

# Virtual Assets in Ukraine



Ministry  
of Digital Transformation  
of Ukraine

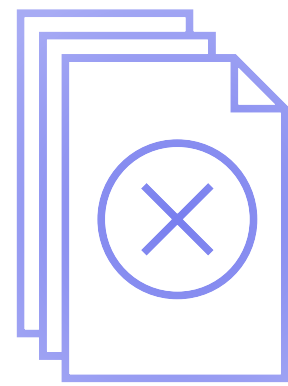
# Project goals and objectives

Virtual assets market launching

Creation of a favorable environment for investments and innovations in the field of virtual assets

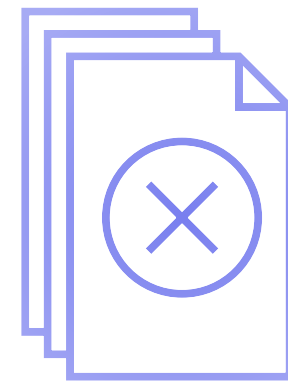
Implementation of FATF recommendations and financial monitoring legal requirements to the VA market regulation

# Roadmap 2020



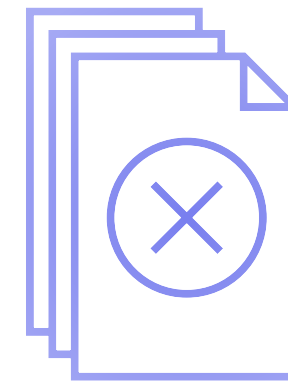
**The AML Law  
of Ukraine  
No. 361-IX**

came to force on  
April 28, 2020



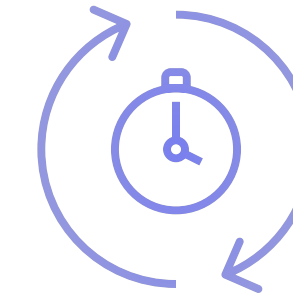
**Special Law**

- at the drafting stage
- registration in the  
Verkhovna Rada of Ukraine
- adoption in the  
Verkhovna Rada of Ukraine

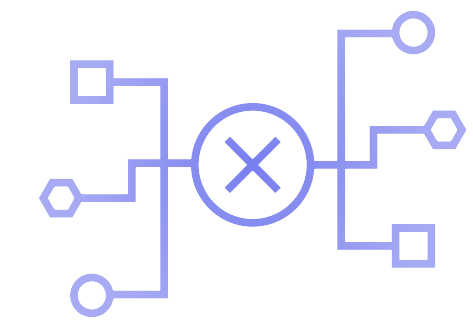


**Amending the  
Tax Code**

- amendments drafting
- adoption in the  
Verkhovna Rada of Ukraine



**Setting up the  
financial  
monitoring of VA  
in the country**



**Enabling banking  
services**

# CHALLENGES

- ✓ Banks do not service projects that work with crypto and other digital products.
- ✓ The difficulty of implementing innovations due to the lack of legal framework for the issuance of virtual assets.
- ✓ Attitude to the market as high risk.
- ✓ Most projects or teams operate in other jurisdictions where virtual asset are already regulated, or outside the legal field.
- ✓ Legal status of virtual assets is not established, and as a result users and business are not subject to legal protection.
- ✓ There is no accounting and reporting methodology for business.



# Basic approaches

## **TECHNOLOGICAL NEUTRALITY**

The law is not limited to blockchain technology, but provides a variety of technical solutions, not even invented so far.

## **VERSATILITY**

The term “virtual assets” includes not only the cryptocurrency market (eg bitcoin) but also other digital values (eg gaming assets), provided that they are traded or transferred.

## **FINANCIAL SECURITY**

Financial monitoring is based on FATF recommendations and covers well-defined business entities (virtual asset service providers). This has nothing to do with free access to technology, the right to dispose of VA, to interact with anyone.

## **FLEXIBLE REGULATION**

Virtual assets are clearly divided according to a specific criterion: the presence or absence of the issuer and collateral. Therefore, unsecured tokens (cryptocurrencies), including bitcoin, MakerDAO / DAI or NFT tokens, have no restrictions on issuance or circulation. In contrast, the rules for issuing and circulating certain secured tokens can be defined (for example, secured stablecoin).

## **COMPETITIVE ENVIRONMENT IN THE WORLD**

Favorable conditions for the creation of innovative projects and companies in Ukraine.

# FATF

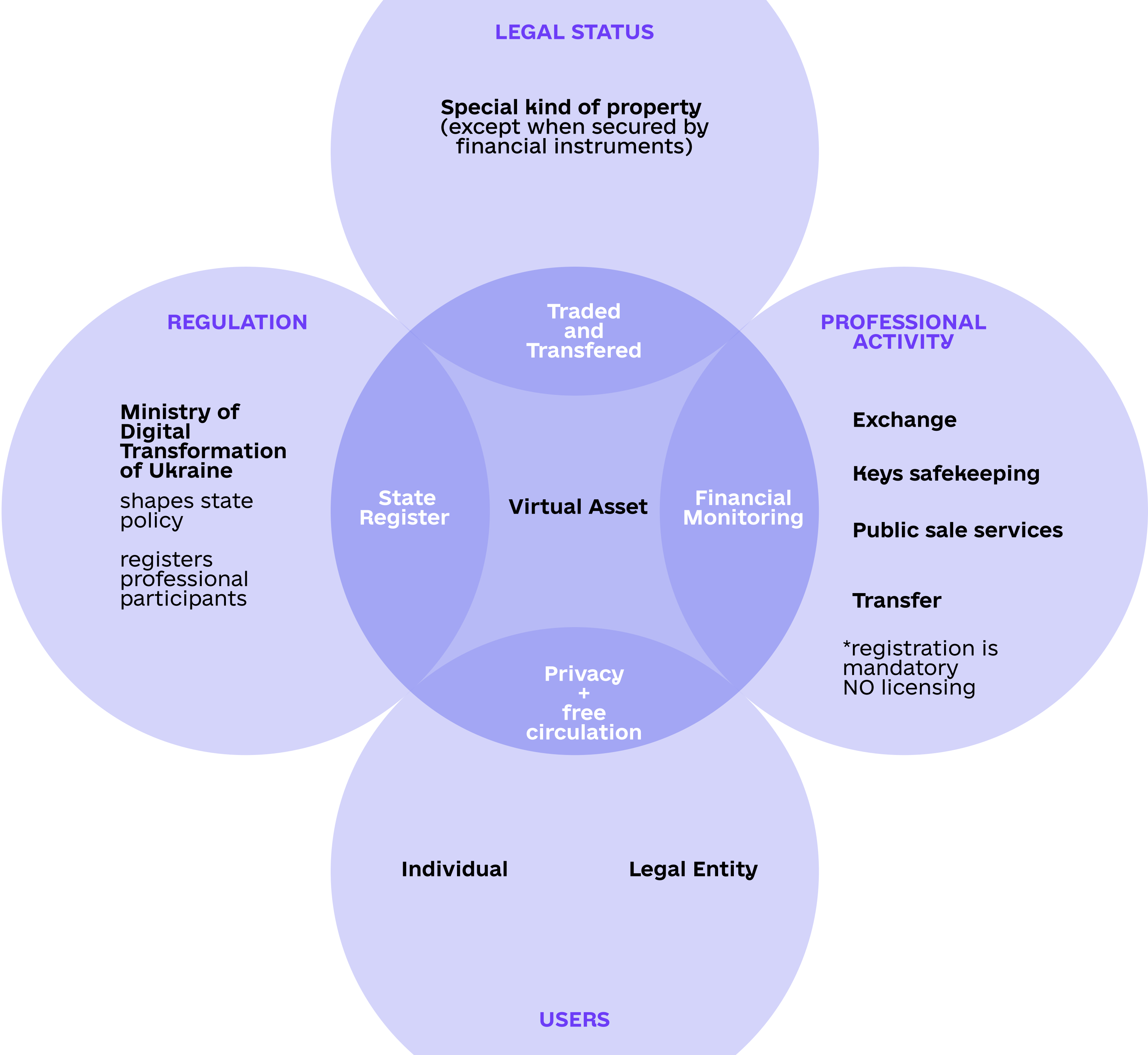
In its June 2019 Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers, the FATF provided two new definitions of “virtual asset” and market participants = “virtual asset service providers” (VASP), which require mandatory state registration / licensing.

The Virtual Assets Act must comply with all FATF requirements, otherwise there is a risk of being included in the gray list of FATF countries. And this will affect the banking system of Ukraine, for example, problems with correspondent accounts may arise.

|   |  |                            |   |  |
|---|--|----------------------------|---|--|
|   | *  | *                          |   | *  |
| Exchange between virtual assets and fiat currencies | Exchange between one or more forms of virtual assets | Transfer of virtual assets | Safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets | Participation in and provision of financial services related to an issuer's offer and/or sale of a virtual asset |

\*introduction with a delay of one year

# Basic map of the virtual assets market



# TOKEN

Token - a part of information (record) in the system of tokens circulation, which can confirm civil rights that belong to the User, including - title of ownership, other property and non-property rights.

part of information  
clear identification

## VIRTUAL ASSETS

A virtual asset is a special kind of property that is a value in digital form that can be transferred and exchanged and used for payment or investment purposes. Virtual assets include cryptoassets (unsecured tokens) and secured tokens.

digital form  
traded on market  
payment or investment purposes

### UNSECURED TOKEN (CRYPTOASSET)

Cryptoasset (unsecured token) - a virtual asset used by participants in civil circulation mainly for the purpose of exchanging it for other virtual assets, money and other property, and does not give its owner any rights to claims objects of civil rights belonging to on the ownership of the issuer of the virtual asset (if any), and / or any third parties.

does not give the right to claim property

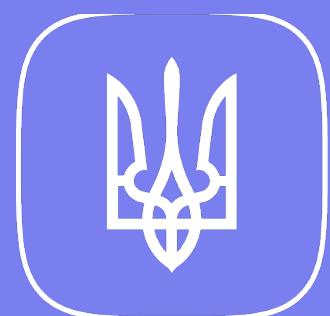
### SECURED TOKEN

Secured token - a virtual asset used by participants in civil circulation mainly for the purpose of exchanging it for other virtual assets or money, and gives its owner the right to claim civil rights belonging to the issuer of the virtual asset and / or any third parties on the title of ownership.

gives the right to claim the property of the issuer,  
subject to the secured assets regulation



# To Ammend the Tax Code



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