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Regulation for Virtual Asset Service Providers (PSAV) in Argentina

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REGULATION FOR VIRTUAL ASSET SERVICE PROVIDERS (PSAV) IN ARGENTINA

On March 13, 2025 the Argentine Securities Commission (CNV) issued Resolution 1058/2025, which sets comprehensive guidelines for the registration, operation, and compliance of PSAVs. This regulation aims to ensure consumer protection, prevent money laundering, and combat terrorism financing.

Definition and Scope The regulation defines a PSAV as any individual or legal entity that, as a business, performs one or more of the following activities for or on behalf of another person:

- 1. Exchange between Virtual Assets and Fiat Currencies:** Facilitating the conversion of virtual assets into legal tender.
- 2. Exchange between One or More Forms of Virtual Assets:** Enabling the trade between different types of virtual assets.
- 3. Transfer of Virtual Assets:** Conducting the movement of virtual assets from one jurisdiction or account to another.

4. Custody and/or Administration of Virtual Assets: Managing and safeguarding virtual assets or instruments that allow control over them.

5. Participation and Provision of Financial Services: Offering financial services related to the issuance and sale of virtual assets by an issuer.

Registration Requirements PSAVs must register with the CNV before conducting any activities. Foreign PSAVs must incorporate a local entity or set up a local branch.

Operational Guidelines PSAVs are required to adhere to several operational guidelines, including:

- Custody and Administration:** PSAVs must securely and transparently manage the virtual assets of their clients, ensuring a clear separation between their own assets and those of their clients. They must implement a custody system that guarantees the security, integrity, and availability of the

virtual assets under their administration.

• **Cybersecurity:** PSAVs must implement robust cybersecurity measures, including:

– **Governance:** Establishing internal procedures to manage cyber risks.

– **Identification:** Creating mechanisms to safeguard information and identify potential weaknesses.

– **Protection:** Implementing control measures such as antivirus software and intrusion prevention systems.

– **Detection:** Ensuring systems can recognize potential security incidents.

– **Response and Recovery:** Maintaining infrastructure to restore critical systems after a cyberattack.

• **Information Security:** PSAVs must have approved information security policies detailing the custody of private keys and the security of their systems. This includes categorizing wallets, defining access policies, and ensuring the resilience of their systems.

Compliance Measures PSAVs must comply with various measures to ensure the integrity and transparency of their operations:

• **Manuals of Procedure:** PSAVs must maintain detailed manuals for handling orders and the technical and operational procedures for the custody, administration, and transfer of

virtual assets. These manuals should include the registration and preservation of transaction data.

• **Systems Audit:** PSAVs must undergo an annual systems audit to ensure the security and functionality of their information systems. The audit should cover system operations, security, and continuity of service.

• **Risk Management:** PSAVs must adopt and update risk management policies to identify, evaluate, and mitigate risks. These policies should include measures to prevent regulatory non-compliance and actions to address any breaches.

Consumer Protection The regulation emphasizes the protection of consumers by requiring PSAVs to:

• **Provide Clear Information:** PSAVs must communicate clearly and transparently with clients, providing adequate information about the services offered and the associated risks.

• **Handle Complaints:** PSAVs must establish effective procedures for handling customer complaints and designate a responsible person for public relations.

• **Disclose Risks:** PSAVs must clearly disclose the risks associated with virtual assets on their websites and applications. This includes warnings about the volatility, potential for loss, and regulatory status of virtual assets.

Prohibitions and Exclusions Certain entities and activities are excluded from the definition of PSAVs, such as:

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