

## **The Cryptocurrency Legality and Environmental Challenges**

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### **Abstract**

*The Crypto currency are a financial innovation and have affected many countries and institutions around the world at the economic and legislative level. The purpose of this study to investigate the nature, origin, characteristics and mechanism of action, then its condition in global markets, the position of countries towards it and other related matters. The research concluded with results, including: the economic inefficiency of most of the crypto currency - and the like - as a legal currency and a tool of exchange and financial intermediary as a result of the expected (current and future) instability; Because it is subject to market forces in an uncontrollable way, in addition to the lack and difficulty of providing a legal regulation that guarantees rights and obliges duties, and the presence of technical gaps in the currency, which reduces its efficiency and exposes it to the risks of piracy and loss of rights. Virtual currencies in light of their lack of legislative texts regulating them through the growth of the e-commerce sector and modern technologies, the emergence of various means of payment via the Internet, and the spread of virtual currencies and their widespread circulation between supporters and opponents, which necessitated Addressing the issue of virtual currencies with a comparative analytical study that sheds light on what virtual currencies are, how they originated, their legal nature, the challenges arising when trading them, the position of legislation on them, and a review of their most important risks. The study concluded several important results in order to reach the truth of these ambiguous currencies, the most important of which is that these currencies do not receive recognition from most countries of the world and are not traded under a legal and regulatory cover that can control the price of these currencies and they may collapse and lose their value, which will be presented its users to lose their assets.*

**Keywords:** Crypto currency, Legal, Environmental Challenges, Fintech, Economy

### **Introduction**

Virtual currency is for many specialists a later and expected form, but we do not mean by it here

a form of natural development in inter-transaction systems, the electronic equivalent of traditional money, which is based in its origin on values equal to the value of a sovereign currency subject to the control of a central bank - which we can call With the representative electronic money - but this financial innovation that does not exceed a few years old and is represented in a new type of money that represents a possible radical change in the means of payment and settlement of obligations, and it is known as encrypted virtual money, and a debate has arisen in the public and scientific circles about the extent of its legal and legitimate consideration and its economic efficiency (Abdeldayem & Aldulaimi, 2020).

Due to the fame and popularity that some of them have achieved (AD 2014-2017, which is increasing significantly in the recent times) and it is also considered as cash by some of them that is exchanged and fulfills the well-known credit conditions of being: a mediator of exchange, a standard, a store of value, and a means of settlement and deferred payment (3). Many encrypted virtual currencies have been issued in the past seven years, Bitcoin; one of the most famous in the dealing markets, on top of which is Bitcoin. We will make it a model in this field. Research, followed in reputation, penetration and general acceptance of each, Bitcoin Cash, Ripple, and Ethereum: Ethereum

It is well established that transactions made with compensation need to be paid in return. Therefore, in the early days of human life, the prevailing system was barter as a means to obtain public exchange, through the exchange of products and commodities, and exchanging them for other currencies. The state's currency issuance authority, and the development of the trade and banking sectors allowed commercial papers to be formed from cheques, bills of exchange and promissory notes, as they are written instruments that accept circulation by commercial methods, the custom has long settled that it was accepted as an instrument of payment rather than money. In the context of the recent developments that have affected the commercial law, the electronic or digital commercial law has emerged, and its effects have extended to include banking operations, and one of the results of this transformation, which is mainly related to the international information network "digital internet", and the occurrence of a profound change in electronic commerce The legal concepts, as well as the traditional legal concepts established in the legislative texts, judicial rulings and the work of jurists, where electronic banking allowed the development of other types of payment methods that depend mainly on the "Internet" and electronic devices, such as cards and transfers.

In this context, electronic markets appeared in connection with the stock market, in which transactions are conducted by consensual or in a regulatory manner, and which imposed on the financial market authorities an approach that differs from that adopted by traditional markets, if the latter can be limited to a region with a specific geography, electronic markets are otherwise characterized as transnational, by relying on the electronic trading system instead of the traditional call system.

This type of money - despite its modernity - is a qualitative technological leap that threatens (2) to change the global financial system and provoke it towards more globalization in a way that is difficult to expect. It portends a radical change to the sectors and other allegations that the financial intermediation and its business model (Business Model), which this study seeks to uncover and stand on, and to show its truth out of its glamor, with a modest attempt to anticipate the future of these currencies, by shedding light on the losses that had good luck. In the market for these currencies because of its precedence, Bitcoin is the currency of Bitcoin, by studying its

history and contemporary developments, and clarifying its effects and economic summons after understanding it (ABDELDAYEM et al., 2020)

Bearing in mind that the virtual currency trading system may be closed, so that it is not allowed to exchange these currencies for other currencies that have a legal price, or to be open in a way that allows its users to exchange them for other official currencies, but the exchange price of virtual currencies may be Fixed or variable, as it relates to cryptocurrencies that are issued by private parties, using electronic platforms for trading via the Internet, and without the need for prior licenses from the public authorities in the country, which results in the prices of Virtual currencies are not subject to the provisions governing national or foreign currencies. In this regard, the majority of virtual currencies are based on modern technologies, which are what named cryptocurrency.

Despite the advantages that virtual currencies have in terms of confidentiality, privacy and low fees that keep them away from the control of any authority whatever, which made them gain support and acceptance by their dealers, given their simplicity, safety and ease of portability, they carry in return many risks that may afflict With its gains, especially since the complex crypto operations that are subject to the generation of virtual currencies, has made economists divide about it between skeptics, and that it may be a conspiracy to control the global economic system, but there are those who believe that it will form the future of the global monetary system In the future, individuals will switch to using virtual currencies and that it is the beginning of the death of traditional money. However, the wide spread of virtual currencies and the entry of many means to deal with them prompted the European Council to issue directives to financial institutions in Europe in preparation for the development of a comprehensive regulation of virtual currencies in the future.

Considering this topic is one of the contemporary calamities; Where it is very similar to the coming down of the paper money -1 credit that is not covered with gold and silver, which gains its validity from its chest represented by the sovereign authority in each country, as for the virtual currencies and trust in it (3). The encrypted money market with a total value estimated at -2 is expected of an increasing importance that virtual money is gaining, and when J(4)(M) 2017 in mid-2017

The technology on which Bitcoin and its counterparts of currencies are based T-3 are used by: banks, government institutions, and commercial companies on a wide range that includes both traditional and industrial and private services, and this has already been done in a large number of banks, which is something that experts should stand by (1). It is also called Islamic, to scrutinize it and to pause for a long time. This study will address the following issues:

What are virtual currencies and how were they born?

Are virtual currencies the same as electronic money?

What is the mechanism of trading these currencies and what are the risks of trading them?

What is the position of Bahraini law on virtual currencies?

What is the gradual construction of legal regulation of virtual currencies?

What is the impact of the absence of a legal regulation for virtual currencies on their legal nature?

What is the legal responsibility for transactions in virtual currencies for the source of digital payment services, and for the user of virtual currencies?

### **Research Methodology:**

The researcher will follow the descriptive approach in collecting information about Bitcoin from

different sources, and will use the analytical approach to know the effects of using this currency on the economic level. , based on the opinions of experts specialized in each aspect, in addition to standing on the economic aspect, and the researcher will not delve into the technical, legal and legal aspects of the subject, because it deserves a separate research. (1).

The study, which is complex and intertwined with its legal, economic, and even social and security aspects, followed two main approaches: the inductive approach with the intention of tracking the emergence and emergence of the idea of virtual currencies. And the comparative analytical approach with the aim of clarifying the position of the various legislations on the circulation of virtual currencies - the most important of which is the French law and the directives of the European Council - and comparing them with the legislation of the Kingdom of Bahrain, and then finding the appropriate legal framework for this type of currency, by analyzing the legal and economic effects and challenges

However, mystery still surrounds this type of currency for many reasons, including what is related to the circumstances in which virtual currencies appeared, including with regard to their origin, in addition to their characteristics and nature. Legal, which still erupts around doubts and ambiguity (Abdeldayem & Aldulaimi, 2020).

In order to clarify the reality of virtual currencies, their legal nature, and the legislative position on them at the international level, it is important to present this topic under study by stating the importance it represents, and clarifying the research problem that this study addresses in terms of legal treatment, in addition to the study's objectives. The research presented and addressed for this study, and in the end, the plan is presented

### **The initiation of cryptocurrency**

The issue is that much other than what Satoshi Nakamoto mentioned in his scientific paper about motives, it is a matter of speculation that is difficult to determine its truth and weighting (1). The world, and allowing more freedom for people to conduct safe and free monetary exchanges away from the constraints and greed of owners of what is apparent from its technology; but there may be other political or economic purposes behind this – which is unexpected – such as the control of some capitalists on the money of societies and their control over them. Or the theft of their fees through advanced technical methods they owned!It may just be a natural technological development of electronic money through the discovery of the trust chain technology that has many other applications other than money, and in any case, the emergence of this type of currency requires an economic research to know the groups benefiting and affected by the Although the motives for issuing Bitcoin are unknown, it must be noted that many have reduced their share, but C(2) of cryptocurrencies are known for the objectives and Source information in the evaluative scientific research due to the weak demand for it in the financial markets compared to its counterpart Bitcoin, which took the lead and formed a large share of the financial transactions market in cryptocurrencies. The motives for issuing bitcoins are linked to the motives of innovation in general (3) and the people's demand for them, and the importance that follows, and we will briefly refer to these motives below.

The importance of the topic under study is clear in view of the contribution of the information, communication technology and media revolution that has occurred in the last two decades, in bringing about radical changes in the economic lifestyle, and the consequent facilitation of electronic financial transactions and trades, in light of the rapid growth of electronic commerce. The electronic currency has been constantly available on the international information network

“the Internet” since April of 2017. The importance of this study comes in addressing a very important and accurate new issue that focuses mainly on the legal system of virtual currencies and their circulation, and to determine whether they are considered currencies in the conventional sense or No, distinguishing it from electronic money, and revealing the extent of the risks that the spread of virtual currencies poses from the technical, legal and economic aspects to its dealers, with the aim of finding a kind of balance between the freedom of trading guaranteed to individuals D, the right of public authority

Given that this type of currency - as the study will reveal about it - is of a special and exceptional legal nature, due to the increasing popularity and spread of these currencies on the one hand, in addition to their virtual non-material specificity on the other hand, the costs and speed of their circulation on the other hand, and their lack of operation. Undoubtedly, all of this requires a statement of its legal nature and the basis for its adoption and dealing with it, as well as its legitimacy and value, so that an examination of the effects of its circulation becomes evident, in addition to establishing the appropriate legal framework for its nature.

The European Central Bank defined it as: “a type of unregulated digital currency, issued by electronic developers that they usually control, used and accepted in the virtual community of virtual currency users” (4). In a similar definition, it was defined as: “a digital representation of value, issued by private developers as an account unit, and that it can be obtained, stored, accessed and dealt with electronically, and it is used for a variety of purposes when the two parties agree on their use” (1).

### **Analysis of the nature of cryptocurrency mechanism**

Virtual money depends on complex electronic encryption techniques and smart algorithms, which are based on Blockchain technology, or what is known as block chain, which is a global ledger that celebrates all the operations of virtual currencies that have already been implemented (2), this technology that has become the talk of the hour in the current era, After specialists in the field of digital technologies agreed to invent Blockchain technology, or the so-called algorithm of tables, it is the largest innovation since the invention of the World Wide Web. Cryptography with this technology is impossible to hack these currencies or manipulate their number or value, and the only case in which large amounts of virtual currencies can be stolen is the case of hacking a trading platform in which units owned by users are stored, or hacking an electronic wallet. In addition to the fact that the issuers of this type of currency and similar ones, nothing is known about it to this day, given that it is considered a currency that is not covered with physical assets, Accordingly, it can be said that virtual currencies in terms of user acceptance do not differ from traditional currencies that are accepted by the public in transactions, and although traditional currencies are characterized by having a legal basis, and covered with a certain cover, this is not considered an invalidation of their public adoption, the basis is acceptance And to be convinced as a currency of value among the public, as for the digital character, all electronic currencies are digital currencies, but they are not all virtual in view of some “electronic” digital currencies, but they are (Abdeldayem et al., 2021)

It is not subject to the control of financial or monetary authorities, and there is no central authority that controls its issuance and control, nor its movement or market value, given that it is not supported by any institutional or official body at the national or international levels, and due to its decentralized nature, its operations cannot be monitored by any party It was, as there is no specific ceiling for buying and selling operations. However, the specificity of virtual currencies makes them lack legal protection over them, in addition to that they are not subject to the

supervision of the competent authorities in monetary affairs, making them lack central leadership with regard to making quick and decisive decisions to meet the challenges that arise in the financial markets, as well as the ability to cope with special technical developments (1).

The speed of its spread in this way is explained by the fact that it represents an attempt to break out of the global financial system that relies on the US dollar as a trading currency, in addition to the fact that its emergence was concurrent with the global economic crisis that occurred in 2008, which arose as a result of a liquidity crisis and the insolvency of the banking system. At the global level, which led to the bankruptcy of some banks, despite the stability of the US dollar and its position on the list of international currencies. However, the crisis created a state of mistrust in the US dollar, after the inability of global monetary institutions and the international financial system to manage the crisis became evident. The international banking is, in fact, a system affiliated and directed by governments and decision-making centers in the world, which has resulted in individuals losing confidence in the banking system, given the value of the currency, which is based primarily on the extent of public confidence in it. If individuals begin to lose confidence in public authorities they will not trust the currency that you issue, from here the need for a more effective financial system for the exchange of goods and services that achieves economic prosperity at the same time, and is far from the control of public authorities, has begun. It also prevents the institutions that run this system from abusing the trust granted to them by users (1), which began to be verified by the emergence of a currency Bitcoin in the year 2008 by Satoshi Nakamoto.

### **Types of cryptocurrencies**

Based on the foregoing, it can be said that digital currencies are divided into three main forms, namely virtual currencies, electronic currencies, legal digital currencies issued by central banks or monetary institutions, and cryptocurrencies (Cryptocurrencies) that fall under the list of virtual currencies.

Hence, the main characteristic that distinguishes virtual currencies from other currencies is that they are not issued by an official authority and are not regulated by law, and that their encryption represents the evidence that these currencies are surrounded.

The cryptocurrency is not considered money in the traditional sense of money, but according to the rules of supply and demand for accounting units and internal costs, its market value is determined, and in a manner equivalent to the price of goods and services, and in this context it can be obtained by conducting exchanges between its users, which makes it a tool for payment and exchange. It is, therefore, a mediator in the movement of goods and services, as it seeks to remove all forms of centralization and control, and is run by a group of experts in virtual currencies, without an administrative structure that counters Aldulaimi, S. H. (2018).

The virtual currency is issued by following the mining process, where it is available to all users. The possibility of mining them according to their technical and technical capabilities, and "mining" is a term that means the production or extraction of virtual currencies from its applications based on Blockchain technology or on a system of chained electronic blocks. The virtual (2), and the mining process, or as it is called by many, the (mining) process is the process of making the computer perform mathematical calculations for the benefit of the "Bitcoin" network in order to confirm transactions and increase security. Bitcoin" is a competitive and niche market where Bitcoin miners can obtain transaction fees that they confirm, in addition to obtaining newly generated "Bitcoins" and dispose of them as they wish, either by keeping them. or selling them or buying goods through them (1). It can be said that virtual currencies "Bitcoin"

differ from traditional currencies in that the party that issued traditional currencies issued them in its capacity as the central authority in the issuance of cash in accordance with the requirements of monetary policy in each country and does not intend to make a profit from its issuance. On the other hand, most of those who engage in mining work Virtual currencies only hope to achieve profitability from mining them, especially since the difficulty of creating these currencies is considered a stumbling block in the face of the miners of these currencies. Aldulaimi, S. H., & Abdeldayem, M. M. (2018).

Which allows virtual currencies to be used as a decentralized payment system in payments, and its use in this way entails avoiding paying transfer fees to banks, brokers or money transfer companies in exchange for making a financial transfer. Which stands as an obstacle to its spread at the international level, due to the complexity of access programs, as well as the complexity of the calculations related to the mining procedure, although in theory, the virtual currencies are mined in front of all their users, in addition to the doubts associated with the mining process, as no one knows Specifically, the mathematical equations that the computer solves to extract the The practical reality has proven that it is of mutual financial benefit, and is characterized by relative popularity in a number of countries in the world, in addition to that it can be exchanged or traded in exchange for official paper currencies, such as the dollar and the euro, by performing encrypted operations via the Internet through its electronic platforms, or from Through its specialized programs and applications, it can be used for trading in the traditional currency market or trading shares on global stock exchanges (2), and it can also be used in various purchases via the Internet, as it is a means. The French Economic and Social Council defined electronic money in 1982, as “a group of information technologies that are characterized by electronic magnetization, and allow the possibility of exchanging money, without requiring the editing of papers, and it is characterized as having a tripartite relationship between each of the bank or financial institution.” or the merchant, and the beneficiary - a merchant who accepts payment using it, which may be.

The European Central Bank also defined it as “a stock of a monetary value on an electronic means, commonly used in the scope of payment settlement for non-issuers, without requiring the completion of this process the necessity of having a bank account when conducting a commercial transaction, in addition to its use as a portable prepaid tool. A" (3). This last definition is accurate, given that it includes all forms of electronic money.

European Central Bank, Report on Electronic Money, Postfach 16 03 19, D-60066 Frankfurt am Main, 1998, p.7.

### **Challenge Legalization**

The systems for the circulation of electronic money guarantee a great deal of security and confidentiality, given the circulation of electronic money via the Internet, it was necessary that its electronic transactions through this network be safe and confidential, given that this network was denied to all its users from all over the world, so it is necessary That the personal and banking transactions of the consumer remain far from the interference of others, as it is entrusted to his ability to settle payments and make purchases online without revealing the identity of this consumer, and to ensure the achievement of this protection, all or some of the information about the electronic process must be withheld from some of its parties, whether they are participating

in it or observers (1). In the following, we will discuss

- 1- the Security is a necessary feature for settling payments via the Internet. If this feature is not available, users of the international network are reluctant to make their payments, as security is a major element in the differentiation between electronic payment methods. As the money transfer process is
- 2- Given that virtual currencies are not based on any legal or financial basis approved within the framework of monetary policy, their trading or speculation in them is not without varying risks, as it is not a crime that the absence of legislation regulating financial currencies, or the variety of these types of currencies, is subject to various risks. Any type of supervision, in addition to the fluctuation of its price and the instability of its market value in the currency market, may have severe consequences through losses to people who flock to buy them in the hope of getting rich quickly, at a time when this price fluctuation is not based on any recognized financial rules. It is not subject to any investment bases, similar to those used by investors in the stock sector, and other investment tools. Which may lead to saying that virtual currencies if they continue in this way In this context, the International Bank for Settlements warned in its report for the year 2018, of the danger of dealing in virtual currencies outside the official financial system.
- 3- Confidence is one of the most important pillars of financial transactions in all their systems. Confidence in the currency may be more important than the currency itself, and then if this trust is compromised, the value of the currency collapses. With regard to virtual currencies, they, like others, are supposed to be based primarily on trust between their users, except in view of the fragility and weakness of the audit processes that guarantee the completion of transactions associated with them, which could result in The main reason for some individuals' lack of confidence in virtual currencies is the absence of a legal framework that guarantees legal protection for its dealers, as these currencies do not include unified denominations and do not have a fixed form, nor do they represent a single unit of account in terms of how they are issued or named, and do not enjoy With an absolute power of release, where the creditor has the right to refuse the debtor to take it as a tool for repaying his debts, and to demand the debtor
- 4- Transparency: Virtual currencies, including Bitcoin, are designed to be a purely digital currency

In electronic fortnights on the Internet, and transactions are carried out through automated computers, as there are no ATMs to withdraw or deposit money from them, as it creates a decentralized electronic cash system to replace the work of the central authority concerned with issuing currencies, with the aim of settling Online business transactions, to be verified by a system called Proof-of-Work algorithms, with the aim of creating unanimous consensus. In addition to the fact that virtual currencies are not subject to any kind of banking supervision, they are a source of illegal financial activities, and despite being a cryptocurrency, it is difficult to track its path and monitor its circulation. Especially in illegal activities, for example, the AlphaBay market was closed, one of the largest markets in illegal transactions over the Internet, it was closed by the United States of America in July of 2017, after this market lasted for more than two years as a place to sell Drugs, hacking techniques, weapons, and toxic chemicals internationally, but before



the market site was taken off the Internet, more than one billion US dollars were traded in Bitcoin.

- 5- Mining virtual currencies: One of the most prominent effects of the mining process, through which virtual currencies are produced or generated, especially Bitcoin, is harming the environment and depleting energy, as this process is done through the use of mathematical algorithms. It is called Hashing Algorithm, and it requires the operation of many applications and the use of a large number of computers with enormous technical capabilities, which naturally requires the availability of high-performance cooling devices that drain a lot of energy to operate (1). Which constitutes a major environmental disaster as a result of the emission of a lot of carbon dioxide related to these devices, which would lead to an increase in global warming (2).
- 6- The impact of virtual currencies on the financial and tax system of the state The trading of virtual currencies affects the financial policies of the state, through its impact on the proceeds of tax revenues, due to the difficulty of monitoring and tracking the operations of financial trading and commercial exchanges that take place using cryptocurrency via the Internet, and according to the peer-to-peer system, without any peer-to-peer financial, In this context, virtual currency trading reinforces the phenomenon of the hidden economy, which has a negative impact on the national economic policy. However, on October 25, 2015, the European Court of Justice exempted virtual currency exchanges from VAT under the European Directive.

### **Discussion and Conclusion**

Given the nature of virtual currencies, they are not subject to central banks or governmental or international financial institutions that issue these currencies and supervise them and regulate their transactions, which have an international character. They are traded electronically either in a closed form that does not allow the possibility of exchanging virtual currencies with official currencies that have a legal price, or they are traded in an open form that entitles their users to exchange them for other official currencies, which entails that the exchange rate of these currencies is fixed or variable. (1), given that All of these facts have led to the lack of a comprehensive international regulation of virtual currencies at the international level, as it is difficult to place them in a previous legal framework, such as the official national currencies. This position was adopted by the financial and banking institutions in France and the European Union, which prompted the intensification of jurisprudential discussions regarding the legal nature of currencies. The hypothetical, between a trend that gives legal status to those currencies and a trend that believes that the issuance of currencies is a sovereign right of the state that no one shares with it, and that the origin is the competence of the state.

Nevertheless, the European Court of Justice has ruled with regard to the legal nature of virtual currencies that the exemptions contained in the first paragraph of Article 135 of European Directive No. Official traditional currencies in units of virtual currencies are exempt from value-added tax, given that this tax applies to traditional currencies and digital currencies that have the status of a means of performance or legal fulfillment, which virtual currencies lack, as they are not allowed to be a means

On the other hand, the Advocate of the Central Bank of Jordan, Dr. Ziyad Fariz, issued three circulars to all operating banks, financial companies, money exchange companies, payment card companies, and payment and electronic transfer companies in the Hashemite Kingdom of Jordan,

emphasizing the prohibition of all forms of dealing with all types of cryptocurrencies, whether directly or indirectly. So that this is a violation of the regulations and decisions issued by the Central Bank (2). This is in contrast to the directive of its counterpart the Central Bank of Bahrain, which did not prohibit dealing with virtual money, but rather warned against dealing with it due to the lack of a physical entity for it. The Central Bank of Bahrain also granted a license to a foreign company specialized in providing virtual currency technologies, a Malaysian company; To access an experimental environment for financial technology products, which allows products to be tested according to the regulatory systems in force in the Kingdom of Bahrain, before they are put on the market, to be the first license in the Middle East to launch an electronic platform for the exchange of virtual currencies, including Bitcoin (2), and this step comes Based on the bank's vision of creating the appropriate legal environment that

In line with this, the French Financial Markets Authority (Autorité des Marchés) AMF Financiers issued on 7/7/2014 a news report entitled 2014 maps of risks and trends in financial and savings markets, in which it referred to the advantages of virtual currencies, describing it as a financial and investment innovation synonymous with alternative payment for To investors, and that when compared to electronic currencies or legally issued currencies, they are characterized by a low transaction price and the speed of execution of their trading operations, and the semi-international character of the transaction parties that are independent from the traditional financial system, which makes it difficult to track (1), but when compared with Other payment methods involve legal and regulatory risks due to their lack of a legal framework regulating them, in addition to being exposed to risks at the market level, from high volatility much higher than traditional currencies or gold, and risks related to liquidity, accounting and refraining from implementation, as it can be rejected Paying to circumvent the sanctions as they do not violate the monopoly of issuing legal currencies from central banks, nor is it legal currency, or a means of payment that falls within.

The German legislator has moved to extend this license to include all companies that wish to deal with German citizens, and the aim is to direct the regulatory authorities in Germany to add protection to individuals from scams and fraud that may fall on these virtual currencies, which means that once these companies obtain the license It has data known to the regulatory authorities to make it easier for the latter to track the movement of

It is illogical to say that there are business models that are presented or modern technological techniques that are used via the Internet without challenges and risks encountered or that may arise from their use. It contradicts the best purpose of this development, and there is no doubt that virtual currencies are based on complex technological innovations, and therefore these currencies constitute an obsession and a challenge to the regulatory authorities towards thinking.

The risks of promoting illegal transactions, such as trading in things that are criminally dealt with, or by exploiting the secrecy of conducting virtual currency transactions and exploiting that in other operations.

In summary If dealing with virtual currencies in the field of e-commerce gives the impression that they are in a parallel position to legal currencies, given that they are used in the economic sense to purchase goods and services on websites that accept dealing with them, as well as accepting dealing with them by some developers However, given that virtual currencies are not issued by central banks, they lack the main requirements that should be met in legal currencies, which negates the description of legal currency, whether national or foreign, as opening an account with an electronic trading platform is not sufficient for a bank account. Or the performance account that is officially issued, and in this context it should also be noted that

electronic currencies are distinguished from the means of payment that use the digital format, and this is due to the fact that the currency is basically a unit of payment characterized by having editorial authority, while the means of performance is in essence a tool that allows By transferring written units in favor of the creditor who benefits from this transfer, which indicates that electronic currencies take a digital symbolic form that is used electronically, which leads to the expiration of the obligation on the part of the debtor (2).

The rules of the law can be applied to dealing with virtual currencies, provided that the platforms for providing virtual currency trading services are licensed and hold a special electronic record that authorizes them to practice this pickpocket under the supervision of the Central Bank of Bahrain, provided that these platforms comply with the provisions of the law otherwise grant that record, and thus will be created A virtual market for trading these currencies and contributing to creating electronic trading opportunities in a legitimate environment and under banking and security supervision to prevent various frauds and even add

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