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CRYPTO-ASSETS AND TOKENS: THE NEED TO FILL GAPS IN THE LEGISLATION OF UZBEKISTAN

M. Yokubjonov

Lecturer at the training institute for lawyers
under the Ministry of Justice

The rapid development of the digital economy is causing fundamental changes in modern financial systems. In particular, crypto-assets and tokens based on blockchain technology are becoming an integral part of global economic relations. Their emergence not only created new investment instruments, but also made it possible to carry out operations without financial intermediaries. At the same time, these new institutions pose complex legal problems for states. Despite the fact that a number of regulatory legal acts have been adopted in the Republic of Uzbekistan to regulate the circulation of crypto-assets, there are still significant legal gaps in this area. Does it enter circulation as a commodity? Does it function as money? Or is it a new form of digital property? These questions attracted not only economists and lawyers, but also regulators, investors, and the public, turning the unique process of crypto-asset formation into a complex field of scientific discussion.

Tokens are a separate type of crypto-assets, which are created on blockchain platforms and represent a certain right or value. In international practice, tokens are usually divided into several types according to their functional characteristics. Utility tokens allow the user to use certain services, while security tokens are investment in nature and have properties similar to stocks or bonds. While Stablecoins are aimed at maintaining stable value tied to traditional assets, NFTs represent unique digital assets. The absence of such a detailed classification of tokens in the legislation of Uzbekistan creates a number of problems in practice.



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The economic significance of crypto-assets is clearly manifested through their influence on financial markets. On the one hand, they increase investment flows, develop new financial technologies, and accelerate international payments. In particular, through decentralized financial systems (DeFi), lending, insurance, and other financial services can be carried out without intermediaries. This expands access to financial services. On the other hand, the high volatility, anonymity, and decentralized nature of crypto-assets also pose risks such as fraud, money laundering, and the financing of terrorism. Therefore, a balanced approach to regulating this area is necessary.

Regulation in the field of crypto-assets in the Republic of Uzbekistan began to take shape in 2018. The President of the Republic of Uzbekistan adopted Presidential Decree No. DP-3832 dated 03.07.2018 "On measures for the development of the digital economy and the sphere of crypto-asset turnover in the Republic of Uzbekistan," which played an important role in the legal regulation of crypto-assets. For the first time, it defines the definition of a crypto-asset, types of activities in the field of crypto-asset turnover, the concept of mining, the legal status of crypto-exchanges, mining funds, crypto-depositories, crypto-shops, etc. In particular, the use of crypto-assets as a means of payment is prohibited, and transactions are carried out only through licensed entities. Although this approach serves to ensure financial stability, it hinders the free development of the market to a certain extent. In particular, restrictions on working with foreign crypto exchanges create additional difficulties for investors. Analysis of current legislation shows that there are a number of systemic gaps in the field of crypto-assets in Uzbekistan. First of all, the legal status of crypto-assets and tokens is not fully and clearly defined. There is no separate legal procedure for tokens, and smart contracts and DeFi systems are not regulated at all. In addition, the lack of investor protection mechanisms and the lack of judicial



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practice are also important problems. Comprehensive legal reforms are needed to eliminate these gaps.

The development of the crypto-asset sector creates important opportunities for the country's economy. They can serve to attract investments, develop innovations, and increase financial inclusion. At the same time, it is necessary to introduce effective control mechanisms to reduce risks in this area. In particular, combating money laundering, consumer protection, and ensuring market transparency are of paramount importance.

Legal regulation of the circulation of crypto-assets in the Republic of Uzbekistan has been consistently formed in recent years, and this process is mainly carried out by the state through a cautious, control-based approach. The main regulatory framework governing the field of crypto-assets in the country consists of Presidential decrees, resolutions of the Cabinet of Ministers, and departmental acts of authorized bodies, among which the Decree of the President of the Republic of Uzbekistan dated July 3, 2018, No. DP-3832 "On measures for the development of the digital economy and the sphere of crypto-asset turnover in the Republic of Uzbekistan" is of particular importance. With the help of this document, crypto-assets were introduced into the legal field for the first time, and the first institutional framework for their circulation was created.

According to these regulatory legal acts, in Uzbekistan, crypto-assets are recognized as objects of property rights, but they are not recognized as means of payment. This approach is aimed at protecting the state's monetary policy and maintaining the stability of the national currency. At the same time, it is established that operations with crypto-assets can be carried out only through entities that have a special license. This requirement, on the one hand, serves to regulate the market and prevent illegal activities, and on the other hand, to a certain extent, hinders the formation of a free competitive environment.



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The National Agency for Perspective Projects acts as the main authorized body for regulating the crypto-asset market in Uzbekistan. This body is engaged in licensing, controlling, and coordinating the activities of crypto-exchanges, mining activities, crypto-stores, and other service providers. Through the licensing system, the state seeks to keep the circulation of crypto-assets under control, however, in practice, the complexity of this system and bureaucratic barriers create additional costs and difficulties for investors.

The current legislation strictly limits certain types of activities related to crypto-assets. In particular, citizens of Uzbekistan are prohibited from using crypto-assets as a means of payment, which limits the economic functions of crypto-assets. In addition, trading opportunities on foreign crypto exchanges are also significantly limited. This can encourage citizens to use unofficial and uncontrolled platforms, resulting in increased risks of fraud and financial losses. The rules for organizing and conducting trading in crypto-assets on the crypto-exchange have also been established by law.

The tax policy related to crypto-assets also has its own specifics. According to the current procedure, until January 1, 2029, operations of legal entities and individuals related to the turnover of crypto-assets, including those carried out by non-residents, are not subject to taxation, and income received from these operations is not included in the taxable base for taxes and other mandatory payments;

This can be assessed as incentive measures aimed at the development of the crypto market. However, the lack of clear and complete formation of the tax regime for legal entities, as well as the lack of regulation of calculation and declaration issues, causes a number of uncertainties in practice.

Another important aspect of legal regulation in the field of crypto-assets is mining activity. According to Uzbekistan's legislation, mining activities can only be



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carried out by registered and licensed entities. Also, separate energy tariffs have been introduced for mining, which directly affects the economic efficiency of the activity. Illegal mining activity entails administrative and criminal liability. This reflects the state's policy aimed at controlling energy resources and preventing their illegal use.

At the same time, the legislation practically does not regulate relations related to smart contracts and decentralised financial systems (DeFi). Meanwhile, the modern crypto ecosystem is developing on the basis of these instruments. The question of the legal validity of smart contracts remains open, which limits the possibilities of their practical application. Similarly, operations carried out through DeFi platforms remain in a legal vacuum.

The issue of investor protection is also relevant. Current legislation lacks clear mechanisms aimed at protecting the rights of persons participating in the crypto-asset market. For example, compensation mechanisms are not provided for investors who have suffered losses as a result of fraud or the closure of the platform. This reduces confidence in the crypto market and negatively affects its development.

The above circumstances indicate that the regulation of the crypto-asset sphere in the Republic of Uzbekistan is still in the formation stage, and the existing regulatory framework requires a systematic and comprehensive approach. Existing limitations and uncertainties can serve to ensure financial stability in the short term, but in the long term, there is a possibility of slowing down innovative development. Therefore, it is necessary to introduce legal mechanisms that ensure more balanced, transparent, and investment attractiveness in the regulation of relations related to crypto-assets and tokens.

Analysis of the issues of criminal law regulation in the field of crypto-assets shows that a balanced approach is necessary in this area. On the one hand, it is



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necessary to prevent illegal activities and ensure financial security, and on the other hand, it is necessary to support innovations and create a favorable environment for legal business. Finding this balance ensures the stable and safe development of the crypto-asset market in the Republic of Uzbekistan.