



NORWEGIAN JOURNAL OF DEVELOPMENT OF THE INTERNATIONAL SCIENCE

№53/2021

Norwegian Journal of development of the International Science

ISSN 3453-9875

VOL.2

It was established in November 2016 with support from the Norwegian Academy of Science.

DESCRIPTION

The Scientific journal “Norwegian Journal of development of the International Science” is issued 24 times a year and is a scientific publication on topical problems of science.

Editor in chief – Karin Kristiansen (University of Oslo, Norway)

The assistant of the editor in chief – Olof Hansen

- James Smith (University of Birmingham, UK)
- Kristian Nilsen (University Centre in Svalbard, Norway)
- Arne Jensen (Norwegian University of Science and Technology, Norway)
- Sander Svein (University of Tromsø, Norway)
- Lena Meyer (University of Gothenburg, Sweden)
- Hans Rasmussen (University of Southern Denmark, Denmark)
- Chantal Girard (ESC Rennes School of Business, France)
- Ann Claes (University of Groningen, Netherlands)
- Ingrid Karlsen (University of Oslo, Norway)
- Terje Gruterson (Norwegian Institute of Public Health, Norway)
- Sander Langfjord (University Hospital, Norway)
- Fredrik Mardosas (Oslo and Akershus University College, Norway)
- Emil Berger (Ministry of Agriculture and Food, Norway)
- Sofie Olsen (BioFokus, Norway)
- Rolf Ulrich Becker (University of Duisburg-Essen, Germany)
- Lutz Jäncke (University of Zürich, Switzerland)
- Elizabeth Davies (University of Glasgow, UK)
- Chan Jiang (Peking University, China) and other independent experts

1000 copies

Norwegian Journal of development of the International Science

Iduns gate 4A, 0178, Oslo, Norway

email: publish@njd-iscience.com

site: <http://www.njd-iscience.com>

CONTENT

ECONOMIC SCIENCES

Fostolovych V. MODERN MODEL OF TIES BETWEEN THE PARTICIPANTS OF ECONOMIC RELATIONS IN TERMS OF POST-INDUSTRIAL DEVELOPMENT OF SOCIETY..... 3	Bushynskiy Ye. EMPIRICAL AND THEORETICAL ASPECTS OF CONDITIONAL CONVERGENCE IN THE REGIONAL DIMENSION25
Ganzha R. DERIVATION OF THE STANDARDIZED DISTANCE BETWEEN MULTIDIMENSIONAL EXPERIMENTAL AND CONTROL SAMPLES14	Pravdiuk M. INTERNATIONAL EXPERIENCE OF CRYPTOCURRENCY REGULATION31
Bondarenko-Berehovych V. INNOVATIVE COMPONENT IN THE SYSTEM OF MANAGEMENT OF ECONOMIC SECURITY OF ENTERPRISES OF THE BAKERY INDUSTRY OF UKRAINE17	

MEDICAL SCIENCES

Golovko A., Ishchenko O. DYNAMICS OF TUBERCULOSIS INCIDENCE DURING THE PERIOD 2015-201938	Magomedova L., Ishchenko O. A LOOK AT MALIGNANT NEOPLASMS OF THE BREAST47
Kalenjyan A., Ishchenko O. THE PHENOMENON OF THE DEMOGRAPHIC CRISIS IN RUSSIA40	Netiazhenko V., Tkachyshyn O., Tkachyshyna N. FACTORS OF THE MAJOR CERVICAL ARTERIES ATHEROSCLEROSIS PROGRESSION IN PATIENTS AFTER HEMORRHAGIC STROKE INCIDENCE AS A RESULT OF ESSENTIAL HYPERTENSION COMPLICATION50
Kozinets R., Ishchenko O. DYNAMICS OF HIV INCIDENCE IN KRASNODAR 2015- 201942	Shapieva A., Ishchenko O. ANALYSIS OF THE ACTIVITIES OF HOSPITALS IN THE KRASNODAR TERRITORY FROM 2015-201961
Kuldashev K., Khakimov M., Isakov K., Mukhtarov J. MAIN CLINICAL-DIAGNOSTIC AND THERAPEUTIC ASPECTS OF COMBINED CEREBRAL AND SPINE-SPINAL INJURIES44	Shidakova A., Ishchenko O. DYNAMICS OF MALE INFERTILITY FOR THE PERIOD 2015-201963

COM(2010) 553 final [Електронний ресурс]. - Режим доступу: http://ec.europa.eu/regional_policy/sources/docoffic/official/commu-nic/smart_growth/comm2010_553_en.pdf

8. Козирєва О.В., Євтушенко А.В. Моделі конвергенції в дослідженні нерівності соціально-економічного розвитку регіону // Глобальні та національні проблеми економіки - 2017. - №18. - С.75-84.

9. Державна служба статистики [Електронний ресурс]. - Режим доступу: <http://www.ukrstat.gov.ua/>

10. Томашевська А.В., Смиковчук Т.В. Рівень ВВП України: аналіз та динаміка розвитку. // Міжнародні економічні відносини та світове господарство. - 2018. - №20. - С.90-95.

INTERNATIONAL EXPERIENCE OF CRYPTOCURRENCY REGULATION

Pravdiuk M.

PhD in Economics,

Associate professor of Accounting and Taxation Department in Economics

Vinnitsia National Agrarian University

DOI: [10.24412/3453-9875-2021-53-2-31-37](https://doi.org/10.24412/3453-9875-2021-53-2-31-37)

Abstract

The article considers international experience of legal regulation of cryptocurrencies, provides legal analysis of the regulatory framework for the circulation of cryptocurrencies in the countries with developed economies, including the United Kingdom, Norway, the USA, and Japan. Legislative peculiarities of regulating the circulation of cryptocurrencies in the countries that have favorable conditions for the development of crypto business, in particular, Australia, Estonia and Switzerland, are determined. The example of these countries shows how the peculiarities of cryptocurrency regulation affect financial stability and security. The need to further improvement of the legal framework for the creation of an optimal platform for the cryptocurrency circulation, promotion of the development of crypto business as a new forward-looking area of economic development and at the same time protection of public financial systems, prevention of criminal money laundering is proved.

Keywords: legal regulation, cryptocurrency, token, crypto-asset, bitcoin, blockchain, crypto business.

Digital technologies affect the functioning of almost all spheres of society. New forms of communication, new approaches to organization and management of production of goods and services, new markets have appeared. Digital values have appeared along with the material ones. These goods and services have begun to be “produced”, bought and sold in the global digital market, which has had no geographical boundaries since its emergence. The peculiarity of this market is that digital goods and services are consumed and used in the digital space. It results in the acceleration of communication and “delivery” of digital products from sellers to buyers and the use of virtual currencies (cryptocurrencies) during sales.

As a result of the global financial and economic crisis of 2007-2009, there has started to form the demand of the world economy participants for the formation of alternative instruments for saving, which are not affected by traditional financial markets, the search for new equivalents of money [24]. Cryptocurrency has become one of the key tools on the way to these evolutionary changes. Attempts to legal regulation of cryptocurrencies have clearly revealed the problems faced by the international community not only in creating a legal platform for cryptocurrency business, but also in trying to define and understand such a phenomenon as decentralized systems in general. A very important step that has already been taken in Ukraine is the Draft Law of Ukraine “On Virtual Assets” adopted in the first reading, which aims to regulate legal relations arising due to the circulation of virtual assets in Ukraine [27]. Considering the urgency of determining the legal status of

virtual assets, in particular, cryptocurrencies, it is necessary to examine international experience that can be used in the field of regulation of virtual assets.

It should be noted that the emergence of the first cryptocurrencies in the world was perceived negatively by various countries, because the governments practically lost their main benefit, namely the issue of money. Therefore, some countries introduced a ban on cryptocurrency at the legislative level. Today, markets of virtual assets are being formed, and transactions as well as financial investments are being made using them. At the beginning of 2020, there have been more than 5,100 types of virtual assets in the world with a total market capitalization of over \$ 250 billion. Market capitalization of the most well-known cryptocurrency bitcoin, which dominates the cryptocurrency market, exceeds 63% and amounts to \$159 billion as of early 2020 [4, p. 13].

Today, the situation regarding the legal regulation of cryptocurrency has changed radically, since some international regulators tend to consider cryptocurrency as a new promising direction in the economy, rather than as an uncertain currency surrogate in the shadow economy. However, it should be taken into consideration that most financial regulators in other countries are cautious about legislative initiatives and, in parallel with their own research, thoroughly monitor further development of new technologies and phenomena to develop the most effective approach to the regulations of operations with virtual assets.

It should be noted that the issues of determining the content and legal essence of virtual assets in the legal science are almost unstudied. The analysis of modern scientific publications and research of virtual assets

shows that complex research on the analysis of the essence of the virtual asset as an element of legal relations are insufficient not only in Ukraine, but in the world as well. Some issues of the introduction and development of cryptocurrency have been studied by scientists and experts, including S. Blemus, D. Guegan, T. Dmytrenko, L. Friedkin, I. Husieva, N. Howell, R. Houben, M. Kucheriavenko, A. Kud, V. Kostiuchenko, E. Smychok, A. Snyers, K. Powells, T. Petrova, R. Price, M. Sackheim and others. Considering the novelty of the phenomenon of cryptocurrency, the uncertainty of its legal status, the study of problems of the legal regulation of cryptocurrencies in the world is significant and relevant.

Today, the regulators of the world's leading countries, including the European Union, have no single approach to determining a legal status of virtual assets and regulating transactions with them, in particular, cryptocurrencies such as bitcoin, bitcoin cash, ethereum, litecoin, etc., the number of which is increasing. Their popularity is growing in the world against a background of the lack of a single concept. It varies from identification with the concepts of "goods", "means of payment", "unit of account" to the concepts of "intangible digital asset", "investment asset", "financial asset", "a particular type of securities", etc. They are also called "virtual asset", "virtual currency", and "digital currency". However, nowadays it is obvious that these terms cannot be considered as absolute synonyms of cryptocurrency.

It should also be noted that the international practice lacks a single approach to determining the content of these tools and mechanisms for their regulation. Today, legal regulation of virtual assets is mainly focused on the prevention of the use of virtual assets to legalize (launder) proceeds from crime, terrorist financing and proliferation of weapons of mass destruction, fraud with virtual assets; taxation of profits obtained due to this activity; regulation of the activities of virtual service providers.

In different countries, the approach to the legal status of cryptocurrencies differs significantly. Some countries have recognized the feasibility of their use and are working to form a legal framework that would consolidate the legal status of cryptocurrencies (as electronic money, as exchange, as a specific currency, etc.), while others prohibit their use. However, despite the ban on virtual assets in some countries, their circulation in the cyberspace continues to grow. A legal ban on the use of cryptocurrency does not affect the processes of its application. This means that the state is not engaged in the processes, which involve the use of such currency.

In 2016, the European Parliament did not consider the need to regulate cryptocurrency. The Committee on Economic and Monetary Affairs then issued a report proposing to limit itself to setting up a pan-European task force on digital money. Its purpose was to monitor and regulate innovations in the field of cryptocurrencies in the EU. In December 2018, members of the European Parliament issued a resolution "Blockchain: a forward-looking trade policy", which called for accelerating the integration of blockchain in trade between

EU countries. As stated in the resolution, blockchain technology would increase the efficiency of trade operations, ensure a high level of the transparency and security [2].

In 2018, the European Central Bank (ECB) defined the term "crypto-asset" as "any asset registered in a digital form that is not and does not represent a financial requirement or financial liability of any individual or legal entity and which does not embody the property right of the business entity" [6].

Nowadays, the European Parliament is actively operating to improve legal regulation of the crypto-assets market. There is a need for legal definition of crypto-assets, a need for legal regulation of all types of crypto-assets, not just those regulated by financial services laws, ensuring of the adequate protection of investors and financial stability of EU countries [17]. Among the EU countries, one of the most favorable countries for the circulation of cryptocurrencies in terms of its legal regulation is Switzerland. Transactions with cryptocurrencies are legal in Switzerland. Swiss law treats cryptocurrencies as assets, subject to property tax.

The rules for doing business for the local crypto industry are set by the state regulator – the Swiss *Financial Market* Supervisory Authority (FINMA). The Swiss cryptocurrency exchange ECUREX GmbH is currently the world's first cryptocurrency exchange platform for fiat money, which fully complies with the regulatory requirements of the Swiss Banking Act [20]. In addition, cryptocurrency transactions in this country are exempt from value added tax in response to a request from Swiss bitcoin companies to the Swiss Federal Tax Administration, transactions with cryptocurrencies were recognized in this country as a means of payment and not transactions for provision of goods or services. The Swiss legal framework regulates the issue and trade of crypto-assets, which is possible only if the Anti-Money Laundering (AML) rules are followed.

For the comfortable operation in the country, crypto exchange and cryptocurrencies must be licensed by the Swiss Financial Authority. Owners of digital assets must file annual returns. Profits from the sale of cryptocurrency are taxable.

In addition, FINMA has repeatedly stated that it will not differentiate different technologies that are used for the same types of crypto industry, so that it will apply the principle "the same business, the same rules" to any new technology. FINMA adheres to this principle now, applying Swiss legislation on the financial market to crypto-assets and applications that are based on blockchains, and this will also apply to the proposed new legislation concerning the rights [5].

On 16 February 2018, FINMA published guidance on the application of Swiss financial market laws in its ICO Regulatory Guidelines. In the Guidelines, ICO FINMA explains how to classify cryptocurrencies and other coins or tokens (along with cryptocurrencies, tokens) or other assets registered in distributed books under the Swiss law.

In accordance with the ICO Guidelines, the Swiss *Financial Market* Supervisory Authority distinguishes the following categories of tokens: payment tokens or

cryptocurrencies that are intended only as the means of payment and do not cause claims against the issuer; service tokens that grant the access to or use of a digital program or service, provided that such program or service is already running at the time the token is sold; and asset tokens representing an asset, such as a debt or equity claim against an issuer or a third party, or a right to an underlying asset [9].

The Swiss Federal Council is actively working on the improvement of the regulatory framework for crypto-assets. Thus, in November 2019, a bill was submitted for discussion, which provided for amendments to Swiss laws (DLT bill) on the introduction of a digital alternative to certified securities through blockchain technology, introduction of licenses for cryptocurrency trading on special trading platforms (crypto exchanges), etc. The National Council (House of the Swiss Parliament) voted in favor of the DLT bill on June 17, 2020, without any significant amendments. In September 2020, the so-called "Blockchain Law" was adopted, the provisions of which will come into force in 2021 [22].

According to experts, this law will improve the current legal framework for trading digital assets and clarify certain uncertainties, in particular in civil law and bankruptcy law. This will increase legal certainty, increase the attractiveness of the entire Swiss financial center for DLT/Blockchain and ensure protection of investors.

Estonia remains one of the most attractive countries for the crypto industry, although recent legislative changes provide some restrictions on the cryptocurrency market.

Unlike most European countries, Estonia was one of the first in the EU to make a number of amendments to the legislation concerning the special but rather loyal regulation of the industry. In addition, Estonia became the first country to implement the EU Anti-Money Laundering Directive in the national law. This provided a legally regulated basis for business related to virtual currencies.

In November 2011, the Law on Money Laundering and Terrorist Financing came into force in Estonia. This law defined a virtual currency (cryptocurrency) as a "value presented in digital form that can be transferred digitally, stored or sold, and which individuals or legal entities accept as a payment instrument, but it is not a legal tender" [16].

There is no special regime for cryptocurrency taxation in Estonia. However, as in most countries of the world, and in particular in the EU, VAT is not applied to any cryptocurrency exchange transactions. In Estonia, corporate tax is paid only in the case of income distribution and withholding tax, and the first financial report is submitted within six months after the end of the first full financial year. The possibility for foreigners to obtain e-resident cards, set up a company and submit any application or report online makes Estonia attractive to any business, not only in the field of cryptocurrencies [18].

However, when the Estonian branch of Danske Bank (one of Denmark's largest banks) was closed because of suspicion of laundering € 200 billion, Estonia

introduced legislative changes that came into force in July 2020. According to these changes, any cryptocurrency activity is subject to money laundering legislation. Only a legal entity registered in the country and its employees that are physically located in the country can obtain a license. In addition, the authorized capital of this legal entity must be at least € 12 thousand. The procedure for licensing crypto business has changed (a stricter approach to submitting documents, extending the deadline for making a decision on the application (maximum period of 120 days, previously it amounted to 60 days), increasing the amount of the state license fee by 10 times, etc.) [18].

In some cases, such companies will have to undergo an Enhanced Due Diligence (EDD). To comply with the new law, crypto services need to know their users and their reasons for making the transactions. EDD will include, first and foremost, analysis of the transactions made by large customer, their behavioral patterns, and how regularly they update their data and provide all necessary documents.

Despite the change in the Estonian government's loyalty to crypto business, Estonia remains one of a few countries where digital assets are clearly regulated. According to some experts, the number of applications for licensing of crypto business in Estonia is constantly growing.

The United Kingdom is one of the countries having a neutral legal environment regarding cryptocurrencies. Cryptocurrencies are not a legal tender in the country. At the same time, cryptocurrency exchanges and crypto exchangers must be state-registered by the Financial Conduct Authority (FCA).

In the UK, the term "crypto-asset" is defined in the Money Laundering, Terrorist Financing and Money Transfer (MLR) Regulations 2017 (MLR) as "cryptographically secured digital representation of value or contractual rights using a distributed ledger technology (DLT) and can be transmitted, stored or traded electronically" [14].

In 2014, British regulators required cryptocurrency exchange and e-wallet operators to comply with customer identification requirements (KYC). Customer identification allows you to isolate pure cryptocurrency from "contaminated". Such requirements aim to control money laundering, terrorist financing, arms or drug trafficking. The practice of tracking the origin of crypto-assets aims to push unscrupulous players into underground markets where their virtual assets are openly violated.

In the United Kingdom, it is required to include the values in national currency equivalent to cryptocurrency values in tax documents. Income from cryptocurrencies is subject to capital gains tax.

The British regulator seeks to protect investors without changes in the current legislation. At the same time, thanks to the synergy of blockchain technology with artificial intelligence and the Internet of Things, the UK is creating additional space for innovations within the country [14].

The Financial Conduct Authority (FCA) of the United Kingdom has published an advisory document (guidelines) that divides crypto-assets into three types

and explains which of them are subject to regulation and which are not. After all, the cryptocurrency market is developing very fast, and market participants must clearly understand whether their activities fall under the scope of FCA regulation, and whether they need to obtain permits to operate. Carrying out regulated activities without appropriate permits may be considered as a criminal offense.

Guidelines apply to individuals who issue or create crypto-assets; who sell goods or services related to crypto-assets; individuals who buy or sell crypto-assets; individuals who own or store crypto-assets; financial advisers; investment managers; investment exchanges; any other stakeholders [10].

Thus, although crypto-assets can be used as a medium of exchange, similar to traditional paper currencies, today they are not recognized as legal tender in the UK and are not considered as currency or money.

Another country with a neutral status is Germany. In 2013, the Federal Financial Supervisory Authority (BaFin) defined cryptocurrencies as “private funds” that can be used as payment and replace traditional currency in civil law transactions. Thus, the Ministry of Finance has decided to recognize bitcoin cryptocurrency as the official means of payment. At the same time, for commercial purposes, activities with the specified cryptocurrency require a special permit (license), and such organizations get under the control of the Federal Office of Financial Control.

Although Germany does not have a specific regulatory framework for virtual currencies and other virtual assets, a general financial regulation regime is applied covering various types of DLT tokens within capital markets, banking, financial services, anti-money laundering (AML) and other laws. In some respects, the application of these legal regimes to virtual currencies will be clarified in the near future (for example, qualification of certain tokens and anti-money laundering obligations) or will be clarified by the legislature (e.g. the use of digital securities registers). BaFin itself, along with the European Union, emphasizes a comprehensive approach to addressing risks to the financial stability and consumers through virtual currencies without constraining innovations [11].

Virtual currencies are not generally considered to be legal currencies in Norway because they go beyond a common definition of money or currency. In Norway, there is no specific legislation on virtual currency regarding securities and investment laws, banking and money transfer, and the regulation of exchanges, miners, issuers or sponsors. Therefore, companies or individuals that operate using virtual currency should not be licensed under current financial services legislation [13].

On October 15, 2018, Norway passed a new Anti-Money Laundering Act and a corresponding provision that expanded the scope of the legislation applied to service providers exchanging virtual and fiat currencies, as well as the custodian wallet providers (CWP). Based on the decision of the lower court, banks may have reasonable grounds for refusing to provide payment services (by opening bank accounts, etc.) due to the high

risk of using virtual currencies for money laundering [8].

On October 11, 2019, the Ministry of Finance introduced “suitability and affiliation” requirements for service providers that exchange between virtual currencies and the currency of fiat currencies and the CWP.

For tax purposes, virtual currencies are treated as assets, and therefore they are subject to capital gains tax and net wealth tax.

In 2019, the Norwegian parliament decided that the electricity used for mining of virtual currency should have a normal tax rate instead of a reduced tax rate. However, on 12 May 2020, the Norwegian government proposed to repeal resolution adopted in 2019 in the revised fiscal budget for 2020 [19].

The cryptocurrency market in Australia is regulated by a number of laws. Australian regulators are interested in the crypto industry and are actively trying to understand how new developments in this area will affect current business models and regulatory frameworks. Nowadays, Australian regulators are mainly seeking to address cryptocurrency regulation through current regulations, which have been gradually adapted and supplemented by them.

The Australian Securities and Investments Commission (ASIC) is Australia’s corporate regulator, which has broad powers under the Corporation Act to provide financial products and a range of fundraising measures that may affect TGE.

The Australian Government agency (AUSTRAC) is Australia’s main regulator of money laundering and terrorist financing, and the main normative act regulating crypto-asset markets is the Anti-Money Laundering and Counter-Terrorism Financing Act of 2006 (AML/CTF Act), which provides for compulsory registration and reporting on transactions with virtual currencies, digital currencies.

The Australian regulatory environment is also supported by the industry self-regulation, including the Australian Digital Commerce Association (ADCA), an industry body representing businesses that uses blockchain technology supporting the voluntary Code of Conduct for Digital Currency (DCI Code).

As for cryptocurrency taxation, the Australian Taxation Authority (ATO) is the main Australian revenue authority responsible for managing the federal tax system in Australia. The ATO has provided guidance on how the treatment of virtual currency and ICO events, including acquisitions and disposals, is treated in terms of taxation [1].

Japan is currently having one of the largest crypto-assets markets in the world, and it was one of the first countries to develop a regulatory framework for crypto-assets. In Japan, the blockchain and cryptocurrency technology is part of the state’s strategy for developing digital finance and building a “cashless society”. In April 2017, Japan recognized cryptocurrencies as a legal tender and passed a law on the payment services. This meant that the Japanese law allowed the purchase, sale of virtual currency and its exchange for some other crypto-assets.

Crypto exchanges and crypto exchangers interact with fiat money, which is controlled by government

agencies. Therefore, virtual asset service providers are subject to mandatory state registration with the Japan Financial Services Agency (FSA). Registered cryptocurrency companies pay consumption tax on the sale of cryptocurrencies. The National Tax Agency of Japan has adopted an act according to which income from cryptocurrencies should be classified as “miscellaneous income”.

The Japanese regulator has developed strict requirements for cybersecurity and compliance with financial monitoring requirements (AML/CFT), the main task of which is to prevent and control money laundering, terrorist financing and financing weapons of mass destruction.

The regulatory framework for crypto-assets in Japan has contributed to the growth of the Japanese crypto-assets market. However, this development was wrecked in January 2018, when one of the largest cryptocurrency exchanges in Japan announced a loss of approximately \$ 530 million from a cyberattack on its network, which raised concerns about the adequacy of the current regulatory framework [21].

Finally, this has led to a revision of the legislation regulating crypto-assets, including the Payment Services Act (PSA) and the Financial Instruments and Exchange Act (FIEA). These changes came into force on May 1, 2020, and their main purpose was to strengthen the regulatory framework for crypto-assets.

The main provisions of the FIEA are as follows: to establish the transferred rights and legal regulations that are registered in the electronic form; to introduce regulations on the transactions with derivative crypto-assets; to adopt regulations on the unfair practices in transactions with crypto-assets or derivatives of crypto-assets [21].

The United States is the leader in the number of bitcoins and the amount of cryptocurrency cash. The United States has a fairly progressive approach to the introduction of the latest financial instruments; however regulators have different attitudes to cryptocurrency.

In 2013, the Financial Crimes Enforcement Network (FinCEN) announced that cryptocurrency should be equated to ordinary money and similarly regulated. All cryptocurrencies and exchangers are required to register as financial service providers. The US Securities and Exchange Commission (SEC), which regulates digital assets that have characteristics of securities, classifies cryptocurrency as an asset. This is much closer in legal status to stocks and other securities than to traditional money. Therefore, at the legislative level, regulation is carried out similarly to stock assets. The Commodity Futures Trading Commission (CFTC) deals with cryptocurrency as a commodity. The organization is loyal to virtual money.

In the United States, in addition to the federal jurisdiction, there are more than 50 jurisdictions, and each state issues its own law. However, local legal acts rarely conflict with federal ones.

In 2014, the U.S. Internal Revenue Service (IRS) issued Notice 2014-21 listing the fees and charges applicable to the use of cryptocurrency for all states. Until

the end of 2017, all transactions involving virtual currency were conducted on the basis of this document [23].

In 2018, the updated tax legislation came into force. It states that all cryptocurrency transactions for the sale, purchase, and accrual of salaries are subject to the system of state fees in accordance with the rules of tax calculation. In July 2020, the CFTC announced that the United States planned to fully regulate the cryptocurrency market, which is expected to start working by 2024. Thus, US Congress Representative Paul A. Gosar introduced the bill aimed at clarifying the regulation of cryptocurrency. The bill called the Crypto-Currency Act of 2020 defines the US financial regulators that should regulate the cryptocurrency industry.

The bill divides crypto-assets into three types, in particular, “crypto-commodity”, “crypto-security” and “crypto-currency”. The bill proposes a “federal regulator” for each category: the Commodity Futures Trading Commission (CFTC) will regulate the first one, the US Securities and Exchange Commission (SEC) the second one, and the Financial Crimes Network (FinCEN) the third one.

The bill also defines three types of crypto-assets, including “crypto-commodities” meaning “economic goods or services”; cryptocurrency that is defined as a representation of the US dollar (stablecoins) or a “synthetic derivative resting on a blockchain”; “crypto-security” is treated as “all debt, equity and derivative instruments that rest on a blockchain”.

In 2020, Congressman Warren Davidson introduced his bill to determine a legal status of cryptocurrency in the United States. Recently, the US financial regulators have issued a joint statement stating that cryptocurrencies should operate similarly to banking operations and comply with the US laws on financial services [23].

Thus, in most developed economies, cryptocurrencies are recognized as digital assets and financial instruments, and sometimes as a commodity. In these countries, cryptocurrencies are regulated by relevant laws. A legal regime of cryptocurrency circulation differs significantly in different countries. In some countries, cryptocurrency (such as bitcoin) is recognized as a monetary unit of account (e.g. Germany), while in others (e.g. Japan) bitcoin is a legal tender with a purchase tax. In some countries, cryptocurrency transactions are prohibited for banks, however they allowed for individuals. For example, in Switzerland, cryptocurrencies are subject to the same rules as foreign currencies, and this country is one of the most favorable for the crypto industry.

Every financial regulator is guided by its own approaches to the legal regulation of cryptocurrency circulation, i.e. from formal authorization (including recommendations for the crypto industry on possible risks, research in this area, etc.) or application of general principles of payment regulation to a total ban on such activities.

Nevertheless, as it can be observed, favorable conditions for the crypto industry are created in the countries with highly developed economies and good governance. There is also a clear tendency towards better

regulation of cryptocurrency circulation in these countries with the consideration of warnings of financial regulators concerning the prevention of money laundering and terrorist financing.

REFERENCES:

1. Margossian A., Mitra R., Halferty I. The Virtual Currency Regulation Review. Edition 3. Australia. URL: <https://thelawreviews.co.uk/edition/the-virtual-currency-regulation-review-edition-3/1230148/australia>
2. Blockchain: a forward-looking trade policy. European Parliament resolution of 13 December 2018 on Blockchain: a forward-looking trade policy (2018/2085(INI)). URL: https://www.europarl.europa.eu/doceo/document/TA-8-2018-0528_EN.pdf?redirect
3. Houben R., Snyers A. Crypto-assets. Key developments, regulatory concerns and responses. *Policy Department for Economic, Scientific and Quality of Life Policies Directorate-General for Internal Policies*. PE 648.779 – April 2020. 77 p. URL: [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/648779/IPOL_STU\(2020\)648779_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/648779/IPOL_STU(2020)648779_EN.pdf).
4. Crypto-assets. Key developments, regulatory concerns and responses. Policy Department for Economic, Scientific and Quality of Life Policies Directorate-General for Internal Policies Authors: Prof. Dr. Robby Houben & Alexander Snyers PE 648.779 April 2020. 77 p. [[https://www.europarl.europa.eu/RegData/etudes/STUD/2020/648779/IPOL_STU\(2020\)648779_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/648779/IPOL_STU(2020)648779_EN.pdf)]. c.13
5. DLT. FINMA. Guidelines for enquiries regarding the regulatory framework for initial coin offerings (ICOs) URL: <https://www.finma.ch/en/~media/finma/dokumente/dokumentencenter/myfinma/1bewilligung/fintech/wegleitung-ico.pdf?la=en>
6. ECB. Crypto-Assets task force. Crypto-Assets: Implications for financial stability, monetary policy, and payments and market infrastructures, *ECB Occasional Paper* No. 223, May 2019, 7 URL: <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op223~3ce14e986c.en.pdf>
7. ECB. Crypto-Assets task force. Crypto-Assets: Implications for financial stability, monetary policy, and payments and market infrastructures/, *ECB Occasional Paper* No. 223, May 2019, 7 URL: <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op223~3ce14e986c.en.pdf>
8. Financial Supervisory Authority of Norway (2018). ICOs – warning investors and firms URL: <https://www.finanstilsynet.no/markedsadvarsler/2017/initial-coin-offerings-icoer---advarsel-til-investorer-og-foretak/>
9. FINMA publishes ICO guidelines. URL: <https://www.finma.ch/en/news/2018/02/20180216-mm-ico-wegleitung>
10. Guidance on Cryptoassets: Consultation Paper CP19/3. January 2019 URL: <https://www.fca.org.uk/publications/policy-statements/ps19-22-guidance-cryptoassets>
11. Initial Coin Offerings: Advisory letter on the classification of tokens as financial instruments. URL: https://www.bafin.de/SharedDocs/Downloads/EN/Merkblatt/WA/dl_hinweisschreiben_einordnung_ICOs_en.html?nn=8813520
12. IOSCO. Final Report on the Issues, Risks and Regulatory Considerations Relating to Crypto-Asset Trading Platforms. February 2020. URL: <https://www.iosco.org/library/publications/pdf/IOSCOPD649.pdf>, 1
13. Wiese-Hansen K. H., Fiskerstrand V. A. The Virtual Currency Regulation Review. Edition 3. Norway. URL: <https://thelawreviews.co.uk/edition/the-virtual-currency-regulation-review-edition-3/1230251/norway>
14. Douglas L. The Virtual Currency Regulation Review. United Kingdom. September 2020. URL: <https://thelawreviews.co.uk/edition/the-virtual-currency-regulation-review-edition-3/1230210/united-kingdom>
15. Sackheim M., Howell N. The Virtual Currency Regulation Review. September 2020. URL: <https://thelawreviews.co.uk/edition/the-virtual-currency-regulation-review-edition-3/1230146/editors-preface>
16. Money Laundering and Terrorist Financing Prevention Act 1. Passed 26.10.2017. URL: <https://www.riigiteataja.ee/en/eli/517112017003/consolide>
17. Proposal for a regulation of the European Parliament and of the Council on Markets in Crypto-assets (MiCA). 2020 URL: <https://www.politico.eu/wp-content/uploads/2020/09/CLEAN-COM-Draft-Regulation-Markets-in-Crypto-Assets.pdf>
18. Requirements and procedure for identification of persons and verification of person's identity data with information technology means. Passed 23.05.2018 No. 25. The regulation is established on the basis of subsections 14 (8) and 31 (6) of the Money Laundering and Terrorist Financing Prevention Act [<https://www.riigiteataja.ee/en/eli/509012019003/consolide>]
19. Revised National Budget 2020. URL: <https://www.stortinget.no/no/Saker-og-publikasjoner/Saker/Sak/?p=79767>
20. Swiss Federal Act on Banks and Savings Banks. (Banking Act; BA). SR 952.0 of 8 November 1934 (status as at 1 January 2020). URL: <https://assets.kpmg/content/dam/kpmg/ch/pdf/ch-banking-act-en.pdf>
21. The virtual currency regulation review Japan Ken Kawai, Takeshi Nagase and Huan Lee Tan URL: <https://thelawreviews.co.uk/edition/the-virtual-currency-regulation-review-edition-3/1230193/japan>
22. Verordnung zur Anpassung des Bundesrechts an Entwicklungen der Technik verteilter elektronischer Register URL <https://www.news.admin.ch/newsd/message/attachments/63325.pdf>
23. Zakon pro kryptovaliutu 2020 roku [Law on Cryptocurrency 2020]. URL: https://coin-spot.io/law/us_and_canada/zakon-o-kriptovalyute-2020-goda-v-kongress-ssha-vnesli-novyj-zakonoproekt-o-regulirovanii-kriptoindustrii/

24. Kriptovaliuta v blokchein kak atrybuty novoi ekonomiki. Doklad Departamenta makroekonomicheskoi politiki Evraziiskoi ekonomicheskoi komissii [Cryptocurrency and blockchain as the attributes of the new economy. Report of the Macroeconomic Policy Department of the Eurasian Economic Commission 2018]. URL: http://www.eurasiancommission.org/en/act/integr_i_makroec/dep_makroec_pol/SiteAssets/%D0%94%D0%BE%D0%BA%D0%BB%D0%B0%D0%B4.pdf

25. Kud O.O., Kucheriavenko M.P., Smychok E.M. Tsyfrovii aktyvy ta yikh pravove rehuliuвання u sviti rozvytku tekhnolohii blokchein : monohrafiia

[Digital assets and their legal regulation in the world of blockchain technology development: monograph]. Kharkiv: Pravo, 2019. 216 p., P. 175, 194.

26. Nahorniak I.O. Pravove rehuliuвання kryptovaliuty u krainakh ES [Legal regulation of cryptocurrency in EU countries]. URL: <http://dspace.onua.edu.ua/bitstream/handle/11300/9765/%20%20%20%20%20%20>

27. Proiekt Zakonu pro virtualni aktyvy №923-IXKh vid 29.09.2020 [Draft Law on Virtual Assets No 923-IX of September 29, 2020]. URL: http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=69110