Balancing Innovation and Investor Protection:

A consultation on the DFSA's regulatory approach to Crypto Tokens

October 2025

The Dubai Financial Services Authority (DFSA) has issued Consultation Paper 168 (CP 168) – Updates to the Regulation of Crypto Tokens. This is the third in a series of consultations on our regulatory approach, reaffirming our commitment to a regime that supports responsible innovation, promotes market integrity, and safeguards investors within the Dubai International Financial Centre (DIFC), while maintaining alignment with global regulatory standards.

The DFSA's evolving approach to Crypto Token regulation

The DFSA has been a global pioneer in developing a comprehensive regulatory framework for Crypto Tokens.

2022

We published CP 143 on the regulation of Crypto Tokens, followed with the implementation of the first set of Rules – addressing risks relating to anti-money laundering (AML)/counter-terrorism financing (CTF), technology, governance, custody, disclosure, market abuse, and fraud.

2023 - 2024

We introduced further amendments through CP 150 and CP 153, relating to custody and staking, funds, and financial crime – reflecting our continued policy development in this area.

2025

With CP 168, we continue to evolve this regime – focusing on greater alignment with global regulatory counterparts and providing additional flexibility to support responsible market growth and innovation. These updates are designed to maintain consistency with international standards while advancing DIFC, Dubai, and UAE strategic priorities.

Key proposals in CP 168

Suitability assessment	Funds investing either directly or indirectly in Crypto Tokens	Conduct requirements
Changing the current DFSA-led suitability assessment for Crypto Tokens (excluding Fiat Crypto Tokens) to place responsibility on Persons to undertake a suitability assessment to determine whether a Crypto Token is suitable for use – taking into account factors such as the business model, customer base, and intended product and services.	Removing the thresholds and restrictions currently applied to Funds that invest directly or indirectly in Crypto Tokens. This will allow fund managers or asset managers to manage Crypto Tokens investments in Domestic, External, or Foreign Funds – provided that an appropriate suitability assessment has been conducted.	Minor amendments to certain conduct requirements to reflect market feedback.

The DFSA will also publish Supervisory Guidelines to provide further guidance to market participants on how to conduct a suitability assessment on a Crypto Token under the revised framework.

Implications

The proposals in CP 168 mark another milestone in the evolution of the DFSA's framework for Crypto Tokens, enhancing regulatory certainty that market participants require while addressing emerging risks in a rapidly developing market.

For further information or to provide feedback, please visit our consultation paper and online form.
Consultation closes on 31 October 2025.