هيئــة الأوراق المـاليــة والسـلـع
SECURITIES & COMMODITIES AUTHORITY

The Chairman of the Authority's Board of Directors' Resolution No. (15/Chairman) of 2025 Concerning the Regulation as to Security Tokens and Commodity Tokens Contracts

The Chairman of the Securities and Commodities Authority's Board of Directors,

Having perused:

Federal Law No. (4) of 2000 Concerning the UAE Securities and Commodities Authority and Market, as amended;

Cabinet Resolution No. (13) of 2000 concerning the Regulation as to the Functioning of the Securities & Commodities Authority, as amended;

Cabinet Resolution No. (51/ 2 F) of 2025 concerning the Restructuring of the Securities and Commodities Authority's Board of Directors;

The Chairman of the Authority's Board of Directors' Resolution No. (157/R) of 2005 concerning the Regulation as to listing and trading of commodities and commodity contracts; and

The Chairman of the Authority's Board of Directors' Resolution No. (11/ Chairman) of 2016 concerning the regulation for offering and issuing shares of joint stock companies;

The Chairman of the Authority's Board of Directors' Resolution No. (17) of 2014 concerning the Regulations of Debt Securities;

The Chairman of the Authority's Board of Directors' Resolution No. (16) of 2014 concerning the Regulations of Sukuk;

The Chairman of the Authority's Board of Directors' Resolution No. (32) of 2014 concerning the Regulations of Depository Receipts;

The Chairman of the Authority's Board of Directors' Resolution No. (05/ Chairman) of 2023 on the registration of securities for listing;

The Chairman of the Authority's Board of Directors' Resolution No. (01/ Chairman) of 2023 concerning the regulation of the investment funds;

The Chairman of the Authority's Board of Directors' Resolution No. (22/ Chairman) of 2024 concerning the regulation as to the private offering of debt securities, sukuks, and securitized financial instruments; and

Pursuant to the approval of the Authority's Board of Directors by circulation;

And as required for the public interest,

T +971 4 3312 999 هاتف   117666 ص.ب: ص.ب.   دبـــــي: ص.ب   الإمارات العربية المتحدة T +971 2 6277 888 هاتف   33733 .ص.ب: ص.ب أبوظبـــي

F +971 4 3328 884 فـاكس   United Arab Emirates   Dubai, PO Box 117666   F +971 2 6274600 فـاكس   Abu Dhabi, PO Box 3373

Public Authority | هيئة عامة   www.sca.ae

Has decided:

Chapter 1: General Provisions

Preamble

Article (1)

- The purpose of this Regulation is to ensure that securities and commodities contracts, including those issued using distributed ledger technology (such as Security Tokens and Commodity Contract Tokens), are accommodated within the existing regulatory framework. The Regulation is designed to provide consistent treatment for securities and commodities contracts, irrespective of the technology employed in their issuance or transmission. This approach aims to address and mitigate any risks that may arise from the use of distributed ledger technology, while maintaining the integrity and objectives of the regulatory regime. This Regulation adopts a position of technological neutrality by focusing on the legal and regulatory characteristics of the financial instrument itself, rather than the specific technology used to create, record, or transfer it. As a result, whether a securities or commodities derivatives contract is issued in traditional paper form, as an electronic record, or as code on a Distributed Ledger, it will be subject to the same fundamental legal and regulatory requirements. This approach provides legal certainty by ensuring that Security Tokens

and Commodity Contract Tokens have the same investor protections, regulatory oversight, and market accessibility as traditional securities, fostering innovation while maintaining financial stability.

- Security Tokens and Commodity Tokens Contracts are digital representations of assets, such as companies shares, bonds.

- Accordingly, this decision cannot be read in isolation from any other related legislation in the State, to the extent applicable to the Obligor, ensuring they are fully aware of all aspects of the issuance process and in compliance with this decision.

Definitions

Article (2)

First: The following words and phrases shall have the meanings assigned thereto unless the context indicates otherwise:

State	:	The United Arab Emirates.
Law	:	Federal Law No. (4) of 2000 concerning the UAE Securities and Commodities Authority and Market, as amended.

Authority	:	The Securities and Commodities Authority.
Market	:	The securities and commodities market licensed by the Authority.
Securities	:	As defined in the financial activities rulebook issued by Authority.
Commodities Contract	:	As defined in the financial activities rulebook issued by Authority.
Security Token	:	A Security the rights attaching to which are registered in a Distributed Ledger in accordance with the Registration Agreement and may be exercised and transferred to others through a distributed ledger.
Commodity Token Contract	:	A Commodity Contract the rights to which are registered in a distributed ledger in accordance with the Registration Agreement and may be exercised and transferred to others through the Distributed Ledger.
Virtual Assets	:	A digital representation of value that can be traded or digitally converted, can be used for investment purposes, and does not include digital representations of fiat currencies, securities, or other funds.
Distributed Ledger	:	A distributed ledger is a ledger of Security Tokens and Commodity Contract Tokens.

Distributed Ledger Technology (DLT)	:	A technology that enables the operation and use of Distributed Ledgers, is electronically accessible from multiple locations by a network of participants, and can be updated by those participants based on an agreed consensus, protocol or procedures.
Permissioned DLT	:	A Distributed Ledger which can be updated or validated only by authorized users within set governance.
Permission less DLT	:	A distributed ledger that anyone can read or update without prior permission.
Obligor	:	A person who is legally or contractually obliged to provide payment or benefit through the execution of financial, contractual or operational obligations.
Obligee	:	A person who is entitled to receive payment or who is owed an obligation by an Obligor.
Owner	:	A person who has legal possession of a Security Token or Commodity Contract Token and who may or may not be the Beneficiary.
Beneficiary	:	A person who has rights in a Security Token or Commodity Contract Token and who may or may not have legal possession of the Security Token or Commodity Contract Token.

Registration Agreement	:	An agreement that defines the legal relationship between the Obligor of a Security Token or a Commodities Contract Token and the Obligee of the Security Token or a Commodities Contract Token that is recorded in the Distributed Ledger, and defines the rights and obligations of each party including the conditions of registration, retention and transfer.
Digital Wallet	:	A software application or other tool which is used to control, safeguard or manage public and private cryptographic keys (or their equivalent).

Digital Wallet Service Provider:

1. The market or the entity licensed to operate the alternative trading system that provides custody services for the Security Tokens or Commodity Contract Tokens by controlling the public and private cryptographic keys.

2. The entity licensed by the Authority to provide custody services for the Security Tokens or

Commodity Contract Tokens by controlling the public and private cryptographic keys.

3.   An entity licensed by an equivalent regulatory authority in another jurisdiction to provide custody services for Security Tokens or Commodity Contract Tokens through the control of public and private cryptographic keys and approved by the Authority.

Self-custody (non-custodial wallet)	:	The holding and control of the Security Tokens or Commodity Contract Tokens by its owner, through the ownership of the public and private cryptographic keys.
Whitelist	:	A pre-approved list of non-custodial wallet addresses authorized to send or receive Security Tokens or Commodity Contract Tokens, in accordance with Anti-Money Laundering and Counter-Terrorism Financing requirements.

Second: Words and phrases not defined in this Decision shall have the meanings assigned to them in the law, Regulations and decisions of the Authority.

General Provisions

Article (3)

1. Subject to this Decision, Security Tokens or Commodities Contract Tokens issued in and/or from within the State shall be subject to the decisions of the Authority in force in the State relating to Securities and Commodity Contracts.

2. The Authority may issue such directives as it deems appropriate from time to time in relation to the provisions and application of this Decision.

Scope of Application

Article (4)

1. The provisions of this Decision shall apply to Security Tokens and Commodity Contract Tokens.

2. The provisions of this Decision shall not apply to virtual assets.

3. The provisions of this Decision shall not apply to Real World Assets unless the tokenized Real-World Assets (RWA) represents Securities.

Chapter 2: Security Tokens and Commodity Contract Tokens

Origin

Article (5)

1. A Security Token or a Commodity Contract Token is a right under an agreement between two parties that is:

    A. Recorded in the Distributed Ledger meeting the requirements of Clause 2 of this Article, and

    B. Is exercised and transferred to others only through the Distributed Ledger.

2. The Distributed Ledger must meet the following requirements:

    A. Distributed Ledger Technology is used to give Obligee, not the Obligor, the power to dispose of its rights.

    B. Its integrity is ensured by adequate technical and organizational measures to protect it from unauthorized modification.

    C. C. The content of the rights, the operation of the ledger and the registration agreement are recorded in the Distributed Ledger or in linked accompanying data.

D. Obligees can view relevant information and ledger entries, and verify the integrity and accuracy of its contents relating to them without third-party interference.

3. The Obligor shall establish and maintain organizational and governance arrangements, subject to independent audit, which ensure that all Registration Agreements registered on the Distributed Ledger Technology are compliant with applicable regulatory requirements, uphold security standards, and provide full transparency regarding the procedures for termination, amendment, and deletion.

4. The Obligor shall ensure that the Distributed Ledger operates in accordance with its intended purpose and that the Distributed Ledger operates in accordance with the Registration Agreement at all times.

Effect of Origin

Article (6)

1. The Obligor in respect of a Security Token or a Commodity Contract Token shall be entitled and required to render performance only to the Obligee whose entitlement is recorded on the Distributed Ledger, and such entitlement shall be subject to any modification of the Distributed Ledger as may be duly effected in accordance with applicable procedures.

2. The Obligor shall be discharged from their obligations under a Security Token or a Commodity Contract Token by rendering the performance due to the Obligee recorded on the Distributed Ledger. The Obligor is so discharged even if the Obligee recorded on the distributed ledger is not the actual Obligee, unless the Obligor is guilty of gross negligence and/or commits intentional harm.

3. A person that acquires a Security Token or a Commodity Contract Token from an Obligee recorded in the Distributed Ledger, shall be deemed to have validly acquired the Security Token or a Commodity Contract Token even if the Obligee is not entitled to make such a disposal of those token instruments, unless the acquirer acts in bad faith or with gross negligence.

4. The Obligor may object, challenge or dispute a claim derived from a Security Token or a Commodity Contract Token in the following circumstances:

A. Where the objection relates to the validity of the registration of the Security Token or Commodity Contract Token, or arise from the Distributed Ledger itself or associated data;

B. Where the Obligor has the personal right to make the objection against the existing Obligee of the Security Token or Commodity Contract Token;

C. Where the objection is founded on the direct relationships between the Obligor and the previous Obligee of the Security Token or Commodity Contract Token, provided that the current Obligee acquired the Security Token or Commodity Contract Token with the intention of causing detriment to the Obligor.

Transfer

Article (7)

1. The transfer of a Security Token or a Commodity Contract Token shall be subject to the provisions of the Registration Agreement.

2. Without prejudice to the provisions of the applicable Bankruptcy Law, if the Obligee is declared bankrupt, if its property is seized or if the restructuring of its debts is stopped, the Obligee's dealings with respect to the Security Token or Commodity Contract Token are legally binding and effective towards third parties if:

A. The dealings were made prior to the occurrence of the bankruptcy declaration or other event;

B. The dealings have become irrevocable under the rules of the Distributed Ledger or any other trading facility; and

C. The dealings are duly recorded in the distributed ledger within 24 hours.

Pledge
Article (8)

1. A private pledge of a Security Token or Commodity Token Contract is subject to the provisions of pledges that apply to Securities and Commodity Contracts.

2. Without limiting the requirements of Clause (1), a pledge may be made without transfer of a Security Token or Commodity Contract Token, provided that:

A. The pledge is visible on its Distributed Ledger.

B. It is ensured that it may only be disposed of by the pledgee.

Replacement Tokens

Article (9)

1. The Beneficiary of a security token or commodity token contracts may request the court to cancel the token instrument, provided that he submits reliable evidence on his principal authority to dispose and its loss.

After cancelling the instrument, the Beneficiary may exercise his right out of the Distributed Ledger or request the Obligor to allocate a new token instrument at his own expense.

2. The parties may agree to simplify the cancellation procedure, including reducing the number of public announcements or shortening the time limits for requesting the issuance of the token financial instrument.

3. For the purposes of clause (1) of this Article, the loss of the right to the original disposition shall include the loss, theft or inaccessibility of the token financial instrument in any way.

Information & Responsibility

Article (10)

1. The Obligor, pursuant to a security token contract, commodity token contracts or any right so provided, shall inform every acquirer of the following:

A. The content of the Security Token or Commodity Contract Token.

B. The working method of the Distributed Ledger of the Security Token or Commodity Contract Token and the measures taken according to Clauses (2 & 3) of Article (4) for protecting the validity and integrity of the Distributed Ledger operation.

2. The Obligor shall be responsible for damage incurred an acquirer as a result of inaccurate or misleading information or information that violates the legal requirements, unless if the Obligor can prove that he acted with due diligence.

3. The Obligor is not permitted to contractually limit its liability under this Article and the enforceability of any such limitation shall be void.

Applicable Technical Standards

Article (11)

1. When using Permissionless DLT, the Obligor must verify that the standards set forth in this Article apply to any technology related to the Security Token or Commodity Contract Token and the Obligor shall be responsible for such use.

2. When using Permissioned DLT, the Obligor must verify that the standards set forth in this Article apply to any technology related to the Security Token or Commodity Contract Token and the Obligor shall not

be responsible for such use unless otherwise agreed with the service provider.

a. The best international standards shall be met concerning the applied technology, including the cyber security, data protection, software development and supervision, encryption, regular internal and external testing, and implementation of required updates.

b. Taking cyber security measures and notifying the Authority of any significant cyber security breaches, data loss or other events when damage is caused to technology.

c. The technology shall be supervised by employees with adequate skills and experience to ensure compliance.

d. Directives issued by the Authority in accordance with Article (2) of this Regulation from time to time concerning the applicable technical standards.

Trading

Article (12)

1. Security Tokens or Commodity Contract Tokens may only be traded, settled, and transferred through the Market or an

entity licensed by the Authority to operate an alternative trading facility.

2. By way of exception to paragraph (1), tokenized instruments may be traded, settled, and transferred over-the-counter (OTC) only through Digital Wallets provided by a Digital Wallet Service Provider.

3. In cases where the Digital Wallets are Self-Custodial (Non-Custodial Wallets), such wallets must be pre-authorized and included in the "whitelist" by the Obligor or the Market or the Digital Wallet Service Provider or the compliance middleware service provider.

Chapter 3: Control, Inspection & Penalties

Control, Inspection & Penalties

Article (13)

1. The Authority may take all necessary procedures to supervise, control, and inspect, periodically or suddenly, the Obligor, the parties to the offering process, and the licensees, with the aim of ensuring their compliance with this Decision, the decisions and directives issued in implementation hereof and the applicable legislations, and to investigate

any violates detected through inspection or included in the complaints filed before the Authority.

2. The Authority may access and inspect the computer systems, computer data, computer data movement, or equipment in which the data of the Obligor, the parties to the offering, and the licensee are stored.

Request for Information and Data

Article (14)

The Authority may request all information, data, documents, and any additional clarifications, information, data, or documents - it deems necessary for the purposes of control and investigation - from the Obligor, the parties to the offering process, the licensees, their employees, members, and clients.

Complaints and Grievances

Article (15)

The Authority shall be competent to receive complaints and grievances related to the provisions of this Decision in accordance with the controls and decisions issued thereby in this regard.

Administrative Measures and Penalties

Article (16)

The administrative measures and penalties specified in the decisions of the Authority regulating the offering and issuance of Securities and Commodity Contracts shall apply in the event of violations of the provision of this Decision.

Chapter 4: Publication and Entry into Force of the Resolution

Article (17)

This Decision shall be published in the Official Gazette and shall come into effect after (30) days from the date of its publication.

Mohamed Ali Al Shorafa Al Hammadi
Chairman of the Board of Directors

Issued in Abu Dhabi, on   23/06/2025