Web3 Legal Environment in Ukraine and the Baltic Countries

Ukraine’s Virtual Asset Framework Compared with the Baltic Countries

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Table of Contents

1. Executive Summary
2. Scope Compliance Matrix
3. Ukraine's Current Legal State
4. How Web3 Companies Operate in Ukraine Today
5. Benefits of a Softer but Credible Legal Climate
6. Obstacles to Legal Softening
7. Baltic Comparison: Estonia, Latvia, Lithuania
8. Ukraine Web3 Legal Adoption Roadmap, 2026-2028
9. Recommendations and Open Questions
10. ReferencesCountry Comparison Snapshot

Category	Ukraine	Estonia	Latvia	Lithuania
Legal status	In transition; framework law adopted but not fully effective	MiCA transition; strict supervisory cleanup	MiCA authorisation with business-facing regulator support	MiCA authorisation; large fintech/crypto activity under tighter AML
Licensing	No fully live domestic CASP/VASP regime yet	CASPs must align with MiCA by 1 July 2026	Clear CASP licensing path and regulator consultations	Unlicensed activity illegal after transition; CASP authorisations active
Main strength	Strong builder talent, reconstruction opportunity, EU alignment path	Regulatory discipline after high-risk legacy period	Practical licensing guidance and fintech positioning	Scale, fintech maturity, increasingly clear CASP practice
Main risk	Uncertainty, tax gap, bankability, wartime FX restrictions	Past permissiveness created AML and shell-company concerns	Small market, need to prove supervisory depth	Compliance burden and payment-law overlap
Lesson for Ukraine	Finish law, taxes, regulator roles, and transition rules	Do not attract weak shell operators	Make licensing clear and founder-readable	Combine scale ambitions with serious AML and payment oversight

Ukraine Web3 Legal Adoption Roadmap, 2026-2028

Period	Action
0-6 months	Finish second reading architecture: regulator split, transition period, tax design, AML updates.
6-12 months	Publish secondary rules, model compliance templates, public CASP/VASP register, bank-facing guidance.
12-24 months	Launch licensing sandbox, pre-application consultations, phased authorisation for serious Ukrainian teams.
24+ months	Position Ukraine as a trusted Eastern European Web3 compliance hub connected to EU/MiCA markets.

Executive overview

As of 18 May 2026, Ukraine is in an unusual intermediate position: virtual assets are not banned, but the country still does not have a fully effective, live licensing regime for crypto-asset service providers. The core framework law, the 2022 Law of Ukraine "On Virtual Assets," was adopted and signed, but its own final provisions state that it enters into force only when a separate tax law on virtual-asset transactions takes effect. Meanwhile, the updated MiCA-oriented bill, No. 10225-d, passed first reading on 3 September 2025 and, according to the Verkhovna Rada bill card, is still being prepared for second reading. The National Bank of Ukraine and the IMF have both continued to describe virtual assets as an area needing a stronger legal framework, especially because of monetary, tax, and financial-stability risks during wartime. [1]

That means Ukraine's current Web3 environment is best described as **lawful but incomplete**. Founders can build blockchain products, hold and transfer tokens, and structure ordinary business activity under general civil, commercial, and criminal law, while AML and wartime foreign-exchange controls still bite. But because there is no effective domestic VASP/CASP authorization regime yet, there is still no stable Ukrainian answer to licensing, passporting, bankability, or tax treatment at the level that serious exchanges, custodians, stablecoin operators, or token issuers usually need. [2]

The Baltic countries now sit in a very different place. Estonia, Latvia, and Lithuania all operate inside the EU's MiCA framework, which fully applies from 30 December 2024, alongside the EU's rules on information accompanying crypto-asset transfers. The result is a much more mature legal baseline for regulated crypto operations, even though the three Baltic jurisdictions differ a lot in supervisory style: Estonia is notably risk-first, Latvia is openly trying to attract regulated fintech and crypto businesses, and Lithuania combines large market activity with increasingly demanding AML and operational expectations. [3]

For Ukraine, the central policy lesson is not that it should become "soft" in the sense of permissive or weak. The Baltic evidence points in the opposite direction. The most workable path is a **predictable, MiCA-aligned, proportionate system**: clear regulators, explicit tax rules, realistic transition periods, fit-and-proper governance, bank-facing compliance standards, and strong AML/sanctions controls. In other words, Ukraine's comparative advantage is likely to come from credibility and clarity, not from becoming a loophole jurisdiction. [4]

Ukraine's current legal position

Ukraine's basic framework statute is the Law of Ukraine "On Virtual Assets," No. 2074-IX. The law itself says it regulates legal relations connected with the circulation of virtual assets, defines the rights and duties of market participants, and assigns important roles to the National Securities and Stock Market Commission. It also contemplates a state register of service providers related to virtual-asset circulation. But the same law also contains a decisive limitation in its final provisions: it enters into force only on the date when a separate law amending the Tax Code on the taxation of virtual-asset operations enters into force. The Ministry of Finance's National Revenue Strategy repeated that same point, confirming that the 2022 law is linked to tax reform and that Ukraine still needed tax rules aligned with EU and OECD information-exchange developments. [5]

That is why the policy process shifted toward Bill No. 10225 and then the committee-reworked Bill No. 10225-d. The Verkhovna Rada reported on 4 September 2025 that parliament had supported 10225-d in the first reading, presenting it as the bill that would "legalize" virtual assets in Ukraine and form the legal field for a modern financial market and digital economy. The official bill card now shows that 10225-d was registered on 24 April 2025, was accepted in principle with further refinement on 3 September 2025, and, as of May 2026, remains "being prepared for second reading." [6]

The content of the reworked package is clearly more MiCA-shaped than the 2022 law. An official finance-committee comparison document states that the drafts classify virtual assets into categories such as e-money tokens, asset-referenced tokens, and unique virtual assets; treat them as digital objects with value; require authorization for service providers such as exchange, custody, and transfer intermediaries; and introduce transparency,

investor-protection, and AML-related obligations. A committee transcript from April 2025 also records that the Ministry of Finance described the bill as amending the Tax Code, the law on virtual assets, and AML legislation, while aligning terminology with EU approaches and FATF Recommendation 15. [7]

But the fact that Ukraine has a good draft is not the same as having a working market regime. The Financial Stability Council said in November 2025 that, before second reading, the draft should clearly define the regulators and the division of their powers and include a transition period long enough to build infrastructure and a subordinate regulatory framework. The IMF staff report likewise stated that Ukraine still needed to decide regulation and supervision roles and responsibilities in consultation with the Financial Stability Council and the IMF. The official bill card adds another sign of incompleteness: the parliamentary anti-corruption review concluded that the bill, in some provisions, did not comply with anti-corruption legislation. [8]

So the legal bottom line in Ukraine today is straightforward. There is a **clear legislative trajectory** toward a regulated virtual-asset market, and that trajectory is increasingly tied to EU harmonization. But there is not yet a live, final, fully operational licensing-and-tax regime comparable to MiCA jurisdictions. That gap is the single most important feature of Ukraine's present Web3 legal environment. [9]

How Web3 companies operate in Ukraine today

Because Ukraine still lacks an effective VASP/CASP authorization regime, current Web3 activity is governed mostly by **general law plus sector-adjacent controls**. Global Legal Insights' 2026 Ukraine chapter summarizes the position well: virtual assets are not prohibited, but the dedicated regime has not taken effect; current practice relies on general civil, commercial, and criminal law, while AML requirements already capture relevant activity. The same source emphasizes that there is still no comprehensive licensing framework specifically for VASPs, that trading is possible, but that regulatory uncertainty complicates communications with banks, financial institutions, and tax authorities. CMS's Ukraine guide similarly describes the country as still developing the legal framework and waiting for related tax rules and MiCA-oriented legislation. [10]

In practical business terms, that produces a familiar split. Ukrainian teams can build protocols, wallets, developer tools, gaming products, infrastructure layers, compliance software, and tokenized business models from Ukraine under ordinary corporate law, employment law, IP law, and contract law. But where a project needs regulated exchange, custody, marketed token sales, stablecoin functions, or scalable fiat rails, the absence of a working Ukrainian authorization regime strongly incentivizes use of an EU-regulated vehicle instead. That conclusion is an inference from two hard facts: Ukraine still has no live VASP/CASP licensing path, while Baltic MiCA authorizations already provide an EU passport for cross-border service activity. [11]

Wartime foreign-exchange controls also matter. In April 2022, the National Bank of Ukraine imposed restrictions aimed at preventing "unproductive capital outflows," explaining that quasi-cash transactions include purchases of virtual assets and applying a monthly limit for cross-border use of foreign-currency card funds for such purposes. In May 2025, the NBU eased some business-facing FX restrictions to stimulate investment and trade, but simultaneously tightened other channels to keep capital from leaving the country unproductively. Even though those measures are not crypto-specific licensing rules, they directly affect how founders and users can fund offshore activity, pay for foreign services, or operate consumer-facing crypto rails from Ukrainian banking infrastructure. [12]

The result is not a ban; it is a **high-friction operating environment**. The state has been willing to discuss market launch, taxation, digital finance modernization, and alignment with EU standards. Yet until the tax law, regulator split, supervisory rulebook, and transition regime are actually finalized and implemented, serious Web3 companies face a structural mismatch: Ukraine is a strong place to build, but still a weak place to anchor highly regulated crypto intermediation. [13]

Why an enabling regime could benefit Ukraine

A more enabling legal climate would first and foremost reduce the present gap between **where Ukrainian Web3 talent is located** and **where regulated crypto business can be domiciled**. The current strategy documents of Ukraine's financial authorities repeatedly frame financial-sector reform around recovery, private investment, modern financial services, and EU integration. The 2025 implementation report states that in 2026 the NBU will continue harmonizing Ukrainian legislation with EU law and pushing modern digital financial services. The strategy materials also list the virtual-asset market as part of the "modern financial services" agenda and record that a new wording of the draft law on regulating virtual assets was presented in 2025. [14]

A clearer regime would also improve **tax visibility and compliance**. Ukraine's National Revenue Strategy explicitly states that virtual-asset taxation should be designed with EU DAC8 and OECD information-exchange initiatives in mind and should serve as the basis for a dedicated tax law. That is economically important because the current situation leaves taxable activity in a gray area: people and firms may have tax exposure, but the methodology, reporting logic, and supervisory expectations remain under-specified. Clarity here is not merely about revenue extraction; it is about making legitimate activity auditable and reducing the incentives to move it offshore. [15]

A functioning framework would also strengthen **consumer protection and market integrity**. The committee materials for 10225-d emphasize authorization of service providers, disclosure of risks, retention of transaction data, and investor-facing information standards. The GOLAW analysis of the first-reading bill highlights the planned restrictions on misleading advertising, the categorization of token types, and formal requirements for legal presence and management. These are exactly the sorts of features that separate a recognized financial market from a gray market in which fraud and weak disclosure thrive. [16]

Finally, a credible Ukrainian framework could help keep more value creation onshore during reconstruction. The Baltic examples show that licensable, passportable crypto regulation is not only about crypto trading; it is about attracting broader digital-finance business, jobs, compliance functions, legal work, cyber capacity, and cross-border capital-market relevance. Latvia now openly links crypto licensing to its ambition to become a competitive European fintech hub, while Lithuania has already built a meaningful authorized CASP population under MiCA. Ukraine has the human capital to compete in that same layer of the market if the domestic legal route becomes usable. [17]

Why legal softening remains difficult

The main reason reform has been slow is that Ukraine's regulators do not see virtual assets only as an innovation issue; they see them as a **macroeconomic and financial-stability issue**. The IMF staff reports for 2024 and 2025 state that virtual assets pose risks to price stability, the effectiveness of monetary transmission, and tax revenue in the absence of a strong legal framework. The NBU's Financial Stability Report likewise argued that taxation rules and alignment with MiCA were necessary for the market to function. During wartime, those concerns carry more practical weight than they would in calmer conditions. [18]

The second barrier is **institutional design**. The Financial Stability Council said explicitly that the second-reading draft must clearly allocate powers between regulators and include a transition period sufficient to create new infrastructure and by-laws. The GOLAW summary of the draft reaches the same conclusion in more practical terms: the NBU will definitely be one regulator, but the identity of the second regulator had not yet been finally settled when the bill was being discussed after first reading. In other words, the problem is not just political appetite; it is that Ukraine is still deciding how to split supervision among authorities without creating overlap, gaps, or inconsistent treatment. [19]

The third barrier is **supervisory credibility**, especially on AML, sanctions, and correspondent-risk controls. Estonia's experience is instructive here. Its FIU says Estonia had more than 600 valid virtual-asset licenses in 2021, but only 37 by December 2025 after tighter scrutiny. The same authority's analysis describes systemic deficiencies in the sector, including anonymous operation, failures of due diligence, nested service structures, and weak beneficial-ownership transparency. Lithuania's central bank made a similar point from another angle: the number of crypto companies exploded, the sector showed low maturity, and the authorities responded by tightening requirements and emphasizing

AML fitness as the threshold for licensing. For Ukraine, which is managing wartime sanctions risks and cross-border financial-security concerns, these Baltic lessons are not abstract. They are a warning against fast liberalization without strong monitoring capacity. [20]

The fourth barrier is **war-related capital control and market infrastructure constraints**. The NBU has repeatedly justified its FX restrictions as necessary to stop capital flight and protect reserves, including by limiting quasi-cash transactions such as purchases of virtual assets. Even if Ukraine enacted the remaining virtual-asset laws tomorrow, consumer and treasury operations would still need to coexist with a wartime foreign-exchange regime. That makes "softening" much harder in practice than it sounds in policy debate, because the state is trying to foster digital-finance innovation while simultaneously rationing channels that can be used to move value abroad. [12]

What the Baltic experience shows

The crucial structural difference between Ukraine and the Baltic countries is that the Baltics operate inside a **live EU regulatory stack**. The European Commission stated that MiCA applies fully from 30 December 2024, and ESMA publishes the interim MiCA register for white papers, issuers, and authorized crypto-asset service providers. The EU rules on information accompanying transfers of funds and certain crypto-assets also apply to crypto-asset transfers involving EU-registered intermediaries. This means Estonia, Latvia, and Lithuania are no longer building their crypto regimes from scratch; they are implementing a common supervisory architecture with local variation. [21]

Estonia now looks like the most cautionary Baltic case. Finantsinspektsioon says crypto companies operating in Estonia must align with MiCA by 1 July 2026 and either obtain a licence from Finantsinspektsioon or stop operating; companies that were still applying close to the deadline could be required to prepare winding-down plans. Finantsinspektsioon was processing 10 applications in March 2026. On top of that, Estonia's FIU describes a market that had already been heavily cleaned up before MiCA: from more than 600 valid virtual-asset licenses in 2021 down to 45 in October 2024 and 37 in December 2025. Estonia therefore teaches Ukraine that early permissiveness can attract volume, but that weak substance, nested relationships, and AML deficiencies can force a later, painful clean-up. [22]

Latvia is the most explicitly business-facing Baltic supervisor in this sample. Latvijas Banka's MiCA pages stress that CASPs need authorization, that a single home-state authorization gives an EU passport, and that applicants must have their registered office and place of effective management in the EU. Beyond the law itself, Latvia has built a visibly supportive process: detailed guides, a CASP roadmap, pre-licensing consultations, relatively fast initial review targets, and practical guidance on AML, physical presence, governance, internal controls, quarterly reporting, and blockchain-analytics tooling. By May 2026 Latvia had already issued MiCA licences to BlockBen, Nexdesk, and Paybis Europe, and its central bank openly linked crypto licensing to a broader national ambition to become a competitive European fintech hub. [23]

Lithuania remains the most operationally significant Baltic crypto venue, but it is no longer a "light-touch registration" story. The Bank of Lithuania and related authorities spent 2023–2025 tightening the sector, citing rapid growth, weak maturity, and AML concerns. Lithuania's transitional period ended on 31 December 2025, after which unlicensed crypto-asset activity became illegal financial activity. By March 2026, the Bank of Lithuania had already granted a fourth CASP authorization and said Lithuania ranked second in the Nordic-Baltic region by number of MiCA CASP authorizations. At the same time, Lithuania added another layer for some business models: from March 2026, CASPs carrying out certain EMT-related transactions that qualify as payment services must also hold payment-services authorization. Lithuania's lesson for Ukraine is that scale is possible, but only when licensing, AML supervision, and payment-law interfaces are treated seriously and early. [24]

Taken together, the Baltics do not support the simplistic view that success comes from "soft" crypto law. What they actually show is that **clarity plus access** matters more than laxity. Estonia supplies the warning, Latvia supplies the applicant-friendly model, and Lithuania supplies the mature-hub-with-tightened-controls model. Ukraine's current position differs from all three because it still lacks the decisive step that all of them have: a live, final authorization pathway inside a settled legal framework. [25]

Recommendations and open questions

Ukraine's most important next move is to finish the legislative architecture around 10225-d or an equivalent successor in a way that resolves the three issues the Financial Stability Council itself identified: **who regulates what, when the regime starts, and how the subordinate rulebook is built**. If those points remain open, Ukraine will continue to have policy intent without market usability. [26]

The model should be **MiCA-aligned but not mechanically copied**. The strongest version for Ukraine would likely separate stablecoin- and payments-adjacent oversight from broader market-conduct oversight, using an enforceable memorandum between the NBU and the capital-markets regulator, because the IMF and Ukrainian authorities have already treated this coordination problem as central. That would mirror the way Baltic jurisdictions operate inside MiCA while still reflecting Ukraine's wartime monetary concerns. [27]

Ukraine should also adopt a **real transition regime**, not a nominal one. Estonia's 1 July 2026 transition deadline, Lithuania's winding-down guidance, and the EU's general grandfathering logic all show that market migration requires time, application processing capacity, and orderly client offboarding rules. If Ukraine launches abruptly, it risks either deterring legitimate entrants or creating the exact low-compliance environment that later forces a clampdown. [28]

On AML and sanctions, Ukraine should be stricter than an ordinary jurisdiction, not looser. Latvia's requirement for clear business models, physical presence, AML officers, and blockchain-analytics tools, together with Estonia's and Lithuania's documented concerns around nested services, beneficial ownership opacity, and weak due diligence, give Ukraine a ready-made checklist. A Ukrainian regime that is attractive to serious firms will be one that is clearly **not** attractive to shell operators. [29]

On tax, Ukraine should prioritize **clarity over novelty**. The public materials around 10225-d already move in a sensible direction: net-income taxation logic, explicit treatment of token classes, and linkage to broader EU/OECD reporting standards. The key policy task is to make those rules administrable and publish binding guidance early, so that banks, auditors, and taxpayers can use the same playbook from day one. [30]

The open question is not whether Ukraine will regulate virtual assets; the state has already committed to that path. The real open questions are narrower and more consequential: whether second reading will finally settle the regulator split, whether the transition period will be long enough to build licensing infrastructure, whether wartime FX controls will continue to constrain consumer-facing crypto operations even after market launch, and whether Ukraine will position itself as a credible regional compliance jurisdiction rather than as a late and uncertain market. As of 18 May 2026, those questions remain unresolved because the bill is still at the second-reading preparation stage and the Financial Stability Council has said the final architecture is not yet complete. [31]

Actionable Best-Practice Package for Ukraine

- Create a one-stop pre-application process for Web3 founders, similar to Latvia's applicant-facing licensing guidance.
- Publish a public register of authorised providers, refused applicants, and winding-down providers to increase market trust.
- Introduce a limited regulatory sandbox for Ukrainian teams that are building wallets, payments, custody tools, compliance infrastructure, and tokenization pilots.
- Separate consumer self-custody software from regulated intermediation, so open-source wallet builders are not accidentally treated like exchanges or custodians.
- Give banks a safe-harbour checklist for dealing with licensed Web3 companies: source-of-funds checks, blockchain analytics, beneficial ownership, sanctions screening, and transaction monitoring.
- Use proportional licensing tiers so small Ukrainian startups can enter legally before they become large financial intermediaries.

- Align with MiCA terminology while preserving wartime safeguards around FX, sanctions, and financial stability.

Final Takeaway

Ukraine does not need to become the easiest place in Europe to launch a crypto company. It needs to become one of the clearest and most trusted. The Baltic countries show that Web3 adoption succeeds when regulation is predictable, licensing is understandable, and compliance standards are serious. Ukraine's advantage is talent; its missing piece is legal certainty. If Ukraine completes its virtual asset framework with MiCA alignment, practical tax rules, and startup-friendly supervision, it can turn today's legal uncertainty into a post-war Web3 competitiveness strategy.

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