

The Development of Vietnam's Legal Framework for Digital Assets and Initial Coin Offerings and the Challenges for the Criminal Justice System

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ABSTRACT: In the contemporary world, the strong development of digital technology has posed new challenges to the legal systems of many countries, including Vietnam. While the digital asset market in Vietnam is entering a transitional period, the incomplete legal provisions have necessitated a thorough examination of the policy formation process, evaluating the current legal framework's effectiveness in coordinating this new area and identifying possible legal issues. Through using dual methodological approach, comprising historical research and doctrinal legal research, this article aims to: (i) review the Vietnamese legislative process on virtual currency and digital assets; (ii) analyze the existing legal framework regulating digital assets and initial coin offerings (ICO); (iii) identify current limitations of the Vietnamese criminal justice system in addressing this novel asset, thereby contributing to a more comprehensive and effective legal framework to govern the current digital economy.

KEYWORDS: digital asset; blockchain; crypto-asset; initial coin offering; criminal justice.

I. INTRODUCTION

Since the advent of Bitcoin in 2008, activities related to virtual currencies have expanded rapidly and become increasingly prevalent, giving rise to significant risks of fraud, deception, and market instability. This reality underscores the urgent necessity of establishing an appropriate legal framework to regulate, guide, and safeguard the integrity of the digital asset market. While numerous jurisdictions worldwide have promptly enacted initial regulations to recognize and govern digital assets, Vietnam, during its early stages, maintained a position of non-recognition and implemented various restrictive measures aimed at risk mitigation. The year 2025 marks a pivotal milestone as Vietnam advances its strategy for science and technology development, innovation, and national digital transformation. The Law on Digital Technology Industry 2025 introduces, for the first time, the concepts of "digital assets" and "crypto assets," thereby creating a legal foundation for determining the legal status of assets generated through digital technologies. Building upon this, Resolution No. 05/2025/NQ-CP on piloting the crypto-asset market further establishes a regulatory mechanism governing the issuance and trading of crypto assets, particularly with respect to foreign issuers and investors. Against the backdrop of Vietnam's legal system on digital assets gradually taking shape, this article focuses on analyzing the current regulatory provisions applicable to digital assets and ICO activities, while identifying difficulties and challenges confronting the Vietnamese criminal justice system in applying the law to this novel category of assets.

II. THE HISTORY OF VIETNAMESE LEGISLATIVE PROCESS ON VIRTUAL CURRENCY AND DIGITAL ASSETS

In November 2008, Bitcoin - the first cryptocurrency - was introduced by Satoshi Nakamoto and later put into use in January 2009. By the end of 2013, Bitcoin first appeared in Vietnam and quickly caught the attention of the technology community and investors. At this stage, the Vietnamese legal system had no pre-established legal concept or regulatory mechanism for this new phenomenon. Meanwhile, the global landscape had adapted drastically, with some international organizations initially identifying and defining this new phenomenon. For example, in 2012, the European Central Bank (ECB) officially defined: "a virtual currency is a type of unregulated, digital money, which is issued and usually controlled by its developers, and used and accepted among the members of a specific virtual community".

In early 2014, businesses in Vietnam, including retail stores and coffee shops, began accepting Bitcoin payments. Shortly after, the State Bank of Vietnam quickly issued a press release on February 27, 2014, affirming: "Pursuant to current monetary and banking laws, Bitcoin (and other similar virtual currencies) is not a legal tender nor a lawful means of payment in Vietnam. Therefore, the use of Bitcoin (and other similar virtual currencies) as a means of payment is not acknowledged nor protected by law. Credit institutions are not allowed to use Bitcoin (and other similar virtual currencies) as a currency or means of payment

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when providing services to customers.” This was the first legal document in Vietnam to officially use the term “virtual currency”, marking the beginning of the process of identifying and legally managing this new type of asset.

Also in 2014, during the public consultations on the draft of the Việt Nam Civil Code (amended), many proposals were submitted advocating for the recognition of virtual currency as assets. However, these proposals were not accepted, and the 2015 Civil Code did not recognize virtual currency as an asset under the provisions of Article 105, despite virtual currency transactions becoming increasingly common. Consequently, virtual currency fell into a legal gray area-unrecognized as an asset and lacking any mechanism for ownership protection.

In 2016, the Government continued to affirm its cautious stance when Decree No.80/2016/ND-CP (amending Decree No.101/2012/ND-CP on non-cash payments) stipulated that the issuance, supply and use of illegal means of payment are prohibited acts. Therefore, the issuance, supply and use of virtual currency as a means of payment are prohibited under this regulation. The policy of prohibiting payment by virtual currency was reinforced by Directive 02/CT-NHNN dated April 13, 2018, requiring credit institutions and payment intermediaries to strengthen control over activities related to virtual currency. The State Bank continued to warn that the ownership and trading of virtual currency carried inherent risks and were not protected by law.

Concurrent with the development of the international market, various events have highlighted the inadequacies of the legal framework during this period. Notably, in 2017, the price of Bitcoin increased sharply, at times reaching nearly 20,000 USD, leading to a wave of investment and speculation in Vietnam. At this time, many controversial incidents emerged, such as the case in which BitConnect (BBC) digital token ceased operations after receiving warnings from regulatory authorities in the United States, causing hundreds of thousands of Vietnamese people to suffer losses. Also in 2017, a notable legal incident was the lawsuit concerning tax imposition on Bitcoin in Ben Tre, in which the local tax authority argued that Bitcoin is a "property right" and a "good" under the Commercial Law, but the People's Court of Ben Tre province rejected this view and annulled the tax collection decision, indirectly affirming that virtual currency has not been recognized as property by Vietnamese law. This case further illustrates the lack of consistency in applying the existing legal provisions to virtual currency.

During this period, despite the regulatory authorities' continuous warnings and management measures, Vietnam had yet to issue specific regulations on virtual currencies or digital assets. Notably, the Vietnam Investment Law 2020 did not list virtual currency-related business activities among prohibited or conditional business lines, creating a legal gray area for related activities such as initial coin offerings (ICOs). As a result, these activities are easily exploited to commit illegal acts, causing serious damage to investors and threatening economic order.

Overall, Vietnam's legal approach to virtual currency is formed in the direction of identification - warning - restriction, but is still in need of official legal recognition. The rapid development of blockchain technology and the digital asset market has posed an urgent need to build a comprehensive legal framework with the goals of protecting investors, ensuring economic management order, and simultaneously promoting the safe development of digital asset models within the Vietnamese jurisdiction

III. THE CURREN LEGAL FRAMEWORK ON DIGITAL ASSETS AND INITIAL COIN OFFERINGS

The Fourth Industrial Revolution marks a turning point in the scientific and technological development of humankind, as achievements such as artificial intelligence, the Internet of Things, big data, and especially, distributed ledger technology (blockchain) are fundamentally transforming all socio-economic sectors. Recognizing this development trend, Vietnam has issued various policy orientations aimed at promoting the application and development of blockchain technology. Specifically, Decision No. 1236/QĐ-TTg dated October 22, 2024, issued by the Prime Minister, promulgated the National Strategy on the Application and Development of Blockchain Technology until 2025, with an orientation toward 2030, aiming to complete the legal framework, build a healthy competitive environment, and establish an ecosystem of enterprises capable of expanding globally, thereby positioning Vietnam as one of the leading countries in the region and globally in the application and development of blockchain technology. Subsequently, Resolution No. 57-NQ/TW dated December 22, 2024, issued by the Political Bureau, identified the development of science, technology, innovation, and national digital transformation as one of the foremost strategic breakthroughs. Notably, the 2025 Digital Technology Industry Law marked a significant milestone by, for the first time, introducing a definition of digital assets, clarifying the concepts of virtual assets and crypto assets. Building on this, Resolution No. 05/2025/NQ-CP issued by the Government on the pilot implementation of the crypto asset market in Vietnam specifically regulates the offering, issuance, trading, and provision of services related to crypto assets, while also establishing a state management framework for the crypto asset market. These policies demonstrate Vietnam's open and proactive legal response to the emergence of new types of assets in the blockchain technology environment.

The 2025 Digital Technology Industry Law is Vietnam's first legal document to officially recognize the concept of 'digital assets,' marking a significant step forward in identifying and regulating this new type of asset within the legal system. According to Article 46, "Digital assets are assets as defined under the Civil Code, expressed in the form of digital data, created, issued, stored, transferred, and authenticated by digital technologies in an electronic environment." This definition reflects the

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legislature's cautious approach: digital assets are an independent category of assets, but merely a digital expression of traditional types of assets defined in Article 105 of the Civil Code, including objects, money, valuable papers and property rights. In other words, the 2025 Digital Technology Industry Law merely incorporates the technological element without expanding the legal scope of the concept of 'assets,' thereby maintaining the traditional asset classification of Vietnamese civil law.

However, the legislative process of the Digital Technology Industry Law shows that lawmakers had previously considered a broader, more technology-oriented approach. In the first draft, under Clause 1, Article 10, digital assets were defined as 'digital technology products created, issued, transferred, and ownership rights authenticated through blockchain technology,' including security tokens, payment tokens, utility tokens, and hybrid tokens. This approach reflects the recognition of an independent category of assets that exists entirely within the digital environment. However, the limitation of this definition is its confinement to blockchain technology, which does not encompass digital assets created through other digital technologies. The second draft addressed this limitation by expanding the definition in Clause 1, Article 14: 'Digital assets are intangible assets expressed in the form of digital data, created, issued, stored, transferred, and authenticated through digital technology in an electronic environment, and are protected under the law with respect to property rights in accordance with civil law, intellectual property law, and other relevant legislation.' At the same time, this document distinguishes the concept of 'crypto assets', a type of digital asset created using blockchain technology, distributed ledger technology, or similar technologies. This demonstrates a legislative mindset inclined toward recognizing a new ecosystem of assets emerging from the digital environment and established through technology. However, compared to the drafts, the officially promulgated 2025 Digital Technology Industry Law reverts to the traditional civil law approach, focusing on maintaining the concept of assets under the Civil Code and treating technology merely as a means of representation. Accordingly, the value of digital assets must derive from assets already recognized by law, rather than being established solely through technology. This indicates that Vietnam's legal policy prioritizes the stability of the civil law system over expanding the asset concept in a technology-oriented direction.

According to Clause 2, Article 47 of the Law on Digital Assets, digital assets include: virtual assets, cryptographic assets, and other digital assets. Virtual assets in the electronic environment are defined as a type of digital asset that can be used for exchange or investment purposes. Cryptographic assets are a type of digital asset that uses encryption technology or similar digital technology to authenticate the asset during its creation, issuance, storage, and transfer. Both virtual and cryptographic asset groups exclude: securities, digital forms of fiat currency, and other financial assets as stipulated by civil and financial law. This regulation separates the scope of regulation for virtual and cryptographic assets from the scope of regulation of specialized financial law. However, the definitions of virtual assets and crypto assets are not clearly distinguished. There is a lack of distinctive criteria between these two groups of assets because virtual assets are defined based on their environment and usage, while crypto assets are defined by technological characteristics. This leads to the possibility of digital assets that simultaneously possess both characteristics: existing in an electronic environment and used for exchange or investment purposes, while also being authenticated, stored, and transferred through cryptographic technology. In such cases, determining the specific type of asset to which the corresponding legal regime applies becomes difficult. This practice not only confuses market participants, especially investors and issuers of digital assets, in determining their legal compliance obligations, but also poses application challenges for state management agencies.

Overall, current Vietnamese law has made significant progress in officially recognizing the existence of digital assets. However, this recognition remains cautious, as the current legal framework does not fully encompass all types of tokens issued and circulated in the diverse and rapidly changing electronic environment. This indicates that there are still legal gray areas in determining the scope of regulation and the applicable legal regime for various types of digital assets.

Before the official legal recognition of digital assets, related issuance activities essentially did not require clear management within the Vietnamese legal system. However, based on the orientation and concepts established in the Law on Digital Technology Industry 2025, the Government issued Resolution No. 05/2025/NQ-CP to implement a pilot mechanism for the cryptocurrency market in Vietnam. This resolution initially establishes criteria, conditions, and management procedures for the issuance, circulation, and trading of crypto assets, while limiting the scope of the pilot program to strictly control participating entities and permitted activities.

Based on this, the next section will focus on clarifying the legal regulations governing the issuance of crypto assets within the framework of the current pilot mechanism must be indented.

IV. LEGAL FRAMEWORK REGULATING INITIAL COIN OFFERING ACTIVITIES

Initial Coin Offering (ICO) is a form of public and global capital mobilization through the issuance and sale of digital tokens built on a blockchain technology platform. In Vietnam, ICO activities have expanded rapidly but operate without a legal basis, resulting in this capital mobilization model being mistakenly labelled as a form of fraud. Later on, Resolution No. 05/2025/NQ-CP was issued, establishing, for the first time, a pilot regulatory framework for the crypto-asset market, including ICO activities. This Resolution establishes a legal regime governing related entities such as crypto-asset service providers, crypto-asset trading

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market organizations, etc. However, this article focuses on analyzing the legal framework of the two main types of entities in this activity: crypto-asset issuing entities and foreign investors.

4.1 Regulations For Crypto Asset Issuers

The issuing entities occupied a central and determining position in ICO operations, and therefore must strictly comply with a system of legal obligations to ensure transparency, safety, and prevent risk for investors.

Firstly, in terms of legal status, the issuing entity must be a Vietnamese enterprise, established or registered in accordance with Vietnamese law and headquartered in Vietnam. The enterprise can only choose one of the two corporate forms: limited liability company or joint stock company.

Secondly, regarding the conditions for crypto assets, issuance must be predicated on real assets, excluding stock, fiat money, or other financial assets. This limitation is part of the state's risk control policy, requiring tokens to possess collateral value derived from assets recognized by the Civil Code, including: objects, money, valuable papers, and property rights. Thus, the underlying asset plays a key role in determining the value, stability, and State's controllability of issuance activities.

Thirdly, regarding the subject of the offering, enterprises are only allowed to issue and offer tokens exclusively to foreign investors. This provision underscores Vietnam's cautious approach in restricting domestic investors' access to novel asset classes, while facilitating a controlled environment for market experimentation.

Fourth, concerning trading activities, all transactions involving crypto assets shall be executed solely through crypto asset service providers licensed by the Ministry of Finance. Resolution No. 05/2025/NQ-CP subjects organizations providing cryptocurrency-related services to a stringent regulatory regime, encompassing requirements concerning minimum charter capital, qualified personnel, standardized business processes, and the possession of appropriate licenses. The mandate that all cryptocurrency-related transactions be conducted exclusively through duly licensed and closely supervised service providers is designed to institutionalize intermediary control mechanisms. Through the creation of such regulatory chokepoints, the State seeks to strengthen supervisory capacity, enhance transactional transparency, and mitigate risks associated with fraud, money laundering, and other forms of illicit financial activity.

Fifth, regarding the obligation to disclose information, the issuing entity shall publicly disclose the Prospectus at least 15 days prior to the offering or issuance. This obligation aims to transparentize important information related to the project, such as: the capacity and status of the issuing entity, details about the project, benefits and associated risks for investors, and legal commitments of the issuing entity.

Sixth, regarding the currency of transactions, all activities on the issuance, trading and settlement of crypto assets shall be carried out in Vietnamese Dong. This regulatory requirement evidences the State's prudent and conservative approach to monetary governance, while simultaneously serving as a mechanism to contain foreign exchange-related risks during the pilot phase of market development.

In summary, the regulatory regime applicable to crypto asset issuers under Resolution No. 05/2025/NQ-CP reflects a management strategy characterized by strict oversight, caution, and policy experimentation. Through the imposition of rigorous conditions relating to legal status, the nature of underlying assets, eligible offerors, trading modalities, and information disclosure obligations, the State seeks to mitigate systemic and investor-related risks and to preserve market stability in a domain marked by significant legal and technological uncertainty. Concurrently, this framework establishes an initial institutional and normative basis for the subsequent assessment, adjustment, and potential expansion of crypto asset regulatory policies in future stages of market evolution

4.2 Regulations For Investors

With respect to domestic investors, Resolution No. 05/2025/NQ-CP prohibits their participation in the purchase, sale, and holding of crypto assets issued from the effective date of the Resolution. The regulatory scope applicable to this category of investors is accordingly confined to crypto assets lawfully acquired and held prior to the Resolution's entry into force. Following a transitional period of six months from the date on which the Ministry of Finance grants the first license to a crypto asset service provider, all crypto asset-related transactions conducted by domestic investors must be carried out exclusively through duly licensed service providers. Non-compliance, depending on its nature and gravity, may give rise to administrative sanctions or criminal liability in accordance with applicable law. Notably, while Resolution No. 05 imposes restrictions on trading activities, it does not prohibit the storage of crypto assets in personal electronic wallets. This regulatory choice implicitly acknowledges the pre-existing right to hold crypto assets without subjecting investors to mandatory custodial requirements.

By contrast, foreign investors constitute the sole category of market participants authorized to engage in the purchase, sale, and holding of crypto assets issued within the pilot regulatory framework. Resolution No. 05 subjects this group to a stringent set of conditions, reflecting the State's emphasis on enhanced oversight and traceability.

First, with regard to trading accounts, foreign investors may open accounts at crypto asset service providers licensed by the Ministry of Finance for the purposes of depositing, purchasing, and selling crypto assets in Vietnam. Although investors may

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maintain accounts with multiple licensed providers, they are limited to a single account per provider, a requirement designed to promote transparency and facilitate the monitoring of capital flows.

Secondly, concerning the scope of permissible transactions, foreign investors are restricted to trading exclusively with other foreign investors through licensed crypto asset service providers, thereby establishing a closed and controlled transactional environment.

Thirdly, with respect to capital transfer and payment arrangements, foreign investors must comply with the regulatory framework governing foreign exchange and cross-border transfers. In particular, they are permitted to open only one Vietnamese Dong payment account at a licensed foreign bank or an authorized branch in Vietnam to conduct transactions related to the purchase and sale of crypto assets. All crypto asset-related transactions must be executed through this account and must clearly specify the purpose of the transfer, thereby ensuring traceability and compliance with anti-money laundering and related regulatory requirements.

Taken as a whole, the investor-related provisions of Resolution No. 05/2025/NQ-CP reflect Vietnam's cautious and control-oriented approach to the regulation of the crypto asset market. The exclusion of domestic investors, coupled with the conditional admission of foreign investors under a tightly regulated pilot framework, demonstrates the State's priority in mitigating systemic risks, safeguarding financial stability, and enhancing the supervision of capital movements. At the same time, this regulatory posture raises issues warranting further scholarly inquiry, particularly with respect to the potential expansion of investor participation and the development of more robust investor protection mechanisms in subsequent phases of market evolution. Beyond the specific obligations imposed on issuers and investors, Resolution No. 05 also establishes a set of general compliance requirements applicable to all entities participating in ICO-related activities. In the absence of a dedicated tax regime for cryptocurrencies, the Resolution adopts a provisional approach to the determination of tax obligations, drawing by analogy on mechanisms applicable to securities transactions. This interim solution provides regulatory authorities with an initial legal basis for tax administration, while minimizing regulatory gaps during the pilot phase and preserving flexibility for future adjustments to taxation policy. Moreover, all market participants are required to comply with legislation on anti-money laundering, counter-terrorism financing, electronic transactions, cybersecurity, data protection, and other relevant specialized legal regimes. This integrated regulatory approach underscores that ICO-related activities do not operate in isolation, but are embedded within, and subject to, the broader framework of the Vietnamese legal system.

V. LEGAL FRAMEWORK FOR ADDRESSING ICO-RELATED CRIMES IN VIETNAM.

Initial Coin Offerings (ICOs) constitute a technology-driven fundraising mechanism whereby an issuing entity mobilizes capital by offering digital tokens to investors. Notwithstanding their potential legitimacy as an innovative financing instrument, ICOs have, in practice, frequently been instrumentalized as a vehicle for criminal conduct, most notably fraudulent schemes aimed at the unlawful appropriation of investors' assets.

Regarding the Vietnamese legal system, the Penal Code is the exclusive source for determining criminal offenses and criminal liability. Consequently, only conduct expressly codified therein may be qualified as criminal and subjected to penal sanctions. In the absence of a specific offense tailored to ICO-related misconduct, criminal acts arising from ICO activities are presently subsumed under existing offenses of general application. In particular, enforcement authorities have predominantly relied on the offense of fraud and appropriation of property under Article 174 of the Penal Code, as well as the offense of using computer networks, telecommunications networks, or electronic means to appropriate property under Article 290.

With respect to the offense of fraud and appropriation of property under Article 174, the *actus reus* of the crime comprises two intrinsically connected acts. The first is deception, manifested through the deliberate provision of false information or the intentional concealment of material facts, to induce erroneous belief and misplaced trust in the victim. The second is the appropriation of property, which represents both the intended purpose and the direct legal consequence of the deceptive conduct. Acting under the influence of such deception, the victim voluntarily transfers property to the offender, thereby enabling the unlawful appropriation to occur. This causal nexus between deceptive inducement and voluntary transfer is central to the doctrinal characterization of fraud under Vietnamese criminal law.

In the context of Initial Coin Offerings, fraudulent conduct manifests in a variety of increasingly complex and sophisticated forms, reflecting both the technical features of the digital environment and the pronounced information asymmetry between issuers and investors. These practices typically exploit the limited verifiability of online disclosures and the absence of direct regulatory oversight. From a doctrinal perspective, several recurrent patterns of fraud may be identified.

First, information-related fraud constitutes a prevalent modality. Issuing entities or individuals deliberately disseminate false, incomplete, or materially misleading information to construct an artificially favorable portrayal of the project and thereby induce investment decisions. Such misrepresentations commonly concern the qualifications and experience of the development team, the technical feasibility or maturity of the proposed platform, or the exaggeration or fabrication of strategic partnerships with reputable enterprises or institutions.

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Secondly, the misappropriation or misuse of raised funds represents another frequent form of misconduct. Although issuers purport to solicit capital for legitimate purposes such as project development, technological innovation, or ecosystem expansion, the collected assets are diverted for personal consumption, unrelated investments, or other undisclosed and non-transparent activities. This divergence between the stated purpose of fundraising and the actual use of funds directly infringes upon investors' lawful rights and interests.

Thirdly, so-called "exit scams" are a particularly egregious manifestation of ICO-related fraud. In such cases, following the completion of the fundraising phase, the project abruptly terminates its operations, ceases public communications, discontinues updates on project progress, and severs all contact with investors. This pattern of conduct strongly shows an intention to misappropriate assets, formed either *ab initio* or during the course of the ICO.

With regard to the offense of using computer networks, telecommunications networks, or electronic means to appropriate property under Article 290 of the Vietnamese Penal Code, the statute enumerates several distinct forms of criminal conduct, unified by the common element that digital networks or electronic devices constitute the principal means of commission. In the context of ICOs, the forms of conduct most likely to fall within the scope of Article 290 are online fraudulent fundraising schemes and network-based multi-level marketing structures designed to unlawfully appropriate investors' assets. While these acts are substantively fraudulent in nature, they are doctrinally distinguishable from conventional fraud under Article 174. Under Article 174, the offense is deemed consummated only upon the actual appropriation of property, and the use of computer or telecommunications networks is not a constitutive element of the crime. By contrast, Article 290 allows for the completion of the offense at the point when the perpetrator carries out fraudulent conduct via digital or telecommunications networks with the intent to appropriate property, irrespective of whether the appropriation has occurred.

Regarding its *mens rea*, both the offense of fraud and appropriation of property under Article 174 and the offense under Article 290 require direct intent. The perpetrator possesses full awareness of the falsity or deceptive nature of the information disseminated and consciously seeks to induce the victim to believe such information and voluntarily transfer assets. In ICO-related fraud, direct intent is often clearly evidenced through deliberate preparatory acts and systematic planning, such as drafting whitepapers, creating websites, project documentation, or promotional materials containing misleading or fabricated content designed to cultivate spurious investor trust. The continued dissemination of false information throughout the fundraising process, coupled with the concealment of adverse facts or the abrupt cessation of information disclosure after the completion of fundraising, constitutes compelling indicia of an intention to appropriate property. Accordingly, the *mens rea* of fraud in the ICO context extends beyond mere awareness of deception and encompasses a clearly articulated intent to unlawfully seize property from the moment the fraudulent conduct is initiated.

VI. SOME CHALLENGES FACING THE VIETNAMESE CRIMINAL JUSTICE SYSTEM.

In terms of policy development, Vietnam's legal approach to digital assets has shifted significantly. At first, the State focused on risk identification and warning, later progressing to a stage of control and restriction. Currently, in response to the strong development of digital technology and international integration, Vietnam's legal approach has gradually shifted toward recognition - identification - management. This transformation was marked by the promulgation of the Law on Digital Technology Industry in 2025 and Resolution 05/2025/NQ-CP on piloting the crypto asset market. This shift shows the State's macroeconomic management orientation towards opening the market, taking a cautious but proactive approach in attracting foreign investment and promoting innovation in the digital economy. However, this mechanism poses a series of challenges for Vietnam's criminal justice system:

First, the difficulty lies in criminal prosecution involving unlawful appropriation of tokens not backed up by underlying assets. Pursuant to the Law on Digital Technology Industry 2025, digital assets are defined as the digitization of assets recognized in the Civil Code. Consequently, tokens without collateral, such as Bitcoin or utility tokens commonly found in ICOs, do not possess a transparent legal basis for establishing ownership or safeguarding possession. Therefore, fraudulent appropriation of these tokens cannot be prosecuted under the crime of "fraudulent appropriation of property" (Article 174 of the 2015 Penal Code) or the crime of "using computer networks and telecommunications networks to commit acts of appropriation of property" (Article 290 of the Penal Code). As most tokens issued through ICOs are utility tokens, not linked to underlying assets, the current framework remains inadequate in addressing this issue.

Second, limitations also persist in the criminal prosecution of market manipulation in ICOs. Fraudulent acts such as violating the token distribution vestings (vesting fraud), failure to implement token-locking commitments, or premature token dumping before lockup for illicit gains are common forms of manipulation in ICOs. However, such conduct cannot be prosecuted under the crime of "manipulating the securities market" (Article 211 of the Penal Code), because Vietnamese law has not yet had a mechanism to determine which tokens are securities. Meanwhile, international practice frequently associates criminal liability for token manipulation with securities or commodity laws (such as the United States Howey Test to determine tokens as securities). On this basis, the United States Securities and Exchange Commission (SEC) promulgated the Framework for "Investment

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Contract” Analysis of Digital Assets (2019), which systematizes the legal criteria for classifying digital assets and delineating the circumstances under which securities law applies to issued tokens. By contrast, Vietnam has yet to establish a specialized supervisory architecture or to issue detailed interpretative guidance governing ICO-related activities. Moreover, regulatory coordination among relevant legal regimes, most notably securities law, banking law, the law on electronic transactions, and cybersecurity law, remains insufficient, resulting in a fragmented and incomplete framework for the oversight of ICOs.

A further challenge arises in the criminal enforcement of legal violations involving crypto assets. Clause 6, Article 4 of Resolution No. 05/2025/NQ-CP provides that organizations and individuals who breach legal provisions relating to crypto assets and the crypto asset market shall, depending on the nature and seriousness of the violation, be subject to criminal liability or administrative sanctions. However, the current legal framework does not articulate clear criteria for distinguishing conduct warranting administrative handling from that constituting a criminal offense. This normative ambiguity can enable judicial and prosecutorial authorities to assess the legal nature of the conduct, evaluate its gravity, and determine the appropriate legal basis for criminal prosecution.

The identification of these challenges in criminal justice underscores the pressing need for further refinement and consolidation of the legal framework governing digital assets in general, and ICO-related activities in particular. Such reform is essential to establish a coherent and comprehensive legal basis for criminal enforcement, while simultaneously safeguarding transparency, security, and stability in the digital asset market. In the longer term, the development of a clearer and more predictable regulatory environment would contribute to economic development and enhance Vietnam's attractiveness as a destination for foreign investment.

CONCLUSIONS

In conclusion, Vietnam's legal policies for virtual currencies and digital assets have undergone a dramatic shift, from mainly focusing on identifying and warning about risks to initially acknowledging and establishing a management mechanism. However, market operation practices reveal numerous limitations of the current legal framework for prosecuting violations relating to digital assets and ICO activities that need to be addressed. Therefore, to build a safe, sustainable, and competitive digital asset market, Vietnam must continue to research on the management experience of other countries, assess the impact of new regulatory models, and promptly build a comprehensive legal framework for digital assets and ICO activities. Strengthening institutional mechanisms will not only enhance risk management and prevent high-tech crime but also promote innovation and attract investment in the context of a rapidly developing digital economy.

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