

Law No. (4) of 2022
Regulating Virtual Assets in the Emirate of Dubai¹

We, Mohammed bin Rashid Al Maktoum, Ruler of Dubai,

After perusal of:

Federal Law No. (4) of 2000 Establishing the Emirates Securities and Commodities Authority and Market and its amendments;

Federal Law by Decree No. (14) of 2018 Concerning the UAE Central Bank and Regulating Financial Institutions and Services and its amendments;

Federal Law by Decree No. (20) of 2018 Concerning Countering Money Laundering Crimes and Combatting Terrorism and Illegal Organisations' Financing, its amendments, and its Implementing Bylaw;

Federal Law by Decree No. (45) of 2021 Concerning Protection of Personal Data;

Law No. (13) of 2011 Regulating the Conduct of Economic Activities in the Emirate of Dubai and its amendments;

Law No. (9) of 2015 Concerning the Dubai World Trade Centre;

Law No. (26) of 2015 Regulating Data Dissemination and Exchange in the Emirate of Dubai;

Law No. (32) of 2015 Concerning the Official Gazette of the Government of Dubai;

Law No. (1) of 2016 Concerning the Financial Regulations of the Government of Dubai;

Law No. (8) of 2016 Regulating the Grant of Law Enforcement Capacity in the Government of Dubai;

Law No. (1) of 2021 Establishing the Dubai Digital Authority;

Law No. (5) of 2021 Concerning the Dubai International Financial Centre;

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¹Every effort has been made to produce an accurate and complete English version of this legislation. However, for the purpose of its interpretation and application, reference must be made to the original Arabic text. In case of conflict, the Arabic text will prevail.

Decree No. (22) of 2009 Concerning Special Development Zones in the Emirate of Dubai; and

The Legislation establishing and regulating free zones in the Emirate of Dubai,

Do hereby issue this Law.

Chapter One Preliminary Provisions

Title of the Law Article (1)

This Law will be cited as "Law No. (4) of 2022 Regulating Virtual Assets in the Emirate of Dubai".

Definitions Article (2)

The following words and expressions, wherever mentioned in this Law, will have the meaning indicated opposite each of them unless the context implies otherwise:

UAE:	The United Arab Emirates.
Emirate:	The Emirate of Dubai.
Government:	The Government of Dubai.
DWTC:	The Dubai World Trade Centre.
Board of Directors:	The Board of Directors of the DWTC Authority.
Director General:	The director general of the DWTC Authority.
VARA:	The Dubai Virtual Assets Regulatory Authority.
CEO:	The chief executive officer of VARA.
Virtual Asset:	A digital representation of value that may be digitally traded, transferred, or used as an exchange or payment tool, or for investment purposes. This

	includes Virtual Tokens, and any digital representation of any other value as determined by VARA.
Virtual Tokens:	A digital representation of a set of rights that can be digitally offered and traded through a Virtual Asset Platform.
Virtual Asset Platform:	A centralised or decentralised digital platform which is managed by a Virtual Asset Service Provider; on which Virtual Assets are sold, purchased, traded, offered, issued, and safekept; and through which the clearing and settlement of traded Virtual Assets are made, using the Distributed Ledger Technology.
Distributed Ledger Technology:	A public or private digital database in which Virtual Asset dispositions are recorded, created, saved, and shared so that the existence and ownership of Virtual Assets are validated through a synchronized network of nodes accessible from different sites and locations. This includes the "blockchain" technology.
Virtual Asset Service Provider:	A Person authorised by VARA to conduct the Activity.
Activity:	Any of the activities that require a Permit from VARA and are subject to its oversight, as stated in Article (16) of this Law.
Permit:	A document issued by VARA authorising a Virtual Asset Service Provider to conduct the Activity, or authorising a Person to conduct any activities, business, or services related to Virtual Assets as determined by VARA.
Virtual Asset Wallet:	A digital application, or any other digital or electronic medium, through which the Virtual Assets owned by a Beneficiary are managed and transferred, and through which all the transactions

conducted on behalf of the Beneficiary to transfer Virtual Assets between accounts are made.

Beneficiary: A Person who acquires the ownership of a Virtual Asset as it is transferred to his Virtual Asset Wallet, and is recorded and validated through the Distributed Ledger Technology.

Person: A natural or legal person.

Scope of Application Article (3)

This Law applies to the Virtual Asset services provided in all zones across the Emirate, including Special Development Zones and free zones but excluding the Dubai International Financial Centre.

Chapter Two Regulatory Framework of VARA

Establishment of VARA Article (4)

Pursuant to this Law, a public corporation named the “Dubai Virtual Assets Regulatory Authority” is established. VARA will have legal personality, financial and administrative autonomy, and the legal capacity required to undertake all acts and dispositions that ensure the achievement of its objectives. VARA will be affiliated to the DWTC Authority.

Objectives of VARA Article (5)

VARA will have the following objectives:

1. to promote the Emirate as a regional and international hub for Virtual Assets and related services; to boost the competitive edge of the Emirate at the local and international levels; and to develop the digital economy in the Emirate;

2. to increase awareness on investment in the Virtual Asset services and products sector, and encourage innovation in this sector;
3. to contribute to attracting investments and encourage companies operating in the field of Virtual Assets to base their business in the Emirate;
4. to develop the regulations required for the protection of investors and dealers in Virtual Assets, and to endeavour to curb illegal practices in coordination with the concerned entities; and
5. to develop the regulations, rules, and standards required for regulating, supervising, and overseeing Virtual Asset Platforms, Virtual Asset Service Providers, and all other matters related to Virtual Assets.

Functions of VARA Article (6)

VARA is the competent entity in the Emirate in charge of regulating, supervising, and overseeing Virtual Asset services. For this purpose, VARA will have the duties and powers to:

1. develop the general policy and the strategic plans related to regulating Virtual Asset services in the Emirate, as well as dealing and trading in Virtual Assets in the Emirate; and present the same, through the Director General, to the Board of Directors for approval;
2. regulate, supervise, and oversee the issuance, offering, and relevant disclosure processes of Virtual Assets and Virtual Tokens;
3. regulate, and issue Permits to, Virtual Asset Service Providers in accordance with the requirements, procedures, and rules adopted by it; and oversee and supervise them to ensure their compliance with the provisions of this Law, the resolutions issued in pursuance hereof, and other Legislation in force in the Emirate;
4. regulate, and establish rules and controls to govern, the conduct of the Activity in the Emirate, including the activities related to Virtual Asset management, clearing, settlement, and safekeeping services;
5. classify, and determine the types of, Virtual Assets and Virtual Tokens; and prescribe the standards and rules for trading in the same;

6. prescribe, in coordination with the Dubai Digital Authority, the procedures for protection of the Personal Data of Beneficiaries;
7. regulate and oversee the operation and management of Virtual Asset Platforms, Distributed Ledger Technology, and Virtual Asset Wallets; monitor trading and other transactions conducted through the same; prevent the manipulation of Virtual Asset trading prices; and develop the rules required to protect Beneficiaries and curb suspicious practices;
8. issue, in coordination with the concerned entities, the instructions and guidelines required for developing a process for the assessment and monitoring of Virtual Asset Service Providers; and the procedures and measures that must be taken in respect of Suspicious Transactions conducted in violation of the above-mentioned Federal Law by Decree No. (20) of 2018, the resolutions issued in pursuance thereof, and other Legislation in force in the Emirate;
9. educate Beneficiaries, and raise their awareness, on dealing and trading in Virtual Assets and the risks arising therefrom;
10. participate, in coordination with the concerned entities, in local, regional, and international economic exhibitions, symposia, and conferences on Virtual Assets, whether held within or outside of the Emirate;
11. cooperate and coordinate with local, federal, and international entities, as well as the Private Sector, on all matters related to regulating Virtual Assets, with a view to ensuring the achievement of VARA objectives;
12. collect, in accordance with the Legislation in force in the Emirate, the fees prescribed for conducting the Activity and the charges and commissions related to dealing and trading in Virtual Assets on Virtual Asset Platforms;
13. coordinate with the Central Bank of the United Arab Emirates on all matters related to the protection and stability of the financial system in the UAE;
14. propose Legislation for regulating Virtual Asset services, and present the same to the competent entities in the Emirate to take the necessary action in respect thereof;
15. establish, solely or in partnership with others, companies and corporations within or outside of the DWTC for the purposes of achieving the objectives of VARA and ensuring the performance of its functions under this Law, in

- accordance with the Legislation in force in the Emirate and the relevant regulations and bylaws approved by the Board of Directors;
16. consider the reports and complaints relating to Virtual Asset services, and make the appropriate decisions in respect thereof; and
 17. exercise any other duties or powers that are related to the regulation, oversight, and supervision of Virtual Assets and Virtual Asset Service Providers, or that are required for the achievement of the objectives of VARA, as assigned to it by the Board of Directors.

Outsourcing Functions Article (7)

VARA may, in accordance with the applicable Legislation, outsource any of its functions under this Law to any public or private entity pursuant to an agreement concluded with that entity in this respect. This agreement will state its term and the rights and obligations of both parties.

Executive Body of VARA Article (8)

The executive body of VARA will be comprised of the CEO and a number of administrative, finance, and technical employees, to whom the human resources regulations adopted by the DWTC Authority will apply.

Appointment and Functions of the CEO Article (9)

- a. The CEO will be appointed pursuant to a resolution of the Board of Directors upon the recommendation of the Director General.
- b. The CEO will, under the supervision of the Director General, manage VARA and supervise its work and activities, with a view to ensuring the achievement of its objectives. For this purpose, the CEO will have the duties and powers to:
 1. develop the general policy and the strategic, development, and operational plans, work programmes, and projects of VARA; submit the same to the Director General for approval, in preparation for final approval by the Board of Directors; and follow up their implementation upon approval;

2. draft the resolutions, regulations, and bylaws related to regulating Virtual Assets, within the scope of the functions assigned to VARA under this Law; and develop the general policy and the strategic plans for regulating Virtual Assets in the Emirate and the relevant dealings and trading transactions thereof; submit the same to the Director General for approval, in preparation for final approval by the Board of Directors; and supervise their implementation upon approval;
3. draft the code of professional conduct of Virtual Asset Service Providers, and submit the same to the Director General for approval;
4. propose the requirements, procedures, and rules for the issuance of Permits; and submit the same to the Director General for approval;
5. prepare annual reports on the work, performance, achievements, and activities of VARA, and on the outcomes of its approved plans, programmes, and projects; and present the same to the Director General to take the appropriate action in this regard;
6. propose procedures and rules for regulating the conclusion of contracts, agreements, and memoranda of understanding between VARA and other parties; and submit the same to the Director General for approval;
7. prepare the organisational structure of VARA; and submit the same to the Director General for approval, in preparation for its final approval by the Board of Directors as part of the DWTC Authority organisational structure;
8. propose, in coordination with the competent entities in the Emirate, the fees and charges for the services provided by VARA; and submit the same to the Director General for approval, in preparation for final approval by the Board of Directors;
9. propose the draft annual budget and financial statements of VARA; and submit the same to the Director General for review, in preparation for approval by the Board of Directors and final approval by the competent entities in the Emirate;
10. draft resolutions for regulating the administrative, financial, and technical work of VARA; and submit the same to the Director General for approval;
11. supervise the work of the executive body of VARA and appoint competent and specialised employees;

12. represent VARA before third parties, and conclude the contracts and agreements required for the achievement of the objectives of VARA, within the limits of the powers vested in him pursuant to this Law and the relevant approval authority chart approved by the Director General;
 13. form permanent or temporary committees and work teams, from amongst the employees of VARA or other persons. The resolution forming any of these committees or work teams must determine its functions and terms of reference, and any other relevant matters; and
 14. exercise any other duties or powers required for the achievement of the objectives of VARA, as assigned or delegated to him by the Board of Directors or the Director General.
- c. The CEO may delegate any of the powers vested in him pursuant to paragraph (b) of this Article to any of VARA employees, provided that such delegation is specific and in writing.

Obligations of the CEO and Employees of VARA Article (10)

The CEO and the employees of VARA must:

1. upon assuming their job duties, disclose in writing to VARA any Virtual Assets owned by them, their spouses, or children, and any dealings and transactions with Virtual Asset Service Providers conducted by them, their spouses, or children; and comply with the relevant resolution issued by the Director General;
2. maintain the confidentiality of the information and Data to which they have access or of which they become aware by virtue of their positions in VARA;
3. not, without first obtaining the relevant written approval of VARA, disseminate, divulge, disclose, or transfer to any Person or entity any information or Data, or retain any confidential instrument or document, which is related to VARA, to Virtual Asset Service Providers, to Beneficiaries, or to trading transactions on Virtual Asset Platforms, or which has become accessible or known to them by virtue of their positions. The CEO and the employees of VARA will remain bound by the confidentiality obligation even after the end of their service with VARA.

Financial Resources of VARA

Article (11)

The financial resources of VARA will consist of:

1. the financial appropriations allocated to VARA in the approved annual budget of the DWTC Authority;
2. the movable and immovable property allocated to VARA by the DWTC Authority;
3. the fees, commissions, and charges collected by VARA in return for the services it provides;
4. the fines imposed by VARA for committed violations;
5. the revenues generated from conducting the activities of VARA under this Law; and
6. any other resources approved by the Board of Directors.

Accounts and Financial Year of VARA

Article (12)

- a. In managing its accounts and records, VARA will apply the rules and principles of commercial accounting in accordance with the relevant internationally recognised standards.
- b. The Financial Year of VARA will commence on 1 January and will end on 31 December of each year, except that the first Financial Year will commence on the date on which this Law comes into force and will end on 31 December of the following year.

Prohibited Acts

Article (13)

VARA may not perform any work or activity, or participate in any project, that may lead to a conflict of interest or compromise the performance of its duties under this Law; and may not own or issue Virtual Assets.

Funds of VARA
Article (14)

Any funds owed to VARA by third parties are deemed Public Funds. These funds will be treated as debts owed to the Government, and will be collected in accordance with the procedures prescribed by the Legislation in force in the Emirate.

Chapter Three
Regulating Virtual Assets

Conducting the Activity
Article (15)

- a. No Person may conduct the Activity in the Emirate without obtaining a Permit from VARA. This Permit will be issued in accordance with the applicable Legislation and the relevant requirements and procedures approved by the Director General.
- b. A Person wishing to conduct the Activity must set up his business in the Emirate; and must have one of the legal forms approved by the competent commercial licensing authority in the Emirate.
- c. Where a Person wishes to conduct the Activity in the Emirate or at any of the free zones thereof, he must first obtain the required approvals and Permits from VARA prior to initiating the procedures for licensing by the competent commercial licensing authority.
- d. The Activity will be conducted subject to the requirements, rules, and regulations stated in the Permit.

Activities Requiring Permits
Article (16)

- a. The following Activities require Permits and are subject to oversight by VARA, in accordance with the provisions of this Law:
 - 1. provision of Virtual Asset Platform operation and management services;

2. provision of services for the exchange between Virtual Assets and national or foreign currencies;
 3. provision of services for the exchange between one or more forms of Virtual Assets;
 4. provision of Virtual Asset transfer services;
 5. provision of Virtual Asset safekeeping, management, or control services;
 6. provision of services related to Virtual Asset Wallets; and
 7. provision of services related to offering, and trading in, Virtual Tokens.
- b. VARA may classify and define the Activities set forth in paragraph (a) of this Article, and establish the regulations and rules required to conduct them.
- c. VARA may, subject to the approval of the Board of Directors, add any activity, business, practice, or service related to Virtual Assets to the list of Activities that require Permits and are subject to oversight by VARA.
- d. VARA will, in coordination with the Concerned Entities, prepare a list of the activities, business, practices, services, and products that are related to Virtual Assets and are prohibited in the Emirate.

Assignment of Permits

Article (17)

A Permit may not be assigned without first obtaining the relevant approval of VARA. This approval will be issued by VARA in accordance with the rules and conditions determined pursuant to the relevant resolution of the Director General. Any assignment of a Permit in contravention of this Article will be deemed null and void.

Suspension of the Activity or Dealing in Virtual Assets

Article (18)

VARA may, for any reasons related to serving the public interest or to regulating Virtual Asset trading and transactions in the Emirate, take any of the following actions and measures:

1. suspension of Permit issuance;

2. restriction, suspension, reinstatement, or stay of implementation of any internal rules or policies issued by a Virtual Asset Service Provider, in accordance with the relevant regulations, bylaws, and resolutions approved by the Board of Directors;
3. suspension of the Activity of any Virtual Asset Service Provider, in exceptional circumstances or upon the occurrence of an event that jeopardises the proper and uninterrupted flow of work, in accordance with the relevant regulations, bylaws, and resolutions approved by the Board of Directors;
4. suspension or cessation of dealing in any Virtual Assets, whether or not traded on Virtual Asset Platforms; or suspension or cessation of any relevant offering or issuance process, in exceptional circumstances or upon the occurrence of an event that jeopardises the proper and uninterrupted flow of work, in accordance with the relevant regulations, bylaws, and resolutions approved by the Board of Directors; or
5. any other action or measure determined pursuant to the relevant resolution of the Board of Directors.

Fees

Article (19)

In return for issuing Permits and approvals, and providing other services, under this Law and the resolutions issued in pursuance hereof, VARA will collect the fees, commissions, and charges prescribed by the relevant resolution of the of the Board of Directors.

Violations and Administrative Penalties

Article (20)

- a. The Board of Directors will issue a resolution determining the acts that constitute violation of this Law and the resolutions issued in pursuance hereof; and the relevant fines to be imposed on violators.
- b. In addition to the penalty of a fine, VARA may take any of the following measures against a violator:
 1. suspending the Permit for a period not exceeding six (6) months; or

2. revoking the Permit and coordinating with the competent commercial licensing authority in the Emirate to cancel the commercial licence.

Law Enforcement

Article (21)

- a. VARA employees nominated pursuant to a resolution of the Director General will have law enforcement capacity to record the acts committed in breach of the provisions of this Law and the resolutions issued in pursuance hereof. For this purpose, they may inspect the Virtual Asset Service Providers and Persons authorised by VARA to conduct the activities or provide the services related to Virtual Assets; access any records or documents in their possession; issue the necessary violation reports; and, where necessary, seek the assistance of police personnel.
- b. The law enforcement capacity referred to in paragraph (a) of this Article will be granted in accordance with the provisions of the above-mentioned Law No. (8) of 2016 and the resolutions issued in pursuance thereof.

Grievances

Article (22)

Any affected party may submit a written grievance to the Director General against any decision, action, or measure taken against him under this Law or the resolutions issued in pursuance hereof, within thirty (30) days from the date of being notified of the contested decision, action, or measure. The grievance will be determined, within fifteen (15) days from the date of its referral to the committee formed by the Director General for this purpose. The decision issued by the committee on the grievance will be final.

Cooperation with VARA

Article (23)

- a. All Persons, including Virtual Asset Service Providers, must fully cooperate with VARA and meet its requirements in accordance with the provisions of this Law and the resolutions issued in pursuance hereof; provide it with all the information and documents it requires to enable it to exercise its functions and powers and to achieve its objectives; and not obstruct exercising these functions and powers by VARA.

- b. For the purposes of exercising the functions assigned to it under this Law and the resolutions issued in pursuance hereof, VARA may seek assistance from the concerned Government Entities in the Emirate and from free zone authorities, including police personnel. Upon request, these entities must provide support and assistance to VARA.
- c. Where necessary, VARA may, if any of the Persons to whom this Law applies refuses or fails to allow it to exercise its functions under the Law, take recourse to the competent court to order the seizure of any information, documents, or equipment; or preservation of the places where these required items or Data are kept.

Chapter Four Final Provisions

Non-liability Article (24)

- a. The Government will not be liable to third parties for any debts or obligations incurred in respect of the work and activities of VARA or any of the entities to which VARA delegates its duties or powers. VARA will be solely liable for such debts or obligations.
- b. Neither VARA nor any of the entities to which VARA delegates its duties or powers will be liable to third parties for any obligations incurred by Virtual Asset Service Providers or by the Persons authorised by VARA to provide any of the services or conduct any of the activities related to Virtual Assets.

Exemption from Liability Article (25)

Except in cases of fraud and gross fault, neither the Board of Directors, nor the Director General, nor the CEO, nor the employees of the executive body of VARA will, in the course of performing their duties under this Law and the resolutions issued in pursuance hereof, be liable to any third party for any act or omission committed by them in connection with the performance of these duties. VARA will be solely liable to third parties for such an act or omission.

Issuing Implementing Resolutions
Article (26)

- a. With the exception of the resolutions which the Board of Directors is authorised to issue under this Law, the Director General will issue the resolutions required for implementing the provisions of this Law. These resolutions will be published on VARA website.
- b. The resolutions issued by the Board of Directors and the Director General and published on VARA website pursuant to paragraph (a) of this Article will have the binding force of the Legislation published in the Official Gazette of the Government of Dubai pursuant to the above-mentioned Law No. (32) of 2015.

Repeals
Article (27)

Any provision in any other Legislation is hereby repealed to the extent that it contradicts the provisions of this Law.

Publication and Commencement
Article (28)

This Law will be published in the Official Gazette and will come into force on the day on which it is published.

Mohammed bin Rashid Al Maktoum

Ruler of Dubai

Issued in Dubai on 28 February 2022

Corresponding to 27 Rajab 1443 A.H.