

I GENERAL QUESTIONS ON LICENSING

A What is the Licensing process for VARA?

- VARA will cater to three categories of companies in the Emirate of Dubai except the DIFC:
 - Category A: MVP applicants that are currently in the process of securing an MVP Licence:**
This is 3-stage process starting with [1] Provisional Permit; graduating to [2] Preparatory Licence and concluding with [3] Operational Licence; Applicants that are already in the MVP process will be advised by VARA to either continue within the MVP framework or be transitioned to the FMP Licensing process.
 - Category B: Existing [legacy] Virtual Asset Service Providers [VASP] prior to 07-Feb-2023, that are required to come under VARA supervision:**
All operating VASPs in the Emirate of Dubai [excl. DIFC] fall under VARA's supervision and as a consequence have the following options:
 - Apply for FMP regulated licence;
 - Apply for FMP registration dependent on activity;
 - Secure a No Objection Certificate dependent on activity.
 - Category C: New applicants seeking a VARA Licence in order to offer VA services in Dubai [post 07-Feb-2023]:**
All applicants that do not fall under Category A or B, and who wish to receive a VARA Licence for services that were not being offered on or prior to the date of issuance of the [Virtual Assets and Related Activities Regulations 2023](#) can begin the application process through their current or prospective commercial licensor – DET or FZA, or directly through VARA in the instance that they have yet to determine the commercial operating zone in the Emirate; The two-step process is outlined below:
 - Step 1: Completed Initial Disclosure Questionnaire [IDQ] to be submitted to VARA through Dubai Economy and Tourism [DET] or Free Zone Authority [FZA]; Post submission and review of the IDQ, qualifying entities will receive an Initial Approval that may be used by the entity to complete its operational set-up;
 - Step 2: Following receipt of the Initial Approval, VASPs can submit a full FMP Licence application to VARA through DET or FZA, or in special cases may be directly initiated with VARA until the preferred commercial licensor is identified.
- Only VASPs that receive a final approval and the FMP Licence from VARA, are in a position to undertake the authorised regulated Virtual Asset [VA] activities in and from the Emirate of Dubai [excl. DIFC].

B What types of Licences does VARA offer?

- VARA has issued its Full Market Product [FMP] regulations in Feb-2023 with licensing to start imminently.
- Various Licence categories** are available based on the activity that the VASP intends to offer the market, noting that **each activity is 'discrete' and hence must be applied for explicitly**, based on the requirements for each as stipulated by VARA:
 - VA Advisory Services;
 - VA Broker-Dealer Services;
 - VA Custody Services;
 - VA Exchange Services;
 - VA Lending and Borrowing Services;
 - VA Management and Investment Services;
 - VA Payments and Remittances.
- Additionally, issuers of Virtual Assets will have to obtain approval from VARA under the VA Issuance Rulebook.
- Notes: No VA activity is 'exempt' from regulatory supervision; as such any VA service or **activity requires a VARA Licence, registration or No Objection Certificate [NOC]:**
 - VA Proprietary Trading above certain trading volumes**, is an activity that **must be registered with VARA** to confirm that the activity may be undertaken with regulatory oversight without a VA Licence;
 - Relevant VA Proprietary Trading confirmed to be below certain trading volumes will require a VARA NOC** to confirm that the activity may be undertaken with regulatory oversight without a VA Licence;
 - DLT [Distributed Ledger Technology] service providers that are carrying out any VA activity falling within the categories described above require a VARA Licence; DLT service providers that do not currently offer any VA activities may voluntarily register themselves with VARA, should they so choose – to have the option of catering for VA activities in the future.

C What is the VARA Virtual Assets and Related Activities Regulations?

- The VARA Virtual Assets and Related Activities Regulations 2023 is a bespoke Virtual Assets regulatory regime, which aims to provide VASPs with clear, comprehensive rules for offering Virtual Asset services and activities to the market.

D Where can I access the VARA Virtual Assets and Related Activities Regulations?

- The VARA Virtual Assets and Related Activities Regulations 2023 with the accompanying Rulebooks has been published on www.vara.ae under the 'Regulations' section.



E How can I find out which entities have already received a Licence?

- VARA's Licensing Register will soon be made available on our website, which you can find at www.vara.ae; VASPs and the general public are free to verify a firm's licensing status using the Licensing Register. Other notices/legal actions on VASPs may also be made available by VARA on the website.

II QUESTIONS FOR VIRTUAL ASSET SERVICE PROVIDERS [VASPs]

A I am a Virtual Asset Service Provider [VASP]; When can I apply for a VARA Licence?

- Applications for a VARA [FMP] Licence are now being accepted, and you can initiate the process by contacting the DET [Mainland], or any FZA [Free Zone], in the Emirate of Dubai except the Dubai International Financial Centre [DIFC]; VARA will be available to provide clarifications on the licencing process and licenced activities, however the submission of applications or any documents must be through a commercial licensor either DET or FZA.

B What is the process to apply for a VARA Licence?

- You may apply for a VARA Licence through Department of Economy and Tourism [Mainland], or any Free Zone except DIFC; There is a two-stage approval process:
 - Stage 1 – Initial Approval – VASPs are required to fill an Initial Disclosure Questionnaire [IDQ] with DET or a FZA, which will be screened by the commercial licensing bodies, then transferred to VARA for assessment:
 - Based on the assessment, VASPs may be rejected or additional information may be requested;
 - In case the VASP is given an Initial Approval, the VASP may carry on its readiness activities i.e. setting up office, client money account, bank account, hiring etc. at its own risk and in alignment with the commercial licensor in the Emirate of Dubai;
 - The VASP is then required to satisfy detailed licencing requirements as set out by VARA based on the VA activity the VASP proposes to carry out.
 - Stage 2 – Upon completion of such requirements, the VASP can then apply for the Full Licence Approval [which may include certain conditions and restrictions such as access to retail customers]:
 - VASPs may be rejected if they are unable to fulfil VARA licensing requirements.

II QUESTIONS FOR VIRTUAL ASSET SERVICE PROVIDERS [VASPs]

C Who is eligible to apply for a Full Market Product [FMP] Licence?

1. Any entity wishing to undertake/provide regulated Virtual Asset activities and services across the Emirate of Dubai must apply to VARA for an FMP Licence.

D When can a VASP access retail clients?

1. VASPs that meet VARA's FMP licensing requirements and following payment of associated fees may be granted permission to access retail customers; Certain VASPs may be approved to only provide services to qualified investors and institutional clients, at VARA's discretion.

E How long does the licensing process take to complete?

1. Finalisation of the licensing application process is dependent on the completeness and accuracy of the required documentation and evidence submitted to VARA.

F Can I apply for a Minimum Viable Product [MVP] Licence?

1. MVP Licence applications are no longer being accepted by VARA; This was a time-bound programme for the period prior to VARA Regulations being published – which are now live as of 07-Feb-2023.

G I am a VASP who already applied for an MVP Licence, do I need to re-apply for an FMP Licence?

1. VASPs that are already in the MVP licensing process will need to confirm with VARA if they are required to continue with the MVP process or transition to the FMP application – noting that there will be no redundancy of efforts and time for the VASP and the transitions will be seamless; A gap analysis will be provided to understanding what aspects are pending for the VASP to complete the FMP licensing application process – deadline for this application is 30-Jun-2023.

H I am an MVP VASP, what will happen if I was unable to comply with the FMP requirements in time?

1. VASPs will have until 30-Jun-2023 to complete the FMP licensing application process; VASPs who do not meet this deadline will not be able to commence or continue Virtual Asset Activities in the Emirate; At this stage, VASPs intending to pursue VA services will be required to recommence their application for a Market Licence and can connect with VARA for their situation-specific considerations.

I How will the Virtual Assets Regulations requirements be enforced in the market?

1. Enforcement actions will include warnings, fines and penalties [e.g. licence suspensions, or scope of service or market limitations].
2. VARA will supervise the Virtual Asset market in the Emirate via on-chain and off-chain methods to ensure compliance with our Regulations and Rulebooks. A failure to comply may result in substantial punitive measures which could include material fines and penalties [incl. potential entity closure].
3. All relevant actions are coordinated with relevant government and commercial licensing bodies; More information about VARA's fines and enforcement can be found at this link: [Download Guidelines](#).

III QUESTIONS FOR COMPANIES ALREADY OPERATING IN THE VA SECTOR IN DUBAI ["LEGACY VASPs"]

A I am currently operating in Dubai, do I need to stop providing Virtual Asset services?

1. Entities already providing regulated Virtual Asset services [see Licence categories] to the Dubai market must register with VARA by 31-Mar-2023; Qualified entities will receive an Acknowledgment of Application Notice [AAN].
2. The AAN will allow for a maximum six-month period during which AAN recipients must have applied for an FMP Licence.
3. Entities that do not secure an FMP Licence by the prescribed deadlines must initiate a wind-down process of their VA Activities. [Note: This does not apply to entities that receive a No Objection Certificate]

B How do I receive an Acknowledgment of Application Notice [AAN]?

1. All entities currently conducting Virtual Asset services or activities must register with VARA via their respective Free Zone Authority or DET and initiate the application process.

C What activities am I permitted to offer the market?

1. Entities will be required to hold a VARA Licence or Acknowledgment of Application Notice [AAN] if they carry out any of the following VA activities, namely:
 - i. VA Advisory Services;
 - ii. VA Broker-Dealer Services;
 - iii. VA Custody Services;
 - iv. VA Exchange Services;
 - v. VA Lending and Borrowing Services;
 - vi. VA Management and Investment Services;
 - vii. VA Payments and Remittances.
2. Entities that issue Virtual Assets must seek approval from VARA regarding the issuance of the Virtual Asset; Such entities should also determine if any of their activities relating to the Virtual Assets fall within the categories of VA Activities described above.
3. Note: **VA Proprietary Trading above certain trading volumes** is an activity that **must be registered with VARA** to confirm that the activity may be undertaken without a VA Licence.
4. Technology services utilising Distributed Ledger Technology [DLT] will have to determine if they are carrying out any Virtual Asset activity falling within the categories described above, and they may either be licensed or require registration with VARA.

D I currently hold a Proprietary Trader commercial licence and trade using my own funds with no clients, do I need a VARA Licence?

1. Proprietary Traders, who trade their own funds and are not trading it as a service to friends-family and/or third-party mass market – i.e. no clients – are not required to hold a VARA Licence at this time.
2. Proprietary Traders by the aforementioned definition – with a cumulative monthly trading volumes above USD 250MM – regardless of whether it is being undertaken as a business, are required to register with VARA, and will be subject to regulatory oversight.
3. As a proprietary trader, should your daily trading volume fall below the threshold – you are required to declare this status and secure a suitable NOC from VARA to continue providing your services.

E I currently hold a Distributed Ledger Technology commercial licence, do I need a VARA Licence?

1. Distributed Ledger Technology [DLT] service providers may be required to hold a VARA Licence at this time if they are providing or carrying out any of the below mentioned VA activities:
 - i. VA Advisory Services;
 - ii. VA Broker-Dealer Services;
 - iii. VA Custody Services;
 - iv. VA Exchange Services;
 - v. VA Lending and Borrowing Services;
 - vi. VA Management and Investment Services;
 - vii. VA Payments and Remittances.

III QUESTIONS FOR COMPANIES ALREADY OPERATING IN THE VA SECTOR IN DUBAI [*LEGACY VASPs*]

F I currently hold a Metaverse commercial licence, do I need a VARA Licence?

1. This is a broad sector and it is critical to understand exactly which services are being undertaken to respond more comprehensively.
2. At the first instance, entities offering Metaverse services are generally not required to hold a VARA Licence at this time.
3. If any such entities are conducting VA activities regulated by VARA in and/or from Dubai a VARA FMP Licence will be required.

G I currently hold an NFT Marketplace commercial licence, do I need a VARA Licence?

1. Entities that already possess NFT Marketplace commercial licences with Free Zones must obtain a VA Exchange Licence from VARA.
2. NFT Marketplace providers should ensure they register with VARA for an Acknowledgment of Application Notice [AAN] before 31-Mar-2023.

H Can I apply for an MVP Licence?

1. MVP Licence applications are no longer being accepted by VARA.
2. VASPs that are currently in the MVP licensing process will have until 30-Jun-2023 to fulfil the FMP Licence application requirements – they should not anticipate having to encounter redundancies in the process going forward versus steps and submissions already concluded to date; The process will allow for smooth and seamless transfer to the FMP programme.

I I have an Acknowledgment of Application Notice [AAN], when do I apply for a Full Market Product Licence?

1. VASPs that have received an AAN must apply for an FMP Licence within a maximum of six-months after receiving it.

IV VA MARKETING REGULATIONS

A I am an event organiser, and would like to apply for a Virtual Assets event permit. How can I apply?

1. All event organisers are required to apply for events in Dubai through the e-Permit system of the Department of Economy and Tourism.
2. You may apply for a VA event through the e-Permit system, by selecting the category [VA event].
3. VARA reminds all concerned parties to confirm their adherence to the VA guidelines on the e-Permit system of the Dubai Government.
4. Failure to comply with VARA's marketing regulations may result in substantial punitive measures incl. material fines/penalties and potential entity closure.

B I am an advertising company, and would like to advertise for my clients in Virtual Assets on billboards, taxis, outdoor spaces, etc.; How can I apply?

1. For such advertising you are required to apply through the central government advertising system managed by Dubai Municipality.
2. You must declare using the category [Virtual Asset Activity].
3. You will be required to confirm your adherence to marketing regulations and guidelines [see below]:
 - i. <https://www.vara.ae/media/Administrative-Order-01-%20Regulatory-Guidelines-on-Marketing-Advertising-and-Promotions-related-to-Virtual-Assets-27Jan2023.pdf>
 - ii. <https://www.vara.ae/media/Administrative-Order-02-Penalties-for-Non-Compliance-27Jan2023.pdf>
4. VARA reminds all concerned parties to confirm their adherence to the VA guidelines on the ePermit system of the Dubai Government.
5. Failure to comply with VARA's marketing regulations may result in substantial punitive measures incl. material fines/penalties and potential entity closure.