BOARD BRIEFING · REGULATORY LANDSCAPE

VARA

Dubai's Virtual Assets Regulatory Authority

An introduction to VARA's mandate, structure, controls and market impact - prepared for Board members with no prior exposure to the virtual asset regulatory regime.

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01

EXECUTIVE SUMMARY

Why this briefing matters to the Board

1

A market we cannot ignore

Dubai built the world's first dedicated, stand-alone regulator for virtual assets. It now licenses 50+ firms, including Binance, OKX and Crypto.com - a live signal of where global digital-asset activity is concentrating.

2

Real legal and financial exposure

VARA enforces its rules with fines up to AED 100 million and can order platforms to cease operating in Dubai overnight. Any engagement with virtual assets touching Dubai carries direct compliance obligations.

3

A template being exported globally

VARA describes its own ambition as building an easy-to-replicate framework other jurisdictions can adopt - meaning its standards may shape how virtual assets are regulated well beyond Dubai.

THE BOTTOM LINE

VARA is now the reference point for institutional virtual-asset activity in the Middle East.

52

licensed VASPs on Dubai's public register (Jul 2026)

100+

virtual asset entities licensed UAE-wide across 5 regulators (Aug 2026)

02

THE REGULATOR

What is VARA, in plain terms

VARA is the government body that decides who is allowed to offer crypto and other virtual-asset services in Dubai, and under what rules. Think of it as Dubai's equivalent of a securities or banking regulator - but built specifically, and exclusively, for virtual assets.

Purpose-built

The world's first regulator created solely to license, supervise and enforce rules on virtual asset businesses - not a division of an existing financial regulator.

Investor protection mandate

Created to protect investors and set international-standard governance requirements as the virtual asset industry matured.

Part of a national strategy

Anchors Dubai's ambition to be a leading global hub for digital finance and the broader UAE virtual-asset economy.

KEY FACTS

ESTABLISHED

March 2022, under Dubai Law No. 4 of 2022

LEGAL STATUS

Independent legal personality with financial autonomy

REPORTS THROUGH

Linked to the Dubai World Trade Centre Authority (DWTCA)

JURISDICTION

Dubai mainland and free zones, excluding DIFC

NATIONAL CONTEXT

Operates alongside UAE Cabinet Resolution No. 111 of 2022

03

GOVERNANCE

Where VARA sits in Dubai's government

Why this structure matters

VARA is not a private industry body or a committee inside another regulator. It sits within Dubai's formal government structure, with its own legal identity and budget, and its rulemaking traces directly back to Dubai law and a UAE federal cabinet resolution.

BOARD TAKEAWAY

A VARA licence carries the weight of Dubai government authority - decisions are enforceable, not advisory.

UAE Federal Framework
Cabinet Resolution No. 111 of 2022

↓

Government of Dubai
Law No. 4 of 2022

↓

Dubai World Trade Centre Authority
Parent linkage

↓

VARA
Independent legal personality & financial autonomy

04

JURISDICTION & SCOPE

What VARA covers - and what it doesn't

COVERED BY VARA

Dubai mainland and all free zones - including Special Development Zones - for any activity involving virtual assets.

EXCLUDED

The Dubai International Financial Centre (DIFC) - a separate financial free zone regulated by the DFSA, its own independent regulator.

Activities VARA licenses and supervises

Exchange Services	**Custody Services**	**Broker-Dealer**	**Lending & Borrowing**
Advisory Services	**Investment Management**	**Virtual Asset Issuance**	**Transfer & Settlement**

05

MARKET ENTRY

The licensing journey for a virtual asset firm

1

Initial Disclosure

Firm submits an Initial Disclosure Questionnaire, business plan, beneficial-ownership and management details to VARA or the relevant Free Zone Authority.

2

Initial Approval

VARA reviews the submission and, if satisfied, grants Initial Approval - allowing the firm to finalise legal incorporation and set up operations in Dubai.

3

Operational Build-out

The firm secures a physical Dubai office, builds governance, AML/CFT and technology controls, and is not yet authorised to serve clients.

4

Full VASP Licence

Once VARA confirms compliance with the relevant Rulebooks, the firm receives its activity-specific licence and may begin operating.

Applies to firms already operating in Dubai as well as new entrants - legacy free-zone crypto licences do not substitute for a VARA licence.

06

THE RULES

A framework built on 12 rulebooks

12

Rulebooks currently in force, updated periodically as the industry evolves - the most recent update required full compliance from licensed firms by 19 June 2025.

Firm-wide requirements

Company governance, compliance & risk management, technology & information security, and market conduct - apply to every licensed firm regardless of activity.

Activity-specific rules

Separate rulebooks for Exchange, Custody, Broker-Dealer, Lending & Borrowing, Advisory, Investment Management, Issuance and Transfer & Settlement services.

Enforcement & penalties

Sets out VARA's supervisory powers - including rights of access to premises, data and records - and its fines and sanctions regime.

07

MARKET SNAPSHOT

VARA by the numbers

Mar 2022
Established
Under Dubai Law No. 4 of 2022

52
Licensed VASPs
On VARA's public register, Jul 2026

14 → 52
Register growth
Nov 2023 to Jul 2026 (approx.)

AED 100M
Max AML/CFT fine
For legal persons, per federal law

AED 10M
Max marketing fine
For unauthorised promotion of VA activity

AED 3,500
Travel Rule threshold
Transfers above this require full ID data

08

WHO'S ALREADY HERE

Real-world licensees the Board will recognise

Binance FZE

Exchange · Broker-Dealer · Lending & Borrowing

Licensed Apr 2024

The world's largest crypto exchange by volume operates in Dubai under a full VARA licence spanning multiple activities.

OKX Middle East Fintech FZE

Exchange Services

Licensed Sep 2024

Runs a 100+ person Dubai operation and, alongside Binance, was among the first global exchanges to secure derivatives permissions.

Crypto.com (Foris DAX Middle East FZE)

Broker-Dealer · Exchange · Lending

Licensed Apr 2024

Holds one of the broadest licence sets on the register, spanning retail and institutional activities.

Deribit FZE

Exchange Services - Derivatives

Licensed Nov 2024

A specialist derivatives venue, reflecting VARA's early move to bring crypto options and futures into a regulated perimeter.

Also on the register: Gate, HashKey MENA, Backpack (Trek Labs), Bybit (federal CMA licence, not VARA) and 40+ other licensed firms across custody, advisory and lending categories.

09

CONTROLS

AML/CFT: treated like a bank, not a startup

Since Federal Decree-Law No. 10 of 2025 took effect on 14 October 2025, VARA-licensed firms carry the same anti-money-laundering and counter-terrorist-financing duties as licensed financial institutions - not a lighter, 'crypto-friendly' standard.

✓ **Travel Rule enforced**

Originator and beneficiary identity data must be collected and transmitted for transfers at or above AED 3,500.

✓ **goAML reporting**

Registration on the UAE's financial intelligence portal and timely suspicious-transaction reporting is mandatory, not optional.

✓ **Privacy coins barred**

Anonymity-enhancing tokens are excluded from the regulated Travel Rule framework entirely.

✓ **Enhanced due diligence**

Transactions involving self-hosted (unhosted) wallets trigger extra identification and source-of-funds checks.

✓ **FI-grade programme**

Full AML/CFT programme required, audited to the same standard applied to banks and other regulated financial institutions.

✓ **Severe penalties**

Legal persons face fines from AED 5 million up to AED 100 million, scaled to the value of the property involved.

CONTROLS MAPPING

Governance, risk & controls vs. leading frameworks

How VARA's control expectations translate into the governance, risk and control (GRC) language the Board already knows from ISO 27001:2022, NIST CSF 2.0, ISO 22301:2019 and PCI DSS v4.0.

Governance Domain	Key Risk	VARA-Aligned Control	ISO 27001:2022	NIST CSF 2.0	ISO 22301:2019	PCI DSS v4.0
Governance & Accountability	Unclear security ownership	Board-approved governance framework, defined roles	Clause 5.3, A.5.1, A.5.2	GV.OC, GV.RM	Clause 5	Req 12.1, 12.4
Risk Management	Unmitigated cyber/AML risk	Annual risk assessment & treatment plan	Clause 6.1, A.5.7	ID.RA	Clause 8.2	Req 12.3
Identity & Access Control	Unauthorised system access	RBAC, MFA, periodic access recertification	A.5.15-5.18, A.8.2-8.5	PR.AA	Clause 8.1	Req 7, 8
Cryptography & Digital Asset Custody	Loss/theft of private keys	Multi-sig wallets, HSM key mgmt, cold/hot segregation	A.8.24	PR.DS	Clause 8.1	Req 3, 4
Network & Infrastructure Security	External system compromise	Segmentation, firewalls, patch management	A.8.20-8.23	PR.PS	Clause 8.1	Req 1, 2, 6
Logging, Monitoring & Transaction Surveillance	Undetected fraud/laundering	SIEM, Travel Rule & sanctions screening	A.8.15, A.8.16	DE.CM	Clause 9.1	Req 10
Incident Response & Business Continuity	Unmanaged outage/breach	Tested IR playbooks; BCP/DR with RTO/RPO	A.5.24-5.30	RS.MA, RC.RP	Clause 8.4, 8.5	Req 12.10
Third-Party, Audit & Compliance	Vendor / control drift	Vendor due diligence plus audits & pen testing	A.5.19-5.22, Cl. 9.2	GV.SC	Clause 9.2	Req 11, 12.8, 12.11

Illustrative mapping prepared by Kim | CISO to translate VARA's control expectations into familiar framework reference points for Board discussion; not an official certification crosswalk.

THE GAP

Critical VARA controls beyond ISO, NIST & PCI

The frameworks above cover technology and continuity risk well. They do not cover several requirements that are unique to being a licensed virtual asset firm in Dubai.

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Client Asset Safeguarding

Segregation of client virtual assets from firm assets, with independent reconciliation - a core Custody Rulebook requirement with no ISO/PCI equivalent.

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Capital Adequacy

Minimum regulatory capital and liquid asset thresholds set by VARA's Company Rulebook, scaled to licensed activity and risk exposure.

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Fit & Proper / Key Persons

VARA approval of Board members, senior management and compliance officers before they can act in a licensed role.

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Marketing & Promotions

Rules on how virtual asset services can be advertised in Dubai; breaches carry fines of up to AED 10 million.

!

Orderly Wind-Down Planning

A funded, VARA-reviewed plan to unwind operations and return client assets safely if the firm exits the market.

!

Market Conduct & Insider Trading

Controls preventing market manipulation, front-running and misuse of material non-public information.

!

Smart Contract & Protocol Audits

Independent security audits of smart contracts and blockchain protocols before they support licensed activity.

!

Consumer Disclosure & Whitepapers

Mandated, VARA-reviewed disclosure documents for token issuance so investors understand risk before buying.

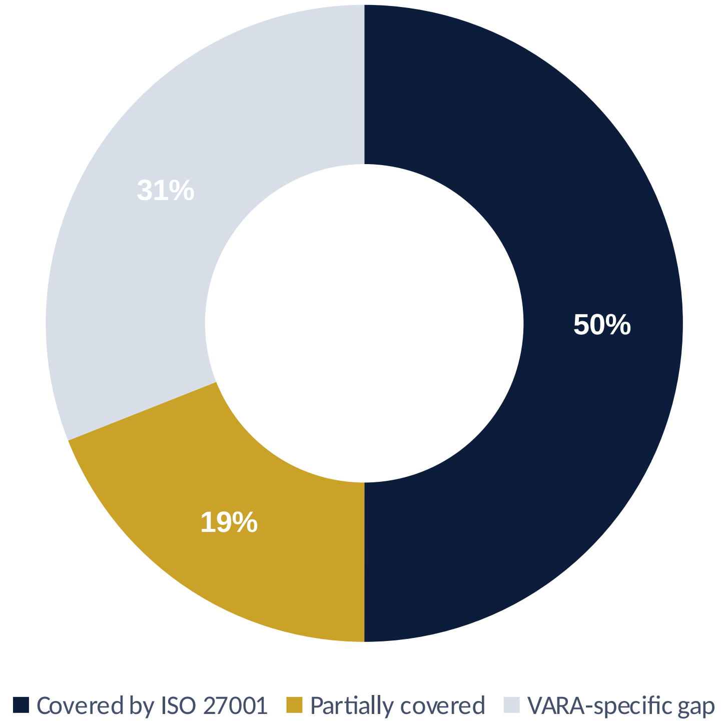
These are VARA-specific obligations - a generic ISO 27001, NIST CSF or PCI DSS certification alone will not satisfy them.

COVERAGE GAP

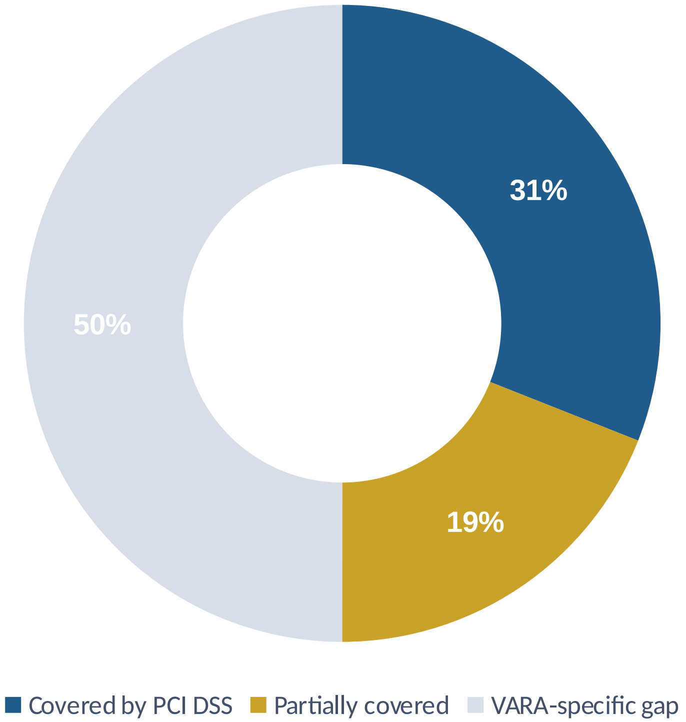
How much of VARA does a certification actually cover?

Illustrative estimate of VARA control-domain coverage for a firm holding each certification alone, based on the domains reviewed on the two preceding slides.

If the organisation is ISO 27001 certified



If the organisation is PCI DSS certified



Neither certification alone satisfies VARA. ISO 27001 covers most technology and governance controls; PCI DSS is narrower since it is scoped to card data. Client-asset custody, capital, marketing and wind-down requirements sit outside both.

ENFORCEMENT

These rules are actively enforced

KuCoin (Peken Global Ltd.)

Mar 2026

VARA ordered the platform to immediately cease all virtual asset services in Dubai, citing unlicensed operations and misrepresentation of its regulatory status to UAE residents.

Shelbit Exchange

2025-2026

Following a January 2025 cease-and-desist notice, VARA issued a formal Notice of Fines against the firm for continued non-compliance.

Morpheus Software Technology (Fuze)

2026

VARA issued fines tied to ongoing supervisory-control failures identified during routine enforcement review.

VARA also holds general powers of immediate access to premises, data and records, and can suspend token or asset issuances at any point.

SO WHAT?

Strategic implications for the Board

OPPORTUNITIES

- Access to a regulated, institutional-grade hub already trusted by the largest global exchanges.
- New licensed categories - including derivatives and real-world-asset (RWA) tokenisation - open emerging revenue lines.
- A published, predictable rulebook reduces regulatory ambiguity compared with many other jurisdictions.
- Federal harmonisation (CMA-VARA agreement, Aug 2025) is reducing friction for UAE-wide expansion.

RISKS & CONSIDERATIONS

- Licensing is activity-specific and can take months; capital, office and governance requirements are non-trivial.
- AML/CFT obligations now match bank-grade standards - compliance build-out has a real cost.
- Engaging any unlicensed 'Dubai-facing' platform exposes counterparties to VARA enforcement risk, not just the platform itself.
- Rulebooks are updated periodically; ongoing legal monitoring is required to stay compliant.

15

CLOSING

Key takeaways & recommended next steps

WHAT WE NOW KNOW

- VARA is a mature, government-backed regulator - not an experimental sandbox - with real enforcement teeth.
- Major global platforms already operate here under full licence, validating the regime's credibility.
- Compliance costs and timelines are material and should be scoped before any commitment is made.

RECOMMENDED NEXT STEPS

1. Engage VARA-experienced legal counsel to map our activities to the correct licence category.
2. Commission a compliance-cost estimate covering AML/CFT tech, staffing and office presence.
3. Assign an internal owner to monitor Rulebook updates and enforcement notices.
4. Revisit this briefing before any binding commitment involving Dubai virtual-asset activity.

PREPARED BY

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28+ years in information security leadership, risk and IT governance, including 20+ years within GCC Central Bank-regulated financial institutions. Most recently Deputy CISO at American Express (Middle East) B.S.C. (c), leading incident response, regulatory compliance across 11 examinations, and AI governance implementation. Areas of expertise include Crypto / Virtual Assets Security and AI Governance & ISO 42001 - directly relevant to the VARA landscape covered in this briefing.

CERTIFICATIONS	CISM · CCSP · CDPO · ISC² CC · ISO 27001:2022 Lead Auditor · CBCMP & ISO 22301 · AWS Cloud for CISOs · Blockchain Security (BIBF)
EDUCATION	MSc Computer Science (Hamdard University) · BE Mechanical Engineering (NUST) · Managing Cyber Security (Kennesaw State University) · AI Governance & ISO 42001 Readiness (BSI)
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17

APPENDIX

Disclaimer & references

DISCLAIMER

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REFERENCE SOURCES

- VARA official website - vara.ae (About VARA, Regulations, Regulatory Notices)
- VARA Rulebooks portal - rulebooks.vara.ae
- UAE Government portal - u.ae, Regulation of Digital Properties
- Dubai Law No. 4 of 2022 and Cabinet Resolution No. 111 of 2022
- Federal Decree-Law No. 10 of 2025 on AML/CFT
- Public VASP register trackers (Cryptonite, NeosLegal, UAE Expert Hub) - cross-checked against VARA's live register
- Legal and industry commentary - Linklaters, White & Case, Mondaq, Forbes