

Legal Glimpse – By MAS Advocates.

DMCC – Pioneering Blockchain & Crypto Currency in UAE



United Arab Emirates has evolved with the developed countries of the world and is one of the few countries that has embraced the new wave of cryptocurrency and blockchain transactions.

In 2020, the UAE's Securities and Commodities Authority ("SCA") issued Crypto Asset Activities Regulation¹ to regulate the offering, issuing, listing and trading of Crypto Assets in UAE and related financial activities. In addition, thereof, SCA issued Guidance for Crypto Asset Regulation² (collectively referred to as "Regulations").

The aforesaid Regulations broadly defined Crypto Assets as an asset issued to investors in a cryptographic form, typically with investors using cryptographic keys to evidence their ownership. It excludes currency, virtual currency, unit of stored value or any other item, including any item issued within a facility, in each case approved or required to be approved by the UAE Central Bank pursuant to its regulations from time to time. SCA under its Regulations clearly distinguished the crypto assets regulated by SCA and by UAE Central Bank.

¹ Securities and Commodities Authority Decision No. 23/RM/2020

² Administrative Decision No. (11) of 2021



Dubai Multi Commodities Centre (“DMCC”) and Government of Dubai Authority has executed a Memorandum of Understanding (“MoU”) with the SCA to establish a regulatory framework for businesses offering, issuing, listing, and trading crypto assets in DMCC. DMCC has introduced a regulated activity under the license of ‘proprietary trading in crypto-commodities’ and is expanding its range of crypto asset licenses. The SCA will apply the Regulations to regulate and monitor the crypto activities and business conducted by companies under such crypto asset licenses. DMCC and SCA shall develop a unified approach for crypto and block chain industries.

DMCC is member of the Global Blockchain Council (“GBC”) consisting of 46 members including TECOM, DIFC, Dubai Holding, Emirates NBD, Emirates Islamic, Smart Dubai Office, Dubai Smart Government, Du, Microsoft, etc., established by the Dubai Future Foundation.

The members of GBC are encouraging and leading the Blockchain Strategy which aims to host the government transactions on a blockchain platform. Blockchain is a shared immutable real time ledger for recording history of financial transactions, contracts, physical assets, information of supply chain, etc. The blockchain transaction offers to open a transparent and authentic, decentralized database for money, goods, property, work, etc., thereby replacing middlemen and reducing financial fraud. It will assist the common man in its daily tasks as the Government of Dubai intends to update its data on the blockchain, easing all governmental process viz., purchasing property, dealing with bank accounts, utilities, etc.

DMCC is leading the implementation of the Dubai Blockchain Strategy and Crypto Assets and encouraging the blockchain and crypto businesses to establish themselves in an organic manner in the DMCC Free Zone. The requirements of listing a crypto trading platform in the DMCC requires a list of 85 detailed documents.

All documents, whether in the form of a declarations, or statements, certificates, assurance reports, or attested copies of an official documents, or an undertaking ... etc. must follow the Crypto Assets Activities Regulations requirements.



In addition to the above detailed requirements, there is also a list of 48 licensing requirements in the form of documentation and technology standard which must be met to obtain a license in the DMCC. The duration of establishing a crypto exchange platform, provided that all the documentation, requirements and standards are met, will be up to 3 months from the date of submitting the required documents.

We will share a deeper insight regarding the compliance process and framework for blockchain and crypto businesses in DMCC once SCA issues the regulatory framework and guidelines in line with the MoU.

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