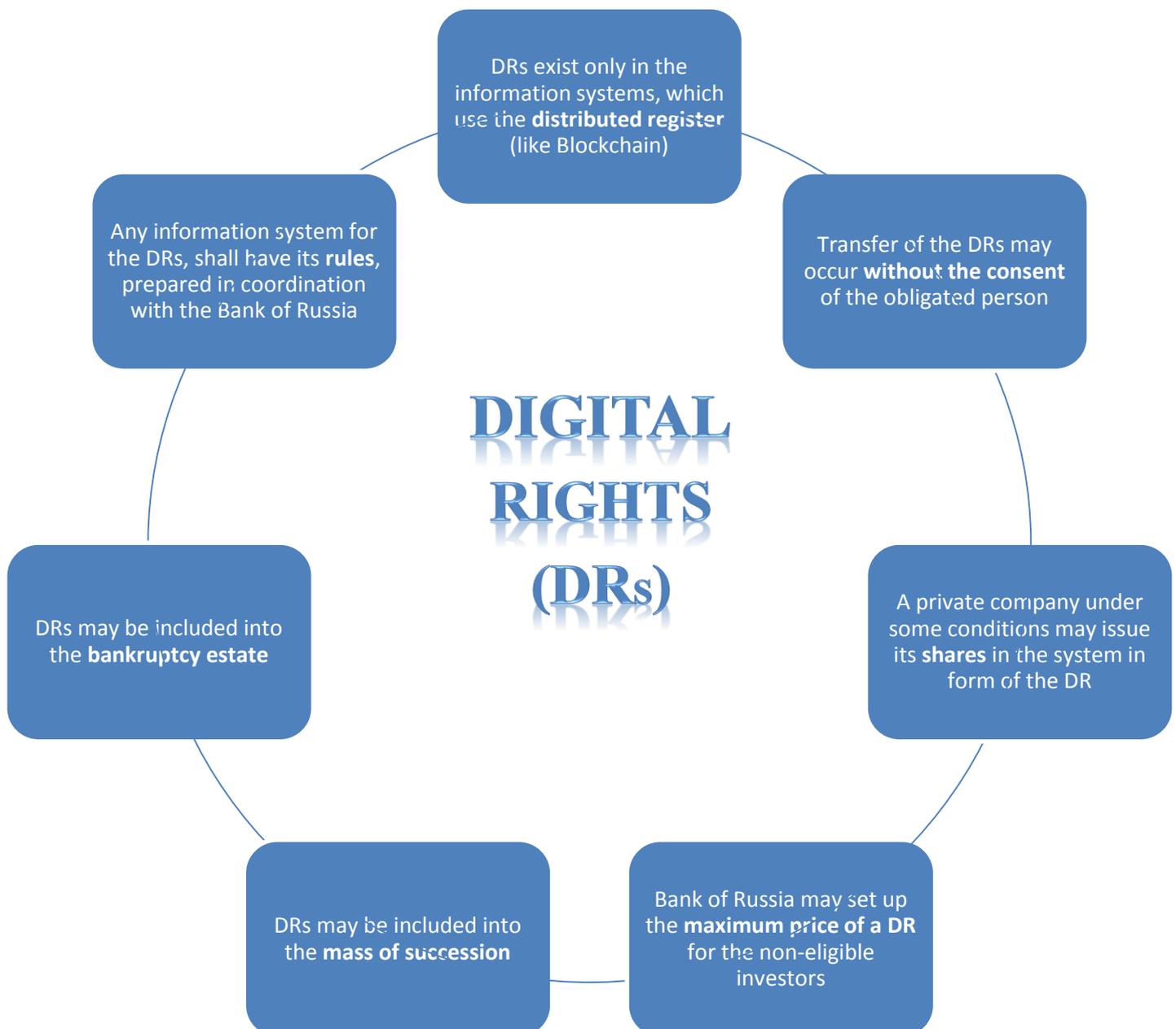


## Digital Rights: New Regulation to Come into Force

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Russian legislators promote digital rights (DRs). DRs will have special regulation with some peculiarities. While scholars continue their disputes on what DRs are and what their place in the system of legislation is, we decided to emphasize several most important and prominent features of DRs according to the to-be legislation.



Establishment of the Blockchain and Virtual Currency Rights regulation in the Russian law (the Russian legislators have decided to use the term “Digital Rights” (*Цифровые права*) for this scope of rights) continues the current worldwide regulatory trend - an initial strong hostility of the state authorities has evolved into a more cautious and market-friendly position towards the Blockchain technology and its application.

A solid set of new rules, specific for these “digital” relations has been developed and partly already introduced into the Civil Code of the Russian Federation (hereinafter also Code), partly to be set out in two draft laws (“Federal Law On Digital Financial Assets” and “Federal Law On Attracting Investments Using Investment Platforms”), which will most likely be adopted by the State Duma.

To identify the relations which will be subject to these rules, the law introduced the term “*digital rights*” and put them in line with non-cash money and non-certificated securities. According to these regulations, the DRs become the legal objects of the Russian civil law and may be encumbered, transferred or alienated in any other way.

According to item 2 art. 141.1 of the Code, the owner of the DR is the person who can dispose these rights pursuant to the provisions of the *information system*. The DRs can be created only in the *information systems*, which meet the statutory criteria. An *information system* is an aggregate of the information included in the databases, information technologies and technical devices ensuring processing thereof. The DRs must be accounted in the distributed registry of the information system maintained by the operator, which also sets up the rules of this system.

Even though the DRs exist only in the information system, these rights still form the assets of the member of this system. The member of the information system can use these rights, only if he/she can confirm that these rights are accounted in the information system. If the information system doesn't work or the information in this system regarding the DRs has been lost, the owner of the DRs can't use the rights.

According to item 3 art. 141.1 of the Code, the transfer of the DR may be effected without the consent of the obligated person.



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