

DFSA Regulatory Regimes for Crowdfunding, Money Services, Investment Tokens & Crypto Assets

Crowdfunding

In August 2017, the DFSA introduced Rules to regulate Loan and Investment Crowdfunding in the DIFC. Loan Crowdfunding is where lenders provide money to businesses in return for interest payments and a repayment of capital over time. Investment crowdfunding is where investors invest, directly or indirectly, in new or established businesses by buying investments such as shares. The DFSA Rules regulate the persons who operate crowdfunding platforms.

Please see Consultation Papers (CP) [CP 109 on SME Financing through Lending](#) and [CP 111 on SME Financing through Investing](#). More information on these regimes and the final Rules made after consultation can be found [here](#).

In 2019, the DFSA introduced additional Rules to regulate Property Investment Crowdfunding. Property Investment Crowdfunding allows multiple investors to come together and purchase a property. Typically, the investors are investing in an apartment or house via a special purpose vehicle – SPV - that holds title to the property. Again, the Rules regulate the operator of such a Crowdfunding platform but do not provide any guarantee that an investment will be repaid or be profitable.

Please see [CP 124 on Property Crowdfunding](#) and the [feedback statement on CP124](#).

More information on this regime and the final Rules made after consultation can be found [here](#).

Money Services

In 2020, the DFSA introduced a comprehensive Money Services regime. This regime regulates a wide range of digital payment activities including, for example:

- Remittances and money transfers;
- Stored Value and digital wallets;
- Payment Initiation Services – initiating a payment at a user's request, from an account held with a different payment service provider; and
- Account Information Services – providing a view of accounts held by a user with different providers through one interface.

Please see [CP 125 on Money Services](#). More information on this regime and the final rules made after consultation can be found [here](#).

Tokens

Investment Tokens

In October 2021, the DFSA introduced a regime to regulate activities that involve, or relate to, Investment Tokens. This regime allows for a wide range of activities to be carried out, including:

- the issue of Investment Tokens;

- the admission to trading of Investment Tokens on DFSA regulated exchanges and multilateral trading facilities;
- the holding of Investment Tokens in digital wallets; and
- the ability to deal, arrange and advice on, and conduct asset management activities that involve Investment Tokens.

The regime also addresses issues such as Market Abuse, AML/CFT, consumer protection and IT governance.

Please see [CP 138 on Security Tokens](#). More information on this regime, and the final Rules made after consultation can be found [here](#).

Crypto Assets

The DFSA is also considering a new regime for the regulation of Crypto Assets, that is, “other tokens” not covered by the Investment Token framework. Crypto Assets include, for example;

- Exchange Tokens – also known as Cryptocurrencies, which are typically used as a store of value or a means of exchange;
- Fiat-backed Tokens – also known as e-money tokens or Stablecoins, and which maintain a stable value by reference to a single currency.

For now, the DFSA does not regulate any types of Crypto Assets, and no firms are licenced or supervised by the DFSA to provide financial services relating to Crypto Assets in or from the Dubai International Financial Centre (DIFC).

Please see [CP 143 on the Regulation of Crypto Tokens](#).