

Crypto Token Frequently Asked Questions February 2026

Introduction

These Frequently Asked Questions (FAQs) are not intended to be a complete guide to the Dubai Financial Services Authority's (DFSA) Crypto Token regime and are not a substitute for reading the applicable Rules, including the Rules in the General (GEN), Conduct of Business (COB), and Collective Investment Rules (CIR) modules of the DFSA Rulebook, as well as the [Supervisory Guidelines on Assessing the Suitability of Crypto Tokens \(Supervisory Guidelines\)](#) and [Policy Statement on Fiat Crypto Tokens](#) that supplement the Rules.

Reference should also be made to [Consultation Paper No 153 \(CP 153\)](#) and [Consultation Paper 168 \(CP 168\)](#). These FAQs will be reviewed and updated periodically. Readers should consult the latest version.



General

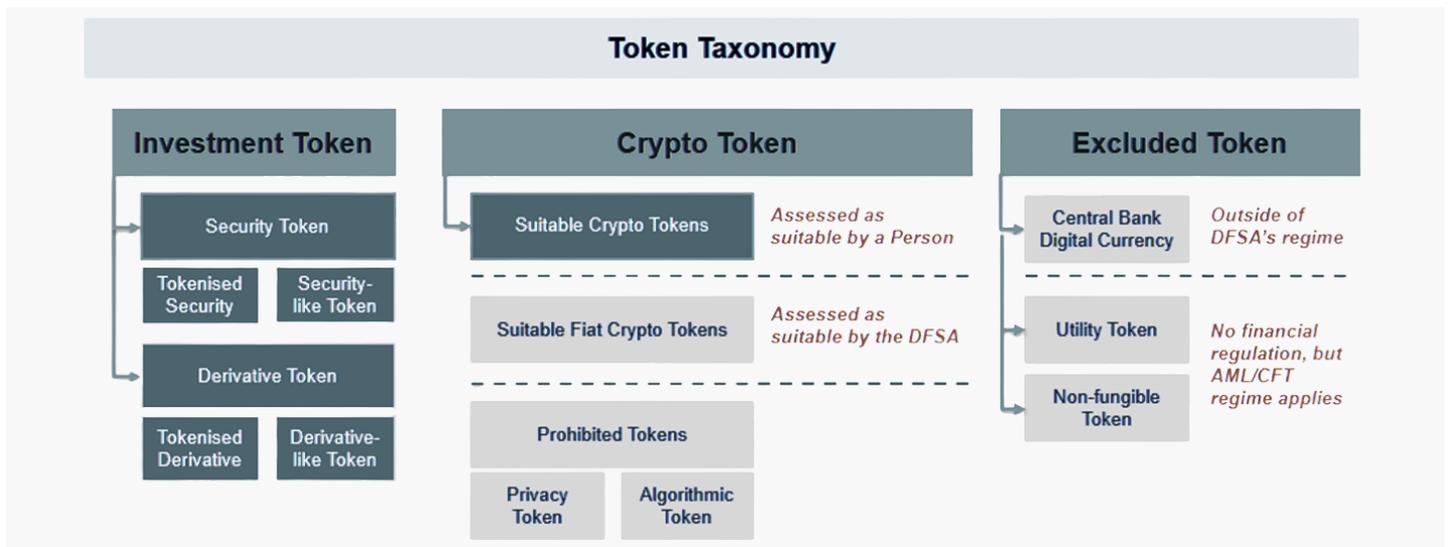
1. What is a Crypto Token?

A Crypto Token is a type of Token¹ that:

- is used, or is intended to be used, as a medium of exchange or for payment or investment purposes; or
- confers a right or interest in such Token.

The definition of a Crypto Token does not include (i) Excluded Tokens (such as non-fungible tokens or Utility Tokens)², or (ii) Investment Tokens³ (also referred to as tokenised investments).

The chart below sets out the Token Taxonomy in Dubai International Financial Centre (DIFC).



2. I want to conduct business with Crypto Tokens, do I need to get authorised?

Yes. To conduct financial services, including those related to Crypto Tokens, in or from DIFC by way of business, a person needs to seek authorisation from the DFSA.

Authorisation is given in the form of a licence issued by the DFSA which specifies the type of financial services that the firm is authorised to carry on, and the type of investments allowed (i.e. shares, debentures, futures, etc.), where applicable.

3. I am already authorised by DIFC, do I need to get a variation on my licence to conduct business with Crypto Tokens?

If a DFSA Authorised Firm already has a licence that permits it to conduct a financial service in respect of investments, and if such products have indirect exposure to a Crypto Token (e.g. through Funds or other financial products), then the Firm is not required to obtain a variation of its licence.

For example, if a Firm is licensed to carry on the financial service of Arranging Deals in Investments and its licence specifies certain derivatives as types of permitted Investment, it will not require a variation of its licence to arrange for investments in derivatives that reference Crypto Tokens. However, this does not mean that the Crypto Token regime does not apply to the Firm – it will still have to ensure compliance with relevant requirements, including suitability assessments in [GEN Rule 3A.2.1](#).

¹ A Token is a cryptographically secured digital representation of value, rights, or obligations, which may be issued, transferred, and stored electronically, using distributed ledger technology or other similar technology.

² See [GEN Rule A2.5.2](#).

³ See [GEN A211\(3\)](#).

4. What businesses are prohibited from providing Crypto Token-related services?

The DFSA does not allow:

- representative offices to market Crypto Tokens or Crypto Token-related products and services (see [GEN 2.26.1\(4\)\(a\)](#)); and
- crowdfunding operators to operate a crowdfunding platform that facilitates investments in Crypto Tokens (see [GEN 2.2.10F](#)).

Further, a branch is permitted to conduct Crypto Token-related services subject to certain restrictions (see [GEN 7.2.2\(8\)](#)).

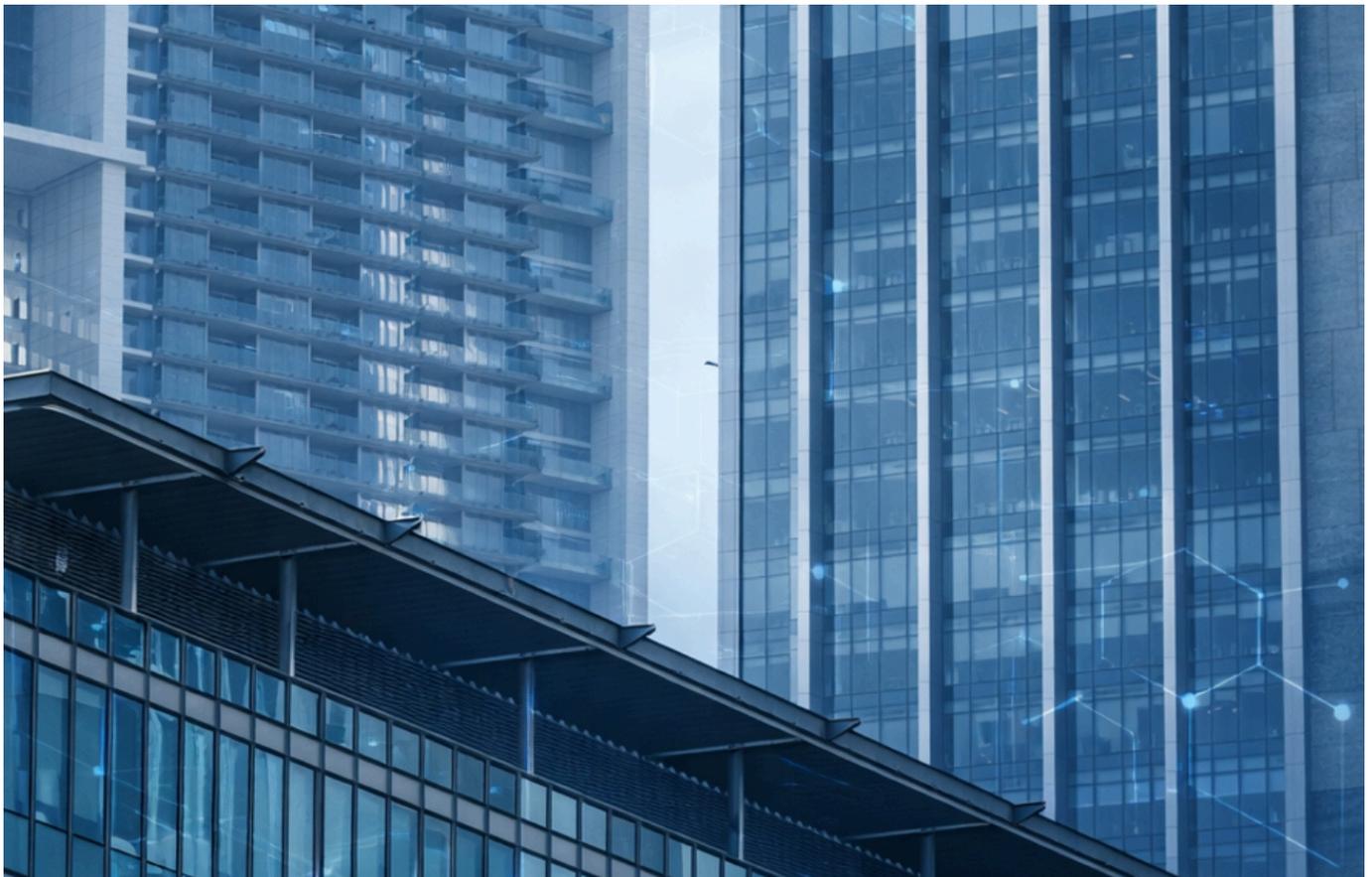
5. What are the key requirements related to providing a financial services or activity with Crypto Tokens?

Key requirements include, but are not limited to, the following:

- Conducting a suitability assessment of Crypto Tokens;
- Monitoring, disclosure, and reporting requirements of Crypto Tokens assessed as suitable;
- Provision of a key features document, which includes information about the Crypto Token – including about its issuer, characteristics, technology used, valuation, and associated risks;
- Custody requirements, including systems and controls for safeguarding client Crypto Tokens, record keeping, disclosure, and reconciliation;
- Technology governance requirements and independent technology audits; and
- Risk warnings.

When dealing with Retail Clients, additional obligations apply. These include, but are not limited to:

- appropriateness assessment; and
- the prohibition on the offering of incentives.



Suitability of Crypto Tokens

6. How do I assess the suitability of a Crypto Token?

A Crypto Token may be assessed to be suitable⁴ under the criteria set out in GEN Rule 3A.2.1(3), having regard to:

- The characteristics of the Crypto Token, including as regards its purpose, governance arrangements, and founders;
- The regulatory status of the Crypto Token in other jurisdictions, including whether it has been assessed or approved for use by a financial services regulator;
- The size, liquidity, and trading history of the market for the Crypto Token globally;
- The technology used in connection with the Crypto Token; and
- Whether the use of the Crypto Token could prevent the person from complying with legislation administered by the DFSA.

The Supervisory Guidelines outline the DFSA's expectations as to how a person will typically seek to achieve compliance with the requirement to assess the suitability of a Crypto Token (see [GEN Rule 3A.2.1](#)).

7. If a Crypto Token is assessed to be suitable by one person, is it automatically suitable for use by all persons?

No. Suitability is specific to each person, and an assessment of a Crypto Token as suitable by one person does not automatically indicate that it will be suitable for all persons.

8. If a Crypto Token is assessed to be suitable by a person in respect of one activity, is it automatically suitable for use in respect of another activity carried on by that person?

No. Suitability is activity-specific and specific to each person.

For example, a Crypto Token deemed suitable by one person for inclusion in a closed-ended fund offered only to professional clients may not be suitable for a person who is Dealing as Agent for retail clients.

9. Can a person rely on a group assessment?

While persons conducting suitability assessments on Crypto Tokens may take into account information or due diligence provided by another group member, the responsibility for conducting a suitability assessment lies with the Firm in DIFC which is required to ensure that the Crypto Tokens are suitable.

10. Can a person rely on external reports and/or research to help with a Crypto Token suitability assessment?

External reports or research may be used as supporting evidence.

The DFSA Crypto Token suitability criteria (see [GEN Rule 3A.2.1\(3\)](#)), and supporting [Guidelines](#), do not require information to be obtained beyond that which the DFSA would expect a prudent Firm to obtain as part of its product due diligence and business planning.

⁴ When referencing a "suitability" assessment, this is not to be confused with a suitability assessment that is undertaken by an Authorised Firm when recommending a financial product or customer to a client.

11. How often must suitability of a Crypto Token be reassessed?

Given the crypto market can change, sometimes rapidly, the DFSA expects that a Firm continuously monitors and regularly reviews any suitability assessment conducted on a Crypto Token (see [GEN Rule 3A.2.1A\(b\)](#)), at least once in every six-month period, and more frequently, where necessary to identify, assess, and address any emerging issues in a timely fashion.

For example, more frequent monitoring may be required if there is an event that changes the Crypto Token's features (such as protocol upgrades, forks, or changes to supply) or risk profile (such as a cyber attack or operational disruptions).

12. What type of monitoring is expected?

A person must have appropriate systems and controls to monitor the Crypto Tokens relevant to their financial services activity. Appropriate monitoring methods (including the use of third-party service providers) will vary depending on the type of financial services being provided and the type of Crypto Token deemed suitable.

13. What if a Crypto Token is no longer assessed suitable? What action should be taken?

If a person is no longer satisfied of a Crypto Token's suitability, they must cease any activity referred to in GEN Rule 3A.2.1(1)(a) to (e) in relation to that Crypto Token, or where this is not possible, take reasonable steps to cease the activity.

In taking such a decision, a person should act in the best interest of their clients and pay attention to how they intend to protect them. For example, consideration should be given to how clients will be informed of this decision, and how they can unwind their position or divest their interests, where appropriate.

For example, as per the guidance to GEN Rule 3A.2.1A in relation to a Fund Manager, where a Fund has exposure to a Crypto Token that is no longer assessed to be suitable, a person under GEN Rule 3A.2.1A(b)(i) should divest or otherwise eliminate its exposure to the Crypto Token, typically by means of a sale on an exchange or through automated trading functions (without making a financial promotion).

14. What documentation must a person retain related to their Crypto Token suitability assessments?

A person must retain records of all decisions made, assessments undertaken, and documentation reviewed and produced by those responsible for overseeing the suitability assessment.

These records should be capable of reproduction within a reasonable period not exceeding three business days under [GEN Rule 5.3.24](#).

15. How often must information be reported to the DFSA?

Under GEN Rule 3A.2.1A(d), monthly reporting requirements apply to all Firms carrying on a financial service relating to the Crypto Token. Returns must be submitted to the DFSA via the ePortal within 14 days of the following month.

16. What information must be provided to the DFSA in relation to Suitable Crypto Tokens?

Firms reporting on Crypto Tokens they have assessed as suitable must provide to the DFSA:

- The name of each Crypto Token assessed as suitable by the authorised firm;
- The number of clients receiving financial services in relation to each Crypto Token;
- The number of transactions completed in relation to each Crypto Token; and
- The total volume and value in USD in relation to each Crypto Token.

Further specific guidance will be provided alongside the reporting forms.

Fiat Crypto Tokens

17. What are Fiat Crypto Tokens?

A Fiat Crypto Token is classified as a type of Crypto Token if, to stabilise its price or reduce volatility in its price, the value of the Crypto Token purports to be determined by reference to a single fiat currency. In some markets, Fiat Crypto Tokens are also referred to as "stablecoins".

18. Where can I find more information on Fiat Crypto Tokens which have been deemed suitable in DIFC?

The DFSA has retained the power to assess Fiat Crypto Tokens as suitable. The additional suitability criteria for Fiat Crypto Tokens are provided in this [Policy Statement](#).

Queries in relation to the assessment of Fiat Crypto Tokens should be addressed to the DFSA at markets@dfsa.ae.

Funds

19. What is the DFSA's approach to Funds investing in Crypto Tokens?

While the DFSA had previously imposed gross asset value-based thresholds for Funds investing in Crypto Tokens, these thresholds no longer apply.

20. If a person does not hold a Crypto Token endorsement but conducts financial services activities in relation to Crypto Tokens, do the requirements to conduct a suitability assessment still apply?

Yes, all persons conducting financial services and activities in relation to Crypto Tokens (e.g. holding a 'Managing a Collective Investment Fund' permission and the Fund being managed holds Crypto Tokens) must conduct suitability assessments under GEN Rule 3A.2.1, regardless of whether or not they hold a Crypto Token permission.

21. Can Funds hold Fiat Crypto Tokens?

Funds may hold Fiat Crypto Tokens that have been assessed as suitable by the DFSA, these may be used to transact or pay for Fund services.

22. If promoting a Fund which holds Crypto Tokens in DIFC, does the promoter have to conduct a suitability assessment on the Crypto Tokens held by the Fund?

Yes, a person who promotes a Fund which holds (directly or indirectly) Crypto Tokens must be satisfied that the Crypto Tokens are suitable for use in DIFC. When carrying out its suitability assessment of a Crypto Token, a person promoting the Fund may take into account information provided by the Fund Manager.

Custody

23. What custodians can be used to safeguard and administer Crypto Tokens?

Recognising that at the current development stage only a few regulated Crypto custodians are available in the market, we allow the use of non-regulated custodians, if the relevant Fund Manager or Authorised Firm has, after performing proper due diligence, assessed the custodian as having adequate custody and asset safety arrangements.

In conducting the required due diligence, Firms must take into account the regulatory status of the custodian, its systems and controls for safeguarding and segregating Crypto Tokens, the adequacy of its policies and procedures on storage of clients' private keys to protect against hacking, theft or fraud, the robustness of its technology governance, the independence and management of conflicts of interest, and appropriate client disclosures and periodic reporting (see [COB 6.13](#), [COB APP 6](#), and [CIR 8.2.6](#) as applicable).

24. What actions are custodians required to take in case of unauthorised or incorrectly executed transfers?

If an Authorised Firm that provides custody of Crypto Tokens is responsible for any unauthorised or incorrectly executed transfers of client Crypto Tokens, the DFSA requires that Firm to address the situation promptly and within three business days put the client's account back in the position it would have been in, if the transfer had not taken place or had been executed correctly (as applicable) (see [COB 15.4.5](#)).

In case of a failure to properly address the situation, the Firm must disclose the matter to the DFSA.

Further, we require authorised firms providing custody of Crypto Tokens to report to the DFSA on a quarterly basis the number of unauthorised or incorrectly executed transfers of client Crypto Tokens and their total value, the number and total value of such transfers that were reversed successfully and the total amount of compensation paid to clients for any unauthorised or incorrectly executed transfers of client Crypto Tokens (see [COB 15.4.6](#)).





About the DFSA

The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in or from Dubai International Financial Centre (DIFC), a purpose-built financial free zone in Dubai, UAE. The DFSA regulates and supervises financial services firms and markets in DIFC. These include asset managers, banks, custody and trust services, commodities futures traders, fund managers, insurers and reinsurers, traders of securities, and fintech firms.

The DFSA supervises exchanges and trading platforms for both conduct and prudential purposes, overseeing an international securities exchange (Nasdaq Dubai) and an international commodities derivatives exchange (Gulf Mercantile Exchange).

The DFSA is also responsible for supervising and enforcing anti-money laundering and countering the financing of terrorism requirements applicable in DIFC.

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