



Analysis of the legal practice of Uzbekistan and EU countries in the field of legal regulation of blockchain and cryptocurrency

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ABSTRACT

This scientific article discusses the issues of legal status of such terms as blockchain, blockchain technologies, as well as crypto assets, stable coins and tokens. The article reveals the issues of legal regulation of relations arising in course of cryptocurrency transactions and the use of blockchain technologies, which also include the activity of crypto exchanges, the use of smart contracts and the processes of buying and selling tokens.

The author provides examples of countries where crypto assets are legalized, and conducts a comparative analysis of the legislation of the Republic of Uzbekistan, the Federal Republic of Germany and the Czech Republic regarding the mechanisms for carrying out cryptocurrency transactions and the use of blockchain technologies.

When studying the legislation of Uzbekistan, attention is paid to the latest ongoing reforms in the field of digitalization and the development of the electronic economy and government in our country. When analyzing the legislation of countries such as Germany and the Czech Republic, relevant situations and examples of court decisions are given in order to determine the effectiveness of law enforcement in the field of blockchain technologies and cryptocurrency and identify existing problems in this area. At the end of the article, the relevant conclusions of the author and proposals for improving the legislation of the Republic of Uzbekistan are given.

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O'zbekiston va Yevropa Ittifoqi davlatlarining blokcheyn va kriptovalyutalarni huquqiy tartibga solish sohasidagi huquqiy amaliyotini tahlil qilish

АННОТАЦИЯ

Kalit so'zlar:

blokcheyn,
blokcheyn texnologiyasi,
kriptoaktivlar,
kriptovalyuta,
kriptografiya,
maxfiy kod,
token,
stablecoin,
aqlli shartnoma,
tokenizatsiya.

Ushbu ilmiy maqolada blokcheyn, blokcheyn texnologiyalari, shuningdek kriptoaktivlar, stabilkoinlar va tokenlar kabi atamalarning huquqiy maqomi masalalari muhokama qilinadi. Maqolada kriptovalyuta operatsiyalarini amalga oshirish va blokcheyn texnologiyalaridan foydalanish natijasida yuzaga keladigan munosabatlarni huquqiy tartibga solish masalalari ochib berilgan, ular shuningdek kriptovalyuta birjalari faoliyatini, aqlli shartnomalardan foydalanishni va tokenlarni sotib olish va sotish jarayonlarini o'z ichiga oladi. Muallif kriptoaktivlar qonuniylashtirilgan mamlakatlar misollarini keltirib, kriptovalyuta operatsiyalarini amalga oshirish mexanizmlari va blokcheyn texnologiyalaridan foydalanish nuqtai nazaridan O'zbekiston Respublikasi, Germaniya Federativ Respublikasi va Chexiya qonunchiligining qiyosiy tahlilini o'tkazadi. O'zbekiston qonunchiligini o'rganishda mamlakatimizda davlat boshqaruvini raqamlashtirish va raqamli iqtisodiyotni rivojlantirish sohasida amalga oshirilayotgan so'nggi islohotlarga e'tibor qaratilmoqda. Germaniya, Chexiya kabi davlatlar qonunchiligini tahlil qilganda, blokcheyn va kriptovalyutalar sohasida huquqni qo'llash samaradorligini aniqlash va bu boradagi mavjud muammolarni aniqlash maqsadida tegishli vaziyatlar va sud qarorlaridan misollar keltiriladi. Maqolaning oxirida muallifning tegishli xulosalari va O'zbekiston Respublikasi qonunchiligini takomillashtirish bo'yicha takliflari keltirilgan.

Анализ правовой практики Узбекистана и стран ЕС в области правового регулирования блокчейн и криптовалют

АННОТАЦИЯ

Ключевые слова:

Блокчейн,
технология блокчейн,
криптоактивы,
криптовалюта,
криптография,
секретный код,
токен,
стейблкоин,
смарт-контракт,
токенизация.

В данной научной статье рассматриваются вопросы правового статуса таких терминов, как блокчейн, блокчейн-технологии, а также криптоактивы, стейблкоины и токены. В статье раскрываются вопросы правового регулирования отношений, возникающих при совершении криптовалютных операций и использовании технологий блокчейн, к которым также относится деятельность криптобирж, использование смарт-контрактов и процессы купли-продажи токенов. Автор приводит примеры стран, где легализуются криптоактивы, и проводит сравнительный анализ законодательства Республики

Узбекистан, Федеративной Республики Германии и Чехии в части механизмов проведения криптовалютных операций и использования технологий блокчейн. При изучении законодательства Узбекистана внимание уделяется последним проводимым реформам в сфере цифровизации государственного управления и развития цифровой экономики в нашей стране. При анализе законодательства таких стран, как Германия и Чехия, приведены соответствующие ситуации и примеры судебных решений с целью определения эффективности правоприменения в сфере технологий блокчейн и криптовалют и выявления существующих проблем в этой сфере. В конце статьи приведены соответствующие выводы автора и предложения по совершенствованию законодательства Республики Узбекистан.

Nowadays, in the Republic of Uzbekistan, as in other developing countries, an effort is being made to develop the digital economy, which is accompanied by the introduction of modern information and communication technologies in all sectors and areas. Therefore, in order to accelerate the processes of digitalization, measures are being taken to support the development of the domestic market for software products and information technologies.

With the development of information technologies in the modern world, more and more new terms and new technologies appear, on the basis of which many systematized tasks of the daily activities of mankind are solved. We can also include the blockchain system among such new technologies. The totality of new technologies in the field of information and communication technologies is not fully regulated by law today, including the legal regulation of the blockchain. In turn, this situation, to a certain extent, also applies to relations adjacent to them.

According to the information and forecasts published by Forbs magazine [1], blockchain can be applied in six main areas and cover numerous areas of activity starting from 2021.

Table #1 [2]

SIX MAIN DIRECTIONS IN THE MARKET OF BLOCKCHAIN TECHNOLOGIES	
Vaccination processes	<i>Tracking and delivery of vaccines from the place of production to patients.</i>
Cooperative processes	<i>Blockchain-based banking and financial services will become popular.</i>
NFT and its implementation	<i>Non-fungible tokens (NFT, non-fungible token) – proof of ownership. There is a possibility of application in the organization of tracking the ownership of land and property, vehicles.</i>
Use of blockchain in services	<i>Cloud computing, Internet of Things (IoT) and artificial intelligence (AI).</i>
Blockchain Knowledge	<i>Lack of personnel in the field of blockchain technologies.</i>
Popularity of stable coins	<i>Stable coins help to protect the owners of cryptocurrency from their constant fluctuations.</i>

According to the definition of specialists from *“The World Bank Group”*, *“blockchain”* (the English word *“blockchain”* is translated as a chain of blocks) is recognized as a way of recording and exchanging data between multiple data stores (also known as ledgers), which each has exactly the same data records and are collectively maintained, and are controlled by a distributed network of computer servers called nodes [3].

In other words, blockchain is also called *“a technology with many faces”*, which means *“technology with many faces”* [4]. Despite the fact that blockchain technology is often associated with digital or virtual currency schemes, payments, and financial services, its scope is much wider and can be applied in various sectors [5], for example, in trade and commerce, healthcare, management, etc. [6]. In addition, it has numerous potential applications. It can affect the pledge of collateral, the registration of shares, bonds, and other assets, the transfer of property rights, the work of cadastres, etc. [eight].

The experience and some legislative norms in the field of blockchain regulation in the EU Member States, as well as the international community, have also been implemented in the legislation of Uzbekistan.

It should be noted that in Uzbekistan, from January 1, 2021, blockchain technology began to be introduced into the activities of state bodies, in particular for public procurement, verification of personal information, more efficient maintenance of classifiers, regulation of certain aspects of management in the corporate sphere of organizations in the statutory fund of which the state has a certain share.

According to PP-3832 of July 3, 2018, the entire set of these measures is aimed at further improving business projects, ensuring the optimization of production, administrative legal relations, and the introduction of modern management and resource management that meet the trends of a market economy in modern society and law [8].

At the moment, the Republic of Uzbekistan has a comprehensive program – the Strategy *“Digital Uzbekistan – 2030”*, which includes a lot of policy documents, among which we can include the regulatory regulation of the digital environment, as well as the development of e-government, digital industry, digital education, and infrastructure. Priority measures for the digitalization of civil law, for the introduction of ICT in the economy, social sphere, and management systems are reflected in the Strategy of New Uzbekistan, and before its adoption, in the Decree of the President *“On the strategy of actions for the further development of the Republic of Uzbekistan”* No. 4947 of February 7, 2017.

Particularly noteworthy is the fact that the Republic of Uzbekistan is implementing comprehensive measures to develop actively the digital economy, as well as the widespread introduction of modern information and communication technologies in all sectors and areas, primarily in public administration, education, healthcare, and agriculture. In particular, the implementation of the integrated program *“Digital Tashkent”*, the creation of an information system for managing public transport and communal infrastructure, and the digitalization of the social sphere with the subsequent dissemination of this experience to other regions has begun [9].

Turning to the discussion of cryptocurrency, it is also necessary to give it an appropriate definition. In addition, just like blockchain, cryptocurrency has become a popular term for a wide range of technological developments using a technology known as *“cryptography”*. In simple terms, *“cryptography”* is the technique of protecting information by converting (i.e. encrypting) it into an unreadable format that can only be decrypted (or decrypted) by the owner of the secret key [10].

Here and below, we will try to give an appropriate definition of cryptocurrency based on a critical analysis of definitions already developed by various interested politicians at the European and international levels [12].

The European Central Bank classified cryptocurrency as a subgroup of virtual currencies. In a 2012 report on virtual currency schemes, it defined such currencies as a form of unregulated digital money that is usually issued and controlled by its developers and used among the members of a money club, usually issued and controlled by their developers, used and accepted among members of a particular virtual community [13].

It should be noted that the Republic of Uzbekistan has also taken measures to develop and lay out the legal basis for the use and application of cryptocurrency in our territory. According to the Decree of the President of the Republic of Uzbekistan No. PP-3832 of July 4, 2018 “On measures to develop the digital economy in the Republic of Uzbekistan”, where “blockchain” technologies, “artificial intelligence”, the use of supercomputer capabilities, as well as activities on crypto assets are one of the directions of development of the digital economy in many countries of the world [14]. According to this act, blockchain technologies are gradually being introduced not only into many sectors of the economy but also into the public administration system and other public relations.

In accordance with the Law of the Republic of Uzbekistan No. ZRU-701 of July 15, 2021 “On Licensing, Permitting and Notifying Procedures”, activities related to the circulation of crypto-assets in Uzbekistan are subject to licensing. Residents of the Republic of Uzbekistan have the right to enter into crypto exchanges exclusively transactions for the sale of crypto-assets and tokens [15].

This means that citizens and legal entities registered in the Republic of Uzbekistan cannot buy crypto-assets, but only sell to foreign citizens through the exchange. This state of affairs hindered the development of the digital economy, including the circulation of crypto assets in the Republic of Uzbekistan.

In view of this, in November 2021, Annex No. 1 “Regulations on the procedure for licensing the activities of crypto-exchanges”, approved by order of the National Project Management Agency under the President of the Republic of Uzbekistan of January 21, 2019 No. 16, was amended. According to the latest changes, citizens of the Republic of Uzbekistan have the right to buy cryptocurrency and tokens and carry out all transactions related to them in Uzbek soums. However, non-residents of Uzbekistan can carry out transactions with crypto-currencies only in foreign currency [16].







It should also be noted that according to the Rules on the Procedure for Licensing the Activities of Cryptocurrency, the concept **of a crypto asset** is given the following definition: *“a set of records in the blockchain that has value and an owner”, and the blockchain is “a distributed data registry in which all data is recorded sequentially and distributed in blocks, with each new block linked to the previous block by a cryptographic signature.* [17].

In addition, according to paragraph 7 of the Rules for the implementation of crypto-exchange trading [18], crypto-assets cannot be used on the territory of the Republic of Uzbekistan as a means of payment or payment acceptance. Also, the Law of the Republic of Uzbekistan No. ZRU-578 of February 3, 2020 “On Payments and Payment Systems” regulates that this Law does not apply to operations with crypto-assets. It all follows from this that in the territory of the Republic of Uzbekistan, crypto-assets are considered goods that can be sold on a certain platform (exchange) subject to certain conditions, but not bought or exchanged, that is, they are limited in circulation.

Another important detail is that trading crypto assets outside of a crypto exchange are recognized as a crime. Thus, as an example, we can cite a case opened in March 2021 [19], which took place in the city of Tashkent, people were detained while selling cryptocurrency. They tried to illegally sell cryptocurrency for twenty-four thousand dollars. Subsequently, these persons were prosecuted under articles 177 (illegal acquisition or sale of currency values) and 190 (engaging in activities without a license) of the Criminal Code of the Republic of Uzbekistan due to the fact that the activity on the circulation of crypto-assets in Uzbekistan is subject to licensing, and operations must be carried out in crypto. exchange, as we have already determined.

At present, we can say that the issues of legal regulation from "A" to "Z" are not settled anywhere, however, there are countries that have made efforts to legally resolve blockchain issues. Cryptocurrencies are legalized in more than 120 countries.

Table number 2.

LIST OF SOME COUNTRIES WHERE CRYPTOCURRENCY IS LEGALIZED	
	Japan. At the moment, Japan is the most advanced state that treats cryptocurrency liberally. Cryptocurrency in Japan are recognized as virtual currencies, and can serve as a unit of payment for the purchase of goods and services along with traditional money.
	Switzerland. The official use of cryptocurrency was noted in Switzerland in 2016, when they gave permission to accept Bitcoin as payment for public services. And in 2017, "sandboxes" were already created for the development of cryptocurrency startups.
	Singapore. The legislation of Singapore does not give a definite definition of cryptocurrency, as they recognize it as something in between exchange-traded assets and traditional money. In Singapore, from 2017, it is planned to carry out tokenization and the transfer of the national currency into digital form.
	USA. In America Cryptocurrency are recognized as securities that are subject to mandatory licensing. There is also a second category, "other currencies", which do not require licensing. To carry out the activities of crypto-exchanges, each state individually can set its own rules.
	Sweden. The Swedish authorities recognize cryptocurrency as a means of payment, but its status is not yet legally fixed. At the same time, transactions with cryptocurrency are legal, but there are some restrictions on money laundering in accordance with the legislation on combating money laundering and terrorism.
	Czech Republic. A feature of the legalization of crypto-currencies in the Czech Republic is that no licensing and payment of taxes is required to conduct a transaction with crypto-assets. At the same time, some restaurants and shops in the Czech Republic accept cryptocurrency to pay for goods and services.

Next, we will consider in detail the issues of legal regulation of blockchain technologies and cryptocurrency based on the experience of such states as Germany and the Czech Republic, which will allow us to draw conclusions regarding the effectiveness of law enforcement practice in the field of blockchain and crypto assets.

Germany. If we pay attention to the history of the development of the use of blockchain systems in Germany, we can assume that this country was one of the first to contribute to the development of blockchain technologies and crypto assets. The evidence for this phenomenon is the Decree [20] of the German Federal Financial Supervisory Authority (BaFin) of 2013, according to which blockchain and cryptocurrency are recognized as units of account. In turn, they are also payment units (instruments), which is also enshrined in the German Law “On Credit Institutions”. [21].

a) The status of cryptocurrency. In Germany, not all cryptocurrencies can be recognized as digital money. And so, if you look from the point of view of BaFin, cryptocurrency is not recognized as digital money, but in accordance with the Law of the Federal Republic of Germany “on supervision in the payment system”, “digital money is recognized as electronic (including magnetic) values that have a monetary value and are issued by issuers in for the purpose of making a payment. An important criterion, according to this law, for the recognition of a particular currency as digital money, is the presence of a central issuer. In Germany, cryptocurrency and tokens are classified into one of two categories: securities [22] or investments [23]. In this case, this kind of legal relationship is regulated by the German legislative acts of the same name, such as the Federal Republic of Germany Law “On Securities” and the Federal Republic of Germany Law “On Money Investments”.

b) Restrictions. According to the official warning of the German government, “cryptocurrency is not a legal tender, but only a substitute for currency in certain private legal relations.” [24].

As a result, in Germany, persons providing services in the cryptocurrency market and engaged in it on a permanent commercial basis are required to obtain a license issued by BaFin. [25].

Unlike the above, as of today, there are no restrictions regarding “payment tokens”. For example, “Utility-Token” is not recognized as a security, which is enshrined in the German Securities Act, or as an investment in accordance (VermAnlG). “Security tokens” are interpreted a little differently, providing the owner with the “rights of a securities holder”. They are recognized as securities under German law.

c) Blockchain technologies (smart contracts). The legal regulation of smart contracts in Germany is carried out in accordance with the generally established principles of contract law. To date, the question regarding the recognition by the German courts of decisions (contracts) that are adopted by program codes is unknown. However, according to the electronic journal “IQ decision”, Germany has already defined the scope of smart contracts: accounting, auditing; supply chain: applications powered by blockchain technology will provide a fast and transparent supply chain; fintech: billions worth of transactions can be transferred across continents within milliseconds; healthcare: to optimize the process, as well as optimize settlements between patients and health insurance funds [26].

d) Dispute resolution on blockchain and smart contracts in Germany. In the case number “Ref. (4) 161 Ss 28/18 (35/18)” of September 25, 2018, the German Court of Appeal (Berlin) ruled that bitcoins are not recognized as payment units in the meaning of KWG. In this case, the defendant sold a “blockchain trading platform management” through which bitcoins could be traded. The defendant did not have a proper license to carry out this kind of activity, which is why the Court of First Instance fined him.

However, at a subsequent hearing in the Court of Second Instance, he was acquitted, as *“the sale of bitcoins on the German trading platform did not require a permit.”* This case suggests that in Germany at the moment the issues of legal regulation of cryptocurrency are not fully regulated and there is no unified approach to resolving such disputes, which indicates the need for unification and improvement of German legislation in the field of blockchain technologies.

However, European data protection regulations are applied in Germany. It establishes that *“companies engaged in the use of Blockchain technology are required to operate within the relevant regulatory framework, including data protection law”*. [27].

Czech Republic. According to the authorities themselves, The Czech Republic recognizes itself as a liberal country in the field of cryptocurrency, as evidenced by the opening of the first cafe in the world in Prague, where payment is made only in bitcoins. In addition, the city has one of the highest Bitcoin ATM densities in the world, the first hardware wallet and the first mining pool were developed in the Czech Republic, and gas bills can be paid with Bitcoin.

Despite such freedom in the circulation of cryptocurrency, the Czech authorities, like any other country, are trying to find ways to control the operations and exchanges of cryptocurrency.

One of the reasons for the freedom of circulation of cryptocurrency in the Czech Republic can be called the statement of the European Central Bank that *“cryptocurrency is not a currency or a payment instrument and are not subject to regulation at the EU level.”* Consequently, such a statement led to the adoption by the EU member states of separate and different content regulatory legal acts [28].

According to the lawyer of the Czech Republic Martin Urban, when studying the system of other EU countries, it was revealed that three types of approaches are mainly used when regulating crypto assets: *“a) a complete ban, b) careful state regulation, or d) a liberal approach with the regulation of the most important aspects, such as the fight against money laundering. The Czech Republic follows the third approach”* [29].

In Czech legislation, there is no special legislative act regulating cryptocurrency and trading in them. Cryptocurrencies are not considered legal currency in the Czech Republic and the Czech National Bank takes a fairly loose stance on any regulation of cryptocurrency. However, the Czech Law [30] on *“certain measures against the legalization of proceeds from crime and the financing of terrorism”*, in the latest edition, contains a list of obligated entities, which includes persons providing services related to virtual currencies, i.e. those who buys, sells, holds, manages or brokers the purchase or sale of virtual currencies or provides other services related to such currencies as a business.

A virtual currency is defined as *“a unit held digitally, regardless of the existence of its issuer, that is not a fiat currency, but is accepted as payment for goods or services by a person other than the issuer”*, in accordance with the Payment System Law. Since this definition is quite broad, it also covers cryptocurrency. As a result, online payment gateway operators that allow virtual currency transfers, virtual currency exchanges, or virtual currency trading platforms are required to conduct identity checks on their customers, report suspicious transactions, archive customer information, and comply with other obligations provided by the Law by this law.

However, according to the Law on the Payment System, cryptocurrency, as a rule, do not fall under the definition of electronic money, since the following definition is given there: “electronic money is a monetary value that represents a claim on the person who issued it, is stored in an electronic form, is issued against the receipt of funds for the purpose of making payment transactions and is received by a person other than the person who issued it [31].

In most cases, cryptocurrencies do not meet the first requirement of the definition, as they are not a requirement of the currency of a certain country in relation to the central bank of that country, credit institutions, or other payment system providers. Thus, a license issued by the Central National Bank is not required to issue or carry out transactions with cryptocurrency. However, a CNS license is required if the digital token is linked to a fiat currency and represents the right of its holder to exchange the token for that fiat currency.

a) Money laundering legislation. [32]. As a member of the EU, the Czech Republic is subject to EU anti-money laundering rules. In July 2018, the EU adopted AMLD5 and required EU countries to regulate cryptocurrency exchanges and wallets operating in Europe. The Czech Republic has implemented a stricter legal model than AMLD5, requiring that every company engaged in cryptocurrency transactions must comply with Czech law. Thus, the Czech AML rules apply to anyone who provides crypto-currency services, including “*those who buy, sell, store, manage or intermediary in the purchase or sale of crypto-currencies or provide other services related to such currencies as a business*”.

Accordingly, the Czech Republic regulates more crypto-related businesses than the EU, which only regulates crypto exchanges and wallets. Any firm that fails to register its activities with the Czech government will be fined up to half a million CZK, or about US\$20,000. Thus, domestic regulations in the Czech Republic are more stringent than required by AMLD5.

b) Registration of crypto exchanges in the Czech Republic. In the Czech Republic, the types of licenses that an enterprise can obtain are divided into one of four categories depending on the use of cryptocurrency: classic, fiat, traditional or specialized.

Classic licenses allow companies to exchange cryptocurrency for another cryptocurrency. For example, a classic license allows a company to exchange bitcoin for an Ethereum token.

In contrast, fiat licenses allow organizations to exchange “real money” for cryptocurrency. Accordingly, fiat licenses allow companies to sell bitcoins in exchange for euros.

The third category, traditional licenses, give subjects “control over the procedure for manipulating currencies of all kinds”. In contrast, specialized licenses provide fewer powers, extending control only to the operation of cryptocurrency enterprises.

To register as a cryptocurrency exchange in the Czech Republic, an enterprise must go through several stages [33]:

First stage. Czech officials must be notified of the name of the cryptocurrency enterprise and this name must be verified.

Second phase. It is necessary to provide an identity document of the future owner of the enterprise, as well as a certificate of no criminal record. Presumably, people with a criminal record will not be issued a license.

Third stage. Fulfill the residency requirement by having a legal address in the Czech Republic for at least one year. According to the fourth requirement, the future owner must keep the business's books, hire employees, and purchase the necessary software and hardware to run the business.

Final stage. Upon registration, the owner must complete three steps to register a cryptocurrency exchange in the Czech Republic. These actions include:

- Provide a complete package of all relevant documents relating to the company.
- Pay state fees.
- Provide all collected papers to the relevant legal entities in the territory of the Czech Republic.

Thus, it can be said that the regulation of cryptocurrency is still in its infancy, and it is not yet clear whether the European Union will ultimately decide to consider this issue at the EU level or leave it to the discretion of the member states.

The Republic of Uzbekistan. In order to create the basis and regulate the activities of crypto assets and blockchain technology in the sphere, the Director of NAPM Order No. 3926 “On the organization of the activities of crypto exchanges”. According to these rules, the activities carried out by the crypto exchange are subject to licensing. To obtain a license, you must perform the following steps:

1. have a formed statutory fund in the amount of at least 761,000 US dollars as of the date of application, of which 305,000 US dollars are reserved in a separate account with a commercial bank of the Republic of Uzbekistan;

2. availability of a functioning electronic system of crypto-exchange trading, hosted on servers located in Uzbekistan, and meeting the requirements provided for by the Regulations on the procedure for licensing the activities of crypto-exchanges;

3. the existence of crypto-exchange trading rules, which must necessarily reflect:

- the procedure for admitting participants to crypto-exchange trading;
- measures aimed at ensuring compliance with the requirements of legislation on combating the legalization of proceeds from crime, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction;
- the procedure for admission to circulation and exclusion from circulation of crypto assets;

▪ the procedure for the implementation and registration of transactions with crypto assets;

▪ the procedure for mutual settlements of participants in crypto-exchange trading when concluding transactions.

▪ the amount of the fee for using the services of the crypto exchange and the procedure for determining it;

▪ measures to prevent the manipulation of prices on the crypto exchange and the misuse of confidential information;

▪ a ban on the use of crypto assets for illegal purposes;

4. implementation of quotations for crypto assets based on the ratio of supply and demand for them;

5. storage for 5 years of information about transactions with crypto assets of clients, as well as their identification data and materials on customer relationships, including business correspondence.

Currently, only one crypto exchange operates in Uzbekistan, which received a license at the end of December 2019 – UzNEX. This is a project of the Korean company Koba Group.

At the moment, in the Republic of Uzbekistan, the circulation of crypto assets proceeds only in one direction, i.e. on the principle of recognizing them as assets or securities on the example of Germany. However, looking at the experience of the Czech Republic, we can say that the following changes should be made to the legislation of the Republic of Uzbekistan:

1. Unify legislation in the field of circulation of cryptocurrency in the territory of the Republic of Uzbekistan.

2. Adopt a separate law of the Republic of Uzbekistan “On Cryptocurrency”, where the concept of this term should be clearly defined and recognized as a virtual currency, which would allow it to be used as a unit of payments on the example of the Czech Republic and determined the procedure for exchanging them for real (fiat money).

3. Taking into account the development of the cryptocurrency market, allow real estate transactions, where the contract amount will also be recognized as cryptocurrency.

Summing up the results of the comparative analysis and considering the provisions of laws on crypto-assets in a number of countries, we can conclude that the creation of a prosperous and transparent environment in the Republic of Uzbekistan for the development of crypto-assets will undoubtedly contribute to the development of the digital economy and will allow controlling the circulation of crypto-assets.

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