

# Dubai VARA Crypto License

Your Gateway to Regulated Virtual Asset Market

## What is VARA?

Dubai’s Virtual Assets Regulatory Authority (VARA) is the world’s first specialized regulator for virtual assets. Established to position Dubai as a global leader in the digital economy, VARA provides a clear, secure, and business-friendly regulatory framework for crypto and blockchain-related businesses.

With growing global scrutiny over crypto activities, having a license from a credible regulator like VARA not only offers legal clarity, it opens doors to partnerships, funding, and long-term scalability.

## Who is this solution for?

- ✓ Crypto exchanges
- ✓ Custodians and wallet providers
- ✓ OTC desks and brokers
- ✓ Crypto funds, investment managers
- ✓ Token issuance platforms
- ✓ Web3 infrastructure startups
- ✓ Institutional VASPs scaling globally

## Process Outlook

01

### Initial Disclosure Submission

Applicants must complete and submit the **Initial Disclosure Questionnaire (IDQ)** to the relevant licensing authority or free zone. This initiates the regulatory engagement.

02

### Pre-Licensing Approval

Upon review, the regulator may issue an **Initial Approval**, allowing the entity to proceed with company incorporation, secure local office space, and onboard key staff.

No business activity may begin at this stage.

03

### Company Setup in Dubai

The applicant must **establish a legal entity** in Dubai, choosing from approved legal forms, and complete its commercial licensing setup.

04

### Regulatory Documentation

Prepare and submit required policies and procedures:

- AML/CFT framework;
- Risk management and internal controls;
- IT security and data protection measures;
- Corporate governance structure;
- Regulatory business plan

05

### Final Review and License Issuance

VARA conducts a final assessment.

Once all documentation and Compliance requirements are satisfied, the full license is granted. The entity may then begin offering virtual asset services.

Estimated Duration 6 – 9 Months

## Governance & Licensing

VARA has introduced **rigorous compliance and oversight requirements** that position Dubai as a serious player in global crypto regulation:

- ✓ Local Dubai entity required
- ✓ Pre-screening of key personnel (Fit & Proper tests)
- ✓ Activity-based license tied to the entity’s business model

## Ongoing Compliance Obligations

- ✓ Anti-Money Laundering (AML) and CFT programs
- ✓ Risk-based internal controls and independent audit functions
- ✓ Cybersecurity and data protection policies
- ✓ Real-time reporting and transparency requirement

**Legal Fees Starting From €79,000**

## Key Stages, Approximate Timing and Payment Schedule

50% Project Fee prepayment

### Stage 1

Project kick-off and initial VARA approval

Approx. 1-2 Months

- ✓ Submit initial disclosure questionnaire to DET or FZA
- ✓ Provide required initial information and documentation
- ✓ **Payment of the Initial Application Fees<sup>1</sup>**
- ✓ Obtain VARA's initial approval

<sup>1</sup> Typically 50% Prepayment of Initial Application Fee, please refer to table of fees for classified activities further in the document below.

### Stage 2

Finalize incorporation and submit documents to VARA

Approx. 1-2 Months

- ✓ Finalize legal incorporation and complete operational setup
- ✓ Ensure compliance with regulatory **share capital requirements<sup>2</sup>**
- ✓ Fulfil key roles and complete Fit&Proper forms
- ✓ Prepare and submit required regulatory policies and procedures

<sup>2</sup> Capital Deposit as per VARA requirements, 400,000 AED – 600,000 AED, please see section below on VARA Capital Requirements.

50% Project Fee Balance Payment, **prior to submission** of documents to VARA

### Stage 3

VARA review and approval

Approx. 3-6 Months

- VARA initiates review and assessment process
- ✓ On-going interaction with VARA on application, additional documents
- ✓ **Payment of the balance application fees and 1st year supervision fees<sup>3</sup>**
- ✓ Obtain VARA's permission, which may be conditional for certain operations.

<sup>3</sup> Please refer to value of annual supervision fees in the table in the document below

Any company intending to offer virtual asset services in Dubai must begin by submitting an Initial Disclosure Questionnaire (IDQ) to the appropriate licensing body - either a relevant free zone authority (**FZA**) or the Department of Economy and Tourism **DET** (for Dubai Mainland), depending on where the entity will be established.

Receiving Initial Approval allows the applicant to move forward with key setup steps such as registering the company, opening a bank account, and hiring staff. However, **it does not authorize** the business to begin virtual asset operations at this stage.

The applicant is also required to form a legal entity within Dubai, choosing from the approved legal structures recognized by the relevant commercial licensing authority.

## VARA Application Fees

Each licensed activity under VARA carries its **own application, extension, and annual supervisory** fees (not included into Legal Fee):

Regulated Activity	Initial Application Fee (AED)	Application Extension Fee <sup>1</sup> (AED)	Annual Supervision Fee (AED)
Advisory Services	40 000	20 000	80 000
Broker-Dealer Services	100 000	50 000	100 000
Custody Services	100 000	50 000	100 000
Exchange Services	100 000	50 000	100 000
Lending & Borrowing Services	100 000	50 000	100 000
Management & Investment Services	100 000	50 000	100 000
Transfer & Settlement Services	40 000	20 000	80 000
VA Issuance (Category 1)	100 000	50 000	100 000

### <sup>1</sup> Understanding VARA Fee Structure

- ✓ When applying for a **single license**, you pay the **full application fee** for that specific activity.
- ✓ If you wish to add **additional activities** under the same entity, you benefit from a **discounted rate** - each added activity is charged at **50% of its own application fee**, not the first one ("Extension Fee").
- ✓ Annual supervisory fees apply **per activity** and are required to maintain the license.

#### Example: Applying for Multiple Activities

If a company applies for the following:

- ✓ **Exchange Services** (100,000 AED)
- ✓ **Custody Services** (50% of 100,000 = 50,000 AED)
- ✓ **Advisory Services** (50% of 40,000 = 20,000 AED)

**Total Application Fees: AED 170,000**

**Total Annual Supervision Fees: AED 280,000**

### Key Regulatory Requirements & Jurisdiction for VARA Licensing

The VARA governs all virtual asset activities carried out in or from the Emirate of Dubai, including both Mainland Dubai and most Free Zones (DMCC, DWTC, DAFZA), **except DIFC**.

#### Corporate & Governance Requirements

No local (UAE national or resident) UBO or director is required. A Compliance Officer (CO) must be appointed in-house (not outsourced) and may also act as the Money Laundering Reporting Officer (MLRO).

#### VARA Capital Requirement

In addition to the share capital required for company formation (which depends on the chosen free zone or mainland authority), VARA mandates a separate regulatory **capital deposit** based on the type of virtual asset license (AED 400,000 for 3rd party custody or AED 600,000 for own custody).

This deposit is separate from incorporation capital and cannot be combined or used interchangeably. It must be placed in fiat (AED) in a UAE corporate bank account after Initial Approval. The funds must be **ring-fenced** (not used for operations) and readily available, often supported by a bank letter confirming no restrictions or liens. **VARA does not hold the funds**, but expects them to remain untouched as a financial safeguard.

## Our Services – Scope of Work

We provide full end-to-end support for companies seeking to obtain a Virtual Asset Service Provider (VASP) license under the Dubai VARA framework. Our goal is to make the process clear, efficient, and fully compliant from start to finish.

### Business Model Review

We start by analyzing your business model to identify how it fits within VARA's regulatory categories and what specific licenses you need.

### Policy & Procedure Development

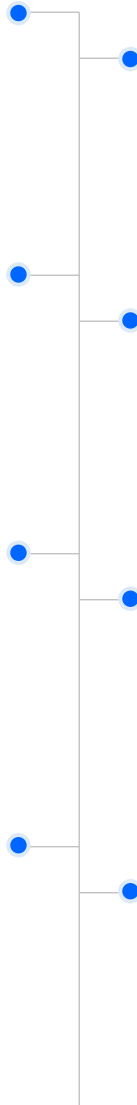
We draft all the key documents VARA requires, including compliance manuals, AML/CFT policies, governance structures, and internal procedures — tailored to your operations.

### Application Preparation & Submission

We manage the full submission process — compiling required documents, submitting them to the regulator, and coordinating with VARA through each step.

### Operational Setup Support

We assist with setting up your Dubai entity, finding office space (if needed), helping onboard key staff, and ensuring your operational structure meets regulatory standards.



### Regulatory Strategy

We guide you on the best licensing approach and help structure your application in a way that meets regulatory expectations and speeds up approval.

### Regulatory Business Plan

We prepare a clear and compliant business plan that aligns with VARA's risk-based expectations and explains your operations, revenue model, and risk controls.

### Communication with Regulator

We act as your point of contact with VARA, handling all questions, requests for clarification, or additional documentation during the review process.

### Fit & Proper Filings

We help prepare and submit fit & proper declarations for all key individuals, including shareholders, directors, and compliance officers.

## About DM Strategy

DM Strategy specializes in regulatory structuring and market entry solutions for FinTech and digital asset businesses. The firm supports companies in establishing compliant financial infrastructure across leading jurisdictions, combining strategic guidance with practical implementation of regulatory and operational frameworks.

The practice is led by professionals with over 10 years of experience in banking, fintech, and digital asset regulation, having supported numerous projects in areas such as licensing, regulatory structuring, and financial infrastructure setup. DM Strategy works with crypto exchanges, fintech companies, payment institutions, and digital asset platforms entering regulated markets. Each project begins with a preliminary regulatory assessment to determine the most appropriate licensing and compliance structure. **For project inquiries and regulatory assessment, please contact our team.**

Book a call with us