

Legal Alert



Federal cabinet decision concerning the regulation of virtual assets issued

By Abdus Samad and Mohammad Nawash | 16 January 2023

The UAE Federal Cabinet has issued Cabinet Decision 111 of 2022, concerning the regulation of virtual assets (the **Virtual Assets Decision**). The Virtual Assets Decision was issued on 12 December 2022 and will come into force 30 days following its publication in the Official Gazette.

The Virtual Assets Decision aims to regulate virtual assets and virtual asset businesses at a Federal level in the UAE. It is anticipated that the Virtual Assets Decisions and any implementing regulations issued pursuant to it will operate together with Emirate-level regulations (such as those issued by the Virtual Assets Regulatory Authority in the Emirate of Dubai).

The Virtual Assets Decision requires (this is not an exhaustive list) that businesses within its scope:

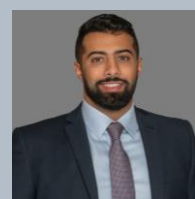
- implement measures to safeguard data in accordance with current global cybersecurity standards and technological best practices;
- have sufficient capital and satisfy any further or specific requirements imposed by law (including any prescribed by the Emirates Securities and Commodities Authority);
- provide sufficient information involving the risks concerning investments or dealings in virtual assets in a clear, fair and non-misleading manner;
- comply with Federal Decree-Law 20 of 2018, as well as the guidelines and recommendations issued by the Financial Action Task Force; and
- notify the concerned authorities in the event of a security risk, security breach, or any activity that falls within the scope of electronic crimes.

The Authors



Abdus Samad
Partner
asamad@afриди-angell.com
Tel: +971 4 330 3900

Abdus Samad (Samad) advises foreign and UAE clients on general corporate, commercial and other matters relating to the conduct of business in the region. Samad has extensive knowledge and experience in cross-border matters including complex acquisitions and divestures, joint ventures, restructurings and reorganisations. Samad has been ranked as "Rising Star" for commercial, corporate and M&A, in Legal 500 EMEA.



Mohammad Nawash
Associate
mnawash@afриди-angell.com
Tel: +971 4 330 3900

Mohammad (Mo) is an associate at Afridi & Angell's Dubai office. Mo helps clients in implementing and managing strategic transactions including mergers and acquisitions, private equity, partnerships and joint ventures. Mo works with clients in a number of different sectors, but has a particularly deep understanding of working with clients in the technology sector and with clients whose business models are being transformed by technology, including deep tech, AI, fintech, telecommunications and software. Mo is a qualified solicitor in England and Wales and has legal experience in both inhouse and private practice.

The introduction of federal legislation on the regulation of virtual asset businesses is a welcome development and should go some way in establishing a common standard for the regulation of such businesses across the United Arab Emirates. As with all such legislation, it remains to be seen how this legislation will be enforced and applied in practice. ■

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