

How to navigate the legal landscape in digital assets

The legal regulation of the crypto world is still quite a topical issue that challenges the industry's rapid development. All the market leaders are discussing the outgoing path of blockchain technologies that influence the global crypto market. Kevin Plumpton, CEO of Kyrrex, reflects on the legal landscape in decentralised finances.

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Digital assets have to be regulated. In recent years, the emergence of digital assets such as cryptocurrencies and other blockchain-based technologies have created a new legal landscape. Understanding this legal landscape is essential to ensure that individuals and businesses operate within the boundaries of the law. The crypto market is constantly evolving, and it can be challenging to keep up with the latest developments both for regulators and businesses.

EU experience in MiCA regulations

However, some jurisdictions have taken a progressive approach to regulate digital assets, and Malta is one of them. Malta's cryptocurrency legislation is based on the same foundation as the European Union's Markets in Crypto-Assets (MiCA) regulations, which are set to come into effect later this year. Moreover, the Maltese crypto regulatory body MFSA has recently announced plans to update its crypto legislation to align with future regulatory approaches (it is about removing non-fungible tokens (NFTs) from the scope of the virtual-assets framework envisaging MiCA).

The goal is to create a more business-friendly environment for crypto companies while still ensuring that the necessary protections are in place for consumers and investors. This move is a reflection of the government's commitment to supporting innovation and promoting the growth of the digital asset ecosystem.

In 2021 Kyrrex received the highest Virtual Finance Asset (VFA) Class 4 license from the Malta Financial Services Authority (MFSA). Thus, such a trust-worthy license allows us to provide services for investors with full confidence in users' funds` safety.

MiCA is a comprehensive regulatory framework that seeks to provide a harmonized set of rules for digital asset service providers across the EU. It harmonizes crypto asset regulations across the EU. By providing a single regulatory framework, MICA can reduce the regulatory burden for companies operating in the EU, making it easier for them to comply with regulations and operate more efficiently.

Attention-worthy components navigating the legal landscape

One of the most critical factors to consider when navigating the legal landscape of digital assets is compliance. The anticipation of MiCA implementation across the European Union is triggered also by the fact that now all crypto companies need to comply with relevant regulations and laws that exist in each country where they operate. This includes regulations around anti-money laundering (AML) and know-your-customer (KYC) requirements, the issuance, trading, and storage of digital assets, as well as taxes and other financial obligations. Having a unified and solid approach to crypto regulation for the whole EU jurisdiction would strengthen, among others, the crucial issues, as per nowadays situation, such as safeguarding the client's funds.

Security is another crucial consideration. Given the digital nature of these assets, they are susceptible to theft, cyberattacks, and other forms of hacking. It is therefore vital to implement robust security measures to protect these assets and comply with any legal requirements to do so.

Additionally, digital assets are a relatively new and rapidly evolving asset class, which means the legal landscape surrounding them is also constantly evolving. It is essential to stay informed about legal developments and regulation changes to ensure that individuals and businesses can adjust their strategies and compliance measures accordingly.

Finally, it is also essential to consider the legal implications of digital assets in various areas, such as contracts, intellectual property, and privacy. These are all areas where the use of digital assets may raise new legal questions and challenges, and it is essential to remain informed of any relevant legal developments.

To summarise, navigating the legal landscape of digital assets requires a deep understanding of the relevant regulations, strong security measures, and an awareness of the evolving legal landscape. By staying informed and taking the necessary steps to comply with regulations, individuals and businesses can take advantage of the opportunities offered by digital assets while minimising legal risks.

Must-haves for the crypto company to succeed

If we consider all of the above factors, we can picture the Ideal crypto company for both government and clients, which would generally have the following characteristics, listed below.

- Compliance is a must. A crypto company that is fully compliant with

relevant regulations and laws ensures that both the government and clients can operate within the boundaries of the law.

- A crypto exchange with strong security measures in place provides clients with confidence that their funds and personal data are secure, while also ensuring that the platform is less vulnerable to cyberattacks and hacking attempts.
- Transparency and clarity in its policies, fees, and procedures help build trust with both clients and the government.
- An exchange that is user-friendly and easy to navigate can benefit both the government and clients, as it facilitates ease of use and accessibility.
- Robust and smart customer support can help clients quickly resolve any issues or concerns that may arise, which can increase satisfaction and confidence in the exchange.
- An exchange that provides adequate liquidity ensures that clients can easily buy and sell digital assets, while also providing a more stable market environment for the government to oversee.
- A commitment to innovation. An exchange that is continually investing in new technologies and features can demonstrate a commitment to improving the user experience and staying ahead of the competition.

By focusing on these key characteristics, a company that is operating in the crypto segment, especially exchanges, can provide clients with a trustworthy and reliable platform for buying and selling digital assets, while also meeting the needs of government oversight. While there may be other factors that individual clients or governments prioritize, these essential elements of a successful and reputable crypto exchange can help promote a healthy and sustainable digital asset ecosystem.

The relevant regulations, strong security measures, and an awareness of the evolving legal landscape are a super combo that allows the further development of the crypto industry. Every crypto business must be responsible and take the necessary steps toward the legal aspects of the

fast-growing market. In such conditions investors and businesses, both as regulators will take advantage of the digital assets while minimising legal risks.

At Kyrrex we are standing for a regulated and safe crypto market. A new responsible era in the crypto industry development is just around the corner.

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