



CRYPTOVERSE
—LEGAL CONSULTANCY—

THE CRYPTO HOLDER'S GUIDE TO **UAE FOUNDATIONS**

Succession Planning, Asset Protection & Tax
Efficiency for Digital Assets



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INTRODUCTION: WHY THIS MATTERS



You've spent years building your crypto portfolio. You've secured your private keys. You've protected yourself from hacks, scams, and exchange failures. But have you protected your family from the one threat you can't avoid, what happens when you're no longer here?

An estimated \$140 billion in Bitcoin alone is already lost forever. Much of it wasn't stolen or lost to technical failures. It simply belonged to people who died without a plan, and took their private keys with them.

The fundamental problem is this: the very features that make cryptocurrency secure; self-custody, cryptographic keys, decentralised control, also make it extraordinarily difficult to transfer to the next generation.

The Traditional Approach Doesn't Work

Most crypto holders rely on one of two approaches, both of which are deeply flawed:

1

The seed phrase in a safe deposit box. Your family finds it after you're gone. But do they know what it is? Do they know how to use it? Can they access it quickly enough to prevent losses? And what happens if there's a dispute?

2

Sharing keys with a trusted person. This creates immediate security risks. Anyone with your keys can move your assets at any time. You've just created a single point of failure, and given someone else control of your wealth.

Traditional estate planning tools; wills, trusts, probate courts, weren't designed for digital assets. They assume assets are held by institutions that can be instructed by legal documents. But your crypto isn't held by anyone. It's controlled by whoever has the keys.

A Better Approach

A UAE foundation solves this problem by separating legal ownership from technical custody. The foundation becomes the legal owner of your digital assets. You retain the private keys. Governance documents define who can authorise transactions, under what conditions, and what happens when succession triggers occur, all without requiring anyone to handle your seed phrase directly.

This guide explains how it works, why the UAE has become a leading jurisdiction for this type of structure, and what you need to know to make an informed decision.



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WHAT IS A FOUNDATION?



A foundation is an independent legal entity with its own distinct legal personality. Think of it like a company, but without shareholders or owners. It doesn't issue shares or other titles of ownership. It exists as an 'orphan' structure that owns assets in its own name.

Foundation vs Company

A company has shareholders who own it. The shareholders can sell their shares, vote on decisions, and receive dividends. The company exists to serve its shareholders' interests.

A foundation has no shareholders. Nobody 'owns' it. Instead, it's governed by its constitutional documents (the Charter and By-laws) and managed by a Council that you appoint. It exists to fulfill the purposes you define.

Foundation vs Trust

A trust is a relationship, not an entity. When you create a trust, you transfer assets to a trustee who holds them on behalf of beneficiaries. The trustee legally owns the assets. You're trusting a person or institution to manage them properly.

A foundation is a legal entity that owns assets in its own name. There's no trustee middleman. The foundation can sue and be sued, enter into contracts, and hold property directly. You control it through the Council and the rules you set in the Charter and By-laws.

Feature	Foundation	Trust	Company
Legal entity?	Yes	No	Yes
Owns assets directly?	Yes	Trustee owns	Yes
Has shareholders?	No	No	Yes
Can sue/be sued?	Yes	Trustee can	Yes
Perpetual existence?	Yes	Usually limited	Yes
Middleman required?	No	Trustee required	No

Key Documents

A foundation is governed by two key documents:

1

The Charter: This is the public document filed with the regulatory authority. It contains;

- ◆ the foundation's name,
- ◆ its stated purpose,
- ◆ the registered office address, and
- ◆ basic governance provisions.

2

The By-laws: This is the private document that contains the sensitive details:

- ◆ beneficiary classes,
- ◆ distribution rules,
- ◆ succession triggers,
- ◆ incapacity provisions,

- ◆ Council powers, and
- ◆ Guardian rights.

The By-laws are never filed publicly.

This separation is critical for privacy. The public knows your foundation exists and its general purpose. But the details of who benefits, how, and when; that stays confidential.



03

HOW CRYPTO ENTERS A FOUNDATION



This is the question everyone asks: "Do I have to give up my private keys?"

The answer is no. And understanding why requires understanding the difference between legal ownership and technical custody.

Legal Ownership vs Technical Custody

Legal ownership is the question of who has the legal right to an asset. It's what courts recognise, what contracts refer to, and what determines who can make decisions about an asset in the eyes of the law.

Technical custody is the question of who can physically move an asset. For crypto, this means who holds the private keys, who can actually sign a transaction.

In traditional finance, these two things are usually combined. If you own shares in a company, the company's registrar knows you own them and will only transfer them on your instruction.

Crypto is different. The blockchain doesn't know or care who 'legally' owns an asset. It only responds to valid cryptographic signatures. This is what makes it powerful, and what makes succession planning complicated.

The Foundation Solution

When your crypto assets are held through a foundation, the foundation becomes the legal owner. This is documented through internal records, board resolutions, and asset schedules.

But you, or a designated custodian, retain technical custody. You keep the keys. You can still sign transactions. The foundation's governance documents simply define:

- ◆ Who is authorised to hold keys on behalf of the foundation
- ◆ Under what conditions transactions can be authorised
- ◆ What happens when you can no longer act (death, incapacity)
- ◆ How technical custody transfers to successors.

Practical Implementation

In practice, this might work as follows:

1

During your lifetime: You serve on the Council (or as sole Council member) with reserved powers. You hold the keys. You make all decisions. Nothing changes operationally.

2

Upon incapacity: The By-laws define what constitutes incapacity (e.g., two doctors' certificates). Backup Council members step in. Custody protocols activate.

3

Upon death: The Council reconstitutes according to the By-laws. Custody transfers according to pre-defined protocols. Beneficiaries receive distributions as you specified, without probate, without court orders.



The key insight: You're not giving up control. You're building a framework that ensures control transfers smoothly when it needs to.

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UAE JURISDICTIONS: ADGM VS DIFC



The UAE has two international financial centres that offer foundation regimes: the Abu Dhabi Global Market (ADGM) and the Dubai International Financial Centre (DIFC). Both operate under common law frameworks based on English law, and both offer robust asset protection and tax efficiency.

So which one should you choose?

ADGM (Abu Dhabi)

ADGM introduced its foundation regime in 2017. It has positioned itself as a jurisdiction for sophisticated, cross-border wealth structures, particularly those involving digital assets.

Key features:

- ◆ Mandatory Corporate Service Provider (CSP) for most foundations
- ◆ Strong digital asset regulatory framework (aligned with VARA)
- ◆ No physical office requirement
- ◆ No UAE residency requirement
- ◆ No minimum capital requirement.

Best for: Crypto-focused portfolios, global assets, non-UAE residents, founders who want institutional-grade governance.

DIFC (Dubai)

DIFC has been operating for nearly 20 years and introduced its current foundation regime in 2018. It has a mature ecosystem with dedicated family wealth services.

Key features:

- ◆ CSP is optional (can lease own office instead)
- ◆ Direct pathway to hold Dubai real estate
- ◆ Lower headline regulatory fees
- ◆ Established Family Wealth Centre
- ◆ Strong firewall provisions (enhanced 2024)

Best for: Dubai real estate holdings, cost-sensitive structures, founders who prefer an established ecosystem.

Factor	ADGM	DIFC
Digital Asset Focus	Strong	Adequate
CSP Requirement	Mandatory	Optional
Setup Cost (approx.)	USD 15,000 - 20,500	USD 15,000 - 18,000
Dubai Real Estate	Direct Holding and/or via subsidiary	Direct Holding and/or via subsidiary
Regulatory Maturity	Newer (2017)	Established (2004)

Our Recommendation

For crypto-primary portfolios, we typically recommend ADGM. Its mandatory CSP requirement ensures institutional compliance, and its regulatory framework accommodates digital assets.

If you hold significant Dubai real estate alongside crypto, DIFC may be preferable for its direct property holding pathway.

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TAX TREATMENT EXPLAINED



One of the most attractive features of UAE foundations is their potential tax efficiency. Under the right conditions, qualifying family foundations can achieve fiscal transparency, meaning no entity-level taxation.

The Family Foundation Exception

Under Ministerial Decision No. 261 of 2024 (and MD 229/2025), certain foundations qualify for the Family Foundation Exception. This allows them to elect to be treated as fiscally transparent.

To qualify, the foundation must meet these conditions:

1

Natural person founder: The founder must be a natural person (or multiple natural persons), not a company.

2

Family beneficiaries: Beneficiaries must be natural persons related to the founder by blood, marriage, or legal guardianship.

3

Non-commercial purpose: The foundation must not conduct a commercial or business activity. Passive investment is permitted.

What This Means in Practice

When the Family Foundation Exception applies and the foundation elects fiscal transparency:

- ◆ No UAE Corporate Tax is payable at the foundation level
- ◆ Income is treated as flowing through to the natural person beneficiaries
- ◆ The UAE has no personal income tax, so UAE-resident beneficiaries pay nothing
- ◆ Non-UAE resident beneficiaries may have obligations in their home countries.

Important Caveats

Tax treatment depends on your specific circumstances. You should always:

- ◆ Consult a qualified tax advisor in your country of residence
- ◆ Understand any reporting obligations (CRS, FATCA, etc.)
- ◆ Ensure proper documentation of the foundation's activities
- ◆ Maintain substance consistent with the foundation's stated purpose.



Note: The Family Foundation Exception applies equally to both ADGM and DIFC foundations. The choice of financial centre does not affect your UAE tax position.



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KEY ROLES & GOVERNANCE



A foundation's governance structure includes several distinct roles. Understanding these roles is essential for designing a structure that works for your situation.

Founder

The Founder establishes the foundation and transfers assets to it. The Founder can retain significant 'reserved powers' (amend By-laws, appoint/remove Council, etc.), serve as a Council member, and be a beneficiary of the foundation.

Council

The Council is the foundation's governing body, similar to a board of directors. Council members manage day-to-day affairs, make decisions about investments and distributions, and ensure compliance with the Charter and By-laws. They can be individuals or corporate bodies and do not need to be UAE residents.

Guardian

The Guardian oversees the Council and ensures the foundation operates according to its stated purpose. The Guardian is optional during the Founder's lifetime but becomes mandatory after death. The Guardian can veto Council decisions that conflict with the By-laws.

Beneficiaries

Beneficiaries are defined in the By-laws (not publicly disclosed). They can be named individuals or defined classes (e.g., 'my descendants'), may have fixed or discretionary entitlements, and can include the Founder themselves.

Registered Agent / CSP

A Corporate Service Provider (CSP) provides the foundation's registered address, handles regulatory filings and compliance, acts as liaison with authorities, and maintains statutory records. It is mandatory in ADGM; optional in DIFC.



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THE SETUP PROCESS



Setting up a UAE foundation typically takes 4–8 weeks from initial consultation to certificate of incorporation.

Step 1: Initial Consultation

We start with a confidential conversation to understand your situation: what assets you hold, your family circumstances, your objectives, and your concerns.

Step 2: Structure Design

We design the foundation structure: who will serve on the Council, whether a Guardian is needed, what reserved powers the Founder will retain, how beneficiaries are defined, and what succession triggers apply.

Step 3: Document Drafting

We prepare the Charter and By-laws tailored to your specific requirements. Every clause is explained. Multiple rounds of review ensure the documents reflect your intentions precisely.

Step 4: KYC & Due Diligence

We collect required documentation: passport copies, proof of address, source of funds declarations, and background information on all parties.

Step 5: Name Reservation

The foundation's name must be approved by the regulatory authority. Names must end in 'Foundation' and cannot conflict with existing entities.

Step 6: Incorporation

We submit the full application to ADGM or DIFC. The authority reviews and issues the Certificate of Incorporation.

Step 7: Post-Incorporation

We provide an orientation session covering: how to document asset transfers, how to maintain foundation records, annual compliance requirements, and when to contact us for support.

Timeline

Phase	Typical Duration
Initial consultation & structure design	1–2 weeks
Document drafting & review	1–2 weeks
KYC & due diligence	1–2 weeks
Regulatory submission & approval	2–4 weeks
Total	4–8 weeks

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COMMON MISTAKES TO AVOID



We've seen many foundation structures fail to achieve their objectives, not because of regulatory problems, but because of design flaws. Here are the most common mistakes:

Mistake #1: Treating It Like a Company

Foundations don't have shareholders. They don't distribute dividends. They're not designed to run operating businesses. Foundations are for holding, preserving, and transferring wealth, not operating.

Mistake #2: Vague Succession Rules

'My children will inherit equally' sounds simple, but it's not a plan. What if one child is a minor? What if there's a dispute? What if a child predeceases you? Your By-laws need to anticipate these scenarios.

Mistake #3: Forgetting Incapacity

Everyone plans for death. Almost nobody plans for the period before it. Build incapacity triggers into your By-laws. Define what 'incapacity' means. Appoint backup Council members who can step in.

Mistake #4: No Custody Protocol

You've structured the legal ownership beautifully, but who actually holds the keys? What happens to them when you can't act? Many foundations fail because there's no documented protocol for how technical custody transfers.

Mistake #5: Ignoring Home Country Implications

A UAE foundation is tax-efficient in the UAE, but you may have reporting obligations or tax consequences in your country of residence. CRS means financial information is shared between jurisdictions.

Mistake #6: Over-Engineering

More complexity isn't always better. Every layer you add increases administrative burden and the potential for errors. Start with the simplest structure that achieves your objectives.

Mistake #7: Set and Forget

Your circumstances change. Laws change. A foundation isn't a 'set and forget' structure. Review your By-laws periodically (at least every 2–3 years).



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DECISION CHECKLIST



Use this checklist to determine whether a UAE foundation is right for your situation:

Is a Foundation Right for You?

Question	If Yes...
Do you hold significant crypto assets (>USD 250K)?	Foundation likely makes economic sense
Concerned about what happens to your crypto if you die?	Succession planning is essential
Do family members depend on you financially?	Asset protection is critical
Are you a non-UAE resident?	Both ADGM and DIFC welcome non-residents
Want to avoid probate and court involvement?	A foundation bypasses traditional probate
Concerned about creditors, divorce, or claims?	Asset protection is a key foundation benefit

ADGM or DIFC?

Your Situation	Recommended
Crypto is your primary asset class	ADGM
You also hold significant Dubai real estate	DIFC
You want mandatory institutional governance	ADGM
You prefer lowest possible regulatory fees	DIFC
You are a non-UAE resident with global assets	ADGM
You hold tokenised securities or complex digital assets	ADGM



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Next Steps



If you've read this guide and believe a UAE foundation may be right for your situation, here's how to proceed:

Schedule a Consultation

We offer a complimentary initial consultation to discuss your situation. This is a confidential conversation, not a sales pitch. We'll assess your needs, answer your questions, and give you an honest opinion on whether a foundation makes sense for you.

What We'll Cover:

- ◆ Your current asset profile and holding structure
- ◆ Your family situation and succession objectives
- ◆ Jurisdiction analysis (ADGM vs DIFC)
- ◆ Indicative timeline and costs
- ◆ Any concerns or questions you have.

What Happens Next:

If you decide to proceed, we'll provide a detailed proposal with fixed fees, clear deliverables, and a realistic timeline. There's no obligation after the initial consultation.

CONTACT US

Ready to launch your Crypto project in Dubai? Let our experts guide you through every step of the regulatory journey.

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