

DECISION NOTICE

To: Mr Kulvir Virk

Email Address: [REDACTED]

Date: 29 October 2025

1. ACTION

- 1.1 For the reasons given in this Notice, and pursuant to Article 59(1) of DIFC Law No. 1 of 2004 (the **Regulatory Law**), the Dubai Financial Services Authority (the **DFSA**) has decided to restrict Mr Virk from performing any functions in connection with the provision of Financial Services in or from the DIFC (the **Restriction**). The Restriction takes effect from the date of this Notice.
- 1.2 This Notice is addressed to Mr Virk alone. The findings expressed in this Notice are without prejudice to the position of any third party, or the DFSA in relation to any third party.

2. DEFINED TERMS

- 2.1 Defined terms are identified in this Notice by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in Annex B or the Glossary Module of the DFSA Rulebook. Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

3. SUMMARY OF REASONS

- 3.1 The DFSA has decided to impose the Restriction on the grounds that Mr Virk is not a fit and proper person to perform any functions in connection with the provision of Financial Services in or from the DIFC.

- 3.2 On 19 June 2024, the United Kingdom (**UK**) Financial Conduct Authority (**FCA**) gave Mr Virk a Final Notice imposing on him a financial penalty of GBP 215,500 and prohibiting him from performing any function in relation to any regulated activities carried on by any authorised or exempt person or exempt professional firm (the **FCA Notice**).
- 3.3 In late November 2024, it was brought to the DFSA's attention that Mr Virk, having relocated to Dubai from the UK in August 2016, had been involved in the management of an Authorised Firm (see paragraphs 4.6 to 4.11).
- 3.4 Given the finding by the FCA that Mr Virk contravened its Statements of Principle 1 and 6, respectively, by failing to act with integrity and failing to exercise due skill, care and diligence, the DFSA considers it appropriate to impose the Restriction to protect the integrity and reputation of the DIFC and ensure the confidence of participants in the market.

4. FACTS AND MATTERS RELIED ON

- 4.1 During the period that the FCA found Mr Virk to have failed to act with integrity and to act with due skill, care and diligence (February 2016 to August 2019), he held the FCA controlled functions of CF1 (Director), CF28 (Systems and controls) and CF30 (Customer) at SVS Securities PLC (**SVS**). Between April 2003 and September 2012, Mr Virk held the position of chief executive of SVS. He was also deemed by the FCA to be *de facto* chief executive of SVS between January 2016 and August 2016. Mr Virk was also SVS's majority shareholder and an influential figure in SVS, taking key decisions in relation to investments made in its fixed income portfolio.
- 4.2 SVS operated a discretionary fund management business that managed investments held on behalf of retail pension customers. Under the FCA's rules, SVS was required to act in the best interests of its customers, including when acting on those customers' behalf in making investment decisions for them and not to allow conflicts of interests to interfere with its obligations to customers.

The FCA Notice

- 4.3 On 24 June 2024, the FCA Notice was published on the FCA's website setting out its findings and the considerations that led to the FCA imposing a financial penalty and prohibition on Mr Virk. Specifically, the FCA found that Mr Virk

breached its Statements of Principle 1 and 6 respectively by failing to act with integrity and failing to exercise due skill, care and diligence. In addition, because of his conduct, the FCA considered Mr Virk was not a fit and proper person and posed a risk to consumers and to the integrity of the financial system.

- 4.4 As set out in the FCA Notice, amongst other things, Mr Virk recklessly caused SVS to use a business model intended to maximise the flow of customer funds into high-risk illiquid bonds that were:
 - a. operated by directors of SVS and a close business associate of Mr Virk; and
 - b. paid undisclosed commissions of up to 12% of the invested funds to SVS.
- 4.5 Over 870 customers of SVS paid in a total of GBP 69.1 million into these high-risk illiquid bonds. These have since defaulted, resulting in those customers being unlikely to receive back more than a fraction of their investment. The model involved inducements to SVS, financial adviser firms, and unauthorised introducers, created systematic conflicts of interests, and prioritised income to SVS over the best interests of customers. The FCA found that Mr Virk was aware of the risk of customer detriment with this business model, and it was unreasonable for him to take that risk in the circumstances.

Activities in the DIFC

- 4.6 As stated in the FCA Notice, Mr Virk relocated to Dubai in August 2016. Following his relocation, he represents that he was primarily responsible for managing SVS's foreign exchange desk, focusing on China and the Middle East. There is nothing to suggest that Mr Virk's activities on behalf of SVS were carried out in or from the DIFC. However, in November 2024, the DFSA became aware that Mr Virk had been involved in the management of an Authorised Firm (the **DIFC Firm**).
- 4.7 In October 2021, Mr Virk facilitated and was heavily involved in the acquisition of 9.5% of the DIFC Firm's shares by a company registered in the UK (the **UK Entity**). Specifically, Mr Virk actively negotiated the terms of the acquisition on behalf of the UK Entity, requesting amendments to the terms of agreements and circulating amended drafts of agreements that supported the acquisition.

4.8 The DIFC Firm's records also show that Mr Virk attended the DIFC Firm's senior management meetings in his capacity as a representative of the UK Entity. The minutes show that Mr Virk was not merely an observer, but actively participated in the meetings and was, therefore, actively involved in the management of the DIFC Firm.

4.9 Mr Virk also attended the DIFC Firm's investment risk committee meetings as a "non-binding independent consultant" and representative of the UK Entity. The investment risk committee was responsible for assessing new referral agents, counterparties and approving new staff hires and product lines. At the first investment risk committee that Mr Virk attended, held on 6 February 2023, it was noted that, where an agreement with a referral agent had been executed prior to the meeting, these would be subject to a post-dated assessment. Mr Virk was involved in the assessments but, under the approval process of the committee, he was not involved in any approval.

4.10 Given its wide remit over referral agents, products and staff, the investment risk committee played a significant role in the DIFC Firm's operational management and governance structure. Although Mr Virk was not responsible for approving the decisions of this committee, his attendance and role as a representative of one of the DIFC's Firm's shareholders meant he was able to influence the committee's decision making.

4.11 Therefore, although Mr Virk was not an employee or officer of the DIFC Firm and was not formally appointed as a member of its senior management, he appears to have been involved in the DIFC Firm's decision making. The DFSA regards this as performing a function in connection with the provision of Financial Services in or from the DIFC.

5. ACTION

Lack of fitness and propriety

5.1 The FCA's finding, as set out in the FCA Notice, that Mr Virk failed to act with integrity and failed to exercise due skill, care and diligence in his position at SVS led the FCA to find that he was not a fit and proper person and posed a risk to consumers and to the integrity of the financial system.

5.2 In particular, the DFSA has taken into account that, as per the FCA Notice:

- a. Mr Virk's failings occurred across a business for which he was responsible, resulting in a significant financial penalty, and a prohibition from performing any function in relation to any regulated financial service activity in the UK;
- b. Mr Virk failed to disclose and manage multiple conflicts of interests, putting his own interests and those of his company ahead of those of his clients;
- c. Mr Virk's offences were carried out whilst he was an FCA-approved person and, therefore, subject to specific obligations and duties to act with integrity and exercise due skill, care and diligence in carrying out his controlled functions; and
- d. Mr Virk demonstrated a serious lack of competence by committing customer funds to investments without ensuring adequate due diligence, and instead prioritising his company's profits over the proper management of customers' investments.

5.3 The DFSA considers that the findings of the FCA demonstrate a lack of integrity and due care by Mr Virk, which led to the risk of detriment to retail customers and to very significant customer losses. As a result, the DFSA has concluded that Mr Virk is not fit and proper to perform any function in connection with the provision of Financial Services in or from the DIFC.

Restriction

5.4 In deciding to impose the Restriction on Mr Virk, the DFSA has had regard to its policy in relation to the exercise of the restriction power under Article 59(1) of the Regulatory Law, set out in section 4-10-3 of the DFSA Regulatory Policy and Process Sourcebook (**RPP**). This states that the DFSA may have regard to all relevant matters, including the criteria for assessing the fitness and propriety of Authorised Individuals in chapter 7 of the General Module of the DFSA Rulebook and section 2-3 of RPP.

5.5 In determining Mr Virk's fitness and propriety, the DFSA considers the following factors to be relevant:

- a. the fact that Mr Virk was found by the FCA to have contravened a provision of financial services legislation and not be a fit and proper person, posing a risk to consumers and to the integrity of the financial system;

- b. the level of risk which Mr Virk currently poses, and may pose in the future, to the reputation and integrity of the DIFC; and
- c. the need to protect the integrity and reputation of the DIFC, to protect users of Financial Services in the DIFC, and to ensure the confidence of participants in the market.

5.6 Mr Virk is not currently an employee of an Authorised Firm, is not currently performing any Licensed Function, and does not hold any Authorised Individual status. However, due to his past involvement with an Authorised Firm, which the DFSA considers was a function in connection with the provision of Financial Services in or from the DIFC, the DFSA has concluded that the concerns about his fitness and propriety are such that he poses a risk to the reputation and integrity of the DIFC and to users of Financial Services in the DIFC.

5.7 Taking the circumstances of this matter into consideration, the DFSA has decided to impose the Restriction because:

- a. it believes on reasonable grounds that Mr Virk is not a fit and proper person to perform any function in connection with the provision of Financial Services in or from the DIFC; and
- b. it is necessary and proportionate to do so in support of the DFSA's objectives.

6. PROCEDURAL MATTERS

Decision Maker

6.1 The decision which gave rise to the obligation to give this Notice was made by Peter Smith as a Decision Maker on behalf of the DFSA.

6.2 This Notice is given to Mr Virk (hereafter **you**) under Paragraph 5 of Schedule 3 to the Regulatory Law.

Evidence and other material considered

6.3 Annex A sets out extracts from some statutory and regulatory provisions and guidance relevant to this Notice.

- 6.4 In accordance with paragraphs 5(2) and 5(3) of Schedule 3 of the Regulatory Law, the DFSA has considered the relevant material provided with the preliminary notice in making its decision.
- 6.5 In accordance with paragraph 5(2) of Schedule 3 of the Regulatory Law, the DFSA provided you with a copy, or access to a copy, of the relevant materials that were considered in making the decision in this Notice.

Representations

- 6.6 Under Paragraph 4(1) of Schedule 3 of the Regulatory Law, you were given the opportunity to make representations to the DFSA in person and in writing concerning the DFSA's decision.
- 6.7 The DFSA did not receive any written representations or notification of your intention to make representations in person within the period specified in the preliminary notice.

Referral to the Financial Markets Tribunal (FMT)

- 6.8 Under Article 29 of the Regulatory Law, you have the right to refer the matter to the FMT for review. The FMT is operationally independent of the DFSA and has the power to conduct a full merits review of the matter.
- 6.9 Should you wish to have this matter reviewed by the FMT, you must exercise that right within 30 days of the date of this decision.
- 6.10 Proceedings before the FMT are commenced by submitting a Reference Notice (FMT Form 1) to the Secretariat of the FMT. The fee specified in section 4.2 of the Fees Module of the DFSA Rulebook must also be paid to the DFSA at the same time as the Reference Notice is filed with the Secretariat of the FMT.
- 6.11 The FMT Rules of Procedure, as well as the template of FMT Form 1, which includes the Secretariat's contact details, can be found on the DFSA's website at:

<https://www.dfsa.ae/about-dfsa/our-structure/financial-markets-tribunal>.

6.12 Please note that under paragraph 25 of the FMT Rules of Procedure, you must send a copy of FMT Form 1 to the DFSA on the same date it is filed with the Secretariat of the FMT.

Publicity

6.13 Under Article 116(2) of the Regulatory Law, the DFSA may publish, in such form and manner as it regards appropriate, information and statements relating to decisions of the DFSA, the FMT, and the Court, sanctions, and any other matters which the DFSA considers relevant to the conduct of affairs in the DIFC.

6.14 Under the requirement of Article 29 of the Regulatory Law, the DFSA will publish appropriate information about a decision which has been referred to the FMT unless publication would, in the DFSA's opinion, be prejudicial to the interests of the DIFC or the FMT has made an order that such information should not be published.

6.15 RPP 5-17-8 to 5-17-11 are relevant to when information about the matters to which this Notice relates will be published, including if the matter is referred to the FMT.

DFSA contacts

6.16 For more information concerning this matter, please contact the Administrator to the Decision Maker on +971 4362 1681, or by email at DMC@dfsae.ae.

Signed:



Peter Smith
Decision Maker on behalf of the DFSA

ANNEX A – RELEVANT STATUTORY AND REGULATORY PROVISIONS

STATUTORY PROVISIONS

DIFC Law No. 1 of 2004 – The Regulatory Law

Article 8(3) of the Regulatory Law sets out the DFSA's objectives.

8. The Powers, Functions and Objectives of the DFSA

(...)

(3) In performing its functions and exercising its powers, the DFSA shall pursue the following objectives:

(...)

(b) to foster and maintain confidence in the financial services industry in the DIFC;

(...)

(d) to prevent, detect and restrain conduct that causes or may cause damage to the reputation of the DIFC or the financial services industry in the DIFC, through appropriate means including the imposition of sanctions;

(e) to protect direct and indirect users and prospective users of the financial services industry in the DIFC;

(...)

CHAPTER 5 – PROCEEDINGS IN THE FINANCIAL MARKETS TRIBUNAL

29. References

The FMT has jurisdiction to hear and determine any reference where a provision of legislation administered by the DFSA or a provision in or made under a DIFC Law provides that a matter may be referred to the FMT for review.

(...)

PART 3: LICENCES, AUTHORISATION AND REGISTRATION

59. Restricting persons from performing functions in the DIFC

- (1) If the DFSA believes on reasonable grounds that a person is not a fit and proper person to perform any functions in connection with the provision of Financial Services in or from the DIFC, it may restrict the person from performing all or any such functions.
- (2) A restriction under this Article may relate to a function whether or not it is a Licensed Function.
- (3) The DFSA may vary or withdraw a restriction imposed under this Article.
- (4) A person who performs a function in breach of a restriction under this Article commits a contravention.
- (5) The procedures in Schedule 3 apply to a decision of the DFSA under Article 59(1).
- (6) If the DFSA decides to exercise its power under Article 59(1), the person may refer the matter to the FMT for review.

PART 10: MISCELLANEOUS

116. Publication by the DFSA

(...)

- (2) The DFSA may publish in such form and manner as it regards appropriate information and statements relating to decisions of the DFSA and of the Court, censures, and any other matters which the DFSA considers relevant to the conduct of affairs in the DIFC.

(...)

SCHEDULE 3 - DECISION-MAKING PROCEDURES

Paragraph 4 – Opportunity to make representations before a decision

- (1) If the DFSA proposes to make a decision to which this Schedule applies, it must first give the Relevant Person:
 - (a) a written notice (a “Preliminary Notice”) containing the information in sub-paragraph (2); and
 - (b) an opportunity to make representations to the DFSA in person and in writing concerning the decision the DFSA proposes to take.
- (2) The Preliminary Notice must:
 - (a) specify the proposed decision;
 - (b) specify the reasons for that proposed decision, including any proposed findings of fact;
 - (c) include a copy of the relevant materials which were considered in making the proposed decision;
 - (d) inform the person that they may make representations to the DFSA concerning the proposed decision; and
 - (e) specify how and by when any representations may be made.
- (3) For the purposes of sub-paragraph (2)(c), the DFSA:
 - (a) may refer to materials (instead of providing a copy) if they are already held by the Relevant Person or are publicly available; and
 - (b) is not required to provide material that is the subject of legal professional privilege.
- (4) If the DFSA does not receive any representations within the period specified in the Preliminary Notice, it may proceed to make the proposed decision and give the person a Decision Notice in accordance with paragraph 5.
- (5) If the DFSA receives representations within the period specified in the Preliminary Notice, it must consider the representations in making the decision.
- (6) If, after considering the representations, the DFSA decides:

- (a) to make the proposed decision (either as proposed or with variations), then it must give the person a Decision Notice under paragraph 5; or
- (b) not to make the proposed decision, then it must as soon as practicable notify the person in writing that it has decided not to make the decision.

(7) If the DFSA concludes that any delay likely to arise as a result of complying with the procedures in this paragraph would be prejudicial to the interests of direct or indirect users of financial services in the DIFC or otherwise prejudicial to the interests of the DIFC:

- (a) the requirements in sub-paragraphs (1) to (6) do not apply; and
- (b) instead the DFSA must provide the person with an opportunity to make representations in accordance with the procedures in paragraph 6 after it has made the decision.

Paragraph 5 - Decision Notice

- (1) If the DFSA decides to make a decision to which this Schedule applies, it must, as soon as practicable, give the Relevant Person a written notice (a “Decision Notice”) specifying:
 - (a) the decision;
 - (b) the reasons for the decision, including its findings of fact;
 - (c) the date on which the decision is to take effect;
 - (d) if applicable, the date by which any relevant action must be taken by the person; and
 - (e) the person’s right to seek review of the decision by the FMT (where applicable).
- (2) The Decision Notice must include a copy of the relevant materials which were considered in making the decision.
- (3) For the purposes of sub-paragraph (2), the DFSA:

- (a) may refer to materials (instead of providing a copy) if they are already held by the Relevant Person or are publicly available; and
- (b) is not required to provide material that is the subject of legal professional privilege.

REGULATORY PROVISIONS

DFSA Rulebook, General Module

Section 7.6 – Application for Authorised Individuals

GEN 7.6.3 - Consideration and assessment of applications

An individual will only be authorised to carry on one or more Licensed Functions if the DFSA is satisfied that the individual is fit and proper to be an Authorised Individual. In making this assessment, the DFSA will consider:

- (a) the individual's integrity;
- (b) the individual's competence and capability;
- (c) the individual's financial soundness;
- (d) the individual's proposed role within the Authorised Firm; and
- (e) any other relevant matters.

GEN 7.6.4

In Rule 7.6.3, an individual may not be considered as fit and proper where:

- (...)
- (b) he has been convicted of a serious criminal offence
- (...)

Regulatory Policy and Process Sourcebook – RPP

Section 2-3 – Assessing the Fitness and Propriety of Authorised Individuals, Principal Representatives and Key Individuals

RPP 2-3-1

This section sets out the matters which the DFSA takes into consideration when assessing the fitness and propriety of:

- (a) in the case of an Authorised Firm, an Authorised Individual or Principal Representative under section 7.6 of the GEN module and section 4.2 of the REP module, respectively; and
- (b) in the case of an Authorised Market Institution, a Key Individual under section 3.3 and chapter 5 of the AMI module.

Integrity

RPP 2-3-5

In determining whether an individual has satisfied the DFSA as to his integrity, the DFSA may have regard to matters including, but not limited to, the following:

- (...)
- (c) whether the individual has ever been the subject of disciplinary proceedings by a government body or agency or any recognised self-regulatory organisation or other professional body;
- (d) a contravention of any provision of financial services legislation or of rules, regulations, statements of principle or codes of practice made under or by a recognised self regulatory organisation, Authorised Market Institution, regulated exchange or regulated clearing house or Financial Services Regulator;
- (e) a refusal or restriction of the right to carry on a trade, business or profession requiring a licence, registration or other authority;
- (...)
- (n) whether the individual has been censured, disciplined, publicly criticised by, or has been the subject of a court order at the instigation of, the DFSA, or any officially appointed inquiry, or Financial Services Regulator; and
- (...)

Section 4-10 - Power to Restrict Individuals

Paragraph 4-10-1

Under Article 59(1), if the DFSA reasonably believes that a natural person is not fit and proper to perform any functions in connection with the provision of Financial Services, it may restrict that Person from performing any or all such functions.

Paragraph 4-10-2

Article 59 enables the DFSA to impose a restriction in respect of all functions or in respect of specific functions. The restriction may also apply to functions whether or not they are Licensed Functions. Whether a general restriction, or a more specific restriction, is imposed by the DFSA may depend on the facts of the matter, including:

- (a) the concerns upon which the DFSA determines that a natural person is not fit and proper to perform any functions; and
- (b) the need to protect the integrity of the DIFC and ensure the confidence of participants in the market.

Paragraph 4-10-3

In determining whether to exercise its power under Article 59(1), the DFSA may have regard to all relevant matters including, but not limited to, the criteria for assessing the fitness and propriety of Authorised Individuals as set out in chapter 7 of GEN, for Key Individuals the criteria set out in chapter 3 of AMI and section 2-3 of this Sourcebook.

Section 5-17 – Publicity

(...)

Paragraph 5-17-8

FMT or a court

The DFSA expects to publish appropriate information about the commencement or hearing of proceedings before the FMT or court, unless otherwise ordered by the FMT or court.

Paragraph 5-17-9 - Disclosure of Decisions

DMC

The DFSA will generally make public any decision made by the DMC, and will do so in a timely manner after any relevant period to institute a referral of the decision to the FMT has expired or when a matter is referred to the FMT (see RPP 15-17-11).

Paragraph 5-17-11

If the affected Person exercises its right of referral then, as required by Article 29 of the Regulatory Law, the DFSA will publish appropriate information about the decision which has been referred to the FMT unless publication would, in the DFSA's opinion, be prejudicial to the interests of the DIFC or the FMT has made an order that such information should not be published. When the referral has been heard and determined, or the FMT proceedings have otherwise come to an end, the DFSA expects to publish information about the outcome of those proceedings (subject only to the FMT ordering otherwise – see 5-17-12).

ANNEX B – DEFINITIONS

AMI	The Authorised Market Institutions module of the DFSA Rulebook
Authorised Firm	A Person, other than an Authorised Market Institution, who holds a Licence
Authorised Individual	An individual who has been authorised by the DFSA to perform one or more Licensed Functions for an Authorised Firm
Authorised Market Institution	A Person who is Licensed by the DFSA in relation to the carrying on either or both of the Financial Services prescribed in GEN Rule 2.17.1 and 2.18.1.
Court	the DIFC Court
Decision Notice	A written notice given by the DFSA to a Person pursuant to paragraph 5 of Schedule 3 to the Regulatory Law 2004
DFSA	The Dubai Financial Services Authority
DFSA Rulebook, GEN Module or GEN	The General Module of the DFSA Rulebook
DFSA Rulebook, Glossary Module	The Glossary Module of the DFSA Rulebook
DIFC	Dubai International Financial Centre
DIFC Firm	The DFSA Authorised Firm where Mr Virk was involved in the management
DMC	The Decision Making Committee
FCA	The UK Financial Conduct Authority
FCA Notice	The Decision Notice issued to Mr Virk by the FCA on 19 June 2024
Financial Services	Has the meaning given in GEN Rule 2.2.1, namely an activity specified in GEN Rule 2.2.2 carried on by way of business in the manner described in GEN section 2.3
FMT	The Financial Markets Tribunal
GBP	Great British Pounds (Sterling)
Licensed Function	In relation to an Authorised Firm, a function described in GEN section 7.4; and in relation to an Authorised Market Institution, a function described in AMI section 5.3
Notice	This Notice
Person	Any natural person, Body Corporate or body unincorporated, including a legal person, company, Partnership, unincorporated association, government or state
Regulatory Law	DIFC Law No. 1 of 2004, the Regulatory Law 2004
Restriction	A restriction imposed on Mr Virk from performing any functions in connection with the provision of Financial Services in or from the DIFC
RPP	The DFSA's Regulatory Policy and Process Sourcebook
SVS	SVS Securities PLC
UK	The United Kingdom of Great Britain and Northern Ireland

UK Entity	The entity incorporated in the UK which acquired 9.5% of the shares of the DIFC Firm
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