procedures where a client or counterparty fails to meet Margin calls; and
 - c. the VASP ensures, and is able to demonstrate to VARA upon request, that Virtual Assets collected as collateral for Initial Margin and Maintenance Margin purposes are liquid and can be liquidated within a reasonable timeframe.
2. VARA may request to inspect the Margin Trading system of the VASP used to calculate clients' Margin Trading positions and Margin and, prior to granting approval, request any other clarifications, information or documents it deems necessary.
3. Notwithstanding a VASP having approval from VARA for the provision of Margin Trading, VARA shall have the power to instruct VASPs to take any of the following actions, in its

sole and absolute discretion from time to time, and VASPs must comply with such instructions—

- a. suspend Margin Trading services for specified Virtual Assets or clients;
- b. close existing client positions; and
- c. increase Initial Margin and/or Maintenance Margin requirements.

C. Margin Trading obligations

1. Without prejudice to any other obligations, VASPs providing Margin Trading services shall—
 - a. obtain information from each client prior to opening a Margin Trading Account to determine whether the Margin Trading service is suitable for a particular client, including but not limited to such information on the client's financial position (including financial solvency), investment objectives, risk appetite, knowledge and experience in trading in Virtual Asset markets as may be relevant and practical;
 - b. ensure that each client's Margin Trading Account is segregated from all other trading accounts;
 - c. only use all Virtual Assets and/or cash balance in the Margin Trading Account as collateral for Margin Trading in accordance with the terms of the Margin Trading Agreement;
 - d. not to utilise the funds of any client to provide the facilities of Margin Trading to another client even if the client's consent has been obtained by the VASP;
 - e. ensure that each client has deposited the Initial Margin in the Margin Trading Account, in accordance with the agreed value, prior to the purchase of any Virtual Assets financed on Margin;
 - f. ensure that, if a client has more than one (1) Margin Trading Account with the VASP, that all risk limits are monitored and maintained at the client level;
 - g. provide each client with a written statement of account at least monthly showing the trading movement of the Virtual Assets financed on Margin and the percentage of their ownership in the Margin Trading Account relative to any Virtual Assets, cash or other assets held as Maintenance Margin;
 - h. monitor on an ongoing basis the Margin Trading Account of each client and provide at least one (1) early warning notification to a client that the percentage of the client's ownership in that account has fallen to a specified percentage and is at risk of falling below the required level of Maintenance Margin specified in the Margin Trading Agreement. The specified percentage at which such early warning notification must be given may be determined by the VASP acting in the best interests of its clients. Such notification must include a full re-statement of the risks required to be stated in the Margin Trading Agreement in Rule IV.E.1.d of this Exchange Services Rulebook below;

- i. in addition to Rule IV.C.1.h of this Exchange Services Rulebook above, monitor on an ongoing basis the Margin Trading Account of each client and notify the client promptly when the percentage of the client's ownership in that account falls below the required level of Maintenance Margin specified in the Margin Trading Agreement, so that they can cover the shortfall in the account, subject to Rule IV.C.1.j of this Exchange Services Rulebook below;
- j. in the event that the client is not themselves able to remedy the shortfall within a reasonable timeframe, sell all or some of the Virtual Assets available in the Margin Trading Account to the extent required to restore the client's percentage of ownership to the Maintenance Margin (or such higher level as may be set out in the Margin Trading Agreement) as per the market value of such Virtual Assets on the date of sale;
- k. obtain the prior approval of VARA on any subsequent amendment to the Margin Trading system described in Rule IV.B.2 of this Exchange Services Rulebook above, and provide a technical report confirming that the amended system is able to fulfil the requirements of the Margin Trading service on an ongoing basis, including during times of high volatility; and
- l. ensure that orderly records are kept for the Margin Trading services undertaken for a period of at least eight (8) years.

D. Prudential requirements, Initial Margin and Maintenance Margin

1. VASPs authorised by VARA to provide Margin Trading services shall—
 - a. ensure that the aggregate funds allocated for Margin Trading services by the VASP are included in the VASPs calculation of its Operational Exposure; and
 - b. ensure that the amount of credit extended to a single client for Margin Trading does not exceed one tenth of the total funds directly or indirectly attributable to Margin Trading by the VASP in its Operational Exposure, in accordance with Rule IV.D.1.a of this Exchange Services Rulebook above.
2. VASPs may only accept the following types of collateral in a Margin Trading Account—
 - a. the Virtual Asset financed on Margin in that account;
 - b. fiat currency; and
 - c. Virtual Assets referencing USD or AED, as approved by VARA.
3. Notwithstanding Rule IV.D.2 of this Exchange Services Rulebook, VASPs may accept the following types of collateral in a Margin Trading Account in the following circumstances—
 - a. other Virtual Assets where there is a continuing fall in the market value of the Virtual Asset financed on Margin; and
 - b. other Virtual Assets where trading in the Virtual Asset financed on Margin is suspended or discontinued for more than seven (7) Working Days or such other period prescribed by VARA.

E. Margin Trading Agreement

1. The Margin Trading Agreement must include the following information—
 - a. an explanation of the VASP's responsibilities and the respective obligations of the VASP and the client including, but not limited to, termination rights, the effect of termination, applicable dispute resolution mechanisms and the VASP's obligation to provide an early warning notification under Rule IV.C.1.h of this Exchange Services Rulebook including when such notifications will be provided;
 - b. whether the client has the right to withdraw cash from the Margin Trading Account, transfer amounts from the Margin Trading Account to the other account, or use such funds for new Margin financing if these amounts are higher than the Maintenance Margin;
 - c. how all financing is calculated, including but not limited to how and when it is paid or payable, the applicable rate, or in the case of a variable rate, how it is calculated and how it may vary and how such variations will be communicated by the VASP to the client;
 - d. an explanation of the following risks the client may be exposed to when undertaking Margin Trading, including but not limited to—
 - i. the risk that the client may lose all or part of the funds deposited in the Margin Trading Account;
 - ii. the fact that the VASP may request that the client add Virtual Assets and/or funds in the Margin Trading Account if the Maintenance Margin falls below the prescribed levels or if the VASP increases Maintenance Margin requirements;
 - iii. the right of the VASP to sell all or part of the Virtual Assets in the Margin Trading Account if the Maintenance Margin falls below the percentage specified in the Margin Trading Agreement; and
 - iv. when and how the VASP may sell all or part of the Virtual Assets in the Margin Trading Account;
 - e. express consent from the client that they understand, acknowledge and accept each of the risks listed in Rule IV.E.1.d of this Exchange Services Rulebook above;
 - f. the applicable levels of Initial Margin and Maintenance Margin and circumstances in which Initial Margin and Maintenance Margin can be amended by the VASP;
 - g. a breakdown of the commissions, charges and fees charged by the VASP relating to Margin Trading and when they are payable;
 - h. a confirmation of the client's right to pay the cash balance of the price of the remaining Virtual Assets in the Margin Trading Account at any time; and
 - i. the fact that in certain situations the position of the client may be liquidated, and that following such liquidation the client may be required to make an additional payment to the VASP.
2. VARA may require any amendments to the Margin Trading Agreement or other forms relating to Margin Trading conducted by a VASP as it deems appropriate.

Part V – Exchange Traded Derivative Services Rules

A. General Requirements

1. Only VASPs Licensed by VARA to carry out Exchange Services may provide ETD Services.
2. VASPs Licensed by VARA to carry out Exchange Services shall only offer ETD Services if explicitly authorised to do so by VARA and such authorisation is expressly stipulated in the VASP's Licence.
3. VASPs that are authorised by VARA to provide ETD Services, must comply with this Part V of the Exchange Services Rulebook, as well as any conditions or restrictions imposed by VARA as stipulated in their Licence, at all times when providing ETD Services.
4. Trading own account. As stated in Part VII of the Market Conduct Rulebook, VASPs are prohibited from actively investing their own, or their Group's portfolio of Virtual Assets or any other assets. For the avoidance of doubt, investing in ETDs is included in this prohibition. As such, in addition to all Rules in Part VII of the Market Conduct Rulebook, VASPs authorised to carry out ETD Services must—
 - a. not buy, sell or otherwise actively invest in any ETDs available through the VASP's ETD Services or any other service for their, or their Group's own account; and
 - b. comply with the reporting requirements set out in the Compliance and Risk Management Rulebook in respect of all Entities in their Group that actively invest their own, or the Group's, portfolio of Virtual Assets or any other assets by buying, selling or otherwise trading any ETDs available through the VASP's ETD Services.
5. Operational Exposure. VASPs authorised by VARA to provide ETD Services shall ensure that the VASP's exposure in respect of all ETD Services is included in the VASP's calculation of its Operational Exposure as required in Part VI.C of the Company Rulebook.
6. Market. VASPs must have particular consideration for the market of the Underlying Assets for which it provides ETD Services. Such consideration shall include, but not be limited to, the following in respect of each Underlying Asset for which it provides ETD Services—
 - a. price history;
 - b. liquidity, including the following—
 - i. on both the VASP's own platform and other relevant venues;
 - ii. both spot and derivatives positions;
 - c. market depth;
 - d. likelihood and/or susceptibility to market and/or price manipulation; and
 - e. stability of pricing within and across all available venues.
7. VA Standards. To the extent not already covered in the VASP's VA Standards, VASPs must consider the issuance schedule and tokenomics of each of the Virtual Assets which are Underlying Assets of ETDs for which it provides ETD Services including, but not limited to, all of the following—
 - a. circulating supply;
 - b. future supply; and
 - c. concentration of owners.

8. VASPs shall only provide ETD Services in respect of Virtual Assets which comply with the VASP's VA Standards, as required in Part VIII of the Market Conduct Rulebook, and Rule V.A.6 above.

B. VARA approval and powers

1. All VASPs Licensed by VARA to carry out Exchange Services that wish to provide ETD Services must apply to VARA for approval to carry out ETD Services.
2. VASPs seeking authorisation from VARA to provide ETD Services shall adhere to the licensing process as prescribed by VARA from time to time which may include, but not be limited to, the VASP demonstrating, to VARA's satisfaction, compliance with the following requirements—
 - a. full details of the types of ETDs to be offered by the VASP as part of the ETD Services;
 - b. appropriate policies, procedures, systems and controls to manage the risks associated with the ETD Services to be provided by the VASP, which shall include, but not be limited to, all systems and controls required in this Part V of the Exchange Services Rulebook;
 - c. details of all terms and conditions upon which the VASP proposes to offer ETD Services to clients, including a copy of the template ETD Services Agreement to be used by the VASP;
 - d. risk disclosures, product descriptions, product terms and margin requirements;
 - e. descriptions of close-out, liquidation and loss mutualisation procedures;
 - f. details of any Insurance Fund and other risk management tools;
 - g. client communications and press releases;
 - h. marketing and/or client acquisition campaigns, including any referral schemes;
 - i. information relating to the VASP's financial condition;
 - j. compliance with any disclaimer requirements imposed by VARA; and/or
 - k. any other requirements stipulated by VARA.
3. Where VARA considers that it has reasonable cause and/or it is necessary for performing its functions and fulfilling its objectives under the Dubai VA Law, VARA may, in its sole and absolute discretion, amend the Rules in this Part V of the Exchange Services Rulebook and/or impose any additional conditions or restrictions on any VASP providing ETD Services, from time to time. Such additional conditions or restrictions may include, but shall not be limited to, the following—
 - a. Capital and Prudential Requirements in addition to those in Part VI of the Company Rulebook;
 - b. additional requirements for any classification of investor including, but not limited to, Retail Investors;
 - c. additional requirements for any ETD or type of ETD;
 - d. additional requirements or restrictions on the Underlying Assets for which ETD Services can be provided;

- e. require a VASP to cease or temporarily suspend ETD Services for any ETD or type of ETD;
 - f. impose limits on the value, size or exposure of any single ETD position or the total value of ETD Services that may be provided; and/or
 - g. amend as may be necessary, any conditions imposed by VARA as stipulated in a VASP's Licence.
4. Notwithstanding a VASP having authorisation from VARA to provide ETD Services, where VARA considers that it has reasonable cause and/or it is necessary for performing its functions and fulfilling its objectives under the Dubai VA Law, VARA shall have the power, in its sole and absolute discretion, to instruct a VASP to take any of the following actions at any time, and the VASP must comply with such instructions within the time period specified by VARA—
- a. suspend ETD Services for any specific ETDs, type of ETDs, clients or Underlying Asset;
 - b. close-out and/or liquidate existing ETD positions for any specific ETDs, type of ETDs, clients or Underlying Asset;
 - c. increase ETD Initial Margin and/or ETD Maintenance Margin for any specific ETDs, type of ETDs, clients or Underlying Asset;
 - d. increase the amounts held in any Insurance Fund, or implement an Insurance Fund if not already a requirement;
 - e. amend or adjust any close-out, liquidation, risk management and/or insurance mechanisms;
 - f. have and maintain additional insurance; and/or
 - g. increase the VASP's Operational Exposure requirements.
5. VARA will endeavour to provide as much notice as possible prior to any action under Rule V.B.4 being required. However, should any such action be deemed necessary by VARA to avoid severe market impact, VARA may mandate VASPs to take such actions immediately.

C. Client suitability and assessment

1. VASPs providing ETD Services shall only provide ETD Services to clients that satisfy all of the following requirements (the "**ETD Clients**")—
 - a. the VASP has assessed the client and deems the client, based on reasonable grounds, to understand all major risks associated with the ETDs and ETD Services that will be provided to the client;
 - b. the VASP has assessed the client and deems the client, based on reasonable grounds, to have the ability to meet all financial obligations in relation to the ETDs and ETD Services that will be provided to the client;
 - c. the client has accepted the ETD Services Agreement;

- d. the client has been provided with all disclosures related to ETD Services, required to be provided by the VASP in this Part V of the Exchange Services Rulebook; and
 - e. the VASP is not aware, and has no grounds on which it ought reasonably to be aware, that the client is serving any ban or suspension from accessing or using ETD Services, or similar services, on any venue either inside or outside of the Emirate.
2. Where ETD Services are provided to Retail Investors, VASPs shall consider the following factors as a minimum when undertaking the suitability assessment and determination of the client's understanding of the major risks associated with the ETDs and ETD Services, required in Rule 1.a above, in respect of each Retail Investor—
 - a. their knowledge and experience in trading in ETDs;
 - b. their investment objectives and financial rationale for entering into ETDs;
 - c. their financial position including, but not limited to, the proportion of their net worth which the client intends to trade in ETDs;
 - d. whether the client's risk appetite is aligned with the proportion of their net worth which they intend to trade in ETDs;
 - e. whether the client's risk appetite is aligned with the risk and reward profile of the ETDs which they intend to trade; and
 - f. the client's ability to bear sudden and significant losses.
3. VASPs providing ETD Services shall collect all necessary information from clients for the purpose of assessing the client's suitability in accordance with this Rule V.C of the Exchange Services Rulebook. VASPs are entitled to rely on information provided by the client, unless they are aware, or ought reasonably to be aware, that the information is manifestly out of date, inaccurate, or incomplete.
4. Where a VASP has assessed that any ETD or ETD Services are not suitable for a particular client or classification of client at any time, the VASP shall ensure that the client cannot access those ETD Services or trade in the ETDs with immediate effect. The requirement in this Rule V.C.4 applies both at the time of carrying out the initial client suitability assessment required in Rule V.C.1 of this Part V of the Exchange Services Rulebook, and on an ongoing basis.
5. VASPs providing ETD Services must ensure that full and orderly records of all client suitability assessments are kept for at least eight (8) years.
6. Training and educational tools. To the extent that VASPs providing ETD Services provide training and/or educational tools to clients, in order to improve the clients' level of knowledge and understanding of the risks associated with ETDs and the ETD Services, such training and/or educational tools must not be designed solely for the purposes of the client passing an assessment without developing such knowledge and understanding. When designing such training and/or educational tools, in order to comply with this Rule V.C.6, VASPs must consider the following—

- a. the client's level of understanding both prior to and after accessing any information and/or educational tools provided by the VASP;
 - b. the nature and complexity of the information and/or educational tools; and
 - c. whether it is necessary to impose a delay between the client completing such training and/or educational tools before undertaking the suitability assessment.
7. VASPs providing ETD Services shall establish, implement, and maintain policies and procedures to ensure that they comply with this Rule V.C.1V.C at all times.

D. Segregation of ETD Services

1. VASPs providing ETD Services must ensure that only ETD Clients can access and/or use the ETD Services.
2. VASPs providing ETD Services shall not expose any client who is not an ETD Client to any loss mutualisation that may originate from the ETD Services provided by the VASP.
3. VASPs providing ETD Services must ensure that only ETD Clients are required to contribute assets or funds to any Insurance Fund.
4. VASPs providing ETD Services must only use Virtual Assets and cash balances in the ETD Trading Account of an ETD Client as ETD Margin, in accordance with the terms of the ETD Services Agreement.
5. VASPs providing ETD Services must ensure that each client's ETD Trading Account is segregated from all other trading accounts of that client held with the VASP.
6. To the extent that a client's assets in any other account held with the VASP may be used to settle a client's liabilities in respect of ETD Services, including but not limited to where spot positions may be used to settle any liabilities owed by the client in respect of ETD Services, the VASP must—
 - a. provide full details of when such assets may be used to settle the client's liabilities in respect of ETD Services; and
 - b. obtain the client's explicit prior acknowledgement and consent to such risk prior to the client opening each ETD position, such consent cannot be provided on an 'opt-out' basis and must be an explicit prior acknowledgement and consent to such risk by the client.

E. Client communication and disclosures

1. In addition to all other requirements in the Regulations, Rulebooks and/or Directives, VASPs providing ETD Services must ensure that all communications and disclosures in relation to the ETD Services or any ETDs are fair, clear and not misleading and are compliant with the Marketing Regulations. VASPs should have regard for the Guidance provided by VARA on the term "*prominent disclaimer*" when interpreting Rule V.E.2 below.
2. VASPs providing ETD Services shall—
 - a. provide regular updates to clients on their ETD positions, their ETD Initial Margin, and any ETD Maintenance Margin;

- b. include a prominent risk disclosure statement on the VASP's website relating to the risks associated with ETD Services;
 - c. include a prominent disclaimer on the VASP's website that VARA's approval of the VASP to provide ETD Services is not an endorsement of either (i) any specific ETD or (ii) any type of ETDs, offered by the VASP, and must not be construed or considered as such; and
 - d. regularly test, monitor, and review communications to ensure that they comply with this Rule V.E.2.
3. **Retail Investors.** To the extent that a VASP provides ETD Services to Retail Investors, the VASP must ensure that all communications and disclosures required under this Rule V.EV.E are provided in a way which can reasonably be understood by such Retail Investors, including a greater explanation of the risks and liabilities associated with ETDs and the ETD Services. This should also include a link to the disclosures, and where applicable, the educational section of the VASP's website, as well as information on the regulatory status of the VASP's platforms.
4. As required under Rule V.D.6V.D.6 of this Exchange Services Rulebook above, in the event that a client's liabilities in respect of any ETD Services may have an impact on any assets held by the client with the VASP which are not related to ETD Services, the VASP must obtain the client's explicit prior acknowledgement and consent to such risk. Such consent cannot be provided on an 'opt-out' basis and must be an explicit prior acknowledgement and consent to such risk by the client.

F. ETD Services Agreement

1. In addition to all requirements in Part III of the Market Conduct Rulebook, the ETD Services Agreement must include the following information—
- a. the client's classification as a Retail Investor, Qualified Investor or Institutional Investor;
 - b. disclosures and product descriptions appropriate for the knowledge, experience and client classification;
 - c. all terms and conditions for the ETDs and ETD Services provided by the VASP;
 - d. how ETD trades are recorded and confirmed with the client;
 - e. the leverage limits that apply to the different types of ETDs;
 - f. a description of the VASP's close-out, liquidation and/or loss mutualisation policies and procedures including all rights the VASP has to take ownership or otherwise direct the use of the client's assets, and the circumstances in which such rights may be exercised;
 - g. the terms of the Insurance Fund (including the way the Insurance Fund is funded) and any other risk management mechanism and/or tool;

- h. an explanation of the ETD Services and the risks the client may be exposed to when accessing or using the ETD Services, including but not limited to—
 - i. that the client may lose all or part of the ETD Margin deposited in the ETD Trading Account;
 - ii. whether there is the potential that the client may experience a negative equity balance in the client's ETD Trading Account, and all consequences as a result of such negative equity balance;
 - iii. whether the VASP will require the client to post ETD Maintenance Margin to the ETD Trading Account if the ETD Margin falls below the prescribed levels, or if the VASP increases the ETD Margin requirement, including the amount of prior notice the VASP will give the client in order for the client to meet such requirements;
 - iv. when and how the VASP will require the client to post additional ETD Margin to the ETD Trading Account;
 - v. the right of the VASP to close out or liquidate the client's ETD positions if the ETD Margin falls below the prescribed level in the ETD Services Agreement;
 - vi. when and how the VASP may close out or liquidate the client's ETD positions with the assets in the ETD Trading Account; and
 - vii. when and how the VASP may close out or liquidate the client's ETD positions with the assets in any other account held by the client with the VASP.
 - i. explicit consent from the client that they understand, acknowledge and accept each of the risks listed in Rule V.F.1.h of this Exchange Services Rulebook;
 - j. the applicable levels and form of ETD Margin and the circumstances in which the ETD Margin requirements can be amended or changed by the VASP, including the amount of prior notice the VASP will give the client in order for the client to meet such requirements;
 - k. a breakdown of the commissions, charges and fees charged by the VASP relating to ETD Services and when they are payable; and
 - l. a clear description of how the VASP will respond to any trading halt, suspension, delisting, or other market disruption event relating to Underlying Assets.
2. VARA may require any additional information to be included in, or amendments to made to, ETD Services Agreements, as it deems appropriate from time to time.

G. Margin and leverage limits

1. VASPs providing ETD Services must ensure that each client has the appropriate amount of ETD Initial Margin in the ETD Trading Account, in accordance with the terms of the ETD Services Agreement, prior to allowing the client to buy or otherwise have a position in any ETD.

2. To the extent that a VASP may require a client to provide ETD Maintenance Margin in respect of any ETD provided by the VASP, the VASP providing ETD Services must ensure that each client has deposited and/or maintains the required level of ETD Maintenance Margin in accordance with the terms of the ETD Services Agreement at all times.
3. VASPs providing ETD Services may only accept the following types of assets as ETD Margin in the ETD Trading Account—
 - a. the Underlying Asset of the ETD only where the Underlying Asset is a Virtual Asset;
 - b. the Virtual Asset in which the ETD will be settled (if applicable);
 - c. AED or USD;
 - d. Virtual Assets referencing AED or USD, as approved by VARA; and/or
 - e. any other assets deemed acceptable and approved by VARA.
4. VASPs providing ETD Services must establish procedures to assess the quality and value of the ETD Margin deposited in the ETD Trading Account by the client. The quality and valuation procedures must be approved by VARA as part of the VASP's authorisation to provide ETD Services. Any material changes to such procedures must be pre-approved by VARA.
5. ETD Margin remains Client Money and/or Client VAs. VASPs must comply with Part IV Client Money Rules and Part V Client Virtual Asset Rules of the Compliance and Risk Management Rulebook when holding or controlling ETD Margin.
6. VASPs providing ETD Services must establish and impose maximum leverage limits which are suitable for each individual client and consistent with the ETD Margin.
7. VASPs providing ETD Services must ensure that if a client has opened more than one ETD Trading Account with the VASP, all ETD Margin and leverage limits are monitored and maintained at the client level and across all accounts.
8. Retail Investors. Pursuant to the definition of ETD Initial Margin, VASPs shall not permit Retail Investors to use or access ETD Services with greater than 5-to-1 leverage, as the minimum requirement for ETD Initial Margin is twenty percent (20%). Notwithstanding this minimum limit, VASPs must require higher ETD Initial Margin in the event this is not suitable for any individual client or for any ETD when offered to Retail Investors.
9. VASPs providing ETD Services must monitor and regularly review the outcome that Retail Investors are experiencing when trading in ETDs through the ETD Services. Such review must consider, but not be limited to—
 - a. the total number of Retail Investors using the VASP's ETD Services that have experienced losses since the last review period; and
 - b. the percentage of Retail Investors using the VASP's ETD Services that the total number in Rule V.G.9.a represents.
10. If any such review identifies disproportionate losses suffered by Retail Investors, the VASP must identify the cause of such disparity and implement an action plan to address such causes that are within the VASP's control.

11. Institutional Investors and Qualified Investors. For Institutional Investors and Qualified Investors, VASP must have and implement policies for determining the maximum level of leverage that may be provided.
12. All VASP must take into account all of the following factors when setting maximum leverage limits for all classifications of investors—
 - a. trade size;
 - b. settlement type;
 - c. volatility of the Underlying Asset;
 - d. speed of the VASPs liquidation engine;
 - e. likelihood of a client having a negative equity balance;
 - f. types of ETD Margin provided by the client; and
 - g. (in respect of Options), whether the writer of the Option owns the Underlying Asset referenced in the ETD at the time the Option is entered into. For these purposes the term 'writer' means the Entity who has the obligation to buy or sell the Underlying Asset.

H. Perpetual ETDs.

1. VASPs providing ETD Services which include any ETD that does not have a fixed expiry date (the "**Perpetual ETD**") must ensure that the funding rate for each Perpetual ETD is calculated no less than three (3) times per day.
2. VASPs must comply with Rule V.J.7 of this Exchange Services Rulebook below in respect of all price feeds used to comply with Rule V.H.1.
3. VASPs providing ETD Services must have procedures in place to ensure that the funding of any Perpetual ETD is provided by the client required to provide such funding, to the other client receiving such funding, on a regular basis during the course of each day, based on the outcome of the funding rate calculation referenced in Rule V.H.1V.H.1 above.
4. VASPs providing ETD Services which include any Perpetual ETD, must provide Retail Investors with access to a predictive funding rate payment chart, in respect of Perpetual ETDs, to assist Retail Investors in determining and assessing potential future exposure and liabilities in relation to such Perpetual ETDs. VASPs must include a prominent disclaimer explaining that such predictive funding rate payment chart is provided for educational purposes only, and does not constitute investment advice.

I. Insurance Funds

1. VASPs providing ETD Services must establish and maintain an Insurance Fund, unless otherwise approved by VARA.
2. VASPs providing ETD Services must establish and maintain a minimum amount, below which the size of the Insurance Fund must not fall, under any circumstances.
3. VASPs must ensure the minimum amount required in Rule V.I.2 is sufficient to cover potential and actual negative equity balances in the ETD Trading Accounts of clients that

- cannot be resolved through the close-out mechanism required under Rule V.J of this Exchange Services Rulebook, under extreme but plausible market conditions.
4. The Insurance Fund may only consist of one, or a combination of, the following assets—
 - a. Underlying Assets to which the ETD Services relate only where the Underlying Assets are Virtual Assets;
 - b. Virtual Assets in which ETD Services are settled;
 - c. AED and USD;
 - d. Virtual Assets referencing AED or USD, as approved by VARA; and
 - e. any other assets deemed acceptable and approved by VARA.
 5. VASPs providing ETD Services must establish procedures to assess the quality and value of the assets and funds held in the Insurance Fund. The quality and valuation procedures must be approved by VARA. Any material changes to such procedures must be pre-approved by VARA.
 6. The Insurance Fund may be made up of contributions from ETD Clients or from the VASP itself.
 7. VASPs providing ETD Services must establish the minimum size and contribution to the Insurance Fund and the criteria to calculate the contribution that should be made by ETD Clients (if applicable) to the Insurance Fund. The contributions of each client must be proportionate to the exposures of that client.
 8. VARA may, in its sole and absolute discretion, disapply the requirement for a VASP to establish and maintain an Insurance Fund to the extent that a VASP can demonstrate to VARA's satisfaction that the nature of the ETDs, ETD Services and/or the VASP's loss prevention mechanisms remove, or significantly mitigate, the risk of any ETD Client having a negative equity balance in respect of any ETD or ETD Service provided by the VASP.
- J. Monitoring, notification and close-out**
1. Monitoring system. VASPs providing ETD Services must have and implement a comprehensive and robust monitoring, notification and close-out system for all open client ETD positions provided through the ETD Services, at all times. When designing and implementing such systems, VASPs providing ETD Services must act in the best interests of their clients, and ensure that the system is designed to assist their clients to prevent, to the furthest extent possible, avoidable losses and losses in excess of any values in the ETD Trading Account.
 2. Early notification. VASPs providing ETD Services must monitor on an ongoing basis the ETD Trading Account of each client, and promptly notify the client that the amount of ETD Margin in the ETD Trading Account is at risk of falling below the required level, as specified in the ETD Services Agreement for any ETD position.
 3. When notifying the client under Rule V.J.2V.J.2, the VASP must act in the best interest of clients and ensure that the timing of the notification is designed to assist the client in maintaining the required level of ETD Margin at all times, and to avoid a close-out under

- Rule V.J.6V.J.6 below. The notification must include a full re-statement of the applicable risks required to be stated in the ETD Services Agreement in Rule V.E.1. of this Exchange Services Rulebook.
4. If a VASP requires a client to contribute ETD Maintenance Margin, the VASP must act in the best interest of their client when notifying the client under Rule V.J.2 and ensure that the timing of the notification is designed to assist the client in contributing ETD Maintenance Margin of the required level to avoid a close-out under Rule V.J.6 below.
 5. Margin call. VASPs providing ETD Services must monitor the ETD Trading Account of each ETD Client on an ongoing basis, and promptly notify the client if the amount of ETD Margin in the ETD Trading Account has fallen below the required level, as specified in the ETD Services Agreement for any ETD position.
 6. Close-out. VASPs providing ETD Services must monitor the ETD Trading Account of each ETD Client on an ongoing basis. In the event the amount of ETD Margin in the ETD Trading Account has fallen below the required level specified in the ETD Services Agreement, and the client has not remedied such shortfall after having received the notifications required under Rules V.J.2 and Rule V.J.4V.J.4, the VASP providing ETD Services must close out all necessary ETD positions of the client required to ensure, to the furthest extent possible, the client does not purposefully incur liabilities in excess of the amounts in ETD Trading Account where avoidable.
 7. Price feeds. VASPs providing ETD Services must ensure the reliability of all price feeds and/or other information used in relation to the ETD Services including, but not limited to, that VASPs must not rely on one source of information, and must validate the price and/or other information used in relation to the ETD Services from multiple sources. Such sources must be sufficiently diversified and independent of each other such that an error in, or failure of, one source, will not cause an error in, or failure of, another source.
- K. Negative account balance and use of Insurance Fund**
1. If the client's ETD Trading Account has a negative equity balance following the conclusion of the close-out procedure and mechanism, the client shall be required to make good the shortfall in the ETD Trading Account. Until the shortfall is made up, the VASP must not permit the client to enter into any further ETD positions or ETD Services.
 2. Use of Insurance Fund. If the client does not make good any shortfall and the ETD Trading Account has a negative equity balance following the conclusion of the close-out procedure and mechanism, the funds in the Insurance Fund, or any other risk management mechanism approved by VARA, may be utilised to settle the client's liabilities.
 3. Mutualisation of losses. Only after all of the above provisions are exhausted may a VASP providing ETD Service mutualise any shortfall or losses resulting from a defaulting client's ETD position amongst non-defaulting clients of the ETD Services.

4. Any such mutualisation of losses under Rule V.K.3V.K.3 must be applied as an equal percentage to all non-defaulting clients of the VASP's ETD Services, so as to not disproportionately disadvantage clients with smaller account balances.

L. Records, reporting and notification

1. Records. VASPs providing ETD Services must maintain full and orderly records in relation to ETD Services, including but not limited to—
- the suitability assessments carried out in respect of ETD Clients, including on an ongoing basis;
 - liquidation and close-out data of client positions, including but not limited to the—
 - total number and attributable total value of liquidations;
 - total number and attributable total value of liquidations per each type of client classification;
 - percentage of total liquidations attributable to each type of classification of client expressed both as—
 - a percentage of liquidations across all types of client classification; and
 - a percentage of the number of clients within that classification of client;
 - total number and attributable value of liquidations per ETD; and
 - total number and attributable value of liquidations per Underlying Asset;
 - ongoing ETD Client profit and loss data;
 - distribution of leverage limits held across the client base including per classifications of clients;
 - financial data including, but not limited to, the volume of ETDs provided and/or outstanding at the time of reporting;
 - VASPs contributions to the Insurance Fund (if applicable);
 - the identity of applicable market makers and counterparties, associated selection criteria and historical trade data;
 - incident-based reporting relating to events such as flash crashes, instances where loss mutualisation mechanisms are triggered, market maker distress or bankruptcy events; and
 - any other information and data items specified by VARA from time to time.
2. All records required to be kept by VASPs under this Rule V.L must be sufficient to enable VARA to monitor the VASP's compliance with the provisions set forth in this Part VV of this Exchange Services Rulebook.
3. Reporting. In addition to all other applicable requirements in respect of regulatory reporting in the Regulations, Rulebooks or its Licence, VASPs providing ETD Services shall provide copies of such records and information to VARA on request. VARA will notify the VASPs of the manner in which the records and information should be disclosed to VARA.

4. **Notifications.** In addition to all other applicable requirements in respect of notifications to VARA in the Regulations, Rulebooks or its Licence, VASPs providing ETD Services shall notify VARA immediately in the event of any of the following—
- a. any circumstances required by VARA as a condition of the VASP's authorisation to provide ETD Services;
 - b. any one or more liquidations, which individually or together, may or are likely to have systemic impact or threaten the integrity and/or stability of the Virtual Asset market in the Emirate;
 - c. the VASP using amounts in the Insurance Fund to make good any outstanding positions in respect of any client, ETD or ETD Services; or
 - d. the VASP mutualising losses among non-defaulting ETD Clients.

Schedule 1 – Definitions

Term	Definition
"Board"	has the meaning ascribed to it in the Company Rulebook.
"Capital and Prudential Requirements"	has the meaning ascribed to it in the Company Rulebook.
"Client Agreements"	has the meaning ascribed to it in the Market Conduct 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.
"Contracts for Difference"	means an agreement where the buyer and seller agree to exchange the difference between (i) the value of one or more Underlying Assets at the time the contract was entered into, and (ii) the value of those Underlying Assets at a later date stipulated in the agreement.
"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.
"Exchange Services"	has the meaning ascribed to it in Schedule 1 of the Regulations.
"Exchange Services Rulebook"	means this Exchange Services Rulebook issued by VARA pursuant to the Regulations, as may be amended from time to time.

Term	Definition
"Exchange Traded Derivative" or "ETD"	<p>means any instrument, contract, product or agreement between two or more Entities that derives its value, and/or its value fluctuates based on, the price of one or more Underlying Assets and whose price and/or settlement is denominated in a Virtual Asset.</p> <p>ETDs include, but are not limited to—</p> <ol style="list-style-type: none"> a) Contracts for Difference; b) Futures; c) Options; and/or d) any other instrument, contract, product or agreement designated by VARA from time to time.
"ETD Client"	has the meaning ascribed to it in Rule V.C.1 of this Exchange Services Rulebook.
"ETD Initial Margin"	<p>means the minimum value of assets which must be deposited by the client in the ETD Trading Account, or otherwise available in the ETD Trading Account but not committed to an existing ETD position, prior to opening any new ETD position, which shall be calculated as follows—</p> <ol style="list-style-type: none"> (a) for Retail Clients— <ol style="list-style-type: none"> i. a minimum of twenty percent (20%) of the notional position value of the new ETD position; or ii. such greater amount as VARA may require for a specific VASP, ETD or Underlying Asset, from time to time; and (b) for Qualified Investors and Institutional Investors— <ol style="list-style-type: none"> i. such amounts as determined by the VASP's policy; or ii. such greater amount as VARA may require for a specific VASP, ETD or Underlying Asset, from time to time.
"ETD Maintenance Margin"	means, in the context of the ETD Services, any additional margin, as may be required by a VASP under Rule V.G.2, that must be provided by the client to the ETD Trading Account to keep an ETD position open.
"ETD Margin"	means ETD Initial Margin and any ETD Maintenance Margin as defined in this Exchange Services Rulebook.

Term	Definition
"ETD Services"	<p>means any of the following—</p> <ul style="list-style-type: none"> a) matching orders between buyers and sellers and conducting the purchase, sale or any other transaction between ETDs and Virtual Assets; or b) maintaining an order book in furtherance of (a) above. <p>For the avoidance of doubt, matching orders between buyers and sellers and conducting the purchase, sale or any other transaction between ETDs and fiat currency is not permitted under this Exchange Services Rulebook.</p>
"ETD Services Agreement"	<p>means the terms and conditions governing the relationship between the VASP and the ETD Client in relation to the ETD Services, which shall form part of the Client Agreement between the VASP providing ETD Services and the ETD Client.</p>
"ETD Trading Account"	<p>means a type of client account with the VASP, through which dealings in ETDs are executed and ETD Margin is required to be posted by the ETD Client.</p>
"Futures"	<p>means an agreement to buy or sell one or more Underlying Assets at a predetermined price.</p>
"Group"	<p>has the meaning ascribed to it in the Company Rulebook.</p>
"Initial Margin"	<p>means the minimum value of assets which must be deposited by the client in the Margin Trading Account, or otherwise available in the Margin Trading Account but not committed to an existing Margin Trading position, prior to the client opening any new Margin Trading position, which shall be calculated as follows—</p> <ul style="list-style-type: none"> (a) for Retail Investors— <ul style="list-style-type: none"> i. a minimum of twenty percent (20%) of the notional position value of the new Margin Trading position; or ii. such greater amount as VARA may require for a specific VASP, Virtual Asset or client, from time to time; and (b) for Qualified Investors and Institutional Investors— <ul style="list-style-type: none"> i. such amounts as determined by the VASP's policy; or ii. such greater amount as VARA may require for a specific VASP, Virtual Asset or client, from time to time.

Term	Definition
"Institutional Investor"	has the meaning ascribed to it in the Market Conduct Rulebook.
"Insurance Fund"	means the fund established by the VASP in relation to the provision of the ETD Services to cover negative equity balances, in whole or in part, as required in Rule V.I.1 of this Exchange Services Rulebook.
"Licence"	has the meaning ascribed to it in the Regulations.
"Licensed"	means holding a valid Licence.
"Maintenance Margin"	means the value of assets which must be deposited by the client in the Margin Trading Account, or otherwise available in the Margin Trading Account but not committed to an existing Margin Trading position, to keep a Margin Trading position open.
"Margin"	means the Initial Margin and any Maintenance Margin provided by a client.
"Margin Trading"	means the financing made by a VASP of a proportion or multiple of the market value of the Virtual Assets financed on margin, and secured as collateral by the Virtual Assets available in the Margin Trading Account or any other collateral in the cases exclusively stated in these Rules.
"Margin Trading Account"	means a type of client account with the VASP, through which dealings in Virtual Assets financed on Margin are executed.
"Margin Trading Agreement"	means the agreement between the VASP and the client specifying the terms and conditions governing the relationship between them in relation to Margin Trading.
"Market Conduct Rulebook"	means the Market Conduct Rulebook issued by VARA pursuant to the Regulations, as may be amended from time to time.
"Market Offences"	has the meaning ascribed to it in the Regulations.
"Operational Exposure"	has the meaning ascribed to it in the Regulations.
"Options"	means an agreement that grants the buyer the right, but not the obligation, to buy or sell one or more Underlying Assets at a specified price.
"Paid-Up Capital"	has the meaning ascribed to it in the Company Rulebook.
"Perpetual ETD"	has the meaning ascribed to it in Rule V.H.1 of this Exchange Services Rulebook.
"Qualified Investor"	has the meaning ascribed to it in the Market Conduct Rulebook.

Term	Definition
"Regulations"	means the Virtual Assets and Related Activities Regulations 2023, as may be amended from time to time.
"Retail Investor"	has the meaning ascribed to it in the Market Conduct Rulebook.
"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.
"Technology and Information Rulebook"	means the Technology and Information Rulebook issued by VARA pursuant to the Regulations, as may be amended VARA from time to time.
"UAE"	means the United Arab Emirates.
"Underlying Asset"	means— a) a Virtual Asset; or b) any other asset or type of asset approved by VARA and stipulated in a VASP's Licence.
"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.
"Working Day"	has the meaning ascribed to it in the Regulations.