حكومـــة دبـــي
GOVERNMENT OF DUBAI

DUBAI
للاقتصـاد والسيـاحـة
Economy and Tourism

DUBAI FINANCIAL SERVICES UNIFIED GUIDEBOOK

For Businesses Establishing in Dubai

In Partnership with: DFSA Dubai Financial Services Authority | DIFC | VARA شلطة تنظيم الأصول الافتراضية VIRTUAL ASSETS REGULATORY AUTHORITY | Nasdaq Dubai | DFM سوق دبي المالي | التميمي و مشاركوه AL TAMIMI & CO.

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INTRODUCTION TO THE UAE

The United Arab Emirates (**UAE**) is a federation of seven Emirates, including Dubai, Abu Dhabi, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah, each offering unique opportunities for businesses and investors. While oil and gas were historically the mainstays of the UAE's economy, the UAE has successfully diversified into a range of industries, including financial services, logistics, tourism, technology, renewable energy and real estate. With a business-friendly environment, robust infrastructure and a stable economy, the UAE is renowned for attracting investors and entrepreneurs seeking growth opportunities in these various sectors.

Dubai, the UAE's vibrant commercial capital, is particularly renowned for its role as a leading global financial centre. The city offers three avenues from a commercial licensing perspective for setup, namely, mainland UAE, the Dubai International Financial Centre (**DIFC**, one of the world's most advanced financial ecosystems) and a number of Free Trade Zones (**FTZs**). With a pro-business regulatory framework, state-of-the-art facilities, and access to a highly skilled and diverse workforce, Dubai provides a fertile ground for financial services and enterprises to thrive.

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FACILITATING GROWTH: KEY INSIGHTS ON EASE OF DOING BUSINESS IN DUBAI

Dubai has rapidly evolved into one of the world's most dynamic global financial hubs, attracting businesses, investors, and professionals from all corners of the globe. With a strategic location at the crossroads of Europe, Asia and Africa, world-class infrastructure, highly skilled international talent and a large expat population with a rapidly growing number of High Net Worth Individuals (**HNWIs**), Dubai presents vast opportunities in the financial services, fintech, and emerging technologies sectors.

Dubai offers a specialised ecosystem tailored to a diverse array of financial services, including collective investment funds, asset management firms, fintech firms, Islamic and AI-focused businesses. Supplementing Dubai's varied offerings in financial services, Dubai is also recognised as a global hub for virtual assets services as well as the leading hub for Islamic finance in the Middle East and North Africa (**MENA**) region.

A key characteristic of Dubai's specialised ecosystem is Dubai's pro-innovation regulatory approach, which is aimed at easing the ability of businesses to operate in the financial services sector. For instance, both Mainland Dubai and the DIFC regulate virtual asset businesses under bespoke, complementary regulations designed to meet the specific needs of the sector. Moreover, Dubai is home to the Virtual Assets Regulatory Authority (**VARA**), the world's first regulatory authority dedicated exclusively to virtual assets, which provides specialist regulations and guidance for businesses carrying out virtual asset activities. Supplementing its specialised ecosystem, Dubai is uniquely equipped with a dual legal system — whereby civil law is applied in Mainland Dubai and most free zones, and a common law-based framework is applied in the DIFC, offering flexibility and easing the ability to conduct business.

Highlights:

FDI Considerations:

Dubai offers a host of financial incentives including 100% foreign ownership for a majority of financial services, excluding those designated as activities with a strategic impact (such as banking and insurance), 100% repatriation of capital and profits and capital gains are subject to Corporate Tax at the headline rate, however participation exemption or other relief may be available.

Proximity:

Dubai International airport is the world's busiest airport by international passenger traffic, with direct links to all major global markets by land, sea and air covering ¾ of the world's population within eight hours fight time.

International Agreements:

The UAE is currently party to an extensive network of bilateral investment protection agreements with 109 countries and bilateral double taxation treaties with 142 countries, including most major financial hubs and 16 of the G20 countries.

D33 Economic Agenda:

The D33 Economic Agenda aims to position Dubai among the top four global financial hubs and as a leading capital market in the Middle East, Africa and South Asia region. To achieve these goals, Dubai is focused on driving growth through investments in human development, cutting-edge technologies and innovation. This notably includes the launch of 'Sandbox Dubai' to allow testing and commercialisation of new technologies and making Dubai a major innovation hub.

World Bank's Ease of Doing Business Index:

Dubai ranked first in the MENA region on the last World Bank's Ease of Doing Business Index and 16th globally.

Digitalisation:

Dubai's drive for digitalisation falls within the broader UAE Digital Economy Strategy. The UAE forecasts more than a 100% increase in the contributions of digital economy to the UAE's GDP, from USD 62 billion in 2021 to over USD140 billion in 2031.

Regulatory Cooperation:

Dubai's regulatory regime continues to align with international standards, to enable foreign investors to enjoy greater transparency and legal security. Regulators collaborate across the UAE and internationally to facilitate cross-jurisdictional operations so investors can manage assets across jurisdictions while still benefiting from specialised structures in each jurisdiction.

Sustainable Finance:

The UAE is committed to sustainable finance and climate change mitigation, and has adopted several initiatives, such as the UAE Green Agenda 2015-2030, the National Climate Change Plan of the UAE 2017-2050 and the UAE Net Zero by 2050 Strategic Initiative. These initiatives are further developed through the publications of the UAE Sustainable Finance Working Group, a joint platform associating the financial regulators, relevant federal ministries and securities exchanges. These efforts are also complemented in mainland UAE by the Central Bank of the UAE (**Central Bank**) through initiatives like the financial sector sustainability roundtable and the sustainability and climate-related financial risk management principles for the financial sector, and the Dubai Sustainable Finance Working Group, which is led by the DIFC. Additionally, in 2024, DP World debuted its USD 100 million Blue Bond on Nasdaq Dubai, the region's first corporate Blue Bond. This contributes to Nasdaq Dubai's growing prominence in sustainable finance, increasing its ESG-linked bond and Sukuk listings to USD 29 billion, with total debt listings reaching USD138 billion by 2024.

Human Capital:

The UAE ranked 22nd in the 2023 Global Talent Competitiveness Index, published by INSEAD, ranking first among Northern Africa and Western Asia region. A key pillar of the D33 Agenda is to attract and nurture top global talent through strategic initiatives and substantial investments in human capital development.

IMD World Competitiveness Report:

In the 2024 World Competitiveness Report issued by the International Institute for Management Development in Switzerland the UAE was ranked 7th worldwide, alongside 2nd place globally in Economic Performance, 4th in Government Efficiency and 10th in Business Efficiency. The UAE also ranked 5th place in 13 other indicators, notably including GDP per capita, start-up procedures and foreign highly skilled personnel.

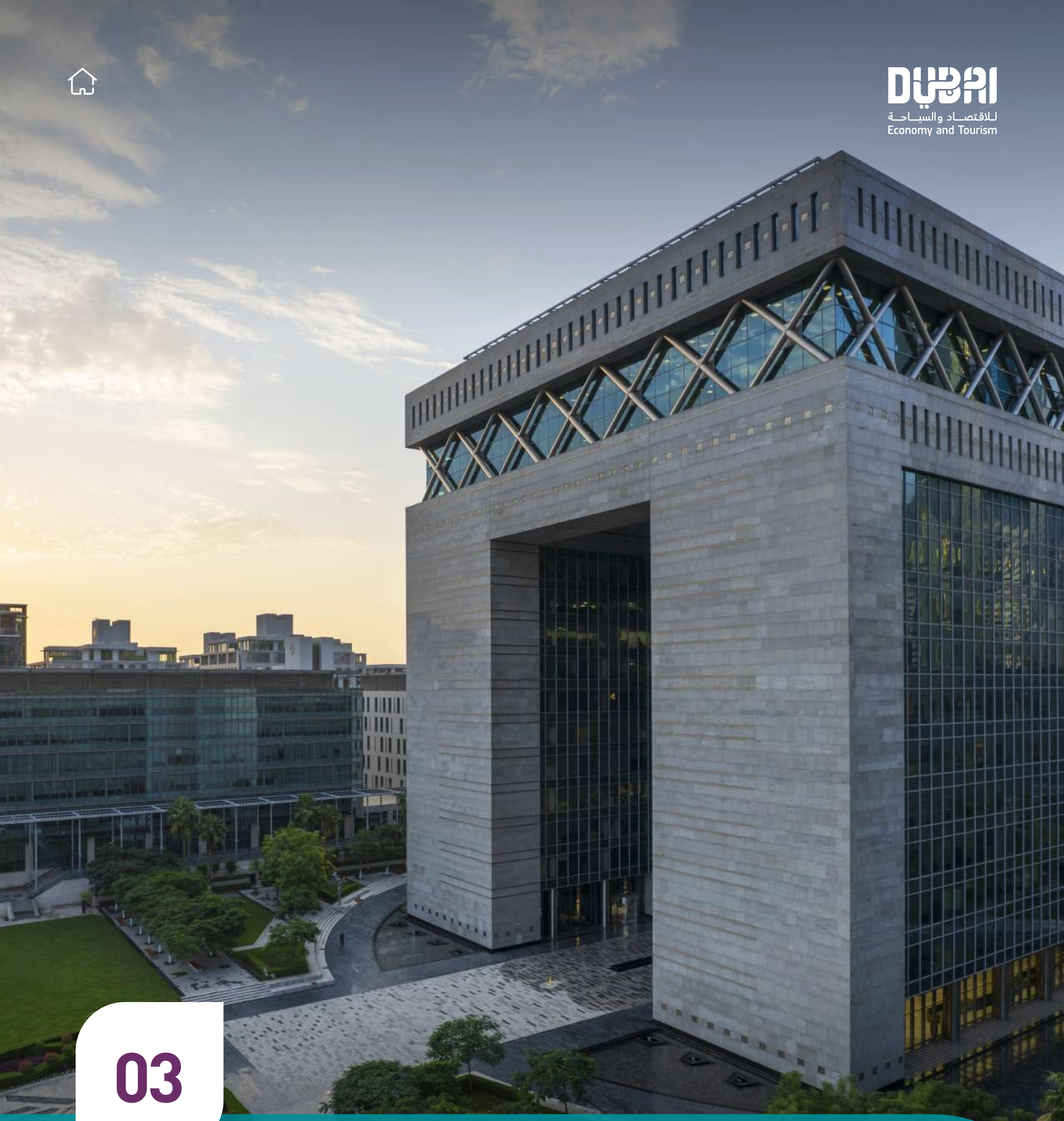
Family Offices:

The UAE is home to over 75% of the region's family offices, with more than half located in Dubai. These businesses have approximately USD 3 trillion in private wealth within just an hour's flight, making Dubai a popular hub for wealthy individuals and families to operate. The DIFC has over 420 wealth and asset management companies and is also home to over 800 family related entities, with the wealthiest 120 families and individuals managing over USD 1.2 trillion globally. The DIFC has launched regulations specifically for family offices, which streamline operations for families and ultra high net worth individuals (**UHNWIs**) by offering a clear structure for private wealth management. The DIFC's framework also supports various corporate structures, such as Prescribed Companies (an SPV structure), and foundations, which provide flexible succession planning options by establishing self-owned entities that continue beyond the founder's lifetime.

Professional Services:

The UAE has been an attractive destination for globally leading consultancies, auditors and law firms to establish their regional base. Within Dubai alone, all of the Big Four accounting firms, Big Three management consultancies and top-ranking international law firms, maintain a strong presence.

Dubai's aim is not just to be ready for the future, but to actively shape it. With this forward-looking approach, Dubai continues to adapt policies to welcome financial services businesses and innovators looking to capitalise on the vast opportunities the Emirate offers.



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PURPOSE OF THIS GUIDEBOOK

Financial services regimes are constantly evolving to keep up with changes in the global economy, technological advancements and the evolving needs of various stakeholders. The rapid growth of fintech, digital banking, AI and other emerging technologies has created a strong demand for regulatory frameworks that can address new challenges and facilitate opportunities in the financial sector.

Amidst this evolving landscape, the Emirate of Dubai has emerged as a leading global hub for financial services, fintech and emerging technologies. Dubai's regulatory framework is designed to foster innovation while maintaining a strong focus on market integrity, investor protection and stability of financial systems and markets.

Over the past two decades, Dubai has implemented numerous proactive measures to foster a thriving environment for financial entities, including customised regulations for emerging technologies, the establishment of specialised regulatory bodies, and the launch of regulatory sandboxes and accelerator programs to drive innovation. At the heart of Dubai's regulatory approach is its commitment to enhance ease of doing business. With this goal in mind, we present this Dubai Financial Services Unified Guidebook (**Guidebook**), designed as a simplified resource to help you establish a financial services entity in Dubai.

The Guidebook breaks down the business setup and financial licensing process into clear and actionable steps, while covering key aspects of the Dubai financial services landscape. This includes information on relevant jurisdictions within Dubai for businesses to set up, Dubai's legal framework, key financial regulators, licensing requirements (including capital thresholds), dispute resolution options and other essential topics.

This Guidebook aims to serve as a valuable resource to help businesses take the first step in capitalising on the opportunities Dubai offers in the financial services sector.

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JURISDICTION OVERVIEW: MAINLAND DUBAI, DIFC AND FREE TRADE ZONES

4.1 | UAE Legal Framework

At the heart of the UAE's legal system is the Constitution. The Constitution divides responsibility of defined areas of law between Federal and Emirate governments. This comprehensive legal system can be divided into two different categories:

1. **UAE Federal Laws**: which apply in each Emirate and their respective free zones (unless explicitly expressed not to). The Federal Government enacts broad codes that apply to civil, commercial and penal laws and procedures and these laws are made through a process that is prescribed by the Constitution.

2. **Emirate level laws:** where each Emirate has the authority to establish its own legal framework. Emirate laws and regulations emanate from the Ruler of the Emirate or statutory bodies of the Emirate empowered by the Ruler. Often Emirate laws implement the laws set at Federal level.

   Unlike common law countries such as the United Kingdom (**UK**), the UAE is a civil law jurisdiction with statutory federal codes, such as civil, commercial, civil procedures and penal.

   The UAE Civil law system has a legal basis influenced by Egyptian, French and Roman law, as well as Islamic Sharia law, which enforces the primary source of law as the statute code. As a civil law jurisdiction, the UAE does not have a system of binding case law.

4.2 | Dubai Legal Framework

Zooming into Dubai, the Emirate of Dubai is governed by UAE Federal Law and Dubai Laws. For the purposes of this Guidebook, there are three possible options in Dubai where a financial services company can be setup: Mainland Dubai, the DIFC, or a free trade zone.

1. Mainland Dubai

Mainland Dubai refers to the main jurisdiction of Dubai (excluding any financial or free trade zones) (**Mainland Dubai**). Businesses operating in Mainland Dubai are subject to Federal laws, including Federal Tax, and Dubai Laws.

A financial services company incorporated in Dubai would fall under the jurisdiction of Securities and Commodities Authority (**SCA**), the Central Bank or VARA, subject to the nature of the regulated activity. Please see section 5 which discusses the various financial regulators in more detail.

2. Free Trade Zones

Within each Emirate, there are prescribed free zones which operate under a special legal framework. The purpose of these areas is to attract and allow 100% foreign ownership of companies. While UAE Federal Laws no longer impose foreign ownership restrictions in Mainland Dubai for the majority of activities, free zones remain an attractive option, particularly because they offer tailored environments for specific industries. These activity-specific free zones provide setup options that cater to specialised activities, enabling businesses to benefit from industry-focused infrastructure, regulatory support and streamlined processes.

There are two types of free zones in the UAE: financial and trade. Dubai has one financial free zone, the DIFC as described further below, and several Free Trade Zones (**FTZs**), which are designated geographical areas where certain Dubai Laws and (in some specific cases) customs laws do not apply.

FTZ laws and regulations are limited to creation of the free zone, the free zone authority and matters specific to the free zone such as company setup and governance or leasing and development of land within the free zone.

Unlike the DIFC, FTZ regulations are not comprehensive, and they do not have separate courts, or independent financial services regulators. This means that Mainland Dubai laws apply in all other cases, including the authorisation and regulation of financial services, and the Dubai courts have jurisdiction over disputes.

Set out below is an introduction to certain Dubai FTZs, where there are specific opportunities to set up a financial services entity:

a. Dubai Multi Commodities Centre (DMCC)

The DMCC was established in 2002 with the mission of establishing Dubai as a commodity trading and enterprise gateway to the Middle East and beyond. DMCC is now one of Dubai's most important economic drivers, today accounting for 15% of all foreign direct investment in the Emirate. While the DMCC offers licences for certain financial activities, such as commodities brokerage, money exchange and a host of virtual assets activities, prerequisites include third party approval of the SCA, Central Bank and VARA, respectively. The DMCC is also home to the Dubai Gold and Commodities Exchange (**DGCX**). The DGCX is one of the premier platforms in the Middle East for trading commodities, including precious metals like gold, as well as currency pairs, hydrocarbons, and more.

b. Dubai World Trade Centre (DWTC)

Since 1979, DWTC has been a key hub for business growth in the Middle East, especially in trade and tourism. DWTC offers licences for certain financial activities, including family offices and virtual asset service providers (VASPs) licenced by VARA. VARA is officially affiliated with the DWTC Authority. Globally leading VASPs, such as Binance, have opted for the DWTC as the base of their regional operations. DWTC also maintains a special regime for Single Family Offices and Multi Family Offices, creating a favourable regulatory environment for HNWIs from across the globe.

c. Dubai Airport Freezone (DAFZ)

DAFZ, established in 1996, is a vibrant business hub at the centre of global trade. Located next to the world's busiest international airport, it provides excellent access to the Middle East, Europe, the Indian Subcontinent, and the Far East, with over 3,000 businesses and 20,000 professionals. DAFZ offers diverse business setup solutions tailored to blockchain and virtual asset currency enterprises. While it does not issue licences specifically for virtual asset currency operations, it facilitates virtual asset-related activities such as consultancy, blockchain research and development, and fintech innovations under its standard business licensing framework. For any virtual asset activities conducted in DAFZ that fall within the regulatory purview of VARA, the appropriate VARA licence is required to operate in DAFZ.

3. Dubai International Financial Centre (DIFC)

The DIFC is a self-contained financial free zone located in Dubai and the leading global financial centre in the region. Over 6,900 financial services and related companies are based in DIFC, and unlike other free zones in Dubai, the DIFC was created by federal statute as a separate and independent jurisdiction from the Mainland Dubai framework.

The DIFC has its own body of statutory civil and commercial laws and regulations, and its legal system is rooted in common law. Common law is a legal framework that evolved in England from the 11th century based on legal customs and practices as determined by and recorded in court decisions as opposed to written laws, codes or statutes. Certain mainland Federal and Dubai Laws continue to apply in the DIFC, namely the Penal Code, AML Law and Federal Tax Law.

There are three key authorities in the DIFC:

i. the DIFC Authority (**DIFCA**) with the authority to draft and administer the application of the DIFC laws and to register and supervise entities located within the DIFC.

ii. the Dubai Financial Services Authority (**DFSA**) an independent financial services regulator responsible for regulating and supervising financial services entities and activities in and from the DIFC.

iii. the DIFC Courts, which are independent of the UAE court system and follow the doctrine of precedent.

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KEY FINANCIAL REGULATORY AUTHORITIES

There are four key regulatory authorities with responsibility for the regulation of the financial sector in Dubai. Anyone seeking to provide a financial service in or from Dubai must have the requisite permissions, authorisations or licences from the relevant financial services regulator. The applicable financial services framework and regulator will depend on which jurisdiction the financial services entity is operating from, the nature of its product and service offerings and its customer base.

1. Central Bank

The Central Bank is the federal supervisory and regulatory authority for the banking and insurance sectors in the UAE. The Central Bank is responsible for the regulation of insurance related activities and licensed financial activities, which includes deposit taking, the provision of credit and funding facilities, the provision of currency exchange and money transfer services, and monetary intermediating services, amongst others.

The Central Bank licences, supervises and regulates, amongst others, banks, exchange houses, finance companies, payment service providers, stored value facilities (**SVF**) providers, loan based crowdfund platform operators, registered hawala providers, insurance companies, insurance agencies, insurance brokers and payment token service providers.

The Central Bank website provides all related information on the licensing regime and the Central Bank Rulebook is the public repository for regulations issued by the Central Bank.

2. SCA

The SCA is the federal supervisory and regulatory authority for commodities and securities markets in the UAE. SCA licences and regulates, amongst others, securities and commodities markets, central counter parties (providing clearing and settlement services), central securities depositories, securities brokers, commodities brokers, dealers, financial consultancy/advisors, issuance managers, listing advisors, securities custodians, registrars, general clearing members, investment managers, fund managers, portfolio managers, credit rating agencies, promoters, introducers, virtual assets brokers, virtual assets custodians, virtual assets platform operators, and equity based crowdfund platform operators.

SCA's expectation generally is that all financial services companies licenced by it are setup in Mainland Dubai. SCA's licensing regime is organised into categories that are set out below:

1st Category (Dealing in Securities)	2nd Category (Dealing in Investment)	3rd Category (Custody, Clearing and Recording)	4th Category (Credit Rating Agencies)	5th Category (Arranging and Advice)	6th Category (The Crowdfunding Platform Operator)	7th Category* (Virtual Assets Services Providers)
Trading and clearing broker	Investment fund management	Custody		Financial Consultations	Providing Money Services (other than issuing Stored Value)	Virtual assets broker
Trading broker in the International Market	Family business Investment Management (Family office)	General clearing		Financial Adviser (Issuance Manager)		Custody of Virtual assets
Trading broker of OTC derivatives, commodity contracts and currencies in the spot market	Portfolios Management	Issuer of Covered Warrants		Listing adviser		Virtual asset platform operator
Trading broker	Fund Administration	Depository Bank of Depository Receipts		Introducing		
Financial products dealer	Managing a profit-sharing investment account	Depository Bank Agent of Depository Receipt		Promoting		
		Registrar of the private joint stock companies				

*In mainland UAE, SCA regulates virtual assets activities at a federal level (excluding Dubai), VARA is designated a Local Licensing Authority and has been delegated SCA's powers for entities operating in or from the Emirate of Dubai (excluding the DIFC).

3. DFSA

The DFSA is the independent regulator of financial services conducted in or from the DIFC. Its mandate covers asset managers, banks, custody and trust services, commodities futures traders, fund managers, insurers and reinsurers, brokers and traders of securities, and fintech firms. The DFSA also supervises exchanges and trading platforms for both conduct and prudential purposes, overseeing an international securities exchange (Nasdaq Dubai) and an international commodities derivatives exchange (Gulf Mercantile Exchange).

Similar to SCA, the DFSA's licensing regime is also organised by category as shown below. The DFSA regularly enhances its rules, so the DFSA website should be consulted for the most current information.

Category 1	Category 2	Category 3A	Category 3B	Category 3C	Category 3D	Category 4	Category 5
Accepting Deposits	Dealing in Investments as Principal (not as Matched Principal)	Dealing in Investments as Principal (only as Matched Principal)	Providing Custody (only if for a Fund)	Managing a Collective Investment Fund	Providing Money Services (other than issuing Stored Value)	Arranging Deals in Investments	Islamic Financial Institution Managing an Unrestricted Profit-Sharing Investment Account
Managing an Unrestricted Profit-Sharing Investment Account	Providing Credit	Dealing as Agent	Acting as the Trustee of a Fund	Managing Assets		Advising on Financial Products	
			Operating an Employee Money Purchase Scheme	Providing Trust Services as a trustee of an express trust		Arranging Custody	
			Acting as the Administrator of an Employee Money Purchase Scheme	Managing a Restricted Profit Sharing Investment Account		Insurance Intermediation	
				Providing Custody (other than for a Fund)		Insurance Management	
				Providing Money Services (issuing Stored Value)		Operating an Alternative Trading System	
						Providing Fund Administration	
						Providing Trust Services other than as a Trustee of an Express Trust	
						Arranging Credit and Advising on Credit	
						Operating a Crowdfunding Platform	
						Advising or Arranging on Money Services	

4. VARA

VARA is the competent entity in charge of regulating, supervising and overseeing virtual assets and virtual asset activities in the Emirate of Dubai and all commercial zones across Dubai, including Special Development Zones and FTZs, but excluding the DIFC. VARA plays a central role in creating Dubai's advanced legal framework to protect investors and establish international standards for virtual asset industry governance, while supporting the vision for a borderless economy.

VARA regulates VASPs carrying out a range of virtual asset activities in or from the Emirate of Dubai, including exchange, broker-dealer, custody, asset management, lending and borrowing, transfer and settlement, and advisory activities.

VARA has dedicated rules and regulations designed to:

- Ensure fair trading practices;
- Prevent market manipulation;
- Enhance investor protections through clear disclosure requirements; and
- Mandate security standards for custody and settlement processes.

See VARA's FAQs for common topics regarding virtual asset businesses.

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SPOTLIGHT: THE FINANCIAL SERVICES REGULATORY FRAMEWORK AND LICENSING REQUIREMENTS

6.1 | Laws and Regulations

1. Central Bank

The Decretal Federal Law Regarding the Central Bank and Organization of Financial Institutions and Activities (**Federal Banking Law**), and the Federal Decree Law Regulating Insurance Activities (**Federal Insurance Law**) empower the Central Bank to exercise licensing and supervisory powers in relation to financial institutions falling under its regulatory purview. The Central Bank has also implemented a comprehensive regulatory regime which is largely compiled in the online Central Bank Rulebook, available on the Central Bank's website.

The Central Bank's Rulebook is comprised of regulations issued for banks, insurance related businesses, and non-bank financial entities including, but not limited to, regulations for:

a. **Exchange Houses:** Regulates licensing and monitoring of currency exchange businesses.

b. **Finance Companies:** Sets prudential and operational requirements for finance providers.

C. **Representative Offices:** Governs foreign banks' representative operations in the UAE.

D. **Crowdfunding:** Details rules for operating loan based crowdfunding platforms.

E. **Stored-Value Facilities:** Regulates entities offering electronic wallets or payment cards

F. **Retail Payment Systems:** Covers rules for payment service providers.

G. **Large Value Payment Systems:** Focuses on financial infrastructure handling significant transactions.

H. **Payment Services:** Defines licensing and operational rules for payment providers.

I. **Sandbox:** Provides a controlled environment for FinTech innovations.

j. **Payment Token Services:** Regulates virtual asset currency and token-based payment services.

2. SCA

The SCA Law provides the foundational regulatory framework for the UAE's securities and commodities markets. The SCA Rulebook consolidates the financial activities licenced by SCA, the licensing requirements as well as conduct of business obligations.

In addition, there are regulatory requirements that generally apply to all SCA licenced entities, such as Regulation of Market Licensing and Supervision, Regulation of the Central Clearing Party Activities, Regulation of the Central Depository Activities and Regulation of Listing and Trading of Commodities.

Furthermore, there are regulations governing specific activities, such as the SCA Virtual Assets Regulation that governs VASPs, the Investment Fund Regulation that applies to fund management activities and investment funds, and the Regulation which governs equity based Crowdfunding Platform Operators.

3. DFSA

The DIFC Regulatory Law is the cornerstone of the DFSA's regulatory powers, functions and objectives, and sets out the DFSA's structure. DFSA also administers certain other key laws including the DIFC Markets Law, DIFC Islamic Financial Business Law, DIFC Collective Investment Law and DIFC Investment Trust Law.

The DFSA maintains the DFSA Rulebook which is comprised comprised of several comprehensive modules (for instance, the General Module, the Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module, and the Conduct of Business Module) that generally apply to entities licensed by the DFSA. DFSA has also issued activity specific rules and guidance that apply on the basis of the specific activities of the entity (for example, Collective Investment Rules and Islamic Finance Rules). The DFSA regularly publishes consultation papers on any proposed changes to the DFSA-administered laws and Rulebook modules. There are also several Sourcebooks providing practical information on aspects such as prudential returns, regulatory form templates, and regulatory policy and process guidance.

4. VARA

The UAE Cabinet Resolutions 111 and 112 of 2022 establish the regulatory environment that VARA operates within, enabling it to oversee the virtual assets ecosystem effectively, enhance transparency and mitigate risks associated with virtual asset transactions. In addition, the Dubai Virtual Assets Law (Dubai Law No. 4 of 2022) is the legislation governing VARA's licensing and supervisory powers.

Under the Dubai Virtual Assets Law, VARA has issued the VARA Regulations, which prescribe the regulated virtual asset activities, associated rules and the key licensing requirements. Additionally, VARA has issued a number of rulebooks, including several mandatory rulebooks that apply to all VARA licenced VASPs and seven activity-specific rulebooks (for example, Broker-Dealer Services, Exchange Services and Custody Services) that apply on the basis of the VASPs activities.

6.2 | Licensing Requirements

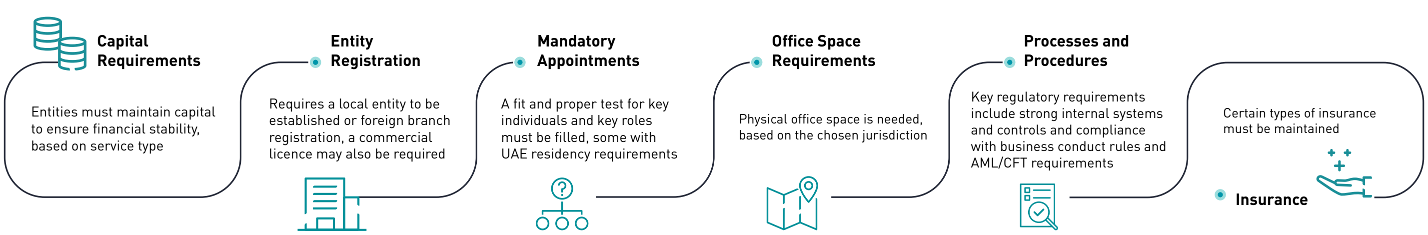
In both Mainland Dubai and the DIFC, the conduct of regulated financial services is prohibited without obtaining the appropriate financial licence from the relevant regulatory authority, unless an exemption applies.

The regulators have adopted a risk-based approach in the licensing and supervision of financial entities. This means that the regulatory burden on financial entities is designed to be commensurate with the nature, size, complexity and risks involved in the business.

Below is an overview of the key requirements for obtaining a financial licence. While this provides a general framework, additional or varying requirements may apply depending on the specific business model, licences opted for and the relevant regulatory authority.

Navigating Financial Services Licensing requirements in Dubai:

Key Licensing Requirements



Capital Requirements:

The entity must maintain sufficient capital to ensure the financial stability of the business. Capital requirements vary depending on the type of services provided. For example, companies engaged in only financial advisory services have lower capital requirements compared to firms dealing in securities.

Entity registration:

The applicant may choose to establish a local entity in Dubai or register a foreign branch. Applicants should ensure that, where required, a suitable commercial licence is obtained from the relevant company registration authority, in addition to the financial licence (typically required for local entities).

Mandatory appointments:

The entity is required to make certain mandatory appointments, for example, Chief or Senior Executive Officer (**CEO** or **SEO**), Compliance Officer, Money Laundering Reporting Officer (**MLRO**) and Finance Officer. The regulators have the discretion to permit outsourcing of activities to group companies or third-party service providers. Typically, roles such as CEO/SEO, Compliance Officer and MLRO have UAE residency requirements. In addition, the entity must maintain sufficient human resources to operate and supervise its facilities.

Office space requirements:

The entity must secure suitable physical office space in Dubai, with the location depending on the chosen jurisdiction. For example, financial firms applying for a DFSA licence must maintain office space within the DIFC.

Insurance:

The entity is required to maintain certain types of insurance, such as professional indemnity insurance, to cover potential risks and liabilities.

Fit and Proper Test:

The key individuals within the entity (for example, directors, controllers, SEO and other key roles) must satisfy a "fit and proper" test to ensure they have the necessary qualifications, experience, and ethical standing.

Internal systems and controls:

Financial entities must implement strong internal controls and risk management systems to mitigate financial, operational, and regulatory risks and maintain a suitable organisation structure. This includes an adequate corporate governance framework and division of responsibility, managing conflicts of interest, and systems proportionate to the scale and complexity of the business.

Compliance with Conduct of Business Rules:

The entity must adhere to the applicable conduct of business requirements set by the relevant regulatory authority

Compliance with AML/CFT requirements:

Entities must establish procedures to ensure compliance with relevant AML/CFT regulations and adopt measures to detect and prevent financial crime.

Technology systems and controls:

Entities that rely on technology-dependent business models must implement robust technology systems and controls. This includes business continuity policies, cybersecurity measures and other related safeguards.

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UNDERSTANDING THE OPTIONS: CAPITAL REQUIREMENTS AND COMPLIANCE CONSIDERATIONS

7.1 | Capital Requirements

Set out below are an overview of the minimum paid-up or base capital requirements prescribed by each regulator for selected licences as at the date of this Guidebook. These constitute a baseline for assessing the costs of setting up, alongside other considerations, such as the licensing process, compliance and general business setup, as well as ongoing capital requirements. Please note that the DFSA recently consulted on the base capital requirements and VARA is also looking at modifications. Accordingly, this information is subject to change and the relevant regulator websites should be consulted.

DFSA		SCA	
Licence Category*	Minimum Base Capital Requirements	Licence Category	Minimum Paid-up Capital Requirements
Category 1	The base capital rate is USD $10 million	1st Category	The base capital rate is AED 30 million; however, this may be subject to an increase.
Category 2	The base capital rate is USD $2 million	2nd Category	Ranging between AED 1-3 million depending on the selected activity (except Managing a profit-sharing investment account, which is AED 35 million)
Category 3A	The base capital rate is USD $500,000	3rd Category	AED 50 million
Category 3B	The base capital rate can range between USD $500,000 to USD $4 million depending on the selected activity	4th Category	AED 5 million
Category 3C	The base capital requirement can range between USD 70,000 - USD 500,000 depending on the selected activity	5th Category	AED 500,000
Category 3D	The base capital rate is USD $200,000	6th Category	AED 1 million
Category 4	The base capital rate can range between USD $30,000 to USD $140,000 depending on the selected activity	7th Category	AED 1-5 million depending on the selected activity
Category 5	The base capital rate is USD $10 million		
	* Note: These requirements may be subject to change.		

CENTRAL BANK		VARA	
Activity	Minimum Paid-up Capital Requirements	Activity	Minimum Paid-up Capital Requirements
Banks	AED 2 billion for licensed Banks (excluding specialised banks, which is AED 300,000). Branches of foreign banks must maintain at least AED 100 million (branch) AED 2 billion (or equivalent) at the head office level	**Advisory Services**	AED 100,000
Finance Companies	AED 150 million	**Broker Dealer Services**	AED 400,000- AED 600,000
Exchange Business	Either AED 2 million (Category A), AED 5 million (Category B) or AED 10 million (Category C), depending on the selected activity. If the legal form is a limited liability company, AED 50 million for all categories	**Custody Services**	AED 600,000
Retail Payment and Card Schemes Services	Depending on the category of activity and value of payment transactions, AED 1.5 million to AED 3 million (Category I), AED 2 million or 1 million (Category II), AED 1 million or AED 500,000 (Category III), AED 100,000 (Category IV)	**Exchange Services**	AED 800,000 – AED 1.5 million
Stored Value Facilities	AED 15 million or an equivalent amount in any other currency approved by the Central Bank	**Lending and Borrowing Services**	AED 500,000
Payment Token Services	AED 15 million, subject to the Central Bank's discretion to impose higher requirements for large scale and complex providers	**Management and Investment Services**	AED 280,000 – AED 500,000
Open Finance Services	AED 1 million	**Transfer and Settlment Services**	AED 500,000
Insurance Company	The subscribed and paid up capital may not be less than AED 100 million	**VA Token Issuance**	N/A – at the sole and absolute discretion of VARA
Reinsurance Company	The subscribed and paid up capital of a reinsurance company may not be less than AED 250 million		

7.2 | Key compliance considerations

Set out below is a summary of key compliance considerations relevant to financial services companies operating in Dubai (including Mainland Dubai, FTZs and DIFC).

a. FATCA/CRS

The Foreign Account Tax Compliance Act (**FATCA**) and the Common Reporting Standard (**CRS**) are international agreements aimed at combating tax evasion by increasing transparency and information exchange between countries. Following the ratification of international FATCA/CRS through the UAE-US Intergovernmental Agreement for FATCA (**UAE-US IGA**), and the Federal CRS Laws and DIFC CRS Law, UAE Financial Institutions (**FIs**) have certain compliance obligations under FATCA and CRS. To ensure compliance with the FATCA and CRS obligations, UAE FIs must first assess whether they are considered Reporting FIs or Non-Reporting FIs.

In accordance with the FATCA and CRS requirements, Reporting FIs have to comply with certain obligations, such as:

i. Registration with the United States of America (**US**) tax authority, the Internal Revenue Service, unless they are exempt. Upon FATCA registration on the US Internal Revenue Service portal, the UAE FI will be issued a unique identifier number (**GIIN**) and will be identified on the published US Internal Revenue Service Foreign FIs List.

ii. Annual reporting on specified matters via the UAE Ministry of Finance portal in relation to both CRS and FATCA.

iii. Conducting due diligence and continuously monitoring in relation to client accounts.

UAE FIs must continuously assess their obligations under FATCA and CRS and any other specific legislation in order to ensure compliance.

b. Data Protection

In mainland UAE, data protection is governed by the Federal Data Protection Law, however the data protection requirements are spread across different legislations and regulations, with regulators prescribing additional requirements for entities within their regulatory purview. For example, the Central Bank has prescribed various data protection requirements under the Federal Banking Law, Stored Value Facilities Regulation (**SVF Regulation**), Retail Payment Systems and Card Schemes Regulation (**RPSCS Regulation**) as well as the Consumer Protection Regulations (and the accompanying Consumer Protection Standards).

In addition, the Dubai Data Protection Law and its accompanying policies and standards include specific requirements to protect personal data. It is monitored and enforced by Smart Dubai, the government department that was established to empower, deliver and promote an efficient, seamless, safe and impactful city experience for residents and visitors.

In the DIFC, data protection requirements are provided under the DIFC Data Protection Law (**DP Law**) and the Data Protection Regulations. The DIFC Commissioner of Data Protection is responsible for administering the DIFC data protection requirements. The DIFC DP Law applies to companies incorporated in the DIFC which process personal data (regardless of whether the processing takes place in the DIFC or abroad) and, in certain circumstances, also applies to foreign companies which process personal data in the DIFC. The DIFC Data Protection Law aligns closely with the General Data Protection Regulation (in the European Union and UK) and prescribes detailed rules and regulations regarding the collection, handling, disclosure, and use of personal data in the DIFC.

c. AML/CFT Obligations

The UAE places obligations on financial institutions in the UAE to prevent, detect and report money laundering, terrorism financing and proliferation activities and to comply with sanctions (**AML/CFT/CPF**).

The principal UAE AML/CFT/CPT legislation is the AML Law, AML Regulation and the Penal Code. In addition, there are several cabinet decisions and guidance issued from time to time concerning AML/CFT/CPF matters. Further, the financial regulators have also stipulated specific AML/CFT/CPF obligations applicable to entities under their supervision.

With respect to DIFC, it is governed by two separate and complementary regimes in relation to AML, CFT and sanctions legislation, both administered by the DFSA: (a) the UAE federal regime (which is explained above); and (b) the DIFC regime which is contained in its Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module, the Regulatory Law (Chapter 2 of Part 4) and other relevant DFSA Rules.

Overall, there are comprehensive compliance requirements on financial institutions, including the following, to:

i. identify, assess, understand AML and sanctions risks.

ii. define the scope of and take necessary due diligence measures.

iii. appoint a compliance officer, with relevant qualifications and expertise and in line with the requirements of the relevant regulatory authority.

iv. put in place adequate management and information systems, internal controls, policies, procedures to mitigate AML/ CFT risks and monitor implementation.

v. put in place indicators to identify suspicious transactions.

vi. report suspicious activity/transactions and cooperate with the relevant regulatory authorities.

vii. promptly apply directives of the authorities for implementing UN Security Council decisions under Chapter 7 of the UN Convention for the Prohibition and Suppression of the FT and Proliferation.

viii. maintain adequate records.

d. Tax

The UAE applies Value-Added Tax (**VAT**) and Corporate Tax (**CT**) on the Federal level, which applies to all of mainland UAE, the FTZs and the DIFC (**Federal Tax**). In addition to Federal Tax, certain Emirates impose additional taxes for specific activities within their Emirate.

i. VAT

In 2018, the UAE introduced VAT at a standard rate of 5%. Certain supplies of goods and services such as exports are subject to VAT at a zero rate (0%), while other supplies such as certain financial services are exempt from VAT.

Businesses that are registered, or required to register, for VAT must charge VAT on goods or services supplied in the course of their business. These businesses must collect the VAT from their customers and, on a periodic basis, remit the collected VAT to the Federal Tax Authority (**FTA**), along with the filing of a tax return.

Businesses registered for VAT can recover the VAT paid on goods and services purchased from their suppliers or on imports, provided they meet the relevant conditions. VAT incurred on expenses attributable to exempt supplies is not recoverable.

Financial services are subject to VAT at the standard rate when provided in exchange for an explicit fee, discount, commission, rebate, or a similar charge. Conversely, financial services that are remunerated through an implicit margin or spread (that is, no explicit fee is charged) are exempt from VAT.

Any financial service provided under a Shariah-compliant Islamic financial arrangement shall be treated in the same manner for VAT purposes as its equivalent conventional financial arrangement.

Where VAT is incurred on expenses that are partly attributable to both taxable and exempt supplies, an apportionment method must be used to allocate the input VAT. Accordingly, only the portion of input VAT that is attributable to taxable supplies may be recovered by applying the 'input tax apportionment' method.

ii. Corporate Tax

In 2023, the UAE Ministry of Finance introduced a Corporate Tax that is levied on the taxable income of corporations and other businesses. UAE Corporate Tax (**CT**) is applicable for financial years starting on or after 1 June 2023, with a highly competitive headline rate of 9% on taxable income exceeding AED 375,000.

As an exception to the 9% rate, a free zone person that meets certain prescribed conditions to be considered a "Qualifying Free Zone Person" can benefit from a CT rate of 0% on their "Qualifying Income".

Certain financial service activities, such as reinsurance services, wealth and investment management services, and fund management services are considered "Qualifying Activities" under the CT regime subject to meeting certain conditions. There are also certain exemptions available to qualifying investment funds, subject to meeting the relevant conditions and receiving approval from the FTA.

The UAE currently has a preferable rate of 0% withholding tax.

There is no personal income tax in the UAE.

iii. Dubai Tax

At the Dubai Level, a 20% tax is imposed on the annual taxable income of branches of foreign banks operating in the Emirate of Dubai. Banks can deduct any UAE CT paid from the tax that is payable in Dubai. Branches of foreign banks operating in the DIFC remain exempt from this Emirate-level tax.

08

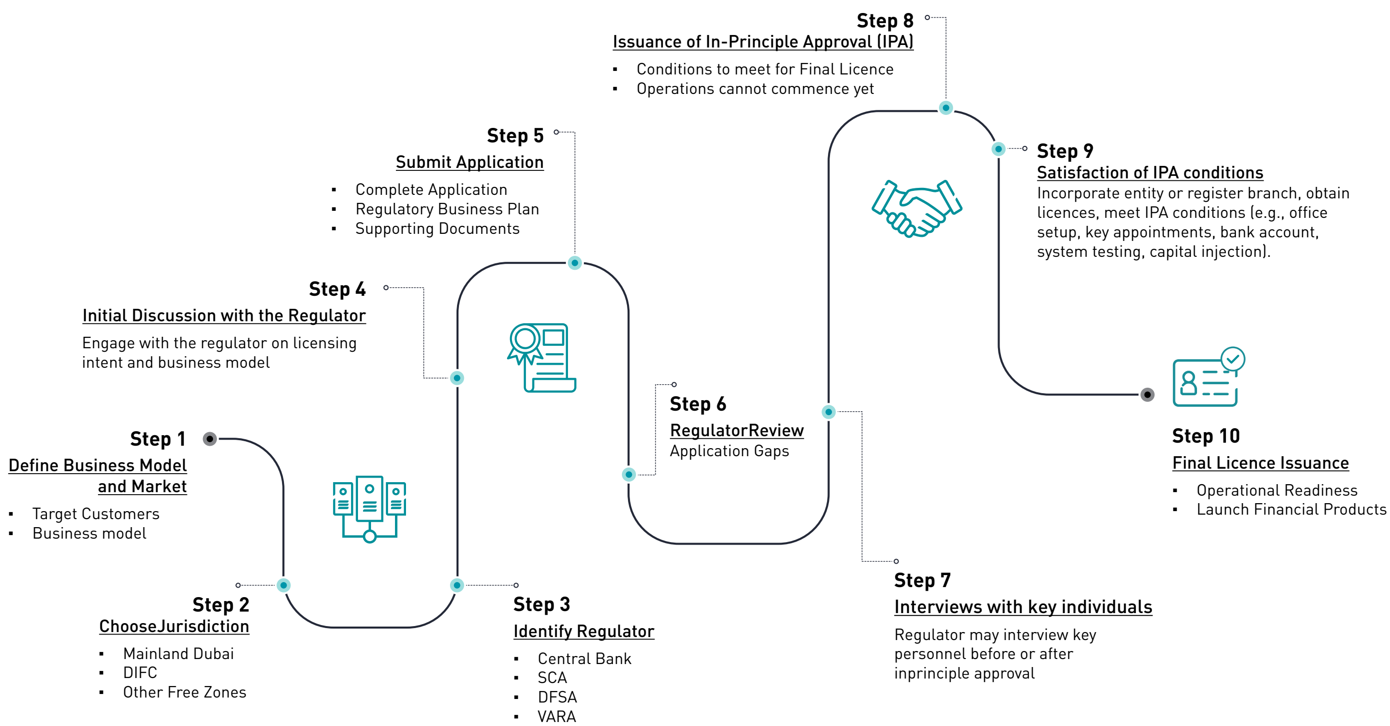
THE ROADMAP: ESTABLISHING A FINANCIAL SERVICES ENTITY

Setting up a financial services entity in Dubai involves a series of steps, beginning with comprehensive planning and consultation with the relevant regulator.

It is important to note that each regulator may have specific requirements that need to be considered by the applicant. Additionally, the steps involved in the licensing process may vary depending on the type of financial licence applied for and the regulator overseeing the application. For instance, VARA requires applicants to first submit an Information Disclosure Questionnaire and obtain an Approval to Incorporate request prior to initiating the full licensing process. Successful VASPs then obtain an In-Principle Approval, indicating that they may proceed with fulfilling the remaining obligations, before qualifying for a full VASP Licence.

Below is an overview of the general steps involved in the financial services licensing application process.

General Financial Services Licencing Application Process:



- **Step 1: Clearly defining the business model and the target market**

  The first step in the licensing process is to clearly define the planned business model for the financial services entity. A critical consideration during this phase is identifying the target customers for the services — are financial products and/or services intended for customers across the wider UAE, or customers based in the DIFC?

- **Step 2: Choosing the jurisdiction for setup**

  Once the business model and target market are determined, the next step is to decide on the appropriate jurisdiction for the setup — this involves choosing between Mainland Dubai, FTZs in Dubai (if applicable) or the DIFC.

  In general, the applicant can choose mainland UAE for UAE wide market access (excluding the DIFC), specialised commercial free zones for specific benefits, or the DIFC to access the broad financial services ecosystem in the DIFC. Each jurisdiction offers distinct regulatory and operational advantages that must be considered.

  There are various structures available for set up, including a limited liability company, partnership and a joint stock company. While choosing the legal structure, the applicant must consider, not only their business requirements and foreign ownership requirements, but also any legal structure requirements specified by the financial regulators. Generally, a sole proprietorship or a general partnership is not considered as a suitable structure for a financial services entity. Not all legal structures are eligible for 100% foreign ownership.

  In the DIFC and Mainland Dubai, several dedicated structures are designed to support financial services and specialised activities:

  - Special Purpose Vehicles: These are flexible and cost-effective entities commonly used for asset holding, structured finance, securitisation, and risk management, which can be established in the DIFC or Mainland Dubai (with a licence from the SCA).

  - Prescribed Companies: These are a DIFC specific SPV structure which offer a streamlined framework for specific uses like family offices, proprietary investment, and holding structures, benefiting from reduced compliance requirements while maintaining regulatory oversight.

  - Single Family Offices (SFOs): These entities cater exclusively to managing the private wealth and assets of a single family, providing tailored solutions for governance, succession planning, and investment management, and can be established in the DIFC or certain FTZs in Dubai, such as the DWTC and DMCC.

  These structures enable businesses and HNWIs to operate efficiently within Dubai's robust legal and regulatory environment.

  A foreign company can establish a branch in Dubai to conduct business in the region.

  Each jurisdiction offers a multitude of commercial licences. The applicant must carefully choose the commercial licence appropriate for their business.

- **Step 3: Identifying the relevant financial regulator**

  Once the business model and jurisdiction are defined, the next step is to identify the relevant regulatory authority that will have licensing and supervision powers over the proposed services (for instance, an entity setting up in mainland UAE, will need to consider whether the Central Bank, SCA or VARA is the relevant regulator).

- **Step 4: Initial Discussion with the Regulator**

  Engage in preliminary discussions with the relevant regulator on the intention to obtain a financial services licence and the proposed business model.

- **Step 5: Submit Licence Application**

  Submit the required financial services licensing application forms, along with a regulatory business plan and supporting documents. These may include essential documents such as the Compliance Manual, AML Policy, Corporate Governance Manual, Conflicts of Interest Policy, and Risk Management Framework. The specific nature and number of supporting documents required will vary depending on the type of licence, the regulatory authority involved and other relevant factors.

- **Step 6: Application Review by Regulator**

  The regulator reviews the application and identifies any gaps or deficiencies that need to be addressed by the applicant. The applicant will be required to resolve any issues or concerns raised by the regulator.

- **Step 7: Interviews with key individuals**

  The regulator may conduct interviews with key individuals in the firm, such as the CEO SEO, Compliance Officer and/or MLRO. These interviews may take place either before or after the issuance of the in-principle approval.

- **Step 8: Issuance of In-Principle Approval**

  Once the regulator is satisfied with the application, it will issue an In-Principle Approval (**IPA**) which will outline conditions that must be met before the final licence can be issued. The financial services entity cannot yet commence operations at this stage.

- **Step 9: Satisfaction of IPA conditions**

  Once the IPA is secured, the applicant can proceed with the incorporation of the local entity in the UAE or the registration of the foreign branch. This step involves obtaining the relevant commercial licence and/or registration with the appropriate company registration authority.

  The applicant must take steps to satisfy the IPA conditions which may include operational steps such as securing office space, making necessary appointments and submitting proof of such appointments, opening a bank account, conducting third-party testing of systems, and injecting the required regulatory capital.

- **Step 10: Issuance of Final Financial Services Licence**

  Once the IPA conditions are met, the regulator will issue the final financial services licence. In some cases, the applicant may be required to complete additional steps to ensure operational readiness before launching financial products or services.

Common Mistakes to Avoid:

- **Misalignment with Business Activities:**

  Failing to match the business scope with the appropriate licence type or regulatory framework can result in non-compliance and application denial. It is crucial to fully understand the licence categories and the activity that is being applied for before beginning the licensing process.

- **Underestimating Regulatory Requirements:**

  Overlooking specific compliance requirements, such as minimum capital requirements, governance structures or operational policies, can hinder the approval process. Selecting appropriate resources commensurate to the activity to be conducted can mitigate this issue, such as considering qualified staff for key functions, office space, IT infrastructure and third-party providers.

- **Choosing the Wrong Structure:**

  Checking that the appropriate legal structure is selected and aligns with the requirements for the intended licensed activity. It is important to be aware of specific activities that may require local ownership and consider whether a local partner is required.

- **Unrealistic Business Plans:**

  Submitting vague or overly ambitious business plans without substantiating them with market research or financial projections may raise concerns about feasibility.

- **Inadequate Knowledge of Regulatory Frameworks:**

  Not fully understanding the requirements of the relevant authority, such as the Central Bank, SCA, DFSA or VARA, can lead to missteps in the application process.

- **Lack of Professional Guidance:**

  Proceeding without consulting legal, regulatory or financial experts familiar with UAE licensing processes can increase the likelihood of errors.

09

FINANCIAL SECTOR FOCUS

This section provides insight into the specific financial services sectors within the financial services industry in Dubai and the regulatory conditions and requirements applicable.

9.1 | Banking and Finance

In mainland UAE, all banking activities are supervised by the Central Bank under the Federal Banking Law. The Central Bank supervises both UAE national banks and foreign banks with branches in the UAE.

The Central Bank has been actively driving innovation in the financial sector, with a particular focus on modernising the banking and payments infrastructure. In 2023, the Central Bank launched the Financial Infrastructure Transformation (**FIT**) Programme to accelerate digital transformation in the financial services sector. The FIT program has 9 key focus areas, including the following:

i. Card domestic scheme.

ii. Electronic KYC (Know Your Customer).

iii. Central Bank Digital Currency.

iv. Open finance.

v. Supervisory technology (known as SupTech).

vi. Innovation hub for fintechs.

vii. Launch of instant payments platform and Financial Cloud.

The Central Bank has already taken significant steps towards implementation of the FIT Programme.

The Central Bank also regulates financing activities under the Finance Companies Regulations which covers a range of financial activities, such as:

a. Retail finance, including personal loans, credit cards, vehicle loans and short-term credit.

b. Mortgage finance, including residential mortgages and commercial mortgages.

c. Wholesale finance, including loans to large corporate borrowers, small and medium-sized enterprises, micro-financing, finance and operating leasing and wage protection schemes.

In parallel, the DIFC continues to be a hub for banking and finance activities. DIFC is home to 27 of the world's top 29 global systemically important banks (as at end of 2024). Banks in the DIFC, which may be either branches or subsidiaries of banks headquartered outside the DIFC, and wish to carry out banking activity in the DIFC, need to obtain a licence to:

a. Accept Deposits.

b. Manage a Profit Sharing Investment Account.

Naturally, banks in the DIFC would also seek additional permissions to their licences including Providing Credit, Providing Trust Services, Arranging Custody, Providing Custody, Managing Assets, Dealing in Investments as Agent, Arranging Deals in Investments and Advising on Financial Products to be able to provide a comprehensive suite of services. Additional endorsements such as permissions to conduct retail or Islamic business or holding or controlling client assets would typically be also added on the licence.

9.2 | Asset and Wealth Management

Over the last few years, Dubai has witnessed unprecedented growth in the asset and wealth management sector, with an increasing number of regional and international wealth and asset management firms expanding into the region.

In August 2023, SCA reported a strong surge in assets under management (AUM) of SCA licensed companies, amounting to around AED 35 billion and observed that in 2024 there was an 83% increase in the number of companies licensed to engage in such activities.

Equally, as at the date of this Guidebook, the DIFC boasts a USD 450+ billion DIFC wealth and asset industry size and USD 165 billion AUM managed within DIFC. There are more than 330 companies in the wealth and asset management sector currently in the DIFC. The family office ecosystem within the DIFC complements the wealth management industry by providing tailored structures, such as SFOs, for managing substantial private wealth and facilitating long-term financial planning. This ecosystem attracts global HNWIs and families, further enhancing the DIFC's position as a hub for comprehensive wealth and asset management solutions.

The relevant licences offered by Dubai financial regulators are as follows:

Regulator	SCA	DFSA
Licences	Financial Consultations	Managing Assets
	Promotion	Advising on Financial Products
	Introducing	Arranging Deals in Investments
	Portfolio Management	
	Family Business Investment Management	

9.3 | Virtual Assets Activities

Dubai has solidified its position as a global hub for VASPs, offering a progressive regulatory environment, tailored licensing options and bespoke regulations. VASPs have a range of licensing options, including for innovative business models such as custodial staking or virtual asset derivatives.

The regulations for virtual assets activities are specifically crafted to meet the unique needs of the sector, providing the regulatory clarity and standing that VASPs require to operate with confidence.

Owing to its ongoing efforts to foster growth in the sector, Dubai has become home to some of the world's leading VASPs including virtual asset exchanges, broker-dealers, advisory firms, custodians and asset managers.

In mainland UAE, SCA regulates virtual assets activities at a federal level (excluding the DIFC and ADGM), except for activities pertaining to payment tokens (more generally referred to as stablecoins) and payments, which fall under Central Bank's regulatory purview. With regard to payment tokens, the Central Bank has introduced a framework regulating Dirham and Foreign Payment Tokens and their issuance, custody and transfer, and conversion. Dirham Payment Tokens can be used in any context, including payments to merchants, but the use of Foreign Payment Tokens is limited to payments for other virtual assets.

VARA is designated a Local Licensing Authority and has been delegated SCA's powers for entities operating in or from the Emirate of Dubai (excluding the DIFC). VARA regulates virtual assets activities through a principles-based, technology and product agnostic framework, addressing the full spectrum of virtual asset activities. Although not designated as virtual asset activities, Virtual Asset Proprietary Trading services require a No Objection Certificate from VARA, allowing the regulator to both identify potentially systemic trading activities in the market and whether an activity should be considered as a broker-dealer (hence requiring a licence).

The DFSA regulates virtual assets activities conducted in and from the DIFC. The DFSA permits regulated activities only in relation to virtual assets approved by the DFSA as Recognised Crypto Tokens, subject to limited exceptions. For detail, please refer to the DFSA Crypto Token Explainer.

Summary of the relevant virtual asset licences				
Regulator	**Central Bank**	**SCA**	**VARA**	**DFSA**
Licences	Dirham Payment Token Issuer	Virtual Assets (**VAs**) Broker	VA Broker- Dealer Services	Dealing in Investments as Principal
		VAs Financial Product Dealer	VA Issuance Category 1	
	Payment Token Custodian and Transferor	VAs Custody	VA Custody Services (including for custodial staking)	Dealing in Investments as Agent
	Payment Token Conversion	VAs Financial Consultations	VA Advisory Services	Advising on Financial Products
		VAs Platform Operator	VA Exchange Services	Arranging / Providing Custody
		VAs Portfolios Management	VA Lending and Borrowing Services	Arranging Deals in Investments
			VA Management and Investment Services	Managing Assets
			VA Transfer and Settlement Services	Operating a Clearing House
				Operating a Multilateral Trading Facility
				DFSA also provides rules for crypto token funds

9.4 | Financial Brokerage

Brokerage activities in the UAE are on a steady upward trajectory, driven by several key factors, including the significant growth in equity, debt and derivatives markets. The market is diversified, with broker-dealers active in traditional equities, bonds, derivatives and emerging sectors such as virtual assets. Forex brokers and those offering contracts for difference are also on the rise.

Dubai is seeing growth from both retail brokerages, which provide platforms for trading stocks, commodities, forex, and digital assets, as well as institutional brokerages that cater to larger clients with requirements for algorithmic trading and specialised investment strategies.

In mainland UAE, brokerage activities in relation to traditional securities, commodities and derivatives fall under the supervision of the SCA.

At the same time, DIFC is growing as a preferred choice for globally renowned brokerage firms, with 70 now established in the DIFC.

Summary of the relevant financial brokerage licences		
Regulator	SCA	DFSA
Licences	Trading broker	Arranging Deals in Investments
	Trading and clearing broker	Dealing in Investments as Principal
	Trading broker in the international markets	Dealing in Investments as Agent
	Financial Products Dealer	Arranging Credit and Advising on Credit
	Trading broker of OTC derivatives and currencies in the spot market	

9.5 | Payments, Remittances and SVFs

With 90% of the UAE's population consisting of expatriates, a demographic that drives significant demand for cross-border remittances, alongside a growing shift from cash to digital payments and the rise of e-commerce, there is a substantial surge in demand for innovative payment, remittance, and digital wallet solutions.

In mainland UAE, activities pertaining to payments, remittances and SVF provision are supervised by the Central Bank.

The DFSA also has a regime which requires authorisation if the activity is conducted in or from the DIFC.

Summary of the relevant payment, remittance and SVF licences		
Regulator	Central Bank	DFSA
Licences	Retail Payment Services and Card Schemes Regulation: covers retail payment services and card schemes operating within the UAE including activities such as payment account issuance, payment instrument issuance, merchant acquiring and payment aggregation services	Providing Money Services: • Payment Services • Issuing Stored Value • Providing Currency Exchange (not permitted as a standalone activity)
	Stored Value Facilities Regulation (SVF Regulation): covers SVF providers, including e-wallet and e-money issuance.	Arranging or Advising on Money Services: • Making arrangements for another Person to receive Money Services • Giving advice to another Person Advise on the merits of using a particular of Money Service Provider • Providing an Account Information Service • Providing a Payment Initiation Service
	The Exchange Business Regulation covers currency exchange, remittances, salary processing through WPS ('Wages Protection System')	

9.6 | Fintech and Innovation

The SCA and DFSA offer sandbox licences that enable fintech companies to test innovative business models, products and services in relation to financial services within a defined space and duration. Eligible businesses can test their products with limited market exposure, which is designed to foster sustainable growth while quickly identifying compliance needs.

The SCA issued its Sandbox Regulation in 2018 and cooperates with the Cabinet RegLab to handle innovative projects in the capital market area. The Central Bank authorises a participant to conduct activities in a sandbox and issued the Sandbox Conditions Regulations to support this environment, while the DFSA provides a framework for the Innovation Testing Licence. The DIFC is also home to DIFC Innovation Hub, home to more than 1,200 AI, fintech and innovation companies – the largest cluster in the Middle East.

9.7 | Crowdfunding

Crowdfunding in Mainland Dubai (including FTZs) and the DIFC operates under specialised regulatory frameworks established by the Central Bank, SCA, and DFSA. In the DIFC, the DFSA has licensing requirements for crowdfunding platforms, ensuring transparency, investor protection and adherence to international best practices. The Central Bank regulates loan based crowdfunding activities in the UAE and has put in place a framework for its licensing, regulation and monitoring. The Central Bank's framework aims to safeguard the financial system from the risks posed by loan based crowdfunding activities and safeguard the interests of consumers. The SCA oversees equity based crowdfunding activities in mainland UAE. These frameworks contribute to an alternative financing environment that supports start-ups, SMEs and innovative ventures in Dubai's growing economy.

9.8 | Insurance

Insurance regulation and supervision in Dubai are under the remit of the Central Bank, which oversees all insurers, including branches of foreign companies, pursuant to the Federal Insurance Law. The Central Bank's regulatory and supervisory powers also extend to Takaful (Islamic insurance), and it has issued regulations covering various areas related to insurance operations, including corporate governance, capital requirements, risk management and policyholder protection.

Foreign insurers looking to operate in the UAE must obtain a licence from the Central Bank and are required to comply with local regulations, which may cover a broad range of relevant areas, including maintaining prescribed capital levels and meeting Emiratisation targets. Additionally, foreign investors may also choose to invest in the UAE's insurance sector through partnerships or joint ventures with local companies, an arrangement that can streamline market entry and compliance.

Global and regional reinsurance business can also be conducted from the DIFC and is regulated by the DFSA. There are also firms operating in the DIFC under the DFSA licences of insurance intermediation and insurance management. Of nearly 100 firms operating in this sector in the DIFC, around 80 are insurance managers and intermediaries, while the remainder are reinsurers and captive insurers.

9.9 | Financial Markets Infrastructure

The financial markets infrastructure is a key component of Dubai's financial ecosystem. These include stock exchanges, virtual asset exchanges, commodities derivatives exchanges, central counter parties (providing settlement and clearing services) and central securities depositories.

Dubai Financial Market (**DFM**), a leading stock exchange in the UAE regulated by the SCA, together with Nasdaq Dubai, the region's international exchange regulated by the Dubai Financial Services Authority (DFSA), form Dubai's capital market, collectively offering listing and trading across diverse asset classes including equities, bonds and Sukuk.

In addition to facilitating equity initial public offerings (**IPOs**) and trading, DFM has expanded its offerings to facilitate private company listings through the launch of Arena, Dubai's private market, which provides new pathways for capital raising and broadening investment opportunities. By leveraging its market infrastructure and regulatory standards, DFM continues to reinforce its position as a leading financial exchange, attracting both regional and international investors.

The DGCX, located in DMCC FTZ and regulated by the SCA, is a leading derivatives exchange in the Middle East where commodity derivatives like gold, as well as currency pairs, hydrocarbons, and more are traded. The DGCX is particularly noteworthy for its gold products, given Dubai's historical importance in global gold trade.

Nasdaq Dubai serves as a premier venue for regional and global Sukuk and bond listings, solidifying its status as one of the world's largest centres for fixed income listings. With USD 138 billion of total outstanding debt listed in 2024, including USD 95 billion of Sukuk, Nasdaq Dubai reaffirms its position as a leading global hub for Islamic finance.

Gulf Mercantile Exchange (**GME**), located within the DIFC, specialises in energy futures, particularly oil, and is the only exchange in the Middle East offering trading in the Oman Crude Oil futures contracts, with physical or financial settlement options. GME's platform allows traders to manage oil price risks, making it especially attractive to institutional investors involved in the energy sector or those seeking exposure to energy market fluctuations.

In relation to virtual assets exchanges, VARA has issued licences to globally renowned virtual asset exchanges such as Binance, OKX, crypto.com and Deribit, as well as strong regional virtual asset exchanges. Together, these entities (when taken together with their global platforms) facilitate over 70% of global trading volumes in major virtual assets, including virtual assets derivatives

Together, these Dubai exchanges provide diverse investment opportunities across various asset classes, supported by regulatory frameworks that encourage transparency and accessibility for foreign investors.

Summary of the relevant market infrastructure licences

Regulator	SCA	VARA	DFSA
Licences	Securities Market	Virtual Assets Exchange Services	Operating an Exchange
	Central Clearing		Operating an Alternative Trading System such as Multilateral Trading Facility
	Central Depository		Operating a Clearing House
	Commodities Market		Operating an Central Securities Depositary
	Clearing in the commodities market		
	Virtual Assets Platform Operator		

Dubai Financial Market and Nasdaq Dubai: Powering Dubai's Capital Markets

Dubai Financial Market (**DFM**, located in Mainland Dubai) and Nasdaq Dubai (located in DIFC) together form a comprehensive capital market ecosystem that attracts both regional and international investors. Regulated by the SCA, DFM offers primary and secondary market access for equity listings. By 2024, the total market capitalisation of DFM reached AED 907 billion, reflecting growing investor confidence in the emirate's capital markets.

The DFM General Index recorded a 27.1% increase by December 2024 — the highest level in a decade and the largest annual gain in three years. This marked the fourth consecutive year of growth, underscoring continued investor confidence from both regional and global stakeholders. Since 2022, 10 IPOs have collectively raised AED 44 billion, with demand exceeding AED 1.2 trillion, illustrating the depth of liquidity and robust appetite for Dubai-listed equities.

With a 1.2 million-strong investor community, DFM serves as a robust market where 65% of the activity is driven by institutional investors, ensuring a deep liquidity pool and enhanced market stability. Approximately 50% of trading volumes originate from foreign investors, highlighting Dubai's broad international appeal and reinforcing its role as a globally connected financial hub.

Nasdaq Dubai, regulated by the DFSA, serves as the region's international exchange, specialising in fixed income and Sukuk listings. With USD 138 billion of total outstanding debt, including USD 95 billion in Sukuk, Nasdaq Dubai has emerged as one of the world's largest centres for Islamic finance, further cementing Dubai's global reputation as a hub for Sukuk and bond issuances.

DFM and Nasdaq Dubai operate as a thriving and powerful multi-platform marketplace for raising capital, listing and trading across a range of securities and asset classes. Dubai's capital markets offer:

- **Equity Listings:** End-to-end listing solutions for UAE mainland, free zone and international companies, including family businesses and high-growth ventures.
- **Dual Listings:** An option for companies aiming to expand their investor base by listing on DFM alongside their home-country exchange. Enhanced fungibility arrangements facilitate seamless cross-border trading and liquidity.
- **DFM Arena:** A platform offering a streamlined listing route for growth companies, family business and private companies.
- **Sukuk and Bonds:** Leverage Nasdaq Dubai's international platform for Islamic and conventional debt, including ESG-themed instruments. The exchange accommodates a wide range of issuers (from governments to private entities) seeking access to global investors.
- **REITs and ETFs:** Provide diversified investment products for both institutional and retail investors.
- **Derivatives:** Includes Index Futures, Single Stock Futures and Oil Futures, enabling participants to hedge and trade on anticipated market or commodity price movements without direct ownership of the underlying assets.

Market Access and Solutions:

- **Post-Trade Services:** Operate robust clearing, settlement and depository systems aligned with global best practices, ensuring T+2 settlement, real-time trade matching and secure custody of securities. Comprehensive risk management frameworks protect market integrity and investor assets that are complemented by continuous infrastructure enhancements that bolster operational resilience and maintain high service standards.
- **IPO Platform:** DFM offers digital subscription channels with an established network of local and international investors to ensure broad participation and

efficient capital raising. DFM captures approximately one-third of total retail IPO inflows.

• **Investor Roadshows:** DFM regularly hosts roadshows and investor forums in major financial centres, such as London and New York. These events connect issuers with a worldwide network of institutional investors, fostering deeper engagement, building market visibility, and ultimately driving liquidity and capital inflows into Dubai's markets.

• **Murabaha Platform:** Nasdaq Dubai's Murabaha solution offers a specialised, Sharia-compliant structure for Islamic financing transactions.

• **Broker Network:** Direct Market Access and Remote Membership options allow global brokers to seamlessly connect to DFM and Nasdaq Dubai, supporting market liquidity and broader participation.

Together, DFM and Nasdaq Dubai form a complementary, dynamic environment for issuers and investors, backed by the strategic oversight of the Higher Committee for the Development of Dubai's Capital Markets and aligned with the ambitious goals of the D33 Economic Agenda. This collaborative framework continues to drive innovation, bolster market confidence and elevate Dubai's standing as a leading international financial centre.

9.10 | Funds and fund management

The UAE's funds sector is characterised by a variety of funds, including mutual funds, private equity funds, hedge funds, venture capital funds, Islamic funds and property funds. These diverse fund types cater to diverse investor profiles and market needs.

In mainland UAE, funds and fund management activities are supervised by SCA. In 2023, SCA revamped its regulatory framework for funds, with a view to boost the local funds industry. Following the overhaul and supported by overall conducive business environment, mainland UAE witnessed unprecedented growth in the funds sector.

In November 2024, the Gulf Cooperation Council (GCC) financial market authorities approved a unified fund passporting framework for the GCC region, set to be implemented in 2025, which will streamline the registration and promotion of investment fund units across GCC member states. While the regulations for GCC passporting are yet to be publicly issued at this stage, it is highly anticipated that it will be a game changer for the Middle East funds sector.

In addition to this upcoming GCC-wide framework, the UAE has its own fund passporting framework, which involves collaboration between the SCA, DIFC and ADGM. This framework enhanced the ease with which funds can be marketed and distributed within the UAE by enabling cross-jurisdiction marketing and promotion of funds between DIFC, ADGM and mainland UAE, subject to compliance with the fund passporting rules.

The DIFC offers a thriving ecosystem for fund management activities, not just for funds and fund managers, but also through fund platforms offering attractive investment management regulatory hosting solutions.

There are three main types of domestic funds in the DIFC: (a) Exempt Funds; (b) Qualified Investor Funds; and (c) Public Funds. Exempt Funds and Qualified Investor Funds can only be offered to professional investors by way of private placement and attract lighter regulatory requirements, as compared to Public Funds. These funds generally benefit from a fast-track approval process.

DIFC also recognises specialist classes of funds, offering a customised regulatory environment to accommodate the businesses of such funds, such as Islamic funds, hedge funds, private equity funds, property funds, credit funds and crypto token funds.

10

DISPUTE RESOLUTION: UNDERSTANDING YOUR OPTIONS

The UAE has developed a comprehensive framework for dispute resolution with various authorities overseeing different aspects of the dispute. Litigation is the usual course of action to resolve any dispute related to civil or commercial matters. However, parties may choose arbitration or mediation, as long there is no restriction on resorting to alternative dispute resolution methods (for instance, in matters related to public policy or criminal offenses).

10.1 | Courts System

a. Dubai Courts

The Emirate of Dubai has its own court and appeal system, which handles a wide range of disputes, including commercial, criminal and labour disputes.

b. DIFC Courts

The DIFC Courts are responsible for independent administration of justice for resolving civil and commercial disputes within its jurisdiction. The DIFC is also an "opt-in" jurisdiction which means the Court of First Instance can hear cases where the parties to a contract agree that the DIFC Courts have jurisdiction or where the parties elect for a dispute to be heard by the DIFC Courts once it has arisen. The DIFC Courts consist of three courts:

i. Small Claims Tribunal.

ii. Court of First Instance, comprised of four divisions: Civil & Commercial Division, Technology & Construction Division, Arbitration Division and Digital Economy Court Division.

iii. Court of Appeal, which is the highest court in the DIFC Courts system.

c. Judicial Cooperation

The Ruler of Dubai has recently established a new Judicial Authority to resolve jurisdictional conflicts across various judicial bodies in Dubai, including the DIFC Courts, Mainland Dubai courts and other judicial authorities.

Judgments from the DIFC Courts hold the same legal weight as those from Dubai Courts under Dubai Law. The DIFC Courts are known for their experienced judges and reputation for efficiency, transparency and professionalism. Their proceedings tend to be more expensive compared to other courts in the UAE.

10.2 | Alternative Dispute Resolution (ADR)

There are various institutions that offer alternatives to the court systems, such as the Dubai Centre for Amicable Dispute Settlement (**DCADS**), the Dubai International Arbitration Centre (**DIAC**) and private mediators.

a. Arbitration

Arbitration is a popular method for resolving commercial disputes, both domestic and international, in Dubai and DIFC.

(i) Mainland Dubai

The Dubai Courts generally respect arbitration agreements, though they can sometimes be cautious about recognising arbitration as an exception to their jurisdiction. Domestic, international and foreign arbitral awards are upheld and enforced by UAE courts, provided they meet legal requirements, without the courts examining the case's merits.

Arbitrations seated in Mainland Dubai are governed by the Federal Arbitration Law which, in line with international best standards, is based on the UNCITRAL Model Law. The UAE is also a signatory to the New York Convention, ensuring international recognition and enforcement of foreign arbitral awards.

(ii) DIFC

Arbitration in the DIFC is governed by the DIFC Arbitration Law, which is also based on the UNCITRAL Model Law. The DIFC provides a supportive framework for arbitration, offering parties access to modern facilities, an independent judicial system, and internationally enforceable awards under the New York Convention. DIAC enhances the region's reputation as a hub for resolving commercial disputes efficiently and impartially. This combination of global standards and local expertise makes the DIFC a favourable choice for arbitration in the Middle East.

b. Mediation and Conciliation

Mediation in the UAE is governed by the Federal Mediation and Conciliation Law, empowering the Emirate to establish their own Mediation and Conciliation Centre and/or online mediation and conciliation platforms, within the respective Courts of First Instance. Mediation is voluntary and non-binding, involving a neutral third-party mediator, and all proceedings are confidential. As for conciliation, under the court-annexed system, mandatory conciliation is a prerequisite for disputes of a certain nature, before the parties can proceed to litigation. The Emirate of Dubai has a range of options available for mediation and conciliation, whether through private mediators, or through departments of Dubai Courts, specialised in amicable settlements. Parties can also opt in to the DIAC regime, which has special rules for each Mediation and Conciliation.

Alternative Dispute Resolution Considerations

Arbitration

- A neutral third party serves as a judge and issues a binding decision
- Used for domestic and international disputes, based on UNCITRAL Model Law and awards are enforceable
- Commonly used for commercial disputes

Conciliation

- A neutral third party attempts to reach
- a settlement agreement signed by, and binding on, the Parties
- Mandatory for certain disputes prior to litigation
- Civil and commercial disputes

Mediation

- A neutral third party to help disputants come to a consensus on their own
- Non-binding, voluntary process
- Civil and commercial disputes

10.3 | Key bodies

In addition to the Dubai Courts and DIFC Courts, the key bodies involved in dispute resolution include:

a. DIAC

The DIAC was established in 1994 and is the region's largest centre for alternative dispute resolution. It facilitates arbitration, mediation, and other methods of resolving commercial disputes outside of court for parties worldwide. The DIAC Rules establish the DIFC as the default seat of arbitration (see Article 20 of the DIAC Rules), which means that such arbitrations will be governed by the DIFC Arbitration Law, unless the parties agree otherwise. The Mediation and Conciliation divisions of DIAC provide opportunities for parties to achieve a collaborative, rather than adversarial means of dispute resolution.

b. DCADS

The DCADS was founded in Dubai in 2009 and was created to foster a culture of resolving disputes amicably and to promote alternative dispute resolution methods. Its primary objective is to offer a platform where parties can resolve conflicts without turning to courts or tribunals, aiming to save both time and costs. Operating under the affiliation of Dubai Courts, the Centre's mediators work under the oversight of a judge from the Dubai judicial system.

10.4 | Choosing the Right Option

Courts and ADR each have distinct advantages, and the choice between them largely depends on the nature of the dispute and the priorities of the parties. Courts are well-suited for disputes requiring binding, authoritative rulings, detailed legal reasoning, or access to a wide range of remedies. Their structured procedures and ability to establish legal precedents make them appropriate for complex legal issues. However, litigation can be costly, time-consuming, and public, which may not be ideal for all parties. ADR offers a more flexible, cost-effective, and time-efficient alternative, particularly for commercial or interpersonal disputes where preserving relationships and maintaining confidentiality are important. The informal nature of ADR allows for creative, mutually agreeable solutions that are tailored to the parties' needs. Nevertheless, ADR outcomes may require court intervention for enforcement and lack the procedural safeguards and precedents provided by formal court rulings.

In Dubai, the legal framework strongly supports ADR as a complement to the judicial system, as evidenced by initiatives like the DCADS and DIAC. This demonstrates an effort to reduce court caseloads while encouraging amicable resolutions. Ultimately, parties must consider factors such as the complexity of the dispute, the importance of confidentiality, and the desired resolution when selecting the most appropriate forum. Combining ADR for negotiation with courts for formalisation and enforcement often proves to be an effective strategy for achieving the best outcome

10.5 | 10.5 Regulatory Disputes and Investigations

Each regulator prescribes mechanisms and procedures for the resolution of regulatory breaches for the entities under their purview.

a. Central Bank

The Federal Banking Law and Regulations provide an extensive range of disciplinary powers to enable the Central Bank to take action against licensed financial institutions and individuals that violate their provisions. The Grievances and Appeals Committee has exclusive jurisdiction to hear grievances and appeals concerning decisions regarding licensing, authorisation of individuals, identification of financial infrastructure systems and decisions on the imposition of administrative and financial sanctions issued by the Central Bank in accordance with the provisions of the Federal Banking Law.

Sanadak, the UAE's first independent financial and insurance Ombudsman Unit for consumers of licensed financial institutions and licensed insurance companies, was established in line with the UAE leadership's directive to enhance government services, and in accordance with the regulations set by the Central Bank. Sanadak focuses on protecting consumer rights and resolving complaints between consumers and licensed financial institutions and licensed insurance companies. It assumes complaint handling responsibilities previously managed by the Central Bank's Consumer Protection Department and Insurance Dispute Resolution Committee. Sanadak aims to provide transparent and efficient dispute resolution in line with applicable laws and international best practices, reducing the need for court and judicial authority interventions while boosting consumer confidence. Complaints can be submitted via its website or mobile application. People of Determination and the elderly have the additional option to submit their complaint through the Sanadak Contact Centre or in person at the Sanadak office.

b. SCA

SCA is empowered to conduct investigations to ensure compliance and penalises violations with measures ranging from warnings to monetary fines, licence suspension and licence revocations. Similar to the Central Bank, SCA also allows for appeals to be submitted to the Appeal Committee, which must be filed within 30 days.

c. DFSA

The DFSA has at its disposal a number of powers to investigate regulatory breaches and impose sanctions and directions. While there is no cap on financial penalties, settlement options exist and other circumstances and factors are taken into account, which impact the level of fines. Further information is set out in the DFSA's Regulatory Policy and Process Sourcebook. Appeals of certain DFSA decisions are reviewed by the Financial Markets Tribunal, which can consider the case afresh and determine the appropriate outcome, including what sanctions are to be imposed. The Financial Markets Tribunal can also award costs.

d. VARA

VARA follows a progressive enforcement strategy to ensure compliance before resorting to licence revocation. VARA enforces compliance through fines, licence suspensions or revocations, in collaboration with law enforcement for investigations.

VARA's enforcement actions include:
- Formal warnings.
- Financial penalties.
- Remediation orders.
- Public enforcement notices (in case of significant breaches).

In addition, VARA collaborates with Financial Intelligence Units and other enforcement agencies at local and international levels.

Appeals are handled by the VARA Grievance Committee, which issues final decisions within 15 days. A decision of VARA's Grievance Committee can be published as an enforcement notice on the VARA website.

11

KEY TAKEAWAYS

11.1 | Jurisdiction Overview: Mainland Dubai, DIFC and Free Zones

Dubai has rapidly evolved into one of the world's most dynamic global financial hubs, with a progressive regulatory environment, tailored environments for specific industries and a strong emphasis on innovation and growth.

Businesses can establish themselves in Mainland Dubai (civil law jurisdiction), DIFC (a common law financial free zone) or sector-specific FTZs, such as DMCC, DWTC, and DAFZ (civil law jurisdictions).

Accordingly, Dubai presents vast opportunities in the financial services, fintech and emerging technologies sectors. Dubai offers a specialised ecosystem tailored to a diverse array of financial services, including collective investment funds, asset management firms, fintech firms, Islamic, AI-focused businesses and virtual asset services, among others.

11.2 | Financial Services Regulatory Framework and Licensing

There are various regulators and free zone authorities for the different Dubai jurisdictions, and accordingly, there may be specific requirements, including licensing, capital and governance requirements.

Businesses should select the appropriate jurisdiction and licence based on their financial activity and target market.

A commercial licence may also be required in the majority of cases, depending on the entity's legal structure and jurisdiction. This licence is typically obtained from the relevant company registration authority. This is DET for Mainland Dubai, DIFC Registrar for DIFC, and respective Free Zone Authorities for FTZs.

Businesses must ensure that their financial and commercial licences align with their intended business activities to avoid regulatory misalignment or operational hurdles.

11.3 | Key Financial Regulatory Authorities

SCA: remit includes securities and commodities markets, central counter parties, central securities depositories, securities brokers, commodities brokers, dealers, financial consultancy/advisors, issuance managers, listing advisors, securities custodians, registrars, general clearing members, investment managers, fund managers, portfolio managers, credit rating agencies, promoters, introducers, virtual assets brokers, virtual assets custodians, virtual assets platform operators, and equity based crowdfund platform operators, amongst others.

Central Bank: remit includes banks, exchange houses, finance companies, payment service providers, SVF providers, loan based crowdfund platform operators, registered hawala providers, insurance companies, insurance agencies, insurance brokers and payment token service providers, amongst others.

DFSA: remit includes asset managers, banks, custody and trust services, commodities futures traders, fund managers, insurers and reinsurers, traders of securities, and fintech firms. DFSA supervises exchanges and trading platforms for both conduct and prudential purposes, overseeing an international securities exchange (Nasdaq Dubai) and an international commodities derivatives exchange (Gulf Mercantile Exchange.

VARA: remit includes virtual assets and virtual asset activities across Dubai (excluding DIFC), which includes exchange, broker-dealer, custody, asset management, lending and borrowing, transfer and settlement, and advisory activities.

11.4 | Capital Requirements and Compliance Considerations

Capital requirements vary depending on the jurisdiction and the type of financial activity, with a risk-based regulatory approach generally used to ensure proportionate supervision.

Financial services businesses must meet various compliance requirements, including AML/CFT, FATCA/CRS, and data protection requirements, aligned with international standards.

11.5 | Establishing a Financial Services Business in Dubai

Key steps include defining the business model, selecting the jurisdiction, engaging with the relevant regulator, submitting applications, and satisfying licensing and certain operational requirements before obtaining final approval.

Common pitfalls include selecting the incorrect jurisdiction, failing to meet licensing requirements and certain operational requirements specified by the regulators, and underestimating regulatory requirements.

11.6 | Dubai's Financial Sector Focus

Dubai has well-developed ecosystems for banking, asset management, virtual assets, brokerage, payments, insurance, and financial markets infrastructure, among others.

The DIFC wealth and asset management industry exceeds USD 450 billion, while Nasdaq Dubai is a leading global hub for Sukuk listings.

11.7 | Dispute Resolution: Litigation, Arbitration and Mediation

Disputes can be resolved through Dubai Courts (civil law) or DIFC Courts (common law). DIFC Courts are an opt-in jurisdiction for commercial disputes, however, if opted into from a Mainland Dubai or FTZ jurisdiction, the UAE civil law will still apply where required.

ADR is widely used, with DIAC serving as a leading arbitration centre contributing to Dubai ranking in the top 10 preferred seats of arbitration globally and the leading centre in MENA, and DCADS providing a Mainland Dubai option, operating under the affiliation of Dubai Courts.

12

GLOSSARY

ADR:
Alternate Dispute Resolution

AML/CFT/CPF:
Anti-Money Laundering / Countering the Financing of Terrorism / Counter Proliferation Financing

AML Law:
Federal Decree No. (20) of 2018 on Anti-Money Laundering and Countering the Financing of Terrorism

AML Regulation:
Cabinet Decision No. 10 of 2019 Concerning the Implementing Regulation of Decree Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations

AUM:
Assets Under Management

Broker-Dealer Services Rulebook:
Rulebook issued by VARA on 7 February 2023

Central Bank:
Central Bank of the UAE

CEO:
Chief Executive Officer

Constitution:
Means the Constitution of the United Arab Emirates

Consumer Protection Regulations:
The Consumer Protection Regulations issued by the Central Bank

Consumer Protection Standards:
The Consumer Protection Standards issued by the Central Bank

CRS:
The Common Reporting Standard

CT:
Corporate Tax

Custodial Staking:
A process where users delegate their virtual asset currency to a third-party platform or service provider, which manages the staking on their behalf and distributes rewards, while retaining control over the staked assets

DAFZ:
Dubai Airport Free Zone

DCADS:
Dubai Centre for Amicable Dispute Settlement

DFM:
Dubai Financial Market, a leading stock exchange in the UAE

DFSA:
Dubai Financial Services Authority

DGCX:
Dubai Gold and Commodities Exchange

DIAC:
Dubai International Arbitration Centre

DIFC:
The Dubai International Financial Centre, the financial free zone in the Emirate of Dubai

DIFC Arbitration Law:
DIFC Law No. (1) of 2008

DIFC Collective Investment Law:
DIFC Law No.2 of 2010

DIFC Courts:
The courts established in the DIFC

DIFC CRS Law:
DIFC Law No. 2 of 2018

DIFC Data Protection Law:
DIFC Law No. (5) of 2020

DIFC Data Protection Regulations:
The DIFC Data Protection Regulations

DIFC Investment Trust Law:
DIFC Law No. (5) of 2006

DIFC Islamic Financial Business Law:
DIFC Law No. (13) of 2004

DIFC Markets Law:
DIFC Law No. (1) of 2012

DIFC Regulatory Law:
DIFC Law No. (1) of 2004

DMCC:
Dubai Multi Commodities Centre

DNFPB:
Designated Non-Financial Businesses and Professions

DP Law:
DIFC Data Protection Law No. 5 of 2020

Dubai Courts:
The local courts of the Emirate of Dubai

Dubai Data Protection Law:
Dubai Law No. (26) of 2015 regulating data dissemination and exchange in the Emirate of Dubai

Dubai Laws:
The published and gazetted laws of the Emirate of Dubai and published and gazetted federal laws of the UAE, to the extent applicable in the Emirate of Dubai

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

DWTC:
Dubai World Trade Centre

Exchange Services Rulebook:
Rulebook issued by VARA on 7 February 2023

FATCA:
The Foreign Account Tax Compliance Act

FDI:
Foreign Direct Investment

Federal AML Law:
Federal Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations

Federal Arbitration Law:
Federal Law No. (6) of 2018 on Arbitration

Federal Banking Law:
Federal Law No. (14) of 2018 Concerning the Central Bank and the Regulation of Financial Institutions and Activities

Federal Corporate Tax Law:
Federal Decree Law No. (47) of 2022 on the Taxation of Corporations and Businesses

Federal CRS Laws:
The Convention on Mutual Administrative Assistance in Tax Matters (**MAC**), as well as the Declaration of Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (**MCAA**) for the purpose of CRS, which implement CRS in the UAE (the MAC and MCAA were both ratified by Federal Law No. (54) of 2018 and Federal Law No. (48) of 2018, respectively)

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

Federal Insurance Law:
Federal Decree Law No. (48) of 2023 Regulating Insurance Activities

Federal Laws:
The published and gazetted federal laws of the UAE

Federal Mediation Law:
Federal Law No. (40) of 2023 on Mediation and Conciliation in Civil and Commercial Disputes

Federal Tax:
All taxes implemented at the Federal Law level including VAT and CT, which applies to all of mainland UAE, the FTZs and the DIFC

FIs:
Financial Institutions under the UAE-US Intergovernmental Agreement for FATCA

FIT:
The Central Bank's Financial Infrastructure Transformation Programme

FTA:
Federal Tax Authority

FTZ:
Free Trade Zones

GCC:
Gulf Cooperation Council

GDP:
Gross Domestic Product

GIIN:
Global Intermediary Identification Number

GME:
Gulf Mercantile Exchange

Guidebook:
This Financial Services Guidebook

HNWIs:
High Net Worth Individuals

IPA:
In-Principle Approval

IPO:
Initial Public Offering

KYC:
Know Your Client

Mainland Dubai:
Refers to the main jurisdiction of Dubai, excluding any financial or free trade zones

MENA:
Middle East and North Africa

MLRO:
Money Laundering Reporting Officer

NY Convention:
New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards

OTC Derivative:
Over-the-Counter derivative

Penal Code:
Federal Decree No. (31) of 2021 Promulgating the Crimes and Penalties Law

RPSCS Regulation:
The Retail Payment Systems and Card Schemes Regulation issued by the Central Bank

SCA:
Securities and Commodities Authority

SCA Investment Fund Regulation:
SCA Chairman of the Authority's Board of Directors' Chairman Decision No. (01/RM) of 2023 Concerning the Regulations of Investment Funds

SCA Law:
Federal Law No. 4 of 2000 concerning the Emirates Securities and Commodities Authority and Market, and associated Laws and Regulations

SCA Rulebook:
The Chairman of the Authority's Board of Directors' Decision No. (13/Chairman) of 2021 on the Regulations Manual of the Financial Activities and Status Regularization Mechanisms Rule Book

SCA VA Regulation:
Cabinet Resolution No. (111) of 2022 Concerning the Regulation of Virtual Assets and their Service Providers

SEO:
Senior Executive Officer

SFO:
Single Family Office

SVF:
Stored Value Facility

SVF Regulation:
The Federal Regulatory Framework for Stored Values and Electronic Payment Systems issued by the Central Bank

UAE:
United Arab Emirates

UAE-US IGA:
Intergovernmental Agreement between the UAE and the United States of America implementing FATCA

UHNWIs:
Ultra High Net Worth Individuals

UK:
The United Kingdom

US:
The United States of America

UNCITRAL Model Law:
The United Nations Commission on International Trade Law's Model Law on International Commercial Arbitration

VA:
Virtual Asset

VARA:
Virtual Assets Regulatory Authority

VARA Regulations:
The Virtual Assets and Related Activities Regulations 2023

VASP:
Virtual Asset Service Provider

VAT:
Value-added Tax

Disclaimer:

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