Case Study: National Framework Design — Singapore, UAE, UK, and EU VASP Regulatory Architectures

DAI Case Study

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Executive Summary

Between 2020 and 2026, four jurisdictions—Singapore, the United Arab Emirates, the United Kingdom, and the European Union—delivered comprehensive regulatory frameworks for Virtual Asset Service Providers (VASPs), each reflecting distinct institutional philosophies and staged implementation strategies. Singapore's Payment Services Act 2019 embedded digital payment tokens within existing financial services oversight under the Monetary Authority of Singapore (MAS). The UAE adopted a federal-emirate hybrid model, with the Dubai Virtual Assets Regulatory Authority (VARA) and Abu Dhabi's Financial Services Regulatory Authority (FSRA) operating parallel regimes, while the federal Securities and Commodities Authority (SCA) asserted issuer oversight. The UK integrated crypto-assets into the Financial Services and Markets Act 2000 framework via the 2023 amendments, designating the Financial Conduct Authority (FCA) as lead regulator. The EU enacted Markets in Crypto-Assets Regulation (MiCA), effective 30 December 2024, harmonising rules across 27 member states with the European Securities and Markets Authority (ESMA) coordinating standards. All four frameworks converged on FATF Travel Rule compliance, AML/CFT screening, client asset segregation, and minimum capital thresholds, yet diverged sharply in multi-agency coordination, territorial scope, and sandbox versus full-licensing pathways. Compliance officers operating cross-border face materially different licensing timelines, governance expectations, and enforcement postures, making jurisdiction-specific legal architecture a first-order strategic variable.

Background

The Financial Action Task Force's revised Recommendation 15 (October 2018, clarified June 2019) defined "virtual asset service provider" and obligated member countries to regulate VASPs under the same AML/CFT standards as traditional financial institutions. By 2020, fewer than twenty jurisdictions had enacted VASP-specific legislation. Singapore, the UAE, the UK, and the EU each initiated multi-year legislative processes to translate FATF guidance into enforceable domestic or regional law, while balancing innovation policy, financial stability concerns, and constituency pressures from incumbent banks, fintech firms, and retail investor protection groups.

Each jurisdiction confronted three design choices:

1. **Institutional allocation:** Assign VASP oversight to an existing prudential regulator, a securities commission, a payments authority, or create a new specialist body.

2. **Scope of regulated activity:** Define which crypto-asset classes and business functions trigger licensing (custody, exchange, issuance, staking-as-a-service, DeFi front-ends).

3. **Implementation phasing:** Grandfather existing operators, introduce transitional regimes, or require immediate compliance.

The case studies below examine how each jurisdiction resolved these choices and the operational consequences for firms seeking authorisation as of mid-2026.

Current Landscape (2026)

Singapore: Payment Services Act (PS Act) 2019

Lead Regulator: Monetary Authority of Singapore (MAS)

Legislative Instrument: Payment Services Act 2019 (Chapter 2A), commenced 28 January 2020; Payment Services Regulations 2019

Scope: Digital Payment Token (DPT) services—defined as tokens not pegged to fiat and not securities under the Securities and Futures Act. Regulated activities include dealing in, exchanging, custody, and facilitating transactions in DPTs.

Institutional Design:

MAS consolidated oversight of e-money issuers, payment gateways, remittance agents, and DPT service providers under a single statute. DPT service providers must hold a Major Payment Institution (MPI) licence or Standard Payment Institution (SPI) licence depending on transaction volume thresholds (SGD 5 million/month for SPI; above that for MPI). MAS treats DPT services as a payment service category, not securities brokerage, except where a token qualifies as a capital markets product under the SFA.

Staged Implementation:

- **Phase 1 (Jan 2020–Jan 2021):** Exemption period allowing unlicensed DPT operators to continue business while applying for licence.
- **Phase 2 (post-Jan 2021):** Full licensing required. As of June 2026, MAS has granted approximately eighteen MPI licences and six SPI licences for DPT services. Notable rejections and withdrawals exceeded fifty applications.

Key Requirements:

- Base capital: SGD 250,000 (SPI), SGD 1 million (MPI)
- Technology risk management: MAS TRM Guidelines (January 2021)
- AML/CFT: Notice PSN02 on Prevention of Money Laundering and Countering the Financing of Terrorism (2022 revised)
- Customer asset segregation: trust or statutory trust arrangements for client DPT holdings
- Fit-and-proper directors and substantial shareholders

Operational Notes:

MAS conducts on-site inspections and thematic reviews. In March 2024, MAS issued a public censure and SGD 2.4 million penalty against a licensed MPI for failing to segregate customer tokens, demonstrating zero tolerance for custody lapses. MAS does not operate a regulatory sandbox for DPT services;

applicants go through full licensing or seek exemption under narrow criteria (e.g., intra-group arrangements).

United Arab Emirates: VARA, FSRA, SCA Tripartite Model

Lead Regulators:

- **Dubai:** Virtual Assets Regulatory Authority (VARA), established February 2022 under Dubai Law No. 4 of 2022
- **Abu Dhabi Global Market (ADGM):** Financial Services Regulatory Authority (FSRA), operating under ADGM Financial Services and Markets Regulations 2015 (FSMR), Virtual Asset Framework effective December 2023
- **Federal oversight:** Securities and Commodities Authority (SCA), Federal Decree-Law No. 12 of 2023 on the Regulation of Virtual Assets and their Service Providers, issued October 2023

Institutional Design:

The UAE's federal structure permits free zones (DIFC, ADGM) and individual emirates (Dubai mainland) to establish independent regulators. VARA governs VA activities in Dubai mainland and free zones excluding DIFC. FSRA governs VA activities within ADGM. SCA claims federal authority over VA issuance and marketing to UAE retail investors outside free zones. This creates overlapping jurisdictional claims and requires firms to determine which regulator applies based on physical presence and customer domicile.

Scope:

Both VARA and FSRA regulate custody, exchange, brokerage, advisory, transfer and settlement services, and virtual asset issuance. SCA focuses on initial coin offerings (ICOs) and token marketing. VARA introduced distinct licences:

- **Operational VA Licence:** Full commercial operation
- **Preparatory VA Licence:** 12-month transitional licence for new market entrants
- **Minimal Viable Product (MVP) Licence:** Testing environment, non-commercial

Staged Implementation:

- **VARA:** Licensing regime live 9 February 2023. As of June 2026, VARA has issued approximately forty-two operational licences, twenty-three preparatory licences, and eight MVPs. Fees range from USD 15,000–50,000 depending on activity.
- **FSRA (ADGM):** Virtual Asset Framework effective December 2023. FSRA has licensed twelve VA firms within ADGM jurisdiction. FSRA permits certain firms to hold both traditional Financial Services Permissions (FSP) and VA permissions under unified governance.
- **SCA:** Rulebook finalised Q1 2024; applications opened June 2024. Registration required for issuers and marketing agents. Enforcement actions began Q1 2025 against unlicensed promoters.

Key Requirements (VARA example):

- Minimum capital: AED 2 million (~USD 545,000) for most licence categories
- Senior management: At least one executive based in Dubai

- Compliance officer and MLRO physically present in UAE
- Technology and Cyber Security Standards Rulebook (April 2023)
- Marketing and Promotions Rulebook (strict disclosure, risk warnings)
- Custody: third-party audited proof-of-reserves every six months
- Travel Rule compliance via licensed Travel Rule Solution Providers

Operational Notes:

VARA enforcement has been visible: two licence suspensions in 2024 for promotional rule breaches, one USD 300,000 fine in Q2 2025 for client fund commingling. Coordination among VARA, FSRA, and SCA remains informal; no Memorandum of Understanding publicly available as of June 2026. Firms seeking UAE-wide operations may require multiple licences.

United Kingdom: FSMA 2023 Amendments and FCA Authorisation

Lead Regulator: Financial Conduct Authority (FCA)

Legislative Instruments: Financial Services and Markets Act 2000 (FSMA), as amended by Financial Services and Markets Act 2023; Financial Promotions Order 2023; Regulated Activities Order 2001 (RAO), amended 2023 to include cryptoassets

Institutional Design:

The UK Parliament designated the FCA as sole prudential and conduct regulator for cryptoasset activities. The Bank of England retains oversight of systemic stablecoins and central payment infrastructure via its Financial Policy Committee, but day-to-day VASP supervision sits with FCA. HM Treasury provides statutory instruments specifying which activities fall under the RAO.

Scope:

The RAO amendments (effective October 2024) brought the following activities into FCA perimeter:

- Operating a cryptoasset exchange
- Custody of cryptoassets (holding private keys on behalf of clients)
- Cryptoasset lending and borrowing
- Operating a cryptoasset trading platform (multilateral or bilateral)
- Providing settlement services
- Issuance and redemption of stablecoins recognised as e-money under EMR 2011

AML/CFT registration under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (MLRs 2017) remains a prerequisite but is distinct from full FCA authorisation for cryptoasset business.

Staged Implementation:

- **Phase 1 (2020–2023):** FCA operated a registration-only regime under MLRs 2017. Registration approval rate was approximately 15%. Many firms withdrew applications or operated without registration until enforcement.

• **Phase 2 (Oct 2024–):** Full FCA authorisation required under FSMA. Temporary registration regime closed. Firms registered under MLRs 2017 before October 2024 received a transition period until March 2025 to apply for full authorisation. Non-compliance resulted in cessation of UK business.

• **Phase 3 (ongoing):** FCA publishing detailed sourcebooks (CASS 1A for cryptoasset custody, SYSC amendments for governance). As of June 2026, approximately twenty-nine firms hold full FCA authorisation for cryptoasset activities; approximately fifty applications pending.

Key Requirements:

• Minimum capital: £150,000 (solo-regulated firm), higher for firms conducting multiple activities or holding significant client funds

• Senior Managers and Certification Regime (SM&CR): cryptoasset firms must appoint Senior Management Functions (SMFs) and certify key staff

• Client Money and Asset Rules (CMAR): segregation, daily reconciliation, client disclosure of insolvency treatment

• Financial Promotions: all cryptoasset promotions must be approved by FCA-authorised firm (effective October 2023). Influencer marketing and affiliate schemes subject to enforcement (twenty-four enforcement actions 2024–25 for unauthorised promotions).

• Technology resilience: adherence to FCA's Operational Resilience policy statements

Operational Notes:

FCA enforcement has been aggressive. In 2024, FCA issued its first prohibition order against a cryptoasset firm's CEO for misleading statements in authorisation application. FCA's cryptoasset supervision team conducted on-site visits at eight firms in 2025. Authorisation timelines range from twelve to twenty-four months. FCA does not currently offer a regulatory sandbox for cryptoasset custody or exchange services, though innovation support is available via the Digital Securities Sandbox for tokenised securities.

European Union: Markets in Crypto-Assets Regulation (MiCA)

Lead Institutions:

• **Legislative Authority:** European Parliament and Council; Regulation (EU) 2023/1114 (MiCA)

• **Supervisory Coordination:** European Securities and Markets Authority (ESMA) for issuers of asset-referenced tokens (ARTs) and e-money tokens (EMTs); European Banking Authority (EBA) for AML/CFT standards

• **National Competent Authorities (NCAs):** Each member state designates NCA(s) for CASP licensing. Examples: AMF (France), BaFin (Germany), AFM (Netherlands), CNMV (Spain).

Institutional Design:

MiCA is a directly applicable Regulation, meaning its provisions enter into force uniformly across all 27 EU member states without transposition into national law. Title V (Crypto-Asset Service Providers) became applicable 30 December 2024. Title III (ARTs) and Title IV (EMTs) provisions applied from 30 June 2024. ESMA drafts technical standards; NCAs license and supervise. Significant ARTs (reserve > €5 billion or >5 million holders) and EMTs issued by credit institutions fall under ECB prudential oversight.

Scope:

MiCA defines eleven crypto-asset services:

1. Custody and administration

2. Operation of a trading platform

3. Exchange of crypto-assets for funds or other crypto-assets

4. Execution of orders on behalf of clients

5. Placing of crypto-assets

6. Reception and transmission of orders

7. Providing advice

8. Portfolio management

9. Transfer services

10. Providing transfer services on behalf of third parties

11. Safeguarding on behalf of clients (distinct from custody)

Each service requires authorisation as a Crypto-Asset Service Provider (CASP) unless exempted (e.g., small-scale activity below €1 million turnover, subject to national opt-in).

Staged Implementation:

- **30 June 2024:** Provisions on issuance of ARTs and EMTs in force. Issuers must obtain authorisation or notification.
- **30 December 2024:** Title V (CASP regime) fully applicable. Pre-existing national VASP licences recognised as transitional if NCA confirms equivalence. Transition period for existing operators: 18 months from 30 December 2024 (i.e., until June 2026). As of mid-2026, approximately 140 firms hold or have applied for CASP authorisation across the EU; transition applications continue.
- **30 June 2026:** Delegated Acts and Regulatory Technical Standards (RTSs) finalised by ESMA/EBA, covering detailed conduct-of-business, prudential, and AML screening obligations.

Key Requirements:

- Minimum own funds: €150,000 or higher of €150,000 or ¼ of preceding year's fixed overheads
- Governance: Board members and managers subject to fit-and-proper assessment
- Client asset segregation: CASPs must hold client crypto-assets separately from proprietary assets, arrangements legally enforceable in insolvency
- Complaints handling: written procedures, six-month response obligation
- Conflicts of interest policy
- Outsourcing register
- White paper for proprietary tokens (if issuer also operates CASP)

• Market abuse rules (Title VI): insider dealing and market manipulation prohibitions applicable to crypto-assets traded on EU platforms

Passporting:

CASPs authorised in one member state may passport services throughout the EU via notification to home NCA. Cross-border supervision coordinated by colleges of supervisors for systemic or significant CASPs.

Operational Notes:

ESMA published final draft technical standards in December 2024 and March 2025 covering marketing communications, complaint handling, operational resilience, and ART reserve management. National divergence persists in interpretation of "home member state" for decentralised protocols and branches. BaFin (Germany) has licensed approximately twenty-five CASPs as of June 2026, requiring comprehensive German-language compliance manuals and on-site compliance officer presence. France's AMF similarly requires Paris-based MLRO for any CASP serving French retail clients. Enforcement began Q1 2025: one French CASP fined €500,000 for inadequate custody arrangements; one Italian CASP's authorisation revoked for failure to meet capital requirements.

Jurisdiction Snapshots

Dimension	Singapore (MAS)	UAE (VARA/FSRA/SCA)	UK (FCA)	EU (MiCA/NCAs)
Primary Statute	PS Act 2019	Dubai Law 4/2022; ADGM FSMR; SCA Law 12/2		