

**DECREE NO. 643****THE LEGISLATIVE ASSEMBLY OF THE REPUBLIC OF EL SALVADOR,****WHEREAS:**

- I. Art. 101 of the Constitution establishes that the State shall promote economic and social development through increased production, productivity, and the rational utilization of resources. Furthermore, it shall foster various sectors of industry, commerce, and services. Consequently, the State must harmonize existing laws with the most significant changes in the global economy.
- II. Art. 102 of the Constitution of the Republic establishes that the State is obligated to foster and protect private initiative by creating the necessary conditions to enhance national wealth for the benefit of the greatest number of inhabitants.
- III. The global economic environment is increasingly interconnected and digitized. As a result, El Salvador must adopt innovative measures that enable it to compete for attracting foreign direct investment from leading global technology companies.
- IV. The Legislative Assembly approved the Bitcoin Law on June 9, 2021, thereby legalizing such digital assets in the country, and acknowledging that this has created a significant new sector within our economy, it is essential to establish mechanisms allowing public and private sector entities to issue public offerings of digital assets.
- V. The significant growth in the financing market through digital assets in recent years has made it crucial to establish regulatory frameworks to govern such issuances within the country.
- VI. The digital asset market has grown rapidly over the past twelve years, so it is vital to allow the State, autonomous institutions, the Central Reserve Bank, and the private sector to obtain financing within this new market.
- VII. Since public offerings generally aim to finance themselves with resources from the general public, it is necessary to establish clear legal norms to protect the interests of investors.
- VIII. It is essential to issue regulations governing public offerings of digital assets and the provision of digital asset services.

THEREFORE,

In use of its Constitutional powers and at the initiative of the President of the Republic through the *Ministerio de Economía*,

DECREES the following:



DIGITAL ASSETS ISSUANCE LAW

Chapter I General Aspects

Object of the Law

Art. 1.- The purpose of this Law is to establish the legal framework that grants legal certainty to the transfer operations at any title of digital assets that are used in the issuance of public offerings carried out in the territory of El Salvador; as well as to regulate the requirements and obligations of issuers, digital asset service providers, and other participants involved in the public offering process, with the objective of promoting the efficient development of the digital asset market and protecting the interests of acquirers.

Scope of Application

Art. 2.- This Law applies to public offerings of digital assets within the territory of El Salvador, as well as to issuers, digital asset service providers, and other participants in public offerings.

Digital Asset

Art. 3.- A digital asset is a digital representation that can be stored and transferred electronically, using a Distributed Ledger Technology system or similar or analogous technology, in which records are linked and encrypted to protect the security and privacy of transactions.

As a fundamental characteristic, digital assets can be owned, exchanged, transferred, traded, and promoted by natural and legal persons.

Digital assets are not considered securities and, therefore, the provisions related to securities, as contained in the Commercial Code, the Securities Market Law, the Law on Electronic Securities, the Law on Electronic Securities Annotations in Account, and the Investment Law, are not applicable in any respect.

Notwithstanding the above, the certification issued by a digital asset service provider duly authorized by the *Comisión Nacional de Activos Digitales* regarding the digital assets referred to in this law, shall have the status of an executive title in accordance with the rules contained in the Civil and Commercial procedural code.

(1)

Exclusions

Art. 4.- The provisions of this Law are not applicable to:

- a) Digital currencies issued by central banks of another country, jurisdiction or territory.
- b) Digital assets that, by virtue of a law prior or subsequent to this Law, are legal tender in any country, territory, or jurisdiction, insofar as their monetary regulation is concerned, and when their use is intended for the exchange of goods and services, except for goods categorized as digital assets and the services established in Articles 19 and 26 of this Law:



- c) Digital assets that can only be exchanged for a good or service that is provided by the issuer of that digital asset or by a limited number of providers of that good or service.
- d) Digital assets that cannot be traded or exchanged.

Definitions

Art. 5.- For the purposes of this Law, the terms detailed below shall have the following definitions:

- a) Reference asset: An asset that serves as a basis or reference for determining the price or value of a digital asset, such as fiat money, intangible assets or stable currencies.
- b) Digital Wallet: An electronic device or mobile application that enables transactions through the exchange of digital asset units and scriptural money and is also known as an "electronic wallet".
- c) Certifier: Legal entity that performs a financial, legal, technical and administrative analysis of the material and relevant information of the public offerings contained in the Relevant Information Document, and issues and submits a report on the issuer's compliance with the formal and substantive obligations to the *Comisión Nacional de Activos Digitales*;
- d) Smart Contract: A computer program which uses distributed registration technology or a similar or analogous technology, and which is implemented when certain predetermined conditions are met. It is typically used to automate the execution of an agreement so that all participants can have certainty about the outcome without the need for an intermediary.
 - a) Based on the agreement between the parties, these programs can be self-executing, judicially enforced, or executed in a combined manner. The certification of the content of the smart contract issued by a digital asset service provider, duly authorized by the *Comisión Nacional de Activos Digitales*, shall have the status of an executive title in accordance with the rules contained in the Civil and Commercial Procedural Code. (1)
- e) Stable Currency: A type of digital asset designed to minimize price volatility and that references, represents or is backed by an asset or basket of assets.
- f) Digital Asset Derivative: A type of contract that uses a digital asset as its underlying digital asset or is paid for in digital assets, such as futures contracts, options and swaps.
- g) Underlying Digital Asset: A digital asset that serves as the basis or reference for determining the price or value of a derivative digital asset.
- h) Scriptural Money: A type of money represented by book entries, usually held in bank deposit accounts.
- i) Relevant Information Document: A document that informs the general public of the most significant aspects of any public offering of digital assets, such as the clear identification of the issuer, the characteristics, and the objectives of the issuance. This document must specify whether the



interests, profits, income, or returns from the public offering will be paid in book-entry money or in digital assets.

j) Issuer: Refers to the State or a person, natural or legal, private or public, that makes or promotes an offer to the public of digital assets or seeks admission of a digital asset 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:

- 1) Is domiciled in El Salvador.
- 2) It is not domiciled in El Salvador but uses an exchange or trading platform that is domiciled in the country.
- 3) It is not domiciled in El Salvador, but its purpose is to promote or make 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 bidder of such digital assets.

A digital asset service provider that allows the trading of digital assets on its trading platform shall not, solely by virtue of permitting such trading on its platform, be deemed an issuer.

k) Public Offering of Digital Assets: It is a technical or commercial proposal made to the general public, in a massive way, with the objective of commercializing or selling digital assets.

l) Public Debt Offering: A type of public offering of digital assets that establishes a credit obligation of the issuing entity or another entity in favor of the acquirer.

m) Public Offering of Ownership: A type of public offering of digital assets that establishes property rights in favor of the acquirer in the issuing entity or another entity.

n) Income Public Offering: A type of public offering of digital assets that establishes the acquirer's right to receive income or cash flows in fiat currency or digital assets of any nature, including profits, earnings, or yield distributions.

o) Funds: These are the economic resources obtained from bills and coins, scriptural money, electronic money and digital assets.

p) Market Integrity: Fair, efficient and transparent access to a market in terms of pricing information, marketing practices and disclosure standards.

q) LRU or Uniform Resource Locator (better known by the acronym URL, from the English Uniform Resource Locator): It is a sequence of characters used to assign a unique address to each information resource available on the Internet.

r) Primary Market: A market in which issuers and acquirers participate through a centralized or decentralized platform in the trading of public offerings of digital assets, regulated or not, in the purchase and sale of such digital assets when they are offered to the public for the first time.



- s) Secondary Market: A market in which digital assets are traded for the second or more times by acquirers or their representatives, without the intervention of the issuers.
- t) Node: A point of intersection, union, or connection, either tangible or abstract, where multiple elements converge and communicate with one another. It contains a sequence of commands that contribute to the overall command sequence of a digital or computational system.
- u) Digital Platforms: Digital infrastructures that allow two or more acquirers to interact and exchange digital assets for other digital assets or fiat money.
- v) Digital Asset Service Provider: A natural or legal person whose ordinary business involves providing one or more of the digital asset services detailed in Article 19 of this Law and who meets one of the following two conditions:
 - 1) Is domiciled in El Salvador.
 - 2) It is not domiciled in El Salvador but actively promotes or markets services to potential clients in the country.
- w) Digital Asset Services: Refers to the services detailed in Art. 19 of this Law.
- x) Rules for Public Offerings of Digital Assets: Refers to the laws, regulations, instructions, technical standards, guidelines, and any regulations issued by the competent authority that are used for public offerings of digital assets.
- y) Distributed Registry Technology: A database system in which information is consensually recorded, shared and synchronized in a network of multiple nodes and in which most copies of the databases are considered equally authentic.
- z) Token: A digital asset that is used as a unit of accounts in a network, based on Distributed Registration Technology or a similar or analogous technology.

The regulations of this Law may develop additional terms for the better functioning of the digital asset market.

Chapter II

Comisión Nacional de Activos Digitales

Creation and Address

Art. 6.- The *Comisión Nacional de Activos Digitales* is hereby established, hereinafter referred to as “the Commission” as a decentralized, non-corporate institution of public law, endowed with legal personality, its own assets, budgetary autonomy, and a special budget.



The *Comisión Nacional de Activos Digitales* shall be affiliated with the Executive Branch through the Ministry of Economy.

The Commission shall be domiciled in the city of San Salvador and shall be authorized to establish offices anywhere within the national territory or abroad.

The Commission shall be attached to the Ministry of Economy and shall receive resources from the general budget of the nation and from the fees referred to in Art. 12 of this law. (1)

Assets (1)

Art. 6-A.- The assets of the Commission shall be composed of the following resources:

- 1) State contributions.
- 2) The income it receives for the services corresponding to its function, such as the fees referred to in Art. 12 of this law.
- 3) Movable and immovable property acquired by any title from the state, municipalities, public or private entities.
- 4) Income from donations, inheritances, legacies in any form granted directly by individuals.
- 5) Income from international cooperation or from any country or other type of organization.
- 6) Funds derived from income, royalties, interest, profits and fruits obtained from its movable and immovable property or as the result of its financial operations; and
- 7) Other income or assets of any kind that it acquires under any title, including those arising from the granting of a concession (1).

Institutional Budget

Art. 6-b.- The Commission's operating budget shall be integrated by the allocations of the general fund of the nation and the projected income from its own resources, which will be allocated and granted in each fiscal year.

The Commission shall prepare and submit its budget and salary structure to the Executive Branch through the Ministry of Economy, in accordance with its needs and objectives. The Ministry shall incorporate it into the budget proposal and submit it for approval to the Legislative Assembly through the Ministry of Finance, subject to prior approval by the Board of Directors. The budget must include operational and investment expenses for the corresponding fiscal period. (1)



Competent Body

Art. 7.- The Commission is responsible for the implementation of the regulations described in this Law, its regulations and other rules of public offering digital assets.

The Commission, in its actions related to the public offering of digital assets, shall weigh the rights of the acquirers of digital assets and the general public, the promotion of innovation and competitiveness.

Protection of the acquirers of Digital Assets

Art. 8.- The *Comisión Nacional de Activos Digitales* shall verify that the issuance of public offerings of digital assets is carried out in accordance with the applicable obligations, ensuring the integrity of the market and the provision of due information to the acquirers.

Powers of the *Comisión Nacional de Activos Digitales*

Art. 9.- The Commission shall have the following powers:

- a) Promote and strengthen the conditions for the development of the digital assets market in El Salvador.
- b) Decide on the authorization of public offerings and any other request submitted to the Commission; authorize, suspend, or cancel public offerings that violate the provisions of this Law and its regulations.
- c) Manage and continually update the Registers of Issuers, Certifiers, Digital Asset Service Providers, and Public Offerings of digital assets.
- d) Authorize, suspend, revoke and cancel the registration of Digital Asset Service Providers, in accordance with the provisions of this Law and its regulations, as well as suspend negotiations and operations of digital assets.
- e) Establish safeguard mechanisms for digital assets issued in public offerings.
- f) Authorize, suspend, revoke and cancel the registration of certifiers.
- g) Register and unsubscribe issuers in the respective registry.
- h) In cases of non-compliance by an issuer, suspend the sale or commercialization of the issuer's digital assets.
- i) Establish standards of good commercial conduct and ethical guidelines that must be followed by digital asset service providers, with violations potentially leading to sanctions.
- j) To certify the Relevant Information Documents in case there are no authorized certifying entities.



- k) Examine, oversee and supervise the activities of Digital Asset Service Providers and any other entity subject to the supervision of this Commission.
- l) Ensure that Digital Asset Service Providers, Certifiers, Issuers and Acquirers comply with this Law and its regulations.
- m) To carry out inspections, proceedings and investigations established in the regulations of this Law.
- n) Impose the sanctions established in this Law.
- o) To dictate norms and technical standards, as well as guides and instructions, applicable to this Law and its regulations.
- p) To issue, amend and revoke agreements, guidelines and instructions related to the application of this Law and its regulations.
- q) Issue guidelines and technical regulations applicable to stable currencies, including proof of funds or backing of the value of such currencies, as well as all relevant documentation that issuers of such digital assets must submit to the Commission in order to make public offerings.
- r) To settle consensual agreements between subjects under the scope of this Law, when there is a risk to the integrity of the digital asset market.
- s) To acquire and dispose of, under any title and in accordance with the applicable regulations, the goods and services necessary for the fulfillment of their objectives.
- t) To issue its internal regulations and establish its organizational structure.
- u) Charge fees for the registration of Digital Asset Service Providers and Certifiers, as well as for their administration and issuance of respective certifications.
- v) To collect the fees for the authorization of public offerings and certifications established in this Law.

Organization and Operation

Art. 10.- The highest authority of the Commission shall be the Board of Directors, which shall be composed as follows:

- a) A full-time principal appointee, who shall serve as the Chairman of the Commission, along with their respective alternate, appointed by the President of the Republic.
- b) A full-time principal designer and their respective alternate, appointed by the Secretariat of Commerce and Investments of the Republic.
- c) One full-time proprietary appointee and his or her respective alternate, appointed by the Ministry of Economy.



Powers of the Board of Directors

Art. 11.- The Board of Directors shall have the following attributions:

- a) Approve strategies for the promotion of investments in digital assets, in accordance with government policies.
- b) Approve and modify the Commission's work plans and financial programming.
- c) Approve the special budget of the commission for each fiscal year, containing the resources from the general fund of the nation and the projection of income from its own resources, as well as its corresponding salary system, to subsequently send it to the ministry of the economy so that it may be forwarded to the Ministry of Finance for the corresponding legal process; (1)
- d) Approve the organizational structure of the Commission for its operation and the job description manual, considering the suitability for the performance of the functions.
- e) Create advisory committees of digital asset advisors and trainers.
- f) Authorize the contracting of the external audit.
- g) Authorize the Chairman of the Board of Directors to initiate preliminary negotiations for donations, in accordance with legal regulations, to fulfill the purposes of the Commission.
- h) Approve the number of payments for services rendered by the Commission.
- i) Approve the Commission's Internal Working Regulations, as well as other applicable internal regulations.
- j) Evaluate the results obtained and reorient strategies, when necessary.
- k) Enter into acts, agreements and contracts with individuals or legal entities, as well as with public or private, national or foreign entities.
- l) Incorporate corporations, joint stock companies or any other type of company to make investments on behalf of the Commission.
- m) Issue special technical and operational regulations.
- n) Such others as may be necessary for the fulfillment of the purposes of the Commission, within the framework of this Law



Fees and Charges

Art. 12.- The fees for the registration and administration services of the Registry of Digital Asset Service Providers, as well as for the authorization of public offerings, shall be as follows:

- 1)** Digital Asset Service Providers, including Certifiers, shall:
 - a)** Pay, for one time only, an initial registration fee equivalent to fifteen minimum salaries of the commerce and services sector.
 - b)** Pay an annual registration renewal fee equivalent to ten minimum wages for the commerce and services sector during the first quarter of the year.
 - c)** Pay fifty United States dollars, or its equivalent in bitcoin, for each additional registration certificate issued to them in addition to the original.

- 2)** The issuers shall:
 - a)** Pay an amount equivalent to zero-point zero one percent (0.01%) of the qualified public offering at the time of receiving the authorization for the requested issuance, as established in the Relevant Information Document.
 - b)** Pay fifty United States Dollars, or its equivalent in bitcoin, for each certification of the resolution issued by the issuance enablement.

In the particular cases and that due to the nature of the stable currency the issuance of the next twelve (12) months cannot be projected, and this is duly justified, the issuer shall report its initial projection with the minimum of one (1) coin, as well as pay for this, and at the end of the calendar year shall calculate the actual net issuance of coins and pay the amount equivalent to zero point zero one percent (0.01%) of the net amount that was offered, in no case shall the amount to be paid exceed three hundred thousand dollars of the United States of America (U.S.D).01% of the net amount offered, in no case shall the amount to be paid exceed three hundred thousand dollars of the United States of America. (1)

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.

Additionally, the Commission may charge for services rendered to digital asset service providers, issuers, certifiers, acquirers and requesters of any type of information.

Chapter III Bitcoin Fund Management Agency Bitcoin

Bitcoin Fund Management Agency



Art. 13 - The Bitcoin Fund Administration Agency, hereinafter referred to as “AAB” or “The Agency”, is hereby created as a public law institution, non-centralized, non-corporate, with legal personality and its own assets, budgetary autonomy and special budget.

AAB shall be attached to the Ministry of Economy and shall receive resources from the general budget of the nation and from the fees referred to in Art. 16, letter d) of this law. (1)

AAB shall have its domicile in the city of San Salvador and shall be empowered to establish offices anywhere in the national territory and abroad.

Assets (1)

Art. 13-A.- The assets of the agency shall be composed of the following resources:

- a. State contributions;
- b. The income it receives for the services corresponding to its function, such as: the fees referred to in Art. 16, letter d) of this law;
- c. Movable and Immovable property acquired by any title from the state, municipalities, public or private entities;
- d. Income from donations, inheritances, legacies in any form, granted directly by individuals;
- e. Income from international cooperation or from any country or other type of organization;
- f. Funds derived from income, royalties, interest, profits and fruits obtained from its movable and immovable property or as proceeds from its financial operations; and,
- g. Other income or assets of any kind that it acquires under any title, including those arising from the granting of a concession (1).

Institutional Budget (1)

Art. 13-B.- The operating budget of the agency shall be composed of allocations from the general fund of the nation and the projection of revenues from its own resources, as designated and granted for each fiscal year.

The agency shall submit its budget and salary schedule to the executive branch in the ministry of economy, in accordance with its needs and objectives, so that the executive branch may incorporate it into the budget proposal and present it for approval to the legislative assembly through the ministry of finance.

The budget must include operating and investment expenses for the corresponding fiscal period. (1)



Competent Body

Art. 14.- The Bitcoin Fund Management Agency is responsible for the administration, safekeeping and investment of: i) the funds from the public offerings of digital assets made by the State of El Salvador and its autonomous institutions, and ii) the returns from such public offerings.

The AAB in its actions related to public offerings of digital assets should prioritize investment in public works and projects.

Organization

Art. 15.- The AAB shall be managed by an administrator appointed by the President of the Republic for a period of five years, who shall be responsible for the legal, judicial and extrajudicial representation of the Agency.

Powers

Art. 16.- The AAB shall have the following powers:

- a) To manage and safeguard all funds from public offerings of digital assets made directly by the state of El Salvador or any of its autonomous institutions, being able to contract or develop the necessary information systems. (1)
- b) Diligently invest funds from public offerings made by the State or any of its autonomous institutions;
- c) Prioritize the investment of the funds it administers in public works and projects that benefit the entire population;
- d) Charge management fees for the funds it invests and manages up to a maximum of zero point five percent;
- e) To issue its internal regulations and establish its organizational structure;
- f) Control and monitor the entities in which it has made investments;
- g) To carry out direct contracting as it deems necessary to carry out its operations, according to the procedure established in Chapter V, Title IV of the Public Administration Procurement and Contracting Law;
- h) Sign cooperation agreements with autonomous institutions and other entities related to public offerings.
- i) Approve the Agency's special budget for each fiscal year, containing the resources from the General Fund of the Nation and the projection of income from its own resources, as well as the



corresponding salary system, and then send it to the Ministry of Economy so that it may be forwarded to the Ministry of Finance for the corresponding legal process.

- j) Carry out Due Diligence, selection and identification processes of the acquisition of Digital Assets Issues carried out by the state or any of its autonomous institutions, directly or through a Digital Asset Service Provider, duly registered as established by this law.

The AAB shall open bank or cryptographic accounts for the purpose of receiving, safeguarding, storing and disbursing funds from public offerings of digital assets issued by the State or any of its autonomous institutions.

Obligations

Art. 17.- The AAB shall have the following obligations:

- a) Act with transparency and honesty in the management of the funds administered;
- b) Provide a public quarterly report on the management of invested funds;
- c) Diligently evaluate the projects in which it plans to invest;
- d) When investing in equity and debt securities, ensure they present the lowest possible risk;
- e) Constantly analyze new investment opportunities for the funds under management;
- f) Any other obligation established by the regulations of this Law.

Chapter IV Digital Asset Service Providers

Registry of Digital Asset Service Providers

Art. 18.- The Registry of Digital Asset Service Providers, hereinafter referred to as the Registry, is hereby created and shall be administered by the National Commission on Digital Assets.

The following must be observed for the registration of Digital Asset Service Providers:

- a) Digital Asset Service Providers, regulated by this Law, may only offer and provide digital asset services if they are registered with the National Commission of Digital Assets of El Salvador;
- b) A Digital Asset Service Provider that is offering digital asset services prior to the entry into force of the regulations for the Registry of Digital Asset Service Providers shall be governed by the provisions of Art. 44 of this Law;
- c) Any natural person wishing to register in the Registry referred to in this Art. must present his Single Identity Document or resident card. Additionally, he/she must indicate his/her place of domicile in the country;



- d) Any legal entity wishing to register in the Registry referred to in this Art. must submit its legal personality. In the case of foreign legal entities domiciled in another country, jurisdiction, or territory, they must establish a corporation or branch domiciled in El Salvador and duly registered with the National Registry Center, and submit the legal personality of said entity to the Commission.

Digital Asset Services

Art. 19.- Digital asset service providers may perform the following activities:

- a) Exchange of digital assets for fiat money or equivalent or for other digital assets, either using own capital or that of a third party;
- b) Operating a platform for the exchange or trading of digital assets or derivative digital assets;
- c) Risk and price assessment and underwriting of digital asset issues;
- d) Place digital assets in digital platforms or wallets
- e) Promote, structure and manage all types of investment products in digital assets;
- f) The following operations when they are carried out on behalf of and in favor of third parties:
 - 1. Transferring digital assets or the means to access or control them, between natural or legal persons or between different acquirers, electronic wallets or digital asset accounts;
 - 2. Safeguarding, custody or management of digital assets or the means to access or control them;
 - 3. Receiving and transmitting orders for the purchase or sale of digital assets or the trading of derivative digital assets;
 - 4. Execute orders to buy or sell digital derivative assets.
 - 5. Issue certifications of the Digital Assets and Smart Contracts referred to in this law, in accordance with the guidelines established in the corresponding regulations issued by the commission. (1)

The National Commission of Digital Assets may, through technical and operational regulations, as well as instructions and guides, create procedures and define the necessary forms for the optimal implementation of the aforementioned services.

Art. 19-A.- The Central Reserve Bank may authorize providers of Digital Asset Services to access securities payment and settlement systems, for which it must comply with the law, international conventions



ratified by El Salvador and the technical regulations issued by the standards committee of the Central Reserve Bank (1).

Requirements to be a Digital Asset Service Provider

Art. 20.- The requirements for registration as a Digital Asset Service Provider are as follows:

- a) Demonstrate that you have the ability to offer the digital services you indicate in your registration form;
- b) In case it offers the services set forth in paragraphs a), b), d) and f) of the preceding Art., provide a list of the digital assets it plans to sell or trade, including the benefits, restrictions, and limits of such digital assets, as well as any type of financial and commercial restrictions. It shall also implement appropriate cybersecurity standards relevant to its platform for the operations to be carried out, as defined by the Commission;
- c) Provide a detailed description of its organizational structure, including but not limited to names, positions and specific functions;
- d) Demonstrate that it has a coherent and efficient customer service system, corresponding to the nature of the service it will provide;
- e) For service providers already registered, they must pay an annual fee for the renewal of such registration during the first quarter of each year, regardless of the date of initial registration, according to the amounts determined in this Law. In case payment is not verified during said period, their registration will be cancelled.

The Commission shall establish the technical, financial and commercial parameters to be met by service providers through the regulations of this Law.

Once the information required in this Law and the corresponding regulations has been submitted to the digital asset service providers in the application format determined by the Commission, the Commission shall have a term of up to twenty (20) business days to issue a favorable or unfavorable resolution. If the request is incomplete, it shall notify the applicant of such situation and shall warn the applicant to complete the information within five business days. Once all the missing information has been received, the Commission will issue its resolution. If the complete information is not submitted, the Commission will issue an unfavorable resolution, and the service provider may file again its application for registration.

If the resolution is favorable, the service provider must pay the fee established in this Law. After verification of compliance with the requirements and payment of the corresponding fee, a registration number will be assigned.

Registered service providers shall pay an annual fee for the renewal of such registration during the first quarter of each year, regardless of the date of initial registration, according to the amounts determined in this Law. In case payment is not verified during said period, their registration will be cancelled.



Obligations of Digital Asset Service Providers

Art. 21.- Digital asset service providers shall comply with the following obligations:

- a) Register as a digital asset service provider in the respective registry;
- b) Conduct its activities with honesty and integrity, according to the guidelines of good business conduct and ethical standards established by the *Comisión Nacional de Activos Digitales*;
- c) Pay due attention to the interests and needs of each and every one of its customers and communicate with them in a clear, fair, balanced and non-deceptive manner, in accordance with the nature of the service provided;
- d) Provide accurate and readily available information on their digital platforms about the services they offer;
- e) Comply with the instructions of the *Comisión Nacional de Activos Digitales* and other competent authorities and provide them with the information they request;
- f) Act diligently, according to the parameters and standards established by the *Comisión Nacional de Activos Digitales*, when admitting the marketing or sale of a digital asset on their platforms or infrastructure, as well as in the public offerings they promote and admit on their platforms, although they shall not be responsible for the yields or returns offered by the issuers, nor for the veracity of the financial data they present to the public;
- g) Establish a customer service department, accessible by telephone, e-mail or other easily accessible means;
- h) Maintain adequate financial and non-financial resources, as established by the *Comisión Nacional de Activos Digitales*;
- i) Manage and control its business effectively, and conduct it with due skill, care and diligence, taking into account the risks to its business and its customers;
- j) To arrange and implement effective mechanisms for the protection of digital assets and fiat money of issuers and acquirers, when these are in its custody;
- k) To provide and apply effective mechanisms to prevent price manipulation and maintain market integrity, as established in Art. s 33, 34 and 35 of this Law;
- l) To have and implement effective corporate governance mechanisms, when applicable;
- m) Report quarterly to the Commission the prices they charge for the services they offer, including all types of commissions and specific charges;



- n) Implement information systems that are secure and maintained with a high level of quality and cybersecurity, in accordance with international criteria and parameters that have been adopted and established by the Commission;
- o) Have systems in place to prevent, detect and disclose financial crime risks, such as money laundering and terrorist financing;
- p) To have a contingency plan for the orderly and solvent liquidation of its activity;
- q) Inform the Commission of the cessation of activities and request the description of the corresponding registry;
- r) Immediately inform the Commission each time they admit a stable currency for trading on their platform, including the technical and commercial characteristics of such stable currency.

Chapter V Public Offerings

Section I Issuers and Certifiers of Public Offerings

Requirements of Issuers

Art. 22.- Issuers, including those issuing stable currencies, may carry out the public offerings regulated by this Law, provided they comply with the following requirements:

- a) In the case of a legal entity, provide a general description of its business or usual line of business, including its date of incorporation and registration with the competent authority and domicile; and in the case of a natural person, full name, Unique Identity Document number, resident card or passport, and address;
- b) Indicate the LRU of your main website;
- c) Clearly identify the jurisdictions, countries or territories in which they operate;
- d) Provide a list of digital assets that have been issued in public offerings in other jurisdictions, countries or territories during the last three years;
- e) Comply with all requirements and conditions established in the regulations and technical standards issued by the Commission;

All the aforementioned information must be included in the Relevant Information Document that issuers must submit for their public offering to be certified and authorized. The requirements mentioned in the previous paragraph will be considered fulfilled once the issuer's public offering is authorized by the Commission.



However, issuers shall report any modification to the information mentioned in the first paragraph of this Art. within a term not exceeding ten working days from the date the modification was made.

With the exception of the requirement established in paragraph e) of this Art., the State, the Ministry of Finance and the Central Reserve Bank of El Salvador are exempted from the requirements mentioned in this Art.

Art. 23.- Once the public offering of an issuer is authorized by the Commission, the issuer shall automatically become part of a registry of issuers administered by the *Comisión Nacional de Activos Digitales*.

Other aspects related to the organization and operation of the Issuers' Registry, including the procedures and formats to be used, will be developed in the respective regulations.

Deregistration from the Issuers Registry

Art. 24.- The issuer's registration shall be deregistered in the following circumstances:

- a) When issuers voluntarily request to the *Comisión Nacional de Activos Digitales* their deregistration, verifying that they have no enabled public offerings pending to be issued and have complied with their obligations in previous enabled public offerings;
- b) When one of the public offerings of an issuer was cancelled by the Commission, and it has no pending compliance with the obligations of previously qualified public offerings, the issuer will be deregistered from the Register and will not be able to be part of it again for a period of one calendar year;
- c) In case the issuer has a qualified public offering pending to be issued, and another of its public offerings was cancelled by the Commission, it will not be able to carry out the public offering that is qualified and will be unregistered from the Register and will not be able to be part of it again for a period of one calendar year.

The regulations of this Law shall establish the procedures for the suspension or cancellation of the registration of issuers.

Responsibilities of the Issuers

Art. 25 - Issuers shall be responsible for the truthfulness of the data reported in their public offerings, as well as for the information and documentation they provide to the certifiers and to the Commission.

Issuers, either on their own account or through a third party, shall have effective mechanisms in place to control and safeguard the funds or other digital assets obtained during the public offering. Additionally, they shall explain how the funds or other digital assets obtained during the public offering are held in custody.

In addition to the provisions of the preceding paragraphs of this Art., issuers must comply with the following obligations on an ongoing basis:



- a) Act with honesty, impartiality and professionalism in all their dealings with the acquirers and potential acquirers as provided by the Commission;
- b) Maintain updated all information relevant to the requirements established in Art. 22 of this Law, when applicable;
- c) Keep books, records and other documents, in electronic form, of the transactions related to the public offerings it has made in the form prescribed by the *Comisión Nacional de Activos Digitales*;
- d) Comply with the obligations established in Art. s 33, 34 and 35 of this Law;
- e) Comply with the regulations, instructions, technical standards, guidelines and any other rules issued by the *Comisión Nacional de Activos Digitales*.

Additionally, when conducting a public offering of digital assets, issuers must comply with the following obligations:

- a) Perform a diligent analysis of the digital assets that are issued in their public offerings, both in their technical and commercial functionality;
- b) Communicate the most relevant aspects of the public offer to the acquirers in a clear and not misleading manner;
- c) Maintain records and relevant electronic documents related to the public offerings they make in the form indicated by the Commission;
- d) Present, prepare and keep its financial statements updated when requested by the Commission;
- e) Maintain at an LRU address all information pertinent and relevant to the public offerings it has issued, including all information contained in the Relevant Information Documents of such public offerings.

The technical and operational regulations will establish the procedure that issuers must follow to carry out public offerings.

Role of the Certifiers

Art. 26.- Every public offering of digital assets must comply with the corresponding authorization process, for which, as a preliminary stage, certifying entities shall conduct a comprehensive analysis of the requirements of such public offering, as established in the Law, regulations, guidelines, technical standards, manuals, and any other normative provisions issued by the *Comisión Nacional de Activos Digitales*.



Subsequently, the certifying entities shall issue a report containing their analysis of the feasibility of the proposed public offering, whether favorable or unfavorable, which shall, in all cases, be submitted to the Commission. Only favorable reports shall be considered as certified.

Requirements for Certifiers

Art. 27.- In order to be a certifying entity, it must be registered before the *Comisión Nacional de Activos Digitales*, and must comply with the following requirements: be an entity that within its organization has at least five (5) years of experience in financial, tax, legal, administrative or related matters, which may be accredited in a personal capacity by the members or shareholders that make up the entity, who must hold university degrees of higher education, in order for the entity to assume the experience of its members.

Registration of Certifiers with the *Comisión Nacional de Activos Digitales*

Art. 28.- The *Comisión Nacional de Activos Digitales* shall keep a registry of the authorized certifying entities in the country, for which purpose it shall require the following information and duly legalized documentation:

- a) Deed of incorporation of the company duly registered with the competent authority and the list of shareholders, which must be updated annually;
- b) Institutional organization chart;
- c) International organizational structure, if applicable;
- d) Curriculum vitae of the partners or shareholders, with their respective attachments and certifications of the titles that accredit them;
- e) Initial balance sheet and financial documentation;
- f) Valid company registration;
- g) Tax Identification Number.

Once the application for registration has been filed, the *Comisión Nacional de Activos Digitales* will have a term of up to twenty (20) business days to issue a favorable or unfavorable resolution. In case the application is incomplete, it will notify the applicant of such situation and will warn to complete the information within five working days. Once all the missing information has been received, the Commission will issue its resolution. In case the complete information is not submitted, the Commission will issue an unfavorable resolution, and the entity may resubmit its application for registration.

If the resolution is favorable, the certifier must pay the fee established in this Law. After verification of compliance with the requirements and payment of the corresponding fee, a registration number will be assigned.



Registered certifiers shall pay an annual fee for the renewal of such registration during the first quarter of each year, regardless of the date of initial registration, according to the amounts determined in this Law. In case payment is not verified during said period, their registration will be cancelled.

Responsibility of the Certifiers

Art. 29.- The certifying entities shall have the following responsibilities:

- a) Financial and technical evaluation of the viability and feasibility of public offerings proposed by issuers;
- b) Evaluate and report to the *Comisión Nacional de Activos Digitales* on the financial, technical and legal risks of public offerings proposed by issuers;
- c) To issue a comprehensive opinion, favorable or unfavorable, with respect to the certification of the proposals of the public offerings and communicate it to the *Comisión Nacional de Activos Digitales*;
- d) Keep the confidentiality of information and documentation received by potential issuers confidential;
- e) Refrain from participating in or advising on any operation that generates indications of suspicion of illicit activities;
- f) Inform the Attorney General's Office of possible illicit acts detected in the evaluation of public bids;
- g) Meet the regulations, instructions, technical standards, guidelines and any other rules issued by the *Comisión Nacional de Activos Digitales*.

The technical and operational regulations shall establish the procedure governing the work of the certifiers.

Section II Issuance of Public Offerings of Digital Assets

Issuance of Public Offerings of Digital Assets

Art. 30.- It shall be understood that there is an issue of a public offering of digital assets when these are offered to the general public, on a massive basis, with the purpose of marketing or selling such digital assets.

The public offerings referred to in the preceding subsection may be made by issuers, as defined in this Law, using existing digital assets, and building, through them, new digital assets, such as tokens offering a yield on a specific digital asset platform or creating entirely original digital assets by the issuer.



Public offerings may be made by the State, the Ministry of Finance, the Central Reserve Bank, autonomous institutions, as well as private individuals and legal entities.

Exclusions from Public Offerings of Digital Assets

Art. 31.- The offerings of digital assets or their derivatives that are made privately are excluded from the provisions of this Law relating to public offerings.

Relevant Information Document and Qualification of a Public Offering

Art. 32.- Every issuer shall prepare the Relevant Information Document when it plans to make a public offering.

The Relevant Information Document must be certified by an entity duly authorized by the *Comisión Nacional de Activos Digitales*.

Once the document has been certified, it will be submitted to the Commission for approval, and once the issue is approved, the Commission will make the contents of the Relevant Information Document available to potential acquirers at its LRU address.

The content and parameters to be included in this document, as well as the certification and emission qualification procedure, will be established in the corresponding technical and operational regulations.

Admissions or requests for admission of a stable currency in a digital platform domiciled in El Salvador are excluded from the obligation to submit the Relevant Information Document.

Competitiveness

Art. 33.- Digital asset service providers are obliged to supply products at economically competitive prices and under economically competitive conditions. Such prices, including commissions or specific charges, shall be directly related to the nature of the service provided. Digital asset service providers must inform the Commission of all prices and fees charged for the services they offer. Additionally, they shall inform users in a clear and visible manner, on the LRU address of their main website or on their digital platforms and applications, all amounts charged, including all fees and specific charges.

Both issuers of public offerings and service providers of digital assets shall inform potential acquirers of the terms and conditions of the public offerings they make or market prior to the execution of the marketing, transfer or sale and purchase transactions. Acquirers are presumed to have given their consent and acceptance of the terms and conditions of the offer, as well as of their obligations and rights, when carrying out the transfer or purchase of digital assets.

In addition, digital asset service providers shall identify, with their identity documents and other necessary information, all acquirers of digital assets from public offerings enabled by the Commission that are traded on their digital platform or application. Additionally, they may also deny the sale or acquisition of a digital asset to any potential acquirer that does not comply with the aforementioned identification and information



transparency requirements. The respective procedures related to the identification and transparency of acquirers will be developed in the respective regulations.

Issuers of public offerings and digital asset service providers shall refrain from the following actions, as applicable:

- a) Transmitting or planning to transmit false or misleading signals to the public offering it issues, its demand or the price of the digital assets offered;
- b) Fixing the price of one or more digital assets in coordination with other issuers or market participants in a manner that causes illicit enrichment for the issuers.
- c) Carrying out a transaction, giving a trading order or any other activity or conduct that affects or may affect the price of one or several digital assets, using fictitious mechanisms or any other form of deception or artifice;
- d) Disseminating information through the media, including the internet, or by any other means, that implies false or misleading signals as to the supply, demand or price of a digital security;
- e) Coordinate pricing mechanisms for digital assets offered;
- f) Perform actions that seriously undermine the stability and integrity of the digital asset market;
- g) Coordinate purchase schemes for digital assets, prior to the issuance of the public offering, resulting in unusually high price conditions for the network and technology in which the operation is developed;
- h) Any other practice that the *Comisión Nacional de Activos Digitales* through a reasoned resolution determines that inhibits the proper functioning of the market.

However, both issuers and service providers of digital assets have the discretion to design public offerings and marketing plans for digital assets that establish specific standards. Such standards may establish broad restrictions and limits on the purchase, trading or acquisition of digital assets for citizens or residents of certain jurisdictions, countries or territories.

Market Integrity

Art. 34.- Issuers and service providers of digital assets must implement appropriate measures to ensure that the market maintains its integrity and prevent market abuse and manipulated sales.

Any other action that the *Comisión Nacional de Activos Digitales* establishes as a practice that undermines the integrity of the market may be warned by means of a reasoned resolution issued by the Commission.



Market Manipulation

Art. 35.- Issuers and service providers of digital assets shall refrain from actions that result in market manipulation. Such actions are the following:

- a) Damaging or delaying the operation of the digital asset trading platform or engaging in any activity that may have that effect;
- b) Making it difficult for others to identify authentic orders on the digital asset trading platform or engaging in any activity that may have that effect, including issuing orders that destabilize the normal operation of a digital asset trading platform;
- c) Creating a false or misleading signal about the supply, demand or price of a digital asset, in particular by issuing orders to initiate or exacerbate a trend or engaging in any activity that may have that effect;
- d) Taking advantage of access to a traditional or electronic means of communication for the purpose of expressing an opinion on a digital asset after having carried out transactions for or against such digital asset and benefiting from the repercussions of the opinion expressed on the price of such digital asset, without having simultaneously disclosed the nature of such transactions and of their interests;
- e) Any other action that the *Comisión Nacional de Activos Digitales* establishes as market manipulation practice by means of a reasoned resolution.

Benefits

Art. 36.- Issuers of digital assets, duly registered digital asset service providers, certifiers, and acquirers of digital assets, as well as public offerings of digital assets, shall be governed by the following rules and shall enjoy the benefits detailed below:

- a) The yield on digital assets will be determined at the time of the transaction, in accordance with the conditions of the digital asset market. Digital assets may have a discount or prize, according to the practice of the digital asset market in which they are issued;
- b) The nominal value and the income or income from digital assets will be exempt from all kinds of levies, taxes, and contributions, of any kind and nature, present or future, whether ordinary or extraordinary or even special. The capital gain or ordinary income obtained from the purchase or sale or any other mode of transfer of digital assets, including debt forgiveness, will be exempt from any type of taxation;
- c) Issuers, certifiers, and service providers of registered digital assets shall enjoy all the tax benefits established in paragraph b) of this article with respect to the activity related to digital assets that they carry out, being exempt from the Tax on the Transfer of Movable Property and Provision of Services, Income Tax, Municipal Tax or any other tax regardless of its nature; for



the purposes of the provisions of this paragraph, he shall also be exempt from the obligation to withhold such taxes in the event that this obligation exists;

- d) In the case of legal entities, the tax benefits of paragraphs b) and c) shall apply both to the entity and to the partners or shareholders individually considered, with respect to the profits or dividends from the activities detailed in the previous paragraphs;
- e) The tax benefits established in the previous paragraphs will not apply when digital asset exchange operations are carried out for goods or services that are not detailed in Article 19 of this Law.

Chapter VI Infringements and Sanctioning Regime

Sanctioning Procedure

Art. 37.- The procedure for the determination of infractions, their sanction and prescription shall be governed by the provisions of Title V of the Sanctioning Power of the Law on Administrative Procedures.

Infringements and Sanctions

Art. 38.- Digital asset service providers, certifiers, and issuers of public offerings shall be subject to the following sanctions for the commission of infractions as detailed below:

- a) The following infringements will be sanctioned with a fine of up to one hundred and fourteen minimum wages of the commerce and services sector for each infraction:
 - 1) For service providers and certifiers, do not register in the respective Registries;
 - 2) Omitting the information, records, notices, data, explanations and extensions required by the *Comisión Nacional de Activos Digitales* or its auditors or providing incomplete reports, including data related to public offerings of digital assets, without just cause;
 - 3) Failure to meet with the standards of good conduct and ethics established by the *Comisión Nacional de Activos Digitales*
- b) The following infringements will be sanctioned with a fine to be determined between one hundred and fifteen minimum wages and three hundred and five minimum wages of the commerce and services sector for each infraction:
 - 1) Admit or market on its digital platform digital assets without the due authorization of its issuance by the *Comisión Nacional de Activos Digitales*;
 - 2) Perform any of the actions set forth in the fourth paragraph of Art. 33, as well as the actions set forth in Art. 35 of this Law;



- 3) Refusing to comply with the resolutions issued by the *Comisión Nacional de Activos Digitales*, in accordance with the procedures established in this Law and its regulations;
- 4) Refusing to provide information requested by the Commission related to public offering issues of digital assets, digital asset services and users of digital platforms or applications, as applicable;
- 5) Providing wrong or erroneous information to the *Comisión Nacional de Activos Digitales* without correcting it, when prevented within the term established by the Commission.

If the fine imposed as a consequence of the infraction committed is cancelled five working days after it has become final, a surcharge of twenty percent of the total value of the fine imposed will be applied.

- c) Issuers that fail to comply in a clear and material manner with the terms and conditions established in their Relevant Information Document will be sanctioned with a fine to be determined between three hundred and six and one thousand two hundred minimum wages of the commerce and services sector; if the fine imposed as a consequence of the infraction committed is cancelled five working days after it has become final, a surcharge of twenty percent of the total value of the fine imposed will be applied.
- d) Issuers will be sanctioned with a fine of up to one percent of the total value of the initial public offering for committing any of the following infractions:
 - 1) To issue digital assets without the proper authorization from the *Comisión Nacional de Activos Digitales*;
 - 2) Concealment of material and relevant information regarding a public offering. The Commission will consider the determination of a higher fine when the concealed information is related to the financial, commercial and technological risks of such offer.
- e) In the case of certifiers, when a resolution is issued determining a breach of their responsibilities and the guidelines issued by the *Comisión Nacional de Activos Digitales* through regulations, administrative resolutions and application guides, they will be sanctioned with the suspension of their functions for a period of forty-five calendar days. After such period, an internal hearing, conducted by the *Comisión Nacional de Activos Digitales*, will be held to determine whether to permanently revoke the certifier's status or to authorize it to continue its functions.

The regulations of this Law shall establish the procedures for the suspension or cancellation of the status of certifier and the holding of the hearing mentioned in the preceding paragraph.

Criteria for the Establishment of Fines

Art. 39.- The Commission shall impose the respective fines taking into account the following criteria:

- a) The seriousness of the infraction;



- b) The damage caused, either to the acquirers of the Digital Assets or to the integrity of the Digital Assets market;
- c) Indications of intentionality;
- d) The ability to pay and the effect of the penalty on the reparation of the damage to the injured purchasers.

Mitigating and Aggravating Factors for Sanctions

Art. 40.- The sanctions shall be mitigated by seventy-five percent when the infringer remedies the non-compliances, omissions or inaccuracies in which he has incurred, voluntarily, once the *Comisión Nacional de Activos Digitales* has requested or summoned him, and he does so during the first five days of the term established by the Commission. In case it does so after the five days, but it is within the established term, no mitigation shall be applied.

Penalties will be aggravated when there is recidivism. This shall be understood as such when the same obligation is not complied with again, or when, having established the sanction, it is not remedied within the determined term. In this case, the applicable sanction will be increased by fifty percent and no mitigating factors will be applicable

Funds Received

Art. 41.- The funds from the imposition of sanctions shall be paid into the General Fund of the State

Chapter VII Other Provisions

Electronic Signature

Art. 42.- The *Comisión Nacional de Activos Digitales* shall accept the electronic signature, as long as it complies with the requirements established in the Electronic Signature Law, in all its administrative procedures and proceedings, including the presentation of documents and requests for information that the issuers, certifiers and service providers of Digital Assets make. Such electronic signature shall have the same validity and the same legal and evidentiary effects as a handwritten one.

General Regulations

Art. 43.- The President of the Republic shall approve the general regulations of this Law ninety days after its entry into force.

Provisional Registry of Service Providers



Art. 44.- The service providers of Digital Assets that are operating, prior to the entry into force of this Law, shall apply for their registration in the Registry by complying with the requirements set forth in Art. s 18 and 20 of this Law, within ten working days after the Law enters into force. Upon requesting their registration, they may obtain a provisional registration which shall be valid for six months.

If they do not submit their application within the term established above, they will not be able to continue their operations and must submit their application once the respective regulations enter into force, complying with all the requirements established by this Law and the Regulations.

Certification of the Relevant Information Document by the Commission

Art. 45.- As long as there are no entities accredited and registered as certifiers, the *Comisión Nacional de Activos Digitales* shall carry out the certification process of the Relevant Information Documents.

Prevalence

Art. 46.- This Law shall prevail by criteria of specialty, over any other norm or legal provision that totally or partially opposes or contradicts it.

Validity

Art. 47.- This Decree shall enter into force eight days after its publication in the Official Gazette.

GIVEN IN THE BLUE ROOM OF THE LEGISLATIVE PALACE: San Salvador, on the eleventh day of January of the year two thousand and twenty-three.

ERNESTO ALFREDO CASTRO ALDANA, PRESIDENT

SUECY BEVERLEY CALLEJAS ESTRADA,
FIRST VICE-PRESIDENT.

RODRIGO JAVIER AYALA CLAROS,
SECOND VICE-PRESIDENT

GUILLERMO ANTONIO GALLEGOS NAVARRETE,
THIRD VICE PRESIDENT.

ELISA MARCELA ROSALES RAMÍREZ,
FIRST SECRETARY.

NUMAN POMPILIO SALGADO,
SECOND SECRETARY.

REYNALDO ANTONIO LÓPEZ CARDOZA,
THIRD SECRETARY.

REINALDO ALCIDES CARBALLO,
FOURTH SECRETARY.

PRESIDENTIAL HOUSE: San Salvador, on the twenty-third day of January of the year two thousand and twenty-three.

PUBLISH,

NAYIB ARMANDO BUKELE ORTEZ,



President of the Republic.

MARÍA LUISA HAYEM BREVÉ,
Minister of Economy.

D. O. N° 16
Volume No. 438
Date: January 24, 2023

AMENDMENT:

- (1) D. L. NO. 781, JUNE 27, 2023;
D. O. N°132, T. 440, JULY 17, 2023

LR
14/08/23



GLOSARY

1. **Agencia Administradora de Fondos Bitcoin:** Bitcoin Fund Administration Agency
2. **Comisión Nacional de Activos Digitales:** National Commission of Digital Assets
3. **Ministerio de Economía:** Ministry of Economy

