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Cryptocurrency Mining and Trading in Iranian Criminal Law and the Common Law Legal System

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ABSTRACT

In Iran, the mining and trading of cryptocurrencies are regulated in a specific manner. In 2019, the Iranian government officially recognized cryptocurrency mining as a lawful industry, subject to obtaining a license from the Ministry of Industry, Mine, and Trade. Electricity tariffs for cryptocurrency mining are calculated based on export rates, and the use of subsidized electricity for this purpose is prohibited. On the other hand, cryptocurrency trading is subject to the supervision of the Central Bank of Iran and is permitted only through authorized exchanges. The use of cryptocurrencies as a means of payment within the country has been declared prohibited, although ownership and mining of cryptocurrencies are permitted. The laws and regulations in this field are continuously evolving and being updated in order to keep pace with rapid technological developments and market demands. Furthermore, within the common law legal system—encompassing leading countries such as the United States and the United Kingdom—cryptocurrency-related regulations have been developed in a broad and detailed manner. In the United States, regulatory oversight is exercised through multiple authorities, including the Securities and Exchange Commission, the Commodity Futures Trading Commission, and the Financial Crimes Enforcement Network. These institutions have enacted regulations governing the supervision of cryptocurrency mining, trading, and use. In the United Kingdom, regulatory oversight is carried out by the Financial Conduct Authority, which supervises cryptocurrency-related activities and subjects them to anti–money laundering regulations. The use of cryptocurrencies as a means of payment is permitted in these countries; however, it is conducted under strict regulatory frameworks and close supervision. This article examines and compares the regulations governing cryptocurrency mining and trading in Iranian law and the common law legal system. The purpose of this study is to analyze the similarities and differences between these two legal systems in their approaches to cryptocurrencies and to propose recommendations for improving existing regulations. Understanding these similarities and differences can contribute to the formulation of more effective policies and the creation of a safer and more transparent environment for cryptocurrency-related activities.

Keywords: *Cryptocurrency; Iran; Common Law; Mining; Legal System; Transactions*

Introduction

The rapid growth of digital technologies and the widespread use of cryptocurrencies over the past decade have created new challenges for legal systems and regulatory authorities worldwide. Due to their distinctive characteristics—such as decentralization, anonymity, and fast and easy transferability—cryptocurrencies have

attracted the attention of investors, traders, and even criminals. These features have made the need for drafting and enforcing precise and effective regulations to supervise the mining, trading, and use of cryptocurrencies increasingly evident.

In this context, different countries have adopted divergent approaches based on their specific economic, political, and legal conditions. In Iran, cryptocurrency mining has been recognized as a lawful industry and is permitted under certain conditions, whereas the use of cryptocurrencies as a means of payment has been declared prohibited. By contrast, in countries operating under the common law legal system, such as the United States and the United Kingdom, comprehensive regulatory frameworks are enforced by various supervisory authorities, primarily aimed at preventing financial crimes and money laundering and at protecting consumers.

Definition of Cryptocurrencies

The term “cryptography” refers to the type of data recorded on the blockchain, while the word “currency” is used here to denote a medium of exchange among users. The European Central Bank, in one of its published documents, defines cryptocurrency as follows: “A cryptocurrency is a digital representation of value that is not issued by a central bank or public authority and can be issued independently of national fiat currencies. It is accepted by natural or legal persons as a means of payment and can be transferred, stored, or traded electronically.” Cryptographically secured currencies such as Bitcoin and Litecoin constitute part of the broader category of cryptocurrencies; however, a cryptocurrency is not necessarily required to be cryptographically secured. For example, WebMoney, which is issued by a Russian bank, is considered a form of cryptocurrency. The idea of cryptocurrency systems dates back to the early 1990s, when several companies and programmers attempted to create forms of money that could be transferred virtually. Many centralized cryptocurrencies were developed at that time, but most declined due to legal challenges, technological weaknesses, poor security, lack of acceptance, and other issues. With the invention of Bitcoin in 2009, a new era of cryptocurrencies began (1).

Moreover, the concept of cryptocurrency, understood as encrypted money, was first introduced in 1998, when a new type of currency was proposed that relied on computer-based cryptographic methods to control money creation and enable transactions without intermediaries or a central authority. Cryptocurrencies have no central service provider or financial institution to control transfers. In 2012, however, the European Central Bank defined cryptocurrency as “a type of unregulated digital money that is issued and controlled by its developers and accepted and used by members of a virtual community.” Subsequently, with the expansion and increasing adoption of cryptocurrencies, they were classified into several categories based on their mode of interaction: (1) closed cryptocurrencies—typically designed for purchasing virtual goods and services within a specific virtual community, where users earn currency through certain activities; (2) one-way flow cryptocurrencies—purchased with real money but not convertible back into fiat currency; (3) two-way flow cryptocurrencies—allowing conversion from real money into cryptocurrency and reconversion via websites or designated issuers, with some overlap among these categories; (4) centralized cryptocurrency schemes—featuring a centralized system for transaction validation and execution by an issuer; and (5) decentralized cryptocurrency schemes—where transactions are validated and executed by a network of users performing specific activities, a category to which Bitcoin belongs (1).

Types of Cryptocurrencies

According to one classification, virtual currencies may be divided into non-convertible and convertible types. Non-convertible virtual currencies cannot, under any circumstances, be exchanged for bank money, such as currencies earned in computer or mobile games, commonly referred to as in-game coins. These currencies are centralized, issued by a central authority—such as the game developer—which also maintains the ledger. Convertible virtual currencies, by contrast, can be exchanged for fiat money and vice versa and may be used to purchase real and virtual goods and services. This category is further divided into centralized and decentralized forms. In centralized systems, issuance and control are carried out by a central authority, whereas in decentralized virtual currencies, all processes—including issuance and transaction validation—are performed collectively by participants through cryptographic mathematical processes rather than by a central institution. Cryptographic algorithms verify transaction validity, and no user can alter the network (2).

This classification is capable of encompassing all types of virtual currencies currently under development and assists in identifying their legal nature. Cryptocurrencies fall within the category of decentralized virtual currencies; however, they manifest in various forms, some of which, from a technical perspective, may not qualify as cryptocurrencies in the strict sense but rather as centralized virtual currencies. Nevertheless, in both domestic and international studies, no strict distinction is usually made, and all such forms are broadly examined under the general heading of cryptocurrencies. Accordingly, this study examines all types, including coins, tokens, national cryptocurrencies, and asset-backed cryptocurrencies. Understanding the technical structure of each type is essential due to its impact on their legal nature; therefore, these categories are briefly explained below.

Furthermore, coins—also referred to as international or global cryptocurrencies—represent the most complete form of decentralized currencies. They are neither issued nor controlled by any central authority; instead, issuance occurs through consensus among holders, and transactions are validated and recorded by these participants. Transactions are recorded in software-based blocks that are immutable and publicly verifiable, a technology known as blockchain. Tokens are another form of digital currency, differing in that they do not possess an independent blockchain but instead operate on existing blockchains. Essentially, a token represents an asset or utility granted by an organization to investors during an Initial Coin Offering (ICO). Tokens are typically designed and issued for specific projects. Project developers issue tokens to raise capital, allowing individuals to invest by purchasing them. Tokens, in a broad sense, are divided into utility tokens, security tokens, and payment tokens; under this classification, some coins may also be considered tokens. In some ICOs, payment tokens are issued, functioning similarly to coins as a medium of exchange and store of value and being exchangeable with other currencies. In other cases, utility tokens are issued, granting holders the right to use defined products or services without conferring ownership rights (3).

Utility tokens, in addition to serving as a means of payment and store of value, allow holders to access the services for which the token was created. The final category, security tokens, represents shares, securities, or other financial assets. In other words, tokens issued in an initial offering may have an investment dimension, whereby the issuing company shares profits derived from the innovative activity for which the token was created and sold. A national cryptocurrency refers to a digital currency produced by governments; as such, it lacks decentralization and should not be considered a cryptocurrency in the strict sense. Government-issued cryptocurrencies are commonly known as central bank digital currencies, abbreviated as CBDC (4).

Asset-backed cryptocurrencies, or stablecoins, refer to digital currencies whose value is pegged to a stable asset or commodity, such as the US dollar, thereby protecting investors against volatility in digital currency markets. Stable digital currencies are divided into centralized and decentralized types. Centralized stablecoins are backed by fiat currency or commodities and are usually managed by a centralized entity that holds collateral assets in reserve. Accordingly, CBDCs may also be considered a form of stablecoin (5).

History of Cryptocurrencies

Although the theoretical roots and intellectual foundations of virtual currencies can be traced to the Austrian School of monetary thought and the metalist tradition, the practical history of implementing non-state-controlled virtual and digital money dates back to the research of David Chaum and Stefan Brands in **1983**. Subsequently, figures such as Adam Back developed proof-of-work mechanisms and algorithmic control systems, including **Hashcash**, followed by Wei Dai's proposal of an encrypted monetary protocol. In **1998**, Wei Dai proposed a new form of electronic money aimed at facilitating financial transactions without intermediaries, relying on computer cryptography to control money creation and enable transactions without a central authority. According to the definition provided by the European Central Bank, virtual money is a type of unregulated digital currency that is typically controlled by its developers and accepted and used by members of a specific virtual community (6).

Legal Regulation of Cryptocurrency Trading and Mining in Iran

In Iran, the trading and mining of digital currencies are permitted under specific conditions. Cryptocurrency mining has been recognized as a lawful industry and requires obtaining a license from the Ministry of Industry, Mine, and Trade. Electricity tariffs for mining activities are calculated based on export rates, and the use of subsidized electricity for mining purposes is prohibited. With regard to trading, the use of cryptocurrencies as a means of payment is prohibited; however, their exchange through authorized exchanges under the supervision of the Central Bank of Iran is permitted. Laws and regulations governing this field are continuously evolving and being updated in order to prevent abuse and financial crimes (7).

In this section, some of the most important relevant laws are outlined:

Laws Related to Information Disclosure

1. Law on the Punishment of the Publication and Disclosure of Confidential and Classified State Documents, adopted 1975-02-18.
2. Law on Respect for Legitimate Freedoms and Citizens' Rights, adopted 2003-05-05.
3. Executive Instruction on Information Disclosure by Companies Registered with the Securities and Exchange Organization, adopted 2007-07-25.
4. Citizens' Rights Charter, including chapters on the right of access to cyberspace, the right to privacy, and the right to a transparent and competitive economy, adopted 2016-12-19.
5. Directive on the Identification and Separation of State Secrets from Public Information, adopted 2020-04-28; Article 724 of the Islamic Penal Code (Article 16 of the Computer Crimes Law) concerning the disclosure of others' private secrets (8).

Scope of Criminalization of Currency Crimes in Different Legal Systems

The scope of criminalization of currency-related crimes in different legal systems addresses, in detail, the conditions, types, and modes of commission of such crimes, as well as the applicable penalties. Below is an overview of selected jurisdictions and their approaches to currency crimes.

A. Iran

In Iran, currency crimes are defined primarily under the "Law on Combating the Smuggling of Goods and Currency" and the "Executive By-Law of the Anti-Money Laundering Law." These laws cover, inter alia:

– Currency smuggling: unlawful possession, transportation, or transfer of currency into or out of the country.

– Establishment of unauthorized exchange offices: conducting currency activities without a license from the Central Bank.

– Money laundering: converting or transferring currency to conceal its illicit origin.

B. United States of America

In the United States, currency crimes are addressed under the Bank Secrecy Act and the Foreign Assets Control Regulations. These laws include:

– Currency transaction reporting: mandatory reporting of large currency transactions to competent authorities.

– Financial sanctions: prohibitions on financial transactions with designated countries or individuals.

– Money laundering: the use of currency to conceal the original source of illicit funds.

C. European Union

Within the European Union, similar rules are set out in the Anti-Money Laundering Directives and financial transaction control regulations, including:

– Anti-money laundering obligations: strict requirements for financial institutions to identify and report suspicious transactions.

– Currency export controls: restrictions on the transportation of currency within and outside the Union.

– Economic sanctions: trade and financial restrictions imposed on specific countries or designated persons.

Ultimately, worldwide criminalization of currency crimes primarily focuses on currency smuggling, money laundering, and the failure to report suspicious transactions. Despite minor differences across national legal systems, the overarching objective is the preservation of financial stability and the prevention of illegal currency-related activities (9).

Digital Currency Law in Iran

Digital currency law in Iran constitutes an emerging and evolving field that still requires more precise regulatory frameworks. Due to the novelty of this domain and the rapid pace of technological development, relevant laws are subject to continuous amendment and updating. The following outlines some key regulatory aspects of digital currencies in Iran.

A. Position of the Central Bank of Iran

In recent years, the Central Bank of Iran has issued several circulars and directives concerning digital currencies. One of the most significant circulars, issued in **2018**, declared the use of digital currencies as a means of payment within the country to be prohibited. This prohibition, however, does not render the ownership or mining of digital currencies illegal.

B. Cryptocurrency Mining

Cryptocurrency mining in Iran is permitted under specific conditions. In **July 2019**, the Iranian government officially recognized cryptocurrency mining as a lawful industry. Under this framework:

– Required licenses: individuals or companies must obtain licenses from the Ministry of Industry, Mine, and Trade.

– Electricity tariffs: electricity consumption for mining is calculated based on export tariffs, which are generally higher than ordinary rates.

– Mining locations: mining must take place in designated locations, and the use of subsidized electricity is prohibited.

C. Exchange and Trading of Digital Currencies

Currently, the exchange and trading of digital currencies in Iran are subject to strict supervision and specific limitations:

– Exchanges: only licensed exchanges authorized by the Central Bank are permitted to operate in the digital currency sector.

– Legal oversight: all transactions must be conducted under legal supervision to prevent money laundering and other illicit activities.

D. Legislative Developments and New Frameworks

Legislation and regulatory frameworks concerning digital currencies in Iran are under continuous development. In recent years, proposals have been made to establish more comprehensive and precise regulations, focusing on:

– Legal definitions of digital currencies: formulating clear legal definitions for various types of digital currencies.

– Regulatory oversight: strengthening supervisory mechanisms to prevent financial crimes.

– Consumer protection: adopting rules to protect the rights of consumers and investors in digital currency markets.

In conclusion, legislation governing digital currencies in Iran remains in a state of evolution. Given the complexity and risks associated with this field, governmental and regulatory bodies seek to establish appropriate legal frameworks that enable lawful and controlled use of digital currencies while simultaneously preventing potential abuses (10).

The Legislative Trend for Digital Currencies in Iran

Over recent years, official institutions in Iran have entered the process of legislating across multiple domains related to the country's digital-currency space, including trading, mining, use in payments, business establishment, and foreign trade. Some of these domains have been regulated to a considerable extent, while others remain in the process of regulation and are likely to reach greater legal clarity in the coming years. The first major formal entry of Iranian authorities into digital-currency legislation dates back to 2019. On 2019-07-27, the Government of Iran adopted a resolution entitled "Bylaw Concerning the Use of Cryptocurrencies," pursuant to Article 138 of the Constitution. This resolution states that "the use of cryptocurrencies shall occur solely upon the contracting parties' acceptance of the risk (risk assumption), is not covered by the support or guarantee of the government and the banking system, and its use in domestic transactions is not permitted." This resolution was primarily designed to regulate Bitcoin mining in Iran and did not provide a comprehensive framework clarifying the legal status of cryptocurrency trading in the country. Other components of the government's 2019 resolution included: facilitating

import-related foreign-exchange supply through domestically mined cryptocurrencies in accordance with Central Bank guidelines; requiring a license from the Ministry of Industry, Mine, and Trade to establish cryptocurrency mining centers; specifying energy-supply methods for mining centers; and outlining conditions for taxation of miners (11).

In September 2022, a new regulation on cryptocurrency mining, titled the “Bylaw on the Extraction of Crypto-Assets,” was adopted by the government. Similar to the 2019 resolution, this instrument focused on conditions for energy supply and the licensing of digital-currency mining centers. It again tasked the Central Bank with providing the necessary conditions for offering domestically mined cryptocurrencies for use in import operations. Also in September 2022, the Supreme Council of Cyberspace issued a document and communicated it to governmental bodies. The document defined 39 macro-level actions relating to the national cyberspace environment, one of which was “designing a cryptocurrency system, including the creation of a national cryptocurrency and the organization of the use of global cryptocurrencies.” In that document, the Ministry of Economic Affairs and Finance was designated as the steward for organizing Iran’s digital-currency domain, and the High Commission for the Regulation of Cyberspace was introduced as the approving authority for relevant regulations (12).

The Central Bank of Iran first announced, in a circular issued in July 2022, that users of Iranian cryptocurrency exchange platforms would thereafter be permitted to make only one fiat withdrawal per 24 hours, capped at 100 million tomans per Sheba number. Subsequently, between December 2022 and January 2023, the daily deposit cap for digital-currency exchanges—pursuant to Central Bank instructions—was first set at 25 million tomans per bank card (up to 100 million tomans in total with four different bank cards) and then reduced to 25 million tomans per national identification code. In May 2023, the Islamic Consultative Assembly passed a bill titled “Tax on Speculation and Profiteering,” in which “various forms of cryptomoney and crypto-assets” were listed among assets to be subject to capital gains tax—meaning that transfers and assignments would be accompanied by taxation. The Guardian Council did not approve the bill and returned it to Parliament for revision. One objection raised by the Guardian Council concerned the absence of a clear legal definition for cryptomoney and crypto-assets in national regulations. The bill remains under review by members of Parliament, and its revised version has not yet been submitted to the Guardian Council. In the Central Bank Law approved by Parliament and communicated to governmental bodies in December 2023, the term “cryptomoney” was defined as follows: “a type of encrypted digital (numeric) money that is created on a shared database platform in a centralized (centered on the Central Bank) or decentralized manner and is exchanged in a decentralized form.” Under this definition, “cryptomoney” may be treated as equivalent to a central bank digital currency. Part of this law addresses the duties and powers of the Central Bank and assigns to it the regulatory function over cryptomoney and the supervision of its exchange within the applicable legal framework.

In December 2023, the Parliamentary Economic Commission published a draft bill titled “Organization and Development of Crypto-Assets.” In its definitions section, “crypto-asset” was defined as: “any digital representation of value or a financial or non-financial right that, using distributed ledger technology, can be electronically held, stored, and transferred.” This draft addresses numerous aspects of digital currencies; however, because the final version has not been published and it has not yet reached the stage of debate in the Parliament’s plenary session, its details cannot be treated as legally authoritative. As is evident from Iran’s legislative trajectory, many domains—such as buying and selling or investment—remain unregulated and await formal rulemaking. Nevertheless, the absence of specific statutes governing cryptocurrency trading does not necessarily mean that buying, selling, or

investing in such assets is illegal. Under Article 2 of the Islamic Penal Code, “any conduct, whether an act or an omission, for which punishment is prescribed by law, shall be considered a crime.” In other words, for conduct to constitute a “crime,” the law must prescribe a “punishment”; where no punishment is prescribed for an act or omission, it is not treated as a crime. Accordingly, it may be concluded that buying, selling, or investing in digital currencies in Iran is not criminal. It should also be noted that, to date, no official and reliable instrument has prohibited Iranian citizens from buying, selling, or holding digital currencies (13).

Trading Non-Fungible Tokens in Iran

The purchase, sale, or holding of non-fungible tokens (NFTs), similar to digital currencies, is not legally prohibited in Iran. While the law may in the future introduce distinct definitions for fungible and non-fungible digital assets (interchangeable vs. non-interchangeable), current legal instruments in Iran have not explicitly addressed NFTs or their differences from conventional digital currencies.

Legal Regulation of Cryptocurrency Trading and Mining in Common Law Systems

Digital currencies function not only in Iran but also in other countries as a platform for new business formation and income generation. Over time, as public acceptance of digital currencies has increased, this large market has attracted a substantial following and many individuals have entered the market with profit motives. As a result, the number of Bitcoin ATMs worldwide has increased significantly in recent years. However, in many countries—including Iran—rules governing cryptocurrency mining and trading remain subject to regulatory scrutiny and legislative pressure. In Iran, Bitcoin, like other digital currencies, has not been formally recognized as legal tender; nonetheless, buying, selling, or holding it is not a crime. Bitcoin mining in Iran is lawful provided that the necessary licenses are obtained from the Ministry of Industry, Mine, and Trade. Nevertheless, prior to taking any action, it is advisable to verify the most recent Bitcoin mining rules through the competent authorities. The legal status of Bitcoin varies across jurisdictions. Some countries recognize it and impose no prohibition on its purchase, sale, or mining. For example, Japan recognizes Bitcoin under the Payment Services Act (PSA) as a lawful asset. By contrast, in Bolivia, any purchase, sale, or mining of Bitcoin has been prohibited since **2014**, and the use of any currency not issued by the government or an economic region is subject to penalties.

Digital Currency Regulation in the United States

In the United States, both the Securities and Exchange Commission and the Commodity Futures Trading Commission play active roles in the regulation of digital currencies. Although the purchase and sale of Bitcoin is not prohibited in the United States, tax rules are not uniform across all states and various strict compliance requirements apply.

Digital Currency Law in the United Kingdom

The United Kingdom’s governmental approach to regulating digital currencies has become clearer, and following the UK’s withdrawal from the European Union, this regulatory trajectory has become more mature. Although the United Kingdom recognized digital currencies as assets in **2020**, no specific statute has been enacted to govern them, and they are not considered legal tender. According to the Bank of England, because digital currencies lack the defining characteristics of money in the classical sense, they cannot be regarded as “money” and do not pose

a particular systemic risk to the stability of the banking ecosystem. Nevertheless, given the legal consequences, the evolving regulatory landscape, and the variable nature of digital currencies depending on their type and use, the Financial Conduct Authority (FCA) and the Bank of England have issued numerous warnings and guidelines. These warnings address issues such as the absence of comprehensive regulation and financial protection, the status of digital currencies as stores of value, volatility, and the risks associated with speculative trading (14, 15). Regulatory uncertainty in the field of digital currencies prompted the UK government to establish a specialized expert task force in **2018**. UK regulation permits users to buy and sell digital currencies; however, due to recent financial regulatory measures by the FCA, trading in cryptocurrency derivatives markets is prohibited. Cryptocurrency mining is lawful in the United Kingdom, with no specific legislation enacted for this activity, and it is unlikely to fall within the scope of existing UK financial regulations. Bitcoin ATMs are also permitted in the UK, provided they are regulated and licensed by the FCA. Currently, more than 250 cryptocurrency ATMs operate in the United Kingdom for purchasing digital currencies, making it the European country with the highest number of such ATMs.

Criminal Proceedings Related to Cryptocurrencies

Cryptocurrency-related disputes, like other platforms for trading and investment, may serve as a medium for various unlawful activities. From a legal perspective, digital currencies themselves and the relationships arising from them have not been criminalized. However, unlawful acts can be committed through their use and may fall under general legal categories. Such categories include fraud, unlawful appropriation of another's property, failure to fulfill financial obligations, claims for payment, and compensation for damages, among others. In **2017**, the Central Bank issued a notice prohibiting the use of digital currencies such as Bitcoin in all monetary and banking institutions across the country. This prohibition applied not only to banks and financial institutions but also to exchange offices, including those licensed by the Central Bank. With regard to licensing cryptocurrency exchange offices or digital-currency trading platforms, it should be noted that the Central Bank has, to date, not established a mechanism for granting such licenses (13).

Regulatory Approaches to Legalizing Digital Currencies Such as Bitcoin in Different Countries

Canada has remained notably friendly toward digital currencies such as Bitcoin. It was among the first countries to enact legislation on cryptocurrencies through the adoption of Bill C-31 in 2014. This bill classifies virtual currency businesses as money services businesses, subjecting them to know-your-customer requirements and anti–money laundering regulations. The Canada Revenue Agency has classified digital currencies such as Bitcoin as commodities, meaning that income derived from them is treated as business income and is therefore taxable. The applicable tax depends on whether a business provides exchange services or whether activities are limited to investment and trading in different cryptocurrencies. By contrast, the United Kingdom has not enacted a law specifically regulating cryptocurrencies such as Bitcoin or Ethereum. Key concerns arising from the use of cryptocurrencies include ensuring consumer protection, preventing money laundering, addressing taxation issues, and preventing the use of these systems for terrorist financing and other crimes. With respect to taxation, public authorities responsible for collecting income, investment, and import taxes recognize that cryptocurrencies possess a unique identity and therefore cannot be directly equated with conventional investment activities. Taxation of income derived from cryptocurrencies depends on the nature of the activities and the parties involved. Value-added

tax (roughly equivalent to US sales tax) is levied only on goods or services sold in the UK in exchange for cryptocurrencies. Corporate tax rules on gains and losses from currency transactions—which include cryptocurrencies—apply in commercial contexts. Accordingly, companies engaging in transactions involving cryptocurrencies are treated like ordinary commercial entities under existing corporate tax laws, and profits earned are taxed on that basis (16).

With regard to Iran, it should be noted that the Supreme Council of Cyberspace has, for some time, been examining the adoption of laws and the determination of the Iranian government's position toward this form of digital money. However, the official legal status of Bitcoin in Iran remains ambiguous, and the government has not yet articulated a definitive position on it.

Conclusion

An analysis of the regulations governing the mining and trading of cryptocurrencies in Iranian law and the common law legal system reveals significant similarities and differences in how these two systems address emerging financial technologies. In Iran, despite the recognition of cryptocurrency mining as a lawful industry, restrictive regulations have been imposed on mining activities, while prohibitive rules govern the use of cryptocurrencies as a means of payment. The risks associated with the use of cryptocurrencies are borne by individuals themselves, and the government has not articulated a clear or transparent position regarding cryptocurrency trading. This approach reflects an effort to control and restrict this technology, while simultaneously attempting to exploit its economic and industrial benefits, particularly as a means of circumventing sanctions.

By contrast, in the common law legal system, more comprehensive regulatory frameworks are enforced by various supervisory authorities. These regulations not only address the regulation and oversight of cryptocurrency mining and trading but also seek to establish a secure and transparent environment for digital financial activities through the application of anti–money laundering measures and consumer protection rules. Leading countries within this system, such as the United States and the United Kingdom, have leveraged the experience and expertise of multiple regulatory bodies to develop complex and effective legal frameworks for managing and controlling this sector.

The outcome of this comparison suggests that Iran can improve its regulatory framework by drawing on the experiences of common law jurisdictions, particularly in strengthening supervisory mechanisms and establishing clearer legal definitions for cryptocurrencies. Moreover, by formulating and implementing more comprehensive and coordinated regulations, it is possible to reduce the risks associated with financial crimes and enhance public trust in these technologies.

Ultimately, the development of appropriate regulations for cryptocurrencies requires international cooperation and the sharing of experiences and best practices. Given the rapid pace of developments in this field, it is essential for legislative and regulatory bodies in Iran and other countries to continuously update their laws and regulations and align them with technological changes and market needs. Such an approach not only contributes to maintaining financial stability and security but can also create new opportunities for economic growth and innovation in the field of digital finance.

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Authors' Contributions

All authors equally contributed to this study.

Declaration of Interest

The authors of this article declared no conflict of interest.

Ethical Considerations

All ethical principles were adhered in conducting and writing this article.

Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

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