

**THE IMPLICATION OF UNREGULATED CRYPTOCURRENCY BUSINESS ON  
THE FINANCIAL INDUSTRY IN UGANDA : A CASE ON CONSUMER  
PROTECTION**

**NOBLE NOMWESIGWA**

**AS20B11/895**

**A DISSERTATION SUBMITTED TO THE SCHOOL LAW IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELOR OF LAWS OF  
UGANDA CHRISTIAN UNIVERSITY**

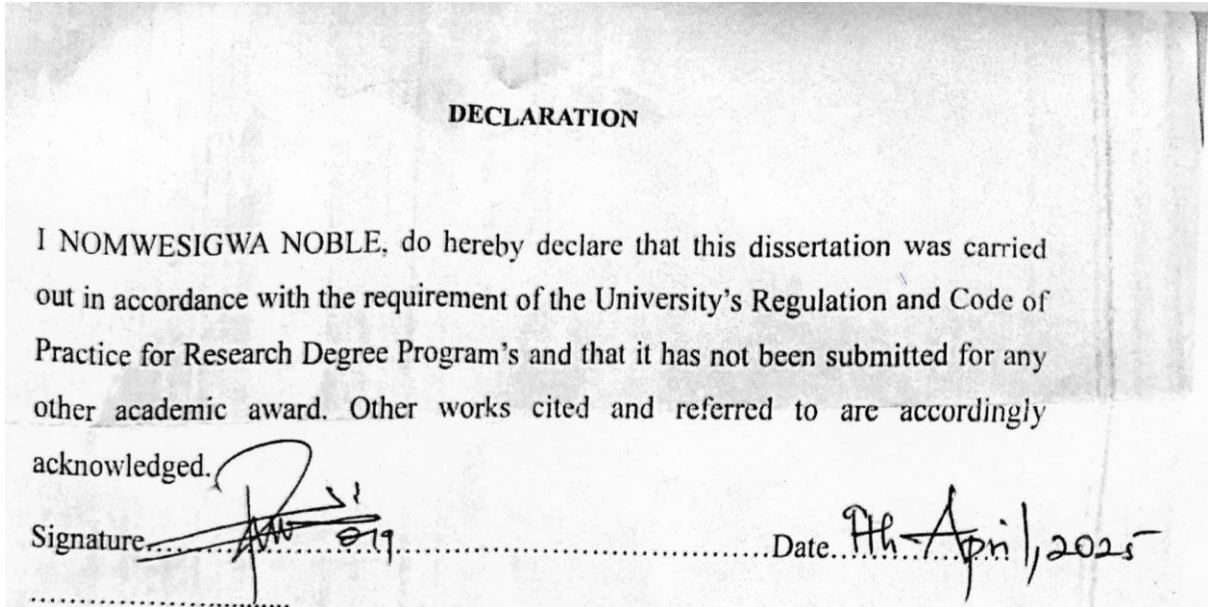
**April, 2025**



**UGANDA CHRISTIAN  
UNIVERSITY**

*A Centre of Excellence in the Heart of Africa*

DECLARATION



NOMWESIGWA NOBLE

## ABSTRACT

This thesis presents the effects of non-regulation of cryptocurrencies in Uganda. Cryptocurrencies are a form of digital or virtual currency generated, exchanged and distributed exclusively online. They have been an issue with want of regulation since 2017 as the National Bank has time and time again released circulars informing the population not to partake in the purchase or even trading of these currencies. Recently, the Central bank restricted all its licenses from cashing out proceeds from the crypto currency business, which sparked legal action and a deeper question into why instead of regulating the sphere, the Central bank and other concerned parties (parliament) do not draft legislation regulating the sphere. In this thesis, we shall explore the different regulatory measures that have been undertaken in other jurisdictions to ensure that the rights of the users of cryptocurrencies are protected from the uncertainties that arise as a result of non-regulation of the cryptocurrencies.

## DEDICATION;

I dedicate this work firstly to my mother, Mrs. Diana Kitentera, and my siblings; Ayebare Michelle, Mwebembezi Nobert, and Mwebembezi Brian.

It is also my desire that this thesis is part of the eye-openers for the Parliament of Uganda and the Capital Markets Authority to look deeply into the development of a clear regulatory framework for Uganda. It is for that reason, that I dedicate my work to the Government of Uganda.

## ACKNOWLEDGEMENT

“I CAN DO ALL THINGS THROUGH CHRIST WHO STRENGTHENS ME.”

Philippians 4:13

To start with, I would like to acknowledge the efforts of my parents; My late father, Mr. Mwebembezi Ham who in the very first place introduced me to financial technology and showed me the capabilities and advantages it would have if it were incorporated with the centralized financial sector. My mother, Mrs. Diana Kitentera who has been extremely supportive not only morally but also financially in all my endeavors who always walked with me, my journey of pursuit of interest and dedication in understanding financial technology and crypto currencies in general. I would have never made it to this point without you, both.

Another set of persons I'd like to acknowledge are my friends that have walked with me on the journey; instrumental in my journey for pursuing my interests in cryptocurrencies in financial technologies are my friends and colleagues; Kaggwa Matthew Mamba and Lubega Macpol with whom we all had a deep enthusiasm for cryptocurrencies and their company along this journey has been very instrumental and needful for mention. This dissertation would have not materialized without the help of Nassuna Lauryn.

I'd also like to acknowledge my lecturers at Uganda Christian University for providing profound guidance in this guidance particularly, MR. Muhangi Kenneth and Mr. Kajubi Brian were also fundamental in the growth of my legal perspective and in grooming my interest in development of a legal framework for the regulation of cryptocurrencies. Important to also note is my lecturer and supervisor, Mr. Oscar Boban Owakubariho who also shaped the way for this dissertation, Madam Acheng Christabella, my lecturer for research methods, I'll surely always be indebted to you.

Finally, and most importantly, ALL honor and glory, we give unto the LORD.

## LIST OF ACRONYMS

AML	Anti-Money Laundering
BOE	Bank of England
BOU	Bank of Uganda
BTC	Bitcoin (unit of bitcoin)
CDD	Customer Due Diligence
CFT	Countering of Financing of Terrorism
CFPB	Consumer Financial Protection Bureau
CTFC	Commodity Futures Trading Commission
DAO	Decentralized Autonomous Organization
FinTech	Financial Technology
ICO	Initial Coin Offering
KYC	Know Your Customer
MAS	Monetary Authority of Singapore
P2P	Peer to Peer

**APPROVAL**

I vouch for NOMWESIGWA NOBLE, he conducted the study and authored this report with my guidance.

The report was submitted for assessment with my approval as a university supervisor.

.....  .....

Mr. Oscar Boban Owakubariho

9th April, 2025

DATE

**SUPERVISOR**

## Table of Contents

DECLARATION .....	2
ABSTRACT.....	3
DEDICATION; .....	4
ACKNOWLEDGEMENT.....	5
LIST OF ACRONYMS.....	6
APPROVAL .....	7
CHAPTER ONE.....	11
General Introduction .....	11
1.1 Background of The Study.....	11
<b>1.2 Statement of The Problem</b> .....	12
1.3 Objectives of the Study .....	13
1.3.1 Specific Objectives .....	13
1.4 Research Questions .....	13
1.5 SCOPE OF STUDY.....	14
1.5.1 Temporal Scope.....	14
1.5.2 Geographical Scope.....	14
1.5.3 Thematic Scope .....	14
1.6 Justification of The Study.....	14
The overall significance of the study is to study the implication of the unregulated cryptocurrency business on the consumers and users of the financial sector in Uganda. ....	14
1.7 Literature Review .....	14
1.8 Research Methodology and Design.....	16
1.8.1 Research Design. ....	16
1.9 Chapter Synopsis.....	16
CHAPTER TWO.....	18
HISTORY, NATURE AND SCOPE OF CRYPTOCURRENCIES ANDTHE RIGHTS OF THE USERS OF CRYPTOCURRENCIES. ....	18
2.0 Introduction .....	18
2.1 History and Scope of Cryptocurrency .....	18
2.2 The Cryptocurrency Eco System .....	20
2.2.1 Cryptocurrency Developers .....	20
2.2.3 Wallet providers.....	22
2.3 Types of Cryptocurrencies .....	23

2.3.1 Utility Tokens .....	24
2.3.2 Non-Fungible Tokens.....	24
2.3.3 Finance/Exchange Tokens .....	25
2.3.4 Stable Coins .....	25
2.4 The rights of persons in the cryptocurrency business include the following;	27
2.4.1 Right to Information.....	27
2.4.2 Right to Security .....	27
2.4.3. Right to Privacy.....	27
2.4.4. Right to Redress .....	27
2.4.5. Right to Fair Practices .....	28
2.4.6. Right to Withdrawal .....	28
2.4.7. Right to Access Funds .....	28
2.4.8. Right to Regulation Compliance .....	28
2.4.9. Right to Transparent Fees .....	29
2.5.10. Right to Education.....	29
CHAPTER THREE.....	30
EXISTING LEGAL AND REGULATORY FRAMEWORK OF CRYPTOCURRENCIES IN UGANDA VISA VIE INTERNATIONAL STANDARDS. ....	30
3.0 INTRODUCTION.....	30
3.2 Legal Regime for Crypto Regulations In Various Jurisdictions.....	31
3.2.1 UGANDA.....	31
3.2.2 BRITISH CAYMAN ISLANDS.....	32
3.2.3 SINGAPORE .....	33
3.2.4 GILBRATAR .....	34
3.3 Global Crypto Regulatory Authorities.....	35
3.3.1 G20 And Financial Stability Board.....	35
3.3.2 Financial Action Task Force (FATF) .....	36
<b>3.4 Conclusion</b> .....	36
CHAPTER FOUR.....	38
IMPLICATIONS OF THE NON-REGULATION OF THE CRYPTOCURRENCY SECTOR ON CONSUMERS IN UGANDA. ....	38
4.0 Introduction .....	38
4.1 The Rights of Cryptocurrency Users.....	38

4.2. EFFECTS OF NON REGULATIONS OF CRYPTO CURRENCIES ON THE USERS/CONSUMERS .....	39
Conclusion .....	44
CHAPTER FIVE; .....	45
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS. ....	45
5.0 Introduction .....	45
5.1 Summary of Major Findings .....	45
5.2 Discussion and Analysis of The Findings .....	45
5.3 Conclusion .....	46
5.4 Recommendations .....	47
BIBLIOGRAPHY : .....	50

## CHAPTER ONE

### General Introduction

This chapter discusses different aspects that is the background of the study in which the historical background of cryptocurrencies has been discussed, the problem statement, objectives of the study, research questions, justification of the study, significance of the research, scope of the study, the different literature used has been analyzed and lastly the chapter synopsis.

#### 1.1 Background of The Study

Crypto currencies are a form of digital or virtual currencies generated, exchanged, and distributed online, that rely on a cryptographic protocol to regulate the manner and extent to which a currency can be created or exchanged<sup>1</sup>. They are used for several things including facilitating payments, and storing value, and also can be used as tradeable assets. In October 2008, Satoshi Nakamoto published a white paper entitled 'BITCOIN; A peer to peer Electronic Cash System'. It circulated at the height of the Global Financial crisis which had already had already evident loopholes. Nakamoto's paper proposed an alternative to the failing global financial system which was based on 'trust' and opted for the use of cryptographic proof.

The current legal status of crypto currency regulation in Uganda as assets and tradeable commodities is well stated in the case of *Silver Kayondo vs. Bank of Uganda* (Miscellaneous Cause no. 109 of 2022)<sup>2</sup> the learned Justice of the High Court Musa Ssekaana, held that crypto-

currencies are illegal or unlawful and they are not accepted as a general payment instrument as per the *National Payment Systems Act, 2020 (now cap 59)*, and therefore the article by the Bank of Uganda title preventing or prohibiting licensees of the Bank of Uganda from liquidating any proceeds from cryptocurrencies was not ultra vires. Uganda at this time has no regulation prohibiting or legalizing the use and transaction of cryptocurrencies and trading of cryptocurrency assets other than the judgment held in the above-cited case.

---

<sup>1</sup> P De Fillipi BITCOIN ; A Regulatory nightmare or a Libertarian Dream'(2014)<sup>3</sup> Internet policy review

<sup>2</sup> *Kayondo v Bank of Uganda* (Miscellaneous Cause No. 109 of 2022) [2023] UGHCCD 113 (24 April 2023) available online at; <https://ulii.org/akn/ug/judgment/ughccd/2023/113/eng@2023-04-24>

The lack of cryptocurrency regulation in Uganda puts the country at a very large disadvantage as the legalization and regulation of cryptocurrencies come with numerous advantages that come with it and these include the innovative potential in the financial sector and beyond, the eased financial transactions, and full-time operation of the crypto currency systems facilitating payments and other transactions at very high levels of convenience and other advantages such as protection from inflation. The regulation of cryptocurrencies is also very important in curbing crypto-related crimes that include terrorism financing, fraud, scams (Ponzi schemes), ransom ware, etc. According to the 2022 Crypto crime report by Chainalysis, which states that between 2017-2021, crypto crime had a net worth that was to a tune of between 4.4billion USD to 14billion USD<sup>3</sup>. Regulation of cryptocurrencies protects all the players in the market; these include the end consumers(users) that use the currencies as payment methods and users that engage in the trading of crypto currency assets, the second class of protected persons is the brokers(exchanges) and wallet providers who provide consumers with these services that include Binance, by bit, Exness etc. The government also greatly benefits from the regulation of crypto currencies as it provides an avenue for the taxation of these activities. The UK and USA have a 40% Capital gains tax on crypto currency profits that are amassed from the trading or holding of crypto currencies. Regulation of crypto currencies in Uganda provides access to a wide untapped tax base available in Uganda.

## **1.2 Statement of The Problem**

Crypto currencies after being introduced in 2009 became a new favorite in the financial sector amongst the consumers because of the unlimited transaction volumes, less scrutiny from the banks among other factors that include full-time access and availability of the services unless the pre-existing banking system. Though many countries have developed and adopted a regulatory framework to govern the operation of crypto currencies, Uganda has not taken this step despite the ever-increasing annual users of this financial system. The non-regulation of

---

<sup>3</sup> 2022 Crypto crime report by Chainalysis available online at;  
<https://blockbr.com.br/wp-content/uploads/2022/06/2022-crypto-crime-report.pdf>

crypto currencies in Uganda has evidently exposed Ugandans to Ponzi schemes, theft of their crypto currencies and loss of money arising from volatility of the crypto currencies coupled with their lack of knowledge on how to take and transact in the cryptocurrency eco-system. Non-regulation of the cryptocurrency business has a greatly negative impact on the consumers in the industry and it is for this reason that we seek to assess the impact of the non-regulation of crypto currencies on the consumers in the financial sector and make recommendations for the same.

### 1.3 Objectives of the Study

The general objective of this study is to clearly show the implication of the unregulated cryptocurrency business on the financial sector in Uganda particularly focusing on the risks consumers are exposed to.

#### 1.3.1 Specific Objectives

- a) To understand the history, nature/scope cryptocurrencies, the parties in the cryptocurrency eco-system, and the rights of the users of cryptocurrencies.
- b) To assess the current legal system regulating cryptocurrencies in Uganda and other jurisdictions worldwide.
- c) To outline the challenges arising out of the non-regulation of cryptocurrencies in Uganda.
- d) To assess the major findings from the challenges arising from the challenges and make recommendations for the regulation of cryptocurrencies.

### 1.4 Research Questions

- a) What are crypto currencies and why do they need to be regulated in Uganda?
- b) Who are the different players in the crypto currency eco-space?
- c) What are the rights of the users in the crypto currency market?
- d) What is the current regulation of crypto currency in Uganda?
- e) What is the current approach to crypto regulation in other jurisdictions of the world?
- f) What is the impact of non-regulation of crypto currency in Uganda on the consumers?

## **1.5 SCOPE OF STUDY**

### **1.5.1 Temporal Scope**

This research will cover a period of 2009 to present.

### **1.5.2 Geographical Scope**

The research, being qualitative will not be limited in any geographical scope but will be carried out through the entire Country. The researcher will focus primarily on the Republic of Uganda. However, reference to other jurisdictions shall be made for purposes of clarity and comparison to build a well thought research

### **1.5.3 Thematic Scope**

The major theme in the work is an examination on the implication of unregulated cryptocurrency business on the financial industry in Uganda particularly looking out for the users of the crypto currencies.

## **1.6 Justification of The Study**

The overall significance of the study is to study the implication of the unregulated cryptocurrency business on the consumers and users of the financial sector in Uganda.

## **1.7 Literature Review**

**De Flippi (2014)** in his writings stated the most important aspect of regulating crypto-currencies is the definition of the currencies by law and in this, he meant that they ought to be characterized whether as property, or as securities or currencies. This would ease the whole system of the regulation of cryptocurrencies as they would be accurately described. Following this writing, in 2021, the High Court of England, holden at Wales described bitcoin and other cryptocurrencies as property. This is because, they possess 3 qualities on which the learnt Justices based on to refer them to property and they were stated as; the ability to be transferred from one person to another, the fact that it was possess-able by a party and have a

certain degree of permanence. This has been a landmark judgment in the regulation of cryptocurrencies. **De Flippi (2014)** also stated in his writings that regulation of cryptocurrencies ought to be done through the regulation of all players in the industry and that is to include the service providers, the end users and all the financial intermediaries. This can be done by enforcement of Anti-Money Laundering regulations to prevent transfer of funds into wrong hands, licensing of all service providers in the industry and also enforcement of multi-sig security for all transactions at crypto-exchanges to prevent hacks and other cyber threats. This is a view that is also shared in the writings of **Alekseenko (2023)**, who dives into the different regulatory regimes that are existent globally. He also urges that to ensure the protection of exchanges and consumers in the crypto eco-system, regulation should tackle all sides of the isle. That is to include vetting of all consumers being admitted into the crypto exchanges, enforcement of 2FA security for all transactions and strict monitoring of all financial activities of the clients. He states that also, only licensed exchanges that have passed minimum capital requirements, and secure systems should be allowed to provide services to clients. This is to prevent customers funds from being locked away and stolen by incompetent service providers. Though crypto in its very nature was designed to beat decentralized control, crypto currency regulation is not designed to control but rather guide and protect the eco-system from predators. In his writings, **Alekseenko (2023)** states that in regulation of cryptocurrencies, the governments ought to distinguish between the Centralized and Decentralized Cryptocurrency Exchanges because they operate differently and for that reason, the regulation might be a bit different. However, the main cores as regards to consumer safety are employment of competent staff, proper record keeping, safeguarding of consumer assets and employment of sound internal control and risk management systems. In the development of regulations, it is important that cryptocurrencies services are clustered under financial services, this makes the enforcement of the regulations a lot more viable. This can be used to implement consumer protection mechanisms that include auditor's supervision of corporate governance, enforcement of the Anti- Money Laundering regulations, cybersecurity requirements for the protection of consumer's funds and information.

This literature review underscores the different examples of tried and tested regulatory measures and the dangers of having an unregulated cryptocurrency eco

system. By analyzing case law, scholarly writings, regulatory frameworks we gain insights into how we can fix the dangers and damage that arise as a result of the emerging cryptocurrency eco-system.

## **1.8 Research Methodology and Design**

This research focused on the desk review method where it was more of library based and I analyzed both physical literature and online literature on the different views of different authors on the concept/research topic to come to the different views therein in my research.

### **1.8.1 Research Design.**

The researcher used the analytical research design in which I analyzed the rights of the users (consumers) of crypto currencies and compared them with the effect that the non-regulation of the cryptocurrency is having on the financial industry in Uganda and particularly on the consumers.

## **1.9 Chapter Synopsis**

Chapter one highlighted clearly the introduction of this thesis which is basically what the chapter contains, background of the study, bring out the historical background, theoretical background, conceptual and contextual background then the methodological is supposed to be clear. The research approach is analytical.

Chapter Two: This chapter provides a comprehensive review of the history, nature and scope of cryptocurrencies and the rights of the users of cryptocurrencies.

Chapter three highlights the existing legal regime governing crypto currencies in Uganda visa vie the laws and regulations that have been adopted in other jurisdictions with the emphasis on protection of consumers.

Chapter Four deals with the rights of cryptocurrency users effects of non-regulations of crypto currencies on the users.

Lastly under Chapter five, we explore the findings, conclusions of the study while also giving recommendations for the regulation of the cryptocurrency business in the bid to at least protect the users/consumers.

## CHAPTER TWO

### HISTORY, NATURE AND SCOPE OF CRYPTOCURRENCIES AND THE RIGHTS OF THE USERS OF CRYPTOCURRENCIES.

#### 2.0 Introduction

Chapter two indulges the early history of cryptocurrencies to lay a contextual foundation for this research study. Dwelling into the emergence of alternative currency and the emergence of blockchain. This chapter depicts the complexity of the cryptocurrency ecosystem showing the multi-players in the eco-system including miners, developers, and other financial intermediaries. The chapter also describes what crypto currencies are, how they operate, and why they ought to be regulated as well as the rights of the customers/users of crypto currencies in Uganda.

#### 2.1 History and Scope of Cryptocurrency

According to the case of *Skatteverket v. David Hedqvist (E.C.R. 2015)*<sup>4</sup> crypto currency is considered a digital representation of value used as a means of exchange for the purchase of goods and services. Crypto currencies are a form of digital or virtual currencies generated, exchanged, and distributed online, that rely on a cryptographic protocol to regulate the manner and extent to which a currency can be created or exchanged. The history of the development of crypto currency dates back to 1982 when some tech historians claim Dutch researchers were the first to dabble with digital currencies, but most agree that UC Berkeley's David Chaum was the pivotal figure in crypto's early development. In 1982, Cham published a paper titled "Computer Systems Established, Maintained, and Trusted by Mutually Suspicious Groups," which laid the groundwork for future developments in the blockchain space. Cham successfully demonstrated how using cryptographic and encryption technology one could send and receive tokens without a central authority this indeed gave birth to the ideas on which Satoshi Nakamoto based his "*Bitcoin; a Peer to Peer Electronic cash system.*" idea that was launched in 2009. It's important to note that after David Chaum launched he tried to back-test it with the development of a currency named 'Ecash' through his company Digi Cash in the late

---

<sup>4</sup> Case C-264/14, Skatteverket v. David Hedqvist (E.C.R. 2015). Available online: <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:62014CJ0264>

1990s. It was this background that some historians allege was ultimately the birth of cryptocurrency although the startup failed due to lack of finances. Some historians also note that the introduction of alternative currencies was instrumental in the birth of cryptocurrencies. Alternative currencies are currencies that operate outside of the traditional government-issued fiat currencies. They are often created and managed by communities, organizations, or individuals to address a specific environmental, social, or economic need<sup>5</sup>. Examples of local community alternative currencies within the United Kingdom (UK) are Transition Town Pounds, Time Banks, and Local Exchange Trading Systems (LETS).<sup>6</sup>

However, the majority of alternative currencies are of a more global and universal nature, and include items such as tokens, loyalty schemes, credits, or points earned in games and virtual or online worlds. The latter are early examples of Virtual Currency (VC), which mainly have restricted in-game use as units of value in online or virtual gaming communities. Examples of these operating in 2012 are Arena Net's Guild Wars 2, Iceland's CCP Games, and Valve Corporation, which aimed to create a shared currency across two virtual environments<sup>7</sup>. Alongside alternative currencies and the development of David Chaum's paper, another important factor to acknowledge as important in the development of cryptocurrencies is the development of block chain and Distributed Ledger Systems. Blockchain is technically the backbone of cryptocurrencies as it is the secure ledger for parties in a distributed network. It is these logs that create the ability of cryptocurrency to function without a "trusted" third party e.g. banks and other financial intermediaries. Using the block chain or distributed ledger technology, the ledgers are available to everyone on the network, unlike in a centralized banking system where only a bank or the trusted financial intermediary is responsible for overseeing all the financial activities and preventing double debiting and counterfeiting. It's important to note, that Napster had by 1999 created the block chain system and popularized it.

---

<sup>5</sup> David Lee, Khou Chen (2015) Handbook to Digital Currencies

<sup>6</sup> Ibid1

<sup>7</sup> Mullan, The Digital Currency Challenge: Shaping Online Payment Systems through US Financial Regulations (Palgrave Macmillan 2014)

“The P2P network was popularized by Napster in June 1999; PKI, which gives the ability to secure transactions between two untrusted parties and provides other key elements like time stamping, has been in use since the 1990s; and finally, the cryptographic hash used in block chain consensus algorithms became popular for security use in areas like mobile devices since the late 1980s”<sup>8</sup>

Cryptocurrency then emerged in 2009 after the combination of the above factors and pieces; alternative money concepts, distributive ledger technology, and David Chaum’s paper titled “Computer Systems Established, Maintained, and Trusted by Mutually Suspicious Groups,” which laid the ground for the birth of Satoshi Nakamoto’s Bitcoin that was later on realized in 2009 which was aimed at solving the problems that were created by reliance on financial institutions to process electronic payments and to serve as trusted parties in conducting commerce over the internet.

Among one of the most important steps in understanding cryptocurrencies is the development and mining process of the digital tokens and in this, we analyze the cryptocurrency eco-system and all the players and the tasks they perform.

## 2.2 The Cryptocurrency Eco System

### 2.2.1 Cryptocurrency Developers

Are a team of people who build decentralized applications, develop concepts for new block chains, and create and maintain the computer code of cryptocurrency systems. Bitcoin Core is the software used in the development of Bitcoin. It is also known to be an open source software and for that reason, any interested person can contribute to the system. Different cryptocurrencies have various and numerous numbers of developers working on the development of cryptocurrencies.

Miners are the second set of persons who are also evidently important in the development of cryptocurrencies. They play a vital role in verifying transactions and thus as a result tantamount to a generation of new cryptocurrencies. Crypto is

---

<sup>8</sup> Secure Identity Management in Structured Peer-to-Peer (P2P) Networks Juan Cuabet Fernandez (2015) available online at; <https://upcommons.upc.edu/bitstream/handle/2117/98113/TJCF1de1.pdf>

generated as a reward for solving complex mathematical problems.<sup>9</sup> Cryptocurrency is just supposed to transform blocks of transactions into a shorter string of combined numbers and letters verifying every single transaction based on the pre-current transaction. It is this very complex system that makes it hard to decrypt and fake transactions on cryptocurrency payments<sup>10</sup>.’ are then made after the verification of the cryptocurrency transaction. It is at this point that cryptocurrencies are created.

### 2.2.2 Cryptocurrency Exchanges

These are intermediaries that connect the end users ‘consumers’ of cryptocurrencies and other digital tokens to the block chain. The intermediaries ‘act as custodians of cryptocurrency or cryptocurrency credentials originally belonging to their clients and may facilitate and clear transactions for clients without updating the public ledger’<sup>11</sup>

There are two types of crypto exchanges and these are **centralized and decentralized crypto exchanges**. On Decentralized exchanges commonly known as (DEX), traders can directly trade cryptocurrencies without the need for a 3<sup>rd</sup> party and thus cannot access transactions of fiat money. Users of Decentralized Exchanges use the exchanges by depositing crypto through peer-to-peer (P2P) transactions. Thus these merely provide an avenue for persons to trade. The Centralized Exchanges on the other hand, however, offer just more than the ability to trade on the exchange but also the storage and remittal of tokens on demand by the clients, Centralized Exchanges also can undertake upon examination and successful listing of a token, offer an Initial Exchange Offering (IEO).<sup>12</sup>

Exchanges provide consumers with the services of buying and selling their digital tokens, storing and remitting digital tokens on demand, and in the very essence providing the most important link between the cryptocurrency ecosystem and the normal economy as they act as conversion points from cryptocurrency to fiat

---

<sup>9</sup> *ibid.*

<sup>10</sup> <https://www.investopedia.com/terms/m/mining-pool.asp>

<sup>11</sup> S Hughes and S Middlebrook, ‘Advancing a Framework for Regulating Cryptocurrency Payments Intermediaries’ (2015) 32 Yale J on Reg 495, 497.

<sup>12</sup> M Rauchs and others, ‘2nd Global Cryptoasset Benchmarking Study’ (Cambridge Centre for Alternative Finance December 2018)

currencies like the dollar, pounds, yens and all other accepted fiat currencies and it is at this point that majority of all cryptocurrency trading activities take place.

Protection of customer interests commences at this level which is why all the jurisdictions with pro-cryptocurrency regulations have a clear regulatory framework on cryptocurrency exchanges i.e. the Cayman Islands enacted the ***Virtual Assets (Service Providers Act) of 2020***, Singapore enacted the ***Singapore Payment Services Act; Regulations and Guidelines of MAS(2019)*** similarly, The Republic of Korea, enacted the ***Act on Reporting and Using Specified Financial Transaction Information*** that came into effect in March 2021. The bid for consumer protection is at this point because the majority of the crime happens here; starting from fraud, theft of passkeys and digital tokens, money laundering, etc. Some exchanges go on to even provide cryptocurrency Automated Teller Machines (ATMs) where users of cryptocurrencies can cash out the digital tokens to fiat.

### 2.2.3 Wallet providers

Are players in the cryptocurrency ecosystem who are entirely concerned with the storage of cryptocurrency storage mediums. Some of the storage systems are referred to as cold storage systems which keep digital currencies' passkeys offline. Though most crypto exchanges provide for storage of cryptocurrencies through mobile applications or web interfaces, certain clients prefer to use electronic wallets which are only used for the cold storage of the digital tokens as they are less prone to cyber-attacks.

Some of these wallets include Trust Wallet, the Coin base Vault service, and others like the Exodus Blockchain Assets. In essence, developers, miners, crypto exchanges, and wallet providers are among the most important parties that partake in cryptocurrency transactions. It is also important to note that there are other financial intermediaries like remittance service providers (money transfer agencies that specialize in crypto transactions.) that also mainly transfer cryptocurrencies across different platforms and vivid examples include Metal PAY, Ping, etc.

### 2.3 Types of Cryptocurrencies

There are different types of ‘**cryptocurrencies**’. There are at least four different types of cryptocurrencies; and these include asset-referenced tokens which comprise **Payment cryptocurrencies, utility tokens, stable coins and the newly created Central Bank Digital Currencies (CBDCs), and other crypto-assets with controversial nature**. Consequently, crypto-assets do not and cannot have common rules of circulation. For that reason, generally using the word crypto asset is wide and encompasses all the different types of digital assets.

Article 4(1) (44) MiFiD2<sup>13</sup> clearly states the difference between utility tokens and investment tokens. Utility tokens are also derivatives and that purpose can be used for their right transfer of goods, services, and intellectual property rights or services. It is even logical to some extent to compare them to financial instruments like bonds and equities. Utility tokens however do not have the ability/option of being used as a payment option. It’s also crucial to note that cryptocurrencies usually are the ones that possess the usability of being payment tokens. According to (Maume and Frombeggar)<sup>14</sup> 2019 they assert that if a token offers both a payment option and investment aspects that are not only based on rising prices, it then ceases to be a currency but rather an investment token. It’s for that reason that different jurisdictions treat them as property, others as commodities, and some others treat cryptocurrencies as currencies. This is the cause of the deviation in regulatory frameworks.

In 2019 Sir Geoffrey Vos (2019), Chancellor of the High Court of Justice of England and Wales stated that Bitcoin is identified as property and this is for several reasons. British High Court Judge Bryan in *AA v Persons Unknown* stated that Bitcoin meets the criteria of property as it is definable, identifiable by third parties, capable in their nature of assumption by third parties, and having some degree of

---

<sup>13</sup> <https://www.pwc.lu/en/mifid/docs/pwc-markets-in-financial-instruments-directive-2-mifid-2-level-1.pdf>

<sup>14</sup> Maume, Philipp, and Mathias Fromberger. 2019. Regulation of Initial Coin Offerings: Reconciling U.S. and E.U. Securities Laws. *Chicago Journal of International Law* 19: 548. Available online: <https://chicagounbound.uchicago.edu/cjil/vol19/iss2/5>

permanence<sup>15</sup>. However, some cryptocurrencies that are in the make of Bitcoin and Ethereum are not classified as securities but rather as goods because they store value for their users.

**Bitcoin** for one is the **most recognized payment cryptocurrency** and is used to facilitate transactions and peer-to-peer (P2P) electronic cash flow. By nature of their creation, payment cryptocurrencies rise in value since they have a limited number of mineable tokens and this makes them resistant to inflation. There are over 3014 payment cryptocurrencies listed on CoinMarketCap at the time of writing and they include doge coin, bitcoin cash, Monero, etc.

### 2.3.1 Utility Tokens

Utility tokens are the second type of cryptocurrency and these vary in technology from the payment tokens they encompass several functionality tokens that include service tokens, non-fungible tokens, and finance tokens among others. The first-ever utility token was created in 2015 by Vitalik Buterin and is known as Ethereum. The difference between *utility tokens and payment cryptocurrencies is the fact that they are likely to be affected by inflation because they are not capped*. They are subject to inflation just like normal currencies and it is because of this that it's common to hear burn-offs of certain cryptocurrencies to reduce their supply. This works for other cryptocurrencies including Shiba Inu etc.

### 2.3.2 Non-Fungible Tokens

Non-fungible tokens are blockchain-based tokens that each represent a unique asset and these are proof of ownership of a certain work or piece of work<sup>16</sup>. These are often confused to be under the wing of cryptocurrencies however it is important to note that NFTS are different in every single unit and that defies the outright description of cryptocurrencies as in cryptocurrencies if 1 ETH is put to another ETH of the same quantity or value, it ought to be the same which is not depicted in **Non-Fungible Tokens**. It is for that reason that they are classified as digital assets and not cryptocurrencies.

---

<sup>15</sup> AA vs Persons Unknown(EWHC 17January 2020) Available online at; <https://www.judiciary.uk/wp-content/uploads/2022/07/AA-v-Persons-Unknown-summary-case-note-SB-amended-1.pdf>

<sup>16</sup> <https://aws.amazon.com/blockchain/nfts-explained/#:~:text=Non%2Dfungible%20tokens%2C%20often%20referred,asset%2C%20whether%20digital%20or%20physical>

### 2.3.3 Finance/Exchange Tokens

Another type of utility token is Finance tokens. These are tokens created by a cryptocurrency exchange and they are used for gaining access to an exchange. They are sometimes referred to as **Exchange tokens** and they entitle owners to benefits on crypto exchanges these benefits include; discounted trading fees<sup>17</sup>, early access to token sales listed on the platform. These tokens however are used for increasing the financial status of the exchange. They can be traded on other platforms so that they are listed just like any other token. Decentralized exchanges also have their tokens and they are referred to as DE-FI tokens and are used similarly as in centralized exchanges for yield farming, staking, and speculation and investment purposes.

### 2.3.4 Stable Coins

Stable coins are another type of digital tokens that fall under the make of utility tokens; given the volatility experienced in many digital assets, stable coins are designed to provide a store of value. They maintain their value because while they are built on a blockchain, this type of cryptocurrency can be exchanged for one or more fiat currencies. So stable coins are pegged to a physical currency, most commonly the U.S. dollar or the Euro. The highest-profile stable coin is Tether's USDT, which is the third-largest cryptocurrency by market capitalization behind Bitcoin and Ether. The USDT is pegged to the US dollar, meaning its value is supposed to remain stable at 1 USD each. It achieves this by backing every USDT with one US dollar worth of reserve assets in cash or cash equivalents. Though stable coins are meant to maintain value, it is notable to remember that TerraUSD fell from \$1 to 11 cents and this came from the failure of the makers of the crypto to carryout proper corporate governance of the crypto exchange and create reserves and because of this, the cryptocurrency crashed together with its backup currency Luna that fell from over \$80 to a fraction of a cent.<sup>18</sup>

---

<sup>17</sup> <https://www.coindesk.com/learn/what-is-an-exchange-token/>

<sup>18</sup> <https://aws.amazon.com/blockchain/nfts-explained/#:~:text=Non-fungible%20tokens%2C%20often%20referred,asset%2C%20whether%20digital%20or%20physical>

### 2.3.5 Central Bank Digital Currencies

Last but not least, another type of digital currency that is notable is the **Central Bank Digital Currencies**. Central banks all over the world are getting into the norm of creating digital currencies. These currencies however are tagged to a national currency and are legally acceptable tender as they are issued by the central bank of a sovereign state. The central bank maintains total and absolute control of the CBDCs as it does over the fiat currencies. Some of the countries that have issued these currencies include China, The Bahamas, India, Brazil etc. They perform similarly the same roles as cryptocurrencies and are typically based on blockchain technology and they create a paper trail traceable by the government easing tracking and tracing of funds and also easing taxation goals by governments and combatting financial crimes like terrorist financing and money laundering. The advantage that is tied to these Central Bank Digital Currencies is that are issued and controlled by Central Banks they are not subject to fraud and are usually more stable which is unlike most cryptocurrencies.

**In conclusion under this chapter**, We look at the rights of the different users and parties in the cryptocurrency ecosystem. The ecosystem has several users but the existing laws seek to protect consumers and though they aren't exactly adequate; they seek to uphold the interests of consumers because of the other parties in the business that prey on the innocence of retail users in this market. The ***United Nations Guidelines for Consumer Protection***<sup>19</sup>, Article 3 states that businesses ought to ensure that the economic interests of consumers are protected.

It also talks about the insurance of consumer education on businesses they ought to undertake and the availability of consumer redress in circumstances of disputes/conflict of interest by financial intermediaries. These guidelines set down the consumer protection objectives that have been upheld in the majority of the cryptocurrency-pro-regulated areas including The British Cayman Islands, The Republic of Korea, and others.

---

<sup>19</sup> United Nations Guidelines For Consumer Protection

## 2.4 The rights of persons in the cryptocurrency business include the following;

### 2.4.1 Right to Information

Consumers have the right to detailed and transparent information about the cryptocurrency products or services they are using. This includes clear explanations of how the platform operates, the risks associated with investing or trading cryptocurrencies, and any fees or charges involved.

Information should be provided in a language and format that consumers can understand, and any complex terms or concepts should be explained thoroughly.

### 2.4.2 Right to Security

Consumers expect cryptocurrency platforms to implement robust security measures to protect their personal and financial information. This includes using encryption, secure authentication methods, and other cybersecurity practices to prevent unauthorized access to user accounts and funds.

Platforms should regularly update their security protocols and promptly notify users of any security breaches or vulnerabilities.

### 2.4.3. Right to Privacy

Consumers have the right to privacy concerning their personal and financial data when using cryptocurrency platforms. Platforms should adhere to privacy laws and regulations, such as GDPR in Europe, and implement measures to safeguard user privacy.

This includes obtaining explicit consent before collecting and processing user data, providing users with control over their data, and ensuring that data is only used for legitimate purposes.

### 2.4.4. Right to Redress

In case of disputes or issues with cryptocurrency transactions, consumers should have access to effective mechanisms for resolving complaints and seeking redress. This may include customer support channels, mediation services, or arbitration.

Platforms should have transparent procedures for handling complaints and should work to resolve issues in a timely and fair manner.

#### **2.4.5. Right to Fair Practices**

Consumers should be protected from unfair practices such as market manipulation, fraud, or deceptive advertising when engaging in cryptocurrency transactions.

Regulatory authorities may enforce laws and regulations to prevent such practices and hold platform operators accountable for any violations.

#### **2.4.6. Right to Withdrawal**

Depending on the jurisdiction and the terms of the platform, consumers may have the right to withdraw from cryptocurrency transactions within a specified period without penalty.

This right is especially important in situations where consumers may change their minds about an investment or encounter unexpected issues with a transaction.

#### **2.4.7. Right to Access Funds**

Consumers expect to have uninterrupted access to the funds they have deposited on cryptocurrency platforms. Platforms should facilitate timely withdrawals and provide clear information about any restrictions or conditions that may apply.

Users should also be informed about the security measures in place to protect their funds from loss or theft.

#### **2.4.8. Right to Regulation Compliance**

Consumers have the right to expect that cryptocurrency businesses comply with relevant regulations and laws aimed at protecting consumers and preventing illegal activities.

This includes adhering to anti-money laundering (AML) and know-your-customer (KYC) regulations, as well as implementing measures to prevent fraud and illicit activities on their platforms.

#### **2.4.9. Right to Transparent Fees**

Consumers should be informed about all fees associated with cryptocurrency transactions, including trading fees, withdrawal fees, and any other charges.

Fee structures should be transparent and easy to understand, and consumers should have access to tools or calculators to estimate the total cost of their transactions.

#### **2.5.10. Right to Education**

Consumers have the right to access educational resources and information to help them make informed decisions about cryptocurrency investments and transactions.

Platforms should provide educational materials covering topics such as blockchain technology, cryptocurrency markets, risk management strategies, and security best practices.

By upholding these rights, cryptocurrency businesses can build trust with their users and contribute to the growth and maturation of the cryptocurrency industry

### **2.5 Conclusion**

Under this chapter, this thesis expounds on the different parties in the cryptocurrency eco-system and their roles in ensuring the generation and transfer of tokens. It also breaks down the different types of crypto currencies, and their usability but most importantly discusses the rights of the users/consumers of crypto currencies and how they ought to be protected.

## CHAPTER THREE

### EXISTING LEGAL AND REGULATORY FRAMEWORK OF CRYPTOCURRENCIES IN UGANDA VISA VIE INTERNATIONAL STANDARDS.

#### 3.0 INTRODUCTION

Chapter three provides a descriptive insight into the Capital Markets Authority Act Cap.84, National Payment Systems Act 2020 and the National Payment Systems regulations of 2021, and the case of *Silver Kayondo vs Bank of Uganda (supra)* which is a ground breaking case in the cryptocurrency space of Uganda. These provide a detailed explanation of the current atmosphere as regards the cryptocurrency space in Uganda today as well as other jurisdictions like British Cayman islands, Singapore and many others.

Different countries globally have regulations as to cryptocurrencies and the regulatory framework varies per jurisdiction. In the United Kingdom as per **the Financial Services and Market ACT (2000) Financial Promotion Amendment Order (2023)** cryptocurrencies are treated as property<sup>20</sup>. The regulation in the United States of America varies as each state regulates cryptocurrency differently and other countries like the Cayman Islands, Abu Dhabi, and Singapore have developed a well-regulated crypto-space, these shall be our points of study on which we shall base to gauge the global regulatory framework. Some countries like China and Russia have completely banned cryptocurrency and also Morocco since 2017 has banned the purchase, exchange, and use of cryptocurrency by its citizens. The organizations to be included in this analysis are the International Monetary Fund (IMF), the **G20 and the Financial Stability Board (FSB)**, the **Organization for Economic Co-Operation and Development (OECD)** the **Financial Action Task Force (FATF)**, and the various organizations within the European Union (EU). Under the analysis of countries that have regulated crypto, they will be divided into promotive jurisdictions or restrictive jurisdictions. It's important to note that there are of course some jurisdictions with no definitive regulation as regards cryptocurrencies like Uganda. Some countries on

---

<sup>20</sup> Section 9(4) of the Financial Services and Market ACT (2000) Financial Promotion Amendment Order (2023)

the other hand like El Salvador have legalized cryptocurrency and even adopted it as legal tender.

### 3.2 Legal Regime for Crypto Regulations In Various Jurisdictions

Different jurisdictions globally have various approaches to crypto regulation as some are pro-cryptocurrency whereas others are anti-cryptocurrency.

Some like Uganda do not have an already clearly defined legal framework and thus fall in the category of jurisdictions that lack clear definitive regulation regarding cryptocurrencies.

Some of the jurisdictions that have embraced pro-crypto regulation include Singapore, the United Kingdom, Gibraltar, and The British Cayman Islands. Most of these jurisdictions to ease the regulation of digital assets have announced and refer cryptocurrency as property. They have also made stringent regulations regarding the regulation of crypto exchanges for the protection of their nationals. In this study, we shall focus on the jurisdictions that have a pro-cryptocurrency legal framework and also briefly talk about the jurisdictions with tight anti-crypto regulations including China and Morocco.

#### 3.2.1 UGANDA

The legality of cryptocurrency in Uganda is not exactly nonexistent as the Minister of Finance of Uganda in 2019 clearly stated in an official statement that cryptocurrencies in Uganda are not recognized as legal tender<sup>21</sup>. Although there is no direct and clear regulation of cryptocurrencies and the trading of their derivatives; however, there are different laws in Uganda that hint at cryptocurrencies in the law and they include the Computer Misuse Act, No. 2 of 2011; the Electronic Signatures Act, Cap 98; and the Electronic Transactions Act, cap 99, but do not make any regulatory framework.

**Section 1(hh)(iii) of the Capital Markets Authority Act, Cap 64** defines cryptocurrencies as securities as it states that Securities as inclusive of any right, warrant, option, or futures in respect of any debenture, stocks, shares, bonds, notes or in respect of commodities. The second schedule of (amendment) of the

---

<sup>21</sup> See: <https://www.finance.go.ug/sites/default/files/press/statement%20on%20crypto%20currency.pdf>

Anti-Money Laundering Act<sup>22</sup>, states that providers of virtual asset services are liable to the jurisdiction of the Financial Intelligence Authority. " Virtual asset service providers, that is to say, a natural or legal person who conducts one or more of the following activities for or on behalf of another natural or legal person - (a) the exchange between virtual assets and fiat currencies; (b) the transfer of virtual assets; (c) the safekeeping or administration of virtual assets or instruments enabling control over virtual assets or instruments enabling control over virtual assets; and (d) the participation in or provision of financial services related to an insurer's offer or sale of a virtual asset.

**Section 3 of the Foreign Exchange Act, Cap 167**, defines foreign exchange to mean bank notes, coins, or electronic means of payment which are accepted as legal tender outside of Uganda. Cryptocurrency is accepted as legal tender in countries like El Salvador have made bitcoin legal tender and as a result, cryptocurrency by virtue of this law accepted foreign exchange of Uganda. Other laws include Section 4 of the Electronic Transactions Act Cap 99, and Section 4 of the National Payment Systems ACT, Cap 59, these laws are merely descriptive and do not provide any regulatory framework for the cryptocurrency space in Uganda. Other jurisdictions globally however have regulated cryptocurrencies, accurately describing their nature whether as property or as securities as stated below.

### 3.2.2 BRITISH CAYMAN ISLANDS

In a bid to improve crypto regulation, British Cayman Islands introduced the **Virtual Assets (Service Provider's Act)** in 2020 to provide for the regulation of crypto exchanges in the islands. They also amended a number of their laws to suit that purpose and included the Securities Investment Business Bill; Mutual Funds Bill; and Stock Exchange Company Bill among others and these amendments enabled the regulation and supervision of digital assets, digital asset providers, and other financial intermediaries in the cryptocurrency market including even Decentralized Exchanges<sup>23</sup>. These regulations are provided for under Article 9 of the said act, and demand for the requirements of the exchange senior directors, must have an official

---

<sup>22</sup> Anti-Money Laundering Act, Cap 118

<sup>23</sup> Legislation Gazette No. 7. Virtual Asset (Service Providers) Act (2022 Revision), 6 § (2022). Available online: [https://legislation.gov.ky/cms/images/LEGISLATION/PRINCIPAL/2020/20200014/VirtualAssetServiceProvidersAct\\_2022%20Revision.pdf](https://legislation.gov.ky/cms/images/LEGISLATION/PRINCIPAL/2020/20200014/VirtualAssetServiceProvidersAct_2022%20Revision.pdf)

jurisdiction in the islands, auditor's supervision of corporate governance, protection of bio and financial data of clients, Anti Money Laundering and Counter-Terrorism Financing mechanisms who must also acquire a license from the Cayman Islands Financial Services Authority. All these requirements are in fulfillment of the Financial Action Task Force(FATF) regulations. This is a body that was formed in 1989 to fight against money laundering and other financial crimes and promote common interests in the G7 jurisdiction. This body is usually known by its French name, 'Grouped'action financière' which blacklists jurisdictions that do not develop proper and stringent Anti-Money Laundering regulations. Article 10 presents requirements for asset custody services which include specific cyber-security measures, safekeeping mechanisms for the data and financial deposits of clients, and the insurance of clients' assets to be able to pay back the clients in the worst-case scenario of a cyber-hack or loss of the client's assets. Article 11 then states the requirements for virtual asset trading platforms, particularly targeting the prevention of market manipulation practices that include pumps and dumps, spoof and wash trading, etc. as well as other unfair trading practices that are aimed at manipulating the retail traders. Carrying out of business of a financial institution without a license can attract a punishment of \$25,000 and a jail term of up to one year according to **Article 35(1) of the Virtual Assets (Service Provider's Act) in 2020.**

### 3.2.3 SINGAPORE

Singapore is another jurisdiction that has adopted and created laws regulating cryptocurrency exchanges and other financial intermediaries, particularly to curb and encompass the new and developing financial technologies<sup>24</sup>. The agency responsible for the regulation of cryptocurrencies in Singapore is known as **the Monetary Authority of Singapore (MAS)**, which sets up the Payment Service Regulations<sup>25</sup>. Article 6(4) of the above act states that only licensed exchanges are to operate and provide services of storing, trading services, and exchanging of cryptocurrencies. Under Singapore law, tokens can't be regulated unless they can be constructed as securities under the Securities and Futures Act. MAS on top of

---

<sup>24</sup> Lin, Lin. 2019. Regulating FinTech: The Case of Singapore. SSRN Electronic Journal.

<sup>25</sup> Singapore Payment Services Act. 2019 (2019). Available online: <https://sso.agc.gov.sg/Acts-Supp/2-2019/Published/20190220> ?DocDate=2019022

regulating the tokens that can be listed ought to first be approved by the authority as it must quickly satisfy whether they have the characteristics required including the rights attached to them and whether they satisfy the Capital Markets product protocols. MAS regulates the conduct of financial organizations that offer trading of security tokens, digital currencies that aren't under the jurisdiction of MAS are regulated by other bodies in order to combat money laundering and terrorist financing.

Section 6(4) states that there are a number of licenses to be issued and they are; money-changing licenses, standard payment institution licenses, and major payment institution licenses. The same article provides under sub-article 9 that for the issuance of a standard license, the service provider must have a registered office in Singapore, with a director who is a permanent resident of the same within the accepted legal working age bracket of Singapore. The minimum capital requirement of an exchange in Singapore is \$100,000. The Regulations set up under MAS (National Payment Systems Regulations) set up the rules for application procedure, the requirements for information disclosure, and Notice PSN02 Prevention of Money Laundering and Countering the Financing of Terrorism, Digital Payment Token Service<sup>26</sup> and Guidelines to Notice PSN0223 established the requirements of crypto-exchanges concerning AML/CFT. The regulation in Singapore is very effective and protective of the citizens as it prevents the holders and traders of cryptocurrencies from unfair tendencies employed by crypto-exchanges<sup>27</sup>

#### 3.2.4 GILBRATAR

Gibraltar regulations governing cryptocurrencies in 2017 and they are known as Financial Services (Distributed Ledger Technology Providers) Regulations 2017. The **Gibraltar Financial Service Commission (GFSC)** is the statutory body that is tasked with the regulation of cryptocurrencies and the providers of these digital financial assets and it regulates the trading of derivatives, ownership of the same, sponsorship of public tokens offerings, and also the market operators of the same

---

<sup>26</sup> Notice PSN02 Prevention of Money Laundering and Countering the Financing of Terrorism—Digital Payment Token (2019). Available online: <https://www.mas.gov.sg/regulation/notices/psn02-aml-cft-notice-{}-{}-digital-payment-token-service>

<sup>27</sup> Alekseenko, Aleksandr P. 2022b. Privacy, Data Protection, and Public Interest Considerations for Fintech. In Global Perspectives in FinTech. Edited by Hung-Yi Chen, Pawee Jenweeranon and Nafis Alam. Cham: Springer International Publishing, pp. 25–49

tokens and defines tokens as digital representations of an asset whether physical or virtual. Public offering tokens that are not securities are referred to as utility tokens.

The requirements in Gibraltar are not very different from the ones in The Republic of Korea, Seychelles, and other jurisdictions like the British Cayman Islands and the UK.

It is very important to look at some of the organizations that set the pace and stone for the regulation of cryptocurrencies globally.

### 3.3 Global Crypto Regulatory Authorities

The G20 and Financial Stability Board (FSB), International Monetary Fund, and International Organization of Securities Commission (IOSC) as well as numerous other organizations that have been set up to regulate and make regulations concerning digital assets, trading and exchanges.

#### 3.3.1 G20 And Financial Stability Board

At the 2018 G20 meeting in Argentina<sup>28</sup>, there was a passed motion for uniform regulation of cryptocurrencies<sup>29</sup> by Member states. It was called the ‘GLOBAL CONTRACT FOR GLOBAL INVESTMENT’<sup>30</sup> aimed at global uniform regulation of cryptocurrencies. Under this summit, member states agreed to enforce the ‘**Groupe d'actionfinancière**’ regulations on money laundering and uniform Global Counter-Terrorism Financing standards and also agreed to a unified tax collection mechanism and technique for the digital assets by following the Organization for Economic Cooperation and Development Base Erosion and Profit shifting network that was meant to commence 2020. The Financial Stability Board (FSB) is the body responsible for the financial stance of the G20 countries. The FSB however has not yet exactly seen the reason for the urgent regulation of the cryptocurrency scenario as it does not pose any threat to global financial security. It remains to be seen whether the suggestions of French President Emmanuel Macron

---

<sup>28</sup> G20, ‘Communiqué of the First G20 Meeting of Finance Ministers and Central Bank Governors of 2018’ (G20 20 March 2018)

<sup>29</sup> N De, ‘World Leaders are Talking Crypto at Davos’ (Coin desk 25 January 2018) accessed 10th March, 2025 Available online at; <https://www.coindesk.com/markets/2018/01/25/world-leaders-are-talking-crypto-at-davos/>

<sup>30</sup> Ibid

as he was at the time then, will mature into more meaningful regulations and guidelines.

### 3.3.2 Financial Action Task Force (FATF)

This is an organization that was created in 1989 and whose main obligation was to create regulations regarding money laundering prevention, and control of digital crime but has grown to be noticed evidently as a central force shaping the growth direction of the regulation of digital assets and currencies.<sup>31</sup>

In 2015, the organization published a document known as “THE VIRTUAL CURRENCY PRODUCTS AND SERVICES”\_This document targeted and was majorly addressed to players in the eco-system who had an intersection of the fiat system and the digital finance section<sup>32</sup>. This document mainly included Anti-Money Laundering and Counter-Terrorism financing requirements for exchanges and other financial intermediaries in the digital asset space. This guide together with the one for the Organization for Economic Corporation and Development led to the ultimate growth of the regulation that most countries are enforcing globally. Currently, the concern with the FATF is the fact that the regulations being employed by and across different countries are exposed to loopholes that can be manipulated by wrong parties<sup>33</sup>. It has been reported that interests are being set on the use and exploitation of digital IDs to maintain customer due diligence measures. There is a growing need for technology-based regulation.

### 3.4 Conclusion

Conclusively, under this chapter it is evident that other jurisdictions like Seychelles, Cayman Islands and Gilbrator have developed clear regulatory frameworks to govern the trading and owning of crypto currencies whilst protecting the users of crypto currencies from the unfair and avoidable conditions that prevail in the market. Uganda on the other hand, has not yet developed an articulate legal system and

---

<sup>31</sup> FATF, ‘Who We Are’ (FATF 2018) Accessed 2nd March 2025 available online at; <https://www.fatf-gafi.org/en/the-fatf/who-we-are.html>

<sup>32</sup> FATF, ‘Guidance for a Risk-Based Approach: Virtual Currencies’ (FATF June 2015) Accessed 2nd March 2025 Available online at; <https://www.fatf-gafi.org/en/publications/Fatfgeneral/Guidance-rba-virtual-currencies.html>

<sup>33</sup> 8 FATF, ‘FATF Report to the G20 Finance Ministers and Central Bank Governors’ (FATF March 2018) Accessed on 5th March,2025

regulations to govern the cryptocurrency space, thus leaving consumers exposed to severe and numerous risks.

## CHAPTER FOUR

### IMPLICATIONS OF THE NON-REGULATION OF THE CRYPTOCURRENCY SECTOR ON CONSUMERS IN UGANDA.

#### 4.0 Introduction

The non-regulation of cryptocurrencies and the repeated avoidance by Ugandan law makers and enforcers has created a void in the eco-system that is being exploited by parties that seek to abuse the rights, steal the money and defraud Ugandans ontop of providing below standard services to the Ugandan population. This chapter breaks down the implications of the non-regulation of the cryptocurrency industry on the users and other parties existing in the eco-system.

#### 4.1 The Rights of Cryptocurrency Users

The United Nations Guidelines for Consumer Protection provide the rights of consumers/clients in any business and they are known to be;

- a) The easy access to relevant and working dispute resolution mechanisms in case of a dispute, which lack of a clear regulatory framework has obstructed.
- b) Users of cryptocurrencies have the right to control and own all their cryptocurrency holdings. They also retain the right to have sole and private access to their privacy keys(passwords).
- c) Users have the right to secure storage and transfer of their cryptocurrencies. They should be able to trust that the platforms or wallets they use have robust security measures in place to protect their funds from theft or hacking.
- d) Users have the right to access their funds at any time, without unreasonable restrictions or delays imposed by service providers. Centralized exchanges, for example, should allow users to withdraw their funds promptly and without excessive fees.

Different jurisdictions around the world have different regulations as regards the regulations of cryptocurrencies. Some jurisdictions have clearly put out regulations stating crypto as being illegal and attracting penalties for the involvement of cryptocurrency businesses. These include China which made it very clear that

investment and participation in cryptocurrency business is a clear breach of national regulations in 2021. Morocco also announced bitcoin to be 'haram' and as a result, this is a direct warning from the state that participation in cryptocurrency purchases or speculation is illegal in 2017 becoming the first African country to ban cryptocurrencies. These jurisdictions however are different from the like of Uganda which do not have a clearly set out regulatory framework and implication module. From around 2017, the Bank of Uganda has warned Ugandans not to participate in cryptocurrency investments and speculations and also set out a circular informing licensees of

which led to the case of Silver Kayondo vs Bank of Uganda (Supra) in which the plaintiff was contesting the circular and was asking the court to set it aside. Numerous countries globally have undertaken the same route of non-regulation of cryptocurrencies but this only endangers its citizens as the lack of regulation by these countries does not deter the citizens from engaging in the purchase and sale of these currencies. The lack of clear regulation only exposes the citizens to a string of issues arising from non-regulation

#### 4.2. EFFECTS OF NON REGULATIONS OF CRYPTO CURRENCIES ON THE USERS/CONSUMERS

On top of the protection of funds, crypto exchanges have a fiduciary duty to protect the information that is obtained from clients. It is important to note that during the process of signing up for cryptocurrency exchange, there are Know Your Customer (KYC) protocols that are undertaken, and a lot of information is collected from the clients ranging from personal bio-data, financial status information, and also bank details. Hacking and information loss arising from the side of an exchange ought to lead to liability on the side of the exchange, however due to lack of regulations on cryptocurrencies. Data privacy and security is greatly a large concern in the cryptocurrency eco-system as exchanges do not accept and claim liability for losses that arise from breaches and hacks.

The Binance user agreement<sup>34</sup> and general disclaimer show that clients are well versed in the adverse risks that accompany the cryptocurrency business as time and time again, these exchanges have been subject to hacks and other cyber-attacks. According to Bloomberg, in 2017 numerous lawsuits were brought against crypto exchanges with claims ranging up to a whopping \$55,000,000. If crypto exchanges are left unregulated in Uganda which Uganda Police Force crime reports state that citizens lost **1.8 Trillion Uganda shillings to crypto crimes and scams in 2023**. If there are no laws and regulations to protect civilians and their finances and worse still the exchanges use consent agreements and notices to break free of their required duty this beats the fiduciary duty of care that is owed to clients of the exchanges of protection of information and the financial investments.

Due to a **lack of clear cryptocurrency regulations**, the crypto exchanges and other service providers do not follow the United Nations Guidelines on Consumer Protection that include the provision of education, and as a result, many consumers go into the cryptocurrency business with very little or no knowledge and make uninformed decisions that obviously tantamount to evident losses. As a result, the non-regulation of cryptocurrencies leads Ugandans into losses as they do not know where to get correct information as regards participation in the business. Lack of information in the cryptocurrency business is a very dangerous effect that arises out of the non-regulation of these digital assets.

Pumps and dumps are market scenarios in which market participants agree to buy and sell a given cryptocurrency at a given time and sell it off at a given time. Users/participants in the market who are not aware of or do not have access to this type of information are likely to suffer devastating losses as a result of this kind of financial behavior. This is usually done with assets that are extremely volatile and would give mind-blowing returns. Bitcoin suits this criteria and it's for that reason that it experiences a lot of pumps and dumps. It's important to note that bitcoin dropped from \$68,000 to \$15,000 between November 2021 and December 2023.

---

<sup>34</sup> Binance Terms of Use. Available online: <https://www.binance.com/en/terms> , accessed on 4th March,2025

These kinds of price manipulations are unlikely to be accepted on exchanges if they are registered in a jurisdiction with a sound system of control.<sup>35</sup>

**Non-regulation of cryptocurrencies leads to delay/denial of adequate justice mechanisms in situations of disputes.** Due to the lack of a clear regulatory framework, civilians cannot enforce justice apprehension mechanisms upon being duped or after having their rights breached. It is very clear to note that the presence of the defendants (cryptocurrency exchanges) in jurisdictions that are outside the areas of commission of the offenses is a hindrance to the administration of justice.

*In Reynolds v. Binance Holdings Ltd*<sup>36</sup>, the court dismissed a claim to the crypto-exchange for lack of personal jurisdiction, motivating that the plaintiff failed to show any connection with the defendant to the place where the court and claimant are situated. Millions of Ugandans have lost money to online cryptocurrency scams and Ponzi schemes. According to the **Uganda Police Annual Crime Report of 2023**<sup>37</sup>, Ugandans have lost about 1.8 trillion Uganda shillings in cryptocurrency crimes. This comes from a slightly lower 859 billion Uganda shillings in 2022. There haven't been any significant prosecutions for these offenses as Ugandans are denied access to justice as no Ugandan laws address clearly the issues relating to crypto exchanges and liability arising from failure to adequately fulfill their duties.

The United Nations Guidelines for Consumer Protection provide for the availability of a dispute resolution mechanism and it has come to the attention that most crypto exchanges exploit this clause to set terms favorable to themselves, Binance which is one of the world's biggest cryptocurrency exchanges states in its mandatory client-agreement that all disputes shall be subject to the Hong Kong International Arbitration Court (HKAIC) per Hong Kong law however in the case of **Lochan v Binance Holdings Limited, 2023 ONSC 6714**<sup>38</sup>. The Superior Court of Ontario held that the arbitration clause held by Binance in its term of use is almost inapplicable

---

<sup>35</sup> Kamps, Josh, and Bennett Kleinberg. 2018. To the Moon: Defining and Detecting Cryptocurrency Pump-and-Dumps. *Crime Science* 7: 18.

<sup>36</sup> Reynolds v. Binance Holdings, 481 F. Supp. 3d 997 (N.D. Cal. 2020). Available online at; <https://casetext.com/case/reynolds-v-binance-holdings-ltd>

<sup>37</sup> Uganda Police Force Annual Crime Report 2023. Available online at; <https://www.upf.go.ug/annual-crime-report-2023/> accessed 4th March 2025

<sup>38</sup> Lochan. v. Binance Holdings Limited, 2023 ONSC 6714 (CanLII), <https://canlii.ca/t/k1qr4> retrieved on 2025-03-04

as it necessitates traveling to Hong Kong for justice and is thus unenforceable as regards public policy and indirect denial of justice.

The absence of clear regulation **exposes cryptocurrency users to market manipulation** that is done by big players in the market. Market manipulation is referred to as ‘Transactions or orders to trade, which give or are likely to give, false or misleading signals as to the supply of, demand for or price of financial instruments<sup>39</sup>.’ (Whales) as they are referred to are persons that hold very big amounts of cryptocurrencies and for that reason, they can relevantly influence the direction of the market as they have market-moving potential. If such persons are not restricted from using and trading the market for their own gain, it exposes the retail traders to a lot of danger as they can be lured into pump and dump schemes, wash trading, insider trading, and other market manipulation modules. The absence of standard restrictions that protect consumers from the market manipulation tactics of institutional investors is likely to result in very significantly heavy losses.

Cryptocurrency exchanges evade responsibility for finances that are lost in the carrying out of trading and speculation activities by forcing their users to consent to certain agreements that clear the exchange of any liabilities arising out of the actions as clients consent that they know the risks involved in cryptocurrencies. According to the **Binance Terms of Use**, clients consent that they are well versed with the risks associated with cryptocurrencies and for that reason, undertake all the losses that arise even if they arise from the negligence of the exchange and the exchange is not liable for any risks or adverse results<sup>40</sup>. These user agreements shield the exchange from liability and also by disclaimers that are often displayed to the consumers e.g. Binance’s General Risk Warning<sup>41</sup> informs that Binance can’t eliminate all security risks that users are responsible for keeping their Account password safe and that customers may be responsible for all the transactions under their Binance Account, whether they authorized them or not. The crypto-exchange

---

<sup>39</sup> MAD article 2 a. para. 1

<sup>40</sup> Binance Terms of Use. Available online: <https://www.binance.com/en/terms> accessed on 11th March, 2025

<sup>41</sup> General Risk Warning. Available online: <https://www.binance.com/ru/risk-warning> accessed on 11th March 2025

highlights that transactions in Digital Assets may be irreversible, and losses due to fraudulent or unauthorized transactions may not be recoverable.

Lack of regulation concerning cryptocurrencies leads to **unregulated and unchecked advertisement of cryptocurrencies** especially on social media and this provides an **avenue for even scam cryptocurrencies**<sup>42</sup> to be advertised and the uneducated and uninformed general public usually falls prey to the lucrative offers made and promised by scammers. Easy to remember is the scam coin 'One Coin' which rocked the global scale in the camouflage of a cryptocurrency yet it lacked the easily identifiable features of a cryptocurrency that include transferability of the token. Numerous exchanges have over time been cracked down by authorities in different jurisdictions and it was found out that they were pseudo exchanges. These include BitKRx which vanished after a short time of operation and copying of Binance's trading history and luring millions of dollars in consumer funds. These sites can get the attention of customers because there is a lack of strict regulation and regulatory framework to keep the crypto sites in check.

Consumers in an **unregulated cryptocurrency market are likely to fall victim to poor corporate governance** and evidently, losses as the owners of the exchange do not have a regulatory framework to keep the activities of the exchange under check. This is because the exchanges do not make clear reports on the financial status of the exchanges in which consumers have stored/kept. It is incumbent on the executives of the exchanges to maintain proper corporate control over the exchanges and ensure that they keep proper books of record, and proper and appropriate security control measures for the assets of the clients which they are obliged to share with their clients of the exchange among other duties, FTX which was headed by Sam Fried Bankman failed to exercise corporate control over the finances of individuals in his exchange and used the monies for personal gain as well as a corporate rescue for another fund known as Alameda, further, he went ahead to use software to hide the misappropriation of finances and it came as a worldwide shock when the FTX exchange token LUNA fell from over \$80 to a fraction of a dollar upon discovery by other stakeholders who pulled out of the crypto causing a massive

---

<sup>42</sup> Liebau, Daniel, and Patrick Schueffel. 2019. Cryptocurrencies & Initial Coin Offerings: Are They Scams?—An Empirical Study. *The Journal of the British Blockchain Association* 2: 1–7

crash and evident losses to a tune of over \$60 billion<sup>43</sup> causing despicable losses to investors and users of the token in transactions as the value plummeted abruptly.

### Conclusion

Generally, the effects of non-regulation of crypto currencies in Uganda has exposed many users to unnecessary risks of market manipulation, fraud crypto-schemes, data theft and losses of money, losses arising out of poor corporate governance and also denial of justice in the scenarios of breach of contract by the exchanges and other service providers in the cryptocurrency eco-space.

---

<sup>43</sup> <https://www.forbes.com/sites/qai/2022/09/20/what-really-happened-to-luna-crypto/?sh=346a770c4ff1>

## CHAPTER FIVE;

### FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.

#### 5.0 Introduction

This chapter of the study gives a summary of the study's findings, conclusions, and recommendations. The chapter presents the findings about the research questions and objectives. It also provides recommendations to assist law enforcement authorities in properly drafting legislation that can suit the current legislation needs in the cryptocurrency space of Uganda.

#### 5.1 Summary of Major Findings

This study looked at the implications of the non-regulation of the cryptocurrency sector of Uganda and below are the evident findings that met the attention during the study.

1. Delay or failure of aggrieved customers to get justice in case there is a dispute.
2. Exposure to scam cryptocurrencies, and Ponzi schemes particularly due to lack of knowledge.
3. Customers in Uganda are more likely to suffer market manipulation by institutional investors.
4. An unregulated environment is a perfect environment for scam cryptocurrency advertisements that are done through social media.
5. The unregulated cryptocurrency environment in Uganda is a fertile ground for crypto-aided crimes like hacks, ransomware, terrorist financing, and other crypto-aided crimes.

#### 5.2 Discussion and Analysis of The Findings

To start with, an unregulated cryptocurrency sector like the one in Uganda denies its citizens the right to justice in scenarios of dispute settlement. Due to the absence of a governing law, cryptocurrency disputes are not adequately addressed and even the available dispute resolution mechanisms are expensive to uphold and thus defeat

the ends of justice. That is why despite the numerous claims and cries of losses of money in Ponzi schemes and cryptocurrency business, there is not any successful legislation on record for a sector that caused a loss of over 1 trillion Uganda Shillings in 2023 loss to this country's citizens.<sup>44</sup>

Due to the lack of regulation, scam companies and Ponzi scheme operators have gotten access to the Ugandan market which is a fertile ground for scammers of this caliber as the civilians cannot differentiate the cryptocurrencies and the scam tokens due to the lack of knowledge which ought to be passed on by the Ugandan government passing on the information.

An unregulated cryptocurrency environment like Uganda provides an avenue for cryptocurrency scammers who run adverts through social media which has no restrictions on the types of adverts on cryptocurrencies that can be run there. In that way, they can convince the already gullible public and lead them into scam projects.

The unregulated cryptocurrency space in Uganda is a fertile space for crypto-related crime that includes money laundering, terrorist financing, hacks, and malware among other cryptocurrency-related crimes. The absence of regulation makes Uganda a hotbed for these crimes.

### 5.3 Conclusion

Regulating crypto exchanges is a critical task that requires immediate action. The proposed regulatory framework must include clear definitions, appropriate regulations, and self-regulation initiatives to ensure the proper and reliable functioning of DLT applications, including Bitcoin. By promoting transparency, accountability, and trust in the industry, regulators can help protect investors and promote innovation in the industry. It is essential to recognize the proprietary nature of Bitcoin and determine the site where Bitcoin is situated. By doing so, regulators can implement appropriate regulations and ensure compliance with regulatory

---

<sup>44</sup> Uganda Police Force Annual Crime Report 2023 available online at <https://www.upf.go.ug/annual-crime-report-2023/>

requirements. Let's work together to build a safe and secure crypto industry for everyone, and let's do it now.

#### 5.4 Recommendations

The regulation of crypto exchanges is an urgent and challenging task that demands immediate action. Determining the legal status of Bitcoin and other cryptocurrencies is a critical step in addressing the issues related to crypto-exchange bankruptcy cases in which the court has to ascertain whether the crypto belongs to the judgment debtor (exchange) or its customers. It is imperative to define Bitcoin as a commodity or property owned by a customer to provide maximum protection to consumers and minimize the risk of losing their funds<sup>45</sup>. This was held in an English case of **AA vs Unknown persons**<sup>46</sup> in which bitcoin and other crypto currencies were referred to as property, this makes it easy for regulators

In the bid to develop an effective regulatory framework, regulators need focus on identifying areas of vulnerability, such as wallets, exchanges, and financial institutions' exposure, to combat scams in the industry. Licensing for all service providers upon meeting a clearly established criteria can be a powerful tool in reducing scams. Use of minimum authorized capital requirements, conducting independent audits of their funds, insurance for client funds, and implementation of standards similar to financial companies. Central banks must adopt a model that spreads the rules for customer authentication, anti-money laundering, etc., on operations with Bitcoin, to minimize the use of cryptocurrencies for tax evasion, money laundering, illegal trade, and financing of terrorism<sup>47</sup>.

To reduce price manipulation, crypto exchanges must implement a model similar to FOREX markets. Regulators It is important to encourage crypto exchanges to prevent insider trading and establish a maximum limit price on cryptocurrencies., and introduce mechanisms regulating the maximum quantity of orders from an investor per day and the maximum amount of cryptocurrency for

---

<sup>45</sup> Malvagna, Ugo, and Filippo Sartori. 2022. Cryptocurrencies as 'Fungible Digital Assets' within the Italian Legal System: Regulatory and Private Law Issues. *Italian Law Journal* 8: 481–502.

<sup>46</sup> AA v Persons Unknown & Ors, Re Bitcoin [2019] EWHC 3556 (Comm) (13 December 2019)

<sup>47</sup> Saiedi, Ed, Anders Broström, and Felipe Ruiz. 2021. Global Drivers of Cryptocurrency Infrastructure Adoption. *Small Business Economics* 57: 353–406

sale or purchase issued by one order<sup>48</sup>. Such a model would require crypto exchanges to implement the 'Know Your Customer' system, exclude information asymmetry, and develop sound standards of trading in cryptocurrencies.

Furthermore, regulators must prioritize the development of self-regulation in the industry to ensure the proper and reliable functioning of DLT applications, including Bitcoin. Establishing standards of conduct and creating awareness about the risks associated with trade in Bitcoin would promote transparency and accountability in the industry and help establish trust among investors. Regulators must oblige crypto exchanges to provide customers with clear information about investor rights and obligations and launch education programs for consumers. Such initiatives would help protect investors and promote innovation in the industry as well as give customers a proper understanding of the business.

The government in the bid to protect citizens ought to carry out sensitization programmes in which they disperse information on how to identify proper cryptocurrencies, listing the authorized exchanges that have been licensed by government to provide cryptocurrency services to the citizens, teaching the citizens on how they can authenticate proper cryptocurrencies as well as the scams and rugpulls. All these are aimed at providing the citizens with basic information that would aid in the decision making which also plays a crucial role in the safeguarding of their funds.

**International Cooperation** is very important in the process of regulating cryptocurrencies and ensuring that justice is delivered in situations that crime is committed. This is mainly due to the fact that cryptocurrency scams are internationally organised and coordinated. It is for that reason that international cooperation and joint efforts are required in the pursuing of justice and promotion of proper regulation of the cryptocurrency eco-system. Harmonized global regulation and ratification of global standards is something that Uganda can

---

<sup>48</sup> Fratini, Peter, Giovanni Sileno, Sander Klous, and Tom von Enger. 2022. Manipulation of the Bitcoin market: An agent-based study. *Financial Innovation* 8: 60

undertake so as to prevent regulatory arbitrage that is caused by differing national laws priorities and jurisdictions with differences in laws.

Training of blockchain analysts and setting up of distinguished regulatory bodies which are solely tasked with monitoring and ensuring that the entire eco-system is compliant with the set regulations. This can also be strengthened by ensuring that the blockchain analysts flag any transactions that could possibly be flagged as scams. This can be done by extensive, rigorous and continuous monitoring of the blockchain systems and transactions as they are swift, limitless in volume and happen almost instantly.

## BIBLIOGRAPHY :

- ❖ 2022 Crypto crime report by Chainalysis available online at; <https://blockbr.com.br/wp-content/uploads/2022/06/2022-crypto-crime-report.pdf>
- ❖ General Risk Warning. Available online: <https://www.binance.com/ru/risk-warning> . accessed on 4th March,2025
- ❖ 6P Mullan, The Digital Currency Challenge: Shaping Online Payment Systems through US Financial Regulations (Palgrave Macmillan 2014) 4.
- ❖ 8 FATF, 'FATF Report to the G20 Finance Ministers and Central Bank Governors' (FATF March 2018) Accessed on 5th March,2025
- ❖ AA v Persons Unknown & Ors, Re Bitcoin [2019] EWHC 3556 (Comm) (13 December 2019) available online at; <https://www.judiciary.uk/wp-content/uploads/2022/07/AA-v-Persons-Unknown-summary-case-note-SB-amended-1.pdf>
- ❖ Alekseenko, Aleksandr P. 2022b. Privacy, Data Protection, and Public Interest Considerations for Fintech. In Global Perspectives in FinTech. Edited by Hung-Yi Chen, Pawee Jenweeranon and Nafis Alam. Cham: Springer International Publishing, pp. 25-49
- ❖ Alekseenko, Aleksandr P. 2023. Model Framework for Consumer Protection and Crypto-Exchanges Regulation. Journal of Risk and Financial Management 16: 305. <https://doi.org/10.3390/jrfm1607030>
- ❖ Binance Terms of Use. Available online: <https://www.binance.com/en/terms> , accessed on 4th March 2025
- ❖ Case C-264/14, Skatteverket v. David Hedqvist (E.C.R. 2015). Available online: <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:62014CJ02644>
- ❖ FATF, 'Guidance for a Risk-Based Approach: Virtual Currencies' (FATF June 2015) Accessed 2nd March 2025
- ❖ FATF, 'Who We Are' (FATF 2018) Accessed 2nd May 2024
- ❖ Fratric, Peter, Giovanni Sileno, Sander Klous, and Tom von Enger. 2022. Manipulation of the Bitcoin market: An agent-based study. Financial Innovation 8: 60

- ❖ G20, ‘Communiqué of the First G20 Meeting of Finance Ministers and Central Bank Governors of 2018’ (G20 20 March 2018) accessed 5th May 2024
- ❖ <https://aws.amazon.com/blockchain/nfts-explained/#:~:text=Non%2Dfungible%20tokens%2C%20often%20referred,asset%2C%20whether%20digital%20or%20physical>.
- ❖ <https://aws.amazon.com/blockchain/nfts-explained/#:~:text=Non-fungible%20tokens%2C%20often%20referred,asset%2C%20whether%20digital%20or%20physical>
- ❖ <https://www.coindesk.com/learn/what-is-an-exchange-token/>
- ❖ <https://www.forbes.com/sites/qai/2022/09/20/what-really-happened-to-luna-crypto/?sh=346a770c4ff1>
- ❖ Ibid
- ❖ Kamps, Josh, and Bennett Kleinberg. 2018. To the Moon: Defining and Detecting Cryptocurrency Pump-and-Dumps. *Crime Science* 7: 18.
- ❖ Legislation Gazette No. 7. Virtual Asset (Service Providers) Act (2022 Revision), 6 § (2022). Available online at; [https://legislation.gov.ky/cms/images/LEGISLATION/PRINCIPAL/2020/2020014/VirtualAssetServiceProvidersAct\\_2022%20Revision](https://legislation.gov.ky/cms/images/LEGISLATION/PRINCIPAL/2020/2020014/VirtualAssetServiceProvidersAct_2022%20Revision) .pdf, accessed on 5Th May, 2024
- ❖ Liebau, Daniel, and Patrick Schueffel. 2019. Cryptocurrencies & Initial Coin Offerings: Are They Scams?—An Empirical Study. *The Journal of the British Blockchain Association* 2: 1-7.
- ❖ Lin, Lin. 2019. Regulating FinTech: The Case of Singapore. *SSRN Electronic Journal*. [
- ❖ Lochan. v. Binance Holdings Limited, 2023 ONSC 6714 (CanLII), <https://canlii.ca/t/k1qr4> retrieved on 2024-05-04
- ❖ M Rauchs Michel Rauchs, Apolline Blandin, Kristina Klein, Dr. Gina Pieters, Martino Recanatini, Bryan Zhang, ;2nd Global Cryptoasset Benchmarking Study (December 2018) available online at: <https://www.jbs.cam.ac.uk/wp-content/uploads/2020/08/2019-09-ccaf-2nd-global-cryptoasset-benchmarking.pdf>
- ❖ MAD article 2 a. para. 1

- ❖ Malvagna, Ugo, and Filippo Sartori. 2022. Cryptocurrencies as ' Fungible Digital Assets' within the Italian Legal System: Regulatory and Private Law Issues. Italian Law Journal 8: 481-502.
- ❖ Maume, Philipp, and Mathias Fromberger. 2019. Regulation of Initial Coin Offerings: Reconciling U.S. and E.U. Securities Laws. Chicago Journal of International Law 19: 548. Available online: <https://chicagounbound.uchicago.edu/cjil/vol19/iss2/5> (accessed on 20 Feb 2025)
- ❖ Miners most commonly create ' mining pools' to combine resources and share their processing power over a network. For more detail on mining pools see.>>Accessed on 3rd March 2025
- ❖ Morgan (n 19).
- ❖ N De, 'World Leaders are Talking Crypto at Davos' (Coindesk 25 January 2018) accessed 5th May 2024
- ❖ Notice PSN02 Prevention of Money Laundering and Countering the Financing of Terrorism—Digital Payment Token (2019). Available online: <https://www.mas.gov.sg/regulation/notices/psn02-aml-cft-notice{-}{-}-digital-payment-token-service> , accessed on 28th Feb 2025
- ❖ P De Fillipi BITCOIN ; A Regulatory nightmare or a Libertarian Dream'(2014)3 Internet policy review 2
- ❖ Regulation (EU) No 1093/2010
- ❖ Reynolds v. Binance Holdings, 481 F. Supp. 3d 997 (N.D. Cal. 2020).
- ❖ S Hughes and S Middlebrook, 'Advancing a Framework for Regulating Cryptocurrency Payments Intermediaries' (2015) 32 Yale J on Reg 495, 497.
- ❖ Saiedi, Ed, Anders Broström, and Felipe Ruiz. 2021. Global Drivers of Cryptocurrency Infrastructure Adoption. Small Business Economics 57: 353-406
- ❖ Section 4 of the Anti-Money Laundering Act No. 12 of 2013

See:

- ❖ <https://www.finance.go.ug/sites/default/files/press/statement%20on%20crypto%20currency.pdf>

- ❖ Silver Kayondo vs Bank of Uganda (Miscellaneous Cause no.109 of 2022) available online at; <https://ulii.org/akn/ug/judgment/ughccd/2023/113/eng@2023-04-24>
- ❖ Singapore Payment Services Act. 2019 (2019). Available online: <https://sso.agc.gov.sg/Acts-Supp/2-2019/Published/20190220?DocDate=20190> ,accessed 5th Jan 2025
- ❖ Uganda Police Force Annual Crime Report 2023 available online at <https://www.upf.go.ug/annual-crime-report-2023/>
- ❖ United Nations Guidelines for Consumer Protection

## CASE LAW;

- ❖ Silver kayondo vs Bank of Uganda (Miscellaneous Cause no.109 of 2022) available online at; <https://ulii.org/akn/ug/judgment/ughccd/2023/113/eng@2023-04-24>
- ❖ Skatteverket v. David Hedqvist (E.C.R. 2015).EUECJ C-264/14, ECLI:EU:C:2015:718
- ❖ AA vs Persons Unknown (EWHC 17January 2020)
- ❖ Reynolds v. Binance Holdings, 481 F. Supp. 3d 997 (N.D. Cal. 2020). ) accessed online at; <https://casetext.com/case/reynolds-v-binance-holdings-ltd>
- ❖ Lochan. v. Binance Holdings Limited, 2023 ONSC 6714 (CanLII) available online at : <https://www.canlii.org/en/on/onsc/doc/2023/2023onsc6714/2023onsc6714.html>
- ❖ SEC v Shavers and Bitcoin Savings and Trust No 4: 13 -CV - 416 2014 WL 4652121 accessed online at: <https://casetext.com/case/sec-exch-commn-v-shavers>

## BOOKS AND ARTICLES;

- ❖ P De Fillipi, 'BITCOIN; A Regulatory Nightmare or a Libertarian Dream' (2014) Internet policy review
- ❖ Chainalysis; Crime report (2022)
- ❖ Palgrave Macmillan, The Digital Currency Challenge: Shaping Online Payment Systems through US Financial Regulations (2014)
- ❖ S Hughes and S Middlebrook, 'Advancing a Framework for Regulating Cryptocurrency Payments Intermediaries' (2015)
- ❖ Maume, Philipp, and Mathias Fromberger. Regulation of Initial Coin Offerings: Reconciling U.S. and E.U. Securities Laws (2019)
- ❖ Lin, Lin. Regulating Fintech .( A case of Singapore)
- ❖ Kamps, Josh, and Bennett Kleinberg. To the Moon: Defining and Detecting Cryptocurrency Pump-and-Dumps. (2018)
- ❖ Alekseenko, Aleksandr P. Privacy, Data Protection, and Public Interest Considerations for Fintech (2022).
- ❖ Saiedi, Ed, Anders Broström, and Felipe Ruiz. Global Drivers of Cryptocurrency Infrastructure Adoption. (2021)
- ❖ Fratrič, Peter, Giovanni Sileno, Sander Klous, and Tom von Enger. Manipulation of the Bitcoin market. (2022)
- ❖ Liebau, Daniel, and Patrick Schueffel. Cryptocurrencies & Initial Coin Offerings: Are They Scams? –An Empirical Study (2019)

## DISSERTATIONS;

- ❖ Aleksandr P. Alekseenko .Model Framework for Consumer Protection and Crypto-Exchanges Regulation. (2023)
- ❖ Regulation of Cryptocurrencies: A Reflexive Law Approach by Immaculate Dadiso Motsi (2020)
- ❖ Cryptocurrency and regulation in Uganda. USAID/Uganda's Civil Society Strengthening Activity (CSSA) (2022)