Legal and Regulatory Frameworks for Digital Currencies

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Manama (Bahrain)

UK Traininig
PARTNER



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Legal and regulatory frameworks for digital currencies are the rules of law, licensing and compliance that decide how crypto-assets, stablecoins and state-issued electronic money may be held, transferred, sold and taxed. This 1-week course is for legal, compliance and policy staff, and each delegate completes a legal risk assessment memo for a virtual-asset product. The subject is taught by Blackbird Training Centre.

Introduction

The course rests on three reference points. The UNIDROIT Principles on Digital Assets and Private Law set out how control, transfer and proprietary rights apply to tokens. The risk-based approach to anti-money laundering asks firms to match their checks to the risk of each customer and transfer, and the travel rule requires originator and beneficiary details to move with a virtual-asset transfer. Know-your-customer KYC procedures verify who a client is. The level is practitioner, and teaching is by case study drawn from payments, retail banking and asset management.

Course Objectives

- Define the legal categories a token can fall into, such as means of payment, security, commodity or electronic money, and the duties each one brings.
- Distinguish a privately issued crypto-asset from a central bank digital currency CBDC in terms of issuer liability, holder rights and privacy.
- Compare custodial and self-hosted wallet arrangements and the anti-money-laundering duties that attach to transfers involving each.
- Interpret travel rule and KYC requirements when reviewing a virtual-asset transfer or a client onboarding file.
- Apply consumer protection principles to the disclosures, promotions and complaint handling of token products.
- Justify a contract clause or a liability allocation in a smart contract or custody agreement.



Target Audience

- In-house lawyers and legal advisers who review token-related products and must decide how an asset is classified in law.
- Compliance and anti-money-laundering officers who oversee onboarding and transfers and must judge when activity needs escalation or a report.
- Policy and risk analysts in financial institutions who assess new forms of payment and must recommend whether an exposure is acceptable.
- Product and operations managers in payments and fintech firms who launch services and must choose controls that meet licensing conditions.
- Internal auditors who test controls over virtual-asset activity and must judge whether the evidence shows those controls work.

Course Outline

Day 1: Classifying Tokens in Law

- Crypto-Asset vs Fiat Money: Legal Tender Status and Its Consequences for Holders
- Token Taxonomy: Payment, Utility, Security and Stablecoin Categories Explained
- Bitcoin Legal Character: Property, Commodity or Means of Payment Under Different Laws
- UNIDROIT Principles: Control, Transfer and Proprietary Rights in Tokens
- Distributed Ledger Records: Evidential Weight of On-Chain Data in Disputes

Day 2: The Legal Design of CBDCs

- Retail vs Wholesale CBDC: Who May Hold It and on What Terms
- Issuer Liability: Claims a CBDC Holder Has Against the Issuing Authority
- Privacy by Design: Data Minimisation and Tiered Anonymity in CBDC Wallets
- Intermediary Roles: Duties of Banks and Payment Firms That Distribute CBDC
- Monetary Law Questions: Holding Limits, Remuneration and Acceptance Obligations

Day 3: Anti-Money Laundering for Virtual Assets

- Risk-Based Approach: Matching Customer Checks to the Risk of Each Relationship
- KYC vs Customer Due Diligence: Identity Verification Compared With Ongoing Scrutiny
- Travel Rule: Originator and Beneficiary Data Accompanying Virtual-Asset Transfers
- Custodial vs Self-Hosted Wallets: Different Duties for Transfers to Each Type
- Suspicious Activity Reporting: Red Flags Such as Mixers, Chain-Hopping and Structuring

Day 4: Consumer Protection, Tax and Contracts

- Disclosure vs Suitability: Informing Buyers Compared With Assessing Their Fit
- Promotion Rules: Fair and Clear Marketing of Token Products to Retail Customers
- Tax Treatment: Disposals, Staking Income and Record-Keeping Duties for Holders
- Smart Contracts: Formation, Enforceability and Remedies When the Code Fails
- Custody Agreements: Segregation of Client Assets and Protection on Insolvency



Day 5: Applying the Frameworks to a Compliance Case

- Case Classification: Applying the Token Taxonomy to a Live Product Proposal
- Licensing vs Exemption: Testing Whether the Proposed Service Needs Authorisation
- AML Control Map: Applying Risk-Based Checks and the Travel Rule to the Case
- Liability Allocation: Drafting Clauses Between Platform, Custodian and Client
- Legal Risk Assessment Memo: Finalising Findings, Gaps and Recommended Controls

Skills You Will Gain

- Token classification
- Travel rule compliance
- Customer due diligence for virtual assets
- Smart contract enforceability review
- CBDC design analysis
- Client asset segregation
- Suspicious activity red flags
- Legal risk memo drafting

Why Attend This Course

- From treating every token as one kind of asset to classifying each by its legal character and obligations.
- From applying ordinary onboarding checks to virtual-asset clients to using a risk-based approach and the travel rule.
- From reading smart contract and custody terms as technical documents to testing them for enforceability and liability.
- From scattered notes on a product idea to a finished legal risk assessment memo with recommended controls.

Conclusion

Put simply, this area of law decides who owns a token, who answers for its loss and which checks must surround its transfer. The course separates three pairs that are often confused: a privately issued crypto-asset and a CBDC, KYC and ongoing due diligence, and custodial and self-hosted wallets. It suits legal, compliance and policy staff who already work in financial services and now handle virtual-asset files at practitioner level; engineers looking for ledger design would be better served by a technical course.

Course FAQs

What are legal and regulatory frameworks for digital currencies?

They are the laws and compliance rules that decide how crypto-assets, stablecoins and CBDCs are classified, owned, transferred, sold to consumers and taxed, together with the anti-money-laundering checks firms must run on them.



What is the difference between a crypto-asset and a CBDC under legal and regulatory frameworks for digital currencies?

A privately issued crypto-asset is nobody's liability, so holders rely on property and contract law; a CBDC is a direct claim on the issuing monetary authority, which raises its own questions of issuer liability, holding limits and privacy.

Which framework does the legal and regulatory frameworks for digital currencies course follow?

It follows the UNIDROIT Principles on Digital Assets and Private Law for ownership and control, and the risk-based approach, the travel rule and KYC procedures for anti-money-laundering work.

Is the legal and regulatory frameworks for digital currencies course right for a compliance officer?

Yes. A compliance officer who oversees onboarding and transfers uses the due diligence, travel rule and red-flag topics directly, while the classification and custody topics show which rules apply to each product.

What does a delegate produce on the legal and regulatory frameworks for digital currencies course?

Each delegate produces a legal risk assessment memo for a virtual-asset product, setting out its token classification, licensing position, anti-money-laundering controls, contract and custody risks, and the controls recommended.

