

To:

Comisión Nacional de Valores
25 de Mayo 175, Ciudad de Buenos
Aires, Argentina

December 2, 2024

**Comments and Suggestions to the Public
Consultation under CNV's RG 1025/2025**

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Coinbase Global (**Coinbase**) appreciates the opportunity to respond to RG N° 1025, (**the VASP Regulation**) published by the Comisión Nacional de Valores (**CNV or the Regulator**).

Coinbase started in 2012 with the idea that anyone, anywhere, should be able to send and receive Bitcoin easily and securely. Today, we are publicly listed in the United States and provide a trusted and easy-to-use platform that millions of verified users in over 100 countries rely on to access the crypto economy.

Coinbase believes that fit for purpose regulation will accelerate the already significant adoption of digital assets in Argentina. We commend CNV for crafting a regulatory regime that balances providing local protections while still allowing Argentinians to access the global crypto market.

We appreciate CNV's efforts in publishing a thoughtful proposal and are grateful for your consideration of our comments. We look forward to continuing to work with CNV and stand ready to assist in any way.

Yours sincerely,



Fabio Tonetto Plein
Regional Managing
Director, Americas
Coinbase



Tom Duff Gordon,
Vice President,
International Policy,
Coinbase

Introduction

Coinbase's mission is to increase economic freedom for people around the world, and we are inspired by the vibrant energy and entrepreneurial spirit of Argentina. Argentinians are embracing cryptocurrency as a powerful tool to unlock new opportunities, gain greater autonomy over their economic lives, and seamlessly connect with the global economy. Crypto is not just a trend, it's a pathway for people in Argentina to build their financial future and access new avenues of growth. At Coinbase, we're excited to be part of this transformative journey, empowering individuals in Argentina to embrace a more open, borderless, and financially inclusive world. Argentina is highly significant in terms of crypto adoption, ranking 15th globally and 2nd in LATAM¹

For those reasons, we commend the CNV for driving regulatory clarity and digital asset adoption in the region with the proposed VASP Regulation. The VASP Regulation appropriately recognizes that digital markets are global by design. Similar to protocols underlying the internet, permissionless blockchains have no national boundaries and can be accessed by anyone. Sending a digital asset is like sending an email; it can be sent to anyone, anywhere. It is critical, then, that the trading of digital assets is supported by global liquidity pools, ensuring that a local user in one jurisdiction is not disadvantaged relative to users in other jurisdictions. We applaud CNV for recognizing this core feature of crypto markets.

As we discuss in more detail below, local protections should be appropriately tailored to ensure that customers can also benefit from global liquidity. While the VASP Regulation already contemplates many of these features, it is silent or unclear on others. We urge the CNV to amend the VASP Regulation to permit all aspects of a global trading model.

Specifically, we urge the CNV to expressly allow a VASP (registered locally either as a broker, branch or representative office) to be able to route orders to a single source of global liquidity provided that it does so with full transparency with a customer. To support a global trading model, the CNV should avoid any requirements to fully localize the provision of custody. Not only would this impair the efficiency of trading, but it would also be inconsistent with globally best practices for geographically dispersed approach to key management.

Of course a global model must be complemented by local protections, particularly legal protections, and on this front, we believe that CNV generally strikes the right balance by adopting principles based requirements to achieve customer protection goals without stifling innovation. We also applaud CNV's disclosure-based approach to suitability. However, CNV is too prescriptive in dictating the contents of disclosures and requiring that they be displayed on all marketing materials.

¹ Chainalysis, [Latin America's Search for Economic Stability](#), (October, 2024).

We urge CNV to abandon this approach in favor of allowing VASPs the discretion to determine the content and location of disclosures within a set of guidelines. Today's trading is largely app and web-based with significant emphasis placed on user interface and experience design. VASPs employ design experts whose role it is to ensure the best user experience with customers able to intuitively navigate mobile interfaces; they are best positioned to design a customer-centric approach to disclosures that are understandable and meaningfully available to customers, avoiding the click through problem.

Finally, we encourage CNV to take a considered and incremental approach to adopting a regulatory framework for crypto assets. It is critical to implement an incremental and appropriately tailored framework to avoid any setbacks to the development of the crypto asset ecosystem in Argentina. Regulation at this early stage should focus first on the oversight of centralized crypto asset activity given that many of the activities are already well developed and otherwise entail familiar concepts and traditional business models. This approach also mitigates the risk of inadvertently curtailing innovation in permissionless/blockchain ecosystems outside of traditional finance. To this end, we encourage CNV to expressly state that the VASP regulation is focused on centralized providers and excludes from its scope decentralized protocols.

We have provided detailed comments on the VASP Regulation in the text below. In many cases these comments are supplemented by proposed revisions to the VASP Regulation, which is appended to our submission. We look forward to further discussions with you on these and any related topics.

Detailed Responses

The proposal appropriately acknowledges the global nature of crypto markets

As introduced above, we believe that allowing customers in Argentina to access global liquidity in a safe and regulated way is in their best interests and we applaud the CNV for recognizing this fact. The execution benefits of allowing Argentinian consumers to access global liquidity pools will be immediately tangible to customers who would otherwise unduly suffer from wider spreads, worse price execution from any local liquidity provision requirements. Notably, according to Chainalysis only 7.3% of global crypto volume is traded in Latin America².

We agree with the CNV's approach to permit access to global liquidity while maintaining local supervision through an appropriately tailored regulatory framework for centralized actors operating in Argentina. We believe this can be done through the use of a locally registered VASP broker, subject to Argentine regulation, that is able to route customers

² Chainalysis, [Latin America Cryptocurrency Adoption: Data and Analysis](#), (October, 2023).

orders to a single global liquidity pool. Doing so would achieve optimal market efficiency and outcomes for customers while retaining a responsible party in Argentina at the customer interface. To maintain appropriate oversight and transparency, the registered Argentine broker and the non-Argentine exchange affiliate should enter into intra-affiliate agreements setting out the terms of the order execution or introducing process. This approach would be consistent with rules designed for traditional financial services (e.g. MiFID in the EU).

We recognize that for some foreign businesses registering a branch or representation office, as contemplated by the proposed VASP Regulation, may be more attractive than establishing a standalone broker in Argentina. As we set out in more detail below, the proposal should more clearly explain how a branch or representation office would comply with various VASP requirements – doing so would allow market participants to more fully evaluate the feasibility of this model and compliance expectations. For instance, it is important to know whether a branch or representation office were expressly allowed to just introduce or route the transactions to the foreign exchange – the latter model would be more adaptable to a broker-type scheme, like the one we propose.

In support of a global model, we strongly urge CNV to avoid adopting any localized custody requirements that undermine the implementation of security best practices. As we noted above, the temptation to restrict custody practices to fully local staffing and systems would serve to weaken the security of the custody services provided to customers. Moreover, and as we discuss in more detail below, access to global liquidity benefits from the use of global settlement wallets, ensuring atomistic settlement and maximal operational and capital efficiency.

Local consumers should have access to large and sophisticated custodians that can provide access to institutional-grade services. We believe that registrants in Argentina should have access to these custodians. Preventing well-established global market participants from entering the market by requiring a separate local custodian would undermine efficiency and customer protection by opening up additional attack vectors due to lower economies of scale and by concentrating operational and security risk in a single jurisdiction. Notably, the operation of a crypto asset service provider requires a high degree of technical skill and specialization, and forcing the full localization for global market participants will unnecessarily constrain labor pools and a custodian's pursuit of building the most significant team possible, regardless of a customer's domicile.

A better approach is for the CNV to allow a local registrant to enter into a custody or sub-custody arrangement with any custodian, whether foreign or local, that meets certain safety standards or is regulated by a similar framework in its home jurisdiction, including by submitting itself to regular third-party audits. If these technical requirements are met, and there is sufficient legal certainty about the ownership of customer assets

(i.e. satisfaction of bankruptcy remoteness), then there should be no reason to require custody to be solely conducted locally.

Further, while the proposed VASP Regulation seems to allow the possibility to delegate the custody and management of the assets into another VASP (i.e., Articles 15(b) and 16), the VASP Regulation should clarify better that such other VASP may be a foreign entity registered as a custodian in another jurisdiction that provides similar or equivalent standards and regulatory oversight as the ones expected by the CNV for Argentine custodians. In addition, in the case of foreign custodians that register locally through a branch, representation office or subsidiary model, such branch, representation office or subsidiary should be allowed to just refer the customers' custody to the foreign affiliate entity, through appropriate intercompany agreements, without need for the local structure to localize the custody in the territory.

Custody requirements should recognize the operational realities of crypto markets

Global crypto markets also require a global approach to custody and the CNV should implement a framework that recognizes how global business practices have developed to ensure that customers have the access to secure custodial arrangements while also retaining access to deep liquidity pools.

First among the considerations is safeguarding and bankruptcy remoteness, recognizing that requirements can be implemented without overly prescriptive localization. As noted above, ideally customer assets should be permitted to be held with any custodian or sub-custodian provided the custodian is regulated, has in place sufficient security and controls to safeguard customer assets, and ensures that customer assets are bankruptcy remote.

Second, while the majority of customer assets can be held in individually segregated offline storage, we urge CNV to clarify that customer assets may be held in omnibus settlement wallets with assets of other customers, provided the separate ledgers are used to track each customer's assets. While it is imperative that customer assets be segregated from corporate assets used for proprietary purposes, individual segregation of customer assets in unique wallets is not required to achieve customer protection outcomes. Moreover, the use of omnibus settlement wallets is often required to transact (trades and transfers) on a trading venue, to allow for prefunding and ensure instantaneous settlement.

Finally, CNV should allow a VASP to add a de minimis amount of its own assets to customer settlement wallets to ensure operational efficiencies. The house-origin assets added to these omnibus accounts should be solely for the purposes of facilitating transactions and should be treated as belonging to customers for all relevant purposes, including in the event of insolvency, which some regulators have already required.³ This practice allows a VASP to pay for a customers' network or "gas" fees, and to temporarily bridge the movement of customer assets between cold and hot storage for immediate order execution, without using one customer's assets to cover another customer's trading fees or requirements.

This approach is consistent with how many regulated TradFi entities operate today. For example, in the United States, CFTC-regulated futures commission merchants are required to add a de minimis amount of their own funds to customer omnibus accounts to ensure that they never use one customer's assets to pay for another's obligations.

CNV should allow multi function entities/ corporate groups, subject to appropriate management of conflicts of interest

We applaud CNV for permitting a single entity to carry multiple permissions. Unique features of digital asset markets and blockchain technology allow for market structure and operational innovations that benefit customers. But, while the VASP Regulation allows multifunction entities and corporate groups, it directs VASPs to "refrain from incurring conflicts of interest"⁴ and includes several other directives that are unnecessarily in tension with and could arguably entirely impede operations of certain multifunction combinations.

Conflicts exist and are appropriately addressed throughout the traditional financial ecosystem, and similar regulatory treatment should be afforded the digital asset ecosystems. Customers can benefit greatly from the consolidated tech stacks brought about by affiliate combinations. For example, combining exchange and certain custodial functions in the same entity increases the efficiency of each function. Today, Coinbase is able to provide both exchange and certain custodial services through an integrated global platform. Combining order matching and custody makes markets safer and more efficient. The combination allows transactions to settle in real time, removing counterparty credit risk and the need to pledge collateral during the settlement period to protect against settlement failure, as well as the cost of the intermediary that would otherwise serve to protect against failure. This offers an improvement to the current system, and a potentially

³ See NYDFS, [Guidance on Custodial Structures for Customer Protection in the Event of Insolvency](#), at n.7 (Jan. 23, 2023).

⁴ Article 23(d)

significant reduction in inefficiencies and potential harm that consumers could face as a result of delayed settlement, especially during periods of high volatility.⁵

Similarly, an affiliation between an exchange and broker allows markets to operate more efficiently and at a lower cost to customers. Permitting this combination provides another vector on which brokers can compete with for customer business and encourages them to improve their order matching algorithms in order to draw customers. This combination allows for economies of scope and reduces operational complexity by permitting straight-through processing of customer orders within the same technology stack. In addition, this combination of activities has already been accepted in the TradFi context. For example, in the United States, Alternative Trading Systems are a common structure that allows a registered broker to operate its own exchange-like platform. As a result, there are also existing mitigants to any potential risks posed by this combination, including requirements related to best execution, order routing, and execution quality reporting.

While we strongly agree that conflicts of interest, when unmitigated, can lead to adverse customer outcomes, we think it is impracticable to simply avoid or attempt to prohibit them all together. The potential for conflicts of interest exists in all business combinations and it is prudent to recognize that the TradFi system has never eliminated conflicts of interest. These conflicts are allowed to persist because the risks can be mitigated, and the benefits of doing so far outweigh the costs and inefficiencies of a strict prohibition on multi-function TradFi intermediaries. We urge CNV to make clarifying changes to the VASP regulation to ensure that beneficial combinations are permitted to operate, provided the potential for conflicts of interests are appropriately managed.

Specifically, in lieu of requiring a VASP to refrain from incurring conflicts of interest, we would urge the CNV to require VASPs to “have in place policies and procedures reasonably designed to ensure that any conflicts of interest arising from the operation of the VASPs business are appropriately identified and mitigated.”

There are a number of safeguards that CNV registrants and their affiliates with combined functions could employ to comply with this provision, including:

- Simple to understand, written disclosures can help customers understand any potential conflicts of interest, including the capacity in which the contracting entity

⁵ A notable example of this inefficiency in the United States is the GameStop episode in 2021, which highlighted the potential harm to consumers within the current regulatory system. A sharp spike in retail trading caused a dramatic increase in the volatility and trading volume of GameStop shares. As a result, some brokers needed to suspend trading because National Securities Clearing Corporation models required capital in excess of what was being held. Such an episode could have been averted with real-time settlement as currently practiced in crypto-asset markets.

is acting, any affiliates that may be involved in a transaction, and the corporate group's overall governance structure and inter-company relationships.

- Separate governance (including independent directors on the board) and management can help ensure that decisions by lines of business within a single entity or entities within a single corporate group are made independently.
- Well-constructed and well-understood information barriers can minimize opportunities for improper use of information by different business lines or affiliates.
- Clear articulation of the duties that employees have to customers can clarify whose interests need to be considered by employees.
- Requirements that affiliated entities treat each other no better than they would treat a similarly situated unaffiliated party maintain the integrity of markets.

We believe these safeguards can effectively address the vast majority of potential downsides, enabling the benefits of combining functions to be realized in a competitive marketplace. Moreover, these safeguards, and the overall approach of mitigating and managing the risks of a conflict of interest *without* prohibiting combined functions, would be consistent with the approaches taken by other global regulators, including in Brazil and the EU and as recommended by IOSCO.

Consistent with this approach, we urge the CNV to revise Article 23(e) of the VASP Regulation, which currently provides that a VASP should “refrain from proposing the purchase and sale of Virtual Assets for its own portfolio, when it has pending client transactions of the same nature of a given virtual asset.”⁶ We believe that this restriction is unnecessarily broad given the different rationale a VASP might have in purchasing or selling virtual assets for its own portfolio and could impede necessary risk management and inventory management activities that a VASP might need to undertake. In commonly traded assets like BTC and ETH, complying with this provision could mean that the VASP is never able to trade those assets for its own portfolio.

Therefore, instead of a full prohibition, we think that a VASP should be directed to put in place safeguards to ensure that customer orders are not known to persons who handle the VASP's own trading activities. This would be consistent with traditional financial market practices. The prohibition on a VASP's proprietary trading activity should then only apply when the individual proposing the purchase or sale of Virtual Assets knows that the VASP has pending client transactions of the same nature with respect to a given Virtual Asset. It would also be reasonable for CNV to require a VASP engaging in this kind of

⁶ Article 23(e)

proprietary trading to disclose that fact to its customer on a regular basis. Our proposed approach would be in line with that taken in TradFi. For example, in the United States, broker-dealers are generally prohibited from engaging in a proprietary trade while one of its customers has a pending order on the same side of the market. If, however, there is an information wall in place such that the proprietary trading unit is unaware of the customer's order, then the broker-dealer may continue to engage in proprietary trading so long as it has provided sufficient disclosure to its customers at account opening and on an annual basis thereafter.⁷

A VASP's duty to its client should reflect the nature of the relationship contemplated by the relevant category of activity

A VASP's customers are the core of its business and there is strong economic incentive to customers fairly. Doing so is critical to maintaining a strong customer base. Coinbase has long carried this as a core value, seeking to continuously be the most trusted name in crypto. Reflecting this principle in regulation, however, requires tailoring a VASP's precise obligations to its customers to the nature of the activity carried out.

Article 23 (a) of the VASP Regulation puts forth a single standard delineating a VASP's duty to its customers, that would require a VASP, regardless of its category of activity, "[t]o carry out its activities in an honest, impartial, professional, diligent and loyal manner in the best interest of its clients, without putting its own interests first to those of their clients, and ensuring the benefit of the latter and the proper functioning of the virtual assets they manage, market or promote."⁸ In our view a single standard is not appropriate for the multiple permissions that the VASP regulation envisions. Instead, we encourage the CNV to tailor a VASP's duty to its customer based on the nature of the VASP-customer relationship envisioned by the relevant category of activity and consistent with the customer's instructions. In addition, we urge the CNV to clarify that the required standard of care should not limit the ability of a multifunction VASP to develop all its permitted activities.

Under our proposed approach, a VASP that has multiple permissions would then have to comply with multiple duties of care, but only as relevant to a particular line of business. The benefits of this are multiple. First of all, it would ensure that a VASP has a clear view of what is expected of it when operating pursuant to a given permission. Second, a VASP would not be required to comply with a duty of care that may be inappropriate for or even hinder the sound operation of a particular business line. Third, articulating different and specific duties of care for multifunction VASPs is a further mitigant that the CNV can provide for the conflicts of interest that may arise in a multifunction VASP.

⁷ FINRA, Rule 5320 - Prohibition Against Trading Ahead of Customer Orders.

⁸ Article 23 (a)

CNV must clarify how the relationship with Payment Service Providers takes place

We support the requirement to segregate customers' fiat from the VASP's own funds, including the option to engage with registered Payment Service Providers (PSP) for this purpose, as it reflects existing local market practice.

However, the CNV should ensure that Article 18 does not limit other available options for the management of customers' funds that are also part of local market practice. This is especially important where payment accounts are not offered to customers and hiring a PSP is therefore not necessary (as offering payment accounts is the main function of regulated PSPs). For instance, it is not clear whether the customers' funds could be managed by the same VASP in a separate omnibus bank account reserved only for the funds of the VASP's customers, without hiring a PSP. In addition, we urge CNV to clarify that even when hiring a PSP, a VASP may deposit customers' funds in an omnibus payment account opened in the name of the VASP for the benefit of its customers, as a requirement to use individual accounts for each customer creates significant operational complexity and may not be suitable for services that do not intend to offer a payment account to customers.

For these reasons, we encourage CNV to clarify that using a PSP is merely a permissible option for ensuring the segregation of customers' fiat balances and that a VASP may also take other commonly accepted approaches (e.g., using a separate omnibus bank account in the VASP's name for handling the customers' funds) to achieve the same goal.

Disclosures are useful tools for customer education where appropriately deployed

We agree with CNV on the importance of disclosures in crypto asset markets, which we believe are the right tool to strike a balance between customer protection and providing customers with access to engage in the crypto asset ecosystem. We would urge CNV, however, to balance strict disclosure requirements with ease of use and comprehension for customers – additional disclosure does not protect customers if it is overwhelmingly long or complicated and they do not read it or cannot understand it. Moreover, not all disclosure is necessary or useful in all situations.

From experience with our customer base, we have found that risk warnings are best comprehended and internalized where there are fewer of them (between 2 and 3) and when they are highlighted in the logged-in experience just before a product or service is

accessed for the first time. A lengthy disclosure statement shown to a user during onboarding has the risk of not being properly read and understood (or accurately remembered at the appropriate time). Similarly, disclosure statements or legends on social media posts or mere institutional advertising, which are far removed from the moment of a transaction, are unlikely to effectively inform customers.

We believe that CNV should allow VASPs to retain a degree of flexibility to implement disclosures that are tailored to their specific set of crypto asset services and may be more intuitive for customers. In lieu of requiring disclosures or legends on all communications, the requirement to include risk disclosures should be limited to customer agreement and static FAQs on the website or app, but not required on all social media posts or institutional advertisements.

We also urge CNV to recognize the distinction between marketing that actively targets Argentinian customers, which should be subject to regulation by the CN, and media or content that Argentinian customers may access of their own accord, which should not be. The former includes emails sent directly to local customers or other targeted outreach; the latter includes social media posts hosted by a local VASP's foreign affiliate that do not specifically target the Argentinian market.

CNV should clarify the expectations of the Public Relations Officer and The Head of Regulatory Compliance and Internal Control

The Regulation creates two new roles for VASPs to employ: the Public Relations Officer and the Head of Regulatory Compliance and Internal Control. We would encourage the CNV to provide more detail on the expected responsibilities for these functions in order to help VASPs appropriately staff and comply with the VASP Regulation.

In addition, we believe the VASP Regulation should be amended to require the creation of a public relations department overseen by the Public Relations Officer to ensure that the appropriate level of attention is provided to customer questions and complaints. As currently drafted, the VASP Regulation would require the Public Relations Officer to handle and address every customer complaint personally, which may create an unnecessary bottle neck. Many customer complaints relate to minor issues – e.g., a comment on the user interface or our decision to not offer a particular product. Although minor, Coinbase takes customer complaints seriously and wants to ensure that customers have quick responses where appropriate. We think that empowering the Public Relations Officer to manage a public relations department under its supervision strikes the right balance between creating accountability for these obligations with a single executive while maintaining the flexibility for the VASP to determine that additional staff are needed to handle these obligations

CNV should clarify and simplify auditing and reporting requirements

We find it reasonable that the CNV expects registered VASPs to demonstrate compliance with prudential and security requirements through the preparation and submission of periodic audits, certifications and reports, as those would ensure independent verifications and would also contain statistical information that the Regulator may use to have and show a better sense of market behavior.

However, the different types and quantity of audits, certifications and reports required by the VASP Resolution (i.e., listed under Article 38) seem excessive, mainly considering other audits, certifications and reports that VASP should also prepare to comply with other local and foreign regulators. The CNV should avoid these audit and reporting requirements becoming overly burdensome, especially during the first stages of the VASP regime.

For instance, all audit, certifications and reporting obligations could be required only after the first year of registration as a VASP in the country, so to allow VASP to first adapt to the VASP regime and to avoid the submission of initial reports that would not reflect any significant transactions.

In addition, the accountant certification required for verifying the Minimum Net Worth should be required only on an annual basis, after the end of the fiscal year of the VASP, which is when the VASP would prepare its audited annual financial statements that could be used as a reliable basis by the accountant for purposes of the certification. If the CNV insists on a semi-annual certification it would require the preparation of intermediate financial statements, which would consume significant time and resources, mainly if the involved accountant requires for the accounting information to be audited.

Furthermore, in the case of a foreign VASP, it is not sufficiently clear under the VASP Resolution (Article 9) whether the Minimum Net Worth would need to be verified in the balance sheet of the local branch or representation, or if it could be verified in the balance sheet of the foreign headquarters. Under our proposed broker scheme, where the local entity, branch or representation only refers customers and routes transactions to the foreign affiliate, it would make more sense that the Minimum Net Worth could be verified in the balance sheet of the foreign affiliate or headquarters, given that the underlying services would be ultimately provided abroad.

CNV should exclude self-hosted wallets and decentralized protocols software from registration.

We encourage CNV to take a considered and incremental approach to adopting a regulatory framework for decentralized crypto asset activities. The risk of adopting an ill-designed framework at this early stage of innovation in the crypto asset ecosystem is

that Argentina's development in this sector could be set back significantly. We believe that it makes more sense to address centralized crypto asset activity first, given the fact that it is further along in its development, the relatively greater degree of overlap with familiar concepts and business models, and given its relatively larger size compared to decentralized activity. It is both more important and more straightforward, therefore, to develop a sophisticated, tailored regulatory framework for centralized activity than to risk the effectiveness of the framework by trying to stretch it to include decentralized activities as well.

This is the approach taken by major jurisdictions globally. For example, activity that is fully decentralized is excluded from the EU's Markets in Crypto Assets Regulation (**MiCA**). This is largely because it is not clear at this point whether or how decentralized finance (**DeFi**) and self-hosted wallets should be brought within the regulatory perimeter. For example, DeFi interfaces provide a narrow service to users; they surface information from the blockchain and create an interface for users to craft and sign their own transactions. While DeFi interfaces can disclose information about their own non-custodial services, they do not control the decentralized protocols and blockchains on which user transactions take place. It is important to explore whether DeFi interfaces could reinforce specific safeguards, such as wallet screening. However, it is critical to focus regulation on centralized entities (especially on and off ramps) through which any ill-gotten gains held by malicious actors would need to be funneled. Centralized entities have the resources, skills, and responsibility to fulfill regulatory requirements.

Finally, it is important to note that decentralized protocols are not limited to financial activity. Decentralized blockchains are a foundational technology for many other industries, including decentralized AI, social media, gaming or DePIN (decentralized physical infrastructure). Adopting an ill-designed framework that inadvertently affects permissionless innovation across these verticals risks significantly setting back Argentina's development in this sector.

Annex - Overview of Suggested Redlines

ARTICLE 1

- Article 1 To exclude of DeFi
- Article 5 To propose using legends solely on the firm’s website and in marketing directed at Argentinian customers, when possible.
- Article 6 Revisions to make requirements applicable to public companies, branches, representation offices and brokers

ARTICLE 2

- Article 8 Revisions to make requirements applicable to branches, representation offices and brokers.
- Article 9 Revisions to make requirements applicable to branches and representation offices.
- Article 12 To clarify changes and additional provision to request confidentiality of proprietary systems.
- Article 14 Revisions to make requirements applicable to branches and representation offices.
- Article 15 To add an exception to registration for custodians who are licensed in countries with similar rules to Argentina.
- Article 16 To allow offshore custody and to align with other sections that allows reliance on third party/ offshore custodians
To clarify that we can omnibus segregation
To include de minimus house funds; use settlement wallets
Revisions to make requirements applicable to branches and representation offices.
- Article 18 To clarify how PSP relationship should work
- Article 19 To allow clients to consent to VASP rehypothecation of assets
- Article 20 To change the external audit into an internal audit.
To clarify that the auditor can be a foreigner, as long as duly qualified.
- Article 21 Revisions to make requirements applicable to branches and

representation offices.

- Article 23 (a) To clarify how the duties should be drafted to align with the specific permissions.
(d) To remove prohibition on incurring conflicts of interest
(e) To add a knowledge qualifier
- Article 24 To clarify changes to the code of conduct
- Article 27 Minor wording adjustment.
- Article 28 To clarify public relations officer’s responsibilities
- Article 29 To remove references to policies and procedures being made public.
- Article 32 To add exceptions for entities of the same economic group.
- Article 33 Revisions to make requirements applicable to branches and representation offices.
- Article 34 To clarify that only material agreements need to be disclosed
To extend the period of time allowed to notify CNV
- Article 35 To clarify that the disclosure of risks should be static on the firm’s website only
To note that enumerated risks need not be disclosed if not relevant to the particular service provided by the VASP.
- Article 36 Minor wording adjustment.
- Article 38 Changes to wallet data requirements in order to preserve sensitive data
Removal of disclosure of countries of operation for entities using Branches or rep offices in Argentina, which will serve only Argentine users.
To extend the period of time allowed to send reports to the CNV
- Article 40 To add “awareness” criteria

ARTICLE 3

- Article 1 To add that the rights attributed to entities registered with the Commission

should be extended to other entities or branches within the same economic group