



COMISIÓN NACIONAL DE  
ACTIVOS DIGITALES

THE NATIONAL COMMISSION FOR DIGITAL ASSETS

WHEREAS:

1. That by means of Legislative Decree No. 643 dated January eleventh, two thousand twenty-three, published in the Official Gazette No. 438, Volume No. 16, of the twenty-fourth of that same month and year, the Digital Asset Issuance Act of El Salvador was issued.
2. That, as provided in Art. 9, subparagraph q), of the Digital Asset Issuance Act, it is its attribution to issue guidelines and technical regulations applicable to stablecoins, including proof of funds or backing of the value of such coins, as well as all relevant documentation that the issuers of such digital assets must submit to the National Commission of Digital Assets (“CNAD”) in order to make public offerings.
3. That, as provided in Art. 32, fifth paragraph, it establishes that admissions or requests for admission of a stablecoin in a digital platform domiciled in El Salvador are excluded from the obligation to submit the Relevant Information Document.
4. That for the application of the Act referred to in the preceding recital, it is indispensable to establish a regulatory norm that develops the necessary aspects of the issuance of stablecoins.
5. The present regulation addresses the norms applicable to the issuance of stablecoins as determined by the Digital Asset Issuance Act of El Salvador.

**REGULATIONS FOR ISSUANCE OF STABLECOIN PUBLIC OFFERINGS**

**Object**

Art. 1.- The purpose of these Regulations is the implementation and development of the provisions contained in the “Digital Asset Issuance Act” regarding the issuance of public offerings of stablecoins established in said Act, as well as the admission to trading of stablecoins on digital platforms.



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### **Scope of Application**

Art. 2.- Digital asset service providers duly registered as established by the CNAD, that issue stablecoins or offer stablecoins on their digital platforms, as well as the rest of the issuers established in article three (3) of these Regulations, shall be subject to these Regulations.

Algorithmic stablecoin issuances are excluded from these Regulations.

### **Stablecoins Issuer**

Art. 3.- The following may be stablecoin issuers:

- a) The State and its dependencies.
- b) Autonomous institutions.
- c) Banks, Cooperative Banks, Pension Fund Administrators, Insurance Companies, Investment Fund Administrators and Savings and Loan Companies authorized by the Superintendency of the System.
- d) Financial institutions domiciled abroad with qualification from the Central Reserve Bank as first-class banks (commonly known in Spanish as “banco de primera línea”) that are registered as providers of digital asset services according to the law and regulations in force.
- e) Digital asset service providers duly registered with the CNAD.
- f) Issuers that do not belong to the above categories and are registered and authorized before the CNAD to issue stablecoins.

In any case, the issuer must register with the CNAD in accordance with the provisions of article five (5) of these Regulations.



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## Definitions

Art. 4.- For the purposes of these Regulations, the following definitions shall be used:

- a) API: An application programming interface is a set of definitions and protocols used to design and integrate application software.
- b) Stablecoin issuer: Refers to the State or a person, natural or legal, private or public, that makes or promotes an offering to the public of stablecoins or seeks admission of a stablecoin for the purpose of selling or trading it on an exchange or trading platform, centralized or decentralized, whether regulated or not, and that meets one or more of the following three conditions:
  - i) It is domiciled in El Salvador.
  - ii) It is not domiciled in El Salvador but uses an exchange or trading platform that is domiciled in El Salvador.
  - iii) It is not domiciled in El Salvador but has the purpose of promoting or making a public offering of digital assets to potential acquirers in El Salvador, except in the case in which the potential acquirers initiate, on their own account, the commercial relationship with the offeror of such digital assets.

A digital asset service provider that supports stablecoin trading on its trading platform is not, by the mere fact of accepting such trading on its platform, an issuer.

A state or a person, natural or legal, private or public, that is registered to or seeks admission to promote an offering to the public of stablecoins shall only offer additional features or services over and above those included in the definition of a stablecoin if it has applied to and has obtained the approval of the CNAD.

- c) Stablecoin: A type of digital asset that that references, represents or is backed by an International Reserve Asset or basket of assets, and is designed to minimize price volatility relative to its reference assets.
- d) International Reserve Asset: Any currency, asset or basket of assets of wide circulation in local and international markets, legal tender as defined by the government of El Salvador (including Bitcoin), cash or cash equivalents, debt securities considered low risk (such as certificates of deposit, money market funds,



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reverse repurchase agreements and Treasury Bills), gold and other commodities, other stablecoins approved by the CNAD for use as stablecoin reserve assets, loans collateralized by liquid assets (cash, cash equivalents and Bitcoin) and other investments deemed appropriate by the CNAD.

Permitted reserve assets must meet the definition of being assets liquidable in thirty (30) days or assets liquidable in more than thirty (30) days.

An asset liquidable in thirty (30) days shall be considered to be one that can be converted into cash or used to settle financial obligations in thirty (30) business days or less without incurring a significant loss of Fair Market Value.

An asset liquidable in more than thirty (30) days is one that takes greater than thirty (30) days to convert into cash or used to settle financial obligations, but which can be sold within a timely manner without causing a material impact on Fair Market Value of the asset. Considering the redemption rights of investors and the demands of the public, the timely manner will be defined and approved by the Commission.

This definition and the conversion requirements are not exhaustive and the CNAD reserves the right to grant waivers with respect to any provision of the reserve requirements to one or more issuers when it deems appropriate.

- e) Redemption: The ability of a stablecoin to be converted automatically or in a timely manner by an international reserve asset.
- f) Asset Reserve: These are the International Reserve Assets that the issuer has available to meet its redemption obligations with the stablecoins it issues.
- g) Fair Market Value: Fair market value is a term that designates the current value of an asset, or the price for which it would be sold on the open market.



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## **Application and Information for the Stablecoin Issuer Register**

Art. 5.- Entities interested in becoming stablecoin issuers must apply for registration with the CNAD. For authorization to be entered in the Stablecoin Issuer Register, the legal representative or proxy of the interested entity must submit an application to the CNAD, accompanied by the following documentation:

- a) In the case of a legal person, provide a general description of its business or usual line of business, domicile and include a copy of the issuer's articles of incorporation, its amendments, if any, registered in the Registry of Commerce, as well as the current bylaws, if any, duly filed in the corresponding registry or, if applicable, the legislative decree of creation.
- b) In the case of a legal person, a list of the partners, associates or shareholders, with their participation in the capital of the company, the type and number of the current identity document and Tax Identification Number, if applicable. Said list must contain updated information as of the date of presentation of the application, as well as a copy of the valid identity document and Tax Identification Number of the persons whose participation is equal to or greater than ten percent of the issuer's capital stock. In case the shareholder is a company, the information of the last beneficiary must be submitted, unless the company is listed in an organized and regulated stock market, for which this requirement is not necessary.
- c) In the case of a legal person, list of the issuer's administrators, indicating the type and number of identity document, Tax Identification Number, as well as a copy of the credentials of the Board of Directors, administrative proxies and administrators, indicating the respective period of functions, duly registered in the corresponding registry, attaching a copy of the current identity document, Tax Identification Number, and curriculum vitae accrediting professional or business experience of each one of the administrators.
- d) In case of a natural person, full name, Single Identity Document number, resident card or passport, and address.
- e) In case of a natural person, list of the administrators of the business, type and number of identity card or passport and Tax Identification Number of each one of them.



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- f) Audited financial statements of the issuer corresponding to the last three fiscal years prior to the application, by an external auditor. In the case of issuers that have been in existence for less than three years, they must submit the audited financial statements they have as of the date of the application. In any case, if the company does not have audited financial statements, but can demonstrate an active presence of more than three years in the local or international markets of digital assets, it may submit attestations by an external auditor. In the case where the issuer does not have audited financial statements, on a go-forward basis from the date of its qualification to issue stablecoins, the companies must, within six (6) months of the end of its financial year as a registered stablecoin issuer in El Salvador, comply by submitting a copy of its auditor's report in respect of its financial statements to the CNAD.
- g) Copy of the issuer's Tax Identification Number.
- h) Indicate the URL of the issuer's main website.
- i) Clearly identify the jurisdictions, countries or territories in which they carry out their operations.
- j) Provide a list of the digital assets they have issued in public offerings.

In the application, the issuer must establish the place or means to receive notifications and the designation of the persons commissioned for such purpose. Any change or update to the information provided for registration must be sent to the CNAD no later than ten (10) business days after the change or update. The documentation related to this application is confidential. The issuer registration and issuance process may be carried out simultaneously.

In the case of the Ministry of Finance, the Central Reserve Bank and Autonomous Entities that issue stablecoins, the registration requirement will be fulfilled with a request expressing their interest in being part of the issuer's register.

In any case, if the issuer lists or trades the stablecoin on its own or a third party's platform, it must be registered as a digital asset service provider with the CNAD.





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### **Information Required for Stablecoin Issuances**

Art. 6.- Every stablecoin issuer shall present to the National Commission for Digital Assets the following information:

- a) A description of the amount of stablecoins to be issued, the type of international reserve asset to be used and the amount of reserve assets in such currency.
- b) A description of its plans and the procedure related to the creation and destruction of the stablecoins to be issued.
- c) Indicate the URL of its main website.
- d) The Distributed Ledger Technology protocols, or similar or analogous technology it uses.

Once the information referred to in the first paragraph of this article has been submitted to the CNAD, it will issue a “Resolution of No Objection” within a maximum term of five (5) business days, in case it does not find any inconvenience with the issuance. In case the information submitted is not complete, the CNAD will warn the applicant and establish a maximum term of fifteen (15) business days to submit the missing information and documentation. and the CNAD will then issue its pronouncement within the term established in the preceding paragraph. If the missing information and documentation is not completed, an “Objection” resolution will be issued, and the applicant will not be able to proceed with the issuance of its stablecoin. Additionally, an “Objection” resolution will also be issued in case the CNAD considers that the issuance of such stablecoin poses a risk to the stability of the digital asset ecosystem.

### **Admission of Stablecoins**

Art. 7.- When a digital asset service provider admits stablecoins issued in other jurisdictions for use on its digital platform, it shall request the information set forth in the preceding article from the issuer and provide it to the CNAD immediately.

The issuers of such stablecoins shall be subject to the process established in the previous article.



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Additionally, when a digital asset service provider admits stablecoins already duly registered with the CNAD, it will not be necessary to provide the information set forth in the previous article.

### **Creation and Destruction of Stablecoins**

Art. 8.- Upon primary issuance of stablecoins, the issuer shall immediately inform the CNAD and relevant service provider(s) of the creation and issuance of additional quantities of stablecoins, as well as the destruction of any quantity of such stablecoins.

Information regarding the creation and destruction of stablecoins shall be provided to the CNAD via an API on a monthly basis.

### **Reserve Assets**

Art. 9.- Issuers of stablecoins shall at all times maintain reserves of International Reserve Assets backing their stablecoins in circulation at a minimum ratio of one to one (1:1).

Art. 10.- The reserves must be at minimum seventy percent (70%) invested in assets liquidable in thirty (30) days and thirty percent (30%) invested in assets liquidable in more than thirty (30) days. In any case, reserve assets may not be invested in International Reserve Assets issued by companies related to the shareholders, main executives of the issuer or with any relationship that may generate a conflict of interest.

### **Affidavit**

Art. 11.- The issuer's legal representative will submit a monthly affidavit to the CNAD, attesting to the information on the reserves backing its stablecoins, their amount and the composition of their assets. Additionally, it must submit quarterly independent assurance opinions (commonly referred to as "attestations") performed by an external auditor on the accuracy of the amount of its reserves and the composition of the assets. The quarterly attestations must be published on the stablecoin issuer's website.

### **Information Request**

Art. 12.- The CNAD may request the information it deems relevant and timely from the stablecoin issuers to verify the provisions of the preceding article.





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### **Audit and Inspection**

Art. 13.- The CNAD will conduct periodic reviews of stablecoin issuers in order to verify the amounts of reserves held. These reviews may be carried out directly by the CNAD or by a third-party contractor.

The CNAD may initiate comprehensive and ongoing review and inspection procedures of stablecoin issuers, including analysis and verification of the amount of reserves held for the stablecoins issued, where the CNAD has reason to believe a stablecoin issuer has failed to maintain its obligations under these Regulations.

### **Custody of Reserve Assets**

Art. 14.- The stablecoin issuers shall inform the CNAD in which financial or digital institution, domiciled or non-domiciled, they keep in custody the reserves referred to in the preceding article, as well as when there is any change thereof. In any circumstance the issuer must guarantee that the custody is carried out, directly or indirectly, in accordance with the best practices and international standards.

The CNAD may request such information as it deems pertinent to verify the information referred to in the preceding subsection.

### **Insider Information**

Art. 15.- Duly registered stablecoin issuers shall be subject to the rules established for the use of privileged information of issuers of public offerings of digital assets..

### **Timing of Stablecoin Issuance Authorization**

Art. 16.- Once the CNAD has issued a Resolution of “No Objection,” the public offering of stablecoins shall be considered qualified.

In the case of stablecoins issued in other jurisdictions, countries or territories, and stablecoins that wish to be admitted on the digital platform of a digital asset service provider, the CNAD must also issue a resolution of “No Objection” so that these stablecoins may be traded on such platform. In this regard, digital asset service providers must immediately submit the list of stablecoins that have applied for admission to their platform.



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### **Grounds for Cancellation of Stablecoin Issuances**

Art. 17.- The CNAD may cancel the authorization of stablecoin issuances in any of the following situations:

- a) When the issuer has failed in its obligation to redeem the stablecoins.
- b) When the issuer does not have the reserves referred to in these Regulations.
- c) When a stablecoin presents a systemic risk to the stability of digital assets.
- d) When a stablecoin has been rated as high risk by any country, territory or jurisdiction.

### **High Risk Rating**

Art. 18.- The CNAD shall publish a list on its website of stablecoins that are considered to be of high risk to the public, and shall make appropriate amendments when it notices systemic risk of such stablecoins. Said list shall be called the “Risk List.” The stablecoins mentioned in such list may not be traded by any digital asset service provider, issuer or acquirer registered to operate under the Digital Asset Issuance Act of El Salvador.

Such prohibition shall be in effect within twenty-four (24) hours of its publication in the CNAD’s website. The CNAD may send emails to issuers and digital asset service providers with updates of the list.

### **Quarterly Report**

Art. 19.- The issuers must submit a quarterly report within the first twenty (20) days of the months of April, July, October of the current year and January of the following year, for their stablecoins issued.

The report shall contain at least the following:

- a) Name of Issuer.
- b) Name of the Stablecoin.



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- c) Name of the Project.
- d) Commercialization start date.
- e) Technical and commercial characteristics of said stablecoin.
- f) Evolution of the inherent risks of the product and its management since the last report submitted to the CNAD.

The Register shall be updated according to the information provided by the Issuers.

### **Risk Issuers**

Art. 20.- Stablecoin issuers shall be considered risky for the public when:

- a) The issuer or its representatives are involved in illicit activities, so declared by the competent courts of El Salvador.
- b) When the information shared to the public in the context of a public offering has been misleading, asymmetric or illicit.
- c) When the stablecoin issuer has not demonstrated that it has sufficient reserves as established in these regulations.
- d) When it carries out stablecoin issuances without the CNAD having received the information and having qualified the issuance.
- e) When the stablecoin issuer has been convicted by a competent authority of having defrauded the public in other jurisdictions, countries or territories.

### **Fees and Charges**

Art. 21.- Fees for the registration and administration services of the Stablecoin Issuers Register, as well as for the qualification for public offerings of stablecoins will be as follows:



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- a) Pay an amount equivalent to one basis point (0.01%) of the amount of the qualified public offering at the time of receiving the authorization for the requested issuance of stablecoins.
- b) Pay fifty U.S. dollars (US\$ 50), or its equivalent in Bitcoin, for each certification of the resolution issued for the qualification of the stablecoin issuance.

In the case of stablecoin issuers, they must inform the amount of stablecoins they plan to issue during the next twelve (12) months and pay the corresponding fee for that amount. In case the amount issued is greater than the projected amount at the end of the twelve (12) months, they must pay the corresponding fee for the stablecoins that were not included in the initial projection.

In particular cases that that it is not possible to project the issuance for the next twelve (12) months, and this is duly justified, the issuer must report its initial projection with a minimum of one (1) stablecoin. The issuer must pay for it and, at the end of the calendar year, must calculate the actual net issuance of stablecoins and pay the amount equivalent to one basis point (0.01%) of the net amount offered. In no case shall the amount to be paid exceed three hundred thousand U.S. dollars (US\$ 300,000).

The State, the Ministry of Finance, the Central Reserve Bank of El Salvador and autonomous institutions are exempted from the fees and charges established in this article.

### **Unforeseen Aspects**

Art. 22.- Non-regulatory aspects of these Regulations shall be resolved by the Board of Directors of the CNAD.

### **Validity**

Art. 23.- This decree shall enter into force eight (8) days after its publication on the CNAD's web page.

These Regulations were approved by the National Commission for Digital Assets through



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its Board of Directors, in Session No. CNAD-025-2023, dated ten of July, two thousand twenty-three and published on its web page on eleven of July, two thousand twenty-three.

