



Virtual assets and their criminalization in Algeria

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Abstract:

This study seeks to shed light on the issue of virtual assets, which raises many legal challenges, most notably the difficulty of subjecting them to oversight, the possibility of exploiting them for money laundering, terrorist financing, and tax evasion, as well as problems related to protecting dealers and proving transactions. In Algeria, the legislator's position has shifted from partial prohibition to explicit criminalization. Law No. 25-10, amending and supplementing the Law on the Prevention of Money Laundering and the Financing of Terrorism, criminalizes the issuance, purchase, sale, use, possession, and promotion of virtual assets. This reflects the adoption of a preventive criminal policy aimed at protecting the national economy and enhancing financial security in the face of risks arising from these assets.

Keywords: Virtual assets, financial transactions, digital currencies, cryptography, Law No. 25-10.

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Introduction :

In recent decades, the world has witnessed rapid digital transformation that has reshaped the structure and functions of financial and commercial systems, one of the most prominent manifestations of which was the emergence of virtual assets, or what are known as encrypted digital currencies, such as Bitcoin and Ethereum. These currencies emerged as an alternative to traditional cash, relying on encryption techniques, which allowed their users to quickly complete transactions and a high degree of confidentiality, in addition to reducing reliance on central authorities.

In this context, these assets have become a central issue of interest to governments, financial institutions, and security agencies, particularly as their use expands and they attract an increasing number of clients, both individuals and institutions. While these currencies provide promising economic and investment opportunities, they raise a number of challenges, most notably the possibility of exploiting them to finance illegal activities, in light of limited regulatory frameworks, in addition to their potential impact on the monetary sovereignty of countries. Therefore, this phenomenon has become a real challenge to traditional legal and banking systems, requiring balanced regulatory and legislative approaches that accommodate their various dimensions.

1. Importance of the Topic:

Virtual assets have sparked widespread and multidimensional debate within economic, legal and financial circles. Positions on it have varied between one trend that sees it as a promising financial innovation that would reshape the global monetary system, and another trend that warns of the fundamental risks involved. The most prominent of these risks are the sharp fluctuations in its market value, the fragility of its technical infrastructure in the face of hacking and piracy threats, as well as its susceptibility to exploitation in illegal activities, such as money laundering and terrorist financing.

Moreover, the absence of a unified international definition of the concept of virtual assets has contributed to the complexity of approaches to regulating them and dealing with them legally, in light of the varying legislative positions between countries. While some legal systems have adopted a regulatory and legal recognition approach, others have tended to impose strict restrictions that may amount to a ban or outright criminalization of these assets, reflecting a state of regulatory heterogeneity at the international level.



2. Objectives of the Topic:

This research aims to shed light on virtual assets in Algeria, especially after the Algerian legislator adopted a strict stance towards virtual assets, as it approved, pursuant to Law No. 25-10 of 2025, a stricter legal framework prohibiting dealing in various forms of these assets, in addition to criminalizing mining activities associated with them. This approach falls within the state's efforts to maintain economic and financial stability and address the increasing risks associated with cross-border financial crimes.

3. Problem Statement:

This paper seeks to answer the following central question: To What is the concept of virtual assets in their various forms? What is the position of Algerian law towards dealing with these principles?

4. Methodology:

The methodology of this study is based on a dual approach, which addresses the complex issues raised by virtual assets by combining the descriptive approach and legal analysis.

We used a descriptive approach to illustrate the concept of virtual assets, identifying their advantages and disadvantages. This basic understanding is essential to put subsequent analysis into context.

The analytical approach is applied to interpret relevant legal texts, before and after the issuance of Law 25-10 criminalizing virtual assets.

5. Structure of the Topic:

The study is divided into two main sections:

- Chapter One: The concept of virtual assets.
- Chapter Two: The Algerian legislator's position on virtual assets.

THE FIRST TOPIC : The concept of virtual assets

With tremendous technical progress, new intangible assets have emerged that represent a real challenge to traditional ownership concepts, such as: digital currencies (Bitcoin, Ethereum (and non-fungible tokens) NFTs,) These digital assets can be traded, sold and owned in digital environments, and are considered objects of economic value.

FIRST REQUIREMENT: The definition of virtual assets

The definition was first given by the European Central Bank in 2012: "digital money in an unregulated environment, issued and controlled by its developers and used as a method of payment among members of a certain



virtual community, ... virtual currencies (which, unlike electronic money, have no physical equivalent with the name that is legal tender)"¹.

Based on the accepted position of the European Central Bank, "virtual currency", firstly, does not have a material form, secondly, it is not a legal means of payment.

Defining virtual assets poses a major challenge in light of the absence of a unified global definition for them and their lack of regulation in most legal legislations.

Virtual assets are a set of immaterial digital symbols or representations found on electronic platforms over the Internet, and are issued by a decentralized system based on managing the transactions associated with them. They are also saved, traded, and invested via the Internet only². The existence of these virtual assets relies on encryption to prevent counterfeiting and fraud³.

The FATF defined a virtual asset in its recommendations as a digital representation of the value that can be converted or traded digitally, and can be used for payment or investment purposes. It also stipulated that virtual assets do not include a digital representation of fiat currencies, securities and other financial assets⁴.

Virtual assets are defined in Islamic jurisprudence as more than just a digital concept; they are defined as a specific digital property value in electronic form, indicating the existence of the corresponding asset.

These items include a variety of resources, including virtual product components and virtual processes such as virtual manufacturing and logistics operations, as well as data generated from operations and market transactions, digital content such as digital design documents, virtual brands, and marketing materials⁵.

¹ - European Central Bank, "Virtual currency schemes.," European Central Bank, Frankfurt-on-Main, 2012. URL: <https://www.ecb.europa.eu/pub/pdf/other/virtualcurrencyschemes201210en.pdf>

² - J. Merritt Francis, A Beginner's Guide to Cryptocurrencies: Explaining the Technologies Behind Cryptocurrencies, How the United States Taxes and Regulates Them, and Offering Changes to the Existing Taxation and Regulation Schemes, 30 RICH. J.L. & TECH 45 (2024) Available at :<https://scholarship.richmond.edu/jolt/vol30/iss1/2>.

³ - Paul Anderson, Will the FTX Collapse Finally Force U.S. Policymakers to Wake Up? Regulatory Solutions for Cryptocurrency Tokens Not Classified as Securities Under the Supreme Court's Howey Analysis, 18 Journal of Business and Technology L.251. p7.

⁴ - Updated Guide to the Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers, FATF, October 2021 p. 24, available on the official website <https://www.fatf-gafi.org/> Retrieved 30 - 05 - 2026 at 14:12

⁵ - Satish Nambisav Weidong Lu, "The Global Company in the Digital Age", Publishing and Distribution House, 2022



In its 2019 recommendation, the International Financial Action Task Force defined virtual assets as a digital representation of a value that can be traded, converted and used for payment or investment purposes.

While virtual assets are defined, in accordance with the principles of the European Law Foundation, any record or representation of a value is referred to as an asset if it meets the following criteria: it is capable of being stored, displayed and managed exclusively using electronic means, whether on virtual machines or via a platform or database. This includes cases where a record or representation is considered to be connected to a real world and negotiable as an asset. In addition, the digital asset must maintain its value either directly or through an account via an intermediary¹.

The European Union's MiCA Regulation on Markets in Crypto Assets defines cryptoassets as: digital representations of value or rights that can provide significant benefits to market participants, including retail holders of cryptoassets. These representations may include non-material external value attributed to the cryptoasset by interested parties or market participants Where the value is subjective in nature and depends solely on the buyer's interest².

The definition of virtual assets, although broader, does not include any digital representation of value that can be traded or converted electronically, regardless of the technology used. Cryptocurrencies are limited to digital assets such as the blockchain, and include cryptocurrencies based on DLT distributed ledger technology such as the blockchain. Cryptocurrencies include Cryptocurrencies

NFTs and Non-Fungible Tokens, Tokens, Consider all crypto assets as part of virtual assets, but not all virtual assets are crypto assets, as the FATF definition also includes digital assets that are not dependent on.(Distributed ledger technology, such as digital balances and virtual reward points³.

1- International standards to combat money laundering and terrorist financing https://www.amlu.gov.jo/ebv4.0/root_storage/ar/eb_list_page/%D8%AA%D9%88%D8%B5%D9%8A%D8%A7%D8%AA_%D8%A7%D9%84%D9%81%D8%A7%D8%AA%D9%81_%D9%8A%D9%88%D9%86%D9%8A%D9%88_2019.pdf

2 - European Parliament and Council, Regulation (EU) 2023/1114 on Markets in Crypto-assets (MiCA), Official Journal of the European Union, L150, June 9, 2023, p. 40. <https://eur-lex.europa.eu/eli/reg/2023/1114/oj>

3- Wyoming Legislature. 2019. SF0125 - Digital Assets-Existing Law. Wyoming: Wyoming State Legislature, Wyoming Statutes § 34-29-101. <https://www.wyoleg.gov/>



SECOND REQUIREMENT: Types of virtual assets

The most widespread, well-known and widely traded form of virtual assets is virtual or encrypted currencies, especially Bitcoin, but it is not the only form. Therefore, here we discuss in a simplified and concise manner the different images of virtual assets to determine the scope of the assets covered in this study.

Firstly: Cryptocurrencies

The terms digital currencies, virtual currencies, and cryptocurrencies may seem synonymous and refer to the same meaning, but economists have distinguished between them in terms of concept and scope.

The Bank for International Settlements BIS addressed the discussion of digital currencies DIGITAL CURRENCY and pointed out that they are digitally represented assets that include a wide range of forms of currencies, some of which are subject to central banks and some of which are non-centralized and are dealt with without an intermediary, and they are currencies whose value is estimated according to supply and demand, similar to commodities¹.

Accordingly, digital currencies come in three main forms: virtual currencies, electronic money, and legal digital currencies issued by central banks².

1- Virtual currencies:

It is one of the most famous forms of digital currencies, and there is still no official definition of virtual currencies, but several central banks and international organizations have sought to develop a definition for them that combines their main characteristics as: a digital representation of value, not issued by a central bank or public authority, but rather issued by its developers. There is also no real representation of these currencies against legal tender or legal monetary cover. It is accepted as a medium of exchange and can be transferred, stored and invested electronically between users of the virtual currency³.

1- Bank for International Settlements, Committee on Payments and Market Infrastructures, Digital Currencies, November 2015, p.3-6.

2- Khaled Gawish, Hilal Bassiouni, Mohamed Shamin, The risks of using digital currencies on economic growth in some countries Asian, Institute of Asian Studies and Research, Zagazig University, Journal of the Advances in Agricultural Research, Volume 28 (3) .333, September 2023, p. 694

3 - European Banking Authority (2014), Glossary for Financial Innovation, retrieved from: <https://eba.europa.eu/documents/10180/2270404/Glossary+for+Financial+Innovation.pdf/72036f35-beac-4d44-acf1-2875c12b709e> European Central Bank (2012), Virtual Currency Schemes, October 2012, Retrieved from: <https://www.ecb.europa.eu/pub/pdf/other/virtualcurrencyschemes201210en.pdf>



2- Electronic Money:

It is electronic money that is a reflection of paper money, meaning that it has a specific monetary value in a legal currency. To put it more clearly, it is simply an electronic mechanism for storing and transferring cash. Therefore, its issuance, circulation and control are carried out by a central authority.

3- Central Bank Digital Currencies:

Based on the popularity and spread of cryptocurrencies due to their advantages despite their lack of any cash cover, many central banks have banned dealing in them, but they nevertheless seek to benefit from this idea in a way that is more appropriate to legal considerations through legal digital currencies.

4- Crypto Currencies Exchange Tokens:

It is also one of the branching forms of virtual assets, and as we previously mentioned, they are digital representations that have no counterpart in reality, and their circulation is limited to electronic media based on blockchain technology and the encryption mechanism¹.

It is also restricted to its users, without passing through any media, or being controlled by a specific central authority. Therefore, it can be said that applying the term "currency" to this type of new investment methods is completely uncontrolled, as it lacks the essential characteristics and functions of ordinary legal money.

The first cryptocurrency to emerge was Bitcoin, which was in late 2008, and to this day Litecoin remains the standard for all other cryptocurrencies. These currencies began to be put into circulation via the Internet in 2010, and since then they have begun to increase and spread at a tremendous speed.

The most prominent cryptocurrencies that have become famous, and have become widely used and very fast so far are: Bitcoin, Ripple, Ethereum, and Litecoin. Currency providers have sought to distinguish each from the other with an additional benefit from the previous one to support its marketing. However, the advantages it combines that increase its spread and approval among customers can be summarized in the ease and speed of dealing with it, low fees, transparency and freedom of payment, and its international scope. Most of these currencies have a market value based on the US dollar².

1 - J. Merrit Francis, A Beginner's Guide to Cryptocurrencies: Explaining the Technologies Behind Cryptocurrencies, How the United States Taxes and Regulates Them, And Offering Changes To The Existing Taxation And Regulation Schemes, 30 Rich. J.L. & Tech. 45, p.3.

2 - Bank for International settlement, Committee on Payment and Market Infrastructure, Op.cit, p.8.



Secondly: Other virtual crypto assets

Many forms of virtual assets are being introduced alongside cryptocurrencies, varying in nature and the function they perform. The most prominent of these are:

1- Utility Tokens:

These are tools or codes that startups often design on a blockchain platform and offer for sale in exchange for enabling the buyer to access their services or products. In other words, it represents a means of purchasing goods and services offered by the company providing them¹.

2- E-money Tokens:

They are payment instruments offered on blockchain-powered platforms, and their value is denominated in one sovereign currency. The stability of its value is maintained by securing sufficient reserves of assets to meet redemption requests by its holders².

3- Asset Referenced Tokens:

These are payment instruments that are similar to their predecessors in all their characteristics, except that their value is linked to a sovereign currency. This type of token, as its name suggests, is based on baskets of paper currencies or commodities, and sometimes by other encrypted assets. The provider also works to maintain its value by providing sufficient stock of all of the above categories to respond to refund requests that may be received from their holders.

4- Security Tokens:

This type of token allows companies to raise the capital needed to finance an idea or business model by offering stock tokens for sale, and the shares are in exchange for money or other crypto assets. The holder of the stock symbol also receives a share in the company's profits and benefits, but they are digital bonds that are traded between their holders without an intermediary³.

5- Non-Fungible Tokens NFTs:

This group of currencies cannot be exchanged for each other, as each symbol is considered distinct from the others. It is presented using blockchain technology, which records the ownership of every physical or intangible item on his cheek, such as a piece of clothing, a song, or a picture⁴.

1 - Steve Muscat Azzopardi, Markets In Crypto Assets Regulation, Mondaq Business Briefing January 16, 2024, p.3.

2 - Steve Muscat Azzopardi, Markets In Crypto Assets Regulation, Mondaq Business Briefing January 16, 2024, p.3.

3 - Helen Maddison White, Op.cit, p.2.

4 - Helen Maddison White, Op.cit. see also: Paul Andersen, Op.cit, p.27.

**THIRD REQUIREMENT: The benefits of virtual assets**

The benefits of virtual assets include speed, decentralization, and lower fees. It provides digital financing and circulating value without geographical boundaries.

Firstly: lower fees

The peer-to-peer feature (Peer to Peer) in dealing with Bitcoin and the lack of an intermediary between dealers has made Bitcoin fees low compared to other currencies such as legal tender and also digital money such as transfer, transportation or exchange fees¹. Which banks and credit card companies obtain, because what is transferred is only the Bitcoin codes or symbols, and this transfer is from the wallet of one party to the other in the transaction.

Simple fees can be charged for expediting payment or for converting Bitcoin into legal tender.

Secondly: Transparency and freedom of payment

Virtual currencies gain the advantage of transparency because they enable everyone to follow the Bitcoin money trading index, yet they remain protected by the encryption system; This leads to the trust of those who wish to use them, and the ease of converting these currencies without restrictions, whether this conversion is internal or external, which encourages investment and dealing in them to escape the restrictions imposed by central banks on commercial banks.

Thirdly: The universality

The universality of Bitcoin's work is evident in the fact that it is not restricted to a specific geographical location, but rather it can be dealt with in all parts of the world as if it were a local currency, and it is not controlled by any authority from governmental bodies or international organizations, but rather the control to which Bitcoin is subject is only the control of its owners through the rights it gives them of use, exploitation, benefit or behavior individually and not collectively Neither the government nor international organizations, regardless of their composition, can confiscate or freeze these currencies, even if the transactions involving these currencies are illegal under the law of one or both of the countries involved, or under international law in general, including the law of international organizations. Therefore, there are those who advocate the illegality of these currencies, whether at the international level, in accordance with the principle of international or local cooperation².

1 - Muhammad Amin Al-Rumi, *Electronic Contracting*, University Publications House, 2004, p.

2 - Nader Shaaban Ibrahim, *Electronic Money*, Alexandria University House, 2015, p. 109



FOURTH REQUIREMENT: Disadvantages and risks of dealing with virtual assets (Bitcoin as a model)

And for the same features that we talked about, those who reject Bitcoin find its flaws, meaning that they see these features as the flaws of Bitcoin that lead to its illegality (because it is not subject to any local or international oversight), as well as because people are afraid to deal with it (because of the instability of its value and its constant fluctuation). Now we will shed light on the flaws of Bitcoin in some detail:

Firstly: decentralized structure

These currencies do not require the intervention of an intermediary to fulfill the consideration through any bank or government structure, but rather this fulfillment is done through the Internet networks directly between the parties to the transaction¹.

As we explained, they are not subject to the supervision or regulation of any country or organization, and are not affiliated with any bank, and we are not able to track them because they are encrypted currencies, which are the most important features of Bitcoin, as they are called (encrypted currencies). In this way, they are a safe and effective means of money laundering, as well as a supporter and cover-up of terrorism and its groups. Its failure to be subject to the authority or a tax system leads to huge losses and a waste of the rights of countries to impose taxes on these huge amounts that leave the country without the possibility of monitoring or controlling them, which leads to the easy occurrence of the crime of (tax evasion). Logically, the existence of a law regulating the dealing in these currencies means that no penalties will be imposed for any crimes committed through this dealing, according to the principle of (no crime and no penalty except by a text).

Secondly: Encryption

This feature is considered the biggest advantage and disadvantage of Bitcoin, as it is very easy to provide the appropriate conditions and environment for money laundering and tax evasion crimes, as we mentioned above, and it may also lead to trafficking in illegal things, and abandoning the encryption of the digital currency is impossible; as it is a basis without which it cannot exist, according to the scientific aspect.

1- Abdullah Suleiman Abdel Aziz Research, Virtual Money: Its Concept, Types, and Economic Effects, Scientific Journal of Economics and Trade, Ain Shams University, Faculty of Commerce, Cairo, Issue 1, January 2017, p. 19

**Thirdly: Oscillation and instability**

The instability in the price of Bitcoin resulting from the fluctuation of its prices from day to day, and even from moment to moment, is what leads those dealing with it to fear and suspicion of this dealing.

Fourthly: Mining

Mining is the production of new bitcoins and putting them into circulation. This process is continuous and takes time.

Fifthly: Hacking

Encrypted currencies (virtual money) are more vulnerable to hacking than others, such as electronic currencies. One of the largest hacking operations that occurred on encrypted currencies was the hacking of the polynetwork »poly network«, the platform that connects different blockchains »block chain« to give them the ability to work together. The inability of users to return their stolen money from their accounts is due to the unknown operation of these systems. Users are unable to take any legal measures to return their stolen funds and prosecute those who stole from their accounts, as this system is not subject to any legal system in its operations¹.

THE SECOND TOPIC : The Algerian legislator's position on virtual assets

The increasing spread of virtual currencies across the world is an undeniable fact. However, the clash between the two contradictory factors that accompany this currency has made it relatively acceptable for countries to deal with it. The first factor is the attractive advantages that this currency achieves, which constitute an incentive to buy it. The other factor is the great risks involved in this transaction.

FIRST REQUIREMENT: The position of the Algerian legislator on dealing with virtual assets before the issuance of Law 25-10

The differing positions of countries on the legitimacy of trading in virtual currencies reflect their fear of the repercussions of dealing with them in the long term, due to the ambiguity of the vision regarding the reality of this currency in the absence of any integrated framework concerned with regulating the various aspects related to it. What makes the situation more difficult is the invasion of digitization into all areas of human life, especially on the economic and financial levels, where information technology and digital communication

1 - Abdullah Suleiman Abdel Aziz Research, Virtual Money: Its Concept, Types, and Economic Effects, Scientific Journal of Economics and Trade, Ain Shams University, Faculty of Commerce, Cairo, Issue 1, January 2017, p. 34



have become the focus of attention of businessmen. It is considered a point of strength and distinction because it is largely linked to the ability to keep pace with various current transformations and control them in order to exploit the available and renewed capabilities in the information age. The virtual currency has proven its effectiveness in electronic commerce, which has become a tool for competition and a strategic option for presence in local and global markets, which has prompted some countries to recognize it, such as the People's Republic of China, which has established the largest global stock exchanges specialized in trading this currency. To form the second largest global economy for trading virtual currencies. However, her experience proved that she was exposed to many negative effects that threatened the stability of her economy, and her fear of her capital fleeing towards virtual currencies was one of the reasons behind her retreat from her initial position and issuing her decision to ban trading in virtual currencies.

Firstly: Finance Law 2018

As for the Algerian legislator, he rejected this idea from the beginning, as he put an end to this currency under Article 117 of Law No. 17-11 containing the Finance Law of 2018, which prohibited all possible aspects of dealing, as he prohibited its purchase and sale in exchange for official currencies, and also prohibited its use as a tool for payment in exchange for obtaining various goods and services. The mere possession of this currency in electronic wallets specially prepared to store it without it being traded is considered a violation of this text, and every act that violates this prohibition is made by the legislator coupled with the imposition of penalties stipulated in the applicable laws and regulations¹.

Pursuant to Article 117 of the aforementioned Finance Law of 2018, the legislator prohibited the purchase, sale, use and possession of virtual currency, and referred, with regard to punishment for violating this prohibition, the laws and regulations in force in this regard.

The enforcement of the provision contained in Article 117 raises significant practical and legal challenges. The principal difficulty lies in the ambiguity surrounding the penalties applicable to violations of the statutory prohibition. Specifically, the third and final paragraph of the Article merely refers to the "applicable laws and regulations" without identifying any specific criminal sanctions or referring to a pre-existing legal or regulatory framework governing virtual currencies or criminalizing transactions involving them.

1 - Article 117 of Law No. 17-11 dated 8 Rabi' al-Thani 1439 AH corresponding to 27 December 2017 AD includes: Finance Law of 2018, No. 76, issued on December 28, 2017.



Furthermore, the anonymous and encrypted nature of virtual currency transactions constitutes a substantial practical obstacle to the detection, tracing, and investigation of such transactions. Transactions conducted through virtual currencies are executed within a decentralized environment characterized by a high degree of anonymity and confidentiality, thereby significantly limiting the ability of law enforcement authorities to identify offenders and gather admissible evidence.

Accordingly, the legislative prohibition on dealing in virtual currencies appears to have limited practical effectiveness. In the absence of a clear legal framework establishing specific penalties and effective enforcement mechanisms, together with the technical characteristics of virtual currencies that impede detection and investigation, the practical implementation of the criminal prohibition remains highly challenging.

Secondly: Monetary and Banking Law of 2023

In light of the increasing interest in digital currencies across the world, especially in the face of what is called digitization and the expansion of international electronic commerce, most legislations had to keep pace with developments and try to regulate electronic financial transactions and at the same time maintain their exclusive authority to issue currency. Accordingly, the Algerian legislator adopted digital currencies in the Monetary and Banking Law of 2023 with an explicit text, but he chose for them to be issued exclusively by the Central Bank and no one else, and he called them In digital dinars, and this is according to the text of Article 2 thereof.

Also, through the text of Article 4 thereof, it became clear to us that central digital currencies have a legal price and have absolute opinion power, and here it becomes clear to us that the legislator gave this type of currency the same characteristics as banknotes. Anyone dealing with it has the right to buy and sell it, as is the case with official currencies paper and metal.

By comparing the text of Article 117 of the Finance Law of 2018 with the text of Article 2 of the Monetary and Banking Law of 2023, we find that the Algerian legislator refuses to deal in virtual currencies, which are a type of digital currency, because they are not regulated and no supervisory authority can be imposed on them. However, he accepted dealing in digital currencies issued by the Central Bank because they are centralized and subject to its supervision.

SECOND REQUIREMENT: The Algerian legislator's position on dealing with virtual assets after the issuance of Law No. 25-10

The most widespread, well-known and widely traded form of virtual assets is virtual or encrypted currencies, especially Bitcoin, but it is not the only form.



Therefore, here we discuss in a simplified and concise manner the different images of virtual assets to determine the scope of the assets covered in this study.

The Law on the Prevention of Money Laundering and Terrorist Financing, as amended by Law No. 25-10, constitutes a significant turning point in the Algerian legal framework governing virtual assets. Prior to this amendment, the legislation did not expressly criminalize virtual assets or transactions involving them; rather, it was confined to establishing a general legal framework for combating money laundering and terrorist financing.

With the enactment of Law No. 25-10, this legislative gap was addressed through the introduction of explicit provisions prohibiting all forms of dealings in virtual assets. The amendment therefore marked a fundamental shift in Algeria's regulatory approach by establishing a clear statutory basis for restricting the creation, acquisition, exchange, possession, use, and promotion of virtual assets, thereby strengthening the legal framework for combating financial crimes associated with such assets.

Article 4, as amended by Law 25-10, also provides a comprehensive definition of virtual assets as values that can be traded digitally or transferred for use in payment or investment purposes. However, the article excludes values that have a cash consideration or an electronic banknote.

All transactions related to the use or acquisition of virtual assets, including their issuance, mining, purchase, sale, use, transfer, investment, ownership, promotion, or the creation or operation of platforms for their trading, whether used as a means of payment, currency, or investment, are also prohibited¹.

The Algerian legislator has broadened the scope of the offence by extending its subject matter beyond virtual currencies, which had previously constituted the sole focus of the prohibition. The prohibition now encompasses all categories of virtual assets, including digital currencies, utility tokens, security tokens, non-fungible tokens (NFTs), and other forms of virtual assets.

Furthermore, in the final paragraph of Article 6 bis, the Algerian legislator reaffirmed that the prohibition also extends to any activity related to the mining of virtual currencies. This provision reflects the legislature's intention to prohibit not only transactions involving virtual assets but also the technical activities that facilitate their creation, validation, and circulation within blockchain-based systems².

Article 6 bis of Law No. 25–10 clearly prohibits dealing in virtual assets, removing any ambiguity about the position of the Algerian legislator, who has

1 - Article 05 of Law No. 25-10 dated 28 Muharram 1447 corresponding to July 24, 2025 amending and supplementing Law No. 05-01, previously mentioned, No. 48 issued on July 24, 2025.

2 - Article 6 bis of Law No. 25 – 10



become categorically opposed to such transactions. Previously, the ban was limited to virtual currencies, but the new law includes two articles: Article 6 bis stipulates criminalization, while Article 31 bis specifies the penalties for this crime.

Under Article 31 bis of Law No. 25-10, the Algerian legislator classifies offences involving dealings in virtual assets and the mining of virtual currencies as misdemeanours. This classification reflects the legislator's policy of correctionalization (classification as misdemeanours). Despite the seriousness of these offences and their potentially significant impact on both the national and global economies, the legislator has chosen to categorize them as misdemeanours rather than felonies.

Article 31 bis further prescribes custodial penalties ranging from two months to one year of imprisonment, in addition to a fine ranging from DZD 200,000 to DZD 1,000,000. The provision also grants the trial court discretionary authority to impose either or both of these penalties, without prejudice to the application of any more severe penalties prescribed under the legislation in force, particularly the Algerian Penal Code.

Conclusion:

The study addressed the issue of virtual assets as a new phenomenon in the field of payment methods. The main objective was to analyze the position of the Algerian legislator towards it and its implications.

From the above, the following conclusions can be drawn:

- Virtual assets are not tangible, and have several types, and virtual currencies have a special nature, as they were created to suit the requirements of e-commerce.
- The distinctive characteristics of virtual assets compared to traditional payment methods include key factors such as security, transparency, and decentralization. However, virtual assets are not without risks, as they are exposed to high price fluctuations and concerns about being used in illegal activities or being hacked.
- Countries' attitudes towards virtual assets vary between urbanization, regulation of dealing, or lack of regulation.
- The legislator's stance on virtual assets has been cautious since the first reference to them in Law 05-01, as they have been linked to crimes of terrorist financing and money laundering. Over time, the situation has evolved to the point of banning virtual assets and criminalizing dealing in them, including issuing, owning, trading and promoting them.

Based on the above, the following proposals are suggested:



- Establish a national body specialized in monitoring digital transactions, combining legal and technical expertise to ensure monitoring of technological developments and effective enforcement of laws.

- The need to establish a legal and regulatory framework that clearly differentiates between types of virtual assets and must define the terms of dealing with them, instead of being satisfied with a ban policy.

- Strengthening electronic oversight and developing digital investigation and tracking tools to pursue suspicious operations related to virtual assets.

Openness to comparative experiences, particularly with regard to European and Arab legislation, to extract best practices in the field of virtual asset regulation.

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