AI, TECHNOLOGY & DIGITAL ASSETS · 9 JULY 2026 · 10 MIN READ

# Virtual Assets in Dubai: Licensing and Controls Before You Offer a Crypto Service

A credible Dubai virtual-asset business aligns its regulated activity, licence, custody, technology, financial-crime controls and customer communications before launch.

**Akash Chetwani, CFA**
SENIOR PARTNER · ADVISORY

IRAA Global Advisory

EDITORIAL GUIDE

# Contents

AI, TECHNOLOGY & DIGITAL ASSETS · 10 MINUTE READ · JULY 2026

A credible Dubai virtual-asset business aligns its regulated activity, licence, custody, technology, financial-crime controls and customer communications before launch.

> A business cannot add virtual-asset services to an ordinary technology licence and assume that risk is covered. In Dubai, the activity, customer journey, custody, marketing and technology determine whether authorisation from VARA is required.

The Virtual Assets Regulatory Authority regulates virtual assets and Virtual Asset Service Providers across mainland Dubai and its free zones, excluding the Dubai International Financial Centre. VARA's regulations require entities conducting a virtual-asset activity by way of business to obtain and maintain the relevant licence unless an exemption applies.

## Questions before offering a crypto product

| | |
|---|---|
| ACTIVITY | Is the business advising, broking, exchanging, lending, transferring, managing, settling or safeguarding virtual assets? |
| JURISDICTION | Where is the entity, customer, service and marketing located or targeted? |
| CONTROL | Who holds keys, approves transactions, lists assets and handles client money? |
| CUSTOMER | How are identity, suitability, disclosures, complaints and financial-crime risks managed? |
| TECHNOLOGY | How are wallets, smart contracts, infrastructure, incidents and third parties controlled? |

## Classify the activity, not the brand

Terms such as platform, fintech, treasury tool or Web3 consultancy do not determine regulatory status. Map every function performed for customers and counterparties. Include order routing, custody, wallet control, conversion, transfers, staking, lending, portfolio management, advice and issuance.

Consider remuneration, scale, continuity and how the entity presents itself. VARA's rules prohibit an unlicensed entity from holding itself out as a licensed VASP or conducting regulated activity by way of business.

Obtain regulatory advice before building the customer journey or accepting funds. A technology provider may be outside one activity but enter another through administrative control, key access, transaction discretion or marketing claims.

## Understand the regulatory perimeter

VARA applies across Dubai except DIFC. Other emirates and financial free zones have different competent authorities and frameworks. Federal rules, including AML/CFT and relevant Central Bank requirements for payment tokens or monetary functions, may also apply.

Do not treat a free-zone incorporation approval as a VARA licence. Entity formation and virtual-asset authorisation are separate. The operating company must obtain approval for each regulated VA activity and comply with licence conditions.

Issuing a token requires separate analysis. VARA's issuance rules can apply when an entity issues a virtual asset in the course of business. The economics, rights, marketing, distribution and other regulatory character of the instrument must be assessed before launch.

## Build the control architecture during licensing

VARA's framework includes company, compliance and risk management, market conduct, technology and information, and activity-specific rulebooks. Governance should therefore connect board oversight, capital, compliance, internal control, customer protection and technology.

Define accountable senior roles, independence, conflicts, outsourcing and three lines of assurance. Policies must match system behaviour. A custody policy is ineffective if developers can move assets outside approved workflows.

Maintain an obligation register mapping each rule to control, owner, system, evidence and reporting. Test operation before customer launch and after material change.

> *“In virtual assets, the regulated activity is expressed through code, keys, contracts and customer communications together.”*

## Control custody and transaction authority

Map private-key creation, storage, backup, signing, recovery and destruction. Separate duties and require multi-person approval for high-risk actions. Define hot, warm and cold wallet limits and reconcile on-chain positions to customer and accounting records.

Customer assets should be identifiable and handled according to applicable safeguarding rules. Test insolvency, cyberattack, lost-key and chain-event scenarios. Insurance does not replace operational resilience.

Smart contracts and protocols require due diligence, code review, privileged-access assessment and monitoring. Understand upgrade keys, oracles, bridges, administrators and emergency controls.

## Embed financial-crime controls

Customer due diligence should establish identity, beneficial ownership, purpose and expected activity. Risk assessment should address products, customers, geography, delivery channel and blockchain exposure.

Use transaction monitoring that combines customer context with blockchain analytics. Alerts need trained review, escalation, confidentiality and reporting. Sanctions screening should cover customers, counterparties and relevant wallet exposure.

Record source of funds and, where risk requires, source of wealth. Peer-to-peer transfers, mixers, privacy tools, rapid movement and high-risk services require calibrated treatment rather than automatic conclusions.

## Market without overstating trust

VARA’s marketing rules apply to marketing of virtual assets or VA activities in or targeting the UAE. Communications must be fair and clear and cannot imply regulatory endorsement. Influencers, affiliates and agencies need approval and monitoring.

State risks, fees, eligibility and regulatory status accurately. Do not imply that past performance guarantees future returns. Preserve versions and approvals for websites, social media, events and direct messages.

## A controlled launch sequence

| | |
|---|---|
| 01 | **Map:** Identify every customer and technical activity. |
| 02 | **Confirm:** Determine authority, licence and approval requirements. |
| 03 | **Design:** Align governance, capital, compliance and technology. |
| 04 | **Test:** Validate custody, monitoring, resilience and reconciliations. |
| 05 | **Disclose:** Approve marketing and customer risk information. |
| 06 | **Monitor:** Track rule, product, asset and system changes. |

A credible digital-asset business treats regulation as product architecture. The licence, control environment and technology should describe the same service. When they diverge, customer and regulatory risk grows faster than transaction volume.

# Make governance match the operating model

Boards and founders should be able to explain how the legal entity, licensed activity, customer journey and technical transaction path fit together. That explanation should cover who accepts the customer, who controls wallets or keys, who executes or routes an order, where records are kept, how fees arise and which party is responsible when a transaction fails. Outsourcing a function does not remove the need to understand it or supervise the provider.

Management information should connect commercial growth to control capacity. Relevant measures include onboarding volumes, verification exceptions, sanctions and transaction-monitoring alerts, wallet reconciliation breaks, asset concentration, complaints, system availability, security events and unresolved audit actions. A fast-growing product should not be considered successful if backlogs, overrides or unmatched balances are accumulating behind it.

## Control product and asset changes

New tokens, yield features, staking arrangements, leverage, payment flows or custody structures can change the regulatory and risk analysis even when the user interface looks similar. Establish a product committee with compliance, legal, finance, risk, security and operations representation. Require a documented assessment of the proposed activity, target customers, asset characteristics, liquidity, custody, pricing, disclosures, financial-crime exposure and technology dependencies before release.

The same discipline should apply to partnerships and influencers. Marketing approval must consider the audience, channel, prominence of risk information and whether statements could imply a guarantee, regulatory endorsement or certainty of return. Keep an archive of approved materials and monitor affiliates after publication. If the product, licence status or risk changes, the business needs a way to amend or withdraw communications quickly.

Before launch, conduct a full transaction rehearsal from onboarding through deposit, execution, settlement, custody, withdrawal, complaint and account closure. Reconcile customer records to wallets, ledgers and bank movements, then test degraded systems and failed providers. This evidence turns a regulatory submission into an operational capability and gives leaders a defensible basis for deciding whether the service is ready for real customers.

# Official sources

1. **VARA regulatory framework and jurisdiction**
2. **VARA regulated activities and licensing rules**
3. **VARA Technology and Information Rulebook**
4. **VARA Marketing Regulations**

Online edition: **https://iraaglobal.com/insights/dubai-virtual-assets-vara-licensing-controls-business/**

ABOUT THE CONTRIBUTOR

# Akash Chetwani, CFA

SENIOR PARTNER · ADVISORY

Cross-border advisory for professionals, founders, investors, and globally connected families.


| | |
|---|---|
| PHONE | +971 56 921 0222 |
| EMAIL | info@iraaglobal.com |
| PROFILES | LinkedIn · Contributor page and articles |

**IRAA GLOBAL**
AUDIT · TAX · ADVISORY

# A connected advisory firm for businesses operating across borders.

OUR EXPERTISE

| | |
|---|---|
| Audit & Assurance | Corporate Tax & VAT |
| Accounting & Bookkeeping | Finance & CFO Advisory |
| AML, Risk & Compliance | Business Advisory & Setup |
| Human Resources Advisory | AI, Technology & Digital Assets |
| India-UAE Cross-Border Advisory | Private & Family Advisory |

**IRAA GLOBAL**
AUDIT · TAX · ADVISORY

# Insight beyond numbers.

**IRAA Global Advisory**

503 Mustafawi Carpet Building, Sharaf DG Metro Exit 1
Dubai, United Arab Emirates

+971 56 921 0222 · +971 50 677 9455
info@iraaglobal.com · www.iraaglobal.com

LAYOUT & DESIGN BY SURESH TAMANG