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UAE PLANS ICO REGULATIONS FOR 2019

The UAE Securities and Commodities Authority (SCA) recently announced that its Board of Directors has approved a plan to regulate initial coin offerings (ICOs) and recognize them as securities, which will allow companies to issue crypto tokens instead of shares. The regulation is expected to be in place in the first half of 2019.

The proposed framework will regulate crypto-asset activities, including ICOs, exchanges, and other intermediaries, and will cover key risks such as anti-money-laundering and counter-terrorist financing, consumer protection, technology governance, and safe custody.

The new regulation will address the full range of crypto-related fundraising process, including the type of issue (private/public), the entities that can make the issuing and the legislative requirements thereof, such as, inter alia, registration and fees, Blockchain operators, the targeted entities by issue type, the minimum content of the prospectus (white paper), liability thereof, and whether registration is or is not required by issue type.

The announcement signals a change in the SCA's position following its previous cautionary statement to the market and came in view of the rapid developments in the fintech sector and the constant emergence of new innovative financial services and products. It is also in line with SCA's vision to maintain the rights of investors and promote sound financial practices.

The SCA regulation will cover securities offerings in and from UAE, which excludes the UAE's two financial free-zones, the Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM). The DIFC and ADGM each have their own separate framework for securities laws and regulations, which are regulated by the Dubai Financial Services Authority (DFSA) and the Financial Services Regulatory Authority (FSRA), respectively.

It marks a significant step to recognize digital tokens as securities and to introduce a proposed framework to regulate crypto-asset activities, but it still remains to be seen how the new regulation will apply in practice.

MENA LEGAL will remain attentive to the evolution of the process and keep you informed.

Our FINTECH PRACTICE GROUP is advising and supporting governments and start-ups in the Fintech sector for implementation of their blockchain based projects. Next to regulatory, legal and tax aspects we can provide through our partners a comprehensive one stop shop service. MENA LEGAL is supporting the worldwide lounge of one of the highest sophisticated new cryptocurrencies, QUANTOCOIN. For any specific question, further clarification required and legal advices, please contact MENA LEGAL via info@mena-legal.com.

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Dr. Alexander Brexendorff is an entrepreneur/owner and managing director of various legal, business, sports and Fintech consulting companies in Europe and the Middle East. He is as well the founder and head of the board of the Zurich and Dubai based international business and legal Swiss Association Iskander & Associates / MENA LEGAL.

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ABOUT MENA LEGAL

MENA LEGAL represents a global network of consulting firms and professionals structured as a Swiss Association, which provide a wide range of services on "one-stop-shop" basis to international corporations, small and medium sized companies and individuals. Its members and individual experts have in-depth experience in matters of legal, tax, business consulting, accounting, property consulting, project finance and recruitment services, mainly with a focus on the markets of Europe, the Middle East, North Africa and beyond. With over 30 years of personal and professional experience our members provide comprehensive and competent advice related to the business environment in various parts of the world, but also provide advice to regional entrepreneurs with respect to opportunities and legal matters in Europe, the Middle East, North America and Asia.

With member offices in Germany, Italy, France, the Netherlands, USA, United Kingdom, Switzerland the United Arab Emirates, Egypt, Jordan and Saudi Arabia, along with associated partners in various other countries, our members are positioned to offer hands-on support and on-the-ground services on a regional basis.

Our focus is on advising the following business sectors:

- ✓ Real Estate and Construction (FIDIC)
- ✓ Engineering and Architecture
- ✓ Car manufactures and Supply Industries
- ✓ Logistics and Aviation
- ✓ Oil & Gas and Mining
- ✓ Petrochemicals
- ✓ Fintech and Blockchain
- ✓ Renewable Energy and Environmental Technologies
- ✓ Security and Defence
- ✓ Hotels and Leisure Properties
- ✓ Pharmaceutical and Biotechnology
- ✓ Education
- ✓ Sport and Events

With the following services:

- ✓ Allocating local partnerships and project finance opportunities
- ✓ Joint-Venture arrangements
- ✓ Agency and Representation Agreements
- ✓ Advice regarding doing business under international sanctions
- ✓ Corporate set-up
- ✓ Foreign Investment laws
- ✓ Oil & Gas contracts
- ✓ Mergers & Acquisitions
- ✓ Commercial litigation and arbitration
- ✓ Real Estate development and acquisitions
- ✓ Construction and infrastructure projects
- ✓ Public procurement and tendering procedures
- ✓ Local and cross-border taxation
- ✓ Accounting services
- ✓ Labour law
- ✓ Inheritance law and wills
- ✓ Data Protection Law

For more information, please contact:

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