



## CBUAE re-iterates the objective of the new Stored Value Facilities (SVF) Regulation

**Abu Dhabi (06 December 2020):** The Central Bank of the UAE (CBUAE) has recently issued the Stored Value Facilities (SVF) Regulation, and is in the process of issuing the Retail Payment Services Regulation, which will define the regulatory treatment on crypto-assets. In view of certain publications, which have claimed that the CBUAE has implicitly “legalized” crypto-currencies in the UAE, we would like to clarify the objective of our recent SVF Regulation.

First, the CBUAE is not presently accepting (or acknowledging) crypto-assets or virtual assets as a legal tender in the UAE. The only legal tender in the UAE is the UAE dirham.

Second, the SVF Regulation aims to license the entities who issue or provide SVFs in the UAE. As defined in the Regulation, SVF is a facility that accepts a sum of money or money’s worth (that may, among others, include crypto assets or virtual assets) in exchange for the storage of the value of that money or money’s worth. As the CBUAE is presently not recognizing crypto assets as legal tender in the UAE, such assets are not recognized by the Central Bank as a means of payment and can only be used as assets for investment with a potential high risk.

Third, the CBUAE is currently working on a new Retail Payment Services Regulation that introduces the concept of payment tokens, which are defined as crypto-assets that are backed by a fiat currency and used for payment purposes.

By issuing the new SVF regulation, the CBUAE aims to facilitate FinTech firms and other non-bank payment service providers’ easier access to the UAE market while continuing to safeguard the customers’ funds, ensure proper business conduct and support the development of payment products and services.

Three major enhancements below have been included in the new SVF Regulation compared to the old version as follows:

- Allowing non-bank payment service providers to obtain a license without the need to incorporate a company jointly with a licensed bank and where the licensed bank is the major shareholder;
- Lowering the capital requirement from AED 50 million to AED 15 million; and



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- Allowing non-face-to-face digital customer on-boarding process instead of physical verification

The new SVF Regulation provides a level playing field to the market participants and fosters competition and innovation in stored value and retail payment products and services by removing certain restrictions on licensing, to encourage market entry by FinTechs and other non-bank payment service providers.

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