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**LEGAL REGULATION AND WAYS OF CRYPTOCURRENCY DEVELOPMENT
ABROAD AND IN THE REPUBLIC OF KAZAKHSTAN**

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Historical information about cryptocurrency can be found in any Internet resource or miner community, much more valuable and interesting is the topic of the development of regulation and the situation with the development of cryptocurrency in individual countries, as well as in our state.

The first step is to start with the theme of **Switzerland**, as the most favorable country for cryptocurrency business.

Cryptocurrencies in Switzerland are considered on a par with foreign currencies; transactions using cryptocurrencies are not subject to VAT. As a general rule, operations with cryptocurrencies do not require special

permissions (licenses), however, some activities related to cryptocurrencies, including the purchase and sale of cryptocurrencies on a commercial basis and existing trading floors, may be subject to licensing subject to limited conditions[1].

Also, cryptocurrency transactions are subject to the general requirements of Swiss anti-money laundering legislation. In July 2017, the Swiss Federal Council announced the creation of a “normative sandbox” aimed at creating an enabling environment for startups in the field of financial technology.

It is also envisaged that companies with a turnover of less than 1 million Swiss francs (about \$ 1 million) will be exempted from the need to license activities. From August 2017, subject to certain conditions, Switzerland is allowed to accept public deposits.

Particularly favorable conditions for crypto startups are created in the canton of Zug, "Cryptodolin", where one of the best ecosystems in the field of distributed ledger technologies has been created. In early 2017, the unofficial name of “Cryptodolina” was secured by the creation of the Crypto Valley Association, a non-profit organization that brings together entrepreneurs, investors, educational institutions and authorities to promote advanced research and development. The founders of the Crypto Valley Association are major international players (Thomson Reuters, PwC, Luxoft, Bitcoin Suisse, Bussmann Advisory), scientific and educational organizations (University of Applied Sciences Lucerne Hochschule Luzern), as well as the government of the canton of Zug and the municipality of Zug. The Association has six working groups. They are involved in developing policies and legal frameworks (the Policy / Regulation working group), developing the ecosystem of startups (Startup On-Boarding), act as intermediaries between startups and investors (Investments), create conditions for the development and promotion of new technologies (Technology), and conduct industry events (Events) and promote the ideas of Cryptodolina beyond its limits (Communications). An example of a creative approach by the authorities is the fact that Zug became the first city in the world where Bitcoin can be paid, for example, a fine for incorrect parking. In addition, some banks here freely exchange cryptocurrencies for ordinary money. According to the Crypto Valley Association, Swiss companies have conducted ICOs worth more than \$ 600 million since the beginning of 2017. Many startups come here to make the initial placement of crypto assets and attract investments. Entire law firms support such projects, and consulting companies conduct turnkey ICOs.

At this stage, the general rule in the field of ICO is as follows: if the tokens placed by the company are recognized as a financial instrument, then they fall under the regulation of traditional financial legislation. If tokens imply only the right of the holder to certain services or access to the product, then they are not regulated. If your project is recognized as being related to the financial sector (that is, if the token is recognized as a financial instrument), then the company needs to get preliminary approval and registration. It is given after examination for possible violations of the law - tax, on combating money laundering and the financing of terrorism and others. Players and regulators in Switzerland are currently working on amendments to corporate and financial legislation in order to consolidate the changes on the one hand and, on the other, to facilitate the unhindered development of technology.

Japan. According to the statement issued by the Liberal Democratic Party, cryptocurrency is not a currency or a bond, and banks in Japan cannot open deposit accounts in Bitcoin and act as intermediaries when buying or selling digital currency or exchanging it for fiat money[2]. In its statement, the Liberal Democratic Party referred to 11 existing normative legal acts[3]. It was indicated that the taxation of cryptocurrency and operations with it in Japan is carried out according to the standard rules enshrined in tax legislation. So, income received by an individual as a cryptocurrency is subject to income tax, and corporate income in digital currency is subject to income tax. Moreover, the sale of cryptocurrency is subject to the Japanese equivalent of value added tax.

In its first guideline, the Commission on Digital Assets, when opening exchanges and trading floors, recommended that they submit a special application to the Commission, as well as

take appropriate measures to counter the legalization (laundering) of proceeds from crime and security measures. The Commission recommended and abide by the Know Your Client policy [4].

In May 2016, the Japanese parliament passed a law under which:

- Operators of cryptocurrency exchanges are subject to registration with the Financial Services Agency;

- The regulator itself is empowered to carry out inspections of exchanges and, if necessary, can apply administrative measures. - Cryptocurrency is recognized as asset-like values.

- In this case, the digital currency is not considered legal tender, but is considered as a medium of exchange with which you can purchase goods, services or legal tender.

Individual cryptocurrencies (Bitcoin and Etheruim) were recognized as legal tender in April 2017. This step led to an increase in demand for cryptocurrency from investors and the beginning of the use of bitcoins as one of the payment methods in retail stores. Also, the procedures for countering money laundering and financing of terrorism and KYC (know your client) applicable to organizations operating with cryptocurrency were legislatively drawn up. The concept of cryptocurrency is demarcated with the concept of electronic money, cryptocurrency is not recognized as cash, but a negotiable value that can be used as a means of payment, as well as acquired as a commodity without using the local equivalent of VAT[5].

To this, that is, 2020, large banks in Japan plan to create the national currency J-coin in order to reduce the country's dependence on cash, which today accounts for 70% of the total volume of transactions. J-coin will be used to pay for goods and services throughout the country using smartphones (scanning QR codes). However, J-coin will be very different from other cryptocurrencies. Firstly, it will have an issuing bank (a separate company was created to manage it), and secondly, the cost of the new currency will be tied to the yen[6].

In Kazakhstan, the legal status and nature of cryptocurrencies have not yet been determined.

Speaking at the XI Astana economic forum, the First President of the Republic of Kazakhstan, Nursultan Nazarbayev, touched upon the topic of cryptocurrency regulation. In particular, he stated the need to implement common rules in countries on the use of cryptocurrencies and their further adaptation in financial systems [7].

Currently, cryptocurrencies are not prohibited in Kazakhstan, but they are not related to money or financial instruments, property, or even legal tender.

However, currently, due to the lack of legislation and regulations governing the use of cryptocurrencies in Kazakhstan, the legal status of the latter can be determined based on the Civil code of the Republic of Kazakhstan (civil code of the Republic of Kazakhstan):

According to article 115 of the civil code of the Republic of Kazakhstan, objects of civil law can be property and personal non-property goods and rights. Property goods and rights (property) include: things, money, including foreign currency, financial instruments, works, objective results of activity, creative intellectual activity, brand names, trademarks, trademarks and other means of individualization of the product, property rights and other property.

In accordance with article 116 of the civil code of the Republic of Kazakhstan, objects of civil law, if they are not withdrawn from circulation or are not restricted in circulation, can be freely alienated or transferred from one person to another in the order of universal succession (inheritance, reorganization of a legal entity).

Thus, due to Kazakhstan's direct interpretation of the current legislation, cryptocurrency can be considered an object of civil rights on the basis of: first, it is in article 115 of the civil code of the Republic of Kazakhstan

may be related to the wide concept of "other property" because the law imposes no restrictions and does not reveal this concept in General, and secondly, the cryptocurrency, not withdrawn from turnover and not legally restricted in use, therefore, in accordance with article 116 of the civil code of RK, it can be freely alienated or transferred from one person to another as the object of civil rights [8]. But all this is one of the ways of regulation that is offered only within the framework of a separate opinion.

As part of the latest changes to the acts of the international financial center (AIFC), Astana has opened the door to cryptocurrency and started the process of forming the necessary professional platform.

The AIFC has created a legal framework for cryptocurrency turnover, regulation and operation of special trading platforms (exchanges). Thus, taking into account the latest adjustments made to THE AIFC acts regulating financial services in July 2018, the cryptocurrency was divided as an independent form of circulation (Private E-currency). After the official definition given in the Glossary of the AIFC financial services regulatory Committee ("AFSA"), cryptocurrency was defined as a "separate cryptocurrency" that, as an accounting unit, must be sold and function in digital form, as a means of exchange or accumulation (based on contracts between its users) and a trading facility and converted into the national currency, but not issued by the government of any state and is a quantitative expression, in this sense, it differs from the national currency (Fiat Currency) and other virtual currency (E-Currency).

Within the framework of the AIFC, activities related to the turnover of its own cryptocurrency, as a separate type of market operations (Market Activities), were divided into a trading platform for a separate cryptocurrency (Operating a Private E-currency Trading Facility). After the definition of this type of activity provided in the relevant act of the AIFC (AIFC Financial Services Framework regulations), this service is the transaction of buying, selling or exchanging into a separate currency (of any state) and (or) converting one separate cryptocurrency into another separate currency with regular crypto exchanges in order to conclude contracts between different parties [9].

Such activities can only be carried out by AIFC members on the basis of the appropriate license issued by the AFP, the appropriate types of market operations, that is, after authorization. Each such AIFC member falls within the scope of AFSA regulation as an authorized market institution (authorized Market Institution), that is, an authorized trading platform for a separate cryptocurrency (authorized Private E-currency Trading Facility). Among all the applicable acts of the AIFC, it is important to highlight the following acts applicable to private crypto exchanges:

- AIFC rules applicable to the authorized market institution (AIFC authorized Market Institution Rules)

These rules establish, among other things, the main requirements for the activities of individual crypto-exchanges, as well as the procedure for applying (including suspension and withdrawal from circulation) of individual crypto-exchanges.

About the main requirements for the activity of individual crypto exchanges

speaking about the need to adopt rules and procedures on its site that are open to ensure fair and organized trade, objective criteria for granting access to its site, the availability of appropriate technological resources, public reporting on operations conducted on an annual basis, and other provisions.

2).

Individual crypto exchanges must also accept rules such as Business Rules, permission to trade Rules, and membership Rules. These internal rules are subject to AFS approval [10].

In addition, individual crypto exchanges must ensure effective verification of their members for compliance with the AIFC acts and the requirements established by the legislation on countering the legalization (laundering) of proceeds from crime and the financing of terrorism.

- Acts of the AIFC and the legislation of the Republic of Kazakhstan on countering the legalization (laundering) of proceeds from crime and the financing of terrorism (Anti-Money Laundering laws and regulations).

AIFC anti-Money Laundering, Counter-Terrorist Financing and Sanctions Rules,

answers: Kulik Maria Viktorovna in accordance with article 110 of the Labor code of the Republic of Kazakhstan (hereinafter-the code), upon termination of an employment contract, compensation is provided for unused days of paid annual labor leave (annual labor leave) to an employee who did not use or used partially paid annual labor leave (annual labor leave).

In order to counter money laundering and terrorist financing, individual crypto exchanges should establish and develop a system of measures and procedures (for example, in the form of a policy) aimed at verifying all the activity of their members from the moment of registration on their site, as well as checking the operations conducted by members. Such measures and procedures should be developed taking into account the mandatory requirements established by the above-mentioned acts [11].

According to these examples, the AIFC has made a progressive step by creating a legal framework and a professional platform for the turnover of crypto-exchanges and the activities of crypto-exchanges within the competence of the AIFC, despite the fact that positions regarding cryptocurrencies, both in Kazakhstan and in other States. In the near future, the AIFC may be able to see the first cryptocurrency transactions made on crypto exchanges registered in the AIFC.

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