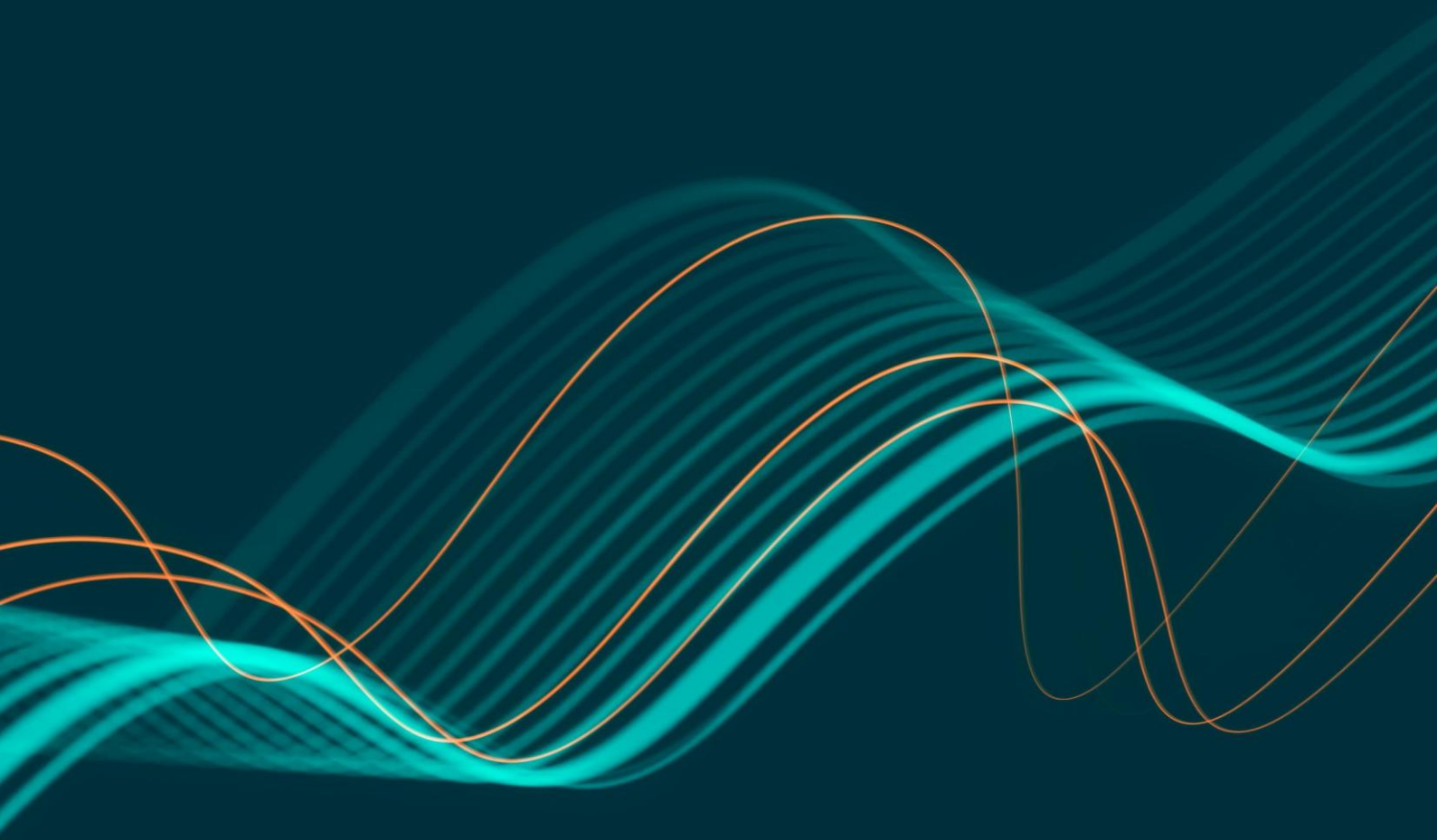
Nexia

Brief Analysis of

Changes in laws announced on November, December 2025

5th December 2025



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Brief Analysis

Summary of Turkmenistan's Law on Virtual Assets published in the official newspaper on November 28, 2025

Turkmenistan has adopted a comprehensive legal framework regulating the creation, issuance, storage, circulation, and use of virtual assets. The Law on Virtual Assets, coming into force on 1 January 2026, represents the country's first structured approach to governing blockchain-based technologies, tokenisation, mining, and virtual asset service providers. The purpose of the law is to facilitate innovation while ensuring consumer protection, financial integrity, and state oversight.

The law defines virtual assets as digital representations of value that may certify property or non-property rights, including tokenised real-world assets, digital tokens, and non-fungible tokens (NFTs). While virtual assets may serve as instruments of value or rights, they are explicitly not recognised as currency, legal tender, electronic money, or securities within Turkmenistan. The framework distinguishes between secured virtual assets, which are backed by underlying rights or assets, and unsecured ones that carry no obligations from an issuer. Smart contracts are formally recognised as mechanisms for automating transactions and transfers of rights.

The regulation applies to all activities involving virtual assets within Turkmenistan, except for securities, bank deposits, currencies, electronic money, and gambling. The supervisory architecture involves several governmental authorities, led primarily by the Central Bank of Turkmenistan, which acts as the authorised regulator. The Cabinet of Ministers defines policy, approves procedures for issuance and licensing, and oversees investor protection. The Ministry of Finance and Economy supervises compliance with AML/CTF/CPF standards. The Ministry of Energy regulates electricity tariffs and infrastructure requirements for mining, while the Ministry of Communications ensures that participants have access to secure internet services.

Brief Analysis

Mining activities are permitted in Turkmenistan but are subject to mandatory state registration via an electronic registry that provides digital certificates to miners. Both individuals and legal entities, whether resident or non-resident, may engage in private or industrial mining. Registrants must demonstrate ownership of mining equipment, maintain proper electrical and safety infrastructure, operate transparently, and refrain from hidden or unauthorised mining. Mining pools may be created and operated by registered entities or individual entrepreneurs, subject to compliance and oversight.

The law allows Turkmen businesses to issue and publicly place virtual assets for purposes such as raising investment capital or digitising rights to property. All issuances and public offerings must be registered with the Central Bank. Issuances may be suspended, declared failed, or deemed invalid if documentation is incomplete, information is inaccurate, required fees are unpaid, or regulatory violations occur. If an issuance is invalidated, the virtual assets must be withdrawn from circulation and all funds must be returned to investors at the issuer's expense. A Unified State Register will maintain official data on all registered issuances.

Virtual asset service providers (VASPs) are defined as Turkmenistan-registered legal entities licensed to provide services such as exchanging, transferring, storing, managing, and facilitating the primary sale of virtual assets. Custody providers are required to hold clients' virtual assets in offline "cold" storage. VASPs may offer a wide range of services, including acting as agents for other VASPs, but must comply with strict licensing and reporting requirements. Certain individuals and entities, including offshore residents, individuals with criminal records, and those subject to AML/CTF/CPF restrictions, may not act as founders, shareholders, or managers of VASPs.

Crypto exchanges, described as operators of virtual asset trading, are treated as a specialised category of VASP. They must operate as Turkmenistan-registered legal entities, obtain a license from the Central Bank, and comply with detailed requirements on data protection, client asset protection, platform security, and reporting. The Cabinet of Ministers determines the operational and reporting standards for crypto exchanges.

Both miners and VASPs are subject to Turkmenistan's AML/CTF/CPF legislation. They must identify and verify customers, monitor transactions, detect suspicious activity, maintain detailed client profiles, and comply with regulatory reporting obligations.

The law also establishes strict rules for advertising virtual assets. Any marketing must contain risk warnings, including the possibility of complete loss due to volatility, technical failures, theft, or other risks. It must also clearly state that virtual assets are not legal tender in Turkmenistan. Advertising may not promise guaranteed returns, depict virtual assets as a means of easy wealth, use luxury imagery or minors, or pressure individuals into participation.

Violations of the law, such as operating without a license, failing to meet regulatory requirements, engaging in hidden mining, or breaching advertising requirements, may result in administrative penalties, fines, suspension or revocation of licenses, or other legal consequences. The state explicitly disclaims responsibility for any depreciation or loss of virtual assets and is not liable for obligations incurred by VASPs.

Brief Analysis

Overall, Turkmenistan's Law on Virtual Assets introduces a highly regulated, state-supervised environment designed to support the responsible development of digital asset markets. It creates a framework for mining, token issuance, licensing of service providers, and establishment of crypto exchanges, while maintaining a strong focus on compliance, transparency, security, and consumer protection. This new legal foundation offers significant opportunities for businesses and investors, provided they operate within the regulatory boundaries and meet the law's extensive requirements.

Turkmenistan Law on Ratification of the Protocol Amending the Convention on Legal Assistance and Legal Relations in Civil, Family, and Criminal Matters of January 22, 1993 published in the official newspaper on November 28, 2025

Turkmenistan's ratification of the Protocol modernising the 1993 Convention on Legal Assistance and Legal Relations strengthens the country's legal cooperation with other participating states. For the business sector, this development has direct and meaningful advantages, particularly in cross-border commercial, civil, and financial activities. The amended Convention improves the reliability and predictability of legal procedures between member states. For businesses, this means that contracts, commercial agreements, and civil claims involving foreign partners can be handled with greater confidence, as there is now a clearer mechanism for mutual legal support between jurisdictions.

The Protocol enhances cooperation in recognising and enforcing court judgments, arbitration-related decisions and official documents. This reduces delays for companies seeking to enforce commercial claims abroad, collect debts, resolve disputes, or defend their rights in foreign markets.

Businesses operating internationally frequently require:
- notarised documents,
- corporate registrations,
- powers of attorney,
- shareholder documents,
- certificates of good standing.

The Protocol simplifies recognition of such documents across member states, enabling smoother international transactions.

As of the original Convention, the signatory states included:
- Armenia
- Belarus
- Kazakhstan
- Kyrgyzstan
- Moldova
- Russian Federation
- Tajikistan
- Turkmenistan
- Uzbekistan

Additionally, two more states acceded to the Convention later: Azerbaijan and Georgia.

Brief Analysis

Changes in the Turkmenistan Labour Code published in the official newspaper on November 29, 2025

The amendments introduce several employer-relevant changes intended to simplify internal personnel movement within government bodies, clarify working time rules for shift systems, define the service time that counts toward annual basic leave, and increase death-benefit payments where an employee dies as a result of an occupational incident or disease.

First, transfers of employees within the system of a single government ministry or department will no longer be treated as a ground for termination of the employment contract where such transfer is ordered by the higher authority. This change applies to internal rotations within government departments and removes the need to terminate and re-enter employment relationships in order to move staff between subordinate entities. Practically, this will reduce the amount of termination/rehiring documentation that HR departments of public bodies must prepare and should streamline internal mobility processes.

Second, the amendments clarify shift-work arrangements by linking the normal duration of working hours in a shift schedule to the production calendar issued by the Ministry of Labour and Social Protection of the Population. In addition, for a six-day working week the law now equates the duration of daily work to seven hours, establishing a 40-hour weekly norm. This provides employers with specific statutory guidance when drafting shift rosters and defining normal hours and overtime entitlements under shift systems. Employers that use shift work will be able to fix standard working hours and overtime rules with greater legal certainty, reducing ambiguity in payroll and timekeeping.

Third, the length of service that entitles an employee to annual basic leave has been clarified. The relevant service period will include both actual time worked and periods during which the job or position was retained under Turkmen law—examples given are parental leave until a child reaches three years of age and unpaid leave of up to thirty calendar days. This sets clearer boundaries for calculating leave accruals and resolves common questions about which types of absence interrupt the qualifying service period for paid annual leave.

Fourth, the statute raises the lump sum benefit payable to the family of an employee who dies as a result of an industrial accident or occupational disease. The benefit is now equal to ten times the employee's actual annual salary calculated on the basis of the employee's average wage in accordance with the Labour Code's Article 131. Under the prior rule the lump sum was based on ten years' wages; the new average-wage basis explicitly includes items such as performance bonuses and other benefits that form part of the average wage calculation, and as a result the monetary amount payable to beneficiaries is likely to be higher. This change will increase employers' potential financial exposure in work-related fatality cases and should prompt review of insurance and workplace safety procedures.

Brief Analysis

Changes to the Turkmenistan's AML/CTF/CPF legislation published in the official newspaper on December 01, 2025

The amendments to Turkmenistan's Anti-Money Laundering and Counter-Terrorist/Proliferation Financing Law, effective from December 1st, 2025, introduce a more rigorous and internationally aligned compliance framework. For the business community and foreign investors, these changes significantly elevate the expectations placed on financial institutions, professional service providers, real-estate agents, auditors and other entities falling within the definition of "persons conducting operations".

A key reform concerns internal governance. All reporting entities are now required to appoint a responsible compliance officer at a senior managerial level, or, if such a role does not exist, another employee with sufficient authority. This requirement, drawn directly from the amended Article 12, strengthens accountability structures and brings domestic practice closer to international standards. For companies, it means establishing or upgrading a dedicated compliance function and ensuring that AML oversight is embedded within senior management responsibilities.

The amendments also considerably expand customer due diligence obligations. Entities must capture more detailed and verifiable information about individuals, legal entities and beneficial owners, including full identity data, residency and registration information, and evidence of control relationships. These requirements are stated in the amended identification provisions, including those contained in Articles 6, 7 and 9. Importantly, due diligence must now be completed before entering into any business relationship or carrying out any transaction subject to mandatory control, which directly affects onboarding procedures, transaction timelines and internal operational processes.

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Foreign legal arrangements, such as trusts and other structures without legal personality, are subject to specific verification obligations, requiring businesses to identify all individuals who control or benefit from such structures.

In situations presenting heightened risks, the law introduces enhanced due diligence duties. Entities are expected to gather additional information and apply stricter verification measures when dealing with higher-risk clients, including politically exposed persons, whether foreign, domestic or affiliated with international organisations. The new rule gives institutions broader authority to request additional data whenever a risk assessment justifies it, and obliges them to conduct immediate checks if a transaction appears suspicious. These requirements appear in the amended sections on enhanced due diligence and reflect the legislator's intention to align the national AML regime more closely with FATF recommendations.

The amendments reinforce the obligation to adopt a risk-based approach. Businesses must not only assess individual client and transaction risks but also implement internal controls sufficient to suspend or refuse transactions that do not meet the law's requirements. Entities handling suspicious operations must conduct immediate verification and ensure rapid communication with the competent authority, often within one working day as required by the revised provisions on reporting and record-keeping. These provisions will require businesses to formalise escalation procedures and ensure that compliance teams are able to respond promptly to supervisory requests.

Full customer identification and verification measures must now be applied even to small-value operations that were previously exempt. As a result, banks and payment service providers must ensure full KYC coverage for cash-in-ATM deposits, non-account-based transfers and prepaid or non-account card transactions, thereby eliminating avenues for anonymous or simplified financial movement. This change reinforces controls against structuring, smurfing and the misuse of prepaid or non-account instruments, increasing transparency and compliance expectations.

Several new or revised definitions—including the concepts of beneficiary owners, trusts, foreign structures without legal personality and beneficiaries—further align the law with international terminology and practice. The updated definitions in Article 1 enhance legal clarity for foreign investors and make it easier for international financial institutions to harmonise their compliance programs with local statutory requirements.

Overall, the December 1st amendments represent a significant modernisation of Turkmenistan's AML/CTF/CPF legislation. For businesses, they will result in increased compliance requirements and the need for more sophisticated internal controls. For foreign investors, however, these reforms strengthen legal predictability, reduce financial-crime risk and demonstrate Turkmenistan's commitment to meeting international standards - factors that help support correspondent banking relationships, cross-border transactions and long-term investment confidence.

Brief Analysis

Amendments to the Arbitration Procedure Code of Turkmenistan published in the official newspaper on December 3, 2025. Proceedings on the recognition and enforcement of foreign court judgments and foreign arbitral awards

According to the amendments to the Arbitration Procedure Code of Turkmenistan, the code now regulates court proceedings in cases concerning the recognition and enforcement of foreign court judgments and foreign arbitral judgements.

The recognition and enforcement of decisions made by foreign courts on disputes and other cases arising in the course of business and other economic activities, as well as decisions of arbitration courts and international commercial arbitration tribunals made in foreign states, is carried out by the Arbitration Court of Turkmenistan, provided that such recognition and enforcement is provided for by international treaties of Turkmenistan and applicable law.

The issue of recognition and enforcement of a foreign court decision or foreign arbitral award is considered by the Arbitration Court of Turkmenistan upon application by the claimant or its representative within a period not exceeding three months from the date of receipt of the application by the court. According to the innovations, the filing of an application is subject to payment of a state fee.

It should be noted that, according to the new provisions, when considering a case, the court does not review the merits of a foreign court decision or foreign arbitral award and, accordingly, does not provide for a retrial or modification of the decisions of foreign arbitral tribunals.

According to the new amendments, the Arbitration Court of Turkmenistan may refuse to recognise and enforce a foreign court decision in whole or in part in the following cases:

1. the decision has not become legally binding in accordance with the laws of the state in which it was made;
2. the debtor was not duly and timely notified of the time and place of the hearing or, for valid reasons, was unable to present his counterclaims;
3. the case falls within the exclusive jurisdiction of a court of Turkmenistan in accordance with the legislation of Turkmenistan or international treaties of Turkmenistan;
4. there is a final and binding decision of a court of Turkmenistan adopted in a dispute between the same parties, on the same subject matter or on the same grounds, or there is a case pending in a court of Turkmenistan initiated in a dispute between the same parties, on the same subject matter and on the same grounds prior to the initiation of the case in a foreign court;
5. the deadline for applying for recognition and enforcement of the foreign court decision has expired and this deadline has not been restored by the Arbitration Court of Turkmenistan;
6. the decision contradicts a decision made in Turkmenistan or a previously recognised decision of a foreign court, or proceedings taking place in Turkmenistan;
7. recognition of the foreign court decision leads to consequences that clearly contradict the principles of the Constitution of Turkmenistan.

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The Arbitration Court of Turkmenistan, according to new amendments, also reserves the right to refuse, in whole or in part, to recognise and enforce a foreign arbitral award if there are grounds provided for by the Law of Turkmenistan "On International Commercial Arbitration" and international treaties of Turkmenistan.

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