

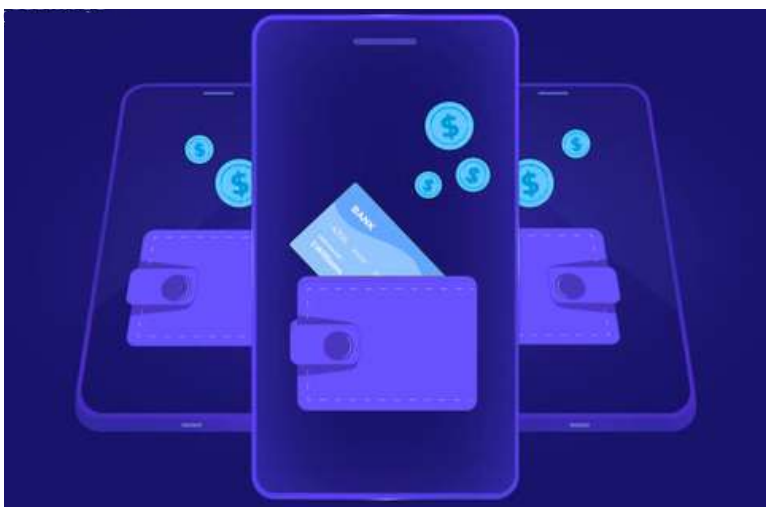
RASMANDATE

A MONTHLY COMPILATION OF ARTICLES AND LEGISLATIVE &
REGULATORY UPDATES CURATED BY RASMA LEGAL

COVER STORY

Exemptions for SVFs under CBUAE Regulations

Pursuant to Article 65 of the Decretal Federal Law No. 14 of 2018 regarding the Central Bank & the Organization of Financial Institutions and Activities, the provision of Stored Value Facility (SVF) services is subject to a licensing regime administered by the Central Bank of the United Arab Emirates (CBUAE).



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To commence, it is imperative to establish the definition of an SVF. An SVF, as defined by the CBUAE, is a facility where a customer deposits money or its equivalent (including reward points, crypto-assets, or digital tokens), which is then used for:

- (a) Storing the deposited value, either wholly or partially; and
- (b) Providing a relevant undertaking by the licensee, who holds an SVF license, to either supply/make payments for goods or services, or to make payments to another person, as per the facility's operating rules, upon the customer's use of the SVF as a means for payment for goods and services, or payment to another person.

Following the definition, an SVF encompasses both Device-Based SVFs and Non-DeviceBased SVFs. Device-Based SVFs are facilities that require a physical device, such as a smart card, pre-paid cards or mobile device, to store and manage value. To the contrary, NonDevice-Based SVFs do not require a physical device. Instead, value is stored and managed electronically, often through online accounts or virtual wallets. In essence, SVFs include any system for storing value, whether or not it involves a physical device.

With the definition established, we can proceed to explore the exemptions outlined in the CBUAE regulations. According to CBUAE regulations, the following SVFs are exempt:

1) When the SVF is used for cash reward schemes-

In this case, the funds in the SVF can be provided either by the issuer of the SVF or by an individual who enters into an agreement with the issuer to deposit money into the SVF. The deposited funds are restricted to purchasing goods or services offered by the SVF and must be used in accordance with the specific terms and conditions of the SVF.



For instance, let's consider a shop that has a loyalty program where customers can earn points for every purchase. These points are stored electronically in an SVF issued by the shop. The customer can then use the funds stored in their SVF to:

- **Pay for Future Purchases:** Use the funds to pay for goods or services at the same shop or its partners.
- **Redeem Rewards:** Exchange funds for special rewards, discounts, or promotional offers as specified by the loyalty program.

2) When the SVF is used for purchasing certain digital products:

It's a facility where stored value can be used specifically for buying items or services that are:

1. Delivered to;
2. Used through; and
3. Paid through a telecommunication, digital or technology device.

For instance, an individual has a stored value account with a digital wallet app on their smartphone. To purchase the latest album by their favorite artist, the process works as follows:

- **Purchase:** The individual opens the music store app on their smartphone and browses the catalog. They select the new album and choose to purchase it.
- **Delivery:** Once the transaction is confirmed, the album is instantly delivered to the individual's smartphone. The music files are downloaded directly to the device or made available for streaming through the app.
- **Usage:** The individual opens the music player app on their smartphone, which syncs with the music store app. The album can now be listened to at any time through the music player app.

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LEGAL & REGULATORY UPDATE

Dubai Court Validates Crypto Salary Payment: A New Legal Precedent

On July 17, the Dubai Court of First Instance established a notable legal precedent by acknowledging cryptocurrency as a valid form of salary payment. The court ordered an employer to pay an employee's overdue salary in both fiat currency and a specified amount of EcoWatt Tokens (EWT), i.e., a cryptocurrency which operates on the Ethereum blockchain.

The case centered on an employment contract that stipulated a monthly salary in fiat currency with additional compensation in EWT. The plaintiff alleged that the employer failed to pay the agreed-upon portion of their salary in EWT and wrongfully terminated their employment.

Implications for Employee Salaries in the UAE

This raises questions about the feasibility of using cryptocurrencies as a regular payment method in the UAE, particularly in light of the Wage Protection System (WPS) regulations.

However, the Central Bank of the UAE's recent Payment Token Services Regulations indicate that more practical uses for cryptocurrencies could soon emerge.

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LEGAL & REGULATORY UPDATE

DFSA' s New Crowdfunding Rules: Greater Flexibility and Investor Protection for SMEs

Following its public consultation and feedback from the Call for Evidence, the Dubai Financial Services Authority (DFSA) has announced updates to its crowdfunding regime.

The revised crowdfunding regime offers greater clarity and flexibility while ensuring investor protection. Key updates to the DFSA crowdfunding rules include:

- **Increased Deal Cap:** Crowdfunding platforms can now offer deals up to a limit of USD 10 million per deal.
- **Retail Investment Limit:** Retail investors can invest up to USD 100,000 per year on crowdfunding platforms, subject to deal-specific limits based on the offer type.
- **Property Crowdfunding Enhancements:** The updated rules clarify the types of properties eligible for listing on crowdfunding platforms and require additional data in property valuation reports.

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FINTECH UPDATE

Tether to Launch UAE's First AED-Pegged Stablecoin

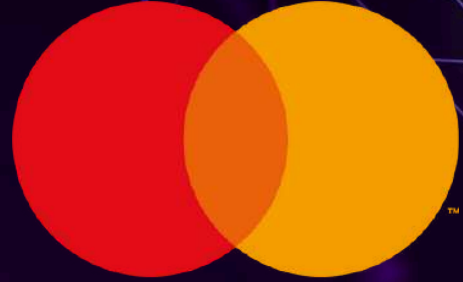
Following the introduction of the recent Payment Token Services Regulation by the Central Bank of the United Arab Emirates (CBUAE), which restricts retail payments to tokens pegged to the UAE Dirham, Tether.io and Phoenix Group, supported by Green Acorn Investments Ltd, are set to launch the first stablecoin pegged to the United Arab Emirates dirham (AED).

The stablecoin is built on a state-of-the-art blockchain, and aims to offer a reliable store of value and an efficient transactional tool for businesses and individuals in the UAE. It will enable secure and efficient cross-border payments and trading.

The launch of Tether's Dirham-pegged stablecoin represents a key development within a broader, interconnected ecosystem that is rapidly evolving. Within this ecosystem, digital assets are becoming increasingly integral to the financial infrastructure of the UAE.



METAMASK



mastercard

FINTECH UPDATE

MetaMask Card: The World's First Direct Crypto Spending Card

MetaMask, the premier wallet for Web3, has introduced the MetaMask Card, the world's first Mastercard debit card that enables instant spending directly from selfcustody wallets.

MetaMask has partnered with Mastercard and Baanx Group Ltd to bring crypto to everyday transactions. This collaboration between MetaMask, Mastercard, and Baanx pioneers a new era of spending by connecting crypto wallets to payment networks.

In simple terms, with the MetaMask Card, cardholders can make daily purchases by directly spending crypto from their MetaMask wallet anytime, and anywhere Mastercard is accepted. MetaMask instantly converts crypto into fiat like euros or pounds.

The MetaMask Card is breaking new ground by providing greater freedom for people to make practical use of their crypto and experience the intersection of blockchain technology with real-world commerce.

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CBUAE Sandbox: A Launchpad for Financial Innovation



The Central Bank of the UAE (CBUAE) has introduced the Regulatory Sandbox as a tool to support and regulate innovation in the financial sector. This initiative allows participants to test innovative financial products, services, and business models in a controlled environment without requiring a license. The sandbox provides a defined space and timeframe where participants operate under the Central Bank's supervision, ensuring compliance with regulatory standards and protection for stakeholders. By engaging with an assigned case supervisor, participants can understand regulatory impacts and ensure their innovations meet the necessary requirements. The goal of the Regulatory Sandbox is to foster innovation within the financial services industry by offering a safe space for start-ups, established businesses, and technology companies to experiment and refine their offerings.

Read more on [LinkedIn](#).



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What We Achieved

THE TOKENIZER

Rasma Legal is delighted to be featured in The Tokenizer's Who's Who 2024 Guide

This comprehensive publication recognizes leading law firms across the globe shaping the asset tokenization landscape.

We are honored to be recognized as a prominent player in this emerging field. This recognition underscores our commitment to staying at the forefront of tokenization laws and regulations.



Team Spotlight

Our fintech team came together for a productive brainstorming session. We discussed the latest regulatory updates and challenges in the industry. We are excited to see how these collaborative discussions will shape our future projects. This event highlighted the value of teamwork and open communication within Rasma Legal.



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Rasma Legal is a multi-service law firm catering to the innovation economy. The firm is headquartered in the United Arab Emirates (UAE) and has branches in Saudi Arabia (KSA) and Lebanon. Led by the expertise and leadership of Mazen Rasamny, Rasma Legal stands as a beacon of legal excellence, equipped to guide clients through their diverse legal undertakings. Having an extensive legal background spanning over 23+ years, Mazen Rasamny brings a wealth of knowledge and experience to the table.

The firm is focused on innovation and growth and has been instrumental in providing comprehensive legal services to entrepreneurs and start-ups in areas such as M&A, Corporate and Commercial laws, Debt & Equity Capital Markets, Banking & Finance (including Project Finance), Corporate & Financial Restructuring, Energy, Infrastructure, and Project Development.

The firm has also been recognized by several leading legal publications such as Asian Legal Business, IFLR1000, The Legal 500, Legal Era, The Law and more.

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