

Abstract

Cryptocurrencies have recently gained significant importance. Within the last years, major developments have been undertaken in the underlying blockchain technology which have also boosted the development of cryptocurrencies. In the year of 2021, the global investments in cryptocurrencies have reached over 30 billion US dollars. While some years ago, these application was seen as a marginal product and market, recent trends have been showing that the application of cryptocurrencies exceeded a niche role.

The topic of cryptocurrencies is looked at critically from many sides. The reasons for this critical stance can be explained by the connection of the usage of cryptocurrencies for illicit transactions such as money laundering, terrorism financing, cyber-crime activities and trafficking of weapons or drugs. However, it would not be accurate to associate cryptocurrencies only with these illegal transactions. Another point of criticism is targeted towards the threat of endangering the currency monopoly and therefore risking financial instability. Nevertheless, innovation can not and should not be fully blocked. Rather, an appropriate treatment has to be found as the blockchain technology in general and cryptocurrencies in particular hold great potential when used correctly. Above all, it requires a tailored legal regulatory framework that classifies cryptocurrencies and legally regulates their use. Therefore, a regulatory legal framework should be established on an EU level.

This thesis provides a versatile definition and categorization of the involved technologies in combination with technical explanations as well as recent economic developments where the rise of cryptocurrencies is outlined. Furthermore, the customary nature of cryptocurrencies is set out. The core goal of the present thesis is to examine the current status of the legal framework with a focus on the EU level, not neglecting the national level where appropriate. Legal challenges are investigated and the most important legal documents are reviewed. Furthermore, future developments as well as legal and economic challenges are outlined including expert's opinions. A practical but also critical appraisal of the issue of cryptocurrencies is presented and a conclusion is provided.

The result of the research shows a clear need for a comprehensive legal regulatory framework on an EU - level. Only by creating such a legal act it will be possible to consider both innovation and legitimate state interests. In this specific case, a fit and proper regulatory legal framework can be explicitly seen as positive as it provides legal security for investors and customers and thus creates a base for innovation, investment and trust in the technology. The EU has submitted a draft regulation, which is currently being negotiated by the relevant bodies in the EU. It remains to be seen when and in what form this draft will then be applied and if the resolved regulatory legal framework has the capacity to successfully ensure Europe's leading role regarding this issue.