



ROSA & ROUBINI
ASSOCIATES

DIGITAL ASSETS

Digital Assets in the UAE: Regulatory Architecture, Stablecoins, and the Digital Dirham

By

Lāsma Kokina



18 February 2026

Lāsma Kokina

Digital Assets in the UAE: Regulatory Architecture, Stablecoins, and the Digital Dirham

18 February 2026

Page | 2

Table of Contents

| | |
|---|---------------|
| Executive Summary | Page 3 |
| UAE as the Global Attraction Point for Digital Assets..... | 4 |
| <i>Regulatory Clarity as a Strategic Advantage: VARA and Federal Oversight.....</i> | <i>4</i> |
| <i>Stablecoins and the Payment Token Services Regulation (PTSR): From Hype of Infrastructure.....</i> | <i>4</i> |
| Sovereign Digital Money and Global Connectivity: The Digital Dirham and Beyond..... | 5 |
| NOTES | 5 |



Rosa & Roubini Associates Ltd is a private limited company registered in England and Wales (Registration number: 10975116) with registered office at 75 King William Street, London EC4N 7BE, United Kingdom.

For information about Rosa&Roubini Associates, please send an email to info@rosa-roubini-associates.com or call +44 (0)20 7101 0718.

Analyst Certification: I, Lāsma Kokina, **hereby** certify that all the views expressed in this report reflect my personal opinion, which has not been influenced by considerations of Rosa & Roubini Associates' business, nor by personal or client relationships. I also certify that no part of our compensation was, is or will be, directly or indirectly, related to the views expressed in this report.

Disclaimer: All material presented in this report is provided by Rosa & Roubini Associates-Limited for informational purposes only and is not to be used or considered as an offer or a solicitation to sell or to buy, or subscribe for securities, investment products or other financial instruments. Rosa & Roubini Associates Limited does not conduct "investment research" as defined in the FCA Conduct of Business Sourcebook (COBS) section 12 nor does it provide "advice about securities" as defined in the Regulation of Investment Advisors by the US SEC. Rosa & Roubini Associates Limited is not regulated by the FCA, SEC or by any other regulatory body. Nothing in this report shall be deemed to constitute financial or other professional advice in any way, and under no circumstances shall we be liable for any direct or indirect losses, costs or expenses nor for any loss of profit that results from the content of this report or any material in it or website links or references embedded within it. The price and value of financial instruments, securities and investment products referred to in this research and the income from them may fluctuate. Past performance and forecasts should not be treated as a reliable guide of future performance or results; future returns are not guaranteed; and a loss of original capital may occur. This research is based on current public information that Rosa & Roubini Associates considers reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. Rosa & Roubini Associates, its contributors, partners and employees make no representation about the completeness or accuracy of the data, calculations, information or opinions contained in this report. Rosa & Roubini Associates has an internal policy designed to minimize the risk of receiving or misusing confidential or potentially material non-public information. We seek to update our research as appropriate, but the large majority of reports are published at irregular intervals as appropriate in the author's judgment. The information, opinions, estimates and forecasts contained herein are as of the date hereof and may be changed without prior notification. This research is for our clients only and is disseminated and available to all clients simultaneously through electronic publication. Rosa & Roubini Associates is not responsible for the redistribution of our research by third party aggregators. This report is not directed to you if Rosa & Roubini Associates is barred from doing so in your jurisdiction. This report and its content cannot be copied, redistributed or reproduced in part or whole without Rosa & Roubini Associates' written permission.

www.rosa-roubini.com

Lāsma Kokina

Digital Assets in the UAE: Regulatory Architecture, Stablecoins, and the Digital Dirham

18 February 2026

Executive Summary

Page | 3

- ✦ The UAE has established itself as a leading global destination for digital assets through clear, purpose-built regulation that provides certainty for crypto markets, stablecoins, and digital financial services.
- ✦ By combining emirate-level crypto supervision with federal oversight of payments, securities, and monetary policy, the UAE has created a coordinated regulatory model that balances innovation with financial stability and investor protection.
- ✦ The integration of regulated stablecoins, the Digital Dirham CBDC initiative, and cross-border settlement projects positions the UAE at the forefront of the transition from experimental digital assets to institutional-scale digital finance.

Key Picture: The UAE's Regulatory Architecture

| Jurisdiction | Regulator | Assets regulated | Framework |
|---|--|--|--|
| DIFC | Dubai Financial Services Authority (the "DFSA") | Crypto tokens (including fiat crypto tokens) Investment tokens Prohibited tokens Excluded tokens | The DFSA adopts a different approach depending on whether the asset concerned is a crypto token, investment token, prohibited token or excluded token. Cryptocurrencies such as BTC and fiat-backed stablecoins are considered crypto tokens, and a licence is required to conduct regulated activities in relation to crypto tokens in or from the DIFC. Such activities can only be conducted in relation to "Recognised Crypto Tokens". As of the date of this article, there are only three Recognised Crypto Tokens, namely BTC, ETH and LTC. |
| ADGM | Financial Services Regulatory Authority (the "FSRA") | Virtual assets Digital securities Fiat tokens Derivatives over the above | The FSRA adopts a different approach depending on whether the asset concerned is a virtual asset, digital security, fiat token or derivative. Virtual assets include non-fiat virtual currencies such as BTC, and a licence is required to conduct regulated activities in relation to virtual assets by way of business in the ADGM. Such activities can only be conducted in relation to "Accepted Virtual Assets". |
| "Onshore UAE" (the UAE excluding the DIFC and the ADGM) | UAE CB | Stored value facilities | A licence is required to issue or operate stored value facilities in Onshore UAE. |
| | | Payment tokens (i.e., fiat-backed stablecoins) | A licence is required to provide retail payment services, including such services related to payment tokens, within Onshore UAE. |
| Onshore UAE | SCA | Virtual Assets excluding stored value facilities and payment tokens Digital securities Digital commodity contracts | A licence is required to conduct Virtual Asset Activities in Onshore UAE, except for the Emirate of Dubai, where a licence from VARA will likely be required instead. It is currently unclear how the Decision interacts with the existing 2020 Crypto Regulation. |
| Emirate of Dubai (part of Onshore UAE) | VARA | Virtual Assets | A licence is required to conduct certain regulated activities with respect to Virtual Assets in the Emirate of Dubai. VARA has yet to publish its substantive licencing regulations, though it is expected to do so in early 2023. |

Source: [Simmons and Simmons](#)

UAE as the Global Attraction Point for Digital Assets

The United Arab Emirates (UAE) has rapidly emerged as a leading global destination for digital assets, driven by clear regulatory initiatives, government-backed digital currency projects, and strategic infrastructure development¹ that attract investors, businesses, and innovators². The UAE was ranked among the top five global crypto hubs for investors in 2025, reflecting favourable tax policies, strong government support, and a rapidly expanding blockchain ecosystem.³ Additionally, authorities have implemented bespoke legal frameworks for virtual assets, including purpose-built regulators⁴, payment token frameworks⁵, and pilot central bank digital currency systems⁶, all signalling the country's ambition to be at the forefront of the digital finance revolution.

Page | 4

Regulatory Clarity as a Strategic Advantage: VARA and Federal Oversight

As mentioned, a defining feature of the UAE's digital asset strategy is its bespoke regulatory architecture, designed specifically for virtual assets rather than adapted from legacy financial regulation, which reduces uncertainty for firms and investors.⁷ Although digital asset regulation exists at the federal level, Dubai features prominently because it has implemented the UAE's most comprehensive, crypto-specific regulatory framework through Dubai's Virtual Assets Regulatory Authority (VARA). VARA was created to regulate virtual asset activities in Dubai, including licensing and supervision of virtual asset service providers across key activities.⁸

VARA's regulatory rulebooks establish a comprehensive, risk-based framework for Virtual Asset Service Providers (VASPs) operating in Dubai. VARA's regulatory rulebooks primarily focus on licensing, regulating, and supervising virtual asset activities in Dubai to ensure market integrity, robust AML/CFT and sanctions compliance, prevention of market abuse and conflicts of interest, protection of investors and consumers, and the promotion of transparency, accountability, and good governance.⁹ Thus, Dubai has clear, strict rules for crypto businesses so companies and customers know who is allowed to operate, how they must behave, and how people are protected.

This emirate-level framework operates within the UAE's broader federal regulatory system. While VARA provides crypto-specific supervision in Dubai, digital asset activity also sits within a wider federal regulatory framework. At the federal level, oversight is shared between the Central Bank of the UAE (CBUAE)¹⁰ and the Securities and Commodities Authority (SCA), reflecting a coordinated model in which payments/monetary and securities/investment issues are supervised under distinct mandates.¹¹

Stablecoins and the Payment Token Services Regulation (PTSR): From Hype to Infrastructure

A major reason the UAE stands out is the Central Bank's development of a stablecoin/payment-token framework through the Payment Token Services Regulation (PTSR), which sets the rules and conditions for licensing and registration of entities conducting payment token issuance, conversion, and custody/transfer in the UAE.¹² The PTSR sets requirements for authorisation, governance and compliance, treating payment tokens as regulated financial activity rather than leaving stablecoin issuance in a grey zone.¹³

A key pillar is reserve integrity: dirham-referenced payment tokens must be backed on a 1:1 basis with appropriate reserves, supporting redemption confidence and limiting systemic risk. Thus, a key pillar is reserve integrity: dirham-referenced payment tokens must be backed on a 1:1 basis with appropriate reserves, with at least half held as cash in UAE banks, supporting redemption confidence and limiting systemic risk.¹⁴ Unlike cryptocurrencies like Bitcoin, which experience frequent price swings, stablecoins are designed to maintain a consistent value, making them well-suited for payments, transfers, and settlement activities.¹⁵

The regulation also tightens the perimeter by prohibiting or restricting higher-risk models (including certain unstable token designs), signalling a policy preference for transparency, prudential safety, and AML robustness.¹⁶ Additionally, regulatory traction is increasingly visible through approvals for AED-linked stablecoin initiatives by UAE financial institutions^{17,18}, indicating that the framework is moving from policy to implementation. Thus, this combination of clear legal classification, reserve discipline and licensing pathways

makes the UAE especially attractive to payment firms and institutions that need regulatory certainty to scale stablecoin-based rails.

Sovereign Digital Money and Global Connectivity: The Digital Dirham and Beyond

Alongside private digital assets, the UAE has pursued sovereign digital currency through the Digital Dirham Central Bank Digital Currency (CBDC) initiative, framing CBDC development as part of a broader financial infrastructure modernisation agenda.¹⁹ The Central Bank of the UAE (CBUAE) CBDC approach is commonly described as an intermediated or two-tier model²⁰ where regulated financial institutions distribute CBDC services to end users, preserving the role of banks while enabling programmable settlement technology.²¹ In simple terms, the central bank creates the digital dirham, but one can use it through one's regular bank or payment app, instead of dealing with the central bank directly.

The UAE has also been a participant in Project mBridge, a multi-CBDC initiative associated with the BIS Innovation Hub and partner central banks, exploring cross-border wholesale CBDC settlement to improve speed, cost, and transparency of international payments.²² mBridge has involved real transaction experiments with commercial banks using a shared platform²³ for cross-border settlement, positioning the UAE at the centre of emerging CBDC-enabled trade settlement corridors. Thus, the UAE is helping test a new system where countries use digital versions of their own currencies to send money to each other faster, cheaper, and directly, without relying on slow traditional banking networks.

As such, the UAE's emergence as a global attraction point for digital assets is the result of deliberate regulatory design, early institutional adoption, and integration into global digital currency infrastructure. By aligning crypto regulation, stablecoin legislation, and sovereign digital currency development under a coherent policy vision, the UAE has moved beyond experimentation toward the industrialisation of digital finance.

NOTES

¹ Vriti Gothi, "UAE emerges as top hub for digital-asset rules", IBS Intelligence, accessed 27 January 2026, <https://ibshintelligence.com/ibsi-news/uae-emerges-as-top-hub-for-digital-asset-rules/>.

² Sebastian Widmann, "How The UAE Became A Crypto Hub Poised For Explosive Growth", *Forbes*, accessed 27 January 2026, <https://www.forbes.com/sites/digital-assets/2023/11/16/how-the-uae-became-a-crypto-hub-poised-for-explosive-growth/>.

³ "UAE named among a top 5 global crypto hub for investors", Times of India, accessed 27 January 2026, <https://timesofindia.indiatimes.com/world/middle-east/uae-named-among-a-top-5-global-crypto-hub-for-investors/articleshow/124089279.cms>.

⁴ Andrew Massey and Adrianus Schoorl, "The regulatory landscape for digital assets in the UAE", accessed 27 January 2026, <https://www.dlapiper.com/en/insights/publications/the-uae-cryptocurrency-and-digital-asset-regulation-series/2025/no-1the-regulatory-landscape-for-digital-assets-in-the-uae>.

⁵ "Payment Token Services", Hadeef&Partners, accessed 28 January 2026, <https://hadeefpartners.com/news-insights/insights/payment-token-services/>.

⁶ "Central Bank Digital Currency Strategy - the Digital Dirham", U.AE, accessed 28 January 2026, <https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/strategies-plans-and-visions/finance-and-economy/central-bank-digital-currency-strategy>.

⁷ "In-Depth Virtual Currency Regulation: United Arab Emirates", Charles Russell Speechleys, accessed 28 January 2026, <https://www.charlesrussellspeechleys.com/en/insights/expert-insights/dispute-resolution/2024/in-depth-virtual-currency-regulation-uae/>.

⁸ "Empowering innovation through responsible regulation of the virtual assets industry", Government of Dubai, accessed 28 January 2026, <https://www.vara.ae/en/about-vara/>.

⁹ "VARA and Virtual Asset Regulation Compliance in Dubai", accessed 28 January 2026, <https://mco.mycomplianceoffice.com/blog/vara-and-virtual-asset-regulation-compliance-in-dubai>.

- ¹⁰ “Digital asset payments now regulated by UAE Central Bank”, Coingeek, accessed 27 January 2026, <https://coingeek.com/digital-asset-payments-now-regulated-by-uae-central-bank>.
- ¹¹ “Is Crypto Legal in the UAE? Understanding Licensing and Regulations”, Cobo, accessed 27 January 2026, <https://www.cobo.com/post/is-crypto-legal-in-the-uae-understanding-licensing-and-regulations>.
- ¹² “Payment Token Services Regulation”, Central Bank of the U.A.E., accessed 27 January 2026, <https://rulebook.centralbank.ae/en/rulebook/payment-token-services-regulation>.
- ¹³ “Payment Token Services Regulation”, Central Bank of the U.A.E., accessed 27 January 2026, https://rulebook.centralbank.ae/sites/default/files/en_net_file_store/CBUAE_EN_5731_VER1.pdf.
- ¹⁴ “Understanding the UAE Central Bank’s Payment Token Services Regulation (PTSR)”, Nephos Group, accessed 28 January 2026, <https://www.nephosgroup.com/nephos-blog/uae-stablecoin-regulation-ptsr-guide/>.
- ¹⁵ Justin Varghese, “Why stablecoins are moving into the mainstream worldwide, in the UAE”, accessed 28 January 2026, <https://gulfnews.com/business/banking/why-stablecoins-are-moving-into-the-mainstream-worldwide-in-the-uae-1.500401467>.
- ¹⁶ “Article 2: Prohibitions on Activities and Promotions”, Central Bank of the U.A.E., accessed 28 January 2026, <https://rulebook.centralbank.ae/en/rulebook/article-2-prohibitions-activities-and-promotions>.
- ¹⁷ “RAKBANK Receives Approval to Launch UAE Dirham-Backed Stablecoin”, accessed 28 January 2026, <https://bravenewcoin.com/insights/rakbank-receives-approval-to-launch-uae-dirham-backed-stablecoin>.
- ¹⁸ “RAKBANK Wins Approval for AED Stablecoin as UAE’s Digital Dirham Skips 2025 Launch”, Yahoo Finance, accessed 28 January 2026, <https://finance.yahoo.com/news/rakbank-wins-approval-aed-stablecoin-100933569.html>.
- ¹⁹ “Digital Dirham - A Primer on the UAE’s Central Bank Digital Currency”, Central Bank of the U.A.E., accessed 28 January 2026, https://www.centralbank.ae/media/lczb23l4/cbdc-short-report_july.pdf.
- ²⁰ “Digital Money, Markets, and Payment Series”, GBBC, accessed 28 January 2026, https://assets.ctfassets.net/so75yocayyva/yWn9Y34x7iU3NnY0lOXV3/2e7d54233632750a44d3780054ff90ea/UAE_Fact_Card.pdf.
- ²¹ “Digital Dirham - A Primer on the UAE’s Central Bank Digital Currency”, Central Bank of the U.A.E.
- ²² “Project mBridge reached minimum viable product stage”, BIS, accessed 28 January 2026, https://www.bis.org/about/bisih/topics/cbdc/mcbdc_bridge.htm.
- ²³ “BIS and four central banks complete successful pilot of real-value transactions on cross-border CBDC platform”, BIS, accessed 28 January 2026, <https://www.bis.org/press/p221026.htm>.