ON CRYPTO CURRENCIES: GUIDELINES FOR A GLOBAL LEGAL FRAMEWORK TO MITIGATE INSOLVENCY RISKS

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Abstract - This paper examines cryptocurrency regulations across different jurisdictions and unions within the context of insolvency, focusing on those that adopt a more favorable stance toward cryptocurrencies. In particular, the legislative frameworks of four different jurisdictions/unions—the United States, the United Kingdom, the European Union and France—are expounded upon to assess their effectiveness in addressing the risks associated with cryptocurrencies. Three key risks are first delineated—market manipulation, partially-backed stablecoins and money laundering/terrorism financing. The insolvency procedures for cryptocurrency firms are then explicated. Afterwards, a comparative analysis of different jurisdictions' legal frameworks is presented, highlighting the shortcomings of current legislation in addressing the aforementioned threats. Finally, a guideline for a global legal framework is proposed for the further standardisation of legislation. This guideline seeks to reduce the complexities associated with referencing multiple legal frameworks in cross-border insolvency cases involving cryptocurrency bases.

Keywords - Cryptocurrencies, Insolvency, Cross-Border, Stablecoins, Market Manipulation