

The Founder's Framework

Launching a Regulated Digital Asset Exchange — A practitioner's guide derived from VARA, FCA, SCB/DARE and MAS licensing requirements.

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Jurisdictions	UAE · United Kingdom · The Bahamas · Singapore
Primary Sources	VARA CRM Rulebook (May 2025) · FCA MLRs · DARE Act 2024 · MAS PS Act 2019
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Executive Summary

Purpose. Equip exchange founders and Heads of Compliance with a consolidated six-phase launch programme that maps to the actual filings, capital and senior-officer requirements of four leading regulators.

Jurisdictions covered. Dubai (VARA), UK (FCA), Bahamas (SCB / DARE 2024), Singapore (MAS).

Key findings.

- There are no unregulated major markets left in 2026 — every founder must select a primary regulator before product design.
- Senior-officer fitness (CO, MLRO/Nominated Officer) is the most common cause of delay across all four regimes; identify and onboard before filing.
- VARA's two-stage IDQ → Full VASP Licence pathway remains the most prescriptive but also the most predictable in timeline (4–12 months).
- Travel Rule operability — counterparty due diligence and a 'sunrise issue' playbook — is now examined at licensing stage, not post-grant.

How to use this document. Sequence the six phases in order; do not begin Phase 5 (filing) without a third-party-attested policy library from Phase 2 and approved senior officers from Phase 4.

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Introduction

As of 2026, there are no unregulated major markets left for digital asset exchanges. Dubai requires a VARA Exchange Services Licence; the UK requires FCA MLR registration transitioning to FSMA authorisation by October 2027; The Bahamas requires SCB registration under DARE 2024 using Form 1 Part C; Singapore requires a Major Payment Institution licence under the Payment Services Act 2019. This framework consolidates the requirements across all four jurisdictions into a six-phase launch programme applicable to any serious exchange founder.

Phase 1 — Incorporate and Structure

Source: VARA Rulebook Suite (May 2025); Bahamas DARE Act 2024; FCA Handbook; MAS PS Act 2019.

Jurisdiction selection is the first strategic decision.

Dubai / VARA — requires physical office in Dubai (mainland via DET or free zone, excluding DIFC); custody must be a separate licensed entity; privacy coins prohibited; 4–12 month timeline; total cost AED 500,000–2,000,000 including capital, fees and setup.

Bahamas / SCB — operating from Nassau; DARE 2024 registration via SCB; no minimum capital currently prescribed but SCB assesses financial adequacy at Board level; strong offshore reputation; derivatives exchanges now regulated under DARE 2024.

UK / FCA — UK incorporated entity required; MLRO mandatory; AML/CTF registration now, transitioning to FSMA authorisation by October 2027.

Singapore / MAS — Major Payment Institution licence for exchanges with monthly transactions exceeding SGD 3 million.

Corporate structure must establish a licensable legal entity; board composition with independent directors; UBO register and close-links analysis; share capital meeting minimum requirements; group structure chart; and Responsible Individuals / Senior Managers as required by the chosen regulator.

Jurisdiction Comparison

Element	Dubai	UK	Bahamas	Singapore
Physical office	Required (Dubai ex-DIFC)	UK premises required	Bahamas premises	Singapore premises
Custody entity	Separate licensed	Risk-based	Segregated	Segregated
Timeline	4–12 months	3–12 months	Variable	6–12 months
Setup cost (indicative)	AED 500k–2m	GBP 250k+	USD 150k+	SGD 250k+

Phase 2 — Build the Policy Library

Source: VARA Compliance and Risk Management Rulebook, Part III (May 2025); FCA MLRs.

Every regulator requires a comprehensive policy library as a condition of licensing. Under VARA's CRM Rulebook, mandatory policies include: AML/CFT Policy and Procedures; Compliance Management System documentation; Business Continuity and Disaster Recovery Plan; Cybersecurity Policy; Market Conduct Policy; Outsourcing Policy; Client Money Policy; Client Virtual Assets Safeguarding Policy; Anti-Bribery and Corruption Policy; Conflicts of Interest Policy; and Complaints Handling Procedure.

The FCA additionally requires a documented Business-Wide Risk Assessment covering ML, TF and Proliferation Financing risks, calibrated transaction monitoring rules and thresholds, and a full flow-of-funds diagram covering all products end-to-end.

Phase 3 — Approve Rulebook and Fee Schedules

Source: VARA Market Conduct Rulebook; SCB DARE 2024 investor protection provisions.

Exchange Listing Rules must cover eligibility criteria for digital assets; admission process and documentation; ongoing obligations of listed issuers; market surveillance requirements; and delisting criteria.

Fee schedules must address trading fees (maker/taker); custody fees; listing fees; withdrawal fees; market data fees; and ancillary service fees. Under VARA, fee schedules must be Board-approved and submitted to VARA. The SCB under DARE 2024 requires exchanges to adhere to increased investor protection in fee structures and prohibits practices that disadvantage retail participants.

Phase 4 — Appoint Senior Officers

Source: VARA Rulebook on Senior Management; FCA MLRs (Nominated Officer); SCB Form 3 Part A.

VARA requires a Compliance Officer (CO) — minimum 5 years compliance experience, UAE resident or passport holder, full-time, reporting to the Board, approved by VARA; and an MLRO — minimum 2 years AML/CFT experience, Fit and Proper Person approved by VARA, reviewed annually.

The FCA under the MLRs requires an MLRO / Nominated Officer with relevant knowledge, experience and training, sufficient authority and independence, who must remain in place throughout the application process — changing the MLRO causes significant delays.

The Bahamas SCB requires registration of the CEO and Compliance Officer via Form 3 Part A. All senior officers must pass fit-and-proper assessments covering financial soundness; honesty and integrity; competence and capability; and absence of regulatory sanctions history.

Jurisdiction Comparison

Role	Dubai	UK	Bahamas	Singapore
AML head	MLRO (VARA-approved)	MLRO/Nominated Officer	Compliance Officer (Form 3)	MLRO
CO experience	5 yrs, UAE resident	Risk-based	SCB-assessed	MAS-assessed
Board approval	Required	Required	Required	Required
F&P review	Annual	Ongoing	On registration & change	Ongoing

Phase 5 — File and Engage the Regulator

Source: VARA IDQ & VASP Licence process; FCA Connect system; SCB DARE 2024 forms.

VARA: Submit IDQ to DET or Free Zone Authority → receive Approval to Incorporate (ATI) → submit Full VASP Licence application with complete policy library, physical office evidence and capital proof → pay remaining fees → receive VASP Licence. All policies must be attested by a competent third party within 21 calendar days of any changes.

FCA: Submit via Connect → assigned to case officer → AML specialist review → possible interview → registration decision (typically 3–12 months). The FCA rejected or saw withdrawal of over 85% of applications 2020-2024 — quality of application is critical.

SCB Bahamas: Submit Form 1 Part C for Digital Token Exchange registration; Form 2 Part A personal questionnaires for all directors, founders and UBOs; Form 3 Part A for CEO and Compliance Officer.

Phase 6 — Operationalise Post-Grant

Source: VARA Compliance & Risk Management Rulebook reporting cycles; FATF R.16 Travel Rule.

Post-licence obligations under VARA include monthly submissions (balance sheet, P&L, income statement, cashflow, VA wallet addresses, Related Party transactions); quarterly submissions (Board minutes, reserve compliance statement, risk exposure report); annual submissions (audited financial statements, Senior Management compliance assessment, client onboarding sample — first 100 clients of the year, product descriptions, group structure chart).

Internal audit must operate independently and report to Senior Management quarterly. External auditor must be appointed and notified to VARA. AML/CFT business risk assessments must be conducted every three months. Client and business risk assessments must be updated every three months.

FATF Travel Rule compliance must be demonstrated and policies submitted to VARA at licensing stage including a 'sunrise issue' plan for counterparties in non-Travel Rule jurisdictions.