

Eric: [00:00:00] So this is Eric Hess, The Encrypted Economy, which you already know, and we're back from Labor Day and we kick it off with United Arab Emirates. I'm really excited about what's going on in United Arab Emirates. It's an area that I've been following because of their approach to regulation. Unlike other areas where there's a lack of clarity, I won't name any names, United States, SEC, in the United Arab Emirates, they are endeavoring to put forth a cohesive regulatory regime that encourages innovation. To keep as well as provides a framework within which businesses can operate in. So, it's exciting to see what they're doing. There's a lot going on there and we dive into it a little bit in this podcast.

Now it's not a market the size of the United States, so the absorption capacity isn't there, but you are seeing a lot of bigger exchanges there. You are seeing efforts to get different regulators off the ground and they're still staffing up, but nonetheless, very exciting time to be there. So, we're gonna cover a couple of acronyms that are covered throughout the [00:01:00] podcast.

First the United Arab Emirates is gone figure. A number of Emirates that are United. Two of the big ones that we focus on for the purposes of this podcast are Abu Dhabi and Dubai. And each of Abu Dhabi and Dubai have their own kind of like provincial or state regulators, if you would, if you're comparing it to the United States.

And then there's also a national regulator. At the national level there's the securities and commodities authority known as

SCA at the provincial, I'm sorry, at the Emirate level you have the Dubai financial services authority and the financial services, regulatory authority, the latter being Abu Dhabi and amongst all this, you have a new regulation that's supposed to weave all these together, which is the virtual asset regulatory authority known as Vera.

We talk about that on the podcast, but I'll just start off with there for now. So, you have something to digest before we jump into it on the podcast. So very excited to bring this [00:02:00] to you and if you like this podcast, obviously share it. I'm excited to try to start hitting some additional jurisdictions as we move into the fall and start to start to observe in digital asset regulation and other jurisdictions around the world.

So, with that, I bring you Kokila Alagh of Karm Legal, enjoy the podcast.

Welcome to The Encrypted Economy, a weekly podcast featuring discussions exploring the business laws, regulation, security, and technologies relating to digital assets and data. I am Eric Hess, founder of Hess Legal Counsel I have spent decades representing regulated exchanges, broker dealers, investment advisors, and all matter of FinTech companies for all things, touching electronic trading with a focus on new and developing technologies.

So today I have Kokila Alagh founder of Karm Legal [00:03:00] Consultants, UAE based law firm. Kokila has a lot of experience with regards to digital asset regulation in the UAE, amongst other things She's cutting edge in technology and IP, and you name it.

She's got her, the first-rate firm helping founders discover UAE or to, not discover, but to launch new businesses. There's been a lot first of all, welcome. Thanks for joining the podcast., I'm like lodging into it. So, I know coqui for a while, but I actually had the pleasure of meeting her in person at consensus just a couple of weeks ago.

It was wonderful to talk to you. And of course, she comes back and whenever she comes, she told me before the podcast, whenever she comes back, To UAE after going abroad, she always has a bit of a cold. She's a powerhouse she's powering through it today, but there, there might be a little bit of coffee and it might be a little sneezing, [00:04:00] but you're a powerhouse, so welcome to the encrypted economy.

Kokila: Thank you. Quite excited.

Eric: There's been a bit of a rotation with regards to digital asset projects. There's some VCs that are stepping back, but that's not happening in UAE. A lot of the projects are going to UAE to get funding because UAE is doing better. There's more Petro dollars flowing into UAE and they wanna deploy it.

Which is not to say, open season on UAE. But there's been definitely more money moving. From UAE into crypto, relative to other areas flowing into crypto. And I think it, it's going to represent, I think, an interesting rotation that's gonna play out, not just this year, but potentially for the next couple of years as well.

That's, again that's a bit uneducated, but based on what I'm seeing that definitely seems like it's gonna be [00:05:00] a trend, but you're the expert. You're there. You see it. Why don't we start off talking about you and how UAE has grown into the digital asset space, it's significance, current trends and then we'll get into the exciting stuff of why it's a good country in terms of regulation.

Absolutely now, so firstly, I'm not an expert I'm learning and unlearning on a daily basis. Still trying to understand this whole crypto space. It's a beautiful mind space that I say as a lawyer, I'm very fortunate to be in the middle of this space. So interestingly why UA is a great place. One, there's just one solution one answer to it as that the vision of the entire country is very forward focused.

So, the rulers, the, his highnesses that we have in the country have always thought about what will make UAE world apart class apart, and how can we [00:06:00] attract more and more people to come and either invest in UA or how UAE can be the global leader in what they do. So, with that, the whole drive towards technology adoption started when UAE will be a very young country.

And when we started looking at developing with focusing more on infrastructure real estate, so not just an oil and gas economy, we are known for our real estate. We are known for the infrastructure that the country has. We're known for tourism, real estate growth. And now the technology adoption that we have.

One is the most remarkable things for you to keep in mind that when the whole world was still talking about understanding what's Bitcoin was blockchain in 2016, Dubai actually came out with the first blockchain policy and they came out with six to seven different principles of how blockchain as a technology would be adopted.

They watched this big statement by designers saying that Dubai by 2021 will be a completely blockchain driven Emirate. [00:07:00] And to somewhere we have reached, I would say that level of success is that when you talk here to layman and to everybody across, everybody's aware of it. So, it's not that okay. The country, we just talking about one segment that knows what's cryptocurrency, what's Bitcoin, what's happening in the world, but they're all aware of what is. What can it do for you? What it can bring to you as a business owner, as a service provider, as an educational Institute, the students everybody's aware of it.

So, you have pretty much the entire country talking in a similar language. So, the adaption is there, there is a force and a drive from the government. So, the market suitability plays a very large role. And then majorly, I'm gonna talk about what to top. This all is a strong regulatory framework and the legal framework that we have around it.

So, I'd say we pretty much take all boxes for use case of any new emerging [00:08:00] tech. Like we are talking about this whole

blockchain. And we'll talk a little bit about some of the businesses like exchanges that are moving into UAE. Big ones. It, if you want to have a presence in the space, attacking this market and citing here seems to be a very wise move.

Yeah. Bin, you have FTX, you have Cracken now we'll get into that a little bit into the podcast. But alright and what about what about you, like, how did you end up coming to to, to embracing or working on digital assets? What was that evolution like? Yes,

Kokila: that, that's a bit of a story.

And I like to tell that story is that I have waited these many years for blockchain. To be found because I did my master's in digital economy law with my main thesis being in cryptography and digital signatures and electronic contracts laws. [00:09:00] And this is I'm talking about in 2003 from a national university in Melbourne, fresh outta law school.

And I was like the whole world's ready to discuss. We're talking not e-commerce, but we are talking about contracts with signed digitally use of digital SS. How does that work?

How does high function works? How is it legally secured? How O C D guidelines that came out help these frameworks, but it's taken almost 16 years for me to get back into this space.

So yes, it's a spot where I'm in, where I can say the intellectual side of me is very happy to be back into this. In between 15 years, I've been here in Dubai. The 15 years between I was saying, when I finished my masters and the time I went back into the whole tech space, I was a corporate commercial lawyer here based out UA.

I was managing partner of a bigger Emirati UA, national law firm, and [00:10:00] focusing mainly on corporate commercial law. But in 2017, when I reviewed a white paper for a client who was investing in a coin being issued from us. And I was like, okay, now we are talking about something that I believed. And I studied in.

I was late to the party, not right in the beginning in 20 11, 20 12, when Bitcoin first, the, so the Bitcoin white paper came out and I could have talked about it. But with that, yes, I decided that I wanna set up a law firm. I wanna work as a consultant in this space with the main motive, without bringing more awareness around this space.

Getting more and more lawyers into this space to embrace it, to start talking about it to their clients. And I've always believed in the vision that Dubai had. So, in 2017, when I started reading about it, coincidentally ADG, one of our financial free zones actually came out with their guidelines for ICUs and talked about utility to, and [00:11:00] so we, where the world was still struggling between understanding what it is here.

We had regulators who were coming out already with guidelines on what one can do and one cannot do. So, with that I got deep into it and I, in 2018, I started my own legal practice here under the name of current legal consultants. And we law firm, as we say that it's mandatory. It's every mandate that we work on is in this space of emerging tech, blockchain being the most common one.

So, most of our clients are in this space, in that We've just recently calculated. We've done legal analysis of more than 220 tokens that have the clients who have approached us. We've looked at their white papers, the light paper, the technology decks, and tried to understand what this token could be if it was to be issued in UAE or if it was to be issued from outside UA, any other jurisdiction, which the client wants [00:12:00] us to explore.

So, with that, we've started understanding how these different types of tokens work. We've also been very fortunate to work with a lot of intermediary service providers in the crypto blockchain space. So, some of the names that you take, the exchanges who are coming here, we've been fortunate to work with them and see how they have grown and progressed here, especially here in UA.

So overall the journey ever since I started current, we a very young law firm. We will be four years old in August. We've. We're quite excited to be in this space. I must say we are team of around 18 of us, 14 lawyers and four paralegals working with us. And everybody's very passionate and dedicated to this

Eric: space.

You, you say you were late to the party, but actually you were early to the party. It was just five, five o'clock. And they hadn't even put out the punch bowl and they're like, you can hang out here, it's probably not gonna get kicked until later. So that's really what happened.

Like you, you just went way early and then you got there late [00:13:00] yeah. you got way you went to another party. You got this, right? Yes. So yeah, certainly I, my legal practice probably started in, in 2000. I guess it was 2013, 2014, 2014. And but initially I was doing a lot of tried fi stuff, a lot of exchange stuff, but I was also doing a lot of fins.

And then gradually got drawn into digital assets, but it was just really, it just became it's, it grew into my practice organically. And then it was like, okay, I got make the transition. Similar, I was also, I wish I could say got two 14. I just boomed digital assets.

It'd be very, it'd be very different. But it wasn't I was still trying to figure out, how to fig how to engage on Twitter. And Cracken seemed to me I was like a cracking, like how can I put my money with something that sounds like a sea monster, stupid stuff.

So, let's start talking about there's a lot to cover here and it's really intriguing. Let's start to do an introduction to digital [00:14:00] asset regulation in the middle east, but we gotta break it down into pieces cuz there's a lot of different pieces, particularly for somebody who's less familiar with UAE.

So, I guess we'll start off maybe with the regulators. Yeah. And the scope of their authority. And you can I'll let you introduce and walk through them.

Kokila: Absolutely. So, in UA, interestingly, we are a small country, but we have financial regulators to suture requirements. So, we have our federal author under which we have securities and commodities authorities SCA that with the name gives out the regulations and frameworks for all securities come to be issued commodity services.

We also have two other financial free zone. Which are based. One is based in Dubai, D I F C Dubai international financial center. And we have ADG, which is Abu Dhabi, global market based out of Abu Dhabi. Now UAS overall, we are a civil law jurisdiction, but then to attract F D I and to make it more at par with what [00:15:00] globally was happening in the financial space, these financial free zones were launched and they were allowed to follow

common law principles and come out with their own laws and regulations, especially to suit the financial sector they were servicing in.

So other than criminal or penal offenses, which are still under the federal authority, these free zones pretty much work as an independent entity on its own. Now in the digital asset space, we've been very fortunate to have all of them talking about it now. When I say talking about it, because we still waiting for some clarity on some laws and guidance from some of them.

But to start with ad GM has taken the lead in 2017 with the guidance on what happens in for utility tokens or ICOs in 2018, they came out what they call it OAB at that point, which is operating crypto assets business. They came out with that completed framework for [00:16:00] anybody who was to apply for the license for launch of a token or launch of an intermediary service or to issue securities.

That is when you hear about almost 300 applications for crypto exchanges came to them. That's when companies like cracking companies like other big names, which we cannot take right now, but they came applied to ADG. Now from 2018 to 2020, that 22, this framework has undergone many changes. Now we have a completely revamped regulatory framework from them.

Sorry with the even with the definition of how they define cryptocurrencies or virtual financial assets, or digital assets undergone the change as per the growing market in the growing changes in their tech. Now that's with ADG. So, they've pretty much taken the lead in this space. Then we also, from our federal authorities, securities and commodities authority in [00:17:00] 2020, they came out with a framework for operating crypto assets.

They came out with the law, they came out with a guidance note and very interestingly, they defined different types of tokens as such. We had definition for what could be a crypto token. What do you mean by security token? What are you as a commodity token or are you as a regulated commodity token or a recognized market commodity token.

So very well drafted and thought about legislation.

Eric: And just to even take a step back on this. So, the SCA securities and commodities authority, which is the regulator for all of UAE, right? Yes. It's a federal authority and then yeah, it's a federal authority. And then within it much if you think about federal and states or you think about Canada and provinces or what have you, it's similar, you also have these regional or in this case, these [00:18:00] financial free zones authority, cuz that's where that's, what's attracting the digital asset community.

And there's two of them to my knowledge. There's more, but yes there's what, I'm sorry.

Kokila: The I F C and ADG. So, Dubai international financial center and Abu Dhabi global market.

Eric: So, I just wanna set the stage because as we talk about Abu Dhabi global markets in Dubai, they have each of them have a different regulator for that particular zone.

Kokila: Yes. So, we have these financial free zones, which are at par with any other financial regulator in the country. And they came out with these frameworks. So, we had the federal authority ESCA that came out with the law in 20, we have AGM that came out with the, in 18, and they have amended that since then, couple of times.

And interestingly D I [00:19:00] also came out within an entire framework in November last year for security tokens, issuance that if you were a digital security, sorry. Then this is the framework that needs to be adopted by it. They've also recently come out with a consultation for the crypto asset's framework.

Now we are hoping that before end of the year, we will have another law or regulation coming out from the I F C talking about different types of tokens issuance, as well as the different service providers in the crypto space. Now, interestingly, we did not stop there in March. The ruler of the Dubai also announced, and we have a law that came out, which has now set up a virtual asset, regulatory authority.

The acronym for it is, and that is going to be a bespoke regulator that will work with our federal authorities, with the [00:20:00] ministries, with ESCA and central bank to come out with a bespoke framework for virtual assets altogether. So, this is going to be a regulator working only in the virtual asset space.

So, it's not like now virtual assets licenses have to try to get accommodated or to fix themselves in an existing framework. A new framework is being drafted for them. So that is, and that would apply.

Eric: Yes, that is right. And that would apply to the broader UAE as well. Yes,

Kokila: that will be for the Emirate of Dubai and globally.

So that is where you see FDX or crypto.com or Binance will be all these have come and applied for a license to start working here in Dubai or move their global, either move their global headquarters or move their regional headquarters to Dubai and help Dubai and especially Vara to put a framework together.

So [00:21:00] that's why we say now we have different regulators and depends on what is it that you are doing? You could apply for these licenses. Now, these are all for financial aspects of crypto assets. We also have another free zone, which is not a financial free zone,

but a free trade zone in Dubai called to buy multi commodity center DMCC that started issuing licenses last year for non-financial crypto companies.

So, if you are a DLT tech service provider and you help other companies issue tokens, you could apply for a license to this free zone. If you are doing proprietary crypto trading for just with your own assets, you could apply for a specific license. With this reason. If you are going to issue NFTs, you could apply for a license for.

And if you're going to be an NFT marketplace, you could apply for a specific license. So, the Dubai, [00:22:00] our UA has taken this whole approach of not banning anything that they don't understand. They have taken this approach of; we want more of these industry players to come to UA and together we will create frameworks for them.

TMC. And so yeah, has made a lot of progress in this space.

Eric: So, I, so from a lawyer on the outside, it's clear that, if you are contemplating citing your business in UAE, it's if you're not to your point. You're not fitting in under a regime.

That's not applicable. You're not trying to interpret something and saying, is what I'm doing a security. And having just that one Howie classification test I have to meet. If I meet Howie, I go down the registration path. If I don't meet Howie, then I have to argue. And it's just, it's that's a very rigid framework.

Whereas in UAE, it's what you need to do is you need to take [00:23:00] that step back and say, okay, let me think about what I'm doing. And then which bucket do I want to go into and have a regulatory structure? You're making a decision upfront, right? You're saying, okay, I'm not going into a broad, fuzzy category.

I'm going to a specific category. And within that specific category, the rules are gonna be clear. Cut, and there's gonna be stability, and I'm gonna have clarity. I, that's my read. I don't know if that's accurate

Kokila: read. No, absolutely. This is where UAE has been able to do it very differently from some of the countries.

And especially from United States where you may, you find out later on what you're allowed to do and what you're not allowed to do, right? You're always in a gray zone, but in UAE, the approach has been that from day one, when you apply, when you come to UA and say, this is what my business model is, this is what I plan to do here.

Either a financial regulator or a non-financial regulator will have the understanding of it, [00:24:00] and we'll be able to guide you. Okay, this is the license. These are your dos and don'ts; these are your disclosures. These are your minimum requirement. This is your capital required. This is the competence we require you to have.

Mind you initially, when ADG was giving out the license for a crypto exchange, as an MTF for a multi trading facility to function, they took around 12 to 18 months to give approval for an exchange. So, it's not okay, you come in apply. And everybody could get that. There is a lot of background work that the regulators have done with these companies before allowing them to start operating here.

So, this is where UAE gives you that clarity from day one. So that has been able to bring in a lot of stability and belief and faith in the regulator, in the licensing regime, in this space. It's not and they, everybody is applying here that are requirements for them to have their core team based out of here.

The capital requirements, the disclosure, the insurances, [00:25:00] the policies, frameworks. It's very robust that they have to follow these before they start operating here.

Eric: So somebody planning is there like a sandbox, let's say somebody wants to move to UAE, but they know it's gonna take some time to get up and running before they can fully operate under the license, but they wanna do some activities because, 12 to 18 months by some measures could be, seemed long or other businesses it could seem about.

How does that typically work? The ability to operate during that pre license. Yeah.

Kokila: So, what we've seen Eric is that the most difficult license could take you 12 to 18 months. But if you are into the crypto business, there is always a possibility for you to start with a smaller project, look at it.

Something which a regulator is more aware of and is it's for easier for you to start. So let me give you an example. Most of our clients came to us last year and said, we want to do over the counter [00:26:00] trading facility for cryptos. Now that would be more like a trading platform. But then we know that the regulatory approvals for those could take time, but then they were, the business model was such that most of them were acting as a principal and doing trading.

So, it's easier for them to take a non-regulatory license and work as a proprietary crypto trading company. So, you set your foot here, you start working with those, some of our clients in this space who were setting. And they said, while we are setting up the whole MVP or working on the technology platform, we wanna move in our team here.

We wanna move our developers here. So, then we have specific companies or licenses they can go and apply for, which is, this is a DLT tech service providing company. So, you able to enter the space without any difficulty and gradually you grow your business. That has so DMCC, I think has more than 130 blockchain companies now operating out of that free zone. [00:27:00]

And with very different interest and offering their services, not just to the local market here, but across the region over here. So, in that way you have you can balance it out really well. If you can, if you wanna apply for a highly regulated license and go for a 12 to 18 months process that it took, which is now considerably less, because the regulators are far more evolved and developed in those, in that space now, or you start with something simpler and then coming back to sandbox, interestingly, both D I F C a D GM and even SCA for that matter.

Sorry,

has the provision for sandbox. So currently ad GM has just launched a sandbox for defi platforms because we did not have, and we still do not have any regulations or legal framework for defi companies. All defi [00:28:00] projects were seen just purely as a banking or a financial Institute function, very centralized system.

But now three months back ad GM has announced that we are coming out with a defi sandbox. If you have a defi platform or a defi project, please come and discuss it with us. And we'll see if we can fit you in a sandbox. This was the same approach. The IFFC also took with a lot of FinTech companies three years, four years back.

And with that, we have seen a lot of companies maturing out along with, the regulations that have come out.

Eric: Excellent. And would you say that right now, UAE is probably the most active country in the middle east. That's attracting digital asset.

Kokila: Yes, we have another country. We have Bahrain giving us good example in this because Bahrain central bank of Bahrain came out with their whole framework for crypto service providers.

Again, pretty much [00:29:00] at the same time as a DGM came out and there it's a little different because it was coming from the federal authority from the central bank itself. So, the two exchanges in the middle east that went live first year is by the name of rain and going Mina both were in a sandbox with central bank of Bahrain.

So, they, they grew in that sandbox for almost 12 to 18 months and then matured into becoming a full-fledged exchange operating from there. And now recently also we see a lot newer FinTech regulations coming from central bank of Bahrain as well. It's across the region. Many other countries also in GCC coming out with either consultation, papers, or frameworks for crypto.

Eric: That and it is the talent pool the greatest in UAE, or would you say it's distributed? If,

Kokila: yes. So, with DMCC coming out and coming out with these licenses for D T and tech companies, we saw a lot of talent [00:30:00] pool coming to UAE in the last two years, especially we've seen a lot of them moving here.

So, with the large players moving in and moving their global headquarters here, we have seen a huge influx here, but it all started with DLT license and incentive programs. Incubation programs launched by both the Y and ABI DHA becomes. It.

Eric: Excellent. Excellent. Maybe moving into the different definitions that are used within the regulatory systems the definition of virtual assets and currencies and how they break them down.

So again, getting back to the comment I made about the buckets, right? Like you come in and it's not just like I got something and the SEC's gonna tell me what it is, and it's gonna fall into one, again, you have the ability to say, okay, what is it, what is the characteristic of this digital asset?

And then you figure out what the proper regime is it, and that drives like potentially which zone you might situate in and what regime you would get [00:31:00] licensed under.

Kokila: So, all, let me let talk about a DGM or D I C in their consultation paper, or even in their security, tokens, law, or SCA in their law, or Vara all have come out with the definitions.

What would be a token. What is a crypto token, what is a security token and recently in life in line with what are the FTF recommendations for the definition of a crypto virtual assets is we have seen these amendments being made to the existing regulations that we had so recently, like in Vara, which is the virtual assets regulatory authority, they've gone ahead and defined virtual assets to be digital representations of value that can be digitally traded, transferred, or used as an exchange or a payment or tools or investment purposes.

This includes virtual tokens, or any other value determined by the authority. Now they've gone ahead and defined [00:32:00] virtual tokens to be a set of rights that can be digitally issued and traded through a virtual asset's platform. Then they've gone ahead and defined what will be a virtual assets platform. So, all these clarification and explanations been given in every regulation that come that has come out.

Now again in D I F C they've gone ahead and defined a crypto token also includes any rights or any sorts of interest in the relevant crypto token. So, we are talking about very broad definitions earlier, which we're just stopping out that, okay. It says it's a medium of exchange. It's a store of value or is it's something that can be traded digitally, but now they specifically included that it's it for investments or are you using it for payments?

So, every project that we've looked at, we've asked these questions to our clients to see that what happens to this token now in the IFCs consultation paper, because this is most recent one that has come out. We've seen them actually [00:33:00] explained that if you are defined or approved as a utility token, which says that your utility is there only on a platform, but we see that utility also is including payments to be made on that platform.

Then the definition of this token might change. If that token leaves the platform and is being traded on a centralized or a decentralized exchange, then again, the definition of the token changes. Sorry, this is the first time we seen saying that a token and which is there in the tech space. We know that it's possible that you could be multiple tokens at the same time.

So, there is not just one single classification fitting for your token. So, they have come up with a concept of a hybrid token. And they're saying that every time you, as a token issuer or service provider, think that your token is changing the [00:34:00] definition as per our regulations come back and discuss it with.

And then we will see how we fit in to the new definition. So, we've just looked at that consultation and that's where we were like, okay, this is a regulator who's now understood that it cannot be just okaying. You're a security, or you're not a security that you're just this utility token. And you're nothing here.

They're saying that you could be all of it. We have to understand and work with you to see what sort of disclosures and what sort of arrangements we need to make and what sort of licenses that you need to apply for. So that's a very interesting concept. We haven't seen that globally in a lot of countries that such an approach, but the if's taken that approach.

And we are waiting for, to find a lot to come out, in our federal authority, in our ESCA. As I told you, we had clear definition of, are you an asset back token? Is there a real asset? Is it liking a real estate? That you are, your token is representing [00:35:00] the rights or economic rights in an asset. Then you're an asset back token.

If you're a traditional security, then you will be seen as a security token. If you are, your asset is backing commodities. As for the definition of the commodities under the SCA commodities laws could be an agricultural reproduce. You could be cold, you could be any other commodity that's being traded, then your commodity back token.

So, they've gotten defined these different classes of token based on the underlying principle that's being defined. So, we had very interesting cases of discussion with a regulator on NFTs, because most of the jurisdiction we have seen gone and said that, oh, we don't regulate, or we don't license NFTs.

And you could do whatever, but UAS again, taken the approach and saying that come and discuss with us. What's the underlying principle. What is the underlying basis of this NF?

What is this NFT representing? Is it rights? Is it ownership? Is it a commodity? [00:36:00]
And then we talk about the fungibility and non-fungibility of the topics,

Eric: right.

I think in, in the us, you hear people talking about fractionalized NFTs and okay, that's a security again, that's our only bucket, it's either a security or it's not, or it's a commodity, a commodity is security, or I guess it's like a currency. And each one of those could also be the other, depending on whether it's the future or a spot or what have you.

So then, okay, so there's different classifications for the token. There is a need to continue to engage with the regulators at, depending on if you want the tokens to do other things, or you want to have new tokens on the platform, but in each case there's an effort to say, okay, what is the appropriate license to it?

So that when you actually do launch, you have some security, some clarity that, hey, I am regulated. I have a license I'm, but I'm permitted. I'm not running. I'm not wait. I'm not waiting for [00:37:00] sorry. Chairman Gessler to come on and say something again, inflammatory and I have to start re restacking things and explaining things to my investors.

So, to now move to, we talked a bit about the tokens. Now let's talk about the platform the platforms and the facilities themselves. There are exchanges, there's an AMI, an authorized market institution. There's ATs. I'm thankful that we're using exchanges in ATs across the world.

Cuz it's easier to wrap my head around, but there are distinctions. Do you, so do you wanna talk a little bit about each of those and how they might be different than even like the way we per the similarities and differences from what we might see in the us or Europe or what have you?

Kokila: Yeah. So, in UA, especially from ad GM and in DFSA, they have recognized that there are two types of, if we are to talk about a DS platform, we have MTF multilateral trading facilities that operate completely on a non-discretionary basis. [00:38:00] Or we have organized trading facilities that operate in a discretionary basis.

We also have similar classification and definition coming from a D GM. So, every exchange that you've seen that has got license, I think seven of them have the license to operate and have five of them have gone live in UA. They have got the license for, to operate as a multi trading facility, and it was mandatory for them to also apply for a separate custodian license.

Because initially this was not the case. When an exchange was applying for a license, they were asked to apply for a license as an, just as an MTF. But I think a year down the line, the

regulator realized that most of them, at some point end up having custody on the clients, either cryptos or on the field.

So, they made it mandatory for these exchanges to apply for a custodian license separately. And interestingly, we have seen both that [00:39:00] ad GM and DFSA have classified and explained that in the regulations. And it's the similar approach that even ESCA has taken. And these are all here working pretty much as recognized investment exchanges.

So, it's not that okay. They're dealing only in crypto assets, they could be dealing with derivatives, future CFDs, crypto assets, options, all of these under a MTF license. And this is the license which has taken initially a lot of time for them to give it out. But now we see more players coming into this space.

Eric: So, can I ask on the custody side, particularly with regards to the public blockchain what is the approach of the regulators with regards to that? Cuz in the us custody typically requires that you're maintaining, you have to have you have to, it has to be a good control location. So, you have to have, that this, the tokens can't be really public blockchain.

They have to be private blockchain or else [00:40:00] the custodian can't actually retain them out. That's in the regulated context. There are digital asset custodians that, that hold the keys separately, but they don't, and they fit under a trust structure, but they don't fit under the custodial regime specifically for regulated entities.

How do you know, how does the UAE handle that now? So

Kokila: in ad GM specifically, we have the framework for digital assets CUSD. So, what sort of blockchain can you use? What's the access you have to deep up to the private keys of the clients and what safeguards have you kept? What sort of insurances have been made?

What disclosures have been made? What's the capital requirement. All these have been provided at length, and this is one of the most tough, I would say most difficult licenses to apply for. So, it's not and recognized investment exchange and a custodian license are not what we say easy or a license that anybody can apply for.

And initially ad GM and specifically [00:41:00] in ad GM has taken this whole approach of being technology agnostic and saying that, okay, we're not looking at the technology, but we are looking at what's your overall solution. But over a period of time, we do see that they are now getting more and more in depth, even about the technology solutions that you are gonna provide.

Who's going to do, if you are relying on third party service providers, the credibility, your arrangements with them, their licenses, their regulatory approvals, all that is being checked and supervised over here before a final license is

Eric: issued out. But if you're a CU, so if you're, if you operate in an exchange and you have a custodian license you does the UA permit with the requisite safeguards due to be a custodian again, as part of that regulated exchange for public blockchain tokens,

Kokila: I will have to check that, but mostly, yes these have to be that.

Eric: Cuz you know it's [00:42:00] it again, the whole notion of CU custody for public blockchain, raises some questions at least under, se S E C customer protection rule in the us. And even the commodities CFTC regulations, although I think CFTC has done it a little bit better.

Okay. So outside of the UAE, we have central bank of Bahrain as probably the most, would you say the most active outside of UAE in terms of digital asset regulation? So, does licensing in one jurisdiction is their reciprocity across the jurisdictions? How does that work?

So how does it

Kokila: work? Is that if you are licensed and regulated by central bank of Bahrain, it becomes easier for you to get licensed in other GCC countries. And it also, so I could be a Bahrain regulated entity. I can onboard customers from across GCC or the middle east. What I'm not [00:43:00] allowed to do is to go and promote my services directly, but I can onboard lines from there.

Eric: Okay. Yeah. And so, it, so do the clients have to be like, nonsolid like you, cuz you said you can't promote directly. That means if I'm in UAE and do they have to like geo block? No, there is no geo

Kokila: blocking nothing. You can onboard clients from across the

Eric: region. Okay. So, it is just how much they can do to try to solicit clients.

If they open an office and they start saying, I guess opening an office would be a problem. Yes. Opening

Kokila: an office will not be permitted unless they come and apply for a license here to do the same, either open up a branch or open a rep office or apply for a different license to operate

Eric: from you.

But if you wanted to access like a Bahrain license exchange. You could go on online, pull up the site and apply. And they would onboard you. And I guess and the [00:44:00] UAE wouldn't say you're; you're onboarding one of my citizens as long as they're licensed. Okay.

That's nice. we don't have that here. And we talked a little bit about utility tokens. How are those, what, how does, how is the concept of utility addressed under UAE regulations?

Kokila: Interestingly with one of the licensing authorities, we had a discussion yesterday where we were explaining a project and they explained that, okay, till the token remains and we were doing this whole project is for a metaverse project that a client of ours is launching.

And they said till the token remains in the metaverse. It will be a utility. It remains on that platform. And we understand that this is what it's used, even if it's for used for payment, but within the platform, [00:45:00] it does not lead the platform. And very nicely, the licensing authority further explain.

And they said that the moment it divorces the platform, and it moves to a trading facility, we will see it as either a payment token, or as a virtual asset as a cryptocurrency, we will it'll cease to be just being a utility token. So that's one of the licensing authorities. I'm not even talking about a financial regulator, who's come back with this response.

So, I think that's a unanimous both with ad GM, with the, if C via ESCA, all of them being very clear on this, that the utility is because in, in ESCA, in fact, sorry, we, it under just like utility token, we have rewards tokens. We have loyalty tokens, which are those okay. Customer loyalty points that you get, and those are given in tokens, but it remains within that ecosystem.

And it doesn't leave that ecosystem. In the moment, it leaves that, and there is any sort of, I don't wanna use the term passive income, but any sort of investment or any other purpose that gets attached to that [00:46:00] token. It ceases to be a utility

Eric: token. I think I see a concept emerging from a regulatory perspective, I'd say across a number of projects of this notion of a walled garden, within the walled garden, the tokens have one property and then outside the walled garden, they have another, and sometimes if you don't want that token outside the walled garden to have the same, a different property or to cause the walled garden one to have.

Property like its security or a payment token, then you create two tokens and you, one token becomes exchangeable for the other. And one facilitates the exchange out of the walled garden and has to worry about how it complies with the regulations in whatever jurisdiction applicable to it. But yet the ball the tokens within the walled garden can operate without that same kind of constraints and complexity, and potentially have even a broader reach in terms of [00:47:00] the participants that can engage with it.

It's interesting to see it's good that the regulators in UAE are contemplating this because, again, like with so many other things, in a few years, all of a sudden, you'll get regulators in us saying, hold. You have to, these are securities.

It's just oh God, can we get outta these two-bucket approach? Or three buckets anyway. But and I think EU might even be more complex in, in how they address some of these things. Although it's hard to tell. It depends on the month much like other parts of the world. I have so many questions to ask is the level of centralization relevant?

You, I think you said it is relevant that it's, now you're broaching like the defi component of it absent that, that, that structure, the guidance that's being offered [00:48:00] for defi. It are the degrees of centralization, do they factor into the regulations or is it just that the regulations have to, you have to have a certain amount of centralization in order to comply with the regulations, but otherwise the notion of centralization isn't really in and of itself, something that is looked at by the regulators.

So

Kokila: initially I could say that UAE has not been very open to completely decentralized ideas. So, when we talked about block five, we talked about defi. We did not have any regulators support in these two years back, or even a year and a half back where they were very clear that these have to be all, have to be centralized exchanges, central centralized platforms, operating with the full control metrics, being available and submitted and approved by the regulator before they launch themselves.

Now with the defi sandbox coming [00:49:00] into place. It's still, I say a long way for us to comment on, in that what those regulations could look like, but fairly going by how we've seen the regulators working in this space, as much as they're progressive, they still wanna control. They still wanna make sure that, they are giving out the licenses to the right place.

We will still see a fair balance between centralized and decentralized. I will not, in my personal opinion, do not see a fully decentralized system being allowed here at any

Eric: point of time, except maybe defi, but then it's like, what are you regulating? It's not a, to your point. It's. Yeah. And I guess that's also good because to say we wanna.

Decentralized platform. It's good luck at that. Anyway. yeah, you have to comply if I can find you. And what about fat? If so and this sort of does touch on maybe decentralization a bit, [00:50:00] because, in, in terms of your clients, so fully centralized system, like all the exchanges that are applying, obviously they're doing KYC, AML on all their participants, but maybe like the, me, your meta universal participants, maybe they don't wanna have to go through KYC, AML.

What's the, what is the view of their regulators in applying it? Are they, is it like basically if it's a financial instrument, if it's, if it's seen as a payment token, Fat if and if it's not, if it's just like a utility floating within the metaverse not, which is basically what I would expect, but how is it like the gray

Kokila: zone?

We do not have a gray zone here. We are very clear with it in the federal AML K YC laws of the country makes it the pen offense. If you're not doing the AML K YC for anybody working in the crypto assets space, in fact so much. So a couple of weeks back, we had the by public prosecution going out with the video explaining for anybody that you are [00:51:00] operating here in UA, it's mandatory for you to abide by all the laws and regulations, specifically AML, K YC being done, and to get the right license to operate here in UA.

It's not just a fine, but it's a penal offense if you're not following those. So, if you see, even in the non-financial, even I've had calls with clients who are saying, but I'm operating in this country, and I am not doing any AML. K Y C. Why will I move your business to you? I said, maybe you will then not be the right jurisdiction for you because it'll be mandatory for you to do proper AML K IC.

And it all like both for sorry, not just for a G and D I FFC, but even from ESCA and from what are the definitions are very clear that you have to abide by whatever FTF requirements

Eric: are. So, in the context of defi, then I guess the notion would be that the permitted defi platforms would still need to address how AML KYC [00:52:00] is being conducted.

Do they have they contemplated things like blacklists as being adequate? If they're just looking at defi, now it is probably early in the process, but, in your view, It is the sandbox approach to defi still contemplating full KYC, AML on each participant in the defi platform or are they contemplating yes, it's it, there may be ways to preserve the privacy in the, other participants that I doesn't involve.

I think's

Kokila: primitive for us to comment on it because it's very recent that it's been announced, but in the other sectors we've seen the frameworks and we've seen our compliance has been very strict on a M L K Y C.

Eric: Okay. We talked a little bit about the licensing process, getting easier, I guess that the [00:53:00] 12 to 18 months would 18 months, would that be the long end for like in a digital asset exchange, a full-blown exchange with custody and then, for other intermediary's lesser time.

Kokila: Yes. And 20 to 18 months was a scenario four years back, three years back when the relations had just come up now, we're,

you're

Eric: like, Eric gets off the 12 to 18 months already. Right? not Eric. So maybe you can give us this. Maybe you can reset for us a little bit. What timelines would you anticipate?

And of course, it's always hard, right? Because I'm a, I'm an attorney, I get people coming, they wanna become a broker dealer. And they're like, how long does it take? And I'm like are you ready, if you're not ready, then it's gonna take a very long time to even apply. But if you're ready, six to six to nine months for a broker dealer, maybe less, but that means you're ready.

Exactly. I

Kokila: was gonna sell the same. It depends on the readiness of the client. We've got clients who come and say, but we are completely ready. And when we give them the whole document checklist, and we say, these are the policies, this is the standards. This is what is been expected. They're like, [00:54:00] whoa, we weren't expecting this and say, now let's talk again about, are you ready?

Yeah. But both with the, our experience as a law firm with ad GM and DFSA, or with central bank of Bahrain has been that the regulatory team is a very hands-on team. So, from the time we summit, it does not take them more than two to three weeks to get back to us and say, okay, we've reviewed everything.

Can we get on a call? Can we discuss it? So, they're very interactive. So, we always say that from our end, I can tell you because there's no definition under the law. Like they said that, okay, we have to do it in four months or six months. But if everything is there in place that ready, with the word go then maybe six months, eight months.

But it all depends on your ready.

Eric: Yeah. And that makes a big difference for planning. Sometimes people say, oh, a year and a half. I can't handle it's too much. It's too far out. But in fact, and then you, then they get approved in six to eight months and they're still not ready like any more time.

It's just a matter of where you [00:55:00] are. It's like it's too far for planning, but in terms of executing,

Kokila: it's an interesting right now we have an application with the central bank review and this client was adamant that I'm gonna finish the whole application in 90 days. My team is really, I have everybody on the ground.

And when we gave them the document checklist, it's 45 days. We still haven't heard from them. We, as a law firm have these regular reminders going to them and saying, we're still waiting for the documents. The 90 days clock is taking. Cause our mandate gets over 90 days.

Eric: But yeah, it's no different anywhere else in, in a large extent it's, it's a learning curve and clients often have to go through the learning curve and it's not even a there's no fault.

So, in, in applying to become a licensed firm, a lot of jurisdictions have a requirement that somebody be on the ground. And it certainly makes sense, but like certain some jurisdictions you can actually operate with the various, you can, you have to have one [00:56:00] person, but like your compliance team can be outside.

You just have to have that one single representative, but other jurisdictions in, us included, if you just try to have one person there and everybody else outside, it's doable. You're just gonna get a lot of questions as to, how can you really assure, but how does that actually play out in in UAE?

Kokila: So in UAE, especially in a, or it's mandatory for you to have your core team, which would be your compliance, your CFO, your CTO, to be based here in UA, some of the functions they could initially allow you to outsource, but more often than not in conversations with them, my clients have been told on, at least your compliance team, at least your CTO and your CFO need to be based here in UA.

Eric: And in terms of staffing up around that, like if you have that core team in UAE, are you allowed to actually have your compliance? In other words, can you have your, like a [00:57:00] core team located in UAE, but like a larger supporting team outside? Yeah. Yeah, because I know in,

Kokila: yeah, can be operational and function from anywhere.

You could be using a third-party service provider, but your core team that's functioned with the third-party service provider needs to be based.

Eric: Yeah, because that's been a knock in Singapore. If you want to get a PSA license in Singapore, you have to have more than your core team. It's you'll get a lot of questions as to why you don't have your whole team here and, that's been a struggle for a lot of companies in Singapore who are hoping to get a PSA license, just, I think they have what issued three and I, it's considered a friendly regime.

I'm not sure my experience would, I'm sure it is my experience doesn't suggest it's all that friendly. But yeah, so you have that, you're able to get that core team. And then in, in terms of hiring those people [00:58:00] is it typical that some, that people are gonna say, okay, I'm gonna.

I'm gonna take my core team from, wherever they are and move them to UAE or how easy is it to get some of these core team members? Can is it easy to hire a CFO on an outsource basis? Yes. Or a CCO. It's

Kokila: not a very difficult process. And in, in the last 12 months we had more than 20 laws being amended and our main UA, labor law being one on those.

So, we had a very I can now openly say a non-flexible labor law, but now we have various different forms of employments that one could get into. Till these amendments came out parttime or working as a freelancer or working on as a project consultant, we're not there under the UA label, or you could do it, but now all these are possible.

So, it's not just talking about one aspect overall as [00:59:00] a country, there are lot of men, not many amendments have been done. To accommodate this newer area, this whole work from home, remote working to be there in our legal

Eric: system. Excellent. Let's talk a little bit about crypto valley labs cuz I think something you know, quite a bit about, and it seems yes.

It's like one of these I guess incubators accelerators, but more than that, I guess it's a I'll let you, you expand on it.

Kokila: So crypto valley now it's called crypto Oasis. If this is an incubation program, which one of the reasons that I was mentioning about DMCC to buy multi commodity center, they started this in initiative signed up in joining 19 and last year in March, 2021, they went live and in that they have been able to bring in a lot of talent pool, a lot of blockchain companies, foundations, and a lot of bigger players to move to UA.

And in [01:00:00] that there are incentives given by the crypto Oasis. Like they've got a massive floor operating out of DMCC. So, these companies could come and set it up. It's a one stop shop where it's easier for them to set up their company, get the license, be an ecosystem to do a lot of these events. They also have these funds.

Now they have INTA and they have also got one more fund whereby they work on an equity basis and fund these projects that are coming to cryptos. They also have this new VC fund, which is done now quite well. It's a Dubai based venture capitalist firm called cypher capital. They've just announced a hundred million digital assets fund.

So, all these are working from DMCC, crypto, ASIS, and as a, this license for proprietary crypto trading is something unique that DMCC started with crypto, and they started giving out these licenses and they have become very popular across the region. And so crypto [01:01:00] valley or crypto Oasis now has given that big boost to UAE in the crypto asset space.

Eric: If you're thinking about coming to UAE obviously you have to get good council to figure it out because, if you wanna be regulated, it's a great place, but you gotta, like you, you gotta know the ropes before you get there. We talked a little bit about crypto Oasis.

What are some of the more compelling zones for new enterprises to consider entering into?

Obviously, there's the, we talked about, AGDM we talked about the D I C I'll get this right. Just, it won't be on this podcast. D I F C we talked about. But like within those, there are like communities I think just for example, like in came in, there's like the K, like the came in enterprise, and they're like specific where you can get like your office space, you can get all the infrastructure, you [01:02:00] can work with other people it's and it's specifically designed for, foreigners to come in and to set up, set up, shop easy and get a lot of different benefits, including things like work visas everything's accelerated there.

What are some of the similar projects that exist within UAE for that kind of

Kokila: entry, many of those. So crypto Oasis being the leader in this space and their incubation, programs huge. And they're specifically for blockchain crypto companies. We have similar ones from D I F C. We have FinTech hive, which has worked with a lot of FinTech spaces.

In fact, as you speak D I FFC FinTech week is going on. It was yesterday and today, and you had to see we'd like. More than consensus. We had more people crowded in one room, just talking about different things that they could do in FinTech and crypto. We also have in ad GM, again, we have hub 71, again, working for startups and a lot of companies that could be in, in the tech space there, we also have different free [01:03:00] zones like we have in five or Dubai media city, or Dubai, Silicon Oasis that also has these incubation programs for blockchain or crypto companies.

Now, mind you all these, we are talking about Dubai and Abu Dhabi, but UA has got seven Emirates. So, we've got the other five Emirates also. So now, even in charge, we have got these different free zones that have got incubation programs. One of the most popular one is Shera, which is again, an incubation program to support FinTech and companies in the technology space, not specifically for cryptos, but overall, for technology.

Again, we have other free zones in Ras Al Khaimah free zone. So interestingly Ras Al Khaimah free zone and. ICC. This is again a free zone in Ras Al Khaimah which is one of the other embryos here. And Abu Dhabi came out with a lot of licenses for great gaming frameworks. So, if you are a gaming company and you're looking at moving your team here or having get them [01:04:00] licensed your players, like what, what needs to be done?

They came out with a lot of licensing regimes. Then we have even in Fujairah , we have Fujairah media city. We have Fujairah free zone. So, all Emirates are working in this space with Dubai NA DHA. We definitely leading this space.

Eric: But if you're coming in from the outside you definitely have to have so if you have the, your top three that you have to look at, it sounds crypto Oasis, then the other one in D.

Yeah. I and ad. And AGM. Okay. Alright. And so, we talked about the, so we talked about the government and the regulators that they're see, it sounds like from your experience that they're fairly educated, that they're, that they understand the concepts. Is that, would you say that, and you might be like, Eric, I'm not gonna get myself into trouble here, but would you say that there's a consistent, like if you're working with these different regulators, that there is a consistency in terms of the [01:05:00] understanding would you say that it does vary by regulators?

Sometimes you have to work a little bit harder. Are there ones that seem to just get it more, that just much more of a pleasure? I'm not gonna say that cuz then that sounds judgmental, but that ones that are maybe just, a little steeper, a little more active in the guidance and partnering.

Kokila: And the risk of getting myself into trouble, I can, I think in the max that I can say is With a DGM or DFSA or C B with the financial regulators. I must say our experience has been that the team's been very consistent. We've not had a situation where we've been said, oh no, you cannot do it.

We've always had a discussion saying that, okay, explain more about your business. And we can tell you where you fit into our system, or if you don't then what are the different options for you? Having said that even with DMCC, because they have these non-four licenses, which are [01:06:00] non-regulated, we've never had an issue where we've gone back to the licensing authority and said that this is the project, or this is the client we represent, and we are representing.

And they wouldn't reply. We've always got reply from them, except for there has been cases with some of, one of the regulators where it's been difficult to get a reply from them, but with others it's been quite interactive. And this is the approach, I think, where it makes it very different is that.

It's not like they're reprimanding you, or they're asking you to come explain what you've done. They say, okay, we wanna understand the approach has been very different. So that has given the comfort to most of our clients in not getting scared that a regulator is calling you, but saying, okay, let's go and discuss what is

Eric: it?

Yeah. I've had a similar experience, not in the us, but in, in like Bermuda has been just that kind of regulator. Yes, that's what it sounds like. So, there's licenses for 30 exchanges being [01:07:00] granted. Is there a high competition for the resources to staff those or,

Kokila: oh yes, absolutely.

It's a massive brain reign from one company to another and it, we are in the middle of it, and we are not enjoying it, but as a law firm, also, even I'm holding onto my team and saying, no, we are seeing a lot of movement around.

Eric: And one thing I noticed was that Binance and FTX got licensed in Dubai, whereas Kraken got licensed in AGM, a DGM.

Yes. Was

Kokila: so, here's the fundamental difference. So, Kraken got licensed from ad GM as a MTF and as a custodian. So, this is a license, and they work pretty hard, and they've got the license. They can go live any minute. And with Vara, the virtual assets, regulatory authority that has given the regulatory permit to FDX or [01:08:00] crypto.com on bin is a regulator that is yet to come out with a regulatory framework.

So, what they've done is that they've taken what our understanding of how URA has operated so far is that they've taken the biggest industry players. And taking them to sign a sort of an understanding with the regulator that you move your businesses here. And we will together create a framework by us as a regulator, understanding the whole crypto assets business by getting these industry players here, having their teams cooperate with them.

So, there is a huge difference between the license from a DGM, which is already coming from a regulator. And then what would come from Vara would be the regulations, which we are expecting that they will have the regulatory framework by the end of the year or maybe early next year, when we will have a guideline where then anybody can apply for that license.

Currently, it's been more on an invitation basis that [01:09:00] we want companies like the names that we've taken to move here and the regulator to work with their team in developing and drafting those regulations. Great. It's not a sandbox, but it's a permit to see how they can all operate here.

Eric: Seems like a good time to get involved if nonetheless with the regulators.

So, let's take a step back. And how your perspective on regulation in the us regulation in Europe regulation in Asia and how it compares to UAE, what are your observations? What are the things that, when you look at that landscape, you say, wow, here are some key things that, that just stand out as how our approach is different or,

Kokila: yes.

And especially with the recent consensus trip in my further us trip, I can confidently say that they approach [01:10:00] UA is taken, is very different from most of the regulators. So, like in us, we are still waiting for a regulatory clarity on day one for you to know what you're doing. You still either you this or that, that's it.

There is no. Talk about accepting that the Howie test is not meant for these new emerging tech space. This needs to be looked with a fresh perspective. That's the situation in the United States. When we look at Europe again, Europe's divided in that. When we look at how GI looked at it initially and said, okay, we have nine principles.

And if you follow those nine principles, your license to operate, but then they stopped there. They did not go further from them. Then we looked at what Romania did or what Estonia did, where they said, okay, anybody can come and apply for the license. And we give you a license. You take a E residency, you do that, which was, it worked well for them and no disrespect, but now they are coming out for the framework.

Yes, they are [01:11:00] realizing that if we give license to more than 300 exchanges, we now need to see how these two exchanges are operating and they are just a number bylaw. Do we have actually had any substance? Then we look at what Finman did. What Switzerland or list Instein has. They came out with a framework where everything needs to be accommodated to their existing securities laws and security system.

Which is again, a great approach that we have the law, we have the framework for it, and a lot of companies and foundations that trust move their businesses in headquarters and what we have been in a more sophisticated jurisdiction, whereas UA, what they've done is that starting with ad GM, coming out with the framework and comparing it to so if you are a Mt, if you are a recognized investment exchange, you could be doing any of the R crypto assets being just one of the assets that your MTF you is being sorry, is being traded.

And then we have VA where we say that, okay, now we are actually going to create a regulator fresh from the start just to [01:12:00] work in the virtual assets space. So that's a very unique approach, which we've not seen globally items in my limited Knowledge and experience is this, I haven't seen any other country taking that stance and saying that, okay, not just create new regulations, let me create a new regulatory authority completely, which will deal only in the virtual asset space.

So pretty much we can say we are very different from how other countries have worked in this

Eric: space. I think UAE can actually pull it off of era. Whereas if the us tried to pull off, it'd probably be a disaster. There's just simply like it's in theory, it sounds, but it just, it would, it's just unworkable because of just the politics involved and the bureaucracies and the turf and everything else.

That's just, there's just no way Also

Kokila: like what's happening in India, like how they looked at it initially the ban and they wanna attack it. And

Eric: yeah, no, I was actually gonna bring up like Asia has also had its growing pains. [01:13:00] I talked a little bit about Singapore. India has been just again it's like you have to check every month, whether you're banned or permitted, that's not really, that's not really conducive to, to set, starting up a business.

South Korea seemed very friendly, although, we have to see how the whole terror thing shakes out and like the death squad being employed and that's gonna have an impact. But UAE just seems it's exciting. I'm excited. And I'm not even there. So, I can only imagine for you we covered a lot in here.

Then there's obviously so much more to cover. I'm hoping this is not my last podcast on UAE. I'll have to pick your brains for other guests to bring on for specific to UAE. Before we break, like if somebody really wants to learn or get steeper, I guess going to a conference would be a great way.

If [01:14:00] what are what are the major conferences in that are coming up in UAE for somebody who wants to just go and learn more and experience it.

Kokila: So, we have this from DTC or the free zone which mainly looks at Vara. We have this major conference called future blockchain summit, which is supported by the Dubai government.

That's a massive one. Every year, you've got like thousands of people coming for it. And that's goes on for one week. It's a great event. And if anybody wants to understand what's happening in this space and it's combined with what we have J tech, and we also have a cyber security, all these conferences happen at the same time.

There is also AIBC that happens. And like these two days, as I told you, we had the D I C FinTech week, then there is 80 GM FinTech week. That's there. So, all these conferences are a good point for you to enter your and see what's happening in UA. These are the [01:15:00] major ones. And then other than that, we have 30 to 40 other conferences, which are just there across the year.

Eric: So, if somebody wants to learn more about you, what you're doing where can they find. On

Kokila: LinkedIn, on current legal associates, our LinkedIn pages there, I can share the details with you with also there on our website with KARM www.karmadv.com and also

our, so our newsletter is, again, something that we get a lot of requests for people to subscribe to it.

Because as a law firm working in this space, we make it out of our service that every two weeks we update our clients what's happening in this space. Excellent. And trust me with every week something new being announced. There's lots to be shared every two weeks. Yeah,

Eric: I'm sure. I'm sure. So exciting times.

Thanks so much for coming on. It was great to have you and certainly hope to be learning more about UAE on this podcast. Thank you. Yes.

Kokila: So, it's been an absolute pleasure and [01:16:00] it always makes me feel very proud of what UAE has done in this space to go and talk about more in that saying that a small country can make such a big impact in this space.

Eric: For sure. Thank you so much.

Kokila: Thank you, Eric.