

VARA vs ADGM Comparison

The first question for any crypto firm looking to enter the UAE market is whether to get a license by **the Dubai Virtual Assets Regulatory Authority (VARA)** or by **Abu Dhabi Global Markets (ADGM)**. Here are some considerations based on our practical experience supporting crypto firms in their journey.

COMPARISON POINTS



INCORPORATION OF ENTITY

Mainland Dubai or any free zone in Dubai except DIFC.

ADGM

TIMING OF INCORPORATION

<1 month all in

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TYPE OF CRYPTO ACTIVITIES ALLOWED

Divided in the below categories:

- VA advisory services
- VA broker-dealer services
- VA Custody services
- VA Exchange services
- VA Lending and Borrowing services
- VA Management and Investment services
- VA Issuance

Divided in the below categories:

- VA Multilateral Trading Facility Operations
- VA Custody Services
- VA Buying, Selling, or Exercising Rights (as Principal or Agent)
- VA Asset Management Services
- VA Arrangement Services for Buying, Selling, or Custody of Assets (as Principal or Agent)
- VA Marketing Services
- VA Advisory Services on Buying, Selling, or Rights Conferred by Assets
- VA Other Regulated Activities

PHYSICAL PRESENCE REQUIRED

Physical (Closed door) office is required in any of the free zones or mainland Dubai

Physical office (Closed Door) is required inside ADGM.

Hot desk arrangements is not accepted

Hot desk arrangements is not accepted

OFFICE SPACE REQUIREMENT

Visa quota is determined by the number of desks

Visa quota is determined by the physical office size.

DOCUMENTS REQUIRED FOR APPLICATION

- Overview of Proposed VA services
- KYC documentation of company's directors and shareholders
- 5-year financial projections
- Operational documents in line with VARA rulebooks

- Overview of Proposed Services
- Business Plan
- Evidence of financial adequacy and capital resources
- Internal Operational Documents in line with ADGM's regulations
- Financial Projections
- KYC/KYB Documentation

TIME NEEDED TO OBTAIN LICENSE

9-15 Months

12-18 Months

REGULATORY APPLICATION FEES

Application Fee:

- AED 40,000 (Advisory, Transfer and Settlement)
- AED 100,000 (All others)

Application Fee:

- AED 73,500 per regulated activity
- AED 460,000 if solely operating a Multilateral Trading Facility without any other regulated activity

Annual Supervision Fee:

- AED 80,000 (Advisory, Transfer and Settlement)
- AED 200,000 (All others)

Annual Supervision Fee:

- AED 55,000 per regulated activity
- AED 220,000 if solely operating a Multilateral Trading Facility

REGULATORY CAPITAL REQUIREMENT

Advisory Required Capital:

- AED 100,000

Broker-Dealer/Custody/Transfer Required Capital:

- AED 280,000–600,000 or 15–25% of overheads

Exchange Required Capital:

- AED 800,000–1,500,000 or 15–25% of overheads

Capital varies based on whether custody services are licensed or approved by VARA

Multilateral Trading Facility Required Capital:

- Equivalent to 12 months' operational expenses

For all other Activities:

- Equivalent to 6 months' operational expenses

The requirement is risk-based, and may be adjusted depending on the type of the virtual asset activity conducted

MARKET COLOUR

- Ideal for crypto native firms
- VARA being world's first crypto specialised regulator ensures right level of industry focus
- VARA's regulation by activity approach provides flexibility to expand services (eg staking, derivatives, alt coins)
- Strong established crypto ecosystem in DWTC and DMCC
- Easier to hire and move talent due to Dubai attractiveness factor
- Often preferred by younger staff and those with families
- Large number of applications has caused serious delays at VARA
- Perception of lack of clarity with SCA especially if launching tradfi products

- Ideal for firms looking at crypto and tradfi
- ADGM was the first regulator to issue crypto regulations
- Strong crypto and trading ecosystem in ADGM
- Often preferred by staff with families
- Large amount of crypto events and activities in Dubai requires frequent Dubai travel
- Challenges in finding (often younger) talent willing to live in Abu Dhabi
- Perception of lack of clarity around list of approved tokens

OTHER CONSIDERATIONS

VARA-licensed VASPs are automatically registered with the SCA to operate across the UAE (except in ADGM and DIFC)—no separate SCA license needed

Successfully piloted licenses for RWAs and Derivatives

ADGM permits trading only in FSRA-approved "Accepted Virtual Assets" (AVAs), with 91 assets approved to date

Provides broader financial services beyond crypto—ideal for firms scaling into Virtual Assets

BANK ACCOUNT

Finding USD banking in the UAE is challenging(not an issue for AED) but more banks are welcoming crypto firms

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