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REGULATORY AND LEGAL FRAMEWORK FOR THE INSTITUTIONAL ATTRACTIVENESS OF UKRAINE'S IT SECTOR IN THE CONTEXT OF GLOBAL MARKETING OF DIGITAL SERVICES

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Abstract. *The purpose of this article is to conduct a systematic analysis of the legal framework governing Ukraine's IT sector and a comparative study of international practices to identify areas for improving legislation. The study covers three structural dimensions: the special tax and employment regime of Diya City, personal data protection and cybersecurity, and the protection of intellectual property in the digital environment. It has been established that the current regulatory framework constitutes a fragmented system comprising more than twenty special laws without a single codified act. The effectiveness of the Diya City regime is confirmed by measurable indicators: the number of residents increased from 72 in the first quarter of 2022 to 1,287 by the end of 2024, the total workforce exceeded 84,000 specialists, the average monthly salary reached 2,510 euros, and the share of gig contracts stands at 72%. Vulnerabilities in the regime have been identified: pseudo-gigification, a narrowing of protection against inspections under martial law, and the failure to extend the reservation mechanism to gig specialists. Gaps in the regulation of defense technologies (MilTech) and export controls on dual-use software were examined separately. The need for legislative recognition of smart contracts and the harmonization of virtual asset regulation with the MiCA Regulation was argued. A comparison with EU regulatory frameworks (GDPR, DSA, DMA, AI Act), Estonia, Singapore, and Israel revealed that Ukraine lags behind in three areas: the absence of artificial intelligence legislation, the lack of regulation governing cross-border data transfers, and the underdevelopment of mandatory cybersecurity standards for the private sector (25th place in the ITU GCI 2024 ranking). A matrix of eight legislative reforms has been formulated, with priorities and timelines defined. It is argued that legal reform serves as a tool for marketing Ukrainian digital services on the global market.*

Keywords: *IT industry; Diya City; regulation of the digital economy; personal data protection; cybersecurity; GDPR; intellectual property; gig contracts; regulation of artificial intelligence.*

The article examines the regulatory and legal framework governing Ukraine's IT sector in the context of the global digital services market and evaluates its institutional attractiveness for international clients, investors, and technology professionals. The study aims to provide a systematic analysis of Ukrainian IT legislation, assess the effectiveness of the Diia City special legal regime under martial law, and compare Ukraine's regulatory framework with the digital governance models of the European Union, Estonia, Singapore, and Israel. The research is based on the systematization and classification of current regulatory acts, comparative analysis, and assessment of key economic and institutional indicators of the IT sector.

The study identifies a fragmented structure of Ukrainian IT regulation, which comprises more than twenty specialized laws and numerous subordinate acts without a unified codified framework. The regulatory system is analyzed across four dimensions: subject-related, object-related, procedural, and jurisdictional. Particular attention is given to Diia City as an institutional instrument for strengthening the competitiveness and investment attractiveness of the Ukrainian IT sector. The analysis demonstrates significant growth in the number of Diia City residents, employment, average remuneration, and the use of gig contracts during 2022–2024. At the same time, systemic vulnerabilities are identified, including the risks of pseudo-gig employment, limited protection from inspections during martial law, and the exclusion of gig specialists from certain mechanisms of employee reservation.

The article also examines regulatory gaps concerning personal data protection, cybersecurity, intellectual property, artificial intelligence, smart contracts, virtual assets, SaaS agreements, and the export control of dual-use software and defence technologies. Comparative analysis demonstrates the importance of regulatory predictability, proportionality of regulatory requirements, and a multi-level institutional design. The experience of the EU, Estonia, Singapore, and Israel indicates the relevance of strengthening independent regulatory institutions, improving cybersecurity standards, harmonizing data protection rules with the GDPR, and developing a comprehensive framework for artificial intelligence and digital assets.

Based on the findings, the authors formulate a matrix of eight legislative reforms aimed at improving the Ukrainian regulatory environment and its compatibility with the EU acquis. The study substantiates that legal reform should be considered not only as an institutional and legal task but also as an instrument of marketing promotion, capable of increasing international trust, reducing jurisdictional risks, and strengthening Ukraine's positioning as a competitive provider of digital services in the global market.

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