



**The Chairman of the Authority's Board of Directors' Decision No.
(.....) of 2021**

Concerning Regulation of **Virtual Asset and Digital Product**

Chairman of Securities and Commodities Authority Board of Directors,

Having reviewed the federal law No. (4) of 2000 concerning the Emirates Securities & Commodities Authority and Market, as amended;

The Federal Law No. (1) of 2006 concerning Electronic Transactions and Commerce, as amended;

The Federal Law No. (5) of 2012 concerning Combating Cybercrime, as amended;

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

The Council of Ministers Resolution No. (110) of 2021 Forming the Council of Ministers of the United Arab Emirates;

The Federal Decree No. (18/1"F") of 2021 Concerning Restructuring of the Securities and Commodities Authority Board of Directors;

The Chairman of the Authority's Board of Directors' Decision No. (13/Chairman) of 2021 Concerning the Regulations Manual for the Financial Activities and Mechanisms for Regularization;



Pursuant to the approval of the SCA Board of Directors at its meeting

.....;

And as required by the interest of work,

Decided:

Definitions

Article (1)

The following phrases and words shall have the meanings ascribed thereto, unless the context requires otherwise:

State	:	United Arab Emirates.
Law	:	Federal Law No. (4) of 2000 concerning the Emirates Securities & Commodities Authority, as amended
Authority	:	Securities & Commodities Authority (SCA)
Market	:	Securities & Commodities Market
Financial Product	:	Securities, foreign securities, commodity contracts, structured products, and domestic and foreign indices.
Digital Product	:	A financial product that is transacted through the digital platform.
Virtual Asset	:	A digital representation of value that can be digitally traded or transferred, and can be used for payment or investment purposes.
Digital Platform	:	A platform for trading the digital product, performing related clearings and settlements, and storing and preserving



		information and data through Blockchain technology, in accordance with the terms and requirements contained in the Market Work Decision issued by the Authority.
Digital Service Providers	:	A legal person licensed by the Authority in accordance with the Financial Activities Regulations Manual to conduct any of the financial activities related to the digital product and any other activities that fall under the definition of digital service providers approved by the Authority.
Investment Purposes	:	Trading in the virtual asset on the digital platform with the aim of obtaining a profit or benefit.
Issuer	:	Anyone who issues virtual assets.

Scope of Application

Article (2)

First: The provisions of this decision shall apply to:

1. Virtual assets for investment purposes.
2. Offering, issuing, registering, listing, trading, settling and clearing the digital product.
3. Digital Service Providers.

Second: The provisions of this decision shall not apply to:

1. Virtual assets for investment purposes issued by the federal government, local governments, government institutions and bodies or companies wholly owned by any of them.
2. Virtual assets for payment purposes.



3. Providers of virtual asset services for payment purposes subject to the Central Bank.



General Provisions

Article (3)

1. It is prohibited for any natural or legal person to engage in any activity related to the digital product, including the virtual asset and business related to any of them, without obtaining a license or approval from the Authority.
2. The CEO, after the approval of the Chairman of the Board, may add, amend or exclude any of the provisions contained in this decision or the decisions issued by the Authority related to the provisions of this decision when considering requests - by it or by the market - related to the digital product, including the virtual asset, with the aim of facilitating issuing, listing and trading those products and related items.

Chapter One

Virtual Assets

Article (4)

Virtual assets are considered a digital product that is issued, listed, reserved, traded, settled and cleared through the digital platform at the market in accordance with the provisions of this decision and the decisions issued by the Authority in this regard.



Conditions for issuing virtual assets

Article (5)

The issuer desiring to issue virtual assets in the State shall abide by the following:

1. The value represented by the virtual assets shall be in accordance with the public order and the legislation in force in the State.
2. The digital representation of virtual assets shall not include a financial product or fiat currency (FIAT).
3. Obtaining the approval of the market in which the virtual assets are to be listed in accordance with its conditions.
4. Immediate disclosure to investors or owners of virtual assets of any material changes that occur to those assets.

Chapter Two: The Digital Product

Digital product offering and Issuance

Article (6)

1. The digital product shall be offered and issued in accordance with the decisions issued by the Authority and the Organization for each financial product.
2. Without prejudice to Clause (1) of this Article, the offering and issuance may take place through the digital platform after the approval of the Authority and in accordance with the technical requirements set by the Market.



Digital Product Registration Application

Article (7)

First: An application to register a digital product is submitted to the Authority – prior to its listing – by the legally authorized person according to the form prepared for this, accompanied by the following:

1. Submitting documents that prove the completion of the offering and issuance process within the State in accordance with the decisions of the Authority.
2. Determining the type of digital product that will be listed and traded through the digital platform.
3. Determining the digital platform.
4. Paying the registration fee prescribed by the Authority.

Second: The Authority issues its decision approving or rejecting the application within (20) working days from the date of submitting the complete application, and if the Authority does not issue its decision in this regard during that period, the same shall be considered as a rejection of the application, and the Authority may associate its approval with the conditions or restrictions it determines in accordance with the requirements of the public interest.



Digital product listing and trading

Article (8)

1. The digital product shall be listed and traded through the digital platform in the market in accordance with its listing and trading conditions.
2. The digital product may be listed and traded on more than one digital platform.
3. The digital product shall be traded through a digital broker, and the investor may appoint a digital custodian.

Settlement and Clearing of the Digital Product

Article (9)

Settlement, clearing and depositing the digital product shall be made through the digital platform at the market and in coordination with the central clearing house, deposit center and settlement bank.

Complaints and Grievances

Article (10)

The Authority is responsible for receiving complaints and grievances related to the provisions of this decision in accordance with the regulations and decisions issued thereby in this regard.



Administrative Measures

Article (11)

Without prejudice to any measures prescribed by the laws or decisions issued by the Authority, the Authority may, in case of violation of the provisions of this decision, take any of the following administrative measures:

1. Suspension of the offering, issuance or subscription of the digital product.
2. Canceling the investors' subscriptions and obligating the concerned parties to refund the subscribers' sums and any proceeds resulting from them.
3. Suspending the techniques used by any of the parties related to the digital product and adopting alternative means to manage the digital product.
4. Communicating with the concerned authorities in the State to prevent the operation of any unlicensed digital platform.

Sanctions

Article (12)

Without prejudice to any severer penalty stipulated by law, Companies Law, related laws or decisions issued in implementation thereof, the SCA may, in case of violation of the provisions of this decision, decisions, controls or circulars issued pursuant thereto, impose any of the following penalties:

1. Giving a warning.



2. Imposing a fine not exceeding AED (100,000).

Referral to the Public Prosecution

Article (13)

The SCA shall have the right to refer the violator of the provisions of this decision to the Public Prosecution.

Issuance of Decisions

Article (14)

The CEO may issue the necessary decisions and instructions to implement the provisions of this decision, including the regulation of technological capabilities associated with the digital product.

Cancellation of Decisions and Instructions

Article (15)

The Chairman of the Authority's Board of Directors' Decision No. (23/Chairman) of 2020 concerning the system for encrypted assets activities and any decisions or instructions issued in implementation thereof shall be rescinded.

Effectiveness of the Decision

Article (16)

This decision shall be effective as of the day following the date of its issuance, and shall be published in the Official Gazette.