

**REGULATING CRYPTOCURRENCY IN SRI LANKA:
A COMPARATIVE ANALYSIS**

By

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Abstract

With the rapid expansion of cryptocurrencies globally, the purpose of this paper is to examine how to regulate cryptocurrencies in Sri Lanka and to provide recommendations for establishing a comprehensive regulatory framework to govern cryptocurrencies. The research analyses the existing legal landscape and identifies direct and indirect laws that can potentially be used for cryptocurrency regulation. This research highlights the strength and weaknesses in the existing legal framework of Sri Lanka, and compares with the regulatory frameworks of other jurisdictions, such as the United States, Japan, the European Union, and Singapore, to gain valuable insights for establishing Sri Lankan legal framework. With the objective to investigate and critically analyse the existing and other jurisdictions' legalisation, this research was designed in a qualitative analysis approach aiming to provide a thorough understanding of the legal landscape and implications of cryptocurrencies. An in-depth analysis of primary sources such as legislation and decided cases was done, and secondary data collection was done with official papers published by governments, academic journals, research papers and blogs. The research gap was identified with the thematic literature review method by analysing the most recent scholarly contributions regarding the topic. The findings of this study reveal that Sri Lanka has not taken any decision to govern cryptocurrencies and has not identified the importance of regulating them. Even though it was revealed that the existing regulatory framework could be utilised to govern cryptocurrencies, existing legislations are not adequate, and it was based on a theoretical approach which will create uncertainty and ambiguity. Further to that, it was revealed that the regulatory approaches taken by the European Union, Japan and Singapore are comprehensive and progressive. This research offers insights to policymakers and other stakeholders for practical use in the decision-making process and recommends Sri Lankan decision-making authority take expeditious measures to regulate cryptocurrency by introducing new legislation specially designed for cryptocurrencies. In terms of originality, to the best of the author's knowledge, this is the first research that explores the regulatory framework of cryptocurrencies in Sri Lanka with a comparative analysis of other jurisdictions.

Keywords: Cryptocurrency, Crypto Assets, Applicable Laws, Regulating Cryptocurrency