



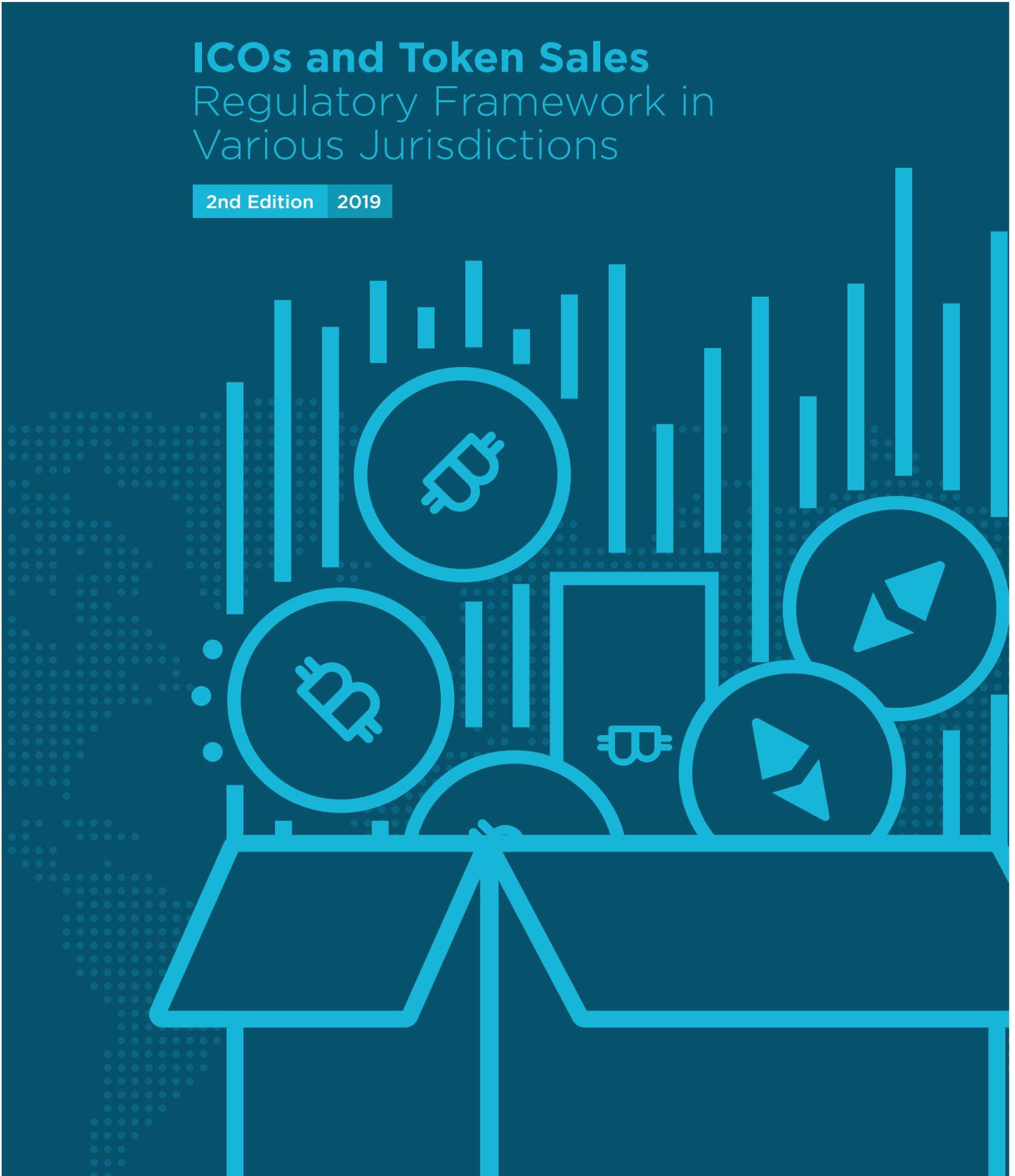
LEGALINK

INTERNATIONAL BUT PERSONAL

ICOs and Token Sales

Regulatory Framework in Various Jurisdictions

2nd Edition 2019



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THE **13** QUESTIONS WE ASKED

- 1 Does your country allow or prohibit ICOs and Token Sales?
- 2 Does your country regulate ICOs and Token Sales?
- 3 If your country regulates ICOs and Token Sales, what are the names of the government agencies responsible for regulating them?
- 4 If your country regulates ICOs and Token Sales, please provide a short summary of the regulatory framework. For example, do ICOs and Token Sales need to be registered or comply with any rules; or can they only be sold to certain types of purchasers/investors.
- 5 Please provide any additional information you feel is important to understanding ICO and Token Sale regulation in your country.
- 6 If a foreign entity conducts an ICO and offers tokens to residents of your country, will your government require the foreign entity to comply with any rules and regulations? If so, please provide an overview of how ICOs conducted by foreign entities are regulated by the government of your jurisdiction.
- 7 What is the legal nature of crypto in your country (for example, is crypto considered a security, commodity, currency etc.)?
- 8 Has the government of your country prosecuted, civilly or criminally, any ICO issuers, token developers or crypto exchanges for violating your country's laws? If so, please provide an executive summary of the most significant prosecution(s).
- 9 In your country, are there any significant commercial disputes or civil cases (non- government) involving crypto? If so, please provide an executive summary of the most significant dispute(s)/ case(s).
- 10 Does your jurisdiction tax crypto transactions? If so, please provide a basic explanation of how and at what rate they are taxed.
- 11 Separate from ICOs, does your jurisdiction regulate crypto trading or crypto exchanges? If so, please provide an overview of the regulation.
- 12 Does your country offer any unique or important benefit to crypto-focused companies (for example, clear regulatory guidance)? If so, please describe the unique/ important benefit.
- 13 Please identify a point of contact at your firm for cryptocurrency- related matters.

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1 Does your country allow or prohibit ICOs and Token Sales?

Act 19,210 dated April 29, 2014 sets forth the possibility of making payments through the use of electronic money or cryptocurrency in Uruguay. In addition, the act defines what is meant by electronic money and that ICOs can only be issued by electronic money institutions, duly authorized for this purpose by the Central Bank of Uruguay.

2 Does your country regulate ICOs and Token Sales?

Uruguay allows the use of electronic money and regulates how they should be issued. However, the sale between authorized agents and private buyers does not have any special formality beyond the fulfillment of minimum standards, such as KYC and AML controls.

3 If your country regulates ICOs and Token Sales, what are the names of the government agencies responsible for regulating them?

The Uruguayan Central Bank and Ministry of Economy and Finance

4 If your country regulates ICOs and Token Sales, please provide a short summary of the regulatory framework. For example, do ICOs and Token Sales need to be registered or comply with any rules; or can they only be sold to certain types of purchasers/investors.

As a consequence of the Act of Financial Inclusion No. 19210 that establishes the possibility of the use of cryptocurrencies or electronic money, Circular No. 2198 was issued on September 8, 2014 by the Central Bank of Uruguay. The Circular regulates the requirements, deadlines and other aspects related to the prior authorization of the UCB, necessary for the issuers of cryptocurrencies to carry out their activities. For issuing the authorizations, the UCB may take into account reasons of legality, opportunity and convenience. The authorization of issuers of cryptocurrencies shall be granted by the Board of Directors after obtaining a report from the Payment System Area. In order to grant authorization to operate, the Payment System Area will evaluate: the quality of the administration and the technology to be used to provide the service; level of risk

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management development and cash withdrawal network for issuers of (which may be owned or contracted) or the number and geographical distribution of commercial establishments.

The UCB must be pronounced within a maximum of 150 working days from the date of submission of the corresponding application. However, this term can be suspended when it is necessary to expand information and / or supply documentation.

5 Please provide any additional information you feel is important to understanding ICO and Token Sale regulation in your country.

The president of the Uruguayan Central Bank (UCB), Mario Bergara, said that the possibility of having a digital currency is being studied and that a pilot test will be carried out by the end of the current year.

6 If a foreign entity conducts an ICO and offers tokens to residents of your country, will your government require the foreign entity to comply with any rules and regulations? If so, please provide an overview of how ICOs conducted by foreign entities are regulated by the government of your jurisdiction.

The Foreign entity will have to comply with the same requirements as any other local entity as set forth in section 4.

7 What is the legal nature of crypto in your country (for example, is crypto considered a security, commodity, currency etc.)?

According to Act 19,210 Electronic money will be understood as the instruments representing a monetary value enforceable against its issuer, such as prepaid cards, electronic wallets or other analogous instruments, with the following characteristics:

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A) The monetary value is stored in electronic media, such as a chip on a card, a mobile phone, a hard disk of a computer or a server.

B) It is accepted as a means of payment by entities or persons other than the issuer and has a cancellation effect.

C) It is issued for a value equal to the funds received by the issuer against its delivery.

D) It is convertible to cash by the issuer, at the request of the holder, according to the monetary amount of the electronic money instrument issued not used.

E) Does not generate interest.

Furthermore, the President of the Uruguayan Central Bank stated that the Crypto are no currencies under Uruguayan Law

8 Has the government of your country prosecuted, civilly or criminally, any ICO issuers, token developers or crypto exchanges for violating your country's laws? If so, please provide an executive summary of the most significant prosecution(s).

No, it has not.

9 In your country, are there any significant commercial disputes or civil cases (non-government) involving

No, there are not.

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crypto? If so, please provide an executive summary of the most significant dispute(s)/ case(s).

10 Does your jurisdiction tax crypto transactions? If so, please provide a basic explanation of how and at what rate they are taxed.

Uruguayan jurisdiction does not specifically tax crypto transaction. The latter have the same treatment as the regular currencies transactions.

11 Separate from ICOs, does your jurisdiction regulate crypto trading or crypto exchanges? If so, please provide an overview of the regulation.

Uruguay does not prohibit the Crypto trading or crypto exchange. However there is a legal vacuum without specific rules in this sector.

12 Does your country offer any unique or important benefit to crypto-focused companies (for example, clear regulatory guidance)? If so, please describe the unique/ important benefit.

No it does not. It is an undeveloped sector with no specific regulation yet.

13 Please identify a point of contact at your firm for cryptocurrency-related matters.

Hector Ferreira - hferreira@hughes.com.uy
Haroldo Espalter - hespalter@hughes.com.uy



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