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VIRTUAL ASSET: THE NEW EVOLUTION OF THE DIGITAL ASSET INDUSTRY



Post Covid -19, the United Arab Emirates has witnessed many changes in its legal frameworks, one among them being the most recent introduction of new Law for the regulation of virtual assets. A virtual asset, as the name specifies is a digital representation of an item that has a value and can be digitally traded, transferred, or used for payment. Virtual currencies such as Bitcoin, Litecoin, Ethereum, or Dogecoin falls into this category.

The Virtual Asset Law or otherwise named formally as “Law No. 4 of 2022 on the Regulation of Virtual Assets

in the Emirates of Dubai” defines a virtual asset as the “Digital representation of value that can be digitally traded, transferred or used as an exchange or payment tool or for investment purposes, including virtual tokens and any digital representation of any other value determined by the Authority in this respect”. This Law came into effect in March 2022 and launched the Virtual Assets Regulatory Authority (VARA) to regulate virtual assets across Dubai. VARA is also the world’s first independent regulator for virtual assets.

VARA oversees the virtual asset sector across the emirate, including special

development zones and free zones with an exception of the Dubai International Financial Center which has its own regulatory framework. VARA as an independent authority affiliated with the Dubai World Trade Center (DWTC) will cooperate with the UAE Central Bank and the Securities and Commodities Authority to conduct its activities. It is entitled to classify and determine virtual assets and prescribe the standards and rules for trading in them.

With the powers vested in it, VARA adopted the Virtual Assets and Related Activities Regulations 2023 together with four compulsory


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and seven activity-specific rule books to regulate virtual asset activities. Part IV of the said Regulation requires all entities wishing to carry out one or more virtual asset activities in the Emirate to seek proper authorization and licensing from VARA prior to conducting such activity. However, duly registered (i) practicing lawyers; (ii) accountants; (iii) other professionally licensed business consultants that carry out any VA activity in a manner that is wholly incidental to their professional practice do not need a license, provided they remain

at all times appropriately authorized by competent professional body to operate in the Emirate; and maintain professional indemnity insurance as applicable to their profession. VARA also has the authority to impose fines and penalties ranging from AED 50,000/- to AED 500,000/- to those entities that violates the regulations.

Even though the Virtual Asset Law is the first legal framework by UAE, many other countries have already stepped forward into the world of regulating the legal certainty of the entities to

protect their interest with more clarity for the virtual asset businesses, efficient licensing, and registration. The Digital Asset Business Act, 2018 by Bermuda, is one of the First Fintech-specific regulatory regimes.

With the vast growing technologies and digitalization, it is not so surprising to see entities and individuals' growing interest in virtual assets and with the country's taking steps to assist in its transactions and management, the gap between real assets and virtual assets is gradually bridging ■



NEW TECHNOLOGIES FOR GREENER SHIPPING

The World Maritime Theme 2022, “New Technologies For Greener Shipping” happened on 29th September which reflected the need to support a green transition of the maritime sector into a sustainable future. The theme provided an opportunity to focus on the importance of a sustainable maritime sector and the need to build back better and greener in a post-pandemic world.

The International Maritime Organization’s (IMO) Secretary-General Kitack Lim shared a message on the World Maritime Theme 2022 which stated that the World’s most pressing ocean and environmental challenges are climate change, marine litter and preserving biodiversity and the theme for 2022 had been chosen to highlight the initiatives intended to address them. The theme provided an opportunity to

promote inclusive maritime innovation, research and development, technology and cooperation as well as to showcase solutions for decarbonisation and more environmentally friendly shipping.

The theme marked a pathway to help implement the United Nations 2030 Agenda for Sustainable Development Goals (SDGs), particularly SDGs 13 and 14 on climate action and sustainable use of the oceans, seas and marine resources; SDG 9 on the industry, innovation and infrastructure; and SDG 17 which highlights the importance of partnerships and implementation to achieve the goals.

New Technologies for Greener shipping opened a large conversation about the shipping industry’s direction and how technology could be harnessed for a more sustainable future. It also provided an incentive to further examine

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how digitalization and automation can be of assistance in shipping. All these technological solutions benefited the attendees, leaving no one behind. They considered their impact on seafarers and other marine personnel including the need for training.

Throughout the year, IMO also highlighted green-shipping solutions across the industry and provided a platform for sharing knowledge and best practice. IMO also fostered a dialogue on innovation and technology needs for greener shipping, sharing knowledge at the global level. The

Maritime Technology Cooperation Centres (MTCC), Green Voyage 2050 decarbonisation project and the Blue Solutions Project which are established by the IMO will demonstrate new maritime decarbonisation technologies.

IMO Secretary-General Kitack Lim also stated that they would organize another Global Forum to address technology and its deployment in the maritime sector, with a specific emphasis on the needs of developing countries, especially least developed countries and Small Island developing States. In addition, they will also be hosting a second IMO Symposium on alternative low-carbon and zero-carbon fuels, which will focus on opportunities in renewable fuel production for the shipping industry in developing countries and to support their transition towards decarbonisation, while a further initiative will tackle marine plastic litter.

All of these projects highlight the need for all stakeholders across the maritime sector to work together and find solutions.

CONCLUSION

The world relies on a safe, secure, and efficient international shipping industry, which is an essential and significant component of any event for future sustainable green economic growth in a viable manner.

The promotion of sustainable shipping and sustainable maritime development is one of the major priorities of IMO in the coming years. Therefore, energy efficiency, new technology and innovation, maritime education and training, maritime security, and the development of the maritime infrastructure: the development and implementation of global standards covering these and other issues will underpin IMO's commitment to provide the institutional framework necessary for a green and sustainable global maritime transportation system ■

 **HOT NEWS**

THE URGENCY OF CURBING POLLUTION FROM SHIPS



The International Maritime Organization, a United Nations agency that regulates global shipping, is writing new rules to curb greenhouse gas emissions from ships by 2050 as it implements other regulations that will mandate cleaner-burning fuels at sea by 2020.

As researchers who study the shipping industry, we have determined that the benefits of greener shipping outweigh the costs. Yet global environmental rule-making, implementation and enforcement take a long time, creating delays that can endanger public health and the environment.

More than 52,000 ships crisscrossing ocean trade routes will burn more than 2 billion barrels of heavy fuel oil this year. Heavy fuel oil, a crude oil by-product, contains sulfur concentrations up to 1,800 times higher than the diesel fuel burned on U.S. highways.

Ships contribute between 2 and 3 percent of the world's total greenhouse gas emissions, studies show. Unless the world takes action

to control noxious air pollutants and reduce greenhouse gases, harmful pollution will grow in tandem with global trade in the coming decades.

Atmospheric processes transform ship exhaust into toxic particles, which drift far from shipping routes. Originating along shipping routes, these pollutants endanger human health and acidify lakes and streams hundreds of miles inland.

The International Maritime Organization sets international shipping policies through consensus agreements that specify compliance requirements and leave enforcement up to national authorities. In 2008, governments and industries agreed to adopt cleaner fuels in 2020. Since then, we estimate that ship air pollution exposure contributed to more than 1.5 million premature deaths and aggravated asthma conditions for over 100 million children.

Given the climate benefits of low-carbon shipping, we believe that the world can't wait three decades to set and enforce shipping greenhouse gas targets

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