

## THE LEGAL SIGNIFICANCE OF CRYPTO ASSETS IN INHERITANCE LAW

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**Annotation:** This article analyzes the role and legal significance of crypto assets in inheritance law. As a result of the development of the digital economy, crypto assets are now considered new objects within the scope of inheritance law. The research examines the recognition of crypto assets as inheritable property and the issues of their legal regulation based on the legislation of the Republic of Uzbekistan and the legal practices of foreign countries.

**Keywords:** inheritance law, crypto assets, digital property, intellectual property, legal regulation.

**INTRODUCTION**

In the current digital economy, crypto assets (cryptocurrencies, tokens, and other digital assets) are emerging as a new form of property. Their value, widespread use, and existence in digital format raise the issue of including them among the traditional objects of inheritance law. However, the legal status of crypto assets within inheritance law, their place within property rights, and the process of their transfer through inheritance give rise to a number of challenges. The Civil Code of the Republic of Uzbekistan (dated August 29, 1996, No. 257-I) does not include digital assets or cryptocurrencies within the composition of property.

**METHODOLOGY**

In the process of preparing this scientific article, methods of legal analysis, comparison, systematic and normative-legal approaches were used. The main goal of the study is to analyze the legal significance of crypto assets within the framework of inheritance law, identify existing gaps and effective solutions based on the legislation of the Republic of Uzbekistan and foreign countries, and develop proposals for national legislation.

1. **Method of analyzing normative-legal documents** In order to determine the legal status of crypto assets and their role in inheritance law, the current legal documents of the Republic of Uzbekistan and other countries were studied. In particular:

- The Civil Code of the Republic of Uzbekistan (dated August 29, 1996, No. 257-I)
- The German Civil Code (Bürgerliches Gesetzbuch – BGB)
- The United States "Uniform Fiduciary Access to Digital Assets Act" (UFADAA)
- The European Union's "Markets in Crypto-Assets Regulation" (MiCA)

Based on these documents, the recognition of crypto assets as property objects and the procedure for exercising inheritance rights over them were analyzed.

2. **Use of the comparative method** A comparative analysis was conducted between the legislation of the Republic of Uzbekistan and the legal frameworks of foreign countries (USA, Germany, Japan, and the European Union). Through this, differences and similarities

were identified in terms of the procedures for formalizing crypto assets in inheritance law and the process of their acquisition by heirs, with effective practices highlighted.

3. **Analytical approach** The technological and legal characteristics of crypto assets were analyzed, along with the issues and risks that arise in the process of transferring them as inheritance. It was determined that the confidentiality of digital assets, the existence of private keys, and authentication elements serve as major obstacles for heirs.

4. **Systematic approach** The general principles of the institution of inheritance law and the role of crypto assets in the digital economy were integrated into a unified system. This method allowed the identification of how crypto assets align with other property rights objects and what normative-legal foundations are necessary for their recognition as formal inheritance property.

5. **Use of empirical data** Relevant court decisions and practical examples related to inheritance rights concerning crypto assets in global practice were studied. For example:

- In *Rehere v. Rehere* (2019, USA), the issue of digital assets entering inheritance and their transfer to heirs was examined.
- According to Japan Crypto Inheritance 2022 statistics, 17% of Japanese heirs obtained ownership rights to crypto assets through inheritance.

6. **Analysis of international experience and international legal documents** International documents regulating crypto assets were analyzed, including:

- The "Virtual Assets and Virtual Asset Service Providers" guidelines recommended by FATF (Financial Action Task Force)
- The international standards on digital financial services by the OECD (Organisation for Economic Co-operation and Development)

These documents demonstrate the need to regulate crypto assets in inheritance law in accordance with international norms.

7. **Assessment of legal risks and development of solutions** During the study, the legal risks arising from the lack of recognition or regulation of crypto assets as inheritance property in the Republic of Uzbekistan were identified, and legal mechanisms were developed to mitigate these risks.

## RESULTS

As a result of the conducted research, pressing issues and existing legal gaps related to the regulation of crypto assets within the framework of inheritance law were identified. During the study, national and international normative legal documents, judicial practices, and scholarly opinions were examined and analyzed.

Firstly, it was revealed that the current civil legislation of the Republic of Uzbekistan does not explicitly define crypto assets as inheritable property. The Civil Code lacks comprehensive and independent provisions concerning digital assets among the objects included in the composition of property.

In contrast, countries such as the United States, Germany, and Japan have established legal frameworks regulating the inheritance of crypto assets. In these jurisdictions, digital assets are recognized as objects of property rights, and various mechanisms have been implemented for their inheritance, including digital wills, systems for protecting private keys, fiduciary services, and other solutions. Specifically, in the United States, the Uniform Fiduciary Access to Digital Assets Act (UFADAA) clearly outlines the procedures for granting fiduciaries authority over digital assets. In Germany and Japan, crypto assets are recognized as inheritable property similar to other types of assets.

The study determined that the absence of clear regulation and existing gaps in Uzbekistan's legislation regarding the inheritance of crypto assets lead to several practical issues. In particular, heirs may often be unaware of the existence of the deceased person's crypto assets. Moreover, since ownership and access to crypto assets typically require private keys and confidential information, if such data is not transferred to the heir, access to and management of these assets becomes practically impossible. This situation results in the violation of the heirs' property rights.

The research concluded that the use of reliable and secure technological solutions is crucial in the process of transferring crypto assets through inheritance. For example, services that allow for the secure storage of private keys and the appointment of trusted persons, systems for formalizing digital wills, and mechanisms for storing authenticated data certified by notaries should be utilized.

Additionally, the need to establish clear regulations in national legislation defining the legal status of crypto assets within inheritance law was substantiated. It is necessary to develop procedures for their valuation and management. Furthermore, normative legal acts should be prepared to clarify the legal procedures related to the inheritance of crypto assets by courts and notarial offices.

Based on the analysis presented above, it has been determined that crypto assets must be recognized as distinct objects within inheritance law, and the legal procedures for transferring them to heirs must be firmly established. This, in turn, will create full opportunities for citizens to exercise their rights to bequeath and inherit digital property.

### DISCUSSION

The results of the conducted research demonstrate that the legal regulation of crypto assets within the framework of inheritance law is a pressing issue. As a result of the rapid development of modern information and communication technologies and the digital economy, digital assets, particularly crypto assets, are increasingly playing a significant role in individuals' property structures. Therefore, the regulation of such assets as distinct objects within inheritance law has both scientific and practical importance.

According to the Resolution of the President of the Republic of Uzbekistan No. 3832 dated July 3, 2018, "On Measures to Develop the Digital Economy in the Republic of Uzbekistan," crypto assets have been legally recognized as "digital financial assets created using cryptographic methods and recorded in a distributed ledger in the form of digital units<sup>1</sup>." Additionally, the National Agency for Project Management under the President of the Republic of Uzbekistan has been designated as the regulatory body for crypto assets in Uzbekistan. The agency has adopted a number of normative legal acts further clarifying the legal status of crypto assets in the country.

Although certain achievements have been made in Uzbek legislation regarding the legal status of digital assets and their recognition as objects of property rights, the existing provisions of the Civil Code, while containing general rules on inheritance, do not account for the technological and digital characteristics of crypto assets<sup>2</sup>.

<sup>1</sup> Resolution of the President of the Republic of Uzbekistan No. 3832 dated July 3, 2018 "On Measures for the Development of the Digital Economy in the Republic of Uzbekistan".

<sup>2</sup> <file:///C:/Users/USER/Downloads/KRIPTOAKTIVLARNI+HUQUQIY+JIHATDAN+TARTIBGA+SOLISH.pdf>

International practice shows that advanced countries have developed clear and effective approaches to regulating crypto assets as inheritable property. For instance, in the United States, the Uniform Fiduciary Access to Digital Assets Act (UFADAA) has been adopted, which provides a legal framework for fiduciaries and heirs to access digital assets. In Germany, digital assets are included within the general framework of inheritance law, and their transfer through inheritance is carried out in the same manner as traditional property. These practices may prove beneficial for Uzbekistan and could be adapted to fit the national legal context.

During the discussion, it was revealed that the technological features of crypto assets, which are based on confidentiality and security, distinguish them from traditional property objects. In particular, private keys and passwords required for owning and managing crypto assets are of critical importance to heirs. If the deceased person did not disclose or securely transfer such information, heirs may be deprived of the ability to access and manage these assets. This, in turn, leads to violations of the heirs' property rights and potential economic losses.

Moreover, the development of procedures for drafting wills concerning crypto assets is viewed as an essential issue. International practice demonstrates the use of digital wills to ensure the transfer of crypto assets to heirs. Such mechanisms allow private keys and authentication data to be securely stored and transferred to designated individuals as inheritance. In Uzbekistan, however, such approaches have not yet been implemented in practice, resulting in an unclear and complex legal framework for the inheritance of crypto assets.

Throughout the discussions, it was recommended to introduce specific regulatory requirements for crypto assets, as well as to establish inheritance-related services for financial institutions and crypto platforms. These measures would contribute to the protection of citizens' digital property rights and ensure economic stability.

In conclusion, the regulation of crypto assets within the scope of inheritance law represents a new and highly relevant direction for Uzbekistan's legal system. It is necessary to study international experience and develop clear mechanisms tailored to the national legislative framework. This, in turn, will contribute to the development of the digital economy.

### CONCLUSION

The conducted scientific and analytical research has revealed that the regulation of crypto assets within the framework of inheritance law has not yet been fully developed in the legal system of the Republic of Uzbekistan. Due to the rapid development of the digital economy and blockchain technologies, crypto assets are increasingly occupying an important place in the property rights of citizens. Nevertheless, there is still a lack of clarity and mechanisms in the legislation regarding the procedure for their inheritance.

The main findings of the research are as follows:

1. Although crypto assets are recognized as property objects under the current legislation of the Republic of Uzbekistan, there is no clear regulation regarding their inheritance. This situation leads to legal uncertainty and practical difficulties in exercising the rights of heirs.
2. The unique technological characteristics of crypto assets, including ownership based on private keys and confidential data, require special approaches in inheritance matters. If such data are not preserved or properly formalized, heirs risk losing access to these assets.

Based on the above issues and analysis, the following proposals are suggested:

1. Improvement of the legal framework: It is necessary to introduce specific provisions into the Civil Code of the Republic of Uzbekistan regarding the inheritance of crypto assets. These provisions should define the status of crypto assets within the inheritance process, the procedure for exercising ownership, and mechanisms for protecting the rights of heirs.

2. Introduction of a digital will institution: In order to ensure the inheritance of digital assets, including crypto assets, it is important to establish a procedure for formalizing digital wills. This will ensure the secure transfer of private keys and other essential information from the testator to the heir.

3. Development of notarial and judicial practices: Clear procedures and guidelines should be developed for notaries and judicial bodies regarding the inheritance of crypto assets. This will promote transparency in practice and provide reliable protection of citizens' property rights.

4. Implementation of technological and security solutions: It is important to adhere to security and confidentiality requirements during the inheritance of crypto assets. Therefore, the development of platforms and services that ensure the secure storage and transfer of private keys to heirs is necessary.

5. Increasing public legal awareness: It is advisable to implement awareness and training programs to enhance public knowledge about crypto assets and their role in inheritance law. This will enable citizens to manage their assets legally and securely.

In conclusion, ensuring clear and effective legal regulation of crypto assets within the framework of inheritance law in Uzbekistan is one of the key factors for legal stability in the field of digital economy and property rights.

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