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DCGG Position Paper on VASP and Stablecoins Policy in Argentina

The Digital Currencies Governance Group (DCGG) is a trade association that represents digital assets issuers and service providers and artificial intelligence firms in Latin America, the European Union, United Kingdom, and United Arab Emirates. Our mission is to facilitate an open dialogue and encourage communication between policymakers and industry experts to support the design of a sound and proportionate regulatory framework that ensures safety for all market participants.

DCGG and its members fully support Argentina's ambition to establish clear and proportionate regulatory frameworks for digital assets, with tailored rulebooks for Virtual Asset Service Providers (VASPs), stablecoins, and tokenised assets. As emerging technologies transform industries and global competition intensifies, Argentina has a unique opportunity to implement policies that drive innovation, attract investment, and enhance its global competitiveness.

We welcome the chance to share our insights on the new VASP Securities and Exchange Commission (CNV) resolution 1058/2025 and the future regulatory framework for stablecoins. Our recommendations address key policy considerations, the economic and financial implications for Argentina's market, alignment with international best practices, and the balance between safeguarding financial stability and promoting technological innovation in the financial sector.

CNV VASP Resolution 1058/2025

Issue I: VASPs are required to have a registration and local presence to continue operations in Argentina

- Foreign VASPs are required to establish a legal entity or register a local branch under Articles 123 and 118 of the Argentine General Companies Act Law No.19550 (LGS), respectively, to operate legally in Argentina.
- Failure to register may lead to being prohibited from offering services to Argentine residents and could be subject to enforcement actions, including website geo-blocking.

- The virtual asset sector is inherently cross-border. Many firms that wish to provide services in Argentina are likely to already have in place a license to operate or compliance mechanisms for other international frameworks for virtual assets.
- This Resolution fails to reflect this reality by not offering any fast-track or equivalence mechanism for companies that are already regulated in jurisdictions with high AML/CFT standards (e.g., El Salvador, Dubai, the European Union, Singapore). This would create duplicative and disproportionate compliance burdens for VASPs, contrary to the Financial Action Task Force's (FATF) emphasis on mutual recognition and regulatory coordination for the cross-border provision of services.

Recommendation: *The CNV should consider creating a regulatory equivalence mechanism that allows foreign VASPs already licensed in FATF-compliant jurisdictions to operate in Argentina under a streamlined or fast-track registration process. While CNV rightly acknowledges reverse solicitation (Article 3) and grants transitional periods to registered VASPs (Article 6, Chapter XIV), the requirement to establish a local entity under Articles 118 or 123 of the LGS remains overly rigid and burdensome for global firms without physical presence in Argentina.*

To enhance proportionality and prevent unnecessary market exclusion, the CNV should permit foreign VASPs to register without establishing a legal entity, provided they meet strict AML/CTF standards and appoint a responsible local compliance contact. This adjustment would support Argentina's financial integrity goals while promoting continued access to compliant international services for local users.

Future Regulatory Framework for Stablecoins

Issue I: The Central Bank (BCRA) should be the primary regulator of stablecoins in Argentina

- Under the Financial Entities Law, the BCRA is the chief enforcement authority empowered to regulate the financial system and apply banking law and the competences provided for by its own Charter.
- Notably, Article 3 of that law even allows the BCRA to extend its regulations to activities or entities not explicitly covered when their scale or nature merits it for monetary or credit policy reasons.
- This flexibility implies the BCRA can bring stablecoins into its regulatory scope if they affect monetary variables or the payments market.

- Law No. 27,739, enforced in March 2024, has brought the CNV into the crypto regulatory arena, but its scope is confined into VASP registry and their activity, not having any authority on Virtual Asset regulation.
- Therefore, expecting the CNV to regulate stablecoins exceeds its mandate beyond appropriate bounds. Law No. 27,739 did not establish the CNV as a comprehensive crypto regulator that has the specialised expertise or technical knowledge for such oversight.

Recommendation: *The BCRA should be the regulatory authority on stablecoins. The current legal framework implies that BCRA retains its jurisdiction over virtual assets that may have an impact on monetary matters, whereas the CNV's role is confined to market conduct of crypto intermediaries. The CNV's authority under Law 27,739 is necessary but insufficient to fairly and meaningfully supervise the stablecoin ecosystem. It can ensure exchanges and wallets have basic safeguards and AML controls, but it cannot dictate prudential requirements for stablecoin issuers, manage systemic risks, or address monetary policy concerns arising from stablecoin proliferation.*

Issue II: Legal Classification of Stablecoins

- Law No. 27,739, which introduced the concept of Virtual Assets in Argentina defines them as any digital representation of value that can be traded or transferred digitally and used for payments or investment – explicitly excluding legal tender and fiat currency issued by any country.
- The BCRA should define stablecoins as a subcategory of Virtual Assets under Argentine law, rather than as currency, electronic money, or securities. This classification aligns with global approaches, e.g., Dubai's Virtual Assets Regulatory Authority (VARA) defines fiat-referenced stablecoins as a type of virtual asset.

Recommendation: *By defining stablecoins as Virtual Assets, Argentina will ensure they are covered by relevant laws (including AML/CFT obligations through Law No. 25,246) without misclassifying them. Stablecoins should be legally viewed as a subcategory of virtual assets regulated by BCRA, pursuant to Law No. 27,739's definitions, and explicitly not treated as currency, e-money, or securities under Argentine law. This sets the stage for a bespoke oversight regime consistent with international best practices.*

Issue III: Registration Requirements and Passporting

- To avoid undue complexity and compliance costs, duplication in registration requirements (e.g., requiring entities to register under multiple regimes for the same activity) should be avoided by mandating a branch entity set-up rather than full local incorporation. A streamlined and coordinated process will reduce friction, improve regulatory clarity, and support market development.

- Key registration requirements should include appointing qualified local contact point, robust risk controls, sound reserve management policies, and full compliance with Argentina's AML and consumer protection rules.
- The BCRA's framework should strive for consistency with other forward-looking stablecoin regulations, particularly the framework in El Salvador, to enable future passporting or mutual recognition/equivalence arrangements.
- If a stablecoin issuer is licensed and compliant in a jurisdiction like El Salvador that upholds equivalent standards, Argentina should fast-track or recognise parts of that compliance to maintain and promote cross-border harmonisation and avoid imposing excessive administrative burdens on issuers.

Recommendation: *To encourage international participation and reduce compliance burdens, the framework should allow global stablecoin issuers to operate via a branch in Argentina rather than requiring full local incorporation, following El Salvador's registration approach. This would avoid duplicative registration regimes and minimise unnecessary complexity, while still enabling regulatory oversight.*

Issue IV: Stablecoin Reserves Composition

- To ensure trust and stability, all stablecoins under BCRA's oversight should be fully backed by high-quality reserve assets. El Salvador's framework sets an optimal reserve ratio, requiring at least 70% of the portfolio to be invested in assets that can be liquidated within 30 days (such as Treasury bills, money market funds, reverse repurchase agreements, cash, deposits, gold and Bitcoin). The remaining 30% may be allocated to assets with longer liquidation periods to enhance diversification and support price stability. Adopting a similar approach in Argentina would strike the right balance between liquidity, stability, and diversification while promoting cross-jurisdictional harmonization, strengthening the resilience of stablecoin reserves under BCRA's oversight.
- Given that many stablecoins are denominated in a foreign currency, holding reserves in foreign banks that comply with the Basel III framework should be allowed. This can reduce counterparty risk and facilitate liquidity.
- The BCRA should require regular reserve attestation (e.g., quarterly) and verification for consumer protection and transparency purposes.
- To further safeguard reserves, the framework should allow (and indeed encourage) that reserve assets be held with regulated financial institutions in jurisdictions with strong oversight.

Recommendation: *A well-structured stablecoin backing assets composition is essential for maintaining trust and stability in the stablecoin ecosystem. By requiring full backing with high-quality assets, the BCRA can ensure resilience against market fluctuations while fostering a diverse reserves composition, which enhances price stability and mitigates systemic risks by reducing reliance on a single asset class. To reinforce transparency and consumer protection, requiring issuers to commission regular reserves attestations (e.g., once per quarter) to ensure the 100% backing ratio is met at all times, would strike the right balance between accountability and operational efficiency.*

Issue V: Redemption, Transparency and Disclosures

- Stablecoin issuers must honour redemption of their tokens for the reference asset (e.g. fiat currency) at par, but only for customers who were verified with the issuer for KYC/AML purposes in order to ensure the stability and reliability of the stablecoin. This approach not only fosters trust among users, but also aligns with international regulatory standards aimed at preventing illicit activities.
- A balanced stablecoin framework should allow issuers to set their own conditions for redemption that correspond with their specific business model in order to manage orderly fiat liquidity, which could take up to five business days depending on the issuer. Issuers should be allowed the flexibility and proportionality to follow their own procedures and timelines for redemption, as long as these are explicitly disclosed in the stablecoin whitepaper.
- Stablecoin issuers should provide clear and detailed policies on token issuance and redemption in their whitepaper, as well as information on backing assets and reserves make-up and disclosure of relevant risks, in order for users and regulators to understand the mechanisms backing the stablecoin's value. This would enhance market confidence and consumer protection by facilitating informed decision-making.

Recommendation: *To ensure transparency, stablecoin issuers must publish and maintain a detailed disclosure document, particularly a whitepaper to ensure equivalence with international regimes. The whitepaper must include clear terms and conditions, including the timeframe, conditions and fees charged for redeeming a stablecoin for KYC-verified customers, disclosures on the segregation of client assets from the issuer's own funds, dispute resolution, and complaint handling mechanisms. The whitepaper should be made available publicly in order to facilitate customer onboarding and informed decision-making.*