



## The Legal 500: Legal Landscapes

18 November 2025

## 1. What is the current legal landscape for your practice area in your jurisdiction?

The United Arab Emirates (“**UAE**”) has distinguished itself as one of the world’s most progressive jurisdictions for blockchain and crypto assets, having developed a sophisticated multi-layered regulatory framework that positions the country at the forefront of digital asset regulation. At the heart of this framework is the Virtual Assets Regulatory Authority (“**VARA**”), established in Dubai in 2022 as the world’s first independent regulator dedicated exclusively to virtual assets. VARA’s comprehensive regulatory regime encompasses licensing, marketing, custody, and operational requirements, making its approval mandatory for any crypto business operating within Dubai’s mainland and free zone jurisdictions (excluding the Dubai International Financial Centre (“**DIFC**”))).

Beyond VARA, the UAE’s regulatory architecture features distinct frameworks within its financial free zones. Both the Abu Dhabi Global Market (“**ADGM**”) and the DIFC maintain their own virtual asset regulatory regimes under the Financial Services Regulatory Authority (“**FSRA**”) and the Dubai Financial Services Authority (“**DFSA**”) respectively. These alternative licensing pathways demonstrate strong alignment with international standards and offer distinct strategic advantages for different business models. At the UAE’s federal level, the Securities and Commodities Authority (“**SCA**”) regulates crypto activities across the UAE, whilst the Central Bank has assumed oversight of payment tokens and stablecoins with increasing scrutiny, reflecting the evolving nature of digital currency regulation.

The UAE has implemented robust anti-money laundering and counter-terrorist financing requirements aligned with Financial Action Task Force (“**FATF**”) standards, featuring strict travel rule compliance and comprehensive reporting obligations. This regulatory rigor is complemented by innovation-friendly government initiatives, including the Dubai Metaverse Strategy (targeting US\$4B economic contribution and 40,000 virtual jobs by 2030) and widespread blockchain adoption across government services, creating a supportive ecosystem that balances progressive policies with investor protection. However, navigating between federal, emirate-level, and free zone jurisdictions requires careful jurisdictional analysis tailored to each client’s specific circumstances and objectives.

## 2. **What three essential pieces of advice would you give to clients involved in your practice area matters?**

The foremost consideration for any client entering this space involves strategic regulatory pathway selection. The choice between VARA, the ADGM, the DIFC, or federal licensing frameworks carries profound implications for every aspect of operations. VARA licensing offers comprehensive mainstream market access within Dubai and appeals to businesses targeting regional retail markets. ADGM and DIFC frameworks provide enhanced international credibility and institutional appeal, making them particularly attractive for businesses serving sophisticated investors or seeking to establish institutional-grade operations. Federal licensing, meanwhile, suits specific business models and offers advantages for certain operational structures. This jurisdictional decision fundamentally impacts licensing costs, permissible activities, target market access, and operational flexibility. An ill-considered choice can necessitate expensive restructuring or impose significant operational limitations that undermine business viability.

Marketing and promotional compliance demands exceptional attention in the UAE regulatory environment. VARA has established strict marketing regulations for virtual assets that exceed those found in many international jurisdictions. All promotional materials require pre-approval before dissemination, influencer marketing activities are subject to heavy regulation, and penalties for non-compliance are severe and carry reputational consequences that extend beyond financial sanctions. Many international crypto firms, accustomed to less stringent marketing regimes elsewhere, significantly underestimate these requirements. Proper compliance with marketing rules is non-negotiable and serves as a key differentiator between legitimate operators maintaining regulatory good standing and those facing enforcement actions that can threaten business continuity.

Anti-money laundering (“**AML**”) and counter-terrorist financing (“**CTF**”) infrastructure must be robust from inception. The UAE’s position as a global financial hub means regulators maintain heightened sensitivity to money laundering risks and demonstrate little tolerance for compliance deficiencies. Clients should implement comprehensive know-your-customer protocols, sophisticated transaction monitoring systems, and suspicious transaction reporting mechanisms that exceed minimum regulatory requirements. The potential consequences of AML and CTF failures, including license suspension, significant financial penalties, and potential criminal liability, far outweigh the investment required to establish proper compliance infrastructure from the outset.

Our experience guiding clients through the regulatory pathway selection process demonstrates the critical importance of this decision. We have successfully navigated VARA licensing applications working directly with regulatory authorities to address technical queries and ensure applications meet evolving standards. This hands-on experience with VARA's regulatory processes, combined with our established relationships with key stakeholders across Dubai's digital asset ecosystem, enables us to provide clients with realistic timelines, anticipate potential challenges, and facilitate smoother approval processes. The relationships we have cultivated with VARA officials, compliance teams, and other regulatory bodies allow us to stay ahead of policy developments and provide clients with timely strategic guidance that reflects current regulatory thinking and priorities.

### **3. What are the greatest threats and opportunities in the next 12 months?**

The regulatory landscape presents several significant challenges over the coming twelve months. The complexity of coordinating compliance across VARA, SCA, the Central Bank, the ADGM, and the DIFC creates substantial operational challenges, particularly for businesses operating across multiple emirates or seeking to expand their footprint within the UAE. VARA has demonstrated clear willingness to enforce its marketing regulations strictly, creating reputational and financial risks for firms that fail to maintain rigorous compliance standards. Despite considerable progress, some crypto businesses continue to face difficulties securing UAE banking relationships, though this challenge is gradually diminishing as the banking sector becomes more comfortable with properly licensed and regulated virtual asset service providers.

Global regulatory developments in major jurisdictions, particularly the United States and European Union, increasingly affect UAE-based firms with international operations or client bases, requiring sophisticated cross-border compliance strategies. The high costs associated with regulatory compliance, including licensing fees, ongoing reporting obligations, and infrastructure requirements, may challenge smaller operators and startups, potentially creating barriers to entry that favour well-capitalised entities.

However, these challenges are more than counterbalanced by extraordinary opportunities. The UAE's emergence as a regional crypto hub is attracting global crypto firms relocating from increasingly restrictive jurisdictions, creating substantial demand for sophisticated advisory services across licensing, structuring, and compliance matters. The tokenisation of real estate assets presents enormous opportunity given the UAE's significant property market and the emergence of supportive regulatory frameworks specifically designed to

facilitate such innovations. The intersection of Islamic finance principles with decentralised finance protocols creates unique opportunities to develop Sharia-compliant crypto products and structures, positioning the UAE at the nexus of traditional Islamic finance expertise and cutting-edge blockchain innovation.

High-net-worth individuals and family offices across the MENA region are increasingly allocating capital to crypto assets, requiring sophisticated structuring and custody solutions that address both regulatory requirements and wealth preservation objectives. The UAE Central Bank's development of central bank digital currency infrastructure, including the digital Dirham initiative, creates opportunities for integration projects and infrastructure development that will shape the future of digital payments in the region. Government backing for the Dubai Metaverse Strategy is generating substantial demand for legal frameworks addressing virtual worlds, digital assets, and non-fungible tokens, positioning early movers to establish thought leadership in these emerging areas.

#### **4. How do you ensure high client satisfaction levels are maintained by your practice?**

For a specialised UAE practice in this space, client satisfaction derives from several interconnected elements. Deep regulatory navigation expertise is paramount, as clients depend on sophisticated guidance through the various regulatory pathways available across VARA, the ADGM, the DIFC, and federal frameworks. Providing clear comparative analyses of licensing timelines, associated costs, and operational restrictions tailored to specific business models enables clients to make informed strategic decisions with confidence. This requires not merely understanding regulatory texts but appreciating practical implementation challenges and regulatory expectations that emerge through experience.

The UAE crypto market encompasses diverse stakeholders, including Emirati entrepreneurs, international corporations, and regional players from across the Gulf Cooperation Council. As a smaller firm, our practice's competitive advantage lies in providing direct partner access and cultivating personal relationships with clients. In this complex and rapidly evolving field, clients particularly value the ability to engage directly with knowledgeable practitioners rather than being delegated to less experienced personnel who may lack the depth of regulatory understanding and relationship networks essential to effective representation.

Transparency regarding timelines and costs is critical to managing client expectations effectively. Licensing and compliance projects in the UAE follow specific procedural requirements with predictable timeframes and cost structures. Setting realistic expectations regarding VARA approval periods, which typically span eight to twelve weeks, licensing fees, ongoing compliance obligations, and ancillary costs prevents

misunderstandings and builds trust through demonstrated reliability. Maintaining strong relationships with regulators, local counsel in free zones, and ecosystem partners including corporate services providers, banking institutions, and auditing firms enables the practice to facilitate valuable introductions and connections that add substantial value beyond pure legal advice.

Regular communication regarding regulatory developments is essential in this dynamic field. Delivering concise and practical updates on the developments of the UAE's digital assets regulatory landscape through appropriate channels, whether through email bulletins, direct messaging platforms, or structured client briefings, keeps clients informed without overwhelming them with excessive detail. This proactive approach to client education enhances our clients' abilities to anticipate regulatory changes and adapt their business strategies accordingly.

Our direct access to regulators, including established communication channels with VARA, the ADGM, and the DIFC authorities, distinguishes our practice and enables us to address client concerns efficiently while maintaining compliance with evolving requirements. This combination of deep local expertise in UAE regulatory frameworks and familiarity with international best practices from major digital asset jurisdictions allows us to provide contextual guidance that positions clients advantageously in both regional and global markets.

## **5. What technological advancements are reshaping your practice area law and how can clients benefit from them?**

Technological advancement is fundamentally reshaping legal service delivery in the UAE blockchain sector. VARA's regulatory technology platform requires licensed entities to utilise its compliance systems for regulatory reporting and submissions, necessitating careful integration between client operational systems and VARA's technical requirements. Assisting clients with this integration ensures seamless regulatory reporting whilst reducing the compliance burden and minimising the risk of technical failures that could trigger regulatory scrutiny.

Dubai's adoption of blockchain technology for government services means that legal practitioners increasingly encounter smart contract-based company formations and licensing processes, requiring professionals to understand both legal frameworks and underlying technological architecture.

Cross-border compliance monitoring technology enables more effective advisory services

regarding regional expansion strategies, whether to Saudi Arabia, Bahrain, or other MENA markets, whilst maintaining UAE regulatory compliance as a foundation. Increasingly, comprehensive smart contract review requires combining legal analysis with technical code auditing, necessitating partnerships with technical specialists to provide integrated assessments covering both functional code performance and legal compliance, which are considerations of increasing importance in VARA's approval processes.

Virtual asset valuation tools provide the accuracy required for licensing applications, financial reporting, and tax compliance in contexts where UAE regulators demand precision and reliable methodologies. For clients, these technological advancements translate into accelerated licensing applications through streamlined documentation processes, reduced compliance costs through intelligent automation, more accurate regulatory guidance informed by real-time monitoring of regulatory developments, and competitive advantages derived from early adoption of legal technology solutions that regulators increasingly expect sophisticated market participants to employ.

The convergence of legal expertise with technological capability represents not merely an operational enhancement but a fundamental evolution in how legal services are packaged and delivered in this sector, positioning forward-thinking practices to serve clients more effectively whilst contributing to the broader development of the UAE's digital asset ecosystem.

## About us

### 7 key practices

- Corporate/M&A
- UAE Financial and Free Zones structuring and advisory services
- Private Capital and Private Wealth
- Banking and Finance
- Capital Markets
- Real Estate & Projects
- Energy and Natural Resources



### Best-in-class legal advice

We are an independent boutique international law firm headquartered in the UAE. We work with clients doing business across the Middle East, the CIS and Asia, drawing on our thirty years of experience advising on many of these regions most innovative corporate, finance, and capital markets transactions.

We deliver best-in-class legal services, individually tailored to your commercial requirements, through partner-led advice backed by a core team of experienced lawyers and other professionals.

We are great at what we do and we work closely with you to ensure that you have access to everything that you need, when and where you need it, and with an individually-agreed pricing model that works for both of us.

We predominantly provide English, Russian, ADGM and DIFC legal and strategic advice across the Middle East, CIS, Asia and Africa. We will provide advice relating to other UAE freezones. We focus on structuring, regulatory and complex transactional advice, and frequently work with our clients on their most sensitive and complicated transactions.

We have an affiliation with Stonebridge Legal, which is the successor firm to Freshfields Bruckhaus Deringer in Moscow, with whom we are able to field joint teams where appropriate. This arrangement positions us to leverage the experience and expertise in that office and does not require any additional engagement with Stonebridge Legal or any other entity.

## Our Team

Our core team has decades of experience in leading international law and consultancy firms.

We have lawyers admitted to practice law in England, the state of New York (USA), and UAE special economic zones - DIFC (Dubai International Financial Centre) and ADGM (Abu Dhabi Global Market) – the British Virgin Islands and Ireland.

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